



September 1, 2010

To: Board of Directors

Fr: Ron Treabess, Director Community Partnerships and Planning

Re: Presentation and Possible Action to Approve and Recommend to the Placer County Board of Supervisors, an Infrastructure Allocation of Up to \$500,000 to Northstar Community Services District as a Portion of Necessary Funding for Finishing the CEQA/NEPA Process, Developing the Detailed Design Documents, and Initiating Construction of the Northstar/Martis Valley Community Multi-Purpose Trail

Background

The Tahoe Vista – Northstar/Martis Valley Bike Trail has been specifically identified by the NLTRA in the adopted *North Lake Tahoe Tourism and Community Investment Master Plan*. While the proposed Northstar/Martis Valley Multi-Purpose Trail is a complete project within itself, it will provide an important link in the overall trail proposal connecting Lake Tahoe with Martis Valley, Truckee, and back to Lake Tahoe via the Truckee River corridor. The eventual completion of this Resort Triangle loop trail will, not only provide outstanding recreation and transportation alternatives for visitors and residents in North Lake Tahoe, but will provide opportunities that can be used in marketing this destination to people who have not yet visited North Lake Tahoe.

An initial planning process began in 2005, to investigate possible routes between the Lake and Truckee. Groups involved include the North Tahoe Public Utility District, California Tahoe Conservancy, Placer County, TRPA, U.S. Forest Service, Northstar, East/West Partners, Northstar Community Services District, U.S. Army Corp of Engineers, the NLTRA, and the Town of Truckee. Some of these agencies and organizations, have moved ahead, at various speeds, concentrating on sections of the trail within their jurisdictions.

Northstar Community Services District (NCSD) decided to move ahead with a portion of the trail, within and adjacent to the Northstar boundaries, that had multiple purposes and could stand alone. With an initial \$500,000 Infrastructure Allocation, approved in 2005, NCSD was able to conduct planning and environmental analysis in advance of required environmental documentation and any detailed project design. These earlier work tasks were performed to assure the successful feasibility of the project, both physically and politically, so that additional larger expenditures would not be undertaken without that assurance.

The Proposal

The proposed Northstar/Martis Valley Community Multi-Purpose Trail project is a paved ten foot wide recreation trail, approximately 9 miles long which will connect Northstar Village with the Town of Truckee via the Martis Valley, and, ultimately, with the Tahoe Basin, as well as with existing paved and unpaved trails along the route. The total project cost for planning, environmental work, permitting, and construction will be approximately \$10-\$13 million. The attached Trail Alignment Alternatives/ Phasing Map (part of the Application) shows the proposed project phasing

Project Status

Currently, the project is about 50% into the development of the Environmental Document. It will cover the Phase I portion of the trail on a project level and the Phase 2 portion on a programmatic level. Preliminary engineering design has been completed on Phase I including the development of a new alternative alignment that avoids sensitive areas and furthers project objectives by creating a more direct and aesthetically superior route to the Northstar Village core.

Necessary trail easements have either been secured or tentatively agreed to from all land owners with the exception of the US Army Corps of Engineers. The USACE has recently communicated resistance to allowing the trail within the Martis Creek Dam Wildlife Area but has agreed to allow the alignment to be analyzed in the environmental document.

The initial \$500,000 NLTRA allocation was used to reimburse the NCSO for direct outside consulting services to deliver the following products. The expenditures and value received are included in the attached Infrastructure Funding Application.

Request for Funds

Through the submittal of the attached Infrastructure Funding Application, NCSO is requesting an additional TOT allocation of up to \$500,000 to finish the CEQA/NEPA process, develop the detailed design documents, and initiate construction for Phase 1 and 2 of the overall project. In addition to these funds requested, NCSO has secured \$3.1 million that has been and will be used toward completing Phase 1 and 2. The anticipated date to have both Phases under construction is June, 2012. General Manager Mike Staudenmayer, NCSO, will be at the Board meeting to present the request.

NLTRA Master Plan and Budget Consistency

The Northstar/Martis Valley Community Trail project is consistent with the *North Lake Tahoe Tourism and Community Investment Master Plan*. The trail is definitely a Visitor and Community Facility and the Master Plan recommends funding support for Visitor and Community Facilities that provide:

- Attraction of visitors to North Lake Tahoe and enhance their visits
- Convenient public transportation and additional transportation solutions
- Additional bike trails and linkages
- A Tahoe Vista to Truckee trail

This project is included in the Integrated Work Plan and Long Range Funding Plan as a priority with proposed additional funding of \$750,000 projected over two or three years. As this request is for \$500,000 over two years, it is consistent with the funding capabilities of the current and past years undesignated Infrastructure Funds and the 2010/11 Integrated

Work Plan. It does not have a negative impact on other future anticipated Infrastructure project funding needs.

Recommendation of the Infrastructure/Transportation Committee

At the August 16th meeting, the Joint Committee voted 8-0-1 to recommend the request be approved by the Board of Directors. Committee member Auerbach abstained to avoid a possible conflict of interest as he has been a consultant for the project. The Committee recognized the importance of this project in the overall Resort Triangle trail system. They urged General Manager Staudenmayer to continue the NCSO "do diligence" practice to ensure any potential project blockages, such as inability to obtain easements, be avoided. They requested periodic progress reports as the CEQA/NEPA process is completed.

Requested Action

Staff requests that following any questions and discussion, the Board of Directors approve and recommend to the Placer County Board of Supervisors, an allocation of up to \$500,000 to Northstar Community Services District as a Portion of Necessary Funding for Finishing the CEQA/NEPA Process, Developing the Detailed Design Documents, and Initiating Construction of the Northstar/Martis Valley Community Multi-Purpose Trail.



N·C·S·D

Northstar Community Services District
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Board of Directors

DUANE EVANS
JEANN GREEN
NANCY IVES
MIKE MOLL
FRANK SEELIG

General Manager

MICHAEL STAUDENMAYER

August 9, 2010

Mr. Ron Treabess
Interim Executive Director
North Lake Tahoe Resort Association
PO Box 5459
Tahoe City, CA 96145

RE: Martis Valley Trail Funding Request

Dear Ron:

Please accept the attached funding application for the Martis Valley Trail project on behalf of the Northstar Community Services District.

The NCS D appreciates the ongoing support and commitment from the North Lake Tahoe Resort Association on this important regional project. The Association's initial grant money has truly had the desired effect as seed funding allowing the District to secure an additional \$2.6 Million in project funds. The continuation of this partnership is critical to the success of the trail as we complete the environmental documentation and lead into the entitlement phase.

The District is dedicated to seeing this project come to fruition and looks forward to building on the sound relationship with the North Lake Tahoe Resort Association as we move forward.

Sincerely,

Mike Staudenmayer
General Manager

E-1-4

The North Lake Tahoe Resort Association
INFRASTRUCTURE COMMITTEE

REQUEST FOR FUNDING

DEFINITION

“An infrastructure project is defined as a physical improvement that will directly enhance the tourism economy in North Lake Tahoe. Infrastructure projects also include programs that will stimulate the rehabilitation of the existing community. It is not our purpose to compete with, or replace, private enterprises.”

