

**MEMORANDUM  
DEPARTMENT OF FACILITY SERVICES  
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **MARCH 11, 2008**

From: **JAMES DURFEE / MARY DIETRICH** *WLB*

Subject: **SITE SELECTION FOR TAHOE GOVERNMENT CENTER**

**ACTION REQUESTED:** Staff recommends that your Board take the following actions associated with the Tahoe Government Center (TGC) Site Selection:

1. Eliminate Lot 1 of the Joerger Ranch subdivision in Martis Valley from further consideration;
2. Direct staff to monitor B.B. LLC's application to the Tahoe Regional Planning Agency (TRPA) Community Enhancement Project (CEP), and work with B.B. LLC to better quantify development costs; and
3. Direct staff to continue to pursue economical opportunities for development of the TGC.

**BACKGROUND:** On April 4, 2006, your Board authorized Facility Services to proceed with a Site Solicitation for property in the Tahoe area. The purpose of this solicitation was to identify potential sites that could accommodate the consolidation of general government functions currently located in a number of leased facilities around Lake Tahoe. A preliminary assessment identified potential building occupants including the County Executive Office (including Redevelopment, Public Information and Emergency Services), the Community Development Resource Agency departments, Public Works, Environmental Health, the Assessor's office and TRPA.

On July 24, 2007, your Board approved staff's recommendation of the Trading Post Center in Tahoe City, the B.B. LLC properties in Kings Beach, and Lot 1 of the Joerger Ranch subdivision in Martis Valley as final candidate sites for future development of the TGC (see Exhibit A - Property Locations). Your Board directed staff to proceed with more extensive evaluation of these properties, to ascertain development and acquisition costs, and to return to your Board with a recommendation of the most feasible property.

As a part of the selection process, Facility Services' staff made a concerted effort to inform and engage the Tahoe community by giving eleven presentations at standing public meetings and neighborhood specific forums, and through individual and group internet communications. At each of these presentations, staff described the purpose and the process taken to solicit properties, discussed attributes of the properties being considered, and invited public comment. Throughout this process, the community predominantly expressed support for a TGC location in the Tahoe Basin. Once the initial proposals were narrowed to three sites, the community favored the Kings Beach location over the Tahoe City site, and expressed strong concerns about the Martis Valley site. Additionally, staff received a November 7, 2007 letter from the North Lake Tahoe Chamber of Commerce and the North Lake Tahoe Resort Association (NLTRA) also supporting the Kings Beach location as their number one priority. The authors stated that position represented in the letter was based on input from a significant number of Chamber and NLTRA members, and community partners including the North Tahoe Business Association and the Tahoe

City Downtown Association. This letter further identified Tahoe City as their second priority and encouraged elimination of the Martis Valley location.

**DUE DILIGENCE:** Consistent with your Board's direction, staff performed a more extensive investigation of the three finalist properties. Through these evaluations, staff has been able to estimate general development costs and constraints and has researched development implications for these properties (e.g., zoning, other land use constraints, neighborhood compatibility, etc.). The determinations resulting from this work are summarized below:

1. **Tahoe City – Trading Post Center:** Concurrent with the County's expanded due-diligence efforts, the property owners decided to pursue other opportunities and withdrew this property as a candidate for the TGC.
2. **Martis Valley – Lot 1 of Joerger Ranch:** Staff determined that this County-owned site is not recommended due to zoning, neighborhood compatibility, and development constraints. Key concerns associated with development of the TGC at this location include:
  - ✓ Shift in economic benefits from the Tahoe Basin toward the Town of Truckee.
  - ✓ Travel distances from the Lake communities to the Martis Valley.
  - ✓ Inconsistency between the TGC use and current zoning for this parcel.
  - ✓ Adjacent property owner's challenge that the TGC would be inconsistent with contemplated park and recreation use and land use dedication.
  - ✓ Existing drainage pipes and natural topography could limit site planning options for the TGC.
3. **Kings Beach – B.B. LLC:** This site is owned by B.B. LLC and is located on Hwy 28 between Coon and Fox Streets. Staff determined that this site has the highest development potential for the TGC and is supported by the Tahoe community. B.B. LLC's plans for this site (see Exhibit B) include mixed-use retail, office, commercial and residential development. Key benefits and concerns of this location include:
  - ✓ Project is a catalyst to economic revitalization in the Kings Beach commercial core.
  - ✓ The County departments, partner agencies, and customers would be within walking distance of existing businesses and services (banks, post office, etc).
  - ✓ Opportunity for County to take a key role in Kings Beach redevelopment efforts.
  - ✓ B.B. LLC would construct a facility that is designed to the County's standards.
  - ✓ Projected costs are significantly higher than those experienced in western Placer County.
  - ✓ Project uncertainty due to regulatory environment in the Lake Tahoe Basin.

**CONCLUSION:** Through the performance of more extensive due diligence on these three properties, staff has confirmed property conditions, obtained community insight, collected value and cost information, and now believes that sufficient information is available to narrow the three candidates to one finalist. Factoring in the owners' withdrawal of the Trading Post Center, the opposition towards location of the TGC in Martis Valley and the development limitations associated with this site, staff believes the B.B. LLC project holds the best opportunity of the sites considered to date.

While location of the TGC in Kings Beach is most favored by the community and staff, and provides opportunities for the County to collaborate in the redevelopment efforts underway in Kings Beach, staff has significant concerns with the construction costs associated with the project at this site, and in the Tahoe region as a whole. Thus far, staff has found that B.B. LLC's costs for site work, parking and other construction expenses are much greater than projects constructed in western Placer County. This is in part attributable to the generally recognized "Tahoe Factor" associated with Tahoe Basin projects due to shortened construction seasons, workforce constraints, and regulatory climate. Compounding these elevated constructions costs, Tahoe land values also far exceed land values outside the region. In addition, the project also requires the construction of a parking garage to satisfy most of its parking requirements which accounts for more than 25% of the TGC development costs. All of these factors contribute to the developer's estimate of cost at \$1,000 per square foot of building area.

Notwithstanding the above average land values, parking costs, and the "Tahoe factor" associated with construction costs, staff also believes that this project has overall development unknowns that play a role in its projected costs. The actual design of the proposed TGC building is only at a conceptual stage and there are unknowns that stem from the pending status of B.B. LLC's application to TRPA for consideration as a Community Enhancement Project (CEP). Essential to B.B. LLC's project viability is acceptance in the TRPA CEP program and the award of entitlements and zoning variances. TRPA's acceptance, however, is based in part on the project's ability to provide environmental improvements that benefit the larger community such as water quality measures that exceed standard on-site Best Management Practices, as well as other community enhancements. If this project is approved as a CEP, it is also subject to further review under the California Environmental Quality Act (CEQA) that could impose further mitigation measures and costs. With time, it is expected that B.B. LLC's development requirements will solidify that will allow the developer to more accurately quantify costs associated with site work, permits, fees, building construction, and costs associated with the parking garage.

**RECOMMENDATION:** For the reasons described above, staff does not support the outright selection of this site but recommends that your Board direct staff to monitor B.B. LLC's application and entitlement/planning efforts through TRPA's CEP process and continue to work with B.B. LLC to substantiate project costs, and evaluate cost saving measures. Staff also recommends that because of the uncertainties associated with the B.B. LLC project, that you direct staff to continue to investigate the availability of alternative properties (especially those in the County's redevelopment areas) which hold potential for the development of the TGC.

JD/MD:MR:LM

ATTACHMENTS: EXHIBIT A - PROPERTY LOCATION MAP  
EXHIBIT B - B.B. LLC SITE PLAN

cc: COUNTY EXECUTIVE OFFICE

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TAHOE GOVERNMENT CENTER  
PROPERTY LOCATION MAP





