

**Governance Feasibility
Analysis Report**



Submitted:
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Acknowledgements

Spring Creek Association Governance Alternatives Analysis Report

May 16, 2017

The following Governance Alternatives Analysis Report (Report) was prepared by Hansford Economic Consulting (HEC) for the Spring Creek Association (SCA).

The analyses, opinions, and findings contained within this Report are based on primary data provided by responsible parties, as well as additional research documents available as of the date of this Report. Updates to information obtained for this Report could change or invalidate the findings contained herein. While it is believed that these secondary sources of information are accurate, this is not guaranteed.

This Governance Alternatives Analysis Report should not be relied upon as sole input for decision-making; it should be utilized strictly for the purposes of the scope and objectives of the commissioned study.

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Section 1: EXECUTIVE SUMMARY

1.1 INTRODUCTION AND PURPOSE

The Spring Creek community is located in unincorporated Elko County, just southeast of the City of Elko. It is comprised of 5,420 lots within 23.4 square miles of land. The Spring Creek Association (SCA) provides its residents with the following services and amenities: road maintenance; security; Committee on Architecture (enforcement of Declaration of Reservations); an 18-hole golf course and Fairway Community Center; a Horse Palace; a trap and skeet range; a rifle range; a campground; Schuckmann's Sports Complex and Vista Grande Park; and a marina.

The Association owns all of the infrastructure associated with these services and amenities with the exception of roads. Elko County accepted the dedication of all roads for public uses, except for maintenance, in 1974. The Association maintains about 140 miles of roads, and about 45 percent of the SCA's annual budget is spent on road maintenance. The Association is concerned that due to the significant expense of maintaining roads and amenities infrastructure, necessary improvements are being deferred.

A governance alternatives analysis and feasibility report was commissioned by the SCA in August 2016 to provide residents with good information to help chart a course in light of the long-term financial and policy issues that they face as a community. In addition to analyzing governance structures for the provision of roads and amenities, Hansford Economic Consulting (HEC) was asked to consider, at a higher level of observation, provision of water and wastewater services to the community. The provision of water and wastewater by Spring Creek Utilities (SCU) is considered costly, and not always in the best interests of the community, by an increasing number of residents in the Association.

The Governance Alternatives Analysis Report offers the SCA and Board of Directors (Board) a solid foundation of knowledge in assessing the characteristics of different forms of government. The findings contained in this Report are meant to stimulate thought and engage SCA residents in deciding what form of government best serves their current and future needs. The governance alternatives presented in this report include: SCA only; SCA with a district for maintenance of roads (DMR); SCA with a general improvement district (GID) for roads; SCA with a multiservice GID; and SCA with an unincorporated town.

Please note that throughout this Report the term "Spring Creek" refers to the entire community of Spring Creek, inclusive of the Vista Grande, Sunset Ridge, Marina Hills, and Palace Heights subdivisions.

1.2 ORGANIZATION OF THE REPORT

The Report is organized in the following manner:

- The executive summary provides an introduction of the purpose of the report, the process of the study, and a summary of key findings.
- Section 2 describes Spring Creek’s current demographic context, and services and amenities provided by SCA today.
- Section 3 offers an overview of the methodology and assumptions used to analyze the characteristics and financial feasibility of different forms of government.
- Section 4 presents the governance alternatives financial analysis.
- Section 5 describes the preliminary analysis of the management and costs of water and wastewater services.
- Section 6 presents HEC’s key findings and results of the April 1, 2017 workshop.

Appendix A provides supporting information and data.

1.3 REPORT PROCESS AND FINDINGS

Governance Alternatives Analysis Process

HEC created a financial model to analyze the cost impacts of alternative forms of governance, and researched the applicability, constraints and limitations of the governance alternatives. Between September and December 2016, HEC gathered information, including: SCA financial documents; SCA amenities usage; Elko County financial documents; Nevada Revised Statutes; Nevada Department of Taxation information; and other supporting information. In January, a presentation was prepared for the next Board meeting. The workshop was to be held February 25, 2017, but due to poor weather conditions, had to be postponed to April 1, 2017.

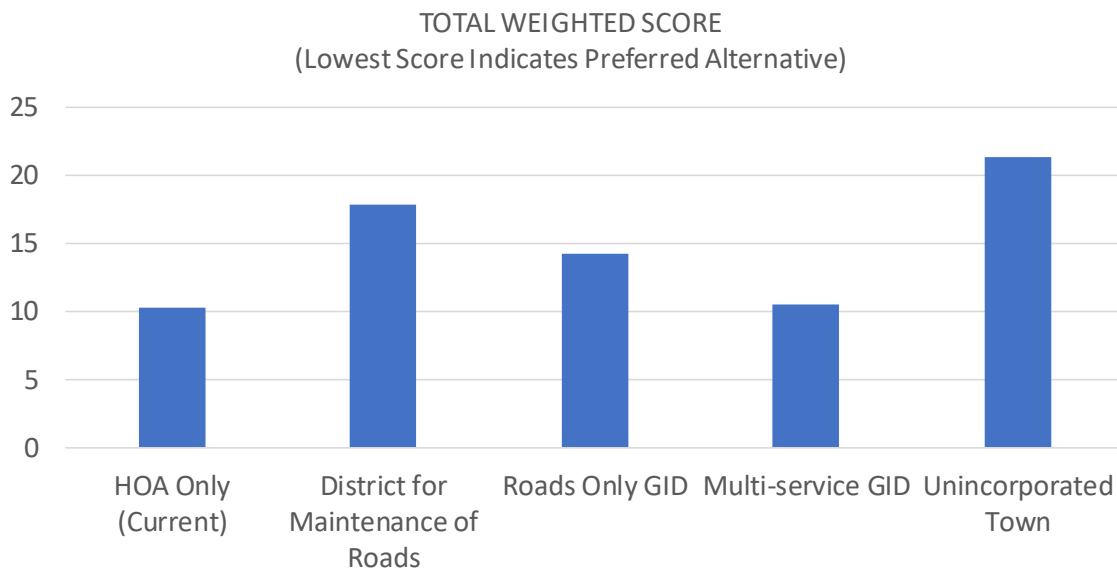
Key Findings

- There aren’t any new sources revenue that become available to Spring Creek under the alternative governance structures examined (DMR, GID, or Unincorporated Town). Consolidated tax receipts offer no net gain. **None of the governance structures would reduce the total cost to Spring Creek residents; in fact, all of the options increase the cost to residents.**
 - The labor costs associated with any new public entity are higher than current SCA labor costs. In the calculations of expenses, comparable municipal salaries are 23 percent higher than SCA, and the benefits as a percentage of base pay increase from 42 percent (SCA) to 55 percent (new public entity).

- The level of service for roads and amenities are not increased in any scenario. All figures are based on current level of service. Any improvements or capital projects will increase costs for any scenario. Under all alternative governance scenarios, *capital projects would become subject to prevailing wages which would increase costs greater than is demonstrated in this report.*
- **Residents are the source of revenue for all the examined governance structures; only the methodology for collecting the money changes by governance structure.**
 - SCA assessments charge homeowners equally. Under all other governance scenarios (except SCA and DMR), collection of ad valorem taxes means that homeowners with higher assessed values will pay more than homeowners with lower assessed values.
 - At current service levels, 2016 estimated annual costs for a typical home in the SCA is \$600 for SCA Only, \$626 for SCA and DMR, \$649 for SCA & Road GID, \$718 for SCA & Multiservice GID, and \$692 for SCA and Town.
 - If SCA decides to remain a homeowners' association, SCA dues should increase based on the cost of living index (as indicated in the Declaration of Reservations) to account for rising costs over time. Additionally, following a regularly updated reserve study and raising dues to adequately fund a reserve replacement fund would plan for the deterioration and timely replacement of SCA assets and roads.
- **There are several limitations, or constraints, associated with the governance alternatives.**
 - Due to SCA being within 7 miles of the City of Elko border, the formation of a GID requires unanimous approval of the Board of County Commissioners.
 - A Town must have contiguous borders, which would require the exclusion of the SCA 200 Tract (Vista Grande), or addition of properties between the 200 Tract and the rest of the SCA.
 - Sale or transfer of SCA assets (property, equipment) to a new public entity requires approval by a majority vote. Note, this would not apply to roads, which are owned by the County.
 - Sale or transfer of all or any part of the Common Recreation Facilities to the County (Town scenario) requires approval of at least seventy-five percent (75%) of the total number of votes in the Association. This does not apply to a GID.

- A review of the Public Utilities Commission of Nevada dockets for Spring Creek Utilities (now known as Great Basin Water Company) suggests that **the water and wastewater utilities systems require a significant amount of investment based on the current state of infrastructure.**
 - If these systems come under municipal ownership, initially, rates would likely be just as high for at least the first 10 plus years to pay debt service for the purchase of the systems. Over time rates may be lower as a public rather than private entity (dependent upon the state of infrastructure and water quality regulations).
 - The greatest advantage to municipal ownership, at least in the short term, is local control and management by the users of the systems.
- The Board workshop on April 1, 2017 included Board members participating in a ranking process of the governance alternatives. Based on weighting of the topics discussed, and giving each alternative a score of one (most preferred) through five (least preferred). **The preferred structure was to remain an HOA,** and a multi-service GID was the second preferred structure. **Figure 1** below shows the Board’s ranking.

Figure 1
Graph of Weighted Rankings



Section 2: SPRING CREEK TODAY

2.1 SPRING CREEK COMMUNITY

The community was originally developed in the 1970's and the SCA was incorporated in 1983. **Table 1** shows the lot characteristics within Spring Creek. There are 5,374 lots within the community and 89 percent are built on.

Table 1
Analysis of Spring Creek Lots by SCA Tract Number

Tract	# of lots	Built On	Percent Built	
			Vacant [1]	On
100	2,002	1,766	236	88%
200	1,468	1,439	29	98%
300	398	300	98	75%
400	1,506	1,266	240	84%
Total	5,374	4,771	603	89%

Source: Spring Creek Association.

lots

[1] Denotes undeveloped lot.

Elko County accepted the dedication of all Association roads for public uses, except for maintenance, in 1974. SCA is responsible for maintaining a total of 138.6 miles of road, of which 135.8 miles are paved, as shown in **Table 2**.

Table 2
Spring Creek Road Lengths

Tract	Length in Miles		
	Paved	Dirt	Total
100	48.1	0.0	48.1
200	32.5	0.0	32.5
300	15.0	0.4	15.4
400	40.3	2.4	42.6
Total	135.8	2.8	138.6

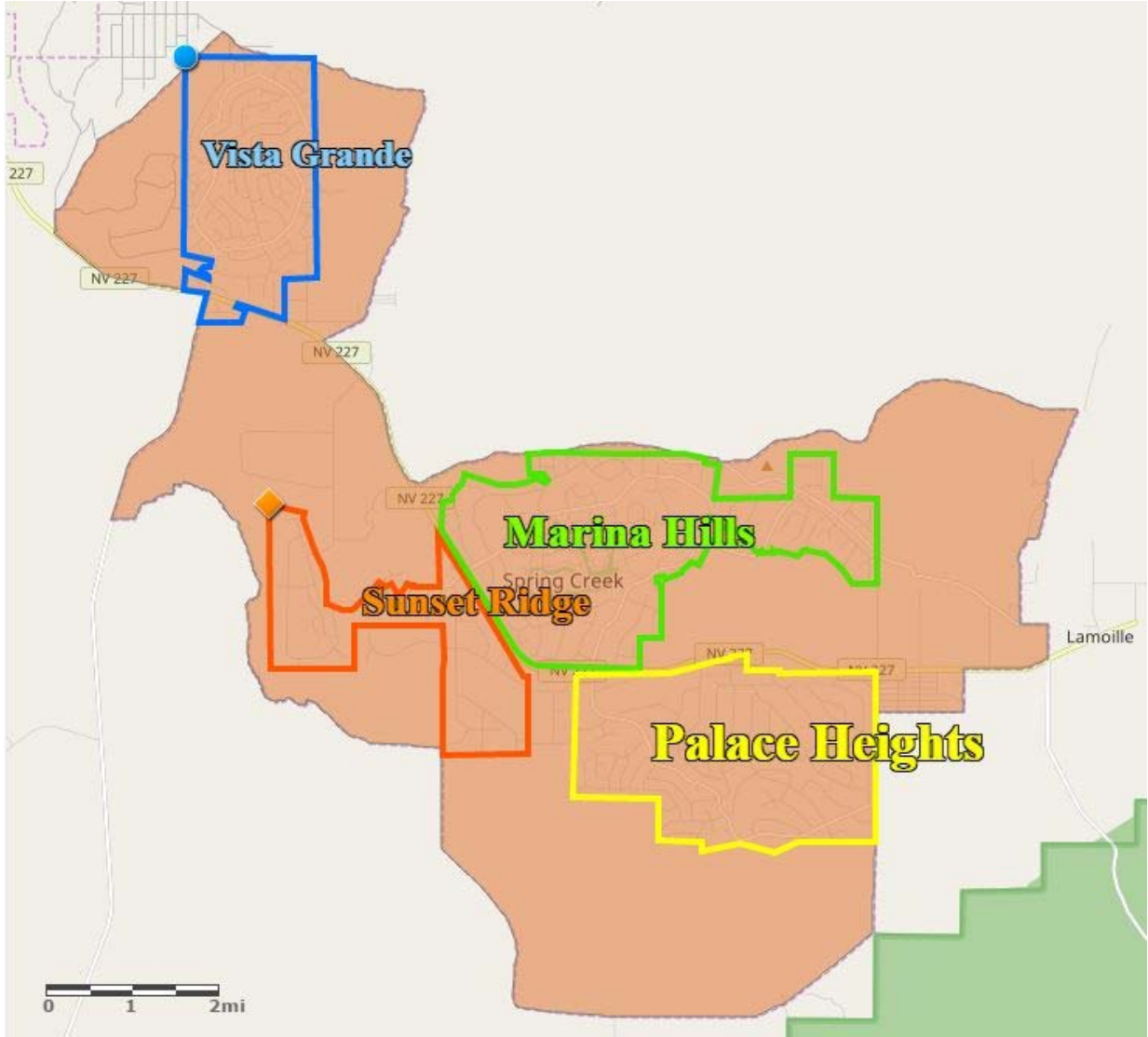
Source: Spring Creek Association.

spa lf

Demographic Trends

The best demographic information available for SCA is the Spring Creek Census Designated Place (SCCDP) as shown by the orange colored area in **Figure 2**. The boundary encompasses all Spring Creek subdivisions plus additional property outside of Spring Creek.

Figure 2
Spring Creek Boundaries and Census Designated Place 68550



Based on 2015 American Community Survey statistics, **Table 3** shows the population within SCCDP is 13,564. Only 1 percent of homes in SCCDP are vacant and 15 percent are rented. The average household size is 2.92 people.

Table 3
Spring Creek General Demographics

Item	Spring Creek Census Designated Place	
Total Population	13,564	
Hispanic/Latino	871	6%
Not Hispanic/Latino	12,693	94%
Housing Units	4,716	
Total Occupied Units	4,649	99%
Vacant Units	67	1%
Owner-occupied	3,970	85%
Renter-occupied	679	15%
Average Household Size	2.92	

Source: 2015 American Community Survey. demo

About 6,000 people in SCCDP have jobs with 95 percent working outside of Spring Creek. The unemployment rate is very low at about 1.5 percent. One-third of jobs are in mining, quarrying, oil and gas. **Table 4** on the following page shows 2014 American Community Survey statistics for jobs and workers in the SCCDP.

Table 4
Spring Creek Jobs and Workers

Item	Spring Creek Census Designed Place
Unemployment Rate	1.5%
Residents with Jobs	6,352
Employed In	
Agriculture, Forestring, Fishing & Hunting	38
Mining, Quarrying, Oil and Gas	1,897
Utilities	35
Construction	461
Manufacturing	86
Wholesale Trade	335
Retail Trade	529
Transportation and Warehousing	169
Information	29
finance and Insurance	80
Real Estate and Rental and Leasing	42
Professional, Scientific and Technical Servies	156
Management of Companies and Enterprises	155
Admin. & Support, Waste Management & Remediation	160
Educational Services	590
Health care and Social Assistance	410
Arts, Entertainment, and Recreation	89
Accommodation and Food Services	507
Other Services (excl Public Admin.)	164
Public Administration	420
Total Residents with Jobs	6,352
Jobs	
Jobs in Spring Creek	961
Job Outflow	5,391
Total	6,352
Jobs and Workers	
Living and Employed in Spring Creek	406
Living in Spring Creek, working elsewhere	5,946
Total in Spring Creek	6,352
Employed in Spring Creek, living elsewhere	555

Source: 2014 American Community Survey via OntheMap.com.

jobs

Table 5 shows the breakdown of population and assessed valuation within Elko County (County). SCCDP population comprises 55 percent of unincorporated Elko County, and 25 percent of the entire County. Spring Creek assessed valuation is 23 percent of the unincorporated County, and 14 percent of the entire County in fiscal year 2016-2017.

**Table 5
Population and Assessed Valuation in Elko County**

Place		Population		Assessed Valuation	
Carlin	City	2,727	5.09%	\$35,975,177	1.91%
Elko	City	20,714	38.68%	\$506,551,039	26.95%
Wells	City	137	0.26%	\$28,315,713	1.51%
West Wendover	City	4,478	8.36%	\$139,017,555	7.40%
Jackpot	Town (County)	898	1.68%	\$28,303,925	1.51%
Montello	Town (County)	56	0.10%	\$1,624,871	0.09%
Mountain City	Town (County)	100	0.19%	\$2,048,976	0.11%
Uninc. County	County	24,441	45.64%	\$1,137,506,930	60.53%
Total Elko County		53,551	100.00%	\$1,879,344,186	100.00%
Spring Creek [1]		13,564		\$262,957,376	
Spring Creek as % Uninc. County		55%		23%	
Spring Creek as % Total County		25%		14%	

Source: Local Government Finance Revenue Projections Fiscal Year 2016-17, Final March 5, 2016, Elko County Assessor, and HEC. ctax

[1] Uses the Spring Creek CDP as a proxy for Spring Creek population. The assessed value is only Spring Creek.

2.2 CURRENT AMENITIES AND USE

The SCA provides many amenities including: an 18-hole golf course and driving range; a recently constructed Fairway Community Center (a multi-use facility located at the Spring Creek Golf Course that houses a restaurant, bar, meeting room, large multi-purpose room, locker rooms, pro shop, outdoor deck, administrative office, and golf cart storage); a Horse Palace (1,500 seat indoor arena, a bar, a coffee shop, outdoor lighted arena, large and small corrals, and a 30 stall barn); a trap and skeet range with 16 trap houses, five skeet fields, and a 15 station sporting clay course; a rifle range with five stations for target shooting; a campground located within 630 acres of rural terrain; Schuckmann's Sports Complex and Vista Grande Park; a 32 acre lake with a boat dock, fishing pier, covered picnic tables, barbeques, playground, baseball area, and heated restrooms.

Golf

Figure 3 and **Table A-1** in Appendix A shows the number of golf passes sold annually from 2010 to 2016. The number of passes sold peaked in 2013 at 242 passes sold and experienced a low of 231 in 2016.

Figure 3
Golf Course Passes Sold Annually

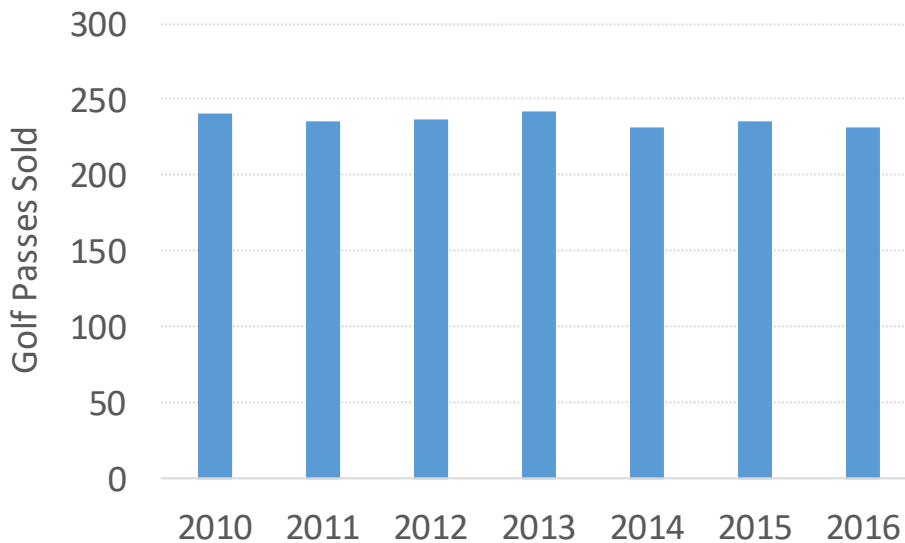
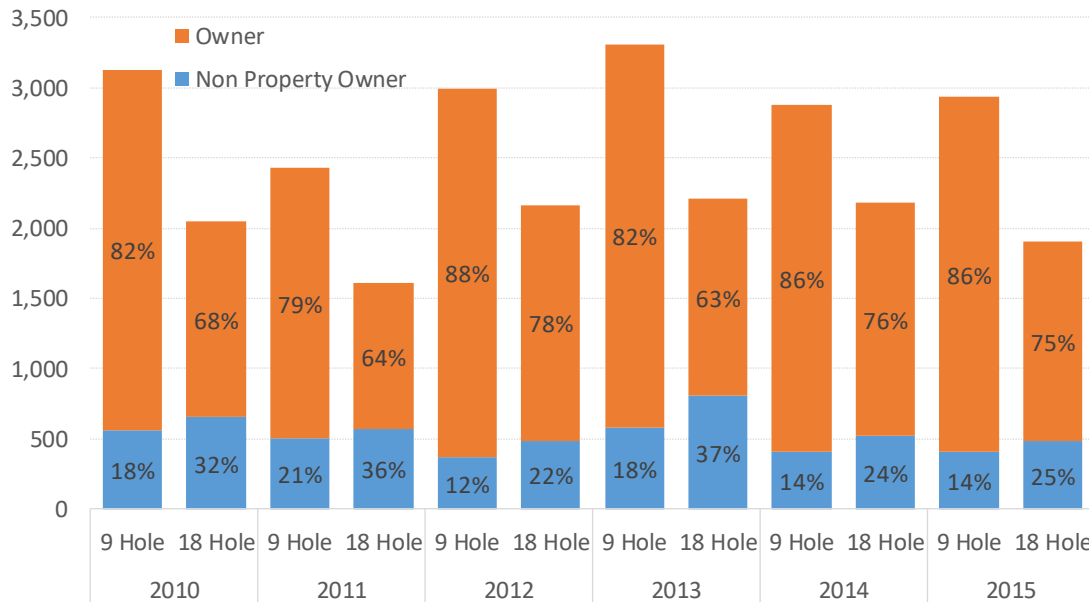


Figure 4 on the following page and **Table A-2** show the number of rounds of golf played annually from 2010 to 2016 by course length and by property and non-property owners. The number of 9 hole rounds played per year is higher than the number of 18 hole rounds for each year. Non-property owners make up a greater percentage of rounds played for 18 holes compared to 9 holes played.

Figure 4
Golf Rounds Played by Course Length and Ownership Type



Based on HEC research for a project for the Lake Tahoe Golf Course, 22,975 was the annual average number of rounds played for four Tahoe area golf courses in 2007. Arrowcreek (a golf community located in Reno, NV) and the City of Elko (municipal golf course), both average well over 20,000 rounds of golf played annually according to the Club at Arrowcreek General Manager and City of Elko recreation staff. In 2015, a total of 4,840 rounds of golf were played on the SCA course. The SCA golf facilities are underutilized in comparison to these other courses. SCA golf operated at a loss of over \$230,000 for each year 2013 to 2015 as shown on **Table A-3** in Appendix A.

Table A-4 shows the number of annual passes sold for the horse palace has remained fairly constant at approximately 60 per year.

2.3 SCA FINANCIAL ANALYSIS

The SCA is a financially sound organization. **Table 6** on the following page shows financial health metrics of the SCA for 2014 and 2015. The debt ratio of 0.05 is very low for both years which indicates the SCA can pay off its debts. The assessments reliance ratio indicates how reliant the SCA is on assessments as a source of revenue. In 2015, assessments accounted for 76 percent of SCA revenue. The self-sufficiency ratio shows that SCA revenues are greater than expenses, with a ratio of 1.16 for 2015.

Table 6
SCA Financial Health Metrics

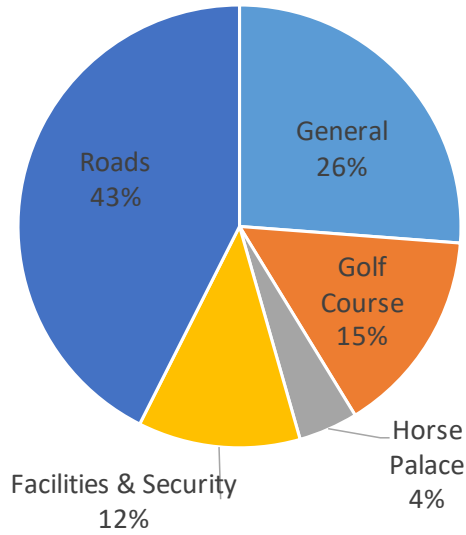
Metric	2014	2015
Debt Ratio		
Assets	\$8,839,692	\$9,662,188
Liabilities	\$449,208	\$474,189
Debt Ratio	0.05	0.05
Assessments Reliance Ratio		
Assessments	\$3,094,484	\$3,159,324
Total Revenue	\$4,014,777	\$4,132,898
Reliance Ratio	0.77	0.76
Self-sufficiency Ratio		
Total Revenue	\$4,014,777	\$4,132,898
Total Expenses	\$3,229,039	\$3,560,006
Self-sufficiency Ratio	1.24	1.16

Source: Spring Creek Association audited financials. metrics

Five years of operating expenses from 2010 to 2015 are shown in **Figure 5** on the following page. The largest SCA expense is roads at 43 percent, followed by general expenses (which includes salaries, insurance, and utilities not included in other categories, legal, postage, etc.) at 26 percent, golf course at 15 percent, facilities and security at 12 percent, and the horse palace accounts for 4 percent of expenses.

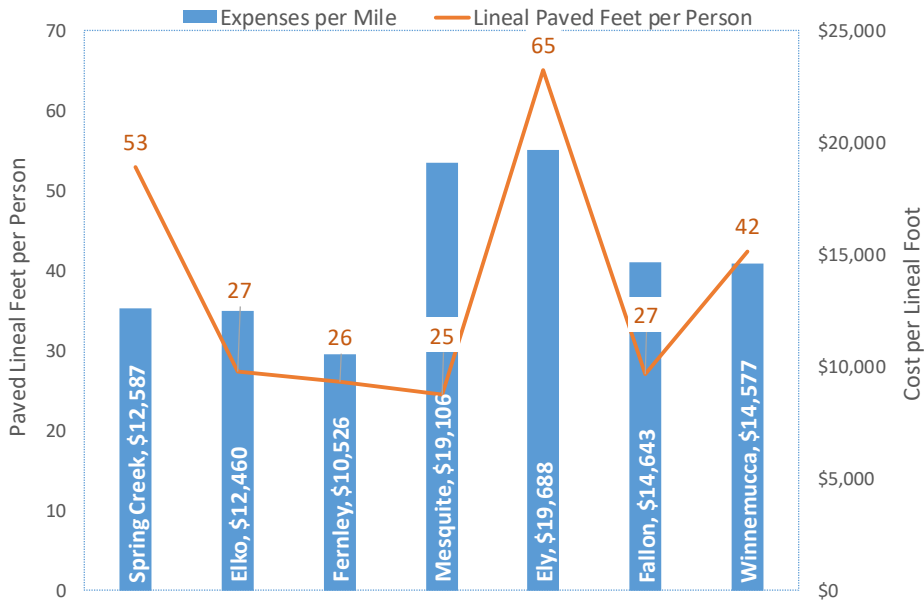
Supporting financial information can be found in **Appendix A, Tables A-5 through A-15.**

Figure 5
2010-2015 Operating Fund Expenses



Even though roads are a major expenditure component for the SCA, the spending per mile is less than other communities with similar paved lineal feet per person statistics. **Figure 6** shows a comparison of road expenditures per mile for several Nevada cities, with the number of lineal paved feet per person. Of the seven comparison communities, SCA has the second highest quantity of lineal paved feet per person, and spends about the same amount per mile each year as the City of Elko, which spends the second least amount of money per mile. **Table A-16** in Appendix A shows a comparison of road expenditures per mile.

Figure 6
Comparison of Road Expenditures per Mile



Monthly assessments are \$52 (\$624 annually) effective January 2017. The Declaration of Reservations originally called for a \$144 annual maximum on assessments that could be periodically increased at the same proportionate rate as the cost of living index of the U.S. Department of Labor as fixed on the first day of June 1971. Based on the Bureau of Labor Statistics Inflation Calculator, \$144 in 1971 is equivalent to \$853.36 in 2016. If assessments had increased with the cost of living index, they would be approximately \$71 per month today.

Table 7 below shows a comparison of communities that offer similar amenities to SCA. These include Auburn Lake Trails (located in Northern California) and Bear Valley Springs (located in Southern California). The services and amenities provided, annual HOA assessments, number of lots, estimated annual assessment revenue, and median home sales price are shown for each community.

**Table 7
HOA Amenities and Assessments Comparison**

Community	Services/Amenities	Annual HOA Assessments	# Lots	Estimated Annual Assessment Revenue	Median Home Sales Price
Spring Creek Association	Equine facilities (barn, trails, indoor arena, rings, pastures), 18 hole golf course, Clubhouse, marina, parks, sports fields, rifle range, trap and skeet, campground, 140 miles of roads	\$624	5,374	\$3,353,376	\$235,000
Auburn Lake Trails	Equine facilities (barn, stables, arena, trails, pastures), 9 hole golf course, Clubhouse, lake and parks, pool, tennis courts, gated, 3 community buildings, campground, library, 32 miles of roads	\$2,208	1,104	\$2,437,632	\$355,000
Bear Valley Springs	Equine facilities (6 arenas, barn, pastures, trails), 9 hole golf course, Clubhouse, campgrounds, athletic fields, dog park, shooting range, tennis courts, 2 lakes, gated (separate district for roads and utilities)	\$1,420	3,582	\$5,086,440	\$272,000

Source: HOAs, redfin.com, Trulia.

The information in **Table 7** shows that SCA’s annual assessments are very low for the services and amenities provided. Bear Valley Springs assessments are more than double SCA’s and that community does not maintain roads with assessment revenue (there is a separate community services district).

SCA consistently had assessment delinquency rates below 5 percent from 2010 to 2015 as shown in **Table 8** on the following page.

Table 8
SCA Dues Delinquency Rates

Year	Rate
2010	3.69%
2011	3.06%
2012	2.80%
2013	3.46%
2014	4.41%
2015	4.02%

Source: Spring Creek Association. delinq

This financial information shows that while the SCA is fiscally sound, there are several observations that should be taken into consideration.

- SCA dues should have increased based on the cost of living index as indicated in the Declaration of Reservations to account for rising costs over time.
- SCA dues are significantly lower than other communities that have similar amenities.
- The SCA golf facility number of annual rounds played is very low.
- Golf operations incurred over \$230,000 in losses per year for years 2013 to 2015.

SECTION 3. GOVERNANCE ALTERNATIVES

3.1 SPRING CREEK ASSOCIATION

The SCA is a private property owners' association that is governed by an elected Board of Directors. The Committee of Architecture (COA), which is a separately appointed board, approves plans to maintain a high standard of architecture and construction, and helps to enforce the Declaration of Reservations and COA Rules and Regulations. Officers and staff are responsible for the day to day operations of the organization and are employees of the SCA. The SCA wanted to explore alternative forms of government to see if a new entity could better serve the residents of Spring Creek.

It is important to note that SCA Article IV Section 9 of the Articles of Incorporation requires that the sale, lease or transfer of any part of the Association property to any public agency must be approved by a majority of those voting in person or by proxy at a regular meeting or duly-called special meeting of the membership. The SCA cannot dedicate, sell or transfer all or any part of the Common Recreation Facilities without the assent of at least seventy-five percent (75%) of the total number of votes in the Association; unless transferred to a general improvement district within the State of Nevada.

Table A-17 shows a comparison of the different types of governance for communities with populations under 20,000 and greater than 7,000. The table shows that there is no typical government structure for communities of Spring Creek's size; rather history and politics appear to have greater influence over government structure. Spring Creek is the only community of this size with an HOA providing many local services. **Table A-18** shows a list of general improvement districts in Nevada. There are currently 83.

3.2 LOCAL GOVERNMENT

Nevada Revised Statutes (NRS) provide for the types of local government that can be created within the state. Local government refers to every political subdivision or other entity which has the right to levy or receive money from ad valorem or other taxes or any mandatory assessments, and includes, without limitation, counties, cities, towns, boards, school districts and other districts organized pursuant to chapters 244A, 309, 318 and 379 of NRS, NRS 450.550 to 450.750, inclusive, and chapters 474, 541, 543 and 555 of NRS, and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision (NRS 354.474). The formation and structure of these entities are specified by NRS, the operation of which may also rely on interlocal and/or cooperative agreements with the County. The governance alternatives and applicable NRS Chapters for this report are: General Improvement District (NRS 318), a District for Maintenance of Roads (NRS 320), and an Unincorporated Town (NRS 269).

3.3 BOUNDARIES

Any form of local government must specify the boundaries of the area served by the entity. The boundaries are used by the assessor in administering any ad valorem taxes or parcel charges on properties within the service area. A contiguous boundary must be connected in an unbroken sequence, whereas a non-contiguous boundary can encompass separate areas. Boundaries are important to the SCA because the Vista Grande subdivision is not adjacent to the other SCA subdivisions; non-SCA private properties are located between them.

A general improvement district (GID) may consist of noncontiguous tracts or parcels of property (NRS 318.055).

A district for the maintenance of roads (DMR) must indicate the acreage of the area proposed to be included within the district; the number of owners of real property in that area; and a detailed map of that area (NRS 320.060).

For an unincorporated town (Town), boundaries to be brought within an unincorporated town area must be clearly designated and declared. The area encompassed must be contiguous (NRS 269.545).

The preferred alternatives based on boundary characteristics are SCA, GID and DMR. The GID and DMR are preferred because the boundary can encompass separate areas in agreement with the layout of SCA tracts. A Town is the least preferred alternative because it requires a contiguous boundary and requires inclusion of other private properties or the exclusion of Vista Grande.

3.4 SERVICES PROVIDED

Different types of local government can provide different services based on the provisions of the NRS. For example, a DMR can only provide one service: the maintenance of roads. A GID may provide one or more of the 21 powers granted to districts, but it may not provide police protection. A town can provide any service that a GID can provide, plus police protection, and is not necessarily limited to the services listed in the NRS. Each entity and the services it can provide are listed below.

Any one or all combination of services can be provided by a GID: furnishing electric light and power; extermination and abatement of mosquitoes, flies, other insects, rats, etc.; furnishing facilities or services for public cemeteries; furnishing facilities for swimming pools; furnishing facilities for television or FM radio; streets and alleys; furnishing curbs, gutters and sidewalks; storm drainage or flood control; sewer or water; streetlighting; garbage collection and disposal; recreational facilities; fencing; fire protection; emergency medical services; energy for space heating; noxious weed control; establishing, controlling, managing and operating an area or zone for the preservation of one or more species or subspecies of wildlife that has been declared endangered or threatened (NRS 318.116).

A DMR would provide any activity necessary to preserve the useful life of a road, including, without limitation, painting, repairing, grading, oiling, patching, resurfacing, sanding, sweeping, washing and removing ice and snow (NRS 320.040). Statutes reference using contracts to maintain roads within the district (NRS 320.100) and apportioning the costs of the contracts amongst the property owners within the district (NRS 320.110).

Town services, any one of which or any combination of which may be supplied to the residents of an unincorporated town, include, but need not be limited to: cemetery; dump stations and sites; fire protection; flood control and drainage; garbage collection; police; parks; recreation; sewage collection; streets; street lights; swimming pools; television translator; water distribution; and acquisition, maintenance and improvement of town property (NRS 269.575). A comparison of services that a Town and GID can provide is shown on **Table A-19**.

The preferred alternatives based on services provided are SCA, GID, and Town because they allow for the provision of multiple services. A DMR is the least preferred alternative because it only allows for the provision of road maintenance.

3.5 FORMATION

General Improvement District

The formation of a GID may be initiated by: a resolution adopted by the Board of County Commissioners (BOCC); or a petition proposed by any owner of property located in the proposed district. NRS 308.030 requires that any prospective petitioner for the establishment of a special district shall file a service plan with the BOCC which consists of:

- A financial survey and a preliminary engineering or architectural survey showing how the proposed services are to be provided and financed;
- Includes a map of the proposed district boundaries, an estimate of the population and assessed valuation of the proposed district;
- Describes the facilities to be constructed, the standards of such construction, the services to be provided by the district, an estimate of costs, including the cost of acquiring land, engineering services, legal services, proposed indebtedness, including proposed maximum interest rates and any discounts, any other proposed bonds and any other securities to be issued, their type or character, annual operation and maintenance expenses, and other major expenses related to the formation and operation of the district;
- And outlines the details of any arrangement or proposed agreement with any city or town for the performance of any services between the proposed special district and such city or town. The form of any such contract to be used, if available, shall be attached to the service plan.

The service plan must be approved by the BOCC. The BOCC may disapprove the service plan upon satisfactory evidence that:

- There is insufficient existing and projected need for organized service in the area to be serviced by the proposed district;
- The existing service in the area to be served by the proposed district is adequate for present and projected needs;
- Adequate service is, or will be, available to the area through municipal annexation by other existing municipal or quasi-municipal corporations within a reasonable time and on a comparable basis;
- The proposed special district is incapable of providing economic and sufficient service to the area within its proposed boundaries;
- The area to be included in the proposed district does not have or will not have the financial ability to discharge the proposed indebtedness, other securities, or other obligations to be incurred on a reasonable basis;
- The facility and service standards of the proposed district are incompatible with the facility and service standards of adjacent municipalities and special districts;
- Or the proposed district is being formed for the primary purpose of financing the cost of developing private property.

The findings of the BOCC shall be based solely upon the service plan and evidence presented at the hearing by the petitioners, the planning commission and any interested party (NRS 308.060).

After adoption of the resolution or receipt of the petition the organization of the district must be initiated by the adoption of an ordinance by the BOCC, which is in this chapter sometimes designated the "initiating ordinance." No initiating ordinance may be adopted by the BOCC if the proposed district includes any real property within 7 miles from the boundary of an incorporated city or unincorporated town unless all members of the BOCC unanimously vote for the organization of a district with boundaries which contravene this 7-mile limitation (NRS 318.055).

