

Future of South Lake Tahoe's roads, recreation facilities may end up in voters' hands

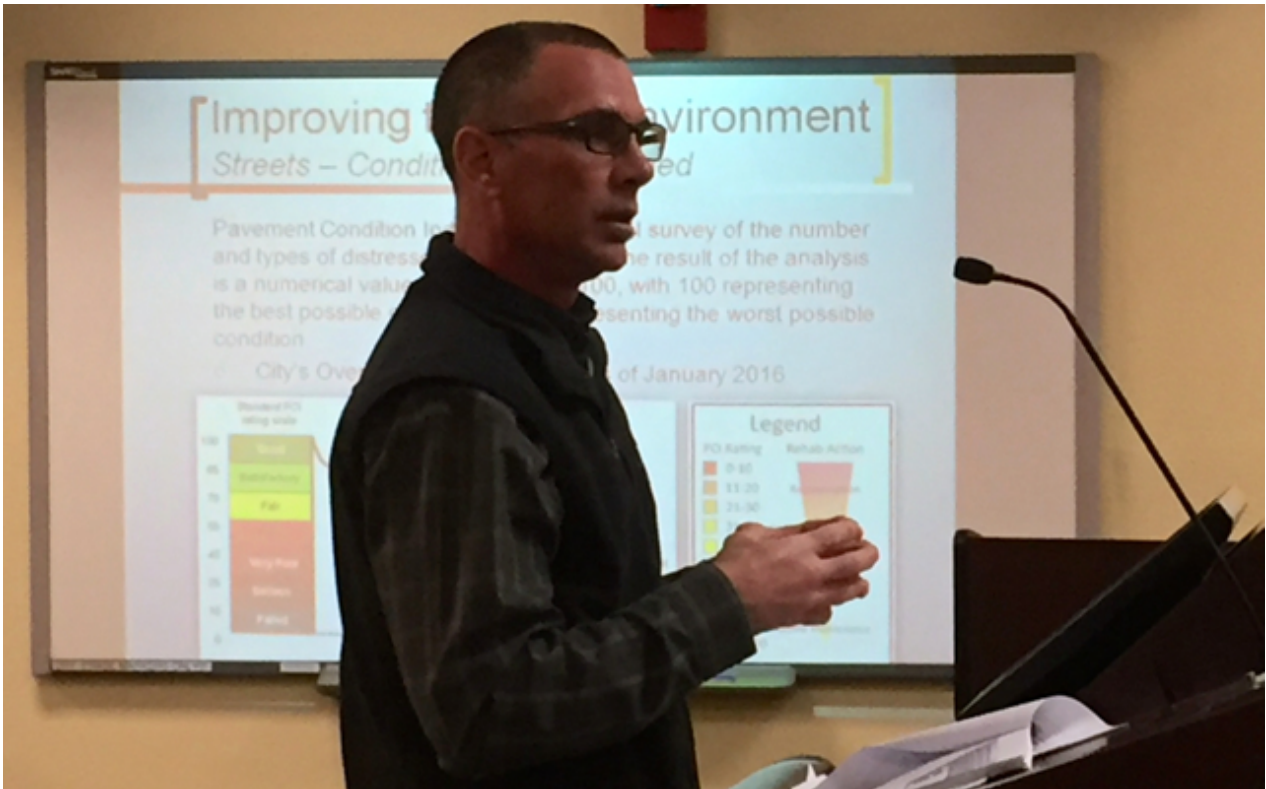
By Kathryn Reed

South Lake Tahoe voters will likely be asked in November to raise taxes in order to pay for a laundry list of needs and wants that was discussed by the City Council on Tuesday.

"We need ongoing funding for long-term capital needs," City Manager Nancy Kerry stressed.

As was pointed out in her presentation of the business plan, "Without a long-term funding strategy, the city will continue funding projects based on current needs and available resources."

While the city under Kerry's leadership has been able to balance the budget without dipping into reserves, the city hasn't been able to get ahead on major capital improvements. The deferred maintenance on roads, facilities and vehicles continues to mount.



Jim Marino, South Lake Tahoe assistant public works director, outlines what needs fixing in the city. Photos/Kathryn Reed

Financial options

Increasing the hotel tax by 2 percent, adding one-half cent to the sales tax and creating an amusement tax were all talked about at the Feb. 2 meeting.

Recreation and roads would probably be the two main beneficiaries of the influx of cash.

The finance subcommittee, which historically has been comprised of the mayor (Wendy David) and mayor pro tem (Austin Sass), is tasked with further investigating the options, reaching out to the potentially affected entities and bringing back a proposal to the entire council.

Jerry Bindel and Pat Ronan, both who work in the lodging industry and are on the South Lake Tahoe Lodging Association and Lake Tahoe Visitors Authority's boards, spoke in favor of the three taxes, saying they should all be on the same ballot.

They believe if a 2 percent increase in the transient occupancy tax were to be agreed to, that all of the money should be devoted to recreation. Specifying the recreation complex, 56-acre project and Regan Beach would satisfy needing to narrow the use for the money. Ballot language could also dedicate revenue for operation and maintenance of the facilities.

Bindel and Ronan are of the mindset that improved recreation facilities will lead to more tournaments in a variety of athletic disciplines coming to town, which in turn puts heads in beds. They admitted the initial tax spike might deter some people, but ultimately the improvements would bring even more guests.

Tournaments tend to attract people who stay longer and aren't just on the weekends, and can be in the shoulder seasons.

The current TOT is 10 percent throughout much of South Lake Tahoe, 12 percent in the redevelopment area. The former goes into the city's general fund, the latter mostly to pay off the bond debt. The Tourism Improvement District, which was formed in 2006, tacks on another \$3.50 or \$4 per night. TID uses that money for marketing.

Raising taxes for a specified use would require a two-thirds approval. Bindel and Ronan believe that's possible to achieve and pledged the lodging association's backing. This came after City Councilman Tom Davis was adamant the only thing increased taxes should go toward is roads. Davis is on the lodging board representing his company, not the city. When it comes to a vote of the council regarding the TOT Davis will not be able to participate because he could benefit from it.

It's also possible to ask voters to raise the TOT and not have the dollars earmarked for anything in particular. A second question could ask what they want the money to go to – recreation? roads? something else? That would be an advisory

vote and not something any council would have to honor. However, City Manager Kerry pointed out not following the voters' desires could derail their political careers.

One reason to not specify where the dollars would go is that this would only require a 50 percent plus one vote, which would be easier to accomplish than 66 percent. Also, more than one priority could be funded.

Another advantage to this scenario is that if the money initially went toward recreation, the presumed added revenue from those facilities could then go toward roads and/or some other project.

The gamble is if voters don't set recreation as a priority for the TOT dollars.

The city briefly raised the hotel tax via Measure Z in November 2002. This added \$1 to every hotel room. It was in place from Feb. 1, 2004, to Oct. 31, 2006. It brought in about \$1.1 million a year.

Raising the sales tax was already done once. It went from 7.25 percent to 7.75 percent after voters gave the go-ahead in November 2004. All of this "extra" revenue goes right to South Lake Tahoe, whereas the bulk goes to the state.

An amusement tax could be assessed to ski and bike rental, scenic rides on Heavenly's gondola and other items.



Dodging pot holes in South Lake Tahoe is getting more difficult.

What needs fixing

Jim Marino, assistant public works director, spoke about the \$35 million need in the next five years for capital replacement, the \$50 million five-year community investment and the \$24 million five-year environmental improvement list.

It's estimated the rec center needs \$13 million. It hasn't been decided if it will be refurbished, overhauled or demolished and rebuilt.

Regan Beach improvements are expected to cost \$9 million.

Nothing will happen to the 56-acre area until the city and county resolve ownership-lease issues there. The city is reluctant to invest sizably in a parcel it doesn't own. If another lease is pursued, Kerry said she would like it to be for 99 years.

The campground that sits on those 56 acres is in need of some basic, albeit pricy, renovations like bathrooms.

Marino would like a minimum investment of \$3 million a year for roads. In a 20-year span this would bring them to a level that he said would no longer be embarrassing.

He also stressed the importance of maintaining the roads that have been overhauled so they don't get into such a state of disrepair that they cost the city more money in the long run.