

Talk of redevelopment suit percolates at STPUD, county

By Kathryn Reed



“We have filed a letter that reserves the right to file suit.”

That is Dennis Cocking, spokesman for South Tahoe Public Utility District, talking about his agency’s actions regarding South Lake Tahoe’s latest redevelopment area.

Neither the utility district nor El Dorado County is happy with the city’s decision to create a redevelopment area that encompasses most of the town – going from the airport, to the Y, to Herbert Street. It’s 3,100 acres.

For the state to recognize a redevelopment area the parcels must be deemed blighted. The county has taken issue with the massive swath of land the city says falls into blight.

A recent appellate court decision ruled in favor of Los Angeles County in its quest to stop a redevelopment project in Glendora. This county said sufficient physical blight did not exist. The court agreed.

El Dorado County referenced that case in a letter the Board of Supervisors sent Mayor Kathay Lovell and the rest of the council on July 8. The letter reiterates the concerns the county has regarding blight and that the city may leave the county no choice but to litigate.

It is not known when the county or district will decide how it

plans to proceed.

STPUD and city staffs have been discussing concerns since the City Council approved the area in May. The city and county are not talking. If a lawsuit is to be filed by either disgruntled entity, it must be done by mid-August.

"It's not like you can stop redevelopment forever. You invalidate the current redevelopment area," Cocking said of what a lawsuit could achieve. "It would force the city to go back and either come up with a smaller area or put a cap on it.

"We would have liked to have been involved sooner, but that ship has sailed."

City-STPUD work on other issues

Since the city and South Tahoe PUD have been talking, several issues have been resolved in the last six weeks; with some being offshoots of the larger redevelopment squabble.

City Manager Dave Jinkens in a June email to STPUD General Manager Richard Solbrig said in theory he agrees, "... the RDA [Redevelopment Agency] would be responsible for the cost of paving the street should the district decide to upgrade sewer and/or water mains in the street at the same time city RDA work is under way."

Another key issue being discussed is Lukins Brothers Water District on the west side of town. The small water company that goes from the Y down Emerald Bay Road does not have water lines sufficient to satisfy fire suppression needs. It is a private entity governed by the California Public Utilities Commission, with a franchise agreement with South Lake Tahoe for its nearly 1,000 customers.

At issue is who would own the improvements made to the inferior water district that would be paid for with

redevelopment dollars and what happens if STPUD one day buys Lukins.

South Tahoe PUD wrote to the city proposing, "For ownership of improvements made to the Lukins system with public funds, the city would support modifying the CPUC agreement to have the improvements pass to the district for ownership. If the agreement could not be modified, the city would agree to sell any improvements paid by redevelopment funds to the district at a nominal cost in the event the district were to purchase the Lukins system in whole or part."

The city's response was, "This proposal needs to be examined and explored further."

The district would also like to enter into a dual service agreement with Lukins, using the city as the conduit to make it happen. The idea is Lukins could provide domestic water and STPUD could provide fire flow.

Sources told *Lake Tahoe News* one reason nothing is happening with the dilapidated buildings at the Y where Mikasa and Miller's Outpost used to be is because no commercial enterprise can get insurance because fire flows are not sufficient. Property owners cannot negotiate a deal directly with STPUD for it to supply the necessary water in case of a fire. But the city could broker a deal between Lukins and STPUD to provide dual service.

A similar agreement exists between STPUD and Lakeside Water District, where the larger company would provide fire flow to the would-be convention center.

Other issues the city and South Tahoe PUD are discussing are irrigation issues at Linear Park, water supply to city entities and the cost involved, and encroachment fees for district construction projects in the city right-of way.