The BOCC may conditionally approve the service plan of a proposed district upon satisfactory evidence that it does not contravene any of the criteria listed above. Final approval shall be contingent upon modification of the service plan to include such changes or additional information as shall be specifically stated in the findings of the BOCC. The findings of the BOCC shall be based solely upon the service plan and evidence presented at the hearing by the petitioners, the planning commission and any interested party. If the BOCC fails to approve the service plan for any proposed special district and such

failure is determined by any district court in this state for any county in which the district is located to be arbitrary, capricious or unreasonable, the court may order the formation of such district by the BOCC of the county vested with jurisdiction as provided in NRS 318.050 without such resolution of approval; but an acceptable service plan in accordance with the provisions of the Special District Control Law, shall be filed with and approved by the court and incorporated by reference in and appended to the order of the court providing for the organization of the district after there has been compliance with all other legal procedures for the formation of the proposed district (NRS 308.080).

The initiating ordinance stipulates a time period in which homeowners can protest the creation of the district. If a protest is filed and signed by a majority of property owners, then the district shall not be formed (NRS 318.065). An organizational hearing is held, and the BOCC will consider the protests and determine if the proponents of the formation of the district have failed to show the formation of the district is economically sound and feasible. The BOCC will choose to adopt an ordinance determining whether or not the district is created (NRS 318.070). Barring the initiation of any legal action opposing the district within 30 days of adopting an ordinance creating the district, the ordinance finally and conclusively establishes the organization of the district and shall thenceforth be a governmental subdivision of the State of Nevada, a body corporate and politic and a quasimunicipal corporation (NRS 318.075).

District for Maintenance of Roads

The owners of real property within an unincorporated area of a county whose population is less than 100,000 may initiate the creation of a DMR by filing a petition with the BOCC signed by at least 66.66 percent of the property owners within the proposed district. The BOCC, with whom the petition is filed, shall hold a hearing to consider the petition at its next regularly scheduled meeting held after the date the petition is filed. If a BOCC decides to create a district after holding the hearing, it shall, at its next regularly scheduled meeting, adopt a resolution creating the district. A BOCC shall not adopt a resolution if, within 60 days after the hearing, 51 percent or more of the owners of real property within the proposed district file a petition with the BOCC opposing the creation of the district (NRS 320.060).

Town

A Town may be formed by means of an initiative petition of the residents of any specified unincorporated area within a county by majority voter approval or by resolution of the BOCC, pursuant to the procedure established by the Unincorporated Town Government Law (NRS 269.535). The initiative petition process proceedings are described in NRS 295.085 to 295.125 and included: that any five registered voters of the county may form the petitioners' committee; the financial effect of the initiative on local government must be posted on the county clerk's website; the petition signatures must be submitted to the county clerk for verification within 180 days of the filing of the affidavit of the petitions' committee; and provides instructions regarding the formatting of the petition. The petition circulated must contain the following statement:

“The undersigned declare their purpose to be the support of the concept of unincorporated town government, that they desire hereby to make provision for the supplying of one or more of the town services enumerated in NRS 269.575 and that they acknowledge the fact that the supplying of such service or services will require a special tax levy, the establishment of a user fee schedule or a combination of both (NRS 269.545).”

The petition must be signed by a number of registered voters of the area equal to 51 percent or more of the number of voters in the area who voted at the most recent general election in the county (NRS 269.540) to form the unincorporated town by resolution (NRS 269.550). If the petitioners wish to provide for submission of the matter to voters, the petition must be signed by 10 percent or more of the number of voters in the area who voted at the most recent general election, and then the BOCC may by resolution submit the matter to voters (NRS 269.555). The BOCC shall by ordinance proceed with the formation of the unincorporated town. Upon voter approval (majority) or acceptance of the 51 percent petition, both methods require that the ordinance creating the town must contain a clear designation of the boundaries, a listing of the services to be provided and the number of members to be on the town advisory board (NRS 269.550, 269.560).

The preferred alternative based on formation requirements is the SCA, followed by a GID. The SCA is an existing entity. The GID formation process largely relies on the BOCC, whereas the DMR and Town require specific levels of support from registered voters within proposed boundaries.

3.6 GOVERNANCE OF ENTITY AND LEVEL OF AUTONOMY

All local governments are subordinate to the State. The forms of local government examined in this analysis all rely on the County for certain services. The level of self-governance (autonomy) is examined based on the degree to which the entity is reliant on the County to function.

Presently, given the alternatives, the SCA offers the highest level of autonomy for residents with an elected Board of Directors, and solicits the vote of residents on matters such as using property as security for debts incurred, the transfer or sale of SCA property, or changes to the Articles of Incorporation.

General Improvement District

After adopting an ordinance creating a GID, and before appointing the first board of trustees for the district, the BOCC is, ex officio, the board of trustees for the district. While acting as the board of trustees, the BOCC shall establish: accounting and auditing practices and procedures for the district; a budget for the district; and management standards for the district. After the BOCC has performed the duties required by subsection 2, it shall appoint five persons to serve as the first board of trustees of the district, and upon the end of their terms, the positions are filled through the election process (NRS 318.080). A GID does not

offer a high level of self-governance with the initial governance provided by the BOCC, and then a board appointed by the BOCC, and the subsequent board positions are then elected.

District for Maintenance of Roads

For the DMR, after adopting a resolution creating a district, the BOCC shall appoint five persons to serve as the initial members of the board (NRS 320.070). A biennial election for the DMR must be held simultaneously with the first general election in the county held after the district is created and simultaneously with each general election held thereafter (NRS 320.080). A DMR does not offer a high level of self-governance with the initial board members appointed by the BOCC, and subsequent boards are elected.

Town

For a Town, the BOCC shall provide for the appointment of three or five qualified electors who are residents of the unincorporated town to serve as the town advisory board. The town advisory board assists the BOCC in the governance of an unincorporated town (NRS 269.515). At the next general election five persons who are residents and qualified electors in the town must be elected by the registered voters of the town to serve as members of the town board (NRS 269.577). The BOCC adopts all ordinances, rules, and regulations for any unincorporated town (NRS 269.155). The town board or BOCC shall hold a regular meeting in the town offices or in the courthouse at the county seat at least once in each month, on a day previously fixed by the board, to transact the business of the town (NRS 269.025). The county provides the services of the county clerk and treasurer to support the operation of the town (NRS 269.030-269.040). The BOCC may solicit the advice of the town advisory board in the preparation of the tentative budget for the town and to control any expenditures which are a part of a county approved budget. The BOCC may also allow towns to recommend their own ordinances and codes. If the subject matter covered is the subject of an existing county ordinance, the town ordinance may not be less stringent than the county ordinance (NRS 269.590). A town does not offer its residents autonomy because the town is de facto governed by the BOCC with the town board serving in a strictly advisory capacity.

The preferred alternative based on governance and autonomy criteria is the SCA. SCA residents have a strong ability to influence and participate in the governance of the SCA. The GID and DMR offer residents the ability to participate on the Board of the organization after it is established, but are initially governed by the BOCC. The Town is the least preferred alternative because the BOCC govern the Town and residents can only participate in an advisory capacity.

3.7 SOURCES OF REVENUE

A DMR collects assessments through the County. Per NRS 320.110, each year, the DMR board determines the total cost for each road maintenance contract entered into for the next ensuing fiscal year and apportions that cost among the owners of real property by parcel number within the district. Apportionment is based on the relative special benefit

received by each parcel of land; using a method of apportionment that is fair and equitable and is approved by the BOCC of the county where the district is located. A written report is then submitted to the BOCC specifying the total cost determined and the amount apportioned for each parcel of land within the district. Upon receipt of the report, the BOCC shall collect the assessments specified in the report for the next ensuing fiscal year.

GIDs and towns can all charge for services rendered such as water, sewer, or recreation (NRS 318.197-202; NRS 269.545). Towns and GIDs are also legally capable of capturing revenue through ad valorem taxes.

The preferred alternative based on sources of revenue are GID and Town because they can use multiple sources of revenue from taxes, assessments, and user charges. The SCA also has user charges but relies on assessments for approximately 75 percent of total revenue. A DMR is the least preferred alternative because it can only collect assessments.

3.8 AD VALOREM TAXES

Ad valorem is Latin for “according to value.” Ad valorem taxes are property taxes based on the property’s value. The Nevada Constitution imposes a property tax limit of \$5.00 per \$100 of assessed value. NRS 361.453 further imposes a property tax limit of \$3.64 per \$100 of assessed value. The State imposes an additional \$0.02 rate on top of the \$3.64, making the effective maximum \$3.66. NRS Chapter 354 offers further detail to ad valorem tax calculations, limitations, and adjustments.

SCA is located in Tax District 3 in Elko County. The 2016-2017 tax rate for District 3 is \$2.5623 per \$100 of assessed value. As calculated in **Table 9** on the following page, the difference between the effective tax rate and the limit is \$1.0777 per \$100 of assessed value. This limit is applicable to both a GID and a Town, and the maximum level of revenue Spring Creek can generate from ad valorem taxes is \$2.78 million. It is important to note that for any local government in the first fiscal year of its existence, the allowed revenue from taxes ad valorem must be established by the Nevada Tax Commission (NRS 354.5987). **Table A-20** in Appendix A shows the secured properties assessed value for fiscal year 2016-2017.

Table 9
Maximum Ad Valorem Tax Revenue Estimate

Item	Calculation	Amount
Total Assessed Value	a	\$262,957,376
10% of Total A.V.	b = a*10%	\$2,629,574
less estimate for exemptions	c	(\$50,519)
Estimated Total Taxable A.V.	d = b-c	\$2,579,055
Tax Rate per \$100 of A.V. [1]	e	\$2.5623
Max Tax Rate per \$100 of A.V.	f	\$3.6400
Remaining Tax Rate	g = f-e	\$1.0777
Estimated Ad Valorem Revenue (rounded)	h = d*g	\$2,779,000

Source: Nevada Department of Taxation and Elko County Assessor.

max av rev

[1] Tax Rate District 3.

A GID has the power to levy and collect taxes (NRS 318.225). The GID board shall determine, in each year, the amount of money necessary to be raised by taxation, taking into consideration other sources of revenue of the district, and shall fix a rate of levy which, when levied upon every dollar of assessed valuation of taxable property within the district, and together with other revenues, will raise the amount required by the district annually (NRS 318.230).

A Town can also levy taxes annually. During the time of assessing or fixing the amount of taxes for county purposes, the BOCC shall, subject to the restrictions of NRS 269.115, assess, fix and designate the amount of taxes that should be levied and collected for city or town purposes on all real and personal property assessable for state or county purposes within any town or city in their county. Town funds are managed by the County Treasurer (NRS 269.095).

In 2005, a partial abatement of ad valorem taxes was adopted by NRS 361.471 to -.4735. These statutes provide for a maximum cap of three percent on increases in a real property owner's tax bill as compared to the prior year. This legislation was created to provide property owners relief from rising property values. The abatement affects changes in assessed value but does not alter the effective tax rate. In regard to the formation of a new government entity, the abatement does not apply in its first fiscal year of existence. However, the abatement applies in the entity's second year of existence and each year thereafter.

A GID and a Town are equally limited in the amount of ad valorem tax that can be levied on properties within their boundaries. The maximum ad valorem tax that a GID or Town could collect in Spring Creek is \$2.78 million. The SCA and a DMR cannot levy ad valorem taxes.

3.9 FUEL TAXES

Based on Regional Transportation Commission meeting minutes from the April 4, 2012 regular session, the SCA qualified for fuel tax proceeds after appearing before the State Highway Commission. The mileage of SCA roads are included in the formula used for determining the amount of fuel tax distribution that Elko County receives from the state. Per a letter from the Former Elko County Manager George Boucher, SCA has received a portion of fuel tax proceeds since fiscal year 1985-86.

Fuel taxes are not apportioned to DMRs or GIDs, however, the County may at its discretion continue to give fuel tax proceeds to a new Spring Creek DMR or GID. Since Elko County adopted the Unincorporated Town Government Law (NRS 269.535), a new town would also not be eligible to receive proceeds of fuel taxes based on NRS 365.560. As with a DMR or GID, the County could continue to give the SCA portion of the fuel tax proceeds to the new Town, formalized through an interlocal agreement.

3.10 CONSOLIDATED TAXES

The taxes included in the Consolidated Tax (C-tax) include Basic City-County Relief Tax (NRS 377), the Supplemental City-County Relief Tax (NRS 377), Real Property Transfer Tax (NRS 375), Cigarette/Tobacco Tax (NRS 370), Liquor Tax (NRS 369), and the Governmental Services Tax (NRS 371).

Per NRS 360.670, only a special district that receives, before July 1, 1998, any portion of the proceeds of a tax which is included in the Local Government Tax Distribution Account (Account) is eligible for an allocation from the Account.

The governing body of a newly created (after July 1, 1998) local government or special district may request the Nevada Tax Commission to direct the Executive Director to allocate from the Account *if it provides police protection and at least two of the following services:* fire protection; construction, maintenance and repair of roads; or parks and recreation (NRS 360.740). Per NRS 360.740 8(d), police protection is defined as: employment by the local government or special district, of at least three persons, on a permanent and full-time basis, whose functions specifically include routine patrol, investigations, enforcement of traffic laws, and investigation of vehicle crashes. Police protection is not included the basic powers which may be granted to a general improvement district (NRS 318.116), but a town could provide these services.

For the initial year of distribution, an amount to be allocated to the new local government or special district is established pursuant to the provisions of NRS 360.680 and 360.690. If the new local government or special district will provide a service that was provided by another local government or special district before the creation of the new local

government or special district, the amount allocated to the local government or special district which previously provided the service must be decreased by the amount allocated to the new local government or special district [NRS 360.740 3(a)]. The local government may enter into an interlocal agreement with another governmental entity for the provision of the services if that local government or special district compensates the governmental entity that provides the services in an amount equal to the value of those services [NRS 360.740 (7)]. This results in no net fiscal gain for a new entity. The Committee on Local Government Finance determines whether the distribution of C-tax is appropriate and submits their recommendation to the Nevada Tax Commission. If the Committee determines the distribution is not appropriate, the decision is not subject to review by the Nevada Tax Commission.

Under the Town scenario, the Town would enter into a local agreement with Elko County Sheriff to provide police services due to the cost prohibitive nature of creating a new police force. The amount of C-tax that the Town would receive would be in the amount equal to the value of the service received from the Elko County Sheriff. The C-tax that is apportioned to the County would not change; the tax revenue would shift from the County to the Town; this would be a bookkeeping exercise – it would not result in any fiscal net gain.

3.11 DEBT

NRS does not provide a DMR with authority to issue debt securities.

A GID may borrow money through the issuance of the following securities: short-term notes, warrants and interim debentures; general obligation bonds; revenue bonds; special assessment bonds (NRS 318.275). A district's total debt may not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property (excluding motor vehicles) situated within such district (NRS 318.277).

For any such purpose, the town board or the BOCC, at any time or from time to time, in the name and on the behalf of the town, may issue general or special obligations (NRS 269.410). No town shall ever become indebted for any town improvements under the provisions of NRS 269.400 to 269.470, inclusive, or otherwise, by the issuance of such general obligation bonds and other general obligation securities (other than any notes or warrants maturing within 1 year from the respective dates of their issuance), but excluding any outstanding revenue bonds, special assessment bonds, or other special obligation securities, excluding any such outstanding general obligation notes and warrants, and excluding any outstanding indebtedness not evidenced by bonds or other securities, exceeding 25 percent of the total last assessed valuation of the taxable property within the town (NRS 269.425).

The preferred alternatives are the SCA, a GID and a Town because they can all incur debt. Article IV Section 7 of the SCA Articles of Incorporation allows for the leveraging of any or all of the Association property as security for money borrowed or debts incurred. A municipality's ability to incur debt is not based on the value of its assets as a security; it is based on the estimated revenue stream available to repay debt. A GID's debt may not exceed 50 percent of the last total assessed valuation of taxable property in the district,

whereas a Town may not exceed 25 percent of the last assessed valuation of taxable property within the Town. A DMR is the least preferred alternative because it cannot incur debt.

3.12 EMINENT DOMAIN/CONDEMNATION

Eminent domain is the authority to take ownership of private property for public purposes. A GID board shall have and may exercise the power of eminent domain and dominant eminent domain in the manner provided by law for the condemnation by a city of private property for public use to take any property necessary to the exercise of the powers granted, both within and outside of the district (NRS 318.190).

The BOCC may condemn property for the use of the inhabitants of any unincorporated town in their respective county, in the manner provided in NRS 269.135 (NRS 269.130).

The preferred alternatives are a GID and a Town because they both have the power to seize private property for public purposes. The least preferred alternatives are the SCA and the DMR because they do not have the legal ability to take ownership of private property for public purposes.

3.13 DISSOLUTION

A DMR may be dissolved if 51 percent or more of the owners of property within the district file a petition with the BOCC requesting dissolution of the district, or if the BOCC adopts a resolution on its own motion dissolving the district (NRS 320.140).

A GID may be dissolved by resolution if a majority of the BOCC deem it to be in the best interests of the community (NRS 318.490).

An unincorporated town operating pursuant to the provisions of the Unincorporated Town Government Law may be dissolved by resolution of the BOCC following a public hearing at which residents of the town are given an opportunity to speak. The resolution must specify the reasons for the dissolution (NRS 269.625).

Under the dissolution criteria, there is no clear preferred alternative. All of the alternative governance structures are high dependent on BOCC approval as all can be dissolved with relative ease by the BOCC.

Section 4: GOVERNANCE ALTERNATIVES FINANCIAL ANALYSIS

The estimated population of the Spring Creek (13,564) is nearing that of the City of Elko, with the 2010 Census showing Elko's population to be 18,297. As a private property owner organization, the Association's main source of revenue is the monthly assessments charged to property owners. It does not receive grants or outside funding from governmental or other sources, with the exception of fuel taxes from Elko County for the maintenance of roads.

4.1 SCENARIOS

The provision of services and amenities under each governance alternative is shown in **Table 10** on the following page. The SCA currently provides for architecture review, roads, weed control, security, and parks and recreation, and SCU provides water and wastewater services. Under all governance scenarios there will remain a Spring Creek Association.

In the DMR and Roads GID scenarios, the only service removed from the SCA is roads.

In the SCA & Multiservice GID scenario, SCA retains the Committee on Architecture (COA), while the GID provides for everything else except water and wastewater which continues to be provided by SCU. The GID could provide water and wastewater services, but for the purposes of this financial analysis, the SCU continues to provide these services. Note that if the GID did provide water and wastewater, it could provide these services outside of its boundary by way of cooperative agreement with the County.

Under the Unincorporated Town scenario, the SCA becomes a volunteer-run organization, providing architecture review and Declaration of Reservations enforcement, and the Town provides for roads, weed control, police protection (through an interlocal agreement with the County, whereby the Sheriff continues to provide service at its existing service level), and Parks and Recreation. The Town could provide water and wastewater services, but for the purposes of the financial analysis SCU continues to provide these services. Note that if the Town did provide water and wastewater, it could provide these services outside of its boundary by way of cooperative agreement with the County.

Table 10
Spring Creek Alternatives: Provision of Services/Amenities

	SCA	SCA & DMR	SCA & Roads GID	SCA & Multiservice GID	SCA & Uninc
Architecture Review	SCA	SCA	SCA	SCA	SCA
Roads	SCA	DMR	GID	GID	UNINC
Weed Control	SCA	SCA	SCA	GID	UNINC
Security	SCA	SCA	SCA	SCA	SHERIFF *
Parks & Recreation	SCA	SCA	SCA	GID	UNINC
Water & Wastewater	SCU	SCU	SCU	SCU or GID **	SCU or UNINC **

Source: HEC

prov

* Anticipates an interlocal agreement between the unincorporated town and the County Sheriff for service.

** Cooperative agreement potential to include properties outside of GID or Uninc. Boundaries.

Acronyms

SCA	Spring Creek Association	GID	General Improvement D
SCU	Spring Creek Utilities Inc.	UNINC	Unincorporated Town
DMR	District for Maintenance of Roads		

4.2 KEY ASSUMPTIONS

Key assumptions used in the financial model include:

- All estimated costs are based on the current level of service that SCA provides for amenities, roads, etc.
- Salaries and benefits (as a percentage of base pay) for local government positions tend to be higher than private jobs with similar duties. Salaries and benefits expenses used to calculate costs for a new entity are based on comparable local government entities in **Tables A-21** and **A-22**. In the model, salaries are 23 percent higher, and the benefits are 55 percent of base pay, rather than 42 percent of base pay.
- SCU continues to provide water and wastewater services under all alternatives.
- HEC assumed that the County would continue to provide fuel taxes for maintenance of Spring Creek roads under all governance structures.

4.3 COST COMPARISON BY SCENARIO

Table 11 below shows the cost comparison of the governance structures. The DMR is not included in this table because the costs are estimated to be the same as the Roads GID alternative. More detail on costs for each scenario can be found in **Tables A-23** through **A-25**.

Table 11
Cost Comparison of Governance Structures

Cost Category	Entity	SCA	Total
SCA Only (Current Governance)			2016 Budget
Labor	\$0	\$1,087,341	\$1,087,341
Benefits	\$0	\$450,963	\$450,963
General	\$0	\$2,524,964	\$2,524,964
Total Estimated	\$0	\$4,063,268	\$4,063,268
Roads GID with SCA			
<i>SCA Responsibilities: COA, Security, Parks/Recreation</i>			
<i>GID Responsibilities: Roads</i>			
<i>GID Board of Trustees is the County Commission</i>			
Labor	\$518,500	\$605,300	\$1,123,800
Benefits	\$271,700	\$252,856	\$524,556
Board of Trustees	\$30,000	\$0	\$30,000
General	\$1,075,270	\$1,449,694	\$2,524,964
Total Estimated	\$1,895,470	\$2,307,850	\$4,203,320
Multi-service GID with SCA			
<i>SCA Responsibilities: COA & Security</i>			
<i>GID Responsibilities: Roads, Parks/Recreation</i>			
<i>GID Board of Trustees Elected; Autonomous from County</i>			
Labor	\$1,166,750	\$124,800	\$1,291,550
Benefits	\$621,500	\$52,133	\$673,633
Board of Trustees	\$30,000	\$0	\$30,000
General	\$2,514,964	\$54,400	\$2,569,364
Total Estimated	\$4,333,214	\$231,333	\$4,564,547
Unincorporated Town with SCA			
<i>SCA Responsibilities: COA</i>			
<i>Town/County Responsibilities: Police, Roads, Parks/Recreation</i>			
<i>Town Board Elected; Advisory Role</i>			
Labor	\$1,377,550	\$68,500	\$1,446,050
Benefits	\$737,440	\$28,615	\$766,055
Town Board	\$30,000	\$0	\$30,000
General	\$3,189,604	\$41,400	\$3,231,004
Total Estimated	\$5,334,594	\$138,515	\$5,473,109

Source: HEC and Spring Creek Association.

gov cost

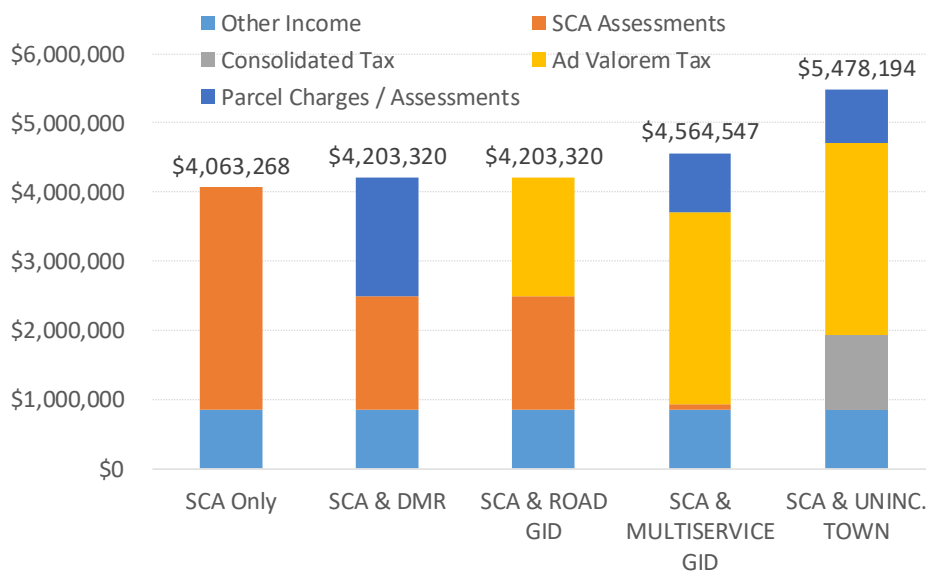
4.4 REVENUE BY SCENARIO

The revenue sources available to each entity are stipulated by NRS as explained in **Section 3.7**. The quantity and types of revenue used for each entity are displayed in **Figure 7** and a table showing the detailed revenue stream for each entity is shown on in **Table 12** on the following page. **Table 9** on page 22 shows the maximum additional Spring Creek ad valorem tax revenue, which is \$2.78 million. The estimated budgets for each scenario are shown in **Tables A-26** through **A-28**.

The SCA only scenario relies on SCA assessments to provide most of the annual revenue. The SCA & DMR scenario revenue comes from parcel charges/assessments collected by the DMR, SCA assessments, and other income. Annual revenue for the SCA & Road GID is derived from ad valorem tax, SCA assessments, and other income. The SCA & Multiservice GID relies on ad valorem tax to provide the majority of annual revenue, followed by GID parcel charges/assessments, other income, and SCA assessments. Revenue for the SCA & Unincorporated Town is mostly ad valorem tax, followed by consolidated tax, Town parcel charges/assessments, and other income.

The amount of SCA assessment revenue changes by scenario based on the allocation of services as previously described in **Table 10**. As the SCA provides less services, less assessments are needed to support SCA functions. The SCA becomes a volunteer based organization under the unincorporated town scenario with charges only necessary to cover direct costs.

Figure 7
Total Estimated Budget and Revenue Sources by Scenario



Total costs increase under all other governance structures. This is primarily driven by increased labor costs in the financial model. Note that once capital projects become subject to prevailing wages, which would occur under all the alternative governance scenarios, total costs would increase greater than is demonstrated in this report.

Table 12
Estimate of Revenue Needs by Governance Structure

	No Change		Road Maintenance District		Roads GID with SCA		Multi-service GID & SCA		Unincorporated Town	
	SCA	District	SCA	District	GID	SCA	GID	SCA	Town	SCA
Annual Budget	\$4,063,268	\$1,895,470	\$2,307,850		\$1,895,470	\$2,307,850	\$4,333,214	\$231,333	\$5,334,594	\$138,515
		<i>Costs same as Roads GID</i>								
<i>Assumes no change in level of services</i>										
Existing Revenue Sources										
House Rental Revenues	\$22,800	\$0	\$22,800	\$0	\$0	\$22,800	\$0	\$22,800	\$0	\$22,800
Misc / Penalties / Charges	\$295,268	\$0	\$295,268	\$0	\$0	\$295,268	\$174,468	\$120,800	\$174,468	\$120,800
Roads Revenues [1]	\$190,850	\$190,850	\$0	\$0	\$190,850	\$0	\$190,850	\$0	\$190,850	\$0
Golf Revenues	\$244,000	\$0	\$244,000	\$0	\$0	\$244,000	\$244,000	\$0	\$244,000	\$0
Horse Palace Revenues	\$60,950	\$0	\$60,950	\$0	\$0	\$60,950	\$60,950	\$0	\$60,950	\$0
Buildings/Grounds/Trap Revenues	\$29,200	\$0	\$29,200	\$0	\$0	\$29,200	\$29,200	\$0	\$29,200	\$0
Assessments	\$3,220,200	\$0	\$1,655,632	\$0	\$0	\$1,655,632	\$0	\$87,733	\$0	(\$5,085)
Number of Lots	5,374		5,374			5,374		5,374		5,374
Monthly HOA Assessment per Lot	\$50.00		\$26.00			\$26.00		\$1.00		\$0.00
New Revenue Sources		\$1,704,620			\$1,704,620		\$3,633,746		\$4,635,126	
Consolidated Tax (for Sheriff - assumed contract with the County for provision of services) [2]									\$1,080,040	
Ad Valorem Tax Revenue					\$1,704,620		\$2,779,000		\$2,779,000	
Tax Rate per \$100 of A.V.					\$0.6609		\$1.0777		\$1.0777	
Parcel / Assessment Revenue		\$1,704,620					\$854,746		\$776,086	
Parcel / Assessment Charges		5,374					5,374		5,374	
Parcel / Assessment Charge per Lot per Month		\$26.43					\$13.25		\$12.03	

Source: HEC and Spring Creek Association. needs

[1] Since 1985/86 SCA has received County option fuel taxes from the County (NRS 365.192). HEC assumes the County would continue to apply this revenue to a new entity.
 [2] NRS 360.740 and NRS 354.5987 provide for a proposal from Spring Creek Association to the Executive Director of the Nevada Tax Commission for a distribution of c-tax; the Executive Director provides his/her review of the request to the Committee on Local Government Finance (CLGF). If the CLGF finds the tax distribution(s) appropriate it can proceed to the Nevada Tax Commission. Ultimately, the distribution is a negotiation. The Statutes provide that if Spring Creek obtained police powers (can only do so as an uninc. town or city) the County's c-tax would be reduced by the amount currently spent on sheriff services to Spring Creek; therefore, this is the only amount included in the financial model.

The estimated impact of the revenue needs on the typical homeowner in Spring Creek is shown below in **Table 13**. This estimate was created for a home with an assessed value of \$51,406. Assessed valuation varies by property and each homeowner could face costs higher or lower than shown in the example below.

The Road District (DMR) with SCA and Unincorporated Town with SCA scenarios have a lesser impact due to some functions (such as accounting, etc) being provided by the County and in the Town scenario the cost of security is replaced by C-tax revenue which only covers the costs of an interlocal agreement with the Elko County Sheriff. The Town scenario has a lesser cost impact on SCA residents than a GID because it is assumed the SCA no longer provides its own security services. The Elko County Sheriff provides police services, the cost of which is off-set by consolidated tax revenue. The GID scenario has SCA providing security because security is not a power granted to GIDs.

Table 13
Impact of Governance on a Typical Home Budget

Item	Cost
Spring Creek Median Sales Price [1]	\$235,000
less Depreciation [2]	\$88,125
Typical Home Taxable Value	\$146,875
Typical Home Assessed Value [3]	\$51,406
<hr/>	
HOA Annual Cost	\$600
Road District with SCA	
Parcel Assessment for Roads	\$317
SCA Assessment	\$312
Total	\$629
Roads GID with SCA	
GID Ad Valorem Tax	\$340
SCA Assessment	\$312
Total	\$652
Multi-service GID & SCA	
GID Ad Valorem Tax	\$554
GID Parcel Charge	\$159
SCA Assessment	\$12
Total	\$725
Unincorporated Town & SCA	
Ad Valorem Tax	\$554
Parcel Charge	\$144
SCA Assessment	\$0
Total	\$698

Source: trulia.com, and HEC. home

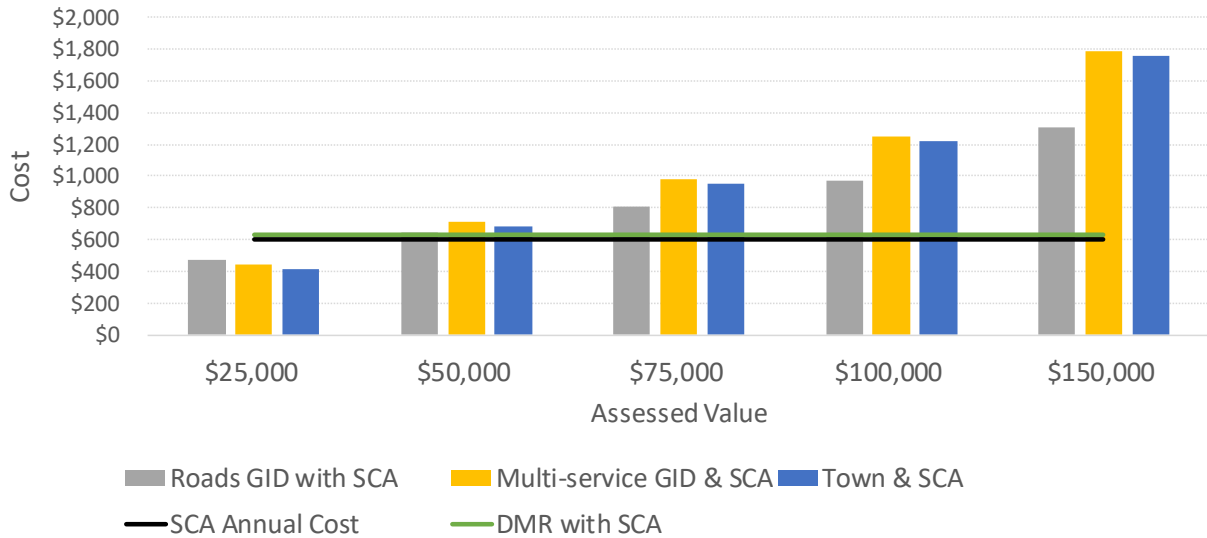
[1] Per trulia.com, December 2016.

[2] Median age of homes is estimated at 25 years.

[3] 35% of taxable value.

Figure 8 below shows the cost of each scenario to a property owner based on assessed valuations ranging from \$25,000 to \$150,000. Homeowners with higher assessed values pay more than homeowners with low assessed value under the GID and Town alternatives. Under the current SCA structure and DMR and SCA structure, all homes continue to pay the same amount per month.

Figure 8
Homeowner Cost Impacts on Various Assessed Values by Governance Alternative



4.5 RESIDENT QUESTIONS REGARDING SOURCES OF REVENUE

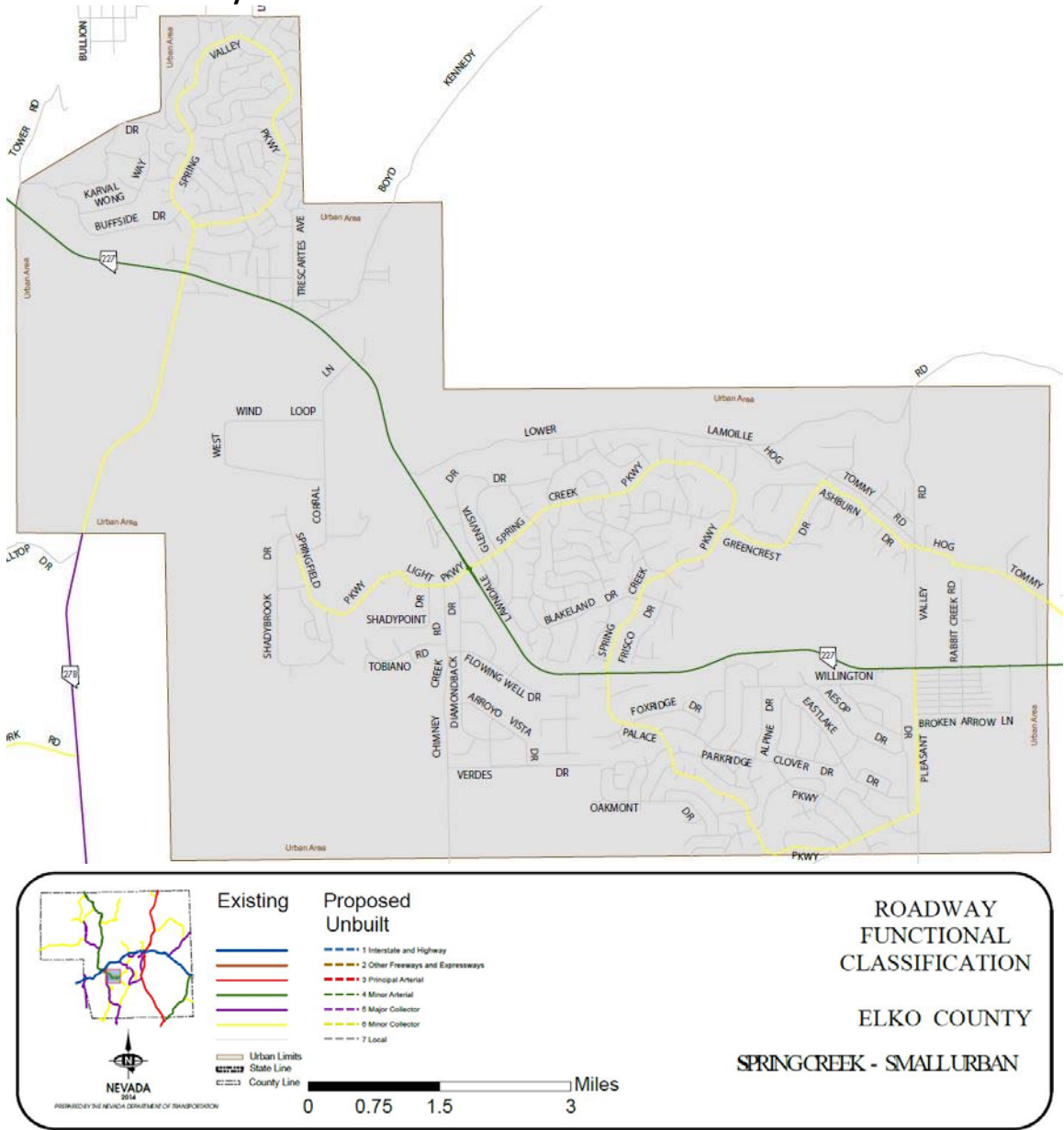
SCA residents asked for an explanation of: 1) why other towns in Elko County receive consolidated tax distributions; 2) why a new government entity cannot receive a portion of property taxes that are already paid to Elko County; and 3) why additional State or Federal funds are not available for road maintenance.

1) The towns of Jackpot and Montello receive consolidated tax distributions because prior to July 1, 1998, each town was receiving a distribution from the proceeds of a tax that is now included in the Local Government Tax Distribution Account (NRS 360.670).

2) The County avails services to Spring Creek residents, services which may be totally or partially funded with property tax revenue, such as: sheriff, fire, library, senior center, local court system, animal control, ambulance, social services, planning, etc. Given that expenses are tentatively budgeted to be greater than revenues for the 2017-2018 fiscal year for Elko County, additional funds are not available for redistribution. The only service that could be paid for with C-tax is Sheriff, and only under the Town governance alternative, as explained in this report. There is no evidence of the County subsidizing towns within the County; each town levies a separate ad valorem tax rate on top of the rates imposed by the County.

3) Federal aid funds (which are distributed through the Nevada Department of Transportation) are granted based on the functional classification of a roadway. These funds are generally not available for local streets (which is the state classification for all SCA maintained roads); they fund interstates, highways, and other principal roadways. The map of the roadway functional classification from the Nevada Department of Transportation for Spring Creek is shown in **Figure 9** below.

Figure 9
Functional Roadway Classification



SECTION 5: WATER AND WASTEWATER SERVICE

SCA residents have expressed concern over the Spring Creek Utilities Company (now known as Great Basin Water Company) management and rates, and have expressed interest in taking ownership of the utilities. Both a GID and a Town could provide water and wastewater services. Additionally, a cooperative agreement with the County would allow either entity to provide service outside of its boundaries if necessary.

