



FINAL REPORT

**Bear Valley Village
Fiscal Impact Analysis**

Submitted To:

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Executive Summary

This executive summary presents the results of the fiscal impact analysis for the proposed Bear Valley Village development. The project is proposed for a site in western Alpine County, just off State Highway 4, in the community of Bear Valley. The project involves 14 acres of land currently owned by the applicant, who also proposes to purchase a 4.4-acre parcel currently owned by Alpine County. The properties are located within the Bear Valley Master Plan area, which includes the Bear Valley Mountain Resort.

The fiscal analysis primarily focuses on impacts to the Alpine County General Fund from increased annual service costs and increased annual revenues associated with the proposed project. In addition to addressing County General Fund impacts, this fiscal analysis also considers potential fiscal impacts to CSA #1 and the Bear Valley Public Safety special assessment fund.

General Fund Impacts

In each year of the projection period through 2025, the proposed project would generate progressively larger annual General Fund fiscal surpluses, primarily attributable to property tax revenue increases that stem from a combination of high-end real estate development and the large share of property taxes allocated to the County General Fund. By 2025, under a baseline set of assumptions that are conservative from the County's standpoint (i.e., erring towards higher cost projections and lower revenue projections), the annual Alpine County General Fund surplus would be approximately \$3.2 million. Sensitivity analysis indicates that even with drastically reduced property value assumptions (i.e. 50 percent reduction), the project would still be capable of generating annual fiscal surpluses.

Overall, the fiscal impact analysis suggests that the proposed project would represent a significant fiscal benefit to the County. The large projected General Fund surplus suggests the opportunity for the County to not only maintain public service levels if the proposed project is developed as planned, but to use projected surpluses to enhance public service levels for existing residents as well as new residents.

Sensitivity Analysis

Because so much of the projected revenues associated with this project are derived from property taxes, which are a function of the assessed value of the proposed development, it is prudent to test the sensitivity of the fiscal projections to changes in assumptions about property values. In addition, there is often concern with large-scale development projects that a longer than anticipated absorption schedule could create fiscal hardships. Finally, during the last housing boom, many communities were concerned that differential rates of absorption for residential project components versus commercial components (e.g., residential absorb more quickly than commercial) would lead

to fiscal difficulties because the commercial revenues would lag the spike in service demand from rapidly absorbing residential development.

Even after aggressively cutting property valuation assumptions by 50 percent across all project components and eliminating the sales tax-generating retail and restaurant components, the annual fiscal surplus is projected at over \$1.3 million by 2025. With projected fiscal surpluses in every year, it is not likely that the project would generate fiscal hardships, even if the absorption rate is slower than anticipated. However, it would take longer for the County to realize the full benefits of the projected fiscal surpluses under a slower buildout scenario. Considering the results of the sensitivity analysis, there does not appear to be any need for special mitigation measures to protect the County from potential adverse fiscal impacts associated with the proposed Bear Valley Village project.

CSA #1 and Bear Valley Public Safety Assessment Fund Impacts

Similarly, this analysis has revealed that CSA #1 would also benefit from significant annual fiscal surpluses in property tax revenues, after accounting for anticipated increases in snow removal costs associated with the proposed project. By 2025, the projected annual fiscal surplus for CSA #1 is approximately \$698,000. To the extent that building over existing County parking lots B and C results in a reduction in current snow removal costs for that area, this analysis may understate the potential fiscal benefits of the proposed project on CSA #1. The Bear Valley Public Safety assessment fund would also generate fiscal surpluses of approximately \$35,000 per year by 2025.

School District, Water District and Sewer District Impacts

There are anticipated increases in capital facilities costs and operation and maintenance costs for the Alpine County School District, the Bear Valley Water District (sewer provider) and the Lake Alpine County Water Company. Mechanisms exist or should be required as conditions of approval of the project to ensure that each of these entities is assured of obtaining the capital funding that it needs to pay for capital facilities it will need to extend services to the proposed project. The school district anticipates receiving the funding it needs to handle enrollment increases through the State of California's Necessary Small School Formula program, which also provides current funding for the Bear Valley school. According to representatives of both the Lake Alpine Water Company and the Bear Valley Water District, ratepayer revenues associated with existing customers and new customers will provide the necessary funding to cover the operations costs of the increased water and sewer system operations.

Introduction

The purpose of this analysis is to estimate the fiscal impacts of the proposed Bear Valley Village project due to the need to expand basic public services that must be provided to the site and to residential and commercial development that will be part of the project.

Project Description

This executive summary presents the results of the fiscal impact analysis for the proposed Bear Valley Village development. The project is proposed for a site in western Alpine County, just off State Highway 4, in the community of Bear Valley. The project involves 14 acres of land currently owned by the applicant, who also proposes to purchase a 4.4-acre parcel currently owned by Alpine County. The properties are located within the Bear Valley Master Plan area, which includes the Bear Valley Mountain Resort.

The proposed project is predominantly residential in nature, calling for development of approximately 486 condominiums, 63,021 square feet of ancillary non-residential space, a 50-bed employee housing facility, and construction of a new ski lift to connect the village area with the ski resort.

Table 1 summarizes the proposed development program. The upper part shows the applicant's anticipated project absorption schedule over a period of 12 years, and the lower part of the table calculates the cumulative development that would be completed in a given year between 2011 and 2025.

Table 2 contains assumptions used to estimate the total service population associated with the proposed project (389 at buildout). This total includes year-round residents, year-round resident "equivalents" associated with homes used as second homes or vacation rentals, and year-round resident equivalents associated with the new employee housing. It also includes estimates of the new seasonal employees associated with the proposed project, and converts them into year-round equivalent employees. Finally, the table calculates the service population by discounting year-round equivalent employees by 50 percent, and then adding this to the year-round equivalent residents. This calculation weights employees at only half the value of residents, acknowledging that employees generally generate reduced demand for public services as compared to residents. This assumption has been widely accepted for use in fiscal impact analyses prepared for local government agencies in California. In addition to the service population associated with the proposed new buildings, Table 2 also accounts for the loss of service population due to the removal of the Bear Valley Lodge and commercial center. Based on the applicant's plans, this analysis assumes that the removal of the existing buildings would occur in year 2015.

Methodology

The primary focus of the fiscal impact analysis is on services provided by Alpine County that are funded partially or wholly by the General Fund, along with services funded by Community Service Area #1 (snow removal and trail packing and grooming) and the Bear Valley Public Safety special assessment (enhanced fire/emergency medical services). Generally, Alpine County services that are excluded from the analysis include those that are “enterprise” operations whose fees for services typically offset their cost of operation, services that will not be affected by development at the Bear Valley Village site, and services that do not receive General Fund support. The analysis does not cover one-time capital costs and revenues. It is presumed that the project will be responsible to cover all such costs, through a combination of adopted impact fee programs and/or special project exactions that would be made a condition of project approval.

The fiscal impact analysis follows industry-standard methodologies to project increased cost and revenues associated with the proposed development. It projects the impacts of the proposed project through its development phase, to 2025, at which time the project is assumed to be completed and fully occupied. All cost and revenue projections are expressed in terms of fiscal year 2007/2008 dollars. BAE has adapted the methods to analyze the Bear Valley Village project based on interviews with numerous County staff who have provided input and assistance with this project.

The Alpine County 2007-2008 Budget document provided the baseline County cost and revenue information that serves as the starting point to project increased costs and revenues associated with the development. In addition, BAE has developed numerous assumptions and inputs for the fiscal impact model, utilizing data sources such as the State Department of Finance (DoF), State Employment Development Department (EDD), and the Draft Bear Valley Village EIR (DEIR). Specific cost and revenue projection techniques and assumptions are explained in the individual sections of the report that follows. Fiscal model tables containing various cost and revenue calculations include footnotes and identify data sources and assumptions, as appropriate.

Table 1: Bear Valley Village Phased Development Schedule

Phased Development Schedule, Annual New Development

	end of 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Totals
	(Bldg. 11)	(Bldg. 12)		(Bldgs. 8,9,10)		(Bldgs. 6,7)		(Bldg. 5)		(Bldgs. 1,2,3,4)		(Bldg. 13)				
Residential																
1-Bedroom Units (900 sq. ft.)	3	2		8		6		3		12						34
2-Bedroom Units (1,350 sq. ft.)	29	16		59		33		16		120		14				287
3-Bedroom Units (1,800 sq. ft.)	3	6		17		29		5		13		22				95
3-Bedrooms w/lockoffs (1,800 sq. ft.)	10	6		11		13		0		11						51
4-Bedrooms (2,250 sq. ft.)	4	0		3		2		1				9				19
Sub-Total Residential Units	49	30	0	98	0	83	0	25	0	156	0	45	0	0	0	486
Non-Residential																
Retail (sq. ft.)				9,010		12,400				2,950						24,360
Restaurant (sq. ft.)				5,000		4,000										9,000
Amenity (sq. ft.)	2,000			22,911		3,500				1,250						29,661
Sub-Total Non-Residential Sq. Ft.	2,000	0	0	36,921	0	19,900	0	0	0	4,200	0	0	0	0	0	63,021
Ski Lift	1															
S. Village Employee Housing (beds)						50										

