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November 30, 2015

Michael G. Colantuono, Esq.
Colantuono, Highsmith, Whatley, PC
420 Sierra College Drive, Suite 140
Grass Valley, CA 95945-5091

Dear Mr. Colantuono:

I received a copy of your letter to Richard Chivaro dated November 23, 2015 regarding the Incorporation of Proposed Town of Olympic Valley.

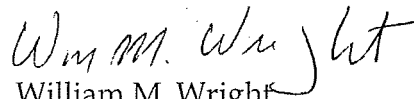
The Commission has never questioned whether Measure F is a special tax or a general tax. It is clearly a general tax. That is not the issue. The issue is whether the Measure F services should be considered a "transferred service" under Government Code Section 56810 when the services are regional services and were not even included in the plan for services submitted with the application. Government Code Section 56810(b) requires a "transferred service" to be a service included in the proposal and subsection (c)(3) requires the services to have been provided in the area of the proposed city during the base year. Since the Measure F services are regional services that are spent for the benefit of a region, there are no figures available to assess the portion of Measure F services provided within the proposed city in the base year.

There was never any intent for the City to provide these regional services. At most, the tax would have been collected and paid to existing providers of the regional service as a term and condition of the proposal or as part of the revenue neutrality agreement. It was essentially a potential mitigation measure, although such a condition no longer appears to be a viable option at this stage of the proceeding.

We believe it is appropriate for the State Controller to clarify the issues raised in our letter of November 18, 2015, since we received verbal clarifications that vary from

the written report and since your client is interpreting the report in a manner that appears to be inconsistent with the intent of the report. Not only is the clarification important for this project, it could also be useful to other LAFCOs in future incorporation efforts.

Very truly yours,


William M. Wright

WMW:ld

cc: Gerald O. Carden, Placer County Counsel
Richard J. Chivaro, Esq., Office of State Controller
Kris Berry, Placer LAFCo

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Our File No. 45009-0001

November 23, 2015

COPY

Richard J. Chivaro, Esq.
General Counsel
Office of State Controller
300 Capital Mall
Sacramento, CA 95814

Re: **Incorporation of Proposed Town of Olympic Valley**

Dear Mr. Chivaro:

I write to confirm our telephone conversation of this morning.

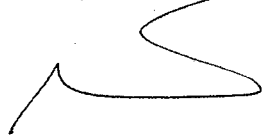
I called on behalf of my client Incorporate Olympic Valley (IOV), the non-profit corporation established to seek incorporation of Olympic Valley as a new City. I brought to your attending a November 13, 2015 letter from the Placer County Auditor-Controller to the Placer LAFCO Executive Officer, copied to Jeffrey Brownfield of your office, questioning your office's analysis of the status of Placer County's Measure F hotel bed tax as a general or special tax under the California Constitution. I also identified a November 18, 2015 letter from the Placer LAFCO Executive Officer to Mr. Brownfield asking your office to reconsider a number of points in its completed analysis of the comprehensive fiscal analysis (CFA) of the proposed incorporation. I enclose both letters here for your information.

I stated IOV's request that your office not intervene further in the disputes among IOV, Placer LAFCO, Placer County and opponents of the incorporation proposal. Although the LAFCO statute gives your office a responsibility to review the CFA, it has done so, and the statute does not require your client to be further involved in these disputes.

Richard J. Chivaro, Esq.
Office of the State Controller
November 23, 2015
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Thank you for your consideration of IOV's request that your office not substantively respond to the letters noted above. If I can provide further information to assist your review of this matter, please let me know.

Very truly yours,



Michael G. Colantuono
General Counsel
Incorporate Olympic Valley

MGC:mgc
Enclosures (2)

c: Dr. Fred Ilfeld, Chair, IOV
William Wright, LAFCO Counsel
Gerald O. Carden, Placer County Counsel