5.1 FINANCIAL OVERVIEW

Ownership requires purchasing the system from a private entity. Estimating the purchase price would require a feasibility study. The potential purchase price and analysis of taxes and fees incurred by a public utility are important factors in calculating rates. A preliminary assessment of the Public Utilities Commission of Nevada (PUCN) dockets for SCU suggests that the utilities systems require a significant amount of investment based on the current state of infrastructure. Even if the utility was purchased, rates would likely be just as high for at least the first 10 plus years to pay debt service for the purchase; over time they *may* be lower than they would have been under continued private ownership (dependent upon the state of infrastructure and water quality regulations).

Table 14 on the following page shows the revenues and expenses for both the water and wastewater functions of the SCU. Utilities regulated by the PUCN are allowed by law to earn a rate of return. The net operating income includes the allowance for a rate of return, as well as costs associated with rate cases, and to have a cash balance for emergency expenditures. As a locally owned municipal utility, the rate of return and costs associated with rate cases are eliminated, which could possibly provide for savings after the debt of purchasing the system is paid off if the state of infrastructure is in good condition and water quality regulations have not changed.

Table 14
Spring Creek Utilities Estimated Annual Revenues and Expenses

Revenues and Expenses	Calendar Year 2015		
	Water	Wastewater	Combined Utilities
Operating Revenues			
Water & Wastewater Rates / Sales	\$4,370,072	\$146,661	\$4,516,733
Other Revenues	\$42,781	\$531	\$43,312
Total Revenues	\$4,412,853	\$147,192	\$4,560,045
Operating Expenses			
Labor	\$465,500	\$18,760	\$484,260
Utilities	\$275,410	\$8,879	\$284,289
Chemicals	\$46,724	\$0	\$46,724
Materials, Supplies	\$60,885	\$3,930	\$64,815
Professional Services	\$65,996	\$260	\$66,256
Vehicles	\$21,580	\$793	\$22,373
Insurance	\$49,659	\$1,989	\$51,648
Other	\$37,014	\$3,910	\$40,924
Office supplies, travel, licenses & other	\$171,907	\$12,395	\$184,302
Deferred Maintenance	\$342,048	\$1,492	\$343,540
Subtotal Operating Expenses [1]	\$1,536,723	\$52,408	\$1,589,131
Depreciation / System Rehabilitation [2]	\$1,115,218	\$31,024	\$1,146,242
Total Expenses	\$2,651,941	\$83,432	\$2,735,373
Net Operating Income	\$1,760,912	\$63,760	\$1,824,672
Revenue Requirement [3]	\$2,609,160	\$82,901	\$2,692,061

Source: PUCN Docket 16-1003, "Spring Creek Utilities Company Annual Report for the year ended December 31, 2015".

water

[1] Excludes rate case amortization.

[2] Full depreciation collected each year for repair and replacement of major infrastructure.

[3] Amount to be collected from rates /sales.

SECTION 6: CONCLUSION

6.1 KEY FINDINGS

- There aren't any new sources revenue that become available to Spring Creek under the alternative governance structures examined (DMR, GID, or Unincorporated Town). Consolidated tax receipts offer no net gain. **None of the governance structures would reduce the total cost to Spring Creek residents; in fact, all of the options increase the cost to residents.**
 - The labor costs associated with any new public entity are higher than current SCA labor costs. In the calculations of expenses, municipal salaries are 23 percent higher than SCA, and the benefits as a percentage of base pay increase from 42 percent (SCA) to 55 percent (new public entity).
 - The level of service for roads and amenities are not increased in any scenario. All figures are based on current level of service. Any improvements or capital projects will increase costs for any scenario. Under all alternative governance scenarios, capital projects would become subject to prevailing wages which would increase costs greater than is demonstrated in this report.
- **Residents are the source of revenue for all the examined governance structures; only the methodology for collecting the money changes by governance structure.**
 - SCA assessments charge homeowners equally. Under all other governance scenarios (except SCA and DMR), collection of ad valorem taxes means that homeowners with higher assessed values will pay more than homeowners with lower assessed values.
 - At current service levels, estimated annual costs for a typical home in the SCA is \$600 for SCA Only, \$626 for SCA and DMR, \$649 for SCA & Road GID, \$718 for SCA & Multiservice GID, and \$692 for SCA and Town.
 - If SCA decides to remain a homeowners' association, SCA dues should increase based on the cost of living index (as indicated in the Declaration of Reservations) to account for rising costs over time. Additionally, following a regularly updated reserve study and raising dues to adequately fund a reserve replacement fund would plan for the deterioration and timely replacement of SCA assets and roads.
- **There are several limitations, or constraints, associated with the governance alternatives.**

- Due to SCA being within 7 miles of the City of Elko border, the formation of a GID requires unanimous approval of the Board of County Commissioners.
- A Town must have contiguous borders, which would require the exclusion of the 200 Tract (Vista Grande), or addition of properties between the 200 Tract and the rest of the SCA.
- Sale or transfer of SCA assets (property, equipment) to a new public entity requires approval by a majority vote. Note, this would not apply to roads, which are owned by the County.
- Sale or transfer of all or any part of the Common Recreation Facilities to the County (Town) requires approval of at least seventy-five percent (75%) of the total number of votes in the Association. This does not apply to a GID.
- A review of the Public Utilities Commission of Nevada dockets for Spring Creek Utilities (now known as Great Basin Water Company) suggests that **the water and wastewater utilities systems require a significant amount of investment based on the current state of infrastructure.**
 - If these systems come under municipal ownership, initially, rates would likely be just as high for at least the first 10 plus years to pay debt service for the purchase of the systems. Over time rates may be lower as a public rather than private entity (dependent upon the state of infrastructure and water quality regulations).
 - The greatest advantage to municipal ownership, at least in the short term, is local control and management by the users of the systems.

6.2 APRIL 1, 2017 WORKSHOP AND RESULTS

A workshop was conducted with the SCA Board on April 1, 2017 at a specially scheduled public meeting. Legal constraints and estimated costs and revenues were presented for each governance alternative. HEC led the Board in a ranking exercise to help the SCA Board of Directors understand what topics are important to SCA in considering a new type of government. Topics presented included: ease of formation, boundary constraints, ability to incur debt, etc. (as described in more detail in this report). HEC asked the Board to reach a consensus on a percentage weighting for each topic. The weighting sheet is provided in **Table A-29** in Appendix A.

Each of the five Board members in attendance then ranked each governance alternative with a one through five score (one being the most preferred option, and five the least preferred) by topic. HEC tallied the rankings and applied the weighting per **Table A-29**. The completed ranking matrix is included as **Table A-30** in Appendix A.

The Board workshop ranking process resulted in remaining an HOA (10.25) as the most preferred option, a multi-service GID second most preferred option (10.50), a roads-only GID third (14.20), a district for maintenance of roads fourth (17.85), and an unincorporated town the least preferred option (21.25). These scores are not scientific and subject to the interpretation and understanding of HEC's instructions to the Board.

- The preferred ranked governance structure is to remain a private property owners' association. This structure gives residents the most autonomy with the lowest relative cost compared to the alternative governance scenarios.
- A multi-service GID is the next preferred ranked governance structure, provided SCA residents want to pursue ownership of the water and wastewater utilities. A GID has the legal authority to provide these services and residents can exert influence on the GID through board participation and SCA board participation.

APPENDIX A

SUPPORTING INFORMATION AND DATA

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Table A-1
Spring Creek Governance Feasibility
Golf Course Annual Passes Sold

Year	Passes
2010	241
2011	235
2012	237
2013	242
2014	232
2015	235
2016	231

Source: Spring Creek HOA. golf pass

Table A-2
Spring Creek Governance Feasibility
Rounds Played by Course and Ownership Type

Year	Course	Non Property Owner	Owner	Total	Non Owner Percentage
2010	9 Hole	565	2,564	3,129	18%
	18 Hole	653	1,393	2,046	32%
2011	9 Hole	504	1,924	2,428	21%
	18 Hole	571	1,037	1,608	36%
2012	9 Hole	369	2,623	2,992	12%
	18 Hole	487	1,680	2,167	22%
2013	9 Hole	583	2,724	3,307	18%
	18 Hole	807	1,402	2,209	37%
2014	9 Hole	404	2,474	2,878	14%
	18 Hole	526	1,652	2,178	24%
2015	9 Hole	409	2,525	2,934	14%
	18 Hole	481	1,425	1,906	25%

Source: Spring Creek HOA.

rounds

Table A-3
Spring Creek Governance Feasibility
Golf Course Profit & Loss 2013-2015

Revenues and Expenses	Calendar Year		
	2013	2014	2015
Income			
5290 - OVER/SHORT	\$0	\$0	\$150
5302 - GREEN FEES	\$92,403	\$85,620	\$83,095
5303 - TOURNAMENTS	\$23,283	\$22,767	\$19,481
5305 - GC RESTAURANT RENT	\$3,000	\$3,000	\$3,000
5307 - CART STORAGE	\$5,900	\$6,250	\$5,700
5308 - GC ANNUAL MEMBERSHIP	\$61,200	\$57,550	\$57,900
5309 - GC CART RENTAL	\$58,715	\$59,566	\$61,454
5310 - GOLF CART TRAIL FEE	\$15,575	\$13,660	\$13,650
5900 - SALE OF PARTS/EQUIPMENT	\$0	\$0	\$0
5990 - MISC REVENUE	\$8,284	\$8,767	\$5,470
Total Income	\$268,360	\$257,179	\$249,900
Expense			
7010 - LABOR EXPENSE	\$86,724	\$87,375	\$84,752
7190 - PAYROLL RELATED EXPENSES	\$8,347	\$7,834	\$8,175
7191 - GROUP INSURANCE	\$13,699	\$12,506	\$14,806
7192 - CDL EXPENSE	\$0	\$0	\$0
7195 - 401K BENEFIT	\$1,000	\$1,500	\$1,500
7300 - WORKMAN'S COMP	\$2,954	\$2,776	\$2,637
8135 - TRAINING	\$0	\$50	\$0
8336 - GC COURSE SUPPLIES	\$15,853	\$6,517	\$5,957
8510 - GOLF PRO CONTRACT	\$55,308	\$55,955	\$57,238
8546 - TURF EQUIPMENT REPAIR	\$7,985	\$500	\$10,381
8547 - CART PATH IMPROVEMENT	\$3,372	\$0	\$17,534
8549 - GASOLINE	\$7,010	\$12,633	\$2,641
8551 - GOLF CART REPAIR	\$78	\$3,391	\$4,364
8552 - GROUNDS MAINTENANCE	\$51	\$6,920	(\$1,454)
8554 - HEALTH & SAFETY	\$64	\$139	\$42
8555 - VEHICLE MAINTENANCE	\$633	\$218	\$47
8559 - SANITATION SERVICES	\$3,994	\$419	\$701
8560 - DIESEL	\$5,661	\$4,392	\$3,357
8565 - GOLF CART GAS	\$1,041	\$3,408	\$3,677
8567 - TOOLS & EQUIPMENT	\$548	\$1,262	\$2,716
8569 - WEED ABATEMENT	\$0	\$0	\$0
8570 - SUPPLY MATERIAL	\$0	\$893	\$315
8571 - FERTILIZER	\$9,401	\$15,821	\$13,922
8575 - IRRIGATION SYSTEM	\$12,935	\$11,481	\$13,510
8576 - BUILDING MAINTENANCE	\$5,716	\$9,365	\$3,065
8577 - LANDSCAPE SUPPLY	\$641	\$410	\$15
8590 - RENTAL EQUIPMENT	\$492	\$615	\$328
8621 - WATER-SEWER UTILITY	\$296,335	\$251,576	\$208,761
8622 - POWER UTILITY	\$4,149	\$4,821	\$4,611
8623 - PHONE UTILITY	\$418	\$424	\$430
8625 - PROPANE UTILITY	\$2,310	\$3,142	\$2,221
8662 - CREDIT CARD FEES	\$4,018	\$3,952	\$4,409
8989 - VEHICLE LICENSE	\$130	\$66	\$332
8994 - VANDALISM	(\$1,895)	(\$100)	\$0
9110 - BUSINESS EXPENSE	\$465	\$475	\$375
9165 - PROPERTY INSURANCE	\$10,480	\$10,065	\$10,516
Total Expense	\$559,918	\$520,801	\$481,879
Net Income	(\$291,558)	(\$263,622)	(\$231,979)

Source: Spring Creek Association.

golf pl

Table A-4
Spring Creek Governance Feasibility
Horse Palace Annual Passes Sold

Year	Passes Sold
2014	57
2015	60

Source: Spring Creek HOA.

pal pass

Table A-5
Spring Creek Governance Feasibility
Spring Creek Association Operating Fund Historical Financials and 2016 Budget

Account Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016
INCOME							
<i>Operating Fund Only</i>							
COA Revenue	\$23,050	\$33,350	\$46,060	\$35,900	\$32,250	\$32,740	\$30,000
Lease Fees	\$5,448	\$5,902	\$5,448	\$5,448	\$5,448	\$5,448	\$5,448
Kiosk Rev Monthly	\$13,251	\$14,007	\$14,557	\$15,414	\$14,951	\$17,119	\$14,000
Credit Card Convenience Fee							\$4,800
Cash Over/Short	\$330					\$150	\$0
Green Fees	\$69,775	\$65,710	\$83,494	\$92,403	\$86,620	\$83,095	\$80,000
Tournaments	\$15,960	\$17,792	\$17,295	\$23,283	\$22,767	\$19,481	\$20,000
Punch Card	\$550						\$0
GC Restaurant Rent	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cart Storage	\$5,450	\$4,700	\$5,900	\$5,900	\$6,250	\$5,700	\$6,000
Golf Course Annual Mbrshp	\$52,640	\$53,995	\$59,165	\$61,200	\$57,550	\$57,900	\$58,000
Cart Rental	\$54,080	\$50,632	\$59,699	\$58,715	\$59,566	\$62,054	\$58,000
Golf Cart Access Fees	\$11,950	\$12,600	\$14,540	\$15,575	\$13,660	\$13,650	\$14,000
Corral Rent	\$313						
HP Concession Lease	\$4,200	\$4,200	\$595	\$1,835	\$2,275	\$2,275	\$2,100
HP Bar Revenue	\$3,600	\$3,900	\$935	\$1,970	\$2,105	\$2,000	\$2,100
HP Facility Rental	\$12,550	\$12,921	\$11,971	\$9,045	\$11,920	\$14,365	\$12,500
Utility Reimbursement	\$7,506	\$8,847	\$7,151	\$7,169	\$9,119	\$8,350	\$7,000
Ranch Hand Rodeo	\$33,192	\$27,110	\$22,389	\$17,865	\$23,671	\$20,690	\$20,000
Pasture Lease	\$2,478	\$2,904	\$2,835	\$3,377	\$3,186	\$2,908	\$2,980
Stall Rent	\$3,521	\$2,820	\$926	\$400	\$3,425	\$2,618	\$2,820
House Rental	\$17,900	\$17,317	\$21,050	\$19,020	\$22,587	\$22,800	\$22,800
Passes Purchased	\$8,272	\$8,385	\$6,296	\$7,987	\$9,454	\$9,759	\$7,600
Billboard & Chute	\$3,150	\$3,500	\$3,788	\$4,200	\$3,850	\$3,861	\$3,850
AR/PO Assessment	\$2,904,120	\$2,912,069	\$2,901,960	\$2,965,896	\$3,094,484	\$3,159,324	\$3,223,800
AR/PO Assess. Refund	(\$3,901)	(\$11,569)			(\$5,488)	(\$1,608)	(\$3,600)
Road Mtc Assessment			\$190	\$306	\$430	\$810	\$850
Targets Thrown	\$4,407	\$2,304	\$4,240	\$5,056	\$5,042	\$5,113	\$5,500
Reservations/Keys	\$730	\$4,610	\$4,200	\$4,690	\$5,480	\$4,855	\$4,200
Player Use Fees	\$4,890	\$4,080	\$5,910	\$10,070	\$7,750	\$8,940	\$9,000
Grants	\$190,984	\$190,000	\$225,000	\$190,000	\$190,000	\$190,000	\$190,000
Legal Revenue	\$132,757	\$170,487	\$118,781	\$138,861	\$138,701	\$186,628	\$90,000
Campground Key	\$5,285						\$0
Interest Income	\$24,216	\$11,557	\$11,220	\$9,965	\$874	\$563	\$4,800
Late Fee Income	\$77,790	\$71,760	\$67,540	\$67,670	\$75,930	\$77,740	\$67,500
Transfer Fees	\$50,550	\$69,100	\$90,450	\$108,300	\$83,200	\$92,600	\$76,800
Gain on Fixed Assets	\$16,560						\$0
Lot Inventory Sale Gain	(\$1,541)						\$0
Spec Ev 4th July	\$8,925	\$12,395	\$11,600	\$11,250	\$9,350	\$9,550	\$10,500
Misc. Revenue	\$102,578	\$13,114	\$7,158	\$13,321	\$13,132	\$6,140	\$5,000
NSF Check Fee	\$1,560	\$1,760	\$2,360	\$2,000	\$2,240	\$2,280	\$1,920
Unrealized Gain/Loss		(\$1,001)	\$264	(\$1,683)			
TOTAL INCOME	\$3,872,076	\$3,804,258	\$3,837,967	\$3,915,408	\$4,014,777	\$4,132,898	\$4,063,268
EXPENSES							
Labor Related Expenses							
Labor	\$837,473	\$875,208	\$880,414	\$857,672	\$926,711	\$960,383	\$1,079,541
Snow/Fire/Roads							\$7,800
P/R related expense	\$74,198	\$77,993	\$85,314	\$84,330	\$87,839	\$96,949	\$135,918
Group Insurance	\$123,230	\$138,682	\$133,815	\$138,398	\$186,292	\$164,719	\$235,800
CDL Expense	\$775	\$850	\$629	\$1,249	\$840	\$895	\$825
401(k) Benefit	\$11,744	\$10,721	\$9,400	\$9,794	\$16,238	\$15,553	\$37,000
Worker's Comp	\$29,544	\$25,772	\$29,544	\$29,544	\$27,082	\$29,544	\$41,421
Total Labor Related Expense	\$1,076,964	\$1,129,226	\$1,139,116	\$1,120,987	\$1,245,000	\$1,268,043	\$1,538,304
General Expenses							
Transfer Oper/Reserve							
Advertising	\$564	\$1,660	\$998	\$2,168	\$2,916	\$1,686	\$6,000
Training	\$520	\$1,730		\$345	\$50	\$638	\$2,500
Travel	\$581		\$1,010		\$8,482	\$754	\$5,600
Special Events	(\$377)						\$0
Community Projects	\$18						\$0
Spec Ev 4th July	\$8,023	\$8,483	\$9,514	\$8,647	\$11,887	\$11,362	\$12,000
Donations	\$5,100						\$0
Shop Rags	\$160						\$0
Books	\$192						\$0
Course Supplies	\$3,708	\$9,859	\$6,810	\$15,853	\$6,517	\$5,957	\$9,000
Subscriptions	\$45						\$0
Golf Pro Contract	\$52,086	\$51,863	\$53,631	\$55,308	\$55,955	\$57,238	\$57,500
Medical Supplies	\$1,196						\$0
Nuts & Bolts	\$4,004						\$0
Purchase Services	\$76,127	\$73,052	\$9,350	\$58,106	\$20,785	\$5,800	\$46,250
Purchase Services-Financial	\$15,900	\$15,900	\$14,695	\$15,120	\$18,775	\$17,575	\$19,000
Purchase Services-Computer	\$4,778	\$21,039	\$6,465	\$6,600	\$8,542	\$6,587	\$7,800
Contracted Snow Removal	\$120						\$0
Security System	\$1,877						\$0
Transcribe Svc	\$1,530	\$1,590	\$1,480	\$1,760	\$2,620	\$3,290	\$2,880
Salt	\$20,353	\$20,319	\$24,088	\$24,955	\$23,837	\$11,965	\$24,000
Welding Equipment	\$999						\$0
Legal Expense Corporate	\$37,875	\$52,220	\$33,045	\$28,630	\$24,095	\$45,145	\$38,400
Legal Expense Assessments	\$157,187	\$137,058	\$124,829	\$130,778	\$139,551	\$135,549	\$90,000
Legal Expense COA	\$8,532	\$9,191	\$14,850	\$19,845	\$10,015	\$16,870	\$12,000
Legal Expense - Arsenic		\$36,628					\$0
Legal Expense - Rate Case			\$100,467				\$0
Equipment Repair	\$10,284						\$0