Cumulative Development Schedule, Development Absorbed Through Year End

	end of 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential															
1-Bedroom Units (900 sq. ft.)	3	5	5	13	13	19	19	22	22	34	34	34	34	34	34
2-Bedroom Units (1,350 sq. ft.)	29	45	45	104	104	137	137	153	153	273	273	287	287	287	287
3-Bedroom Units (1,800 sq. ft.)	3	9	9	26	26	55	55	60	60	73	73	95	95	95	95
3-Bedrooms w/lockoffs (1,800 sq. ft.)	10	16	16	27	27	40	40	40	40	51	51	51	51	51	51
4-Bedrooms (2,250 sq. ft.)	4	4	4	7	7	9	9	10	10	10	10	19	19	19	19
Sub-Total Residential	49	79	79	177	177	260	260	285	285	441	441	486	486	486	486
Non-Residential															
Retail (sq. ft.)	0	0	0	9,010	9,010	21,410	21,410	21,410	21,410	24,360	24,360	24,360	24,360	24,360	24,360
Restaurant (sq. ft.)	0	0	0	5,000	5,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Amenity (sq. ft.)	2,000	2,000	2,000	24,911	24,911	28,411	28,411	28,411	28,411	29,661	29,661	29,661	29,661	29,661	29,661
Sub-Total Non-Residential	2,000	2,000	2,000	38,921	38,921	58,821	58,821	58,821	58,821	63,021	63,021	63,021	63,021	63,021	63,021
Ski Lift	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
S. Village Employee Housing (beds)	0	0	0	0	0	50	50	50	50	50	50	50	50	50	50

Sources: County of Alpine, 2008; Bear Valley Village I and II LLCs, 2008.

Table 2: Population and Employment Projections

	end of 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residents															
Cumulative Housing Units Absorbed (a)	49	79	79	177	177	260	260	285	285	441	441	486	486	486	486
Estimated Units Occupied by Permanent Residents (b)	0	0	0	1	1	2	2	2	2	3	3	3	3	3	3
Estimated New Year-Round Residents (c)	0	0	0	2	2	4	4	4	4	6	6	6	6	6	6
Estimated Units Used for Seasonal or Vacation Use	49	79	79	176	176	258	258	283	283	438	438	483	483	483	483
Estimated New Year-Round Equivalent Residents (d)	34	55	55	123	123	181	181	198	198	307	307	338	338	338	338
Estimated New Part-Time Employee Housing Residents (e)	0	0	0	0	0	50	50	50	50	50	50	50	50	50	50
Estimated New Year-Round Equivalent Residents (f)	0	0	0	0	0	19	19	19	19	19	19	19	19	19	19
Employees															
Estimated New Ski Area Employees (g)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Estimated New Seasonal Retail/Commercial Employees (h)	4	4	4	78	78	118	118	118	118	126	126	126	126	126	126
<i>Sub-total new Seasonal Employees</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>82</i>	<i>82</i>	<i>122</i>	<i>122</i>	<i>122</i>	<i>122</i>	<i>130</i>	<i>130</i>	<i>130</i>	<i>130</i>	<i>130</i>	<i>130</i>
Estimated New Year-Round Equivalent Employees (i)	3	3	3	31	31	46	46	46	46	49	49	49	49	49	49
Less Year-Round Equivalent Residents Lost with Removal of Bear Valley Lodge (k)					(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)	(32)
Less Year-Round Equivalent Employees Lost with Removal of Bear Valley Lodge (j)					(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)
TOTAL NEW YEAR-ROUND EQUIVALENT RESIDENTS	34	55	55	125	93	172	172	189	189	300	300	331	331	331	331
TOTAL NEW YEAR-ROUND EQUIVALENT EMPLOYEES	3	3	3	31	12	27	27	27	27	30	30	30	30	30	30
ESTIMATED NEW SERVICE POPULATION	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346

Notes:

- (a) From Table 1.
(b) From DEIR, assumes 0.6 percent full-time residency.
(c) From DEIR, assumes 2.0 persons per full-time household.
(d) Assumes an average of 2.0 persons per housing unit multiplied by average occupancy rate of 35 percent.
(e) Assumes each additional bed of employee housing capacity equals one additional part-time resident.
(f) Assumes that ski season (mid-November through March) represents 4.5/12 of the year; thus, FTE residents are 4.5/12 of the number of part-time employee residents.
(g) From DEIR, assumes 4 new employees associated with addition of Village Lift.
(h) Assumes one employee per 500 square feet of non-residential space.
(i) Discounts seasonal employees to year-round equivalent employees by multiplying by 4.5/12, to represent ski season.
(j) Based on 13.3 annual average full-time and 12.2 annual average part time employees. Treats part time employees as 1/2 of full-time employee.
(k) Based on assumed 2 persons per room, 53 lodging rooms @ 30.6% annual average occupancy.

Sources: Bear Valley Village DEIR, 2008; Bear Valley Village I and II LLCs, 2008; BAE, 2008.

Alpine County Revenues

This section of the report presents projected increases in Alpine County revenues associated with the proposed Bear Valley Village project. The primary focus is discretionary revenues that accrue to the County General Fund, which the Board of Supervisors allocates to pay for basic public services. In addition, it projects increases in certain revenues that will accrue to specific County funds that are used to pay for services that specifically benefit the Bear Valley Village area.

Program revenues that offset the costs of specific departmental functions, such as fees for services, are netted out of the service cost projections in the following section of the report; therefore, this section does not deal with a number of revenue sources that are listed in the County budget, that are treated in this manner. Revenues projected in this section include property taxes, property tax in lieu of vehicle license fees (ILVLF), property transfer taxes, sales taxes, transient occupancy taxes, and “other” revenues. In addition, this section projects the increase in public safety sales taxes (i.e., Prop. 172 funds), which can only be utilized for certain qualifying services, including law enforcement and certain other public protection functions. The sections below discuss the methodologies to project the increases in each of these revenue sources, and present the estimated increases.

Property Taxes

Property tax will be the largest source of revenue generated by the proposed project. With the addition of just under 500 new homes and over 60,000 square feet of non-residential space, along with the ski lift improvements and employee housing, the project will represent a substantial increase to the County’s property tax base. A key assumption for this analysis is the value of the various project components that will be developed; however, limited details are available to help ascertain likely values. In addition, there is the potential for further fluctuations in the real estate market between now and the time that project components are developed. Nevertheless, it is necessary to establish a set of valuation assumptions to use for the analysis. For the most part, the real estate valuation figures defer to the judgment of the project proponents; however, as part of the research for this project, BAE also conducted a review of recently sold real estate in the Bear Valley area, reviewed real estate listing prices, and interviewed real estate brokers active in the area to validate the valuation assumptions, which are shown in notes on Table 3. Based on BAE’s research as well as familiarity with real estate pricing in other ski resort areas, we believe the residential pricing assumptions, although optimistic, are attainable. For the non-residential properties, the per square foot valuation estimates are within the range seen many commercial developments within the state, including areas where construction costs are much lower than would be expected in Bear Valley. Nevertheless, as discussed in the Sensitivity Analysis portion of this report, because property taxes and other revenues related to property valuation represent the overwhelming majority of the revenues the project will create, this study tests the effect of

potential variations in real estate valuation on the conclusions of the analysis.

In total, the value of the proposed project at 2025 is estimated at approximately \$539 million. Applying the basic 1.0 percent ad-valorem property tax rate, the Bear Valley Village project would generate a \$5.4 million annual increase in basic property taxes. This figure is net of the assessed value that will be lost when the existing Bear Valley Lodge and commercial center is removed, in approximately 2015. As discussed below, additional revenues will be generated from special assessments that have been approved for the area.

Because property tax revenue increases are shared among a host of tax receiving entities that provide services within the County (such as school districts and fire districts, and other public service providers), the County General Fund only receives a portion of the 1.0 percent basic tax. This share varies by Tax Rate Area (TRA), which are designated throughout the County depending on the unique combinations of service providers that operate in different parts of the County. The Bear Valley Village project site lies within TRA 51-001, where the County's property tax share is 61.18 percent of any incremental increases in property taxes generated. This share is the amount of any increased property taxes generated in the area, after setting aside the required payments to the Educational Revenue Augmentation Fund (ERAF), which the state established in the early 1990s in order to generate funding required by the state constitution to help pay for public school operations.

Based on the proposed development program, assumed property valuation, and the statutory 1.0 percent basic property tax rate, and the post-ERAF General Fund property tax share, the proposed project would generate approximately \$3.3 million annually by 2025 in increased property tax revenues for the County General Fund. Additionally, County Service Area #1, which serves the Bear Valley Area, would receive about \$702,000 per year in new property tax revenues by 2025, based on a 13.02 percent share of the basic property taxes in the area.

Table 3: Assessed Valuation and Property Tax Revenues

Cumulative Assessed Valuation (a)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential (units)															
1-Bedroom Units (900 sq. ft.)	\$1,890,000	\$3,150,000	\$3,150,000	\$8,190,000	\$8,190,000	\$11,970,000	\$11,970,000	\$13,860,000	\$13,860,000	\$21,420,000	\$21,420,000	\$21,420,000	\$21,420,000	\$21,420,000	\$21,420,000
2-Bedroom Units (1,350 sq. ft.)	\$27,405,000	\$42,525,000	\$42,525,000	\$98,280,000	\$98,280,000	\$129,465,000	\$129,465,000	\$144,585,000	\$144,585,000	\$257,985,000	\$257,985,000	\$271,215,000	\$271,215,000	\$271,215,000	\$271,215,000
3-Bedroom Units (1,800 sq. ft.)	\$3,780,000	\$11,340,000	\$11,340,000	\$32,760,000	\$32,760,000	\$69,300,000	\$69,300,000	\$75,600,000	\$75,600,000	\$91,980,000	\$91,980,000	\$119,700,000	\$119,700,000	\$119,700,000	\$119,700,000
3-Bedrooms w/lockoffs (1,800 sq. ft.)	\$12,600,000	\$20,160,000	\$20,160,000	\$34,020,000	\$34,020,000	\$50,400,000	\$50,400,000	\$50,400,000	\$50,400,000	\$64,260,000	\$64,260,000	\$64,260,000	\$64,260,000	\$64,260,000	\$64,260,000
4-Bedrooms (2,250 sq. ft.)	\$6,300,000	\$6,300,000	\$6,300,000	\$11,025,000	\$11,025,000	\$14,175,000	\$14,175,000	\$15,750,000	\$15,750,000	\$15,750,000	\$15,750,000	\$29,925,000	\$29,925,000	\$29,925,000	\$29,925,000
Sub-Total Residential	\$51,975,000	\$83,475,000	\$83,475,000	\$184,275,000	\$184,275,000	\$275,310,000	\$275,310,000	\$300,195,000	\$300,195,000	\$451,395,000	\$451,395,000	\$506,520,000	\$506,520,000	\$506,520,000	\$506,520,000
Non-Residential (sq. ft.)															
Retail	\$0	\$0	\$0	\$1,802,000	\$1,802,000	\$4,282,000	\$4,282,000	\$4,282,000	\$4,282,000	\$4,872,000	\$4,872,000	\$4,872,000	\$4,872,000	\$4,872,000	\$4,872,000
Restaurant	\$0	\$0	\$0	\$1,000,000	\$1,000,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000
Amenity	\$700,000	\$700,000	\$700,000	\$8,718,850	\$8,718,850	\$9,943,850	\$9,943,850	\$9,943,850	\$9,943,850	\$10,381,350	\$10,381,350	\$10,381,350	\$10,381,350	\$10,381,350	\$10,381,350
Sub-Total Non-Residential	\$700,000	\$700,000	\$700,000	\$11,520,850	\$11,520,850	\$16,025,850	\$16,025,850	\$16,025,850	\$16,025,850	\$17,053,350	\$17,053,350	\$17,053,350	\$17,053,350	\$17,053,350	\$17,053,350
Ski Lift	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Employee Housing	\$0	\$0	\$0	\$0	\$0	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600	\$9,089,600
Less Assessed Value of Buildings to be Removed		\$0	\$0	\$0	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)	(\$1,595,507)
TOTAL ASSESSED VALUATION	\$60,675,000	\$92,175,000	\$92,175,000	\$203,795,850	\$202,200,343	\$306,829,943	\$306,829,943	\$331,714,943	\$331,714,943	\$483,942,443	\$483,942,443	\$539,067,443	\$539,067,443	\$539,067,443	\$539,067,443
Basic Property Taxes Paid	\$606,750	\$921,750	\$921,750	\$2,037,959	\$2,022,003	\$3,068,299	\$3,068,299	\$3,317,149	\$3,317,149	\$4,839,424	\$4,839,424	\$5,390,674	\$5,390,674	\$5,390,674	\$5,390,674
General Fund Property Tax (b)	\$371,221	\$563,944	\$563,944	\$1,246,860	\$1,237,099	\$1,877,242	\$1,877,242	\$2,029,493	\$2,029,493	\$2,960,848	\$2,960,848	\$3,298,113	\$3,298,113	\$3,298,113	\$3,298,113
CSA #1 Property Tax (c)	\$78,973	\$119,972	\$119,972	\$265,254	\$263,177	\$399,360	\$399,360	\$431,749	\$431,749	\$629,883	\$629,883	\$701,632	\$701,632	\$701,632	\$701,632

Notes:

(a) Building Valuation Assumptions:

Residential unit valuation:	\$700	per square foot
Retail building valuation:	\$200	
Restaurant building valuation:	\$200	
Amenity building valuation:	\$350	
Ski lift valuation:	\$8,000,000	lump sum
Employee housing:	\$325	per square foot - 27,968 sq. ft.
(b) County General Fund post-ERAF share of basic property tax:	61.1818%	
(c) County Service Area post-ERAF share of basic property tax:	13.0157%	

Buildings to Be Removed:

Parcel	Improvement Value
005-640-001-0	\$70,890
005-640-002-0	\$34,170
005-640-003-0	\$63,240
005-640-005-0	\$239,700
005-640-006-0	\$1,187,507
Total	\$1,595,507

Sources: Bear Valley Village I and II LLCs, 2008; Alpine County Auditor-Controller, 2008; BAE, 2008.

Property Tax In-Lieu of Vehicle License Fees (ILVLF)

Property Tax In-Lieu of VLF (ILVLF) is a revenue source that was created when the State legislature restructured local government funding in an elaborate set of actions known as the “triple flip” in 2004. One aspect of this was to take away from County governments vehicle license fees, which were previously allocated on a per capita basis from the pool of vehicle license fees that were collected statewide. To compensate local governments for this takeaway, the state established ILVLF, which gave each local government an initial allocation of ILVLF revenue that equaled what they would have received in vehicle license fees under the old system. Then, each year thereafter, the ILVLF revenue allocation increases in proportion to the increase in the local jurisdiction’s increase in overall assessed valuation. In this way, ILVLF revenues are tied to changes in assessed valuation, as opposed to changes in population.

Table 4 shows that in the 2007/2008 fiscal year, Alpine County’s total assessed valuation was about \$725 million. The ILVLF revenues associated with this level of assessed valuation were approximately \$125,000 per year. Comparing the projected assessed valuation for the Bear Valley Village project (from Table 3) of \$539 million to the existing countywide assessed valuation, the proposed project would represent an approximately 74 percent increase in countywide assessed valuation, by 2025. Thus, at buildout, it could be assumed that the proposed project would generate increased ILVLF revenues equal to approximately 74 percent of \$125,000, or about \$93,000 in additional revenues per year.

Property Transfer Taxes

Property transfer taxes are collected at the time real estate changes in ownership. Like property taxes, transfer tax revenues are a function of real estate value, as they are levied at a rate of \$1.10 per \$1,000 in property value, at the time of sale. Property transfer taxes are thus dependent also upon the rate that real estate ownership turns over. Based on review of historic information and analysis that BAE has conducted for other projects, it is assumed that about ten percent of residential properties are sold or transferred each year after an initial holding period. For the purposes of this analysis, it is assumed that after initial sales, regular resales of newly developed condominiums will not occur until year 7 of the project development period. Typically, commercial properties and other investment properties will turn over much less frequently. For the purposes of this analysis, it is assumed that the commercial (retail and restaurant) components of the project will change hands periodically (on average once every 20 years) or that on average, the project will generate commercial property transfer tax revenues on five percent of the commercial space. In reality, there will be long-periods of time when no commercial property is sold, punctuated by a single year in which the entire property changes ownership. By spreading the commercial property transfer tax revenues out over a 20-year period, the analysis smoothes out the “lumpiness” of this revenue pattern.

Based on the valuation assumptions discussed previously in the property tax section, the property transfer tax rate (.1.10 per \$1,000 in property value), and the turnover assumptions, it is projected that over time, once the project is fully built out, the average amount of property transfer tax revenue that the Bear Valley Village project will generate each year will be approximately \$57,000, as shown on Table 5.

Table 4: Property Tax In-Lieu of Vehicle License Fees (ILVLF)

	2008	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2007/2008 Countywide Assessed Valuation	\$724,518,617															
2007/2008 Property Tax ILVLF Revenues	\$125,000															
Proposed Project Assessed Valuation	\$60,675,000	\$92,175,000	\$92,175,000	\$203,795,850	\$202,200,343	\$306,829,943	\$306,829,943	\$331,714,943	\$331,714,943	\$483,942,443	\$483,942,443	\$539,067,443	\$539,067,443	\$539,067,443	\$539,067,443	\$539,067,443
Increase in Countywide Assessed Valuation		8.37%	12.72%	12.72%	28.13%	27.91%	42.35%	42.35%	45.78%	45.78%	66.80%	66.80%	74.40%	74.40%	74.40%	74.40%
Increase in Countywide Property Tax In-Lieu of VLF		\$10,468	\$15,903	\$15,903	\$35,161	\$34,885	\$52,937	\$52,937	\$57,230	\$57,230	\$83,494	\$83,494	\$93,004	\$93,004	\$93,004	\$93,004

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 5: Property Transfer Tax

Transfer Taxes from Initial Sales (a)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Residential Units																
1-Bedroom Units (900 sq. ft.)	\$2,079	\$1,386	\$0	\$5,544	\$0	\$4,158	\$0	\$2,079	\$0	\$8,316	\$0	\$0	\$0	\$0	\$0	
2-Bedroom Units (1,350 sq. ft.)	\$30,146	\$16,632	\$0	\$61,331	\$0	\$34,304	\$0	\$16,632	\$0	\$124,740	\$0	\$14,553	\$0	\$0	\$0	
3-Bedroom Units (1,800 sq. ft.)	\$4,158	\$8,316	\$0	\$23,562	\$0	\$40,194	\$0	\$6,930	\$0	\$18,018	\$0	\$30,492	\$0	\$0	\$0	
e.	\$13,860	\$8,316	\$0	\$15,246	\$0	\$18,018	\$0	\$0	\$0	\$15,246	\$0	\$0	\$0	\$0	\$0	
4-Bedrooms (2,250 sq. ft.)	\$6,930	\$0	\$0	\$5,198	\$0	\$3,465	\$0	\$1,733	\$0	\$0	\$0	\$15,593	\$0	\$0	\$0	
Non-Residential Buildings (b)																
Retail (sq. ft.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Restaurant (sq. ft.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Amenity (sq. ft.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
<i>Sub-Total Transfer Taxes from Initial Sales</i>	<i>\$57,173</i>	<i>\$34,650</i>	<i>\$0</i>	<i>\$110,880</i>	<i>\$0</i>	<i>\$100,139</i>	<i>\$0</i>	<i>\$27,374</i>	<i>\$0</i>	<i>\$166,320</i>	<i>\$0</i>	<i>\$60,638</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	
Transfer Taxes from Periodic Turnover (a)																
Periodic Resale of Residential Units (c)									\$33,021	\$33,021	\$49,653	\$49,653	\$55,717	\$55,717	\$55,717	\$55,717
Periodic Resale of Non-Residential Buildings (d)											\$938	\$938	\$938	\$938	\$938	\$938
TOTAL PROPERTY TRANSFER TAXES	\$57,173	\$34,650	\$0	\$110,880	\$0	\$100,139	\$0	\$60,395	\$33,021	\$215,973	\$50,591	\$117,293	\$56,655	\$56,655	\$56,655	

Notes:

(a) Property Transfer Tax is \$1.10 per \$1,000 in property value.

(b) No initial change in ownership is assumed for non-residential development.

(c) Residential units are assumed to change ownership once every 10 years, or 10 percent of units will change ownership per year, on average.

(d) Retail and restaurant space are assumed to be held at least 10 years and then change once every 20 years, or 5% ownership change per year, on average. No ownership change assumed for Amenity buildings.

Source: BAE, 2008.

Sales Taxes

Alpine County receives a share of the sales taxes generated on taxable sales within the unincorporated parts of the County. Although the local sales tax rate is 7.25 percent of taxable sales, the County's effective share is only 1.0 percent of taxable sales. A portion of the 6.25 percent state sales tax share is re-allocated to local governments in the form of Proposition 172 Public Safety Sales Tax funds, which are discussed separately, below.

For the proposed project, the potential increase in local sales tax revenues is estimated based on the increase quantity of sales tax-generating commercial space that is proposed. First, it is necessary to estimate the average annual taxable sales that the retail and restaurant space would generate. For planning purposes, a typical assumption about average retail productivity is between \$250 and \$300 per square foot, per year. However, because of the seasonal nature of the project, this analysis conservatively discounts the \$250 per square foot figure to reflect the fact that the ski season typically is 4.5 months out of the 12-month calendar. Thus, for this analysis, it is assumed that the seasonally adjusted annual sales will average to \$112.50 per square foot, per year. Based on these assumptions, and after accounting for the loss of sales tax generating buildings that would be lost when the existing Bear Valley Lodge and commercial center is removed, Alpine County's sales tax revenues would amount to approximately \$22,000 per year, from the net change in Bear Valley retail and restaurant space, by 2025. These calculations are shown in Table 6.

Proposition 172 Public Safety Sales Tax Revenues

Proposition 172 Public Safety Sales Tax Revenues are generated from taxable sales; however, the allocation process is different than for the General Fund sales tax revenues just discussed. Additionally, Prop. 172 funds are different in that they are not General Fund revenues, and they can only be used for certain purposes, including law enforcement and other public protection functions. The County's Prop. 172 allocation is a function of the amount of taxable sales countywide relative to taxable sales statewide; thus, for the purposes of this analysis, it is assumed that a percentage increase in countywide taxable sales will generate a commensurate increase in countywide Prop. 172 sales tax allocations.

By 2025, the increased taxable sales activity projected above would represent an approximately 12 percent increase in countywide taxable sales activity; therefore this analysis projects a 12 percent increase in Prop. 172 revenues, relative to 2007/2008 revenue levels. This would equate to approximately \$11,000 in Prop. 172 revenues annually, by 2025. Again, these revenues can only be used for law enforcement and certain other public protection functions; however, to the extent that they are available, they might replace General Fund revenues that would otherwise be necessary to offset projected increases in Sheriff costs, for example.

Transient Occupancy Taxes

Alpine County levies a transient occupancy tax (TOT) of 10 percent on the charges for transient lodging accommodations within the County. This includes private residences that are rented out for vacation use. Representatives of the project applicant have indicated that they anticipate 20 to 25 percent of the new condominium units would be used as vacation rental properties, and that these units might have a 35 percent overall average occupancy rate. BAE contacted Bear Valley Real Estate, which manages existing vacation rental properties in the area and obtained information regarding typical winter and summer rental rates for existing condominiums in the area. Generally, these units are old (about 30 years) and typically smaller than the units proposed in the Bear Valley Village project. Based on the information shared by Bear Valley Real Estate, BAE believes that \$200 per rental night is a conservative estimate of the potential average rental rates for newly constructed condominiums. Based on the assumptions stated above, the proposed project might generate almost \$182,000 per year in transient occupancy tax revenues, by 2025. These assumptions and calculations are shown on Table 7, and account for the loss of approximately \$66,000 in annual TOT revenues associated with the existing Bear Valley Lodge operations, which would be removed as part of the proposed project.

Other Revenues

Table 8 lists a number of other General Fund revenue sources that have not already been addressed. In addition, these are revenues that are not addressed by netting them out as program revenues associated with specific operating departments included in the cost projections section of this report. To project increases in these miscellaneous revenue sources associated with the Bear Valley Village project, Table 8 first calculates the current average revenues countywide at \$344 per service population, annually. Then, applying this figure to the Bear Valley Village service population, the increased revenues would be approximately \$119,000 per year, by 2025.

Table 6: Sales Tax Revenues and Prop. 172 Sales Tax Revenues

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cumulative New Retail Space (sq. ft.)	0	0	0	9,010	9,010	21,410	21,410	21,410	21,410	24,360	24,360	24,360	24,360	24,360	24,360
Cumulative New Restaurant Space (sq. ft.)	0	0	0	5,000	5,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Less Retail Space Lost Due to Removal of Bear Valley Lodge/Commercial Center (a)					(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)	(13,652)
Estimated Annual Taxable Sales (b)	\$0.00	\$0	\$0	\$1,576,125	\$40,275	\$1,885,275	\$1,885,275	\$1,885,275	\$1,885,275	\$2,217,150	\$2,217,150	\$2,217,150	\$2,217,150	\$2,217,150	\$2,217,150
ESTIMATED LOCAL SALES TAX REVENUES (c)	\$0	\$0	\$0	\$15,761	\$403	\$18,853	\$18,853	\$18,853	\$18,853	\$22,172	\$22,172	\$22,172	\$22,172	\$22,172	\$22,172
Current Prop. 172 Sales Tax Revenues	2007-2008														
Countywide Taxable Sales (d)	\$19,000,000														
Total Public Safety Sales Tax Revenues	\$95,000														
Percent Increase in Taxable Sales	0.00%	0.00%	0.00%	8.30%	0.21%	9.92%	9.92%	9.92%	9.92%	11.67%	11.67%	11.67%	11.67%	11.67%	11.67%
ESTIMATED LOCAL PROP. 172 SALES TAX REVENUES	\$0	\$0	\$0	\$7,881	\$201	\$9,426	\$9,426	\$9,426	\$9,426	\$11,086	\$11,086	\$11,086	\$11,086	\$11,086	\$11,086

Notes:

- (a) Existing sales tax generating space that will be removed, including storage space associated with retail. Excludes post office, historical assn., music festival, massage/spa, and office space.
- (b) Estimated average sales per sq. ft., per year, adjusted for seasonality: \$112.50.
- (c) Local share is 1.0 percent of taxable sales.
- (d) Based on projected sales and use tax revenues in the Alpine County 2007-2008 budget.

Source: Alpine County 2007-2008 Budget; BAE, 2008.

Table 7: Transient Occupancy Tax

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cumulative New Condominiums	49	79	79	177	177	260	260	285	285	441	441	486	486	486	486
Estimated Number of Units Used for Vacation Rentals (a)	10	16	16	35	35	52	52	57	57	88	88	97	97	97	97
Estimated Year-Round Equivalent Occupancy (b)	4	6	6	12	12	18	18	20	20	31	31	34	34	34	34
Estimated Annual Rental Revenues (c)	\$292,000	\$438,000	\$438,000	\$876,000	\$876,000	\$1,314,000	\$1,314,000	\$1,460,000	\$1,460,000	\$2,263,000	\$2,263,000	\$2,482,000	\$2,482,000	\$2,482,000	\$2,482,000
Less TOT Loss from Removal of Bear Valley Lodge					(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)	(\$66,000)
ESTIMATED ANNUAL TOT REVENUES (d)	\$29,200	\$43,800	\$43,800	\$87,600	\$21,600	\$65,400	\$65,400	\$80,000	\$80,000	\$160,300	\$160,300	\$182,200	\$182,200	\$182,200	\$182,200

Notes:

- (a) Assumes 20 percent of new housing units used for rentals.
- (b) Assumes average annual occupancy rate of 35 percent.
- (c) Assumes average of \$200 per night rental rate.
- (d) County transient occupancy tax rate is 10%.

