

Whole Foods signs SLT lease agreement

By Kathryn Reed

Whole Foods is coming to South Lake Tahoe after all.

The announcement came this week in conjunction with the high-end supermarket chain's fourth quarter earnings report. Leases for its 365 by Whole Foods Market stores have been signed in South Lake Tahoe, Redlands, and Fairfax, