

Opinion: How redevelopment destroyed South Lake Tahoe

By Steve Kubby

South Lake Tahoe Mayor Hal Cole recently described street maintenance as a “300-pound gorilla in the room,” preying on South Lake Tahoe’s streets, and nobody knows how to stop it. It’s a beast that could take more than \$300 million to fix, according to city staff estimates on bringing the roadways up to California’s “complete street” standard.

The issue is “overwhelming,” Mayor Cole said while admitting that the most common complaint he hears from residents is the state of the roads. Meanwhile, Councilman Tom Davis appears to have given up on ever fixing our streets, telling the *Tahoe Tribune* that the \$300 million estimated repair bill for the streets is “an impossible goal.”



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“City council after city council has heard presentation after presentation regarding the state of disrepair of South Lake Tahoe’s roads,” reported the *Lake Tahoe News*, but each year funding is put off. Jim Marino, engineer with the city, told the council in 2009 that it would take \$5.2 million a year for 25 to 30 years to get the streets up to par. The City Council responded by doing nothing. As pointed out in several stories that have appeared in the *Lake Tahoe News*, the deterioration of our roads has resulted in more runoff, which pollutes our

pristine beaches and creates further loss of lake clarity.

The Tribune reported that road maintenance funding at the city has been unstable, at best, for more than 15 years. Some years street maintenance is not funded at all. So the big question is what happened 15 years ago that precipitated the end of funding for street repairs and maintenance. The answer is redevelopment.

Former Councilman Bill Crawford has said repeatedly, it was the council's 1995 decision to subsidize redevelopment debt by giving up all of the hotel room taxes in the Heavenly Village redevelopment area, that set the table for the city's economic woes for the last 15 years. The City Council voted to begin siphoning off \$3 million to \$4 million per year to keep the failed redevelopment project at Heavenly Village from drowning in red ink.

Two key players in all this were former mayors Hal Cole and Tom Davis, who actively promoted the development of Heavenly Village and who insist to this day that their redevelopment scheme has helped, not hurt South Lake Tahoe. Yet most of the revenue promised by these two redevelopment promoters never materialized, resulting a staggering annual shortfall of millions of dollars that Cole and Davis "fixed" by voting in 1995 to raid the general fund. In doing so, it was these two men who disabled the city from being able to pay for street repairs.

On March 27, 2011, Mr. Crawford revealed in the *Lake Tahoe News*, "Sometime between the years 2000 and 2002 \$7 million was filched from the city's General Fund and given to the Redevelopment Agency. The City Council didn't know about it until after it was disclosed. It was then called a loan."

How \$7 million was transferred from the General Fund to the Redevelopment Agency, without the knowledge or consent of the City Council, is still a mystery and deserves to be

investigated, especially since that "loan" appears to be a fiction and may in fact be illegal.

Another redevelopment headache is the city garage, which loses more than \$130,000 a year. Mr. Crawford questions the way the City Council dealt with this issue as well. "In 2002, bonds were sold to finance the city garage at 7 percent interest when the going rate for muni bonds was 4 percent. The garage is a millstone around the city's neck and is one of the factors that has led to the city to nearly drown in debt," said Mr. Crawford.

Since Mayor Cole considers the responsibility to maintain city streets to be "overwhelming" and Councilman Davis has described fixing our streets as, "an impossible goal," it's time for some new thinking to replace the failed leadership of the past 15 years.

One solution would be for the city to face reality and declare bankruptcy. That's pretty drastic, but the most immediate result could be \$3 million to \$4 million per year in hotel tax money going back into the general fund for road repairs and maintenance. Orange County declared bankruptcy and recovered. Clearly, the time has come for an honest look at our finances and the very real possibility that only through bankruptcy can we ever hope to restore our broken streets and actually begin living within our means.

While it is true that the city's finances are audited each year, these audits are solely based upon "facts" presented by the city's own finance department. What is really needed is a forensic audit to expose the true scope of the fiscal debacle that has been dumped upon South Lake Tahoe in the name of redevelopment. It is time for the distinguished members of the El Dorado County Grand Jury to open a new investigation into the City Council and into the questionable activities of redevelopment promoters Hal Cole and Tom Davis.

Steve Kubby is a resident of South Lake Tahoe.