Source: Alpine County 2007-2008 Budget; Bear Valley Real Estate, 2008; BAE, 2008.

Table 8: Other General Fund Revenues

<u>Current Revenues</u>	<u>2007-2008</u>
Costs & Fees Delinq. Tax	\$35,000
Franchises	\$25,000
Interest	\$100,000
Rents & Concs - TRP	\$5,000
Rents & Concs - BV PW BLDG	\$350
Rents & Concs	\$11,000
Trindel Insurance Admin.	\$10,000
Misc. Revenues	\$15,000
Copies Reimbursements	\$500
Total	\$201,850

Average Revenues Per Service Population (a) \$344

<u>Project Impacts</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in Other Revenues	\$12,400	\$19,634	\$19,634	\$48,568	\$34,101	\$64,068	\$64,068	\$69,924	\$69,924	\$108,503	\$108,503	\$119,181	\$119,181	\$119,181	\$119,181

Note:

(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Alpine County Costs

This section of the report contains the projections of increased Alpine County costs. The County cost projections are grouped as follows: General Government, Law and Justice, Countywide Emergency Services, Other Public Protection, Social Services, Education and Recreation, and Bear Valley Public Safety.

General Government

As shown in Table 9, General Government encompasses a number of functions that are provided on a countywide basis, to residents and businesses located throughout Alpine County. The left side shows fiscal year 2007/2008 budget amounts for the various functions included in General Government. The right side shows departmental revenues, such as fees for services, associated with the General Government functions. The upper part of the table then subtracts total program revenues from total expenditures, to arrive at the net General Fund (i.e., discretionary general purpose revenue) support for General Government functions, and then calculates a current average expenditure per service population. In the lower part of the table, this figure is then applied to the estimated increase in service population associated with the proposed project, for each year, in order to estimate the increased General Government costs associated with the proposed project. The estimated increases in service population account for the existing service population that will be lost with the removal of the Bear Valley Lodge and commercial center, in approximately 2015.

Tables 10 through 14 follow this same format in identifying variable costs that will be sensitive to new development at Bear Valley Village.

As shown in Table 9, dividing net General Fund expenditures by the current countywide service population of 2,790 (See Appendix B), yields a current average General Government cost per service population of \$1,053. Applying this figure to the projected cumulative increase in Bear Valley Village service population each year yields the estimated increase in General Government service demand. By 2025, Table 9 allocates about \$364,000 in General Government service costs annually to the proposed project.

Law and Justice

Table 10 details the current cost and figures for Law and Justice functions (exclusive of Sheriff), indicating that the current average annual expenditure is \$280 per service population. If this figure is applied to Bear Valley Village's projected increase in service population, the annual Law and Justice cost increase is \$97,000, by 2025.

Table 9: General Government

<u>Current Expenditures</u>	<u>2007-2008</u>		<u>Program Revenues</u>	<u>2007-2008</u>											
Board of Supervisors	\$509,794		Document Transfer Tax	\$50,000											
Personnel	\$136,131		Business License	\$3,000											
County Clerk	\$209,403		Licenses - Marriage	\$275											
Auditor	\$357,029		Permits - Disposition	\$20											
General Contribution	\$269,828		Co - Parking Fines	\$80											
A-87 Central Services	\$151,230		Trindel Annual Subsidy	\$30,000											
General Central Services	\$37,300		Recording Fees	\$12,000											
Treasurer/Tax Collector	\$273,426		Election Misc. Fees	\$200											
Assessor	\$304,214		Certif. Copies - Recorder	\$400											
Elections	\$51,415		Copies Tax Rol	\$1,500											
Buildings and Grounds	\$485,511		Grant Admin. Fees	\$12,000											
General Insurance & Surety	\$75,060		Indirect Cost Plan Reimb.	\$432,843											
Employee Benefits	\$12,000		Total	\$542,318											
Risk Management	\$51,607														
Retired Benefits	\$279,960														
Surveyor-Engineer	\$276,286														
Total	\$3,480,194														
Less Program Revenues	\$542,318														
Net General Fund Expenditures	\$2,937,876														
<i>Average Expenditures Per Service Population (a)</i>	<i>\$1,053</i>														
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in General Government Costs	\$37,908	\$60,021	\$60,021	\$148,473	\$104,247	\$195,858	\$195,858	\$213,759	\$213,759	\$331,696	\$331,696	\$364,339	\$364,339	\$364,339	\$364,339

Notes:
(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 10: Law and Justice

Current Expenditures	2007-2008		Program Revenues	2007-2008											
Grand Jury	\$5,000		Probation - Fines/Fees	\$5,000											
County Counsel	\$261,500		Probation Work Program	\$250											
Grant Vertical Prosecution	\$106,098		State Public Safety - DA	\$11,000											
District Attorney	\$223,413		State Public Safety - Prob.	\$12,000											
Public Defender	\$65,000		Grant Vertcl. Prosecution	\$106,098											
Probation/Juv. Detention	\$255,469		Public Defender Fees	\$1,000											
Total	\$916,480		Return Check Fee	\$1,000											
Less Program Revenues	\$136,348		Total	\$136,348											
Net General Fund Expenditures	\$780,132														
<i>Average Expenditures Per Service Population (a)</i>	\$280														
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in Law and Justice Costs	\$10,066	\$15,938	\$15,938	\$39,426	\$27,682	\$52,009	\$52,009	\$56,762	\$56,762	\$88,079	\$88,079	\$96,748	\$96,748	\$96,748	\$96,748

Note:
(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Emergency Services

This grouping of services aggregates expenditures for a number of emergency service functions that are provided on a countywide basis, expenditure for which currently average \$85 per service population. When applied to the estimated increase in Bear Valley Village service population, this figure generates an increased annual cost allocation of about \$29,000 to the proposed project, by 2025. The calculations are shown on Table 11.

Other Public Protection

Table 12 presents the current countywide costs and projected Bear Valley Village costs for a range of functions that fall under Other Public Protection, with an aggregate annual average cost of \$126 per service population. Bear Valley's projected increase in service population would generate a \$44,000 annual increase in Other Public Protection costs by 2025.

Social Services

Although the bulk of the County's social services expenditures are funded through a dedicated Social Services fund which does not rely upon General Fund revenues, there are several social services expenditure categories that are supported with General Fund revenues, most significantly social services assistance. Together, these General Fund-supported functions have a net annual cost to the County of approximately \$100 per service population. When applied to the proposed project, the increased annual cost is estimated to rise to approximately \$35,000 by 2025.

Education and Recreation

Table 14 presents expenditure and cost projection information for a range of public education and recreation-related functions. As shown in the upper part of the table, current expenditures for these functions net out to \$488,000 per year, or an average of \$175 per service population. By 2025, this cost applied to the proposed project's estimated service population totals approximately \$61,000 per year.

Sheriff and Bear Valley Fire/EMS

The Bear Valley Village DEIR evaluated public safety service impacts of the proposed project, and determined that there would be only a limited increase in demand for Sheriff's services attributable to the proposed project and therefore would not require additional Sheriff's personnel or equipment (DEIR page 3.4-4). The DEIR did, however, determine that the proposed project would require new firefighting equipment and may require new firefighters (DEIR page 3.4-4). Depending on the ultimate configuration of buildings that could be approved as part of the project, the project could generate the need for a new fire apparatus that could reach building taller than 30 feet.

Additionally, Bear Valley Public Safety staff reported to BAE that there is concern that if the fire department obtained a new apparatus capable of accessing buildings taller than 30 feet, the apparatus might not fit in the existing fire station apparatus bays, requiring modification of the

existing building, or construction of a new building.

The DEIR does not identify specific new fire/EMS staffing needs. In order to provide a conservative estimate of potential impacts on Alpine County's fiscal condition, this analysis projects increased costs for the countywide Sheriff's operation as well as for the Bear Valley Public Safety Division, as described below.

Table 15 presents current expenditure information for current countywide Sheriff's Department operations as well as specific expenditures for volunteer fire and emergency medical services (EMS) activities in Bear Valley. As shown on the table, current countywide Sheriff's costs average \$625 per service population. Current volunteer fire/EMS expenditures in Bear Valley average \$103 per service population. When these cost figures are applied to the projected increase in Bear Valley Village service population, the projected expenditure increases are \$216,000 per year and \$35,000 per year, respectively, for countywide Sheriff operations and for Bear Valley volunteer fire/EMS, by 2025.

Discussions with Bear Valley's Public Safety Supervisor have indicated that the addition of one additional full-time paid public safety staff member to the Bear Valley Public Safety Division of the Sheriff's Department should be adequate to address anticipated increases in service demand associated with buildout of the proposed project.¹ The current annual salary range for similar Alpine County staff is approximately \$50,000 to \$60,000 per year. Given this, the projected \$243,000 per year Sheriff's countywide operations costs should adequately encompass such costs, with additional funds to cover benefits, and departmental overhead and administration. In addition to these increased costs for the countywide Sheriff's function, additional costs are projected specifically for the Bear Valley public safety special assessment fund. At least a portion of the increased costs discussed above could be covered through increased special assessments, freeing countywide Sheriff's budget resources for other service needs.

The projected \$35,000 annual cost increase for Bear Valley volunteer fire/EMS costs should be adequate to cover the General Fund's increased contributions associated with the Bear Valley volunteer fire department; however, conversation with Alpine County's Bear Valley Emergency Services Coordinator indicate that increasing service demands may create the need for an administrative assistant to help free up more of the Emergency Services Coordinator (who also serves as the Bear Valley Health Clinic nurse) time for emergency response and patient treatment in the clinic.² Such cost may be included in the \$35,000 annual volunteer fire/EMS cost projection; however, this would likely fund only a part-time administrative assistant.

¹ Rick Stephens, Alpine County Sheriff's Department, personal communication. June 23, 2008.

² Kathy Snyder, Alpine County Bear Valley Health Clinic, personal communication. June 23, 2008.

Table 11: Countywide Emergency Services

Current Expenditures	2007-2008		Program Revenues		2007-2008											
Communications Dept.	\$72,600		Court Fines - EMS		\$30,000											
Search & Rescue	\$5,000		Total		\$30,000											
County Emergency Service	\$188,768															
Total	\$266,368															
<i>Less Program Revenues</i>	<i>\$30,000</i>															
Net General Fund Expenditures	\$236,368															
<i>Average Expenditures Per Service Population (a)</i>	<i>\$85</i>															
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346	
Estimated Increase in Law and Justice Costs	\$3,050	\$4,829	\$4,829	\$11,945	\$8,387	\$15,758	\$15,758	\$17,198	\$17,198	\$26,687	\$26,687	\$29,313	\$29,313	\$29,313	\$29,313	

Note:

(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 12: Other Public Protection

<u>Current Expenditures</u>	<u>2007-2008</u>		<u>Program Revenues</u>		<u>2007-2008</u>											
Ag. Commission	\$18,678		Planning/ Admin Fee	\$3,000												
Planning Dept.	\$323,086		Administrative Fees	\$30,000												
LAFCo	\$11,526		Total	\$33,000												
Local Health Dept.	\$21,864															
Solid Waste	\$10,000															
Total	\$385,154															
Less Program Revenues	\$33,000															
Net General Fund Expenditures	\$352,154															
<i>Average Expenditures Per Service Population (a)</i>	\$126															
<u>Project Impacts</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346	
Estimated Increase in Other Public Protection Costs	\$4,544	\$7,195	\$7,195	\$17,797	\$12,496	\$23,477	\$23,477	\$25,623	\$25,623	\$39,759	\$39,759	\$43,672	\$43,672	\$43,672	\$43,672	

Note:

(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 13: Social Services - General Fund

Current Expenditures	2007-2008			Program Revenues	2007-2008											
Social Services Assist.	\$264,500			n.a.	\$0											
General Relief	\$3,750			Total	\$0											
Senior Nutrition Program	\$11,000															
Total	\$279,250															
<i>Less Program Revenues</i>	<i>\$0</i>															
Net General Fund Expenditures	\$279,250															
<i>Average Expenditures Per Service Population (a)</i>	<i>\$100</i>															
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346	
Estimated Increase in Social Services Costs	\$3,603	\$5,705	\$5,705	\$14,113	\$9,909	\$18,617	\$18,617	\$20,318	\$20,318	\$31,528	\$31,528	\$34,631	\$34,631	\$34,631	\$34,631	

Note:

(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 14: Education and Recreation

<u>Current Expenditures</u>	<u>2007-2008</u>				<u>Program Revenues</u>		<u>2007-2008</u>								
Superintendent of School	\$49,630				State Library	\$1,000									
Alpine County Library	\$356,071				Park and Rec. Fee	\$5,000									
Perry Walther Building	\$15,429				Total	\$6,000									
Turtle Rock Park	\$29,181														
Alpine County Museum	\$43,832														
Total	\$494,143														
Less Program Revenues	\$6,000														
Net General Fund Expenditures	\$488,143														
<i>Average Expenditures Per Service Population (a)</i>	\$175														
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in Law and Justice Costs	\$6,299	\$9,973	\$9,973	\$24,670	\$17,321	\$32,543	\$32,543	\$35,517	\$35,517	\$55,113	\$55,113	\$60,537	\$60,537	\$60,537	\$60,537

Note:

(a) See Appendix B for Service Population calculation.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Table 15: Sheriff and Bear Valley Fire/EMS

Current Countywide Sheriff Expenditures		2007-2008		Program Revenues		2007-2008									
Sheriff/Coroner		\$1,835,577		Animal License		\$250									
Total Expenditures		\$1,835,577		Permits - Explosive		\$100									
<i>Less Program Revenues</i>		\$91,650		Permits - Gun		\$50									
Net General Fund Expenditures		\$1,743,927		Alco ED Assess		\$750									
				State POST		\$3,000									
Average Cost Per Service Population (a)		\$625		Federal USFS Law Enforcement		\$30,000									
				SAFER Grant		\$45,000									
				TCF Court Security		\$10,500									
				Civil Process Fee		\$500									
				Sheriff-Roll/Booking Fee		\$1,500									
				Total		\$91,650									
Current Bear Valley Fire/EMS Expenditures		2007-2008		Program Revenues		2007-2008									
Bear Valley Fire Dept		\$48,312		State Public Safety - VFD (b)		\$2,184									
Bear Valley EMS		\$13,950													
Total Expenditures		\$62,262													
<i>Less Program Revenues</i>		\$2,184													
Net Expenditures		\$60,078													
Existing Bear Valley Service Population		586													
Average Cost per Service Population (a)		\$103													
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated New Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in Sheriff's Dept. Costs	\$22,502	\$35,629	\$35,629	\$88,134	\$61,881	\$116,262	\$116,262	\$126,888	\$126,888	\$196,895	\$196,895	\$216,272	\$216,272	\$216,272	\$216,272
Estimated Increase in Fire/EMS Costs	\$3,691	\$5,844	\$5,844	\$14,456	\$10,150	\$19,069	\$19,069	\$20,812	\$20,812	\$32,295	\$32,295	\$35,473	\$35,473	\$35,473	\$35,473

Notes:

(a) See Appendix B for Service Population calculation.

(b) Figure shown represents Bear Valley Fire's pro-rata share of revenue distributed to all County fire departments, based on department expenditures.

Sources: Alpine County Budget 2007-2008; BAE, 2008.

Projected General Fund Net Fiscal Balance

Table 16 summarizes the projected increases in General Fund expenditures and revenues detailed in the preceding tables. As shown, the total projected increase in County General Fund revenues begins in year 2011, at \$480,000. This is offset by increased 2011 costs of approximately \$65,000, for a net annual General Fund surplus of \$415,000 for the year. For the remainder of the projection period, annual projected General Fund revenues and costs increase steadily and more or less proportionately. By project buildout and the end of the projection period in 2025, increased General Fund revenues related to the proposed project would total almost \$3.8 million annually, while increased General Fund expenditures would total about \$629,000 annually. By 2025, the proposed project would generate a projected net annual General Fund surplus of \$3.2 million.

This analysis shows that the proposed project has very strong potential to not only generate sufficient revenues to offset anticipated increases in service costs in the Bear Valley area specifically and on a countywide basis, but also to generate large fiscal surpluses. The primary reason for this is the fact that the project is a luxury development that involves construction of high-end housing. In addition, Alpine County is fortunate to collect the bulk of the property taxes that are generated in the area. The generation of a range of other revenues that individually are much less significant than property taxes only helps to bolster the strong property tax revenue potential.

Sensitivity Analysis

Still, when considering the revenue summary, it is clear that almost all of the projected revenues associated with the Bear Valley Village project are either directly or indirectly related to property valuation assumptions. This means that it is prudent to analyze the sensitivity of the fiscal impact model results to variations in property valuation, particularly at this time of volatility in the real estate market. Upon review of the figures, even with a 50 percent across the board reduction in the property valuation assumptions, the project would still generate an estimated \$1.4 million annual General Fund surplus by 2025. Thus, the project has a very large fiscal cushion, and it is unlikely that it would not generate at least enough revenues to offset increased General Fund service costs.

Often, there is concern with large-scale development projects that a longer than anticipated absorption schedule could create fiscal hardships; however, in this case, with projected fiscal surpluses in every year, even if the overall project absorption period is extended, it is not likely that the project would generate fiscal hardships. It would take longer for the County to realize the full benefits of the projected fiscal surpluses.

During the past housing boom, many communities that contemplated large mixed-use development

projects were concerned that after giving project approvals, the residential components would build out rapidly, and the commercial absorption would lag. This can be a concern, as residential development often generates heavy service demands relative to the new revenues that it generates and it often requires complementary commercial development (which often generates low service demands relative to its new revenue generation) to create a fiscally balanced project. In the case of Bear Valley Village, the aforementioned high real estate values and high General Fund share of property taxes combine to make this much less of a concern. Leaving the real estate valuation assumptions discounted 50 percent, and eliminating the retail and restaurant components of the proposed project, the projected General Fund fiscal surplus would still be \$1.3 million per year at 2025, or roughly twice the amount of the projected cost increases.

