

ROUND HILL GENERAL IMPROVEMENT DISTRICT NEWSLETTER

SEPTEMBER 2014

AD VALOREM TAX REVOCATION

The District's General Fund is the sole source of revenue for road maintenance, storm drain maintenance and erosion control within RHGID. The General Fund can receive income from two sources; the consolidated tax and ad valorem tax. Prior to this year, the District relied solely on consolidated tax revenue for the General Fund.

In 2009, RHGID enlisted the services of R.O. Anderson Engineering to develop a Comprehensive Pavement Management Plan. The Plan incorporated a phased approach to road reconstruction and repaving over a 20 year period. The first phase of that Plan was conducted in 2010 at a total cost of \$717,450 on McFaul Way and the second phase was completed in 2013 on Elks Point Rd for \$539,482. RHGID expects the next paving cycle, which includes Paiute Dr. and Ute Way, scheduled for 2016, to cost \$600,000 to \$700,000.

The District utilized existing reserves to conduct the first two phases of the Plan. Upon completion of the 2013 paving project, the District evaluated its reserves and its anticipated revenue from consolidated taxes and created a 2014 / 2015 budget. Given the steady decline in consolidated tax revenue and given that the District did not have sufficient reserves to conduct the 2016 paving project without additional resources, the 2014 / 2015 budget was created with the addition of an Ad Valorem Tax.

Nevada has a 3% cap on annual increases to property taxes. RHGID knew this and relied on this information during the development of the AV Tax. In all of the discussions with the State, the County, legal counsel, rate consultants, the fact that we would not be subject to the 3% cap was never determined.

The State and Douglas County assessed the impact of the creation of our AV Tax and determined that the District would generate only \$5,198 in new revenue if the new AV Tax was subject to the 3% cap. The State then classified our AV Tax as an "annexation". The 3% cap does not apply to annexation taxes.

This was not the intent of the Board when it created the Ad Valorem Tax. In addition, RHGID does not qualify for the implementation of the Ad Valorem Tax as an annexation. District staff and legal counsel have approached the Douglas County Attorney General's office regarding the annexation classification and their initial feedback is that they agree with the District's assessment that the tax was not appropriately implemented. Therefore, at the Board of Trustees' meeting on September 16, 2014, the Board unanimously passed Resolution #309, requesting that the Douglas County Commissioners return Round Hill's portion of the Ad Valorem Tax to Round Hill residents. This item will be on the County Commissioners' meeting on October 16th at the Lake Tahoe location (Lake Tahoe Transportation Center) when the County will consider a method of issuing the refunds.

NEW UPPER WATER STORAGE TANK

After design was completed by Farr West Engineering, Resource Development Company has spent the entire summer replacing a 500,000 gallon concrete water storage tank with a new 500,000 gallon welded steel tank at the District's upper tank location. The project has gone exceptionally well to date. The project is on schedule and under budget. The tank is scheduled to come on line on October 15th, once again bringing the amount of water in storage at the District to 1,750,000 gallons. Funding for the tank was provided, in part, by the U.S. Forest Service through the Lake Tahoe Fire Protection Partnership, a conglomeration of potable water providers within the basin.