

**EXHIBIT A****GOLD MOUNTAIN COMMUNITY SERVICES DISTRICT**

Special Fire Tax Report  
March 6, 2006

Background

Since the November 2002 wildfire on A-15 Gold Mountain residents and property owners have worked to provide a minimum level of fire protection and suppression despite not having control of the Gold Mountain Community Services District (CSD). Much of this work has been under the auspices of the Gold Mountain Homeowners Association (HOA).

The following activities have taken place:

1. Development and adoption of an initial fire protection and prevention plan and implementation of many of its recommendations.
2. Initiation and fostering of a positive relationship with the Portola Volunteer Fire Department and participation in many of their activities.
3. Purchase of a slip-on pump for the HOA truck for immediate response to small fires as well as purchase of two defibrillators and radios.
4. Training of residents in use of the slip-on pump and defibrillators.
5. Establishment of an emergency telephone alert system to be activated as needed.
6. Initiation of a hazardous fuel reduction program on 125 acres of HOA common area.
7. Support of a voluntary fuel reduction program by individual property owners.
8. Successful procurement of a Federally-funded fuel reduction grant to protect the Gold Mountain community's southern border.
9. Initial steps taken by the CSD leading to adoption of a formal Hazardous Fuel Reduction (HFR) ordinance.

Since inception of Gold Mountain in 1996 fire protection activities have been funded by the District's water and sewer assessments and charges. From 1997 through June 30, 2006, \$113,837 will have been spent on the District's agreement with the City of Portola. The District's Board of Directors is aware that this use of water and sewer assessments and charges is contrary to the requirements of California Proposition 218. The Board policy is to conform with the law by raising funds through adoption of a Special Fire Tax pursuant to Government Code Section 50075 et seq. at the earliest possible date.

At this time the District does not receive a share of the property tax generated within District boundaries. The assessed value of property within Gold Mountain produces

\$1,000,000 in tax revenue. As a post-Proposition 13 governmental agency the District does not automatically receive a share of the property tax. The opportunity to negotiate a share existed when the District was formed, but the parties involved (e.g. the Developer and the Plumas County Board of Supervisors) agreed that there would be no tax exchange.

The Plumas County Board of Supervisors' policy is to negotiate for transfer of a share of the property tax increment (assessed value increases in the future) up to seven percent of the County's share. This would mean that if Gold Mountain's assessed value increased by \$5,000,000 next year, the District would be eligible to receive about \$1,050 annually. However, several significant conditions would need to be met for eligibility: (1) there would need to be a change in jurisdictional responsibility for fire, i. e. an annexation of Gold Mountain to an existing Fire District; and (2) a show of support for fire protection by property owners in the form of a willingness to assess themselves for fire protection. Property tax sharing represents an important but longer term opportunity for revenue. Hence, since revenue is needed immediately and passage of a special tax measure could help in ultimately receiving a portion of the property tax, the Board has determined to place the special tax question before the voters who reside within the District in July.

#### Reasons for the Special Fire Tax

Properties within the Gold Mountain Community Service District currently receive fire protection and suppression from the Portola Volunteer Fire Department. Since inception of the District in 1996 fire protection has been provided under contract. The current contract has a base charge of \$5,000 and a variable charge based on five cents per thousand on assessed valuation for improvements. It is anticipated that the total cost of the contract in 2005-2006 will be \$25,000. Heretofore, funds for fire protection have been taken from the water/sewer budget which is a violation of Proposition 218. Funds raised and collected for utility purposes must be used for those specific purposes, not general activities such as police and fire protection. In addition, when the District was formed in the post-Proposition 13 era, it was determined that no property tax would come to the District. The District presently has no legal source of revenue.

#### Levy of the Special Fire Tax

A Special Tax will be levied on 447 parcels located within the District and collected each Fiscal Year, commencing in Fiscal Year 2006-07 in the amounts set forth in this report. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### Uses to Which Special Tax Funds Will be Put

The Portola contract expires December 31, 2006. Discussions have begun to renew or extend the contract. In addition, discussions have commenced with the Eastern Plumas Rural Fire Protection District which is adjacent to the Gold Mountain Community. The Plumas County Board of Supervisors and the County Local Agency Formation Commission encourage consolidation of small fire protection units. Future jurisdictional

and contractual alignments for Gold Mountain are not known at this time, but needs are clearly there.

Outside of the minor equipment and three parcels of land designated for public use, the District has no fire protection assets. In essence, the District starts from scratch.

The Special Tax will be used to finance operations and facilities necessary for the provision of fire protection and suppression services as described below.

### Operations

The first area of need is to collect funds for operations either by establishing the District's own fire protection program, developing a relationship with another district or continuing the current agreement with Portola at a cost of \$25,000 per year. Operational costs include but are not limited to personnel, insurance, supplies, equipment and facility maintenance. It is impractical for the District to take responsibility for its own fire protection because of the part time nature of the community and age of its residents. It is premature to determine the cost of service if the District were to annex to Eastern Plumas. The only operational number that can be relied upon is the current cost of the Portola contract--\$25,000.

### Administration

Currently, the water and sewer charges subsidize fire administration activities. These include office space, equipment, supplies, telephones, computers and the like. These expenditures total approximately \$10,000 presently. The fire budget should bear 50 percent of that cost, or \$5,000.

### Hazardous Fuel Reduction Program

The Board anticipates the Hazardous Fuel Reduction Program (Ordinance No. 2006-01) will be in place by July 1, 2006. The Special Tax will be used to pay for services required to implement the ordinance, including but not limited to the following:

- technical assistance from fire experts including a certified forester;
- publication and distribution of educational materials; and
- fund advances to complete fuel reduction on properties that do not comply.

It is estimated that \$15,000 is necessary to start the program and that fund requirements will grow over time.

### Equipment

Based on discussions with professional firefighters and current practices in the Plumas County area two types of equipment are needed in the near future. The first is for a four-

wheel drive quick attack vehicle. The wildfire threat to Gold Mountain is substantial. In addition to problematic areas within Gold Mountain, there are untreated areas on its borders. This type of vehicle can access much of Gold Mountain very quickly and can be manned by residents and/or employees as well as nearby Fire Department personnel. A new vehicle would cost \$80,000 to \$90,000; used vehicles are also available at a lower cost. This vehicle is necessary regardless of future contractual arrangements.

The second necessary vehicle is a mobile water transportation vehicle or water tender. Gold Mountain lacks fire hydrants in all but the commercial portion of the community. Designated drafting ponds are located near A-15, leaving the southern portion unsupplied with quantities of water. This type of vehicle would provide a ready, mobile water supply in the near term. Ultimately, water system improvements are likely to be necessary. The more sophisticated vehicles cost \$180,000. Used equipment is also available at a much lower cost.

Special Taxes may be used to finance the acquisition of fire protection and suppression equipment, including but not limited to four wheel drive vehicles, mobile water transportation vehicles and/or water tenders. A total of \$15,000 has been budgeted for this purpose.

#### Facilities

The original plan for fire protection at Gold Mountain envisioned a fire station to be financed by the \$1,000 water connection charge. Based on 80 current connections, \$80,000 should be available but funds have been diverted to more immediate needs in the water/sewer area. Only \$30,000 remains in the reserve fund. The District has preliminary plans for a multi-purpose facility in conjunction with the HOA to accommodate maintenance activities. These plans have been put on hold because of more immediate needs of the water/sewer systems. Additionally, depending upon which department Gold Mountain aligns itself with the size, nature, configuration and location of a facility could change. It is prudent to begin to accumulate funds for construction or lease of The District's own facility or a contribution to improved facilities of agencies with which the District may contract or to which it may annex. The budget contains \$10,000.

#### Incidentals

The remaining portion of the budget contains funds to pay the County for administering the tax collection process, election administration, potential delinquencies and other incidentals. The budget includes \$3,570 for this purpose.

Annual Budget Summary

The District estimates that the budget for Fiscal Year 2006-07 for fire protection and suppression will be as follows. This is only an estimate based upon the District's current information. The budget may change as additional and updated information is received.

Operations	\$25,000
Administration	\$ 5,000
Hazardous fuel reduction program	\$15,000
Equipment	\$15,000
Facility	\$10,000
Incidentals	\$ 3,570
Annual Total	<u>\$73,570</u>

Rate and Method of Apportionment of Special Taxes

The Special Tax is apportioned according to current land use, potential use permitted under existing zoning, exposure to structural fires, wild fires and medical emergencies and other fire-related protection variables.

Most parcels in the District are designated for single family residential use. There are a growing number of improved parcels in the form of single family residences but the majority of parcels remain unimproved. Tax apportionment differs between unimproved and improved parcels. The tax schedule is below.

1. Unimproved parcels: UPE (Unimproved parcel equivalent)
2. Improved parcel: IPE (Improved parcel equivalent)

Unimproved parcels: one UPE = \$140

Single residential parcel = one UPE (\$140)

Non residential parcel = two UPE (\$280)

Special use parcel = one UPE (\$140)

Improved parcels: one IPE = \$210

Nakoma Resort facility: ten IPE (\$2100)  
 Single residential parcel: one IPE (\$210)  
 Condominiums, timeshares, multiple residential parcels: one IPE per unit (\$210)  
 Dragon Golf and maintenance facilities: five IPE (\$1,050)  
 Gold Mountain Homeowners Association common area: three IPE (\$630)  
 Commercial: two IPE per unit (\$420)

#### Apportionment Categories/Definitions

Unimproved parcels are those which do not have structures.

Improved parcels are those which have structures.

Single residential parcels are those which are designated by the Plumas County zoning code for one primary home plus an adjacent guest house.

Non-residential unimproved parcels have no structures include the proposed nine-hole golf course, recreation-open space acreage, commercially-zoned land and other undeveloped parcels larger than six acres.

Special use parcels include Gold Mountain Foundation lots, the Windsong leach field, the Well 17 site, stable parcels, CSD-owned parcels and several other parcels under six acres.

Multiple residential uses include condominiums, timeshare facilities, hotels, motels and other residential uses greater than one living unit per parcel.


Nakoma Resort facility is the existing commercial facility which includes restaurant, spa and golf clubhouse uses.

Dragon Golf Course includes an 18-hole course with two restrooms and two maintenance structures.


Gold Mountain Homeowners Association common area includes approximately 125 acres of land used for hiking trails and provide aesthetic amenities for the community.

Commercial use refers to those parcels zoned for commercial uses except for the existing Nakoma Resort facility.

This report has been prepared by John Shaw Consulting (California license# 61007) and George Sipel Associates (Dr. George A. Sipel, owner).



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John Shaw



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George A. Sipel

**ARGUMENT IN FAVOR OF MEASURE "A"**  
**GOLD MOUNTAIN**  
**COMMUNITY SERVICES DISTRICT**

**ADOPT A SPECIAL TAX FOR FIRE PROTECTION**  
**AND PREVENTION, RESCUE SERVICES, AND**  
**EMERGENCY MEDICAL SERVICES**

The undersigned recommend a "Yes" vote to adopt a special tax for fire protection and prevention, rescue services, and emergency medical services.

Properties within the Gold Mountain Community Services District currently receive fire protection and suppression from the Portola Volunteer Fire Department. Since the inception of the District in 1996 fire protection has been provided under contract. It is anticipated that the current contract in 2006-2007 will be \$25,000.

Heretofore, funds for fire protection have been taken from the water/sewer budget which is in violation of Proposition 218. Funds raised and collected for utility purposes must be used for those specific purposes, not general activities such as fire protection. In addition, when the District was formed in the post-Proposition 13 era, it was determined that no property tax would come to the District. The District presently has no legal source of revenue. The District policy is to conform with the law by raising funds through the adoption of this special fire tax at the earliest possible date.

The proceeds from this special fire tax will be used to continue contracted fire protection; the acquisition of fire suppression equipment such as a mobile water tender; initial accumulation of funds for our own facility or expansion of an existing fire agency's facility; administration of a hazardous fuel reduction program; and to fund incidental and administrative expenses of the District.

The proposed special fire tax on improved and unimproved properties will result in a modest initial budget of less than \$74,000 per year. It will bring us into Proposition 218 compliance.

For the above reasons, a favorable vote to adopt a special fire tax is urged.

/s/ Clive Rees

/s/ Gail Mc Grath

/s/ Craig W. Simmons

/s/ Jack Zygnier

/s/ George A. Sipel



## Gold Mountain Community Services District

RESOLUTION No. 2006-15

### **A RESOLUTION PROPOSING THE ADOPTION OF A SPECIAL TAX AND REQUESTING THE BOARD OF SUPERVISORS TO DIRECT THE PLUMAS COUNTY CLERK TO AUTHORIZE THE GOLD MOUNTAIN COMMUNITY SERVICES DISTRICT TO CONDUCT AN ALL MAILED BALLOT ELECTION**

RESOLVED, by the Board of Directors of the Gold Mountain Community Services District that:

WHEREAS, Gold Mountain Community Services District was formed for the purpose of providing fire protection and prevention for its citizens;

WHEREAS, California Health and Safety Code 13862 gives fire districts the power to provide fire protection services, rescue services, emergency medical services, ambulance services, and any other relating to the protection of lives and property;

WHEREAS, the Board of Directors of the Gold Mountain Community Services District has determined that the present and anticipated revenues of the District are insufficient to fund a safe level of fire protection services;

WHEREAS, California Health and Safety Code 13911 authorizes a fire protection district to levy a voter-approved special tax pursuant to Government Code 50077, which requires an election and approval by two-thirds of the voters voting;

WHEREAS, the cost of conducting an election through the office of the County Clerk would use revenues that are currently needed to fund normal operating expenses of the District;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Directors of Gold Mountain Community Services District propose that a special tax be submitted to voters of the District as follows:  
"Shall the Gold Mountain Community Services District be authorized to adopt a special tax for fire protection and prevention, rescue services, and emergency medical services which shall be levied as follows:

Unimproved parcels:

Single residential parcel = \$140

Non residential parcel = \$280

Special use parcel = \$140

Improved parcels:

Nakoma Resort facility = \$2100

Single family parcel = \$210



Condominiums, timeshares, multiple  
residential development and hotels/motels =  
\$210 per unit  
Dragon Golf and maintenance facilities=  
\$1050  
Gold Mtn Homeowners Association  
common area = \$630  
Commercial = \$420 per unit

The proceeds from such tax shall be used solely for the purpose authorized by laws governing the Gold Mountain Community Services District. The tax shall be subject to annual cost of living increases of 2% which increase shall begin July 1, 2007 and will be effective with the fiscal year 2006-2007 and collected in the same manner as Plumas County property taxes with the special tax proceeds to be deposited into a special account."

2. The provision governing the levy of special taxes specified in the question set forth in Section 1 are set forth in Exhibit A attached hereto and incorporated herein by reference.
3. The Board of Directors of the Gold Mountain Community Services District requests that the Plumas County Board of Supervisors direct the Plumas County Clerk, pursuant to Election Code Section 10518, to authorize the Gold Mountain Community Services District to conduct a Special All Mailed Ballot Election on July 18, 2006.
4. The ballots to be used at the election shall be in form and content as required by law.
5. In all particulars not recited in this resolution, the election shall be conducted and held as provided by law for holding special district elections.
6. Notice of the time of the election is given and the Secretary of the Board of Directors is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

The foregoing Resolution was duly passed and adopted by the Board of Directors of the Gold Mountain Community Services District at a Regular Meeting of said Board on Saturday, March 11<sup>th</sup>, 2006 by the following vote:

AYES: McGrath, Simmons, Zygnier, Erickson, Callaghan

NOES:

ABSENT:

*o/s Gail McGrath*

*o/s George A. Sipel*

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Gail McGrath, President

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Attest: George A. Sipel, Secretary

**Fire tax election**

GOLD MOUNTAIN COMMUNITY  
SERVICES DISTRICT

Special Fire Tax Election

July 18, 2006

The Gold Mountain Community Services District will receive Arguments For and Against the Special Fire Tax beginning March 29, 2006 and ending April 10, 2006 at 5 p.m. Arguments shall be no more than 300 words. The submittal period for Rebuttals to Arguments For and Against begins April 11, 2006 and ends April 21, 2006 at 5 p.m. Rebuttal arguments shall be no more than 250 words.

Arguments shall be submitted in person to the Gold Mountain Community Services District office, 150 Pacific (#8), Portola, CA 96122 or mailed to Post Office Box 5, Clio, CA 96106. All arguments shall contain no more than five (5) signatures. Information regarding the election may be obtained by contacting George Sipel at 832-5945.

George A. Sipel

Secretary

Published PR

March 29, 2006

**d-r-a-f-t**

GOLD MOUNTAIN COMMUNITY SERVICES DISTRICT

SPECIAL ELECTION ~ JULY 17, 2006

OFFICIAL BALLOT

PLUMAS COUNTY, CALIFORNIA

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**GOLD MOUNTAIN COMMUNITY SERVICES DISTRICT**

**MEASURE “ \_ ”**

“Shall this measure be approved by a two-thirds vote of the electorate residing in the District a special tax for the sole purposes of funding the services of fire protection and prevention, emergency medical response, and hazardous material emergency response, for the benefit of the property owners within this district of:

- \$140 for each unimproved residential parcel
- \$210 for each single family residence including condominium, time share, motel/hotel, and all multiple dwelling units per dwelling unit
- \$140 for each *special use* parcel (leach fields, well site[s], storage tank[s], and Gold Mountain Foundation parcels)
- \$2,110 for the Nakoma Resort Facility
- \$630 for the Dragon Golf Course and the Homeowners Association common area ownership
- \$280 for each undeveloped, non-residential parcel (those larger than 16 acres and the 9-hole golf course), commercial parcels, and Gold Mountain Ranch recreation-open space parcel
- \$1,050 for each developed commercial unit
- \$210 for the Gold Mountain maintenance facility

The tax will commence in the fiscal year starting July 1, 2006, and will be collected and apportioned along with the county property taxes. This parcel tax schedule shall be subject to an annual cost of living increase of 2% consistent with the provisions of Article 13 a of the California Constitution, which increase shall begin July 1, 2007. The District's appropriations limit (spending limit) under

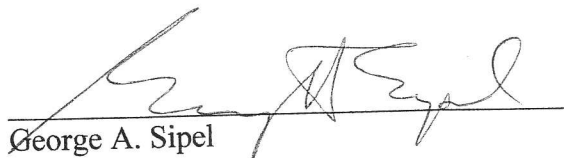
California Constitution Article XIII B is to be raised by the amount of the annual proceeds of this tax."

CERTIFICATE OF THE GOLD MOUNTAIN COMMUNITY SERVICES DISTRICT  
RESULTS OF  
THE SPECIAL FIRE TAX ELECTION  
HELD ON JULY 18, 2006

I, George A. Sipel, Secretary of said District, do hereby certify the results of the Gold Mountain Community Services District election held on July 18, 2006 as follows:

TOTAL VOTES CAST	58
YES VOTES	55
NO VOTES	0
REJECTED VOTES	2
BLANK VOTES	1
REGISTERED VOTERS	62
VOTES CAST	58
VOTER TURNOUT	93.5%

Witness My Hand This 19<sup>th</sup> Day of July, 2006

  
George A. Sipel  
Secretary  
Gold Mountain Community Services District