Overall, the project appears fiscally attractive to the County General Fund, with the potential to generate surplus revenues that could be utilized to supplement revenues available to support public services throughout the County. There does not appear to be any need for special mitigation measures to protect the County from adverse fiscal impacts associated with the proposed Bear Valley Village project.

Table 16: Summary of General Fund Costs and Revenues

Projected Increase in Annual General Fund Revenues	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Property Taxes	\$371,221	\$563,944	\$563,944	\$1,246,860	\$1,237,099	\$1,877,242	\$1,877,242	\$2,029,493	\$2,029,493	\$2,960,848	\$2,960,848	\$3,298,113	\$3,298,113	\$3,298,113	\$3,298,113
ILVLF	\$10,468	\$15,903	\$15,903	\$35,161	\$34,885	\$52,937	\$52,937	\$57,230	\$57,230	\$83,494	\$83,494	\$93,004	\$93,004	\$93,004	\$93,004
Property Transfer Tax	\$57,173	\$34,650	\$0	\$110,880	\$0	\$100,139	\$0	\$60,395	\$33,021	\$215,973	\$50,591	\$117,293	\$56,655	\$56,655	\$56,655
Sales Tax	\$0	\$0	\$0	\$15,761	\$403	\$18,853	\$18,853	\$18,853	\$18,853	\$22,172	\$22,172	\$22,172	\$22,172	\$22,172	\$22,172
Public Safety Sales Tax (a)	\$0	\$0	\$0	\$7,881	\$201	\$9,426	\$9,426	\$9,426	\$9,426	\$11,086	\$11,086	\$11,086	\$11,086	\$11,086	\$11,086
Transient Occupancy Taxes	\$29,200	\$43,800	\$43,800	\$87,600	\$21,600	\$65,400	\$65,400	\$80,000	\$80,000	\$160,300	\$160,300	\$182,200	\$182,200	\$182,200	\$182,200
Other County Revenues	\$12,400	\$19,634	\$19,634	\$48,568	\$34,101	\$64,068	\$64,068	\$69,924	\$69,924	\$108,503	\$108,503	\$119,181	\$119,181	\$119,181	\$119,181
Subtotal: Annual County Revenues	\$480,462	\$677,930	\$643,280	\$1,552,711	\$1,328,289	\$2,188,065	\$2,087,926	\$2,325,321	\$2,297,948	\$3,562,376	\$3,396,994	\$3,843,049	\$3,782,411	\$3,782,411	\$3,782,411
Projected Increase in Annual General Fund Costs															
General Government	\$37,908	\$60,021	\$60,021	\$148,473	\$104,247	\$195,858	\$195,858	\$213,759	\$213,759	\$331,696	\$331,696	\$364,339	\$364,339	\$364,339	\$364,339
Law and Justice	\$10,066	\$15,938	\$15,938	\$39,426	\$27,682	\$52,009	\$52,009	\$56,762	\$56,762	\$88,079	\$88,079	\$96,748	\$96,748	\$96,748	\$96,748
Countywide Emergency Services	\$3,050	\$4,829	\$4,829	\$11,945	\$8,387	\$15,758	\$15,758	\$17,198	\$17,198	\$26,687	\$26,687	\$29,313	\$29,313	\$29,313	\$29,313
Other Public Protection	\$4,544	\$7,195	\$7,195	\$17,797	\$12,496	\$23,477	\$23,477	\$25,623	\$25,623	\$39,759	\$39,759	\$43,672	\$43,672	\$43,672	\$43,672
Social Services	\$3,603	\$5,705	\$5,705	\$14,113	\$9,909	\$18,617	\$18,617	\$20,318	\$20,318	\$31,528	\$31,528	\$34,631	\$34,631	\$34,631	\$34,631
Education and Recreation	\$6,299	\$9,973	\$9,973	\$24,670	\$17,321	\$32,543	\$32,543	\$35,517	\$35,517	\$55,113	\$55,113	\$60,537	\$60,537	\$60,537	\$60,537
Sheriff (b)	\$22,502	\$35,629	\$35,629	\$88,134	\$61,881	\$116,262	\$116,262	\$126,888	\$126,888	\$196,895	\$196,895	\$216,272	\$216,272	\$216,272	\$216,272
Bear Valley Fire/EMS	\$3,691	\$5,844	\$5,844	\$14,456	\$10,150	\$19,069	\$19,069	\$20,812	\$20,812	\$32,295	\$32,295	\$35,473	\$35,473	\$35,473	\$35,473
Subtotal: Annual County General Fund Costs	\$65,470	\$103,661	\$103,661	\$256,424	\$180,042	\$338,262	\$338,262	\$369,178	\$369,178	\$572,862	\$572,862	\$629,239	\$629,239	\$629,239	\$629,239
PROJECTED GENERAL FUND ANNUAL SURPLUS	\$414,992	\$574,269	\$539,619	\$1,296,287	\$1,148,247	\$1,849,803	\$1,749,665	\$1,956,143	\$1,928,770	\$2,989,514	\$2,824,132	\$3,213,809	\$3,153,172	\$3,153,172	\$3,153,172

Note:

- (a) Use of funds is restricted; will be applied to Sheriff's Department costs.
- (b) Sheriff Department cost increases are calculated as part of Bear Valley Public Safety Fund impacts.

Source: BAE, 2008.

Projected Impacts on Special Revenue Funds

As mentioned in the Introduction section, this study also examined the potential fiscal impacts on two special revenue funds that are specific to the Bear Valley area. These are County Service Area (CSA) #1, which provides snow removal and packing and grooming of snow mobile trails in Bear Valley in the winter time, and the Bear Valley enhanced fire services fund, which provides funding for additional Sheriff's deputies who are cross-trained in firefighting and EMS, and are assigned to the Bear Valley area.

CSA #1

CSA #1 services are funded through a dedicated allocation of a share of the basic property taxes in the Bear Valley area. As indicated previously, CSA #1's share of the incremental increase in basic property tax revenues generated in TRA 51-001 is about 13 percent. As shown on Table 3, by 2025, CSA #1's increased property tax revenues related to Bear Valley Village would be approximately \$702,000 per year.

As shown in Table 17, CSA #1 currently spends about \$234,000 annually for snow removal and trail packing and grooming. Annual snow removal costs amount to about \$50,000 per mile of roadway, and trail packing and grooming amount to about \$9,000 per mile.³ County staff and project proponents estimate that the net increase in County-maintained roadway will be a maximum of about 400 linear feet. This is less than 1/10th of a mile, resulting in a projected snow removal cost increase of under \$4,000 per year. In addition, the proposed project involves construction of structured parking over County parking lots B and C. This may lead to a reduction in current snow removal costs; thus, the actual net impact on snow removal costs resulting from new roadway surface and covering of lots B and C may be negligible.

Net Annual Impact

By project buildout and year 2025, the net annual surplus for CSA #1 is projected at \$698,000 per year. As discussed above, to the extent that building over lots B and C results in a reduction in current snow removal costs for that area, this section may understate the potential fiscal benefits of the proposed project on CSA #1.

Bear Valley Public Safety Assessment

Table 18 projects increases in the Bear Valley Public Safety special assessment, which is collected in the Bear Valley area, in order to fund enhanced fire/EMS services in the area. Based on the current fee schedule, each condominium would be assessed \$258.75 per year, and each commercial

³ Dennis Cardoza, Alpine County Public Works, personal communication. June 26, 2008.

parcel would be assessed \$690 per year.⁴ For the overall project at buildout, the estimated assessment revenues would be \$129,000 per year.

Table 19 calculates current Bear Valley Public Safety Assessment expenditures as an average cost per Bear Valley service population (\$272), then applies it to the estimated Bear Valley Village increase in service population, to estimate increased costs. By 2025, the increased cost would be \$94,000 per year.

Net Annual Impact

Comparing the estimated increase in assessment revenues with the estimated increase in costs indicates that while the proposed project would not generate nearly the fiscal surplus buffer seen for the General Fund and the CSA #1 fund, it would still generate excess revenues equal to about 20 percent of projected expenditure increases. As these revenues are tied to a specific assessment schedule, they would be quite predictable, assuming the assessment is renewed after 2010 when the current assessment expires.

Combined with the \$216,000 in increased General Fund countywide Sheriff's costs and \$35,000 in increased General Fund Bear Valley Public Safety contributions projected in Table 15, the \$94,000 in Bear Valley increased public safety costs projected in Table 19 sum to \$345,000 in annual projected public safety cost increases associated with the proposed project. In light of the DEIR findings that little actual increase in demand for Sheriff's Department staffing is anticipated, and the finding of this study that perhaps one additional full-time paid staff member in the Bear Valley Public Safety Division would be adequate to handle increased service demand in the area, it is likely that the overall public safety cost projections overstate potential service costs by a healthy margin. Given that the overall General Fund revenue projections as well as the projections for the Public Safety Assessment Fund indicate healthy surpluses, there appears to be little risk that there would not be adequate resources to ensure that public safety services can be adequately funded to maintain and perhaps enhance service levels in the Bear Valley community in conjunction with the proposed project.

⁴ It should be noted that the current assessment is set to be expire in 2010; thus, this analysis assumes that the assessment will be extended at the current levels.

