

City wants to adjust Heavenly Village contract, fix garage

By Kathryn Reed

Two of the current South Lake Tahoe City Council members are responsible for the city entering a 30-year agreement to pay 20 percent of the total cost, or about \$140,000 a year, for the upkeep of Heavenly Village.

The current city manager, city attorney and redevelopment director all say the contract needs revisiting before it expires. Those three were not on staff when the deal was consummated in August 2002.

The city owns the common areas or walkways in the village that is anchored by two Marriott properties and the Heavenly gondola. This is not a usual way of handling these sorts of things, according to city staff.



An effort is under way to entice people to visit Heavenly Village.

Photos/Kathryn Reed

More than once current staff has said previous councils upon

recommendation of former employees have given away more to developers and private entities than is logical based on what the return is for the city.

Mayor Hal Cole and Councilman Tom Davis were on the council at the time this particular document was signed by then Mayor Brooke Laine. The other councilmembers were Bill Crawford and Judy Brown, the latter who got appointed to the Planning Commission effective today.

The two Marriott properties pay 55 percent collectively, Heavenly Mountain Resort 20 percent, Trans Sierra Investments 2.5 percent, and Cecil's 2.5 percent into the kitty. Trans Sierra, run by Gary Casteel, owns the bulk of the retail buildings; Cecil's owners were a large stakeholder in the original deal and own what is now called Stateline Brewery. (Casteel did not return phone calls.)

Here is the current PADMA budget, short for Park Avenue Development Maintenance Association. It details the breakdown of expenses for things like snow removal, security and landscaping.

The board is made up of a rep from all of the entities that pay into it, with the city having two people on the board.

Last spring the City Council decided not to send anyone to the PADMA meetings. Councilman Bruce Grego and Redevelopment Agency Director Gene Palazzo had been the designees.

"They were in the process of negotiating to get out of PADMA. They have been talking about that for a year," Palazzo said in explaining why no one went to meetings for months.

City Attorney Patrick Enright attended the last meeting in December, with City Manager Tony O'Rourke wanting to go but needing to be at the new councilmember orientation. They've been to other meetings, but could not vote.

In January, the current council appointed Enright and O'Rourke to the PADMA board, which means they are now voting members. The next meeting is Feb. 15. (The board meets every other month.)

From the December meeting a "window of opportunity" was opened to re-examine the agreement, city officials say. But that's not what other board members are saying.

"Our argument is private companies are benefitting," Enright said in why the city wants to renegotiate the deal.

Lew Feldman is the attorney for PADMA and was also the attorney representing the developers. So he was negotiating with the city for the deal that is now being revisited.

He told *Lake Tahoe News* if a conflict arises, he would not participate in negotiations.

But Feldman also said the city's current position is a political one, not a legal one. "It's a contract," he said, implying there is no wiggle room.

"At this time we are satisfied with how the contract is," said Greg Campbell of Marriott Grand Residence. He is chairman of the PADMA board.

Building consensus

Two things the parties who spoke with *Lake Tahoe News* agree on is more needs to be done to bring people to Heavenly Village and the parking garage is a deterrent to making that a reality.

The City Council at its March 15 work session is scheduled to discuss PADMA and the city owned parking garage.

The PADMA board next week is expected to delve into parking and special events.

PADMA was not designed to be a marketing entity. It's more of a property owners association.

"We are looking at forming a subcommittee this season to look at more opportunities," Campbell said in regards to getting locals and tourists to the Stateline area complex.

He pointed to the success of Hot August Nights last year and said the village will play a larger role in hosting that car event this year.



More special events like the ice carvers on Feb. 5 are being talked about.

Campbell and Feldman pointed to the family-friendly inaugural New Year's Eve festivities at the village as something to build on with the Lake Tahoe Visitors Authority, which spearheaded the event.

"In the past, funding has always been a challenge," Campbell said of developing special events.

City Manager O'Rourke wants daily activities and major special events at Heavenly Village.

The other problem the village has is no one tells the media, therefore the public, about what is going on there. *Lake Tahoe*

News reporters stumbled across two ice sculptors on Feb. 5. The guy taking a chain saw to a slab of ice captured the attention of dozens of spectators at Fire + Ice, which was doing a brisk business, while the rest of the village that afternoon was quiet.

Parking issues

One thing holding back locals from going to Heavenly Village is having to pay \$3.75/hour at the garage.

So few people use the structure that the city loses \$100,000 a year on the garage.

“It doesn’t help us to get 9 cents an hour from the movie theater,” O’Rourke said. “If it were an independent theater, wouldn’t they provide their own parking or couldn’t they have worked out a deal with Raley’s?”

The good deal for the public is four hours of validated parking with the purchase of a movie ticket.

The bad deal for the city is the theater pays the city 9 cents for each of those tickets. Many other private businesses in the village pay the city \$1.56 per validated ticket. Retailers buy validation coupon books from the city.

O’Rourke wants to make those books more equitable to all involved. He can’t understand how anyone in the city ever thought it a good idea for a business to pay 9 cents.



The city
violates its

sign ordinance
to direct
people to the
parking
garage.

He also doesn't believe the city needs to keep paying for consultants to figure out how to run a parking garage. O'Rourke said talking to other cities that operate successful parking garages should do the trick. One thing he is looking into is how Vail offers free parking after 3pm.

O'Rourke told the council, "Based on current hourly revenue streams, it would cost the city approximately \$100,000 to initiate a 'Free after 3' program at the parking garage. Staff is examining opportunities to off-set that loss with garage management changes, sponsorship advertising better garage signage, and possible PADMA cost sharing."

Campbell agrees filling up the parking garage will help the businesses be more successful.

Feldman's stance is the city has not adequately made the public aware of the garage. The city agrees.

However, last weekend the city violated its own sign ordinance by having a sandwich board sign pointing to the garage. This is the second time the city has been caught violating the ordinance. The other time it had a banner on the movie theater building.

"People driving down Highway 50 don't know where to park for the gondola," Feldman said. "I felt strongly and I still do that the village has not been (embraced) by locals as it ought to be and the major obstacle is parking."

O'Rourke agrees, as he says, "Parking is a major disincentive for the public to go there."

But the city's top leader also acknowledged there has to be reason to go to the village.

Activities are one solution.

A better mix of retail, O'Rourke and Feldman said, will also get locals to come and visitors to stay. Both point to a need for a more unique mix of food and beverage options.

O'Rourke has worked with Bon Appetite officials in prior jobs and spoke to magazine officials when he was in New York last month about possibly having them do an event in South Lake Tahoe.

Although a better mix of retail is called for, some entities have survived since shops opened less than a decade ago – the movie theater, Heavenly Sports, Powder House, Kalani's, Wolf Gang Puck, Fire + Ice, Patagonia, North Face, Cecil's (with name changes and alterations), Boarding House, Cold Stone Creamery and Century 21.

"Heavenly Village is probably among the most functional mixed use developments in the basin in the economic situation we find ourselves in," Feldman said. "Retail has taken a beating everywhere. Like the rest of the world, we are turning a corner."