Table A-5
Spring Creek Governance Feasibility
Spring Creek Association Operating Fund Historical Financials and 2016 Budget

Account Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016
Property Damage Repair	\$255	\$1,111			(\$608)	\$1,222	\$600
Ranch Hand Rodeo	\$26,193	\$22,680	\$15,977	\$12,595	\$16,700	\$15,914	\$20,000
Trees	\$134						\$0
Signs	\$1,574						\$0
Road Supplies (signs, etc)	\$595	\$10,319	\$8,433	\$11,566	\$12,564	\$5,045	\$9,000
Tractor Repair	\$1,242						\$0
Turf Equip Repair (Mower)	\$13,196	\$11,534	\$10,971	\$8,327	\$13,805	\$11,592	\$17,900
Cart Path Improvements						\$17,534	\$27,000
Gasoline	\$25,431	\$29,079	\$29,556	\$35,484	\$33,483	\$23,408	\$31,800
Golf Cart Repair	\$7,571	\$4,590	\$5,667	\$7,010	\$6,920	\$4,364	\$6,500
Grounds Maintenance	(\$2,380)	\$16,380	\$5,907	\$12,068	\$6,068		\$31,600
Personal Safety - Not Used	\$689						\$0
Health & Safety	(\$1,538)	\$5,954	\$5,330	\$4,712	\$4,757	\$4,504	\$5,300
Vehicle Maintenance	\$45,244	\$33,621	\$63,128	\$62,459	\$53,079	\$89,323	\$71,400
Barn/Stall/Fence	\$7,484						\$0
Feed & Bedding		\$800			\$1,205	\$915	\$1,000
Traffic Cont Dev	\$320						\$0
Sanitation Service	\$4,902	\$7,154	\$6,756	\$7,851	\$8,853	\$6,456	\$8,200
Diesel	\$33,546	\$30,113	\$37,156	\$51,072	\$38,413	\$41,660	\$41,300
Lubrication Supplies	\$7,855	\$9,912	\$7,499	\$9,569	\$7,250	\$8,515	\$9,000
Filters	\$3,271						\$0
Golf Cart Gas	\$2,868	\$5,799	\$5,181	\$5,661	\$3,408	\$3,677	\$6,000
Sand Golf Course	\$6,182						\$0
Tools/Equipment	(\$1,757)	\$2,381	\$5,425	\$5,001	\$6,106	\$12,326	\$17,000
Sand & Gravel-Roads	\$10,151	\$13,627	\$19,661	\$10,468	\$16,204	\$11,974	\$20,000
Weed Abatement	\$15,929	\$14,588	\$5,585	\$8,814	\$7,774	\$5,163	\$16,000
Supply Material	\$7,976	\$11,740	\$8,452	\$6,237	\$9,364	\$7,801	\$8,620
Fertilizer	\$19,784	\$21,713	\$12,097	\$12,216	\$22,577	\$22,537	\$25,000
Hot Mix	\$93,001	\$60,716	\$106,327	\$145,531	\$58,936	\$89,316	\$120,000
Janitorial Supply	\$2,834	\$2,072	\$1,560	\$2,113	\$1,984	\$1,787	\$2,400
Irrigation System	\$12,536	\$23,066	\$11,284	\$15,661	\$16,753	\$22,316	\$28,300
Building Maintenance	\$27,992	\$53,591	\$24,441	\$23,249	\$17,645	\$15,381	\$72,800
Landscape Supplies	\$721	\$802	\$4,640	\$667	\$410	\$94	\$13,000
Fire Extinguisher	\$1,233						\$0
Uniforms	\$1,171						\$0
Fish Supplier	\$3,040	\$3,055	\$3,055	\$3,055	\$3,055	\$3,055	\$3,200
Computer Forms	\$1,125						\$0
Special Printing	\$1,817	\$2,210	\$1,959	\$1,394	\$1,231	\$1,235	\$1,500
Election Expense		\$6,645		\$5,164		\$4,668	\$0
Office Supplies	\$4,042	\$6,622	\$5,170	\$4,690	\$6,687	\$6,397	\$6,600
Office Equipment Supplies	\$884						\$0
Kitchen Supply	\$54						\$0
Cold Mix	\$12,808	\$11,944	\$5,906	\$0	\$113	\$356	\$0
Rental Equipment	\$12,244	\$9,850	\$7,392	\$7,135	\$6,294	\$11,290	\$9,100
Machine Rent/Lease	\$2,421	\$2,643	\$2,643	\$2,643	\$2,685	\$2,944	\$3,300
Vehicle Mileage	\$2,481	\$3,587	\$2,903	\$3,559	\$613	\$1,282	\$3,600
Cell Phone Billing	\$1,289	\$1,086	\$1,295	\$1,271	\$1,916	\$1,253	\$1,440
Water-Sewer Utility	\$247,377	\$228,109	\$295,053	\$455,037	\$348,496	\$319,801	\$430,250
Power - Utility	\$34,983	\$31,324	\$32,328	\$32,714	\$31,675	\$31,134	\$34,150
Telephone - Utility	\$8,507	\$8,885	\$8,867	\$8,437	\$8,030	\$8,500	\$9,600
Radio/Mobile Repeater	\$3,125	\$3,052	\$3,550	\$3,681	\$4,460	\$4,547	\$5,000
Propane	\$18,992	\$19,679	\$11,422	\$19,255	\$13,120	\$9,140	\$20,250
Dues & Fees	\$2,130						\$0
Bank Charges	\$1,165	\$982	\$1,633	\$1,864	\$1,510	\$4,586	\$5,600
Credit Card % Fees	\$4,141	\$4,261	\$4,755	\$7,144	\$9,990	\$12,987	\$13,150
Postage/Freight	\$14,651	\$15,174	\$11,679	\$12,171	\$12,620	\$12,668	\$16,000
Board Expense	\$252						\$0
COA BD Mileage	\$177						\$0
Vehicle License	\$6,764	\$7,346	\$11,719	\$10,817	\$10,938	\$11,942	\$12,670
Misc. Expense	\$81	\$1					\$0
Kiosk Expense	\$6,190	\$4,334	\$8,000	\$4,912	\$2,227	\$6,376	\$4,800
Employee Expense	\$3,963						\$0
Vandalism			(\$2,081)	(\$1,895)	(\$100)		\$0
Paving/Sealing/Chipping	\$678,910		\$596,210	\$516,150	\$621,836	\$530,812	\$650,000
Ann Pro Owner Day/Business Expenses	\$331	\$7,218	\$8,286	\$8,557	\$8,462	\$10,158	\$10,680
Property Insurance	\$172,846	\$182,388	\$199,325	\$185,535	\$183,894	\$192,736	\$203,640
Personal Prop & Property Taxes	\$3,073	\$4,657	\$4,317	\$5,581	\$6,611	\$11,179	\$10,400
Tract 106D		\$449					\$0
Capital Outlay Expenses	\$720	(\$13,767)				\$105,867	\$127,384
FCC Owner's Rep						\$46,291	\$0
Fairway Community Center						\$188,212	\$0
Clubhouse Reserve				\$23,362			\$0
Total General Expenses	\$2,038,170	\$1,385,668	\$2,027,651	\$2,148,679	\$1,984,039	\$2,291,964	\$2,524,964
TOTAL EXPENSES	\$3,115,134	\$2,514,894	\$3,166,767	\$3,269,666	\$3,229,039	\$3,560,006	\$4,063,268
NET OPERATING INCOME	\$756,942	\$1,289,364	\$671,200	\$645,742	\$785,738	\$572,892	(\$0)

Source: Spring Creek Association.

op inc

Table A-6
Spring Creek Governance Feasibility
Operating Fund Expenses by Function

Expenses	2013	2014	2015	Total % Change
	<i>Expenses by Function include Labor</i>			
Administration	\$785,231	\$732,824	\$774,376	-1%
Roads	\$1,427,406	\$1,511,303	\$1,386,592	-3%
Amenities				
Golf	\$559,918	\$520,801	\$462,358	-17%
Horse Palace	\$122,807	\$121,192	\$122,618	0%
Facilities & Security [1]	\$374,305	\$342,919	\$407,883	9%
Subtotal Amenities	\$1,057,029	\$984,912	\$992,859	-6%
Total Expenses	\$3,269,666	\$3,229,039	\$3,153,827	-4%

Source: Spring Creek Association and HEC.

func exp

[1] Includes trap & skeet, the marina, sports complex and Vista Grande park, rifle range and campground, as well as security.

Table A-7
Spring Creek Governance Feasibility
Labor-related Expenses

Labor Expense	Calendar Year		
	2013	2014	2015
Function		<i>Labor Costs Only</i>	
Roads	\$498,269	\$572,854	\$633,350
Golf	\$112,724	\$111,990	\$111,869
Horse Palace	\$34,938	\$37,582	\$40,818
Facilities & Security [1]	\$144,269	\$173,992	\$223,018
Subtotal by Function	\$790,200	\$896,418	\$1,009,055
Administration	\$330,787	\$348,582	\$258,988
Total Labor	\$1,120,987	\$1,245,000	\$1,268,043

Source: HEC and Spring Creek Association.

labor

[1] Includes trap & skeet, the marina, sports complex and Vista Grande park, rifle range and campground, as well as security.

Table A-8
Spring Creek Governance Feasibility
Summary of Net Operating Income

	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016
Income							
				<i>Operating Fund Only</i>			
Assessments	\$2,904,120	\$2,912,069	\$2,901,960	\$2,965,896	\$3,094,484	\$3,159,324	\$3,223,800
RTC Funds from County	\$190,984	\$190,000	\$225,000	\$190,000	\$190,000	\$190,000	\$190,000
User Fees	\$436,902	\$336,836	\$354,137	\$377,331	\$381,757	\$369,104	\$356,950
All Other	\$340,070	\$365,353	\$356,870	\$382,181	\$348,536	\$414,470	\$292,518
Total Income	\$3,872,076	\$3,804,258	\$3,837,967	\$3,915,408	\$4,014,777	\$4,132,898	\$4,063,268
Expenses							
Labor	\$1,076,964	\$1,129,226	\$1,139,116	\$1,120,987	\$1,245,000	\$1,268,043	\$1,538,304
Professional Services	\$349,237	\$377,502	\$352,347	\$309,547	\$271,796	\$281,466	\$266,030
Roads [1]	\$996,440	\$301,097	\$962,822	\$929,137	\$930,774	\$892,376	\$1,075,270
Non-Road Facilities	\$260,503	\$310,257	\$239,108	\$219,559	\$237,103	\$260,971	\$394,860
Water Utilities	\$247,377	\$228,109	\$295,053	\$455,037	\$348,496	\$319,801	\$430,250
Other Utilities [2]	\$122,748	\$120,166	\$120,624	\$148,233	\$126,637	\$115,094	\$138,540
All Other	\$61,865	\$48,537	\$57,697	\$87,166	\$69,233	\$422,255	\$220,014
Total Expenses	\$3,115,134	\$2,514,894	\$3,166,767	\$3,269,666	\$3,229,039	\$3,560,006	\$4,063,268
Net Operating Income	\$756,942	\$1,289,364	\$671,200	\$645,742	\$785,738	\$572,892	(\$0)

Source: Spring Creek Association and HEC.

sum op inc

[1] Includes vehicle maintenance.

[2] Includes gas, diesel, propane, cell phone, telephone, and power.

Table A-9
Spring Creek Governance Feasibility
Historical Cash and Cash Equivalents

Fund	2010	2011	2012	2013	2014	2015
Cash and Cash Equivalents						
Operating	\$758,903	\$1,110,185	\$802,086	\$1,074,625	\$1,178,896	\$1,234,550
Property	\$22,238	\$22,440	\$39,973	\$64,576	\$87,511	\$15,266
Replacement	\$409,848	\$8,604	\$68,693	\$268,246	\$72,903	\$45,218
Total Cash All Funds	\$1,190,989	\$1,141,229	\$910,752	\$1,407,447	\$1,339,310	\$1,295,034

Source: SCA Audited Financials.

audits

Table A-10
Spring Creek Governance Feasibility
Operating Fund Expenses

Expenses	2010	2011	2012	2013	2014	2015
General	\$895,461	\$829,010	\$848,538	\$748,563	\$732,824	\$774,376
Golf Course	\$368,272	\$401,251	\$461,252	\$559,917	\$520,801	\$462,358
Horse Palace	\$164,195	\$144,559	\$123,139	\$122,806	\$121,192	\$122,618
Trap and Skeet	\$7,864	\$6,142	\$5,370	\$9,251	\$6,878	\$7,960
Buildings and Facilities	\$333,250	\$290,585	\$204,649	\$296,948	\$255,495	\$321,593
Roads	\$1,277,584	\$765,271	\$1,461,574	\$1,440,777	\$1,511,303	\$1,386,592
Security	\$70,915	\$78,063	\$62,244	\$68,105	\$80,546	\$78,330
Total Expenses	\$3,117,541	\$2,514,881	\$3,166,766	\$3,246,367	\$3,229,039	\$3,153,827

Source: SCA Audited Financials.

audit func

Table A-11
Spring Creek Governance Feasibility
Estimated Spring Creek 2016 Road Costs

Expenses	Budget 2016
Labor Related Expenses	<i>Costs Allocated to Roads</i>
Wages	\$436,058
Insurance	\$148,568
401K	\$7,500
CDL Expense	\$825
Payroll Expense	\$41,224
Total Labor Related Expense	\$634,175
General Expenses	
Training	\$2,500
Salt	\$24,000
Property Damage Repair	\$1,300
Road Supplies (signs, etc)	\$9,000
Gasoline	\$10,000
Vehicle Maintenance	\$68,000
Sanitation Service	\$8,200
Diesel	\$39,500
Lubrication Supplies	\$9,000
Tools/Equipment	\$17,000
Sand & Gravel-Roads	\$20,000
Weed Abatement	\$16,000
Supply Material	\$8,700
Hot Mix	\$120,000
Office Supplies	\$500
Rental Equipment	\$9,100
Computer Repair	\$1,800
Cell Phone Billing	\$300
Water-Sewer Utility	\$1,800
Power - Utility	\$6,100
Telephone - Utility	\$9,600
Radio/Mobile Repeater	\$5,000
Propane	\$4,600
Vehicle License	\$12,670
Paving/Sealing/Chipping	\$650,000
Property Insurance	\$20,600
Total General Expenses	\$1,075,270
Total Estimated Spring Creek Road Function Expenses	\$1,709,445

Source: HEC and Spring Creek Association.

road exp

Table A-12
Spring Creek Governance Feasibility
Historical Labor Costs for Roads Department

Road Labor Costs	2010	2011	2012	2013	2014	2015	2016
Gross Wages	\$326,207	\$349,771	\$383,258	\$374,714	\$386,021	\$436,058	\$436,058
Insurance	\$61,908	\$74,307	\$93,498	\$82,252	\$144,536	\$148,568	\$148,568
401K	\$5,000	\$5,964	\$6,095	\$5,000	\$7,800	\$7,500	\$7,500
Payroll Expense	\$27,245	\$30,731	\$35,694	\$36,303	\$34,497	\$41,224	\$42,049
Total	\$420,360	\$460,773	\$518,545	\$498,269	\$572,854	\$633,350	\$634,175

Source: Spring Creek Association

road lab

Table A-13
Spring Creek Governance Feasibility
Horse Palace Profit and Loss 2013-2015

Revenues and Expenses	Calendar Year		
	2013	2014	2015
Income			
5350 - HP CONCESSION LEASE	\$1,835	\$2,275	\$2,275
5351 - HP BAR REVENUE	\$1,970	\$2,105	\$2,000
5352 - HP FACILITY RENT	\$9,045	\$11,920	\$14,365
5353 - UTILITY REIMBURSEMENT	\$7,069	\$7,512	\$7,946
5354 - RANCH RODEO	\$17,865	\$23,671	\$20,690
5355 - PASTURE/HAY REVENUE	\$935	\$720	\$665
5356 - STALL RENTAL	\$400	\$3,425	\$2,618
5358 - PASSES PURCHASED	\$7,957	\$9,090	\$9,289
5359 - HP BILLBOARD & CHUTE	\$4,200	\$3,850	\$3,861
5900 - SALE OF PARTS/EQUIPMENT	\$0	\$0	\$0
5990 - MISC REVENUE	\$2,647	\$0	\$320
5991 - NSF CHECK FEE	\$40	\$240	\$80
Total Income	\$53,963	\$64,808	\$64,109
Expense			
7010 - LABOR EXPENSE	\$30,536	\$33,087	\$35,687
7190 - PAYROLL RELATED EXPENSES	\$3,274	\$3,279	\$3,754
7191 - GROUP INSURANCE	\$76	\$152	\$263
7300 - WORKMAN'S COMP	\$1,052	\$1,065	\$1,114
8520 - PURCHASE SERVICES	\$0	\$0	\$350
8540 - RANCH RODEO	\$12,595	\$16,700	\$15,914
8549 - GASOLINE	\$0	\$0	\$0
8552 - GROUNDS MAINTENANCE	\$747	\$2,916	\$78
8554 - HEALTH & SAFETY	\$0	\$1,049	\$133
8555 - VEHICLE MAINTENANCE	\$508	\$1,205	\$2,932
8557 - HP FEED & BEDDING	\$0	\$0	\$915
8559 - SANITATION SERVICES	\$2,148	\$2,580	\$2,086
8560 - DIESEL	\$1,080	\$1,389	\$1,513
8567 - TOOLS & EQUIPMENT	\$2,261	\$239	\$41
8570 - SUPPLY MATERIAL	\$281	\$69	\$0
8576 - BUILDING MAINTENANCE	\$7,444	\$2,619	\$3,153
8590 - RENTAL EQUIPMENT	\$0	\$0	\$531
8621 - WATER-SEWER UTILITY	\$14,739	\$12,629	\$11,966
8622 - POWER UTILITY	\$14,996	\$14,353	\$14,998
8623 - PHONE UTILITY	\$662	\$686	\$707
8625 - PROPANE UTILITY	\$8,383	\$4,807	\$3,049
8660 - BANK CHARGES	\$13	\$0	\$16
8989 - VEHICLE LICENSE	\$200	\$0	\$0
9110 - BUSINESS EXPENSE	\$0	\$200	\$600
9165 - PROPERTY INSURANCE	\$21,811	\$22,168	\$23,160
Total Expense	\$122,807	\$121,191	\$122,959
Net Income	(\$68,844)	(\$56,384)	(\$58,850)

Source: Spring Creek Association.

horse pl

Table A-14
Spring Creek Governance Feasibility
Trap and Skeet Profit and Loss 2013-2015

Revenues and Expenses	Calendar Year		
	2013	2014	2015
Income			
5309 - GC CART RENTAL	\$0	\$0	\$600
5451 - T&S TARGETS THROWN	\$5,056	\$5,042	\$5,113
5990 - MISC REVENUE	\$400		
Total Income	\$5,456	\$5,042	\$5,713
Expense			
8546 - TURF EQUIPMENT REPAIR	\$117	\$103	\$0
8552 - GROUNDS MAINTENANCE	\$875	\$121	\$6
8567 - TOOLS & EQUIPMENT	(\$0)	\$0	\$0
8576 - BUILDING MAINTENANCE	\$913	\$1,490	\$2,203
8577 - LANDSCAPE SUPPLY	\$0	\$0	\$79
8590 - RENTAL EQUIPMENT	\$0	\$0	\$792
8621 - WATER-SEWER UTILITY	\$5,679	\$3,470	\$5,091
9165 - PROPERTY INSURANCE	\$1,667	\$1,694	\$1,770
Total Expense	\$9,251	\$6,879	\$9,941
Net Income	(\$3,795)	(\$1,837)	(\$4,228)

Source: Spring Creek Association.

trap pl

Table A-15
Spring Creek Governance Feasibility
Facilities (Buildings and Grounds) Profit & Loss 2013-2015

Revenues and Expenses	Calendar Year		
	2013	2014	2015
Income		[1]	
5353 - UTILITY REIMBURSEMENT	\$100	\$1,607	\$404
5355 - PASTURE/HAY REVENUE	\$1,489	\$1,676	\$1,580
5358 - PASSES PURCHASED	\$30	\$364	\$470
5530 - CG KEYS - RESERVATIONS	\$4,690	\$5,480	\$4,855
5532 - PLAYER USE FEE	\$10,070	\$7,750	\$8,940
5642 - INTEREST INCOME	\$13	\$27	\$22
5931 - SPECIAL EVENT JULY 4TH	\$11,250	\$9,350	\$9,550
Total Income	\$27,642	\$26,254	\$25,821
Expense			
7010 - LABOR EXPENSE	\$52,723	\$77,825	\$121,158
7190 - PAYROLL RELATED EXPENSES	\$4,371	\$6,622	\$11,922
7191 - GROUP INSURANCE	\$28,055	\$29,212	\$28,398
7192 - CDL EXPENSE		\$120	\$85
7195 - 401K BENEFIT	\$1,000	\$1,500	\$1,500
7300 - WORKMAN'S COMP	\$1,820	\$2,413	\$3,654
8145 - SPECIAL EVENT JULY 4TH	\$8,647	\$11,887	\$11,362
8520 - PURCHASE SERVICES	\$18,180	\$1,450	\$2,600
8523 - PURCHASE SVCS COMPUTER			\$90
8546 - TURF EQUIPMENT REPAIR			\$1,211
8549 - GASOLINE	\$6,011	\$4,914	\$4,551
8552 - GROUNDS MAINTENANCE	\$10,366	\$3,018	\$10,680
8554 - HEALTH & SAFETY	\$1,393	\$2,069	\$1,403
8555 - VEHICLE MAINTENANCE	\$2,452	\$808	\$1,127
8559 - SANITATION SERVICES	\$3,542	\$3,987	\$2,047
8560 - DIESEL		\$835	\$1,228
8567 - TOOLS & EQUIPMENT	\$803	\$2,308	\$4,547
8570 - SUPPLY MATERIAL	\$861	\$579	\$1,036
8571 - FERTILIZER	\$2,815	\$6,756	\$8,615
8575 - IRRIGATION SYSTEM	\$2,370	\$5,235	\$8,791
8576 - BUILDING MAINTENANCE	\$1,066	\$2,006	\$1,061
8577 - LANDSCAPE SUPPLY	\$26	\$0	\$0
8580 - FISH SUPPLIER	\$3,055	\$3,055	\$3,055
8590 - RENTAL EQUIPMENT	\$1,463	\$0	\$358
8620 - CELL BILLING	\$307	\$347	\$489
8621 - WATER-SEWER UTILITY	\$132,448	\$74,788	\$87,491
8622 - POWER UTILITY	\$3,290	\$3,252	\$2,946
8623 - PHONE UTILITY	\$565	\$579	\$588
8625 - PROPANE UTILITY	\$1,605	\$1,892	\$976
8660 - BANK CHARGES	\$50	\$25	\$25
8989 - VEHICLE LICENSE	\$642	\$890	\$576
9110 - BUSINESS EXPENSE	\$768	\$768	\$768
9165 - PROPERTY INSURANCE	\$6,254	\$6,356	\$6,640
Total Expense	\$296,949	\$255,494	\$330,978
Net Income	(\$269,307)	(\$229,241)	(\$305,157)

Source: Spring Creek Association

ground pl

[1] Includes the marina, sports complex and Vista Grande park, rifle range, and campground.

Table A-16
Spring Creek Governance Feasibility
Comparison of Road Expenditures per Mile

Roads	Spring Creek	Comparison Cities						Average
		Elko	Fernley	Mesquite	Ely	Fallon	Winnemucca	
<i>Paved Roads Only</i>								
Total Expenses	\$1,709,445	\$1,246,000	\$1,000,000	\$1,457,033	\$1,003,300	\$615,000	\$903,800	
Total Paved Miles	136	100	95	76	51	42	62	
Expenses per Mile	\$12,587	\$12,460	\$10,526	\$19,106	\$19,688	\$14,643	\$14,577	\$15,167
Population	13,564	19,243	19,185	16,410	4,140	8,221	7,733	
Lineal Paved Feet per Person	53	27	26	25	65	27	42	

Source: Spring Creek Association, and each agency.

If comp

Table A-17
Spring Creek Governance Feasibility
Governance Comparison Communities >7,000 but less than 20,000 Population

Location	Population	Governance Structure [1]	County Services	City / GID / Town / HOA Services	Name of Governing Bodies
Sun Valley	19,663	GID, County	Land use, roads, fire, police, garbage	water, sewer, garbage (power not exercised), recreation & parks Land use, animal control/shelter, fire protection, landfill, recreation and parks, police, streets, water, sewer and wastewater treatment	Sun Valley GID, Washoe County
Elko city	19,243	City, County	Courts, jail	Land use, roads, water, sewer, garbage, municipal court, cemetery	City of Elko, Elko County
Fernley city [2]	19,185	City, County	Police	Land use, garbage, sewer, animal shelter, fire protection, recreation & parks, streets/drainage, wastewater treatment, police, cemetery, airport, court, emergency medical services	City of Fernley, Lyon County
Mesquite city	16,410	City, County	Jail	N.A.	City of Mesquite, Clark County
Spanish Springs	15,772	County	Land use, roads, fire, police, animal control, parks and recreation, court, jail, human services, library	Airport, animal control, fire protection, police, land use, recreation & parks, court, sewer and wastewater treatment, water distribution, flood control, streets, electricity	Washoe County
Boulder City	14,921	City, County	Jail Police, fire, land use, ambulance, courts, library, transit	Roads, parks and recreation	Boulder City, Clark County
Spring Creek	13,564	HOA, County	Land use, fire, police, animal control, courts, jail, human services, library	Water system, sewer system, streets, storm drain system, streetlights, maintenance of open spaces, parks and recreation	Spring Creek Association, Elko County
Gardnerville Ranchos	11,018	GID, County			Gardnerville Ranchos GID, Douglas County

Table A-17
Spring Creek Governance Feasibility
Governance Comparison Communities >7,000 but less than 20,000 Population

Location	Population	Governance Structure [1]	County Services	City / GID / Town / HOA Services	Name of Governing Bodies
Dayton	9,163	County	Land use, roads, fire, police, animal control, parks and recreation, court, jail, human services, library, water, sewer, wastewater treatment	N.A.	Lyon County
Cold Springs	8,868	HOA, County	Land use, roads, fire, police, animal control, parks and recreation, courts, jail, human services, library	Streetlighting, drainage, fencing, walking paths, landscaping, common area park	Washoe County
Incline Village	8,576	GID, County	Land use, roads, fire, police, animal control, parks and recreation, courts, jail, human services, library	Water, sewer, garbage, recreation	Incline Village GID, Washoe County
Fallon city	8,221	City, County	Jail	Land use, water, sewer, wastewater treatment, garbage, roads, police, animal control, municipal court, recreation	City of Fallon, Churchill County
Winnemucca city	7,733	City, County	Land use, courts, jail	Water, sewer, streets, cemetery, recreation, police, fire, animal control	City of Winnemucca, Humboldt County
Laughlin	7,622	Uninc. Town, County	Water, sewer, roads, street lights, traffic lights, police, fire, animal control, courts, jail, human services, recreation	Economic development	Laughlin Town, Clark County
Moapa Valley	7,099	Uninc. Town, County	Water, sewer, roads, street lights, traffic lights, police, fire, animal control, courts, jail, human services, recreation	Advisory board only	Moapa Valley Town, Clark County

Source: 2015 American Community Survey, U.S. Census.

comp

[1] Excludes water utilities unless provided by listed agency.

[2] Fernley is the only city to have been created since the consolidated tax has been in place. It only receives approx. \$150,000 per year c-tax because it was an unincorporated town prior to incorporation. Fernley does not receive any additional c-tax because it does not provide police protection services.

Table A-18
Spring Creek Governance Feasibility
General Improvement Districts in Nevada

Entity	County	Population Served	Roads	Water	Wastewater Treatment	Sewer	Power	Sidewalks	Streetlighting	Pool	Recreation	TV	Drainage	EMS	Fire	Garbage	Cemetery	Vector Control	Weed Control	Conservation
Starr Valley Cemetery	Elko	n.a.															Cemetery			
Kings River GID	Humboldt	n.a.									Recreation									
Coyote Springs GID *	Lincoln	n.a.																		
Clark County Water Reclamation	Clark	620,000			Wastewater															
Douglas County Mosquito Abatement	Douglas	46,997																Vector		
East Fork Fire and Paramedic	Douglas	42,679												EMS						
Elko Television	Elko	40,000										TV								
Pahrump Swimming Pool	Nye	36,441								Pool										
Overton Power	Clark	27,565					Power													
Churchill Mosquito & Weed Abatement C	Churchill	24,877																Vector		
Minden/Gardnerville Sanitation	Douglas	19,969			Wastewater															
Fernley Swimming Pool	Lyon	19,368								Pool										
Sun Valley GID	Washoe	17,000		Water		Sewer					Recreation					Garbage				
Central Lyon Vector Control	Lyon	16,134																Vector		
Gardnerville Ranchos GID	Douglas	11,312	Roads	Water		Sewer			Streetlighting		Recreation		Drainage							
Incline Village GID	Washoe	9,313		Water		Sewer					Recreation					Garbage				
Big Bend Water District	Clark	8,800		Water																
Tahoe Douglas Fire Protection	Douglas	7,500													Fire					
Moapa Valley TV	Clark	6,924										TV								
Pershing County Television	Pershing	6,741										TV								
Indian Hills GID	Douglas	5,627	Roads	Water		Sewer		Sidewalks	Streetlighting											
Lincoln County Power #1	Lincoln	5,345					Power													
Lincoln County Television	Lincoln	5,345										TV								
Mineral County Television	Mineral	4,785										TV								
West Wendover Recreation	Elko	4,414									Recreation									
Storey County Fire Protection	Storey	3,997													Fire					
Lovelock Meadows Water	Pershing	3,900		Water																
Kingsbury GID	Douglas	3,839	Roads	Water		Sewer														
Mason Valley Swimming Pool	Lyon	3,035								Pool										
Lander County GID #1	Lander	3,026		Water																
Silver Springs GID	Lyon	3,000		Water																
White Pine Television	White Pine	2,795										TV								
Canyon GID	Storey	2,370		Water																
Topaz Ranch Estates GID	Douglas	2,100	Roads	Water									Drainage							
Eureka Television	Eureka	1,995										TV								
Zephyr Cove GID	Douglas	1,875	Roads	Water		Sewer		Sidewalks	Streetlighting				Drainage			Garbage				
Palomino Valley GID	Washoe	1,550	Roads																	
Tahoe Douglas Sanitation District	Douglas	1,500			Wastewater															
Stagecoach GID	Lyon	1,479		Water																
Verdi Television	Washoe	1,415										TV								
Round Hill GID	Douglas	1,200	Roads	Water	Wastewater								Drainage							
McGill/Ruth Sewer-Water GID	White Pine	1,200		Water	Wastewater															
Oliver Park GID	Douglas	1,177	Roads			Sewer							Drainage							
SE Lincoln County Habitat Conservation P	Lincoln	1,130																		Conservation
Betty Water and Sanitation	Nye	1,100		Water	Wastewater															
Kyle Canyon Water	Clark	1,040		Water																
Beatty GID	Nye	1,010									Recreation									

Table A-18
Spring Creek Governance Feasibility
General Improvement Districts in Nevada

Entity	County	Population		Wastewater				Sewer	Power	Sidewalks	Streetlighting	Pool	Recreation	TV	Drainage	EMS	Fire	Garbage	Cemetery	Vector Control	Weed Control	Conservation
		Served	Roads	Water	Treatment																	
Diamond Valley Rodent Control	Eureka	935																		Vector		
Diamond Valley Weed Control	Eureka	935																				Weed
Alamo Sewer/Water	Lincoln	900		Water																		
Tahoe-Reno Industrial GID	Storey	900		Water	Wastewater																	
Virginia Divide Sewer	Storey	855					Sewer															
Quinn River Television	Humboldt	805											TV									
Alamo Power #3	Lincoln	744						Power														
McDermitt Sanitation	Humboldt	513		Water	Wastewater																	
Zephyr Heights GID	Douglas	455	Roads				Sewer		Sidewalks					Drainage								
Marla Bay GID	Douglas	400	Roads											Drainage								
Lander County Sewer/Water #2	Lander	350		Water	Wastewater																	
Grandview Terrace GID	Washoe	328		Water																		
Elk Point Sanitation	Douglas	325		Water																		
Golconda Water	Humboldt	300		Water																		
Cave Rock Estates GID	Douglas	275	Roads	Water			Sewer		Sidewalks	Streetlighting				Drainage			Garbage					
Walker Lake GID	Mineral	266		Water																		
Orovada Community Services	Humboldt	200										Recreation										
Orovada Rodent Control	Humboldt	200																		Vector		
Orovada Water GID	Humboldt	200		Water																		
Lakeridge GID	Douglas	183	Roads	Water			Sewer		Sidewalks	Streetlighting							Garbage					
Gerlach GID	Washoe	180		Water																		
Zephyr Knolls GID	Douglas	170	Roads						Sidewalks	Streetlighting				Drainage			Garbage					
Sierra Estates GID	Douglas	160		Water																		
Lovelock Valley Weed	Pershing	125																				Weed
Paradise Valley Sewer	Humboldt	109			Wastewater																	
Paradise Weed Control	Humboldt	109																				Weed
Willowcreek GID	Lyon	100			Wastewater																	
Devil's Gate GID	Eureka	95		Water																		
Baker Water/Sewer GID	White Pine	85			Wastewater																	
Tuscarora Water	Elko	72		Water																		
Logan Creek GID	Douglas	60		Water																		
Denio Television	Humboldt	47											TV									
Skyland GID	Douglas	40	Roads	Water			Sewer		Sidewalks	Streetlighting				Drainage			Garbage					
Mason Valley Mosquito	Lyon	n.a																		Vector		
Walker River Weed	Lyon	n.a																				Weed
Smoky Valley Television	Nye	n.a											TV									

Source: NV Department of Taxation 2015 information.

nv gids

* Not defined. In early stages of development.

Table A-19
Spring Creek Governance Feasibility
Comparison of Services a GID and Unincorporated Town Can Provide

GID NRS 318.116 & 318.143	Unincorporated Town NRS 269.575
[1]	<i>Including, but not limited to:</i>
Cemetery	Cemetery
Dump stations, sites	Dump stations, sites
Fire protection	Fire protection
Flood control, drainage	Flood control, drainage
Garbage collection	Garbage collection
[2]	Police
Parks	Parks
Recreation facilities	Recreation facilities
exposition buildings	exposition buildings
museums	museums
skating rinks	skating rinks
fieldhouses	fieldhouses
sports arenas	sports arenas
bowling alleys	bowling alleys
swimming pools	swimming pools
stadiums	stadiums
golf courses	golf courses
tennis & squash courts	tennis & squash courts
ball fields & athletic fields	ball fields & athletic fields
tracks	tracks
playgrounds	playgrounds
bowling greens	bowling greens
ball parks	ball parks
public parks, promenades	public parks, promenades
beaches, marinas	beaches, marinas
levees	levees
piers, docks, wharves	piers, docks, wharves
boat basins	boat basins
boathouses, harborages	boathouses, harborages
anchorage	anchorage
gymnasiums	gymnasiums
appurtenant shower	appurtenant shower
locker/bathhouse	locker/bathhouse
amusement hall	amusement hall
dance hall, concert hall, theaters	dance hall, concert hall, theaters
auditoriums	auditoriums
aviaries, aquariums	aviaries, aquariums
zoological & biological gardens	zoological & biological gardens
vivariums	vivariums
Sewage systems	Sewage systems
Streets & streetlights	Streets & streetlights
Swimming pools	Swimming pools
Television	Television translator
Water systems	Water systems
Electric light and power	Electric light and power
FM Radio facilities	FM Radio facilities
Fencing	Fencing
Emergency medical services	Emergency medical services
Exterminating insects & rats	Exterminating insects & rats
Energy for space heating	Energy for space heating
Curbs, sidewalks	Curbs, sidewalks
Control of noxious weeds	Control of noxious weeds
Wildlife preservation	Wildlife preservation

Source: Nevada Revised Statutes.

powers

[1] Recreational facilities must conform to the county recreation master plan.

[2] GIDs cannot provide police services.

Table A-20
Spring Creek Governance Feasibility
Secured Properties Assessed Values Fiscal Year 2016-2017

Tract	Lot Count	Vacant and Common Area Lots [1]	FY 2016-17 Assessed Value	Taxes Billed [2]
101	278	38	\$14,376,886	\$363,545
101A	72	12	\$4,879,689	\$1,236,610
102	363	49	\$16,233,417	\$409,928
103	323	42	\$17,735,692	\$441,439
104	60	13	\$2,918,687	\$73,029
105	79	18	\$3,897,594	\$98,276
106A	241	64	\$12,731,290	\$321,881
106B	285	58	\$14,950,051	\$376,191
106C	106	23	\$5,484,566	\$141,379
106D	14	11	\$1,658,301	\$43,091
107	99	20	\$5,290,080	\$132,576
107A	11	2	\$496,163	\$12,633
109	151	37	\$8,986,656	\$225,905
201	314	13	\$12,918,882	\$330,819
202	1174	36	\$32,912,603	\$838,341
301	120	30	\$6,517,597	\$164,279
303	37	8	\$2,089,113	\$52,798
304	219	48	\$11,574,263	\$286,108
305	28	4	\$1,436,263	\$35,843
401	531	111	\$29,122,549	\$723,604
402	565	102	\$31,172,382	\$775,569
403	452	112	\$25,574,865	\$637,469
Total	5,462	851	\$262,957,376	\$6,608,312

Source: Elko County Assessor as of August 2016.

av

[1] Also includes Spring Creek Association land (equestrian easement, common area etc.)
 These lots are a subset of the total lots.

[2] Includes tax exemptions (such as disabled veteran exemption).

Table A-21
Spring Creek Governance Feasibility
HOA and Municipal Salary Comparison

HOA	GID	Spring Creek Assn. (SCA)	Sun Valley GID	Incline Village GID	Indian Hills GID	Round Hill GID	Palomino Valley	Kingsbury GID	Average	Average to SCA Salary Ratio
Position Title	Position Title									
President	General Manager	\$90,000	\$114,020	\$166,250	\$86,914	\$96,108		\$129,419	\$118,542	1.32
Secretary / Treasurer	Controller / Contracts Manager	\$56,900		\$82,316				\$88,855	\$85,585	1.50
Assessment Clerk	Accountant / Admin. Assistant	\$38,500	\$54,856	\$51,478	\$43,758	\$51,736		\$43,402	\$49,046	1.27
Receptionist	Administrative Clerk	\$33,200		\$39,177				\$38,647	\$38,912	1.17
Golf Course Superintendent	Grounds Superintendent - Golf Course	\$72,900		\$96,931					\$96,931	1.33
Roads Supervisor	Public Works Director	\$62,000	\$71,798	\$77,043					\$74,421	1.20
Assistant Roads Supervisor	Fleet Superintendent / Roads Supervisor	\$54,080		\$75,588			\$60,080		\$67,834	1.25
Equipment Operator I	Service Technician II / Roads Specialist	\$39,520	\$48,996					\$43,231	\$46,114	1.17
Equipment Operator II	Electrician / Instrument Tech	\$41,600			\$54,987				\$54,987	1.32
Head Mechanic	Mechanic II Certified	\$56,000		\$60,760					\$60,760	1.08
Mechanic	Mechanic	\$47,400		\$49,559			\$50,125		\$49,842	1.05
Laborer	Buildings Maintenance II	\$38,600		\$41,084					\$41,084	1.06
Buildings & Grounds Supervisor	Buildings Superintendent	\$57,800		\$67,649					\$67,649	1.17
Parks Supervisor	Parks and Recreation Center Manager	\$40,700		\$53,982					\$53,982	1.33
Average of Position Salary Ratio										1.23

Source: TransparentNevada.com (2015 data) and Spring Creek Association.

salary comp

Table A-22
Spring Creek Governance Feasibility
Comparison of Benefits Load with GIDs

GID Name	Population Served (approximately)	Services	Base Pay	Benefits	Total	Benefits as % of Base Pay
Incline Village	8,576	Recreation, Water, WW, Garbage	\$6,379,015	\$2,519,807	\$8,898,822	40%
Sun Valley	19,663	Recreation, Water, WW, Garbage	\$782,063	\$462,780	\$1,244,842	59%
Indian Hills	6,187	Roads, Water, WW, Sidewalks, Lighting	\$611,791	\$278,476	\$890,267	46%
Kingsbury	1,970	Roads, Water, WW	\$893,491	\$465,825	\$1,359,315	52%
Round Hill	849	Roads, Water, WW, Drainage	\$342,997	\$178,590	\$521,588	52%
Total / Median for GIDs			\$9,009,357	\$3,905,477	\$12,914,835	52%
Spring Creek Association	13,564	Roads, Weed Control, Recreation	\$1,079,541	\$450,963	\$1,530,504	42%

Source: TransparentNevada.com (2015 data) and Spring Creek Association.

bene

Table A-23
Spring Creek Governance Feasibility
Estimated HOA Costs with a Roads GID

Cost Category	Estimated Costs
Labor	
President	\$90,000
Secretary / Treasurer	\$56,900
Assessment Clerk	\$38,500
Receptionist	\$33,200
Golf Course Superintendent	\$72,900
Laborer	\$38,600
Buildings & Grounds Supervisor	\$57,800
Parks Supervisor	\$40,700
Security Officer (3)	\$56,300
Committee on Architecture Secretary	\$35,300
Seasonal Workers	\$85,100
Subtotal Labor	\$605,300
Benefits (@ 42% of base pay)	\$252,856
Subtotal Labor-related Costs	\$858,156
General Costs	
Administrative / Other	\$566,510
Professional Services	\$266,030
Golf	\$350,489
Horse Palace	\$81,800
Facilities & Security	\$184,865
Subtotal General Costs	\$1,449,694
Total Estimated HOA Costs	\$2,307,850

Source: HEC and Spring Creek Association.

hoa roads

Table A-24
Spring Creek Governance Feasibility
Estimated HOA Costs with Multi-service GID

Cost Category	Estimated Costs
Labor	
Receptionist	\$33,200
Committee on Architecture Secretary	\$35,300
Security Officers	\$56,300
Sutotal Labor	\$124,800
Benefits (@ 42% of base pay)	\$52,133
Subtotal Labor-related Costs	\$176,933
General Costs	
Administrative / Other [1]	\$11,400
Professional Services [2]	\$33,000
Security Vehicles & Equipment [3]	\$10,000
Subtotal General Costs	\$54,400
Total Estimated HOA Costs	\$231,333

Source: HEC and Spring Creek Association.

hoa all

[1] Includes:

4 cell phones (\$100/mo/ea)	\$4,800
Office rent (\$400/mo)	\$4,800
Office equipment/supplies/software (\$150/mo)	\$1,800

[2] Includes:

Legal services	\$20,000
Auditor	\$8,000
Bookkeeper	\$5,000

[3] Includes one vehicle @ \$40,000 replaced every 8 years,
and \$5,000 for gas and supplies.

Table A-25
Spring Creek Governance Feasibility
Estimated HOA Costs with an Unincorporated Town

Cost Category	Estimated Costs
Labor	
Receptionist	\$33,200
Committee on Architecture Secretary	\$35,300
Sutotal Labor	\$68,500
Benefits (@ 42% of base pay)	\$28,615
Subtotal Labor-related Costs	\$97,115
General Costs	
Administrative / Other [1]	\$8,400
Professional Services [2]	\$33,000
Subtotal General Costs	\$41,400
Total Estimated HOA Costs	\$138,515

Source: HEC and Spring Creek Association. hoa town

[1] Includes:

2 cell phones (\$100/mo/ea)	\$2,400
Office rent (\$400/mo)	\$4,800
Office equipment/supplies/software (\$100/mo)	\$1,200

[2] Includes:

Legal services	\$20,000
Auditor	\$8,000
Bookkeeper	\$5,000

Table A-26
Spring Creek Governance Feasibility
Estimated Road GID Budget

Cost Category	Estimated Costs
Labor	
Administrative Manager	\$77,000
Roads Supervisor	\$67,000
Roads Specialist (3)	\$147,000
Instrument Tech	\$52,000
Mechanic II Certified	\$69,000
Mechanic	\$59,000
Seasonal Workers	\$23,000
Subtotal Base Pay	\$494,000
Benefits (@ 55% of base pay)	\$271,700
Overtime Estimate (0.5FTE of a Roads Specialist)	\$24,500
Board of Trustees (5 @ \$6,000) [1]	\$30,000
Total Labor-related Expenses	\$820,200
General Expenses	
Training	\$2,500
Salt	\$24,000
Property Damage Repair	\$1,300
Road Supplies (signs, etc)	\$9,000
Gasoline	\$10,000
Vehicle Maintenance	\$68,000
Sanitation Service	\$8,200
Diesel	\$39,500
Lubrication Supplies	\$9,000
Tools/Equipment	\$17,000
Sand & Gravel-Roads	\$20,000
Weed Abatement	\$16,000
Supply Material	\$8,700
Hot Mix	\$120,000
Office Supplies	\$500
Rental Equipment	\$9,100
Computer Repair	\$1,800
Cell Phone Billing	\$300
Water-Sewer Utility	\$1,800
Power - Utility	\$6,100
Telephone - Utility	\$9,600
Radio/Mobile Repeater	\$5,000
Propane	\$4,600
Vehicle License	\$12,670
Paving/Sealing/Chipping	\$650,000
Property Insurance	\$20,600
Total General Expenses	\$1,075,270
Total Estimated Spring Creek Road Function Expenses	\$1,895,470

Source: HEC and Spring Creek Association.

gid roads

[1] Set by Statute. A GID furnishing garbage, water & services may compensate trustees up to \$9,000 / year.

Table A-27
Spring Creek Governance Feasibility
Estimated Multi-service GID Budget

Cost Category	Estimated Costs
Labor	
General Manager	\$111,000
Controller	\$71,000
Administrative Assistant	\$48,000
Administrative Clerk	\$41,000
Grounds Superintendent - Golf	\$90,000
Public Works Director	\$77,000
Roads Supervisor	\$67,000
Roads Specialist (3)	\$147,000
Electrician / Instrument Tech	\$52,000
Mechanic II Certified	\$69,000
Mechanic II Certified	\$59,000
Building Maintenance II	\$48,000
Buildings Superintendent	\$72,000
Park and Recreation Manager	\$51,000
Seasonal Workers	\$127,000
Subtotal Base Pay	\$1,130,000
Benefits (@ 55% of base pay)	\$621,500
Overtime Estimate (0.75 FTE of a Roads Specialist)	\$36,750
Board of Trustees (5 @ \$6,000) [1]	\$30,000
Total Labor-related Expenses	\$1,818,250
General Costs [2]	\$2,514,964
Total GID Estimated Costs	\$4,333,214

Source: HEC and Spring Creek Association.

all gid

[1] Set by Statute.

[2] Costs same as current HOA minus security costs.

Table A-28
Spring Creek Governance Feasibility
Estimated Unincorporated Town Budget

Cost Category	Estimated Costs
Labor	
Deputy Town Clerk [1]	\$111,000
Chief of Police (\$250/mo) [2]	\$3,000
Peace Officers (4) (\$225/mo/ea) [2]	\$10,800
Police Officers /Sheriffs (4) [3]	\$268,000
Administrative Assistant	\$48,000
Administrative Clerk	\$41,000
Grounds Superintendent - Golf	\$90,000
Public Works Director	\$77,000
Roads Supervisor	\$67,000
Roads Specialist (3)	\$147,000
Electrician / Instrument Tech	\$52,000
Mechanic II Certified	\$69,000
Mechanic II Certified	\$59,000
Building Maintenance II	\$48,000
Buildings Superintendent	\$72,000
Park and Recreation Manager	\$51,000
Seasonal Workers	\$127,000
Subtotal Base Pay	\$1,340,800
Benefits (@ 55% of base pay)	\$737,440
Overtime Estimate (0.75 FTE of a Roads Specialist)	\$36,750
Town Board (5 @ \$6,000) [4]	\$30,000
Total Labor-related Expenses	\$2,144,990
General Costs [5]	
Current HOA General Costs	\$2,524,964
Admin. & Overhead Costs for Police [6]	\$664,640
Total General Costs	\$3,189,604
Total Unincorporated Town Estimated Costs	\$5,334,594

Source: HEC and Spring Creek Association.

town

[1] Financial duties provided by the County Treasurer.

[2] Set by NRS 269.235.

[3] 2016 labor agreement between the County of Elko and the Elko County Deputy Sheriff's Association. Step 6 (of 10) is \$66,704.

[4] HEC estimate. Set by County ordinance.

[5] Costs estimated the same as current HOA costs.

[6] Estimated at 60% of the total labor cost.

Table A-29
Spring Creek Governance Feasibility
Criteria Weighting Worksheet

Criteria Descriptions and Weighting Worksheet			
Criteria	Description	Preliminary Weighting	Directors' Final Weighting
Boundaries	Some forms of government require a contiguous (connected in an unbroken sequence) boundary, and some can be non-contiguous (boundaries can encompass separate areas).	15%	15%
Flexibility of Service Provision	The authority to provide one service or many services.	5%	5%
Autonomy	The level of influence residents have on a form of government.	15%	15%
Ease of Formation	The perceived level of complexity/involvement of the steps required to form a new type of government.	10%	10%
Eminent Domain / Condemnation	The authority to take ownership of private property for public purposes.	10%	5%
Ease of Administration	How the entity is governed and by whom.	5%	5%
Sources of Revenue	Affects how and the amount residents pay for the services/amenities provided by the entity, and the amounts they would pay through a combination of HOA assessments, ad valorem taxes, and/or parcel charges.	15%	15%
Authority to Issue Debt Securities	Whether an entity can incur debt to finance projects.	10%	10%
Accounting / Administration	Duties may either be performed by the entity or by the County.	5%	5%
Ease of Dissolution	What steps are necessary to dissolve the entity.	5%	5%
Typical Annual Homeowner Cost	The amount and cost structure for an entity.	5%	10%
Total		100%	100%

Source: April 1, 2017 Board Workshop and HEC.

weight

Table A-30
Spring Creek Governance Feasibility
Ranking Worksheet Matrix

RANKING WORKSHEET					
GOVERNANCE - All with the exception of an HOA can also have a Cooperative Agreement for Services (NRS 277)					
Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Boundaries	Noncontiguous	Noncontiguous	Noncontiguous	Noncontiguous	Contiguous
Weight:	15%	15%	15%	15%	15%
A	2.00	2.00	2.00	1.00	6.00
B	1.00	4.00	3.00	2.00	5.00
C	1.00	3.00	2.00	1.00	5.00
D	3.00	2.00	2.00	1.00	3.00
E	2.00	1.00	2.00	1.00	5.00
Weighted Score:	1.35	1.80	1.65	0.90	3.60
Flexibility of Service Provision	Many services	One service	One service; can be amended to increase	Many services	Many services
Weight:	5%	5%	5%	5%	5%
A	1.00	2.00	1.00	3.00	5.00
B	2.00	4.00	3.00	1.00	5.00
C	2.00	3.00	2.00	1.00	5.00
D	1.00	5.00	4.00	1.00	1.00
E	2.00	1.00	1.00	1.00	5.00
Weighted Score:	0.40	0.75	0.55	0.35	1.05

Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Autonomy	Controlled by Residents	Controlled by County & Residents	Controlled by Residents	Controlled by Residents	Controlled by County & Residents
Weight:	15%	15%	15%	15%	15%
A	3.00	3.00	5.00	5.00	5.00
B	1.00	4.00	3.00	2.00	5.00
C	2.00	4.00	1.00	1.00	5.00
D	1.00	4.00	1.00	1.00	4.00
E	2.00	4.00	1.00	1.00	5.00
Weighted Score:	1.35	2.85	1.65	1.50	3.60
Ease of Formation	N/A	Property Owner Petition (66.7%) which is then considered and enacted by BOCC resolution (NRS 320.060)	BOCC Resolution or Property Owner Petition, adopted by ordinance (NRS 318.055-070). Per NRS 318.055, if within 7 miles of boundary of an incorporated city, need to have unanimous BOCC vote.	BOCC Resolution or Property Owner Petition, adopted by ordinance (NRS 318.055-070). Per NRS 318.055, if within 7 miles of boundary of an incorporated city, need to have unanimous BOCC vote.	Petition of Registered Voter Property Owners (51% or more) and BOCC; or Registered Voter Property Owner Petition (10% or more) and Majority Voter Approval (NRS 269.540) Can be formed without BOCC approval.
Weight:	10%	10%	10%	10%	10%
A	1.00	5.00	5.00	5.00	5.00
B	1.00	4.00	3.00	2.00	5.00
C	1.00	4.00	3.00	1.00	5.00
D	1.00	3.00	2.00	1.00	3.00
E	1.00	5.00	4.00	4.00	5.00
Weighted Score:	0.50	2.10	1.70	1.30	2.30

Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Eminent Domain / Condemnation	No	Not Specified	Yes	Yes	Yes
Weight:	5%	5%	5%	5%	5%
A	5.00	5.00	5.00	5.00	5.00
B	5.00	4.00	2.00	1.00	3.00
C	3.00	4.00	3.00	1.00	5.00
D	2.00	3.00	2.00	1.00	2.00
E	3.00	2.00	2.00	2.00	3.00
Weighted Score:	0.90	0.90	0.70	0.50	0.90
Ease of Administration	HOA Board and Staff	The BOCC appoints a 5 member board selected from electors within the district (NRS 320.070). DMR Board is elected in the next general election (NRS 320.080)	Initially, BOCC is ex officio board, then they appoint 5 board members, at the end of their terms the GID board is elected in the next general election (NRS 318.080)	Initially, BOCC is ex officio board, then they appoint 5 board members, at the end of their terms the GID board is elected in the next general election (NRS 318.080)	Initially, BOCC may appoint 3 or 5 residents to serve as town advisory board. Town board members are elected at the next general election (NRS 269.577)
Weight:	5%	5%	5%	5%	5%
A	5.00	5.00	4.00	5.00	4.00
B	1.00	4.00	3.00	2.00	5.00
C	1.00	5.00	4.00	1.00	5.00
D	1.00	3.00	3.00	1.00	3.00
E	1.00	2.00	2.00	2.00	2.00
Weighted Score:	0.45	0.95	0.80	0.55	0.95

Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Sources of Revenue	HOA assessments, user fees	Assessment on parcel within district that is included on property tax bill (NRS 320.110); collected by County	Ad valorem taxes, parcel charges, user charges, fees for services such as water (NRS 318.197-202)	Ad valorem taxes, parcel charges, user charges, fees for services such as water (NRS 318.197-202)	Ad valorem taxes not to exceed 1.5%, consolidated tax (if provide police, AND 2 of these 3 services -fire protection, roads, or parks and recreation), service fees (NRS 269.545, 365.560), State, Federal & County grants
Weight:	15%	15%	15%	15%	15%
A	5.00	5.00	5.00	5.00	5.00
B	4.00	5.00	2.00	1.00	3.00
C	2.00	4.00	4.00	1.00	5.00
D	2.00	2.00	2.00	1.00	2.00
E	1.00	5.00	3.00	2.00	5.00
Weighted Score:	2.10	3.15	2.40	1.50	3.00
Authority to Issue Debt Securities	Yes (Article IV Section 7 SCA Articles of Incorporation)	No	Yes - population is >5,000 (NRS 318.275); up to 50% of assessed valuation of taxable property (excluding motor vehicles)	Yes - population is >5,000 (NRS 318.275); up to 50% of assessed valuation of taxable property (excluding motor vehicles)	Yes (NRS 269.410); up to 25% of assessed valuation (NRS 269.425)
Weight:	10%	10%	10%	10%	10%
A	3.00	5.00	5.00	5.00	5.00
B	4.00	5.00	2.00	1.00	3.00
C	2.00	4.00	4.00	1.00	5.00
D	2.00	3.00	2.00	1.00	3.00
E	1.00	2.00	3.00	3.00	3.00
Weighted Score:	1.20	1.90	1.60	1.10	1.90

Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Accounting / Administration	HOA	County	GID or County	GID	County
Weight:	5%	5%	5%	5%	5%
A	3.00	1.00	3.00	5.00	5.00
B	1.00	5.00	3.00	2.00	4.00
C	2.00	4.00	4.00	1.00	5.00
D	2.00	3.00	3.00	1.00	3.00
E	1.00	4.00	3.00	2.00	4.00
Weighted Score:	0.45	0.85	0.80	0.55	1.05
Ease of Dissolution	N/A	Need 51% + property owner petition OR BOCC adopts a resolution to dissolve	Resolution of the BoCC, by majority of the BOCC	Resolution of the BOCC, by majority of the BOCC; if District provides water, sewer & garbage (all 3) then the Board of Trustees must agree to the dissolution.	Resolution of the BOCC following a public hearing at which residents of the town are given an opportunity to speak. The resolution must specify the reasons for the dissolution.
Weight:	5%	5%	5%	5%	5%
A	1.00	5.00	3.00	5.00	5.00
B	5.00	4.00	2.00	3.00	1.00
C	2.00	3.00	4.00	1.00	5.00
D	2.00	3.00	3.00	1.00	4.00
E	1.00	3.00	3.00	3.00	3.00
Weighted Score:	0.55	0.90	0.75	0.65	0.90

Criteria	HOA Only (Current)	District for Maintenance of Roads <i>NRS 320</i>	Roads Only GID <i>NRS 318</i>	Multi-service GID <i>NRS 318</i>	Unincorporated Town <i>NRS 269.500</i>
Typical Annual Homeowner Cost	\$600	\$629	\$652	\$725	\$698
Weight:	10%	10%	10%	10%	10%
A	5.00	5.00	5.00	5.00	5.00
B	1.00	2.00	3.00	5.00	4.00
C	2.00	5.00	3.00	1.00	5.00
D	1.00	2.00	2.00	1.00	2.00
E	1.00	3.00	3.00	4.00	4.00
Weighted Score:	1.00	1.70	1.60	1.60	2.00
TOTAL WEIGHTED SCORE	10.25	17.85	14.20	10.50	21.25

Source: April 1, 2017 Board Workshop and HEC.

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