

## **INCORPORATE OLYMPIC VALLEY DEALT SEVERE BLOW BY LAFCO COMMISSIONERS, FINANCIAL EXPERTS, CONTROLLER'S OFFICE**

### ***PROPOSED TOWN DEEMED ECONOMICALLY INFEASIBLE***

**November 20, 2015** - The effort by Incorporate Olympic Valley (IOV) was dealt a severe blow at this week's meeting of the Placer County Local Agency Formation Commission (LAFCO). As the process has transpired, multiple financial experts, including the California State Controller's Office (SCO), have established and continue to unambiguously state and evidence what has been largely and well known for quite some time -- the proposed town of Olympic Valley is not financially feasible. In fact, the annual operating losses of this proposed town exceed \$1.5 million in the most liberal interpretation of this effort, hence the continued efforts and focus by Save Olympic Valley so to ensure that this risky proposal doesn't advance any further.

At Wednesday's meeting, LAFCO Commissioners rejected a staff request for further fiscal analysis and instead, moved to put the issue of terminating the incorporation application on their meeting agenda as soon as the law allows. Prior to taking action, the LAFCO Commissioners heard testimony from their own staff, as well as from Save Olympic Valley's (SOV) fiscal consultant, Matthew Newman, about the implications of the recent State Controller's review of the Comprehensive Fiscal Analysis (CFA) of the proposed town. According to both LAFCO staff and Mr. Newman, the town is not feasible, and nothing in the Controller's report changes that conclusion.

"IOV's statements that the town is viable rely on some remarkably unrealistic assumptions," Newman stated. "IOV proposes to enjoy all the fruits of development in the form of increased revenues, but doesn't budget for any of the increased costs which new development would bring, such as higher expenditures for law enforcement or the planning department." Newman added, "IOV also proposes to take over the regional services currently provided by the North Lake Tahoe Resort Association (NLTRA), and with in doing so would be taking from the entire North Lake Tahoe community, millions of dollars of additional property taxes that are currently used to fund community-wide and county-wide services."

Andy Wirth, president and CEO of Squaw Valley Ski Holdings, LLC, one of the many members of Save Olympic Valley also reacted to the LAFCO actions, stating "This meeting validated most of what we have known and have been saying for quite some time, and that is that incorporation is not feasible and is a patently dangerous notion not just for the community of Olympic Valley, but also for the entire community of North Lake Tahoe and Placer County. With the great many variables and challenges our community has, introducing yet another civic

entity -- and in this case, a fiscally unstable civic entity -- doesn't make any sense, whatsoever."

Wirth said LAFCO commissioners clearly recognized that this process could go on ad infinitum and spoke candidly about how and when to terminate the incorporation application. "Everyone but the small group of individuals associated with IOV now very clearly understand that incorporation has never been, and will never be financially viable," Wirth said.

"Ironically, IOV set out to slow or stop the enhancement of Squaw Valley by way of the company's real estate redevelopment project, the very project that would produce the revenues needed for their proposed new town." Wirth said.

Commissioners engaged in a robust three-hour debate that included a summary of findings from the State Controller's Office and a discussion on whether to move forward with a quest for fresh data to update the Comprehensive Fiscal Analysis.

In the meeting's most dramatic moment, IOV alleged that LAFCO staff and its consultants were biased against incorporation, a notion that was vehemently disputed by Commissioner Dr. Bill Kirby.

"LAFCO staff and their consultants are not biased. They have been fair and unbiased. I am insulted by these allegations," Dr. Kirby stated.

One hope for the proposed town might have been if Placer County was willing to provide financial aid through a process known as "revenue neutrality" negotiations. Unfortunately for IOV, however, the hope of subsidies was dashed by a top county official.

Jennifer Merchant, Placer County's Deputy CEO for Tahoe, said after having reviewed the State Controller's Office report and multiple fiscal studies which concluded the town was not feasible, "The County would certainly negotiate revenue neutrality in good faith, but negotiations are not meant to enrich the applicant's incorporation proposal. In fact, revenue neutrality negotiations might be more detrimental to IOV's hope for incorporation than the estimated numbers prepared by RSG Consulting in the draft CFA. It's not the county's job to find ways to make incorporation viable."

Keith Fountain spoke on behalf of the 218 homeowners at the Squaw Valley Lodge who have sought exemption from the incorporation boundaries as put forth by IOV. SVL is neither a member of, nor affiliated directly with SOV.

“We have studied the CFA ourselves and interpret its conclusions very differently from IOV,” Fountain told the commission. “Contradiction is evident in IOV’s request that restricted TOT funds intended for the North Lake Tahoe Resort Association (NLTRA) now be transferred to the town and considered in the calculation of property tax. All this, despite their on-going claim that they would continue funding NLTRA as Placer County does now. Their argument is simply a financial manipulation intended to inflate the town’s future revenues.”

LAFCO’s next meeting is scheduled for Dec. 9 at 4:00 p.m. in Auburn.

***Save Olympic Valley (SOV)*** is a large group of local residents, homeowners, property owners and business leaders who have sought exclusion from the proposed town due primarily to the substantial financial risk associated with the proposed town. Businesses, properties and individuals seeking exclusion include: Squaw Valley Ski Holdings, Plumpjack/Newsom Properties, The Resort at Squaw Creek, Poulsen Family Properties, Dean and Sandra Hall Properties, Richie Goldman Properties, Dan Morgan Property, Heidi and Terry Deveau, and Ciro Mancuso Properties.