APPLICATION CRITERIA

- Projects must improve overall economy.
- Projects that will stimulate weekday and off-season business.
- Demonstrated need for infrastructure program or project.
- Visitor draw and economic value for the community.
- Level of funding from other sources.
- Clear description of how public funds will be used and enough data provided for measurable results and benefits.
- Sound financial plan and managerial and fiscal competence.
- Quantifiable goals and objectives.
- Funding requirements for future maintenance or ongoing operating expenses.
- Measurable economic return on investment.
- Project should reflect a balance of funding throughout the North Lake community.
- Project is consistent with the goals of the North Lake Tahoe Tourism and Community Investment Master Plan.
- Importance of this project compared to other projects that are being considered.
- Availability of other funds for this project.
- Does a similar project already exist?
- Is it feasible under current regulations?

The North Lake Tahoe Resort Association
INFRASTRUCTURE PROJECT/PROGRAM
FUNDING APPLICATION

PROJECT INFORMATION

1. **Project/program name:** Martis Valley Trail
2. **Brief description of project/program:** The proposed project is a ten foot wide paved multipurpose recreation trail approximately 9 miles long connecting the Northstar Village with the Town of Truckee and ultimately the Tahoe basin as well as existing paved and unpaved trails along its route.

FINANCIAL INFORMATION

1. **Total project cost:** Estimated costs for the entire project are \$10-13 Million including all planning, environmental, permitting and construction.
2. **Total TOT funds requested:** The NCSD is requesting \$500,000 in TOT funds at this time for the purposes of finishing the CEQA./NEPA work, developing detailed design documents and for construction.
3. **Other funding sources:** The NCSD has been successful in securing the following funds for the project: CFD Series 2005 \$300,000, CFD Series 2006 \$800,000, Placer County Parks and Recreation \$1.5 million and NLTRA \$500,000 for a total of \$3.6 million.
4. **Will the project require future financial funding?** Future financial funding will be required to complete construction and design elements of the project. The initial planning and design process will be phased to accommodate available funding. The construction project itself will also be phased to accommodate funding and to make convenient linkages where possible without leaving portions of the trail incomplete.

What is the source of the future financial support? Future financial support will come from several sources including the Northstar Community Services District, state and federal transportation and recreation funding sources. DMB Highlands, Truckee Tahoe Airport District, Keilhoffer, Northstar Property Owners Association and Trimont Land Company have all agreed to provide easements for the trail across their property which would otherwise be a significant cost to the project.
5. **Provide project proforma and implementation schedule:** See the attached estimate of project costs and proposed implementation schedule.
6. **How will project cost overruns or operating cost shortfalls be funded?** Any cost overruns or shortfalls at this point of the project may be absorbed by the NCSD and Placer County. Additional funding as indicated above will also be pursued to ensure adequate project capitalization.

QUALIFICATIONS OF PROJECT SPONSOR

1. **Name/address:** Northstar Community Services District, 908 Northstar Drive, Truckee, CA 96161
2. **Financial Capability:** See attached NCSD 2009/2010 Management's Discussion and Analysis.
3. **Experience with projects of similar nature:** NCSD now operates the Tomkins Memorial Trail (roughly 14 miles of existing unpaved multipurpose trails throughout and adjacent the Northstar Community). Portions of this trail were built with the residential development and portions were constructed by NCSD in response to community needs for expanded recreation.
4. **Objectives of project sponsor:** The NCSD is committed to promoting the health of the community and greater North Lake Tahoe region through providing safe, accessible and convenient recreational and transportation opportunities.

ECONOMIC IMPACT OF PROJECT

1. **Estimated number of users:** Annually, estimated 8,000. Based on visual observation of existing trail use, we believe that the project would be utilized by an average of 75-100 persons per day during the summer months. This number is expected to grow as the awareness and popularity of the trail increases over time.
2. **Time of year:** The trail's peak time of usage is anticipated to be in the summer months of June through September, however the facility will certainly still be used during all months when there is no snow cover.
3. **Number of visitors to be attracted as a result of project/program:** Current usage of the trail system is approximately 25% local residents and 75% visitors. Visitors to the area are from all areas outside of Tahoe and have lodging in Truckee, Northstar and North Lake Tahoe.
4. **Projected expenditures by out of area attendees (per capita):** Out of area attendees will spend on hotels, restaurants, bike rentals and other retail items while visiting the area, the magnitude of which has been documented in prior economic reports.
5. **How will the project improve or enhance service to the visitor?** The completion of the proposed trail will greatly enhance a growing recreational amenity in this area which serves a greater cross section of users. The region is dominated by dirt trails which are not accessible to disabled persons and families with children who do not have the skills or equipment to easily enjoy the backcountry trails. Recently, the Town of Truckee has been aggressively building a network of paved trails that would connect with the proposed trail. The connectivity will offer users opportunities to safely travel between the commercial centers, area rivers, parks and lakes. Additionally, the particular alignment of the proposed trail was selected in part to afford users a scenic aesthetic experience that will serve on its own to be a worthy recreational amenity.

COMMUNITY IMPACT

1. **What geographic portion of North Lake Tahoe will benefit the greatest from this project?** The project will provide the greatest benefit to the Northstar community, as access to the trail will be convenient for all residents and visitors staying in Northstar and retail services near the trail connections in Northstar will be in a good position to provide support to trail users.
2. **What region-wide benefits will be created?** The entire region will benefit from the project as it will provide a critical link in the region's "resort triangle" bike pathway connecting the Northshore communities with the Town of Truckee and Squaw Valley. The recreational and alternative transportation amenities provided by this project will only add to the overall value of the North Lake Tahoe region as a world class visitor destination.
3. **What types of businesses will receive the greatest economic impact?** Hotels, rental properties, retail businesses and restaurants will be the beneficiaries of increased visitation due to the proposed project. The construction and engineering industries will also see significant benefit.
4. **Will the project require the addition of governmental service?** Possibly. The NCSD currently operates 14 miles of existing trails with minimal additional funding or services required for maintenance. The proposed trail will require annual monitoring and maintenance to ensure that it remains in a safe and operable condition.

How will these costs be funded? Maintenance funding and services for the trail will be provided through the NCSD from other private and public sources such as a County Service Area, contribution boxes, adopt-a-trail sponsorships and volunteer programs.

5. **What is the importance of this project compared to other projects being considered within the community?** This project will provide new recreational access to segments of the community and visitors that may not have had such access in the past. Accessibility is a critical parameter for any recreational facility and will attract additional users as a result.
6. **Document the community support for the project** Please see the attached topline report from the public opinion survey conducted by Godbe Research and additional letters of support from major community stakeholders.

NORTH LAKE TAHOE TOURISM AND COMMUNITY INVESTMENT MASTER PLAN

Describe how the project meets the goals of the Tourism Master Plan: The project is directly consistent with the Tourism and Community Investment Plan. The trail would be considered a Visitor and Community Facility. The Master Plan recommends funding support for the following types of Visitor and Community Facilities:

1. Convenient Public Transportation System and Additional Transportation Solutions
2. Additional Bike Trails and Trail Linkages

Additionally, the segment of trail being proposed is potentially a portion of the Tahoe Vista-Truckee Trail which is considered a priority project for the NLTRA.

OTHER

List other benefits or elements that should be considered by the Resort Association in evaluating this request:

Phased Approach – It is the intent of the NCS D to implement construction of the trail in logical segments that provide useable links to existing trails and destination points as funding allows. As such, the section linking the Northstar Village with the USACOE lands in the Martis Valley makes sense to construct first, followed by future phases that continue through the Martis Valley to the county line establishing trail connectivity of the Village with the Town of Truckee. Construction of future phases connecting the Village with the Tahoe Basin would be subject to funding availability and public demand. Environmental documentation will cover the entire trail with project level analysis on the earlier phases (Northstar Village to the county line).

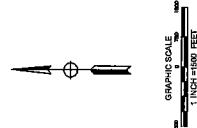
Progress Report

- Economic Feasibility Analysis completed
- Public Opinion Survey conducted
- Aerial Survey with high-resolution imagery and topography performed
- Biological Opportunities and Constraints Study completed
- Cultural Resources Inventory and Evaluation Report completed
- Commitments for all necessary easements obtained
- CEQA(EIR)/NEPA(EA) and preliminary engineering underway
- Significant coordination with Washo Tribe and USACOE

Task	Date of Contract	Contract Amount	Total Paid
Funding App	4/22/2005	\$8,305.00	\$4,354.50
Aerial Mapping	10/31/2007	\$62,500.00	\$59,031.17
Biological Opportunities and Constraints study	7/1/2007	\$39,260.00	\$31,710.00
Public Opinion Poll	6/21/2006	\$17,505.00	\$17,505.00
Economic Feasibility Analysis	2/23/2006	\$33,100.00	\$33,100.00
Archaeology Consulting Support	T&M	\$420.00	\$420.00
Misc Legal	T&M	\$1,603.15	\$1,603.16
Joerger Easement	1/20/2009	\$3,300.00	\$2,163.50
Planning CEQA/NEPA Prelim Design	5/21/2009	\$419,126.00	\$144,292.58
Archaeology Consulting Support	11/27/2008	\$844.80	\$844.80
		\$585,963.95	\$295,024.71



Alignment	Segment(s)	Length (ft.)	Notes
1	Segment 1	8,244	Trail Length, County Line to Noholite View, Segment 1, 2, 2B
	Segment 2A	3,436	Trail Length, County Line to Noholite View, Segment 2A
	Segment 2B	4,298	Trail Length through Martis Creek Lake
	Segment 3	4,910	Trail Length, County Line to Four Corners, Segment 3, 3A, 3B, 3C, 3D, 3E, 3F, 3G, 3H, 3I, 3J, 3K, 3L, 3M, 3N, 3O, 3P, 3Q, 3R, 3S, 3T, 3U, 3V, 3W, 3X, 3Y, 3Z
2	Segment 4	16,619	Trail Length, County Line to Four Corners, Segment 4
	Segment 5	9,244	Trail Length, County Line to Noholite View, Segment 5, 5A, 5B, 5C, 5D, 5E, 5F, 5G, 5H, 5I, 5J, 5K, 5L, 5M, 5N, 5O, 5P, 5Q, 5R, 5S, 5T, 5U, 5V, 5W, 5X, 5Y, 5Z
	Segment 6	3,436	Trail Length through Martis Creek Lake
	Segment 7	4,298	Trail Length through Martis Creek Lake
	Segment 8	4,910	Trail Length, County Line to Four Corners, Segment 8
	Segment 9	16,619	Trail Length, County Line to Four Corners, Segment 9
	Segment 10	9,244	Trail Length, County Line to Noholite View, Segment 10, 10A, 10B, 10C, 10D, 10E, 10F, 10G, 10H, 10I, 10J, 10K, 10L, 10M, 10N, 10O, 10P, 10Q, 10R, 10S, 10T, 10U, 10V, 10W, 10X, 10Y, 10Z
	Segment 11	3,436	Trail Length through Martis Creek Lake
	Segment 12	4,298	Trail Length through Martis Creek Lake
	Segment 13	4,910	Trail Length, County Line to Four Corners, Segment 13
Segment 14	16,619	Trail Length, County Line to Four Corners, Segment 14	
Segment 15	9,244	Trail Length, County Line to Noholite View, Segment 15, 15A, 15B, 15C, 15D, 15E, 15F, 15G, 15H, 15I, 15J, 15K, 15L, 15M, 15N, 15O, 15P, 15Q, 15R, 15S, 15T, 15U, 15V, 15W, 15X, 15Y, 15Z	
Segment 16	3,436	Trail Length through Martis Creek Lake	
Segment 17	4,298	Trail Length through Martis Creek Lake	
Segment 18	4,910	Trail Length, County Line to Four Corners, Segment 18	
Segment 19	16,619	Trail Length, County Line to Four Corners, Segment 19	
Segment 20	9,244	Trail Length, County Line to Noholite View, Segment 20, 20A, 20B, 20C, 20D, 20E, 20F, 20G, 20H, 20I, 20J, 20K, 20L, 20M, 20N, 20O, 20P, 20Q, 20R, 20S, 20T, 20U, 20V, 20W, 20X, 20Y, 20Z	
Segment 21	3,436	Trail Length through Martis Creek Lake	
Segment 22	4,298	Trail Length through Martis Creek Lake	
Segment 23	4,910	Trail Length, County Line to Four Corners, Segment 23	
Segment 24	16,619	Trail Length, County Line to Four Corners, Segment 24	
Segment 25	9,244	Trail Length, County Line to Noholite View, Segment 25, 25A, 25B, 25C, 25D, 25E, 25F, 25G, 25H, 25I, 25J, 25K, 25L, 25M, 25N, 25O, 25P, 25Q, 25R, 25S, 25T, 25U, 25V, 25W, 25X, 25Y, 25Z	
Segment 26	3,436	Trail Length through Martis Creek Lake	
Segment 27	4,298	Trail Length through Martis Creek Lake	
Segment 28	4,910	Trail Length, County Line to Four Corners, Segment 28	
Segment 29	16,619	Trail Length, County Line to Four Corners, Segment 29	
Segment 30	9,244	Trail Length, County Line to Noholite View, Segment 30, 30A, 30B, 30C, 30D, 30E, 30F, 30G, 30H, 30I, 30J, 30K, 30L, 30M, 30N, 30O, 30P, 30Q, 30R, 30S, 30T, 30U, 30V, 30W, 30X, 30Y, 30Z	
Segment 31	3,436	Trail Length through Martis Creek Lake	
Segment 32	4,298	Trail Length through Martis Creek Lake	
Segment 33	4,910	Trail Length, County Line to Four Corners, Segment 33	
Segment 34	16,619	Trail Length, County Line to Four Corners, Segment 34	
Segment 35	9,244	Trail Length, County Line to Noholite View, Segment 35, 35A, 35B, 35C, 35D, 35E, 35F, 35G, 35H, 35I, 35J, 35K, 35L, 35M, 35N, 35O, 35P, 35Q, 35R, 35S, 35T, 35U, 35V, 35W, 35X, 35Y, 35Z	
Segment 36	3,436	Trail Length through Martis Creek Lake	
Segment 37	4,298	Trail Length through Martis Creek Lake	
Segment 38	4,910	Trail Length, County Line to Four Corners, Segment 38	
Segment 39	16,619	Trail Length, County Line to Four Corners, Segment 39	
Segment 40	9,244	Trail Length, County Line to Noholite View, Segment 40, 40A, 40B, 40C, 40D, 40E, 40F, 40G, 40H, 40I, 40J, 40K, 40L, 40M, 40N, 40O, 40P, 40Q, 40R, 40S, 40T, 40U, 40V, 40W, 40X, 40Y, 40Z	
Segment 41	3,436	Trail Length through Martis Creek Lake	
Segment 42	4,298	Trail Length through Martis Creek Lake	
Segment 43	4,910	Trail Length, County Line to Four Corners, Segment 43	
Segment 44	16,619	Trail Length, County Line to Four Corners, Segment 44	
Segment 45	9,244	Trail Length, County Line to Noholite View, Segment 45, 45A, 45B, 45C, 45D, 45E, 45F, 45G, 45H, 45I, 45J, 45K, 45L, 45M, 45N, 45O, 45P, 45Q, 45R, 45S, 45T, 45U, 45V, 45W, 45X, 45Y, 45Z	
Segment 46	3,436	Trail Length through Martis Creek Lake	
Segment 47	4,298	Trail Length through Martis Creek Lake	
Segment 48	4,910	Trail Length, County Line to Four Corners, Segment 48	
Segment 49	16,619	Trail Length, County Line to Four Corners, Segment 49	
Segment 50	9,244	Trail Length, County Line to Noholite View, Segment 50, 50A, 50B, 50C, 50D, 50E, 50F, 50G, 50H, 50I, 50J, 50K, 50L, 50M, 50N, 50O, 50P, 50Q, 50R, 50S, 50T, 50U, 50V, 50W, 50X, 50Y, 50Z	



MARTIS VALLEY REGIONAL TRAIL ALIGNMENT ALTERNATIVES / PHASING

NORTHSTAR COMMUNITY SERVICES DISTRICT
985.14B August 5, 2010

AUERBACH ENGINEERING CORPORATION

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Northstar Community Services District
Martis Valley Regional Trail
 Estimate of Construction Costs
 August 5, 2010

Bid Item	Description	Quantity	Unit	Unit Price	Total
1	Clearing, Grubbing and Site Preparation	25	AC	\$ 25,000	\$ 625,000
2	Earthwork	40,000	CY	\$ 35	\$ 1,400,000
3	Rock Retaining Walls	25,000	SF	\$ 100	\$ 2,500,000
4	Aggregate Base	14,000	CY	\$ 100	\$ 1,400,000
5	Asphalt Concrete	500,000	SF	\$ 3.50	\$ 1,750,000
6	Cross Culverts/Outfalls and Drainage Swale Reconstruction	200	EA	\$ 6,000	\$ 1,200,000
7	Roadway Crossings	2	EA	\$ 40,000	\$ 80,000
8	Bridges	2	EA	\$ 100,000	\$ 200,000
9	Signage/Striping/Interpretive Structures	JOB	LS	\$ 400,000	\$ 400,000
10	Trailside Fencing	15,000	LF	\$ 50	\$ 750,000
				Subtotal	\$ 10,305,000
11	Temporary Erosion Controls, Restoration, Revegetation, Permanent Erosion Controls	15% of Above Items		\$	1,545,750
12	Mobilization / Demobilization	5% of All Construction		\$	592,538
13	Estimating Contingency	25% of All Items		\$	3,110,822
			Total	\$	15,554,109
			Cost/LF	\$	322.33

**Northstar Community Services District
Martis Valley Regional Trail
Estimate of Phase 1 and Phase 2 Funding Requirements
August 5, 2010**

PRE-CONSTRUCTION PHASE

		% of Phase 1/2 Const. Cost	Amount	% of Phase 1/2 Budget
PLANNING, ENVIRONMENTAL COMPLIANCE AND PERMITS	Alternatives / Preliminary Design / Master Plan - Full Project	1.55%	\$ 175,000	1.55%
	Resource Investigations to Support Phase 1 and 2 Environmental Compliance			
	CEQA Compliance - Project Level Phase 1 and 2, Program Level Phase 3	3.09%	\$ 350,000	3.09%
	NEPA Compliance - Phase 1 and 2			
	Entitlements - Phase 1 and 2	1.00%	\$ 96,997	0.86%
	Construction Permits - Phase 1 and 2	1.00%	\$ 96,997	0.86%
Total Environmental, Planning, Permitting		6.64%	\$ 718,995	6.3%
CIVIL and LANDSCAPE DESIGN, SURVEYS	Project Management (5% of Consulting Contract)	0.93%	\$ 31,524	0.3%
	Design Surveys / Mapping	1.10%	\$ 106,697	0.9%
	Boundary Surveys / Easements	0.40%	\$ 38,799	0.3%
	Construction Documents	4.50%	\$ 436,488	3.9%
	Direct Expenses	0.50%	\$ 48,499	0.4%
	Total Civil, Landscape, Surveys		6.50%	\$ 662,007
NCS D/OTHERS	Legal Consulting (Outside Services)			
	Internal Legal and Accounting			
	NCS D Project Administration			
	Permit Fees / Costs	2.50%	\$ 242,493	2.1%
	Utility Agreements / Costs Notices / Publication Costs			
Total NCS D/Others		2.50%	\$ 242,493	2.1%
TOTAL PRE-CONSTRUCTION COSTS		15.64%	\$ 1,623,494	14.3%
CONSTRUCTION				
Phase 1				
CONSULTANT	Bidding Phase Engineering Services	0.20%	\$ 6,760	0.1%
CONTRACTOR	Phase 1 Construction Contract	100.00%	\$ 3,379,969	29.8%
CONSULTANT	Construction Phase Engineering / Surveying	4.00%	\$ 135,199	1.2%
NCS D	NCS D Construction Contract Administration	0.50%	\$ 16,900	0.1%
CONSULTANT	Testing and Inspection / Mitigation Monitoring	1.50%	\$ 50,700	0.4%
TOTAL PHASE 1 CONSTRUCTION			\$ 3,589,527	31.7%
Phase 2				
CONSULTANT	Bidding Phase Engineering Services	0.15%	\$ 8,634	0.1%
CONTRACTOR	Phase 2 Construction Contract	100.00%	\$ 5,756,197	50.8%
CONSULTANT	Construction Phase Engineering / Surveying	4.00%	\$ 230,248	2.0%
NCS D	NCS D Construction Contract Administration	0.50%	\$ 28,781	0.3%
CONSULTANT	Testing and Inspection / Mitigation Monitoring	1.50%	\$ 86,343	0.8%
TOTAL PHASE 2 CONSTRUCTION			\$ 6,110,203	54.0%
TOTAL PHASE 1/2 CONSTRUCTION COSTS			\$ 9,699,730	
TOTAL PHASE 1/2 PROJECT COSTS			\$ 11,323,224	100.0%

Northstar Community Services District
Martis Valley Regional Trail
 Estimate of Project Costs
 July 30, 2010

PRE-CONSTRUCTION PHASE

		% of Const. Cost	Amount	% of Budget	Current NLTRA Request
PLANNING, ENVIRONMENTAL & PERMITTING	Alternatives / Preliminary Design / Master Plan	1.05%	\$ 163,318	0.9%	\$ -
	Environmental Review / Resource Investigations	2.50%	\$ 388,853	2.1%	\$ -
	Entitlements	0.80%	\$ 124,433	0.7%	\$ -
	Construction Permits / SWPPP / Final Approvals	0.90%	\$ 139,987	0.8%	\$ -
Total Environmental, Planning, Permitting		5.25%	\$ 816,591	4.4%	\$ -
CIVIL and LANDSCAPE DESIGN, SURVEYS	Project Management (5% of Consulting Contract)	0.31%	\$ 48,607		\$ -
	Design Surveys / Mapping	1.10%	\$ 171,095	0.9%	\$ -
	Boundary Surveys / Easements	0.40%	\$ 62,216	0.3%	\$ -
	Construction Documents	4.25%	\$ 661,050	3.6%	\$ -
	Direct Expenses	0.50%	\$ 77,771	0.4%	\$ -
Total Civil, Landscape, Surveys		6.25%	\$ 1,020,738	5.5%	\$ -
NCSD/OTHERS	Legal Consulting (Outside Services)				
	Internal Legal and Accounting				
	NCSD Project Administration				
	Permit Fees / Costs	2.50%	\$ 388,853	2.1%	\$ -
	Utility Agreements / Costs Notices / Publication Costs				
Total Pre-Construction Costs		2.50%	\$ 388,853	2.1%	\$ -
TOTAL PRE-CONSTRUCTION COSTS		14.00%	\$ 2,226,182	12.1%	\$ -

CONSTRUCTION PHASE

CONSULTANT	Bidding Phase Engineering Services	0.08%	\$ 12,443	0.1%	
CONTRACTOR	Construction Contract	100.00%	\$ 15,554,109	84.5%	
CONSULTANT	Construction Phase Engineering / Surveying	2.00%	\$ 311,082	1.7%	
NCSD	NCSD Construction Contract Administration	0.40%	\$ 62,216	0.3%	
CONSULTANT	Testing and Inspection / Mitigation Monitoring	1.50%	\$ 233,312	1.3%	
TOTAL CONSTRUCTION COSTS			\$ 16,173,163	87.9%	
TOTAL PROJECT COSTS			\$ 18,399,345	100.0%	



ALLEN R. HIGHFIELD
GENERAL MANAGER

August 6, 2010

Mr. Ron Treabess
Interim Executive Director
North Lake Tahoe Resort Association
Post Office Box 5459
Tahoe City, California 96145

Good Day Mr. Treabess,

Please consider this letter in support of the approval for the Martis Valley Trail Project, lead by Northstar Community Services District. This proposed project will create a fantastic recreational amenity for our guests, Northstar and Truckee residents. The Martis Valley Trail Project would be a great opportunity to reinvest the TOT funds into a local project the community will benefit from.

We sincerely appreciate your kind consideration for approval of Martis Valley Trail Project.

Sincerely,

Allen Highfield
General Manager



NORTHSTAR™ AT TAHOE

August 5, 2010

Mr. Ron Treabess
Interim Executive Director
North Lake Tahoe Resort Association
PO Box 5459
Tahoe City, CA 96145

RE: North Lake Tahoe Resort Association TOT Funds

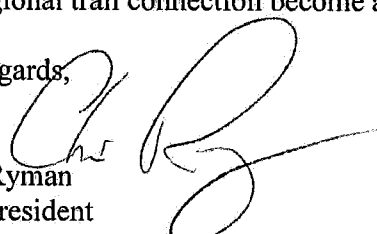
Dear Ron:

On behalf of the Northstar-at-Tahoe Resort and CNL we would like to extend our support to the Northstar Community Services District's (NCSD) application for the partial funding of the Martis Valley Trail project.

NLTRA's participation in this outstanding project connecting North Lake Tahoe to the Northstar Resort, the Martis Valley and the Town of Truckee will be of great public benefit to locals and visitors alike. This trail will provide an exceptional recreational venue and transportation component for the many outdoor enthusiasts who reside and recreate in the area. Our commitment to this project to date includes a commitment to provide the necessary CNL land and easements for the construction of this public multi-use recreational trail. We look forward to a continued involvement and seeing this trail come to fruition.

We would like to thank both NTLRA and NCSD for their leadership and commitment in making this regional trail connection become a reality.

Best regards,


Chris Ryman
CEO/President

Northstar at Tahoe Resort
Truckee, CA

Cc (via email): Mike Staudenmayer; Betsy Cole, Tim Beck, Julie Maurer, Steve Rice (CNL)

east west partners

July 30, 2010

Ron Treabess
Interim Executive Director
North Lake Tahoe Resort Association
PO Box 5459
Tahoe City, CA 96145

RE: North Lake Tahoe Resort Association TOT Funds

Dear Mr. Treabess:

I respectfully submit this letter on behalf of East West Partners - Tahoe, Tahoe Mountain Resorts and the Tahoe Mountain Club in support of the Northstar Community Services District's (NCSD) application for funds to help pay for the Martis Valley Trail project.

We applaud the NLTRA's continued participation in this outstanding public benefit project that will help further connect North Lake Tahoe to Northstar, the Town of Truckee and the Martis Valley. This trail, when complete will undoubtedly provide an outstanding recreational venue and transportation opportunity for residents and visitors of the North Lake Tahoe area. We believe in this project so much that over the past several years, we have provided ear marked funding to the NCSD to the tune of \$1.1 Million to go toward the design, permitting and construction of the trail.

In addition to our financial contributions to the project, we hope this letter will help demonstrate our continued support for the project itself as well as the NCSD's continued leadership in working to bring this amazing public amenity to our region.

Sincerely,



Blake Riva
Managing Partner
East West Partners - Tahoe

Cc (via email): Mike Staudenmayer; Jim Telling; Hayes Parzybok

530 550 7070 fax 530 550 2727
PO Box 2537 Truckee, California 96160
3001 Northstar Drive, C-200 Truckee, California 96161
www.eastwestpartners.com www.tahoemountainresorts.com

E-1-16

NORTHSTAR TRAIL PROJECT SURVEY

Topline Report

August, 2006

(n = 234)

CONVENTIONAL ROUNDING RULES (.5 OR ABOVE IS ROUNDED UP TO THE NEXT WHOLE NUMBER, AND .4 OR BELOW IS ROUNDED DOWN TO THE PREVIOUS NUMBER) APPLY TO THE PERCENTAGES ON THE FOLLOWING PAGES. AS A RESULT, THE PERCENTAGES BELOW MAY NOT ADD UP TO 100 PERCENT.

1. Would you support or oppose the construction of a paved 9 ¼ mile Class I Bike Trail from the intersection of Airport Road and Highway 267, across Martis Valley, through Northstar, up to the ridge where the Martis Valley meets the Tahoe Basin, providing a link with existing and proposed trails in the area? (GET ANSWER, THEN ASK:) Would that be strongly (support/oppose) or somewhat (support/oppose)?

Strongly Support	37%
Somewhat Support	38%
Somewhat Oppose	9%
Strongly Oppose	8%
DK/NA	10%

2. Why do you support the trail?

I or my family members can use it	23%
It will offer more opportunities for recreation and physical activity	43%
Safer route for bikers	20%
It will provide an alternative mode of transportation	15%
Other	6%
DK/NA	2%

3. Why do you oppose the trail?

Prefer to keep the valley natural	53%
Too much construction/development going on	18%
Too expensive	5%
We don't need bike trails	15%
Other	9%

4. As I read the following statements about the proposed trail we have been talking about, please tell me if you would be more or less likely to support the measure given the information or does the information have no effect on your opinion.

If you heard that _____, would you be more or less likely to support the proposed trail or does the information have no effect on your opinion?

		Much More Likely	Somewhat More Likely	No Effect	Somewhat Less Likely	Much Less Likely	DK/NA
A	Construction of the trail would cost over \$12 million	5%	12%	34%	41%	28%	5%
B	Funding for construction of the trail would come from existing revenues and grants	48%	20%	22%	2%	13%	2%
C	Existing District revenues will be used to fund maintenance and operation of the trail	31%	21%	32%	5%	6%	4%
D	Most of the trail will be paved	27%	25%	27%	5%	14%	2%
E	The trail will meet all State and Federal environmental requirements	46%	23%	25%	2%	3%	2%
F	The trail will connect Northstar Village to Truckee	42%	18%	27%	5%	6%	2%
G	The portion of the trail South of Northstar Village to the ridge line will not be paved	20%	12%	15%	12%	6%	3%
H	Biking, running, walking, rollerblading, and dogs will be allowed on the trail	36%	21%	25%	7%	19%	2%
I	The trail will be regularly maintained	49%	25%	17%	3%	1%	2%
J	A complete environmental impact report will be done before the trail is built	45%	19%	30%	4%	1%	1%
K	The trail will allow access to Truckee via bike	49%	19%	25%	3%	2%	2%
L	Horseback riding will be allowed on the trail	12%	13%	31%	18%	25%	2%

5. What would you use the proposed trail for?

Biking	59%
Walking/Dog Walking	33%
Would not use the trail	25%
Hiking	9%
Running/Jogging	9%
Rollerblading	5%
Horseback riding	4%
Exercising	3%
Other	3%
DK/NA	0%

6. Now that you know more about the proposed trail, let me read you the summary once again:

Would you support or oppose the construction of a paved 9 ¼ mile Class I Bike Trail from the intersection of Airport Road and Highway 267, across Martis Valley, through Northstar, up to the ridge where the Martis Valley meets the Tahoe Basin, providing a link with existing and proposed trails in the area? (GET ANSWER, THEN ASK:) Would that be strongly (support/oppose) or somewhat (support/oppose)?

Strongly Support	46%
Somewhat Support	28%
Somewhat Oppose	7%
Strongly Oppose	14%
DK/NA	5%

7. What other recreation amenities would you prefer rather than the trail?

Prefer to keep things natural	20%
An unpaved trail	11%
Other sporting opportunities e.g., tennis, golf etc.	10%
Nothing	7%
Other	10%
DK/NA	11%

DEMOGRAPHIC INFORMATION

A. Do you own or rent your home?

Own	84%
Rent	14%
DK/NA	2%

B. What was the total income of your household before taxes in 2005?

\$40,000 or less	8%
\$40,000 to \$80,000	14%
\$80,000 to \$120,000	19%
\$120,000 to \$160,000	11%
\$160,000 to \$200,000	3%
\$200,000 to \$240,000	1%
\$240,000 to \$280,000	1%
\$280,000 to \$320,000	1%
\$320,000 to \$360,000	1%
More than \$360,000	4%
DK/NA	37%

C. Respondent's Gender

Male	52%
Female	48%

D. Voting History:

	Yes	No
Voted 3/96	66%	32%
Voted 11/96	50%	50%
Voted 6/98	48%	57%
Voted 11/98	52%	48%
Voted 6/00	47%	53%
Voted 11/00	59%	41%
Voted 6/02	44%	56%
Voted 11/02	59%	41%
Voted 2003 Recall	67%	33%
Voted 3/04	55%	45%
Voted 11/04	86%	14%

E. Voting Propensity

0 of 10	1%
1 of 10	11%
2 of 10	3%
3 of 10	9%
4 of 10	6%
5 of 10	9%
6 of 10	5%
7 of 10	7%
8 of 10	10%
9 of 10	29%

F. Absentee Voter

0 of 10	43%
1 of 10	10%
2 of 10	9%
3 of 10	8%
4 of 10	4%
5 of 10	5%
6 of 10	3%
7 of 10	0%
8 of 10	2%
9 of 10	7%

G. Permanent Absentee

Yes	44%
No	56%

H. Likely Absentee Voter

Yes	66%
No	34%

J. Party

Democrat	38%
Republican	38%
Other	5%
DTS	19%

K. Age

18 to 29 years	7%
30 to 39 years	12%
40 to 49 years	25%
50 to 64 years	36%
65 years or more	19%
Not coded	1%

L. Household Party Type

Democrat (1)	15%
Democrat (2+)	12%
Republican (1)	9%
Republican (2+)	20%
Other (1)	12%
Other (2+)	5%
Democrat & Republican	11%
Other	17%

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2009

As management of the Northstar Community Services District (NCS D), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal year ending June 30, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net assets were \$60.2 million at June 30, 2009
- The District's total expenses in 2009 were \$8,834,961
- Business-Type Activities revenue
 - Water: \$1,067,246
 - Sewer: \$1,957,404
 - Interest: \$48,771
- Governmental Activities revenue: \$9,443,606
- The District's total revenue for 2009 was \$12,517,027

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, fiduciary financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the District's finances. Within this view, all District operations are categorized and reported as either governmental or business type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

BASIC FINANCIAL STATEMENTS

The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets of the District, the liabilities it owes, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The Statement of Activities focuses gross and net costs of the District's programs and the extent to which such programs rely upon general revenue. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenue.

