

**PLACER COUNTY**  
**REDEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Members of the Redevelopment Agency Board  
**FROM:** Thomas M. Miller, Director  
James LoBue, Deputy Director  
**DATE:** October 18, 2010  
**SUBJECT:** Status Report on North Lake Tahoe Redevelopment Project Area

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**ACTION REQUESTED**

No action. This is a status report.

**BACKGROUND**

Since 1996, with the adoption of the North Lake Tahoe Redevelopment Plan, the Redevelopment Agency (Agency) has managed the planning, implementation, and operation of numerous redevelopment projects and programs scattered throughout the 1,731 acre North Lake Tahoe Redevelopment Project Area. Those activities have steadily grown in size and complexity, as evidenced by the number and scope of actions proposed for your Board to consider at the October 19, 2010 meeting.

Despite the overall economic downturn, redevelopment activities in North Lake Tahoe have increased. However, private property owners, businesses, and developers have been challenged with sinking property values, tight credit markets, and stagnant business conditions in many sectors of the local economy. The Agency is also challenged with these same conditions, in addition to declining tax increment revenues and large revenue takings by the State. Our Agency has responded with internal austerity measures, aggressive pursuit of outside grants and other funding sources, and a selective approach to project investments.

The Agency is currently compiling information for your Board to consider the Agency's Fiscal Year 2010-2011 Final Budget in November. Recently received information on property assessments and tax revenues show that, for the first time since the first Redevelopment Project Area was established in 1996, annual tax increment revenue is declining. Tax increment revenue for the current year has declined for all three Redevelopment Project Areas as follows:

North Lake Tahoe -- -4.0% in Housing; -2.9% in Commercial  
Sunset Industrial -- -31.1% in Housing; -31.2% in Commercial  
North Auburn -- -6.2% in Housing; -4.6% in Commercial

In Fiscal Year 2009-2010 the State took approximately \$3.2 million of commercial tax increment revenues – approximately \$2.3 million of which came from North Tahoe and approximately \$900,000 of which came from Sunset Industrial. By May of 2011, the

Agency will be obligated to pay another approximately \$670,000 of commercial tax increment revenue to the State. The Agency is very cognizant of these fiscal challenges and is making adjustments accordingly. One strategy being considered is to implement dry period financing through the County to cover short term Agency cash flow shortfalls, particularly in the interim periods between the December and April major influxes of tax increment revenue. For the first several years of its existence, the Agency used dry period financing through the County until increasing revenues enabled the Agency to discontinue the practice. Bringing back the practice would give the Agency more flexibility to continue critical projects and programs, while still ensuring the County a return on its funds equal to its more standard investments. One particular program being proposed for Agency funding in coming years is a more widespread commercial loan program in North Tahoe. In particular, the Agency wants to encourage property owners and businesses fronting on Highway 28 in Kings Beach to take advantage of the program to install façade and streetscape improvements on their private properties immediately fronting the new Kings Beach Commercial Core Improvement Project.

### **NORTH LAKE TAHOE REDEVELOPMENT ACTIVITY HIGHLIGHTS**

The presentation will illustrate, in pictorial format, recent and planned activities for the following projects/programs:

#### **Housing**

- Housing Rehabilitation Assistance Program
- Kings Beach Scattered Sites Housing Project

#### **Commercial/Public Facilities**

- Commercial Loan Program
- Tahoe City Transit Center
- Tahoe City Gateway Signs
- Tahoe Vista Recreation Area Improvements Project
- Commercial Core Improvement Project
- Deer/Rainbow Public Parking Lot
- BB, LLC Mixed-Use Project
- Everett Property Public Parking Lot and Redevelopment Project
- Kings Beach Eastern Gateway