



May 9, 2014

Ms. Kristina Berry
Executive Officer
Placer County LAFCO
110 Maple Street
Auburn, CA 95603

Re: Olympic Valley Incorporation Proposal (LAFCO No. 2013-02)

Dear Ms. Berry:

I am writing on behalf of Squaw Valley Holdings, LLC (“Squaw Valley”) in response to Dr. Fried Ilfeld’s letter to you dated May 7, 2014 regarding Squaw Valley’s request that Placer County LAFCO consider alternative boundaries to the proposed new city of Olympic Valley. Squaw Valley’s request is a well-considered response to the proponents of the proposed new city.

As the proponents of incorporation acknowledge, Squaw Valley is the area’s single largest economic driver. However, unlike Squaw Valley’s efforts in connection with the proposed redevelopment of our base area, Squaw Valley has not been consulted by incorporation proponents or Dr. Ilfeld in any manner whatsoever with respect to the proposed new city. In stark contrast to Squaw Valley’s inclusion and outreach, the proponents have espoused bringing Squaw Valley to its knees. Squaw Valley is the largest employer, largest landowner and largest taxpayer of the proposed new city. If anyone could be heard to complain that their interests are not being taken into account, it would be Squaw Valley. We do not believe that Placer County is treating our region unfairly, and as such, we see no reason for a new city for which Squaw Valley would bear the majority of the burden and risk associated with incorporation’s failure.

The proponents of incorporation make two primary points as to why Squaw Valley should be included in the new city. First, people would need to travel through the new city to reach Squaw Valley. If the fact that one area needed to use another area’s roadways was the criteria for creating new cities, California would be one giant city. Incorporated and unincorporated areas share roads. This is hardly a basis for including Squaw Valley or creating a new city.

Second, the proponents of incorporation assert that because we believe that the new city will be financially unsustainable, excluding Squaw Valley is “illogical”. We acknowledge that excluding Squaw Valley from the new city may worsen the economic outlook for the proposed new city, but it is hardly illogical for Squaw Valley not to want to be part of something that we believe is not in the community’s best interest or that is not financially sustainable. The entire country is littered with towns and cities that have failed because they were too reliant on one company or a single source of revenue which closes, runs on hard times, or otherwise ceases to be the economic driver that it once was. While we

perhaps should be flattered that the proponents of the new city believe that Squaw Valley can largely support their new city, we do not believe it is prudent for any city—Olympic Valley or otherwise—to be so dependent on one source of revenue. Diversification fosters stability and the proposed city is so small and lacking in diversity, that it is too vulnerable to financial collapse for a prudent business owner or governmental agency to support.

Moreover, excluding Squaw Valley would not create an island as the proponents of incorporation assert. The fact that Squaw Valley today is part of the Squaw Valley Public Services District is of historical interest, but hardly dispositive. The school district has a completely different set of boundaries. Should they be the boundaries of a new city? Squaw Valley operates largely independent today. We provide our own snow removal, road maintenance, trash removal and, while certainly aided significantly by the Placer County Sheriff's office, security. We have our own medical facility. We have numerous home owners associations that oversee control of their buildings and neighborhoods. Given the open and robust process to date on the proposed base area re-development, there can be no argument that any development is subject to vigorous oversight. Simply put, we believe that the form of government we have today works well and the proposed city creates too much risk for our community and its businesses.

Indeed, what we believe to be illogical is the attempt to create a city with less than 1,000 residents that spans over 15 square miles. Such a city, by density, would be the third smallest in California. Today, there are 482 cities in California. Only 12 have a population of less than 1,000. A new city with this small a population has not been created since 1960—which is prior to adoption of the LAFCO statute and prior to the recent tax changes that fund new cities with less revenue than before. And the average incorporation date of the remaining sub-1,000 person cities is over 100 years ago. Indeed, the proponents of incorporation like to extol the fact that a new city is formed in California every 18 months. The last 10 such cities have averaged over 60,000 residents.

With all due respect for Dr. Ilfeld and the other proponents of incorporation, we believe that it is irrefutable that there is a reason, indeed many reasons, why small cities of the nature proposed have not been created in over 60 years, and why those that exist seem to be deeply troubled. We once again renew our request that Placer County LAFCO consider excluding Squaw Valley from the boundaries of the proposed new city.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Wirth". The signature is stylized with a long horizontal stroke at the end.

Andy Wirth
President and Chief Executive Officer
Squaw Valley Ski Holdings, LLC