Fund financial statements focus on governmental funds and proprietary funds separately. Governmental fund statements follow the more traditional presentation of financial statements. Statements for the District's proprietary funds follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow. Included in the governmental funds is the capital projects fund. This fund includes capital contributions, interest income and expenditures of the Community Facilities District (CFD). The purpose of the CFD is to finance the construction of capital improvements.

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

The District's Fiduciary statements provide financial information about the activities of the CFD, for which the District acts solely as agent. They include the net assets and cash balances of the CFD. These statements are separate from and their balances are excluded from the District's financial statements.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Activities reports information about the District's activities in a way that will help answer this question. The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. These two statements report the net assets of the District and the changes in them. However, considerations should also be given to other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation.

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

Table A-1
Statement of Net Assets
June 30, 2009

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current assets	\$ 5,878,378	\$ 3,429,937	\$ 2,521,804	\$ 2,502,832	\$ 8,400,182	\$ 5,932,769
Capital assets	33,709,571	24,157,757	8,538,063	8,436,505	42,247,634	32,594,262
Other assets	<u>10,672,537</u>	<u>20,189,185</u>	<u>226,501</u>	<u>110,465</u>	<u>10,899,038</u>	<u>20,299,650</u>
Total Assets	50,260,486	47,776,879	11,286,368	11,049,802	61,546,854	58,826,681
LIABILITIES						
Current liabilities	567,991	1,456,610	59,577	134,595	627,568	1,591,205
Noncurrent liabilities	<u>635,007</u>	<u>617,576</u>	<u>100,955</u>	<u>116,642</u>	<u>735,962</u>	<u>734,218</u>
Total liabilities	<u>1,202,998</u>	<u>2,074,186</u>	<u>160,532</u>	<u>251,237</u>	<u>1,363,530</u>	<u>2,325,423</u>
NET ASSETS						
Investment in capital assets	33,709,571	24,157,757	8,538,063	8,436,505	42,247,634	32,594,262
Restricted for capital replacement	10,672,537	20,189,185	226,501	110,465	10,899,038	20,299,650
Unrestricted	<u>4,675,380</u>	<u>1,355,751</u>	<u>2,361,272</u>	<u>2,251,595</u>	<u>7,036,652</u>	<u>3,607,346</u>
Total Net Assets	\$ <u>49,057,488</u>	\$ <u>45,702,693</u>	\$ <u>11,125,836</u>	\$ <u>10,798,565</u>	\$ <u>60,183,324</u>	\$ <u>56,501,258</u>

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

A condensed version of the Statement of Activities follows.

Table A-2
Statement of Activities
For the Year Ended June 30, 2009

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
REVENUE						
General Revenue						
Property taxes	\$ 4,077,447	\$ 3,310,875	\$ --	\$ --	\$ 4,077,447	\$ 3,310,875
Snow and fuels management assessments	549,910	550,260	--	--	549,910	550,260
Interest earnings	444,771	697,826	48,771	12,399	493,542	710,225
Loss on disposal of assets	(74,894)	--	--	--	(74,894)	--
Miscellaneous	103,034	118,613	10,686	58,693	113,720	177,306
Total general revenue	5,100,268	4,677,574	59,457	71,092	5,159,725	4,748,666
Program Revenues						
Capital contributions	3,864,692	8,562,640	678,891	278,908	4,543,583	8,841,548
Charges for services	478,646	377,994	2,335,073	2,208,797	2,813,719	2,586,791
Total revenue	9,443,606	13,618,208	3,073,421	2,558,797	12,517,027	16,177,005
EXPENSES						
General government	1,685,473	945,866	--	--	1,685,473	945,866
Public safety	2,575,053	2,755,848	--	--	2,575,053	2,755,848
Streets	1,052,932	88,080	--	--	1,052,932	88,080
Trails	79,069	50,827	--	--	79,069	50,827
Capital projects	421,102	976,082	--	--	421,102	976,082
Unallocated depreciation	275,182	169,003	--	--	275,182	169,003
Water and sewer	--	--	2,746,150	2,632,092	2,746,150	2,632,092
Total expenses	6,088,811	4,985,706	2,746,150	2,632,092	8,834,961	7,617,798
CHANGE IN NET ASSETS	3,354,795	8,632,502	327,271	(73,295)	3,682,066	8,559,207
NET ASSETS, beginning of year before restatement	45,702,693	50,153,948	10,798,565	10,697,709	56,501,258	60,851,657
RESTATEMENT	--	(13,083,757)	--	174,151	--	(12,909,606)
NET ASSETS, beginning of year after restatement	45,702,693	37,070,191	10,798,565	10,871,860	56,501,258	47,942,051
NET ASSETS, end of year	\$ 49,057,488	\$ 45,702,693	\$ 11,125,836	\$ 10,798,565	\$ 60,183,324	\$ 56,501,258

While the Statement of Net Assets shows the position of net assets, the Statement of Activities provides answers as to the nature and source of these changes. The District's total net assets as compared to prior year increased by \$3,682,066. This is due to an increase in property tax revenue and a significant amount of capital contributions recorded by the district during the year. \$3,200,000 was contributed by Mello-Roos to offset the costs incurred for site preparation of the new administrative building and cost overruns associated with the Northstar fire station expansion project. Another \$465,000 was contributed by Mello-Roos for the purchase of snow and fire equipment and \$295,000 was contributed by Mello-Roos for the corporate yard expansion. Streets expenses increased significantly due to the Big Springs overlay project and slurry seal projects.

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

The audited financials reflect a change in the grouping of general government expenses and public safety expenses this fiscal year to better reflect the expenses in these departments. In the prior year, engineering departmental expenses were included in public safety. They are now included in general government. This is the reason why it appears that public safety expenses have decreased and general government expenses have increased significantly.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget and a five year capital improvement plan following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. The District's operating budget remains in effect the entire year, but may be revised by the District Board of Directors' approval as required by the District for operational consistency. A Fiscal 2008/2009 budget comparison and analysis has been presented to management and included quarterly financial statements. The Final General Fund budget is included below and in the supplementary section of the audited financial statements.

A 2009 and 2008 General Fund budget comparison and analysis is presented in Table A-3.