Table 17: CSA #1

Current CSA #1 Expenditures	2007-2008															
Snow Removal	\$198,000															
Road Miles Equivalent	4.0															
<i>Average Snow Removal Cost/Mile</i>	<i>\$49,500</i>															
Trail Packing and Grooming	\$36,000															
Road Miles Equivalent	4.0															
<i>Average Packing/Grooming Cost/Mile</i>	<i>\$9,000</i>															
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
New Miles of Roadway for Snow Removal	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Increase in Snow Removal Expenditures	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	
New Miles of Roadway for Packing/Grooming	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Increase in Packing/Grooming Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Subtotal New CSA #1 Costs	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	
Estimated Increase in CSA #1 Property Taxes	\$78,973	\$119,972	\$119,972	\$265,254	\$263,177	\$399,360	\$399,360	\$431,749	\$431,749	\$629,883	\$629,883	\$701,632	\$701,632	\$701,632	\$701,632	
NET IMPACT TO CSA #1	\$75,223	\$116,222	\$116,222	\$261,504	\$259,427	\$395,610	\$395,610	\$427,999	\$427,999	\$626,133	\$626,133	\$697,882	\$697,882	\$697,882	\$697,882	

Sources: Alpine County Public Works, 2008; BAE, 2008.

Table 18: Bear Valley Public Safety Special Assessment Revenues

Cumulative New Development	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential															
1-Bedroom Units (900 sq. ft.)	3	5	5	13	13	19	19	22	22	34	34	34	34	34	34
2-Bedroom Units (1,350 sq. ft.)	29	45	45	104	104	137	137	153	153	273	273	287	287	287	287
3-Bedroom Units (1,800 sq. ft.)	3	9	9	26	26	55	55	60	60	73	73	95	95	95	95
3-Bedrooms w/lockoffs (1,800 sq. ft.)	10	16	16	27	27	40	40	40	40	51	51	51	51	51	51
4-Bedrooms (2,250 sq. ft.)	4	4	4	7	7	9	9	10	10	10	10	19	19	19	19
Sub-Total Residential	49	79	79	177	177	260	260	285	285	441	441	486	486	486	486
Non-Residential															
Retail (sq. ft.)	0	0	0	9,010	9,010	21,410	21,410	21,410	21,410	24,360	24,360	24,360	24,360	24,360	24,360
Restaurant (sq. ft.)	0	0	0	5,000	5,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Amenity (sq. ft.)	2,000	2,000	2,000	24,911	24,911	28,411	28,411	28,411	28,411	29,661	29,661	29,661	29,661	29,661	29,661
Sub-Total Non-Residential	2,000	2,000	2,000	38,921	38,921	58,821	58,821	58,821	58,821	63,021	63,021	63,021	63,021	63,021	63,021
New Assessment Revenues															
Extended Fire Protection Services, Zone 1															
Condominiums	\$12,679	\$20,441	\$20,441	\$45,799	\$45,799	\$67,275	\$67,275	\$73,744	\$73,744	\$114,109	\$114,109	\$125,753	\$125,753	\$125,753	\$125,753
Retail (a)	\$0	\$0	\$0	\$690	\$690	\$1,380	\$1,380	\$1,380	\$1,380	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070
Restaurants (a)	\$0	\$0	\$0	\$690	\$690	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380	\$1,380
Total	\$12,679	\$20,441	\$20,441	\$47,179	\$47,179	\$70,035	\$70,035	\$76,504	\$76,504	\$117,559	\$117,559	\$129,203	\$129,203	\$129,203	\$129,203

Notes:

- (a) Table assumes that there is one separate parcel for each phase of retail and restaurant development.
- (b) Retail and restaurants are assumed to be same EDUs as "General Merchandise Stores" parcels.
- (c) Condominiums are assumed at the same EDU factor as single-family homes.
- (d) The transfer station assessment schedule does not include assessments for non-residential properties.

Sources: Alpine County, 2008; BAE, 2008.

Table 19: Bear Valley Public Safety Costs and Net Impact

Current Bear Valley Public Safety Expenditures	2007-2008														
Total Expenditures	\$159,643														
Total Expenditures	\$159,643														
<i>Existing Bear Valley Service Population</i>	586														
Average Cost per Service Population	\$272														
Project Impacts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated New Service Population	36	57	57	141	99	186	186	203	203	315	315	346	346	346	346
Estimated Increase in BV PS Expenditures	\$9,807	\$15,528	\$15,528	\$38,412	\$26,970	\$50,672	\$50,672	\$55,303	\$55,303	\$85,815	\$85,815	\$94,260	\$94,260	\$94,260	\$94,260
Estimated Increase in BV PS Assessments (a)	\$12,679	\$20,441	\$20,441	\$47,179	\$47,179	\$70,035	\$70,035	\$76,504	\$76,504	\$117,559	\$117,559	\$129,203	\$129,203	\$129,203	\$129,203
NET IMPACT TO BV PS FUND	\$2,871	\$4,913	\$4,913	\$8,766	\$20,208	\$19,363	\$19,363	\$21,201	\$21,201	\$31,744	\$31,744	\$34,942	\$34,942	\$34,942	\$34,942

Note:

(a) Assumes current assessment schedule.

Sources: Alpine County, 2008; BAE, 2008.

School District, Water District, and Sewer District Impacts

This portion of the study briefly addresses fiscal issues related to the impacts of the proposed project on the local public schools, sewer, and water providers. Because these entities are all independent of Alpine County, which is the primary focus of the study, this section does not include detailed cost and revenue projections. Rather it presents an overview of the potential impacts on capital facilities needs and ongoing operations and maintenance requirements for each organization, along with a discussion of the funding mechanisms available to address these needs.

Alpine County Unified School District

The Alpine County Unified School District (ACUSD) provides public K-12 education for the Bear Valley Area. The Bear Valley Elementary School and the Bear Valley High School operate out of the elementary school building on Creekside Drive, adjacent to the proposed project. According to the Bear Valley Village DEIR, there is a concern that new elementary school enrollment generated by the proposed project could be sufficient to cause a need to relocate the high school students from the current site. This would require the construction of a new high school site on property currently owned by the district south of State Highway 4.

The Alpine County School District Board adopted a resolution on September 9, 2008, which authorizes the collection of state-approved school impact fees equal to \$2.97 per square foot of new residential construction and \$0.47 per square foot of commercial/industrial development. According to the DEIR, this is deemed to constitute full and complete mitigation for school facilities impacts associated with new development (DEIR, page 4-5), which the DEIR indicated might involve acquisition and siting of a triple-wide modular building (plus site improvements) in order to relocate the high school classroom from the current elementary school site, to the district's property on the south side of Highway 4. If the fees are collected from the project as proposed, based on the square footages shown on Table 1, the project would generate over \$2 million in school impact fees. In all likelihood, this would provide adequate fee collections for the district to fund the necessary school improvements. In addition, Alpine County Unified School District indicates that the Necessary Small School Formula program will cover the increased costs for staffing and supplies to handle increased operations and maintenance costs attributable to new enrollment.⁵

Lake Alpine Water Company

Lake Alpine Water Company (LAWC) is a privately-owned water utility that is regulated by the

⁵ Jim Parsons, Superintendent, Alpine County Unified School District. Personal communication, August 15, 2008.

California Public Utilities Commission (CPUC). LAWC currently provides water service to the Bear Valley area, and would also provide water services to the proposed project. According to the Bear Valley Village DEIR (Page 3.4-5), LAWC has adequate water distribution infrastructure to serve the proposed project. However, the LAWC does not currently have adequate water rights to supply the entire buildout of the proposed project, but has applications on file to obtain the necessary water rights, according to the DEIR. The DEIR (Page 3.4-5) recommends that any project approval be structured so that individual Bear Valley Village project components cannot move forward until the LAWC has obtained the necessary water rights to ensure adequate water supplies.

According to LAWC staff, the company is currently in the process of converting from flat rates for water service to metered rates. As part of the rate-setting process, the company determines the costs of operation and then spreads the costs over the ratepayers in an equitable manner that is overseen by the CPUC.⁶ This process should ensure that the LAWC's ongoing operations and maintenance budget is not adversely affected by the proposed project.

Bear Valley Water District (Sewer)

The Bear Valley Water District (BVWD) is the existing sewer service provider for the Bear Valley Area, and the District would provide services to the proposed project. The DEIR for the proposed project has identified capital facilities requirements necessary for the BVWD to serve the project, primarily related to providing tertiary treatment processes that will allow the system to handle increased discharge from more users (DEIR, page 3.4-6). According to a representative of the BVWD, the proposed method to pay for the required capital improvements is establishment of a special assessment district that encompasses the District's service territory, along with continued collection of sewer connection charges for new users. Under the proposed financing structure, the current connection fees for new users will likely be reduced, but some level of connection fee will still be needed to pay for future secondary treatment process improvements.⁷

With the expanded treatment system, the BVWD would also experience increased ongoing operation and maintenance costs. According to the BVWD representative, it is possible that monthly user rates would initially increase from current levels, but as more users come online, the per user rates would likely drop and then stabilize.

Based on this information, it appears that the County will wish to make establishment of the assessment district or some other acceptable mechanism that will ensure the provision of adequate capital funds a condition of approval of the proposed project. Additionally, the County will likely

⁶ Bruce Orvis, LAWC, personal communication. June 27, 2008.

⁷ Neal Colwell, Eco-Logic (consultant to BVWD), personal communication. June 27, 2008.

want to limit development of individual project phases until adequate sewer treatment capacity is online.