



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICER
COUNTY OF PLACER

To: Honorable Board of Supervisors
From: David Boesch, County Executive Officer *DB*
Submitted by: Jennifer Merchant, Principal Management Analyst
Date: June 3, 2014
Subject: Tahoe Basin Economic Development—Purchase of Tourist Accommodation Units

Actions Requested

1. Authorize the County Executive Officer to obtain the professional brokerage services of Hester Real Estate Tahoe Properties to represent Placer County for the purchase of property containing Tourist Accommodation Units (TAUs).
2. Authorize the County Executive Officer to engage the services of an appraiser for TAU and real property value appraisals.
3. Authorize the County Executive Officer or his designee to commence negotiations on an appropriate purchase and sale transaction for the purpose of acquiring Tourist Accommodation Units, at an initial cost of up to \$50,000 included in the Community and Agency Support budget with no new net county cost.
4. Direct the County Executive Officer to bring any resulting purchase and sale agreement to the Board for approval and execution subject to prior County Counsel and Risk Management review and approval.

Background

The updated focus of the Tahoe Regional Planning Agency's Regional Plan, and by extension Placer County's draft Community Plan, has generated renewed interest in Tahoe basin investment. Several sites have been identified within the Kings Beach and Tahoe City town centers that show high potential for significant economic impact; but, because of the high cost to invest in the Tahoe basin, these projects are unlikely to come to fruition without some assistance from public sources.

Your Board conducted an April 21, 2014 workshop on the status of the draft Community Plan, including discussion regarding challenges to implementation. Of the many challenges identified, TAUs are recognized as the highest priority for resolution. On April 22, 2014 your Board acted to affirm its commitment to facilitating development in designated town centers: Specifically recognizing that certain sites represent the highest priority for near term investment; to fund development of a business plan to create an investment incentives strategy for the Tahoe basin; and, to authorize the County Executive Officer to initiate discussions to identify commercial properties that could potentially be acquired for the purpose of securing commodities necessary to incentivize economic development in these areas. Since that time, CEO and Economic Development staff has completed a scope of work and contract with Economic Planning Systems for a Tahoe Basin Town Center Investment Incentives Business Plan, which is awaiting signature, and also had discussions to identify properties that could be acquired.

Discussion of Requested Actions

Four motel properties and one direct TAU source have been identified as having potential to make significant progress in securing needed commodities. The opportunities under consideration are identified in the table below.

POTENTIAL TAHOE BASIN TAU SOURCES

Property/Owner	Location	# of TAUs	Asking Price
Aviva Lodge	955 N. Lake Blvd., Tahoe City, CA	24 TAUs	\$1,350,000
EconoLodge	2659 Lake Tahoe Blvd., South Lake Tahoe, CA	63 TAUs	\$1,975,000
Green Lantern Motel	4097 Manzanita Ave., South Lake Tahoe, CA	37	\$1,495,000
Howard Johnson	3489 Lake Tahoe Blvd., South Lake Tahoe, CA	59 TAUs	\$2,600,000
California Tahoe Conservancy	N/A	Up to 44 TAUs	\$20,000 - \$35,000 each

Your authorization to initiate negotiations on one or more of the properties outlined above will be accomplished concurrent to the Business Plan, which will inform the process by providing detailed recommendations regarding funding sources, repayment schemes and the distribution program, as well as consider land holding costs. Holding costs will be used as a factor in considering pros and cons of immediate demolition and land restoration in comparison to contracting with a property management firm to maintain facility operations, including the costs of insurance and property taxes (for property owned outside of the County's jurisdiction) while receiving projects in Placer County are undergoing entitlement. County staff will also concurrently work to develop agreements with the City of South Lake Tahoe, which legislative body must approve any transfer of TAUs out of its jurisdiction, in the event a property there is selected, and the California Tahoe Conservancy, which as anticipated would ultimately demolish, restore and purchase remaining land. Additional investigation will be tied specifically to contingencies placed in the purchase and sale agreement, which at a minimum will include verification of TAUs and land coverage and classification with TRPA and a property appraisal.

Because the Tahoe basin lodging property market is complex, staff is recommending the Board authorize the CEO to obtain the services of a locally-operated real estate broker and, if needed, a real estate appraiser with significant experience within the market and the property type.

Fiscal Impact

CEO and Economic Development staff has discussed potential real property purchase funding source concepts with the County Treasurer. While the general fund is a potential one-time funding source, other sources such as the State of California Infrastructure Bank have also been identified and would likely be more appropriate for the long-term, multi-transaction programmatic concept now being analyzed in the Business Plan. Staff is requesting that the Board authorize negotiations that include a refundable deposit that would be removed once contingencies are released. It is anticipated that a refundable deposit in the amount of up to \$50,000 would be needed to initially hold one or more properties while staff conducts its due diligence. The source of this initial deposit is the County general fund included in the budget of the Community and Agency Support appropriation with no new net county cost. The source of any subsequent non-refundable deposits and remainder of the purchase cost would be identified when a contract is brought back to the Board for approval and execution. All real estate brokerage fees would be compensated by the seller.

Environmental Analysis

The Board of Supervisors approval of the requested actions is categorically exempt from environmental review pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15262. The requested actions would allow staff to further investigate the viability of the purchase of properties and the transfer of TAUs. The requests do not include a commitment to a particular course of action, plan or funding mechanism. Any demolition, restoration of land or land development application that might arise from a purchase of property will be subject to separate CEQA review.