Table A-3
Budget vs. Actual – General Fund
For the Year Ended June 30, 2009
(In thousands)

	Budget		Actual		Variance	
	2009	2008	2009	2008	2009	2008
Revenue						
Taxes and assessments	\$ 4,508	\$ 3,851	\$ 4,627	\$ 3,861	\$ 119	\$ 10
Capital contributions	3,200	--	3,799	1,666	599	1,666
Fees and other non-tax revenue	139	129	152	169	13	40
Interest	55	118	33	233	(22)	115
Fire mitigation fees	20	20	19	16	(1)	(4)
Service revenue	47	25	84	23	37	(2)
Administrative fees	169	166	224	170	55	4
Grant revenue	40	29	66	29	26	--
Other	97	69	103	87	6	18
Total revenue	8,275	4,407	9,107	6,254	832	1,847
Expenditures						
Current						
General government	1,713	940	1,667	935	46	5
Public safety	2,694	2,792	2,584	2,733	110	59
Streets	1,066	127	1,048	87	18	40
Trails	74	74	77	50	(3)	24
Capital outlay	1,885	2,381	2,463	3,632	(578)	(1,251)
Total expenditures	7,432	6,314	7,839	7,437	(407)	(1,123)
Excess (deficiency) of revenue over expenditures before other sources	843	(1,907)	1,268	(1,183)	425	724
Other Sources						
Operating transfers from other funds	--	--	--	--	--	--
Excess (deficiency) of revenue and other sources over expenditures	\$ 843	\$ (1,907)	\$ 1,268	\$ (1,183)	\$ 425	\$ 724

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

Actual capital contributions had a significant variance from budget due to only cash contributions being included in the budget. Capital outlay had a significant variance from budget due to only District capital outlay being included in the budget. Non-cash capital contributions and the capital outlay associated with such contributions by Mello-Roos and others were not included in budget. Public safety expenditures were significantly under budget due to it being a light snow year. General government payroll, legal and technology expenditures were under budget, which gives reason for positive variance.

Overall, there is a positive variance in the General Fund of \$425,000, which indicates the General Fund was under budget by this amount. This result can be attributed to the significant amount of capital contributions recorded for the year.

CAPITAL ASSETS

Table A-4
Capital Assets at June 30, 2009
(In thousands)

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Governmental Activities				
Land	\$ 7,492	\$ 6,031	\$ 1,461	24%
Construction in progress	20,117	13,154	6,963	52%
Buildings and improvements	3,774	3,186	588	18%
Equipment	506	475	31	6%
Vehicles and equipment	3,202	2,757	445	16%
Software	59	65	(6)	(10%)
	<u>35,150</u>	<u>25,668</u>	9,482	37%
Less accumulated depreciation	<u>1,440</u>	<u>1,510</u>	(70)	(5%)
Governmental activities capital assets, net	33,710	24,158	9,552	40%
Business-Type Activities				
Construction in progress	966	646	320	49%
Buildings and improvements	1,783	1,783	--	0%
Equipment	253	124	129	104%
Vehicles and equipment	777	773	4	5%
Software	102	56	46	84%
Water/sewer system	<u>14,530</u>	<u>14,528</u>	2	0%
	18,411	17,910	501	3%
Less accumulated depreciation	<u>9,873</u>	<u>9,473</u>	400	4%
Business-type activities capital assets, net	<u>8,538</u>	<u>8,437</u>	101	1%
Totals	\$ <u>42,248</u>	\$ <u>32,595</u>	\$ <u>9,653</u>	30%

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

As indicated in Table A-4, the Governmental and Business-Type Activities net capital assets increased by \$9,653,000. Governmental Activities show an increase in construction in progress of \$6,963,000. Of this amount, \$72,000 was added due to the planning and design of the new administration building and \$6.8 million was added as a result of Mello-Roos capital project activities. Governmental Activities also indicate a \$1,461,000 increase in land due to the completion of the new administrative building site and a \$588,000 increase in buildings and improvements due to completion of the parking lots, fencing, etc. For Governmental Activities, site improvements such as excavation, fill, grading, utilities, landscaping, retaining walls and removal of buildings are reported under land. Any planning/design and legal expense associated is reported under construction in progress. Since parking lots, curbs, gutters, sidewalks and fencing should be depreciated as they will deteriorate and need to be maintained over time, these items are included under buildings and improvements.

There is an increase in software in the enterprise fund, which includes the purchase of new Edgesoft permitting and inspection software and Peninsular Technologies pipe-tech software.

DEBT ADMINISTRATION

The District's only debt at year end was attributed to the estimated compensated absences for employees and totaled \$735,962.

COMMUNITY FACILITIES DISTRICT DEBT

At June 30, 2009, the outstanding principal amount of bonded debt issued by the Community Facilities District (CFD) of the District was \$114,625,000. The District has no legal responsibility with respect to the payment of this debt and has, therefore, not recorded it as a liability. However, the District is responsible for a portion of the construction and improvements financed by the CFD and therefore, the related capital projects fund is reflected in the District's annual audited financial statements. The District is also responsible as the CFD's agent for the receipts, disbursements and balances of the CFD, which are reported as agency fund transactions in the annual audited financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2009-10 budget, total District revenue is budgeted to decrease by 2% due to a decrease in capital contributions made by Mello-Roos. Assessed valuations are budgeted to increase by approximately 14% over the preceding year. Property taxes make up about 71% of budgeted general fund revenue. Business-type revenue is budgeted to increase by approximately 10% due to a water and sewer rate increase approved by the Board of Directors. Total District expenses are estimated to increase by 9% due to operating expenses incurred by the opening of the Highlands View Road Fire Station.

The District anticipates capital improvement expenditures in 2009-10 of approximately \$1 million. The planned expenditures include the following: \$75,000 for a new snow blower; \$300,000 for a brush rig; \$524,000 for water/sewer equipment and projects and \$21,000 for radar signs.

NORTHSTAR COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2009

The following CFD improvements provided in the 2005 and 2006 bond series are still in progress:

1. Ambulance, other Emergency Response Facilities
2. Regional Trail preconstruction and construction expenses
3. TH2 Well, transmission pipeline and Tank E
4. Water Treatment Plant Upgrade
5. Sewer Model
6. Siphon Line Inspection
7. Maintenance Equipment
8. Dynamic Water Model
9. Existing Sewer System Upgrades
10. Upgrades to Sewer Pump Station and Siphon Line
11. Highlands Fire Station Equipment
12. Highlands Maintenance Equipment
13. Maintenance Building and site work
14. Highlands Fire Station preconstruction and construction
15. Highlands Water and Sewer Line
16. Northstar Drive Waterline and Pump Station
17. Second Tank F Water Storage Facility

The economic outlook for the Northstar Community and the District remains positive even in the wake of adverse economic conditions. The new Highlands View Road Fire Station opened in June 2009 and the Lake Tahoe Ritz Carlton Hotel opened in November 2009. With the opening of the Ritz, the District will benefit from an increase in property tax revenue. This additional revenue will assist with operating and staffing the new fire station.

The District has contracted with the Placer County Water Authority (PCWA) to take on the operation of specific PCWA water systems. The District will be reimbursed for District employee time and other costs associated with providing the service.

Prior to planning expenditures in 2009-10 and prior to incorporation of other revenues or reimbursements, the District's capital improvement and replacement planned reserves total approximately \$1,037,000. In the future, the cost of the new administration building will be funded with debt. The District maintains positive reserves in all budgets.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens and customers a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District, Attention: Controller, 908 Northstar Drive, Truckee, California, 96161, telephone number (530) 562-0747.