

# TRPA air mitigation fees delay opening of businesses

By Kathryn Reed

Christian Strobel closed escrow on the former Block hotel near Stateline in May 2011. He paid \$450,000 for the 51-room rundown lodging property.

In the past year he has spent about \$1.5 million to turn it into a functioning facility, which included removing asbestos, replacing all the doors and windows, kicking out the gangs living there who were smoking various illegal drugs, putting in new furniture, adding green elements like recycled wood and low-flow toilets, all with the desire to market the hotel to an outdoor clientele.

On Tuesday, he found out he owes the Tahoe Regional Planning Agency \$163,021.01. It's called an air mitigation fee. It was the city of South Lake Tahoe that told him the news – not the TRPA. This fee is about one-third the price he paid for the structure.



The Block for years sat empty, boarded up and painted with graffiti. TRPA says it is working with the new owners to overcome the air mitigation fees.

Photo/LTN file

“I fell off my chair. We have a loan that is secured by my house. If I have to pay the fee, I won’t go into business,” Strobel told *Lake Tahoe News* on Thursday. “If that happens, we go into bankruptcy and I lose my home.”

Before buying the hotel on Cedar Avenue he checked with the TRPA about the validity of the tourist accommodation units. Those were in check. So, TRPA knew his intent to reopen the facility as another hotel but never mentioned the air mitigation fee.

No one at anytime disclosed the air mitigation fee, Strobel said.

TRPA calculates the fee based on an international engineering survey that says a hotel of this type will generate 9.81vehicle trips per day, per room. For Lake Tahoe Basecamp Hotel that fee is \$163,021.01.

The problem Strobel and even South Tahoe officials have is why people must pay the fee on a building – especially when the use hasn’t changed – when the previous owner already did so.

TRPA rules state that if a building is not used for two years, the air mitigation fee must be paid again.

When asked by *Lake Tahoe News* if this is actually a double fee, TRPA spokesman Jeff Cowen said, “We’ve all been talking about that. The only information I have is it’s in our code.”

In the Regional Plan update, alternative 4 (not the preferred alternative) would increase the vacancy to five years.

Asked why TRPA doesn’t issue an air mitigation refund when a business stops existing – the premise being then it wouldn’t be having customers polluting the air with emissions – Cowen said the funds can’t be refunded because they have been spent.

That's the point property owners and others are trying to make – the fees have been spent to mitigate air quality issues. Why pay for the same thing twice is what TRPA can't answer.

Hilary Roverud, director of development services for South Lake Tahoe, said the city would not comment on whether this is a double fee.

"The fee applies to any change. The previous use is not recognized," Roverud said of how TRPA looks at things.

Roverud and Cowen said they are trying to come up with a solution for Strobel so he can open as planned on June 20. But neither would say what the possibilities are to mitigate the mitigation fee.

"It's a legal issue," Cowen said.

### **Not an isolated case**

Strobel is not the only business caught in this quagmire. Down the street from his property is the Cedar Lodge that has new owners.

Judy Finn, planner with the city, said the owners have received a permit to do interior changes and have been told about the TRPA's air mitigation fee.

According to City Attorney Patrick Enright, the air mitigation fee at the Cedar Lodge will also be more than \$100,000.

Part of the issue with the Garfinkle building – aka Miller's Outpost-TJ Maxx – is the \$35,000 air mitigation fee. A lease between the property owners and clothing store has not been signed.

"I can't speculate on what people choose to do based on these fees. But it would be logical if someone is trying to do a project and they figure out the finances, this would be a factor," Roverud said of the air mitigation fee. "It does seem

to be more of an issues because we are in a period of a lot of vacant commercial property.”

The old Dixon’s restaurant on Emerald Bay Road has suitors. It, too, will face the air mitigation fee issue.

### **Why have a fee?**

The fee is used to combat air pollution that presumably a business’ customers is creating.

But the TRPA also doesn’t provide incentives for businesses that might attract hybrids or electric vehicles or even more than two people per vehicle.

The business may pay the fee, which most do, or pay directly for bus shelters, bike trails or other projects that would be considered a use that ultimately decreases vehicle miles traveled.

The mitigation fee is then put in a pot for the jurisdiction where the business is located.

According to TRPA, the city has used \$1.3 million in air mitigation funds in the last 10 years on bus shelters, street sweepers, transit buses and intersection improvements.

“The south Y intersection pedestrian and level-of-service improvement project cost \$2.5 million in 2007, \$500,000 came from air mitigation fees collected in the city,” Cowen said.

As of April, the city had \$180,000 in its air mitigation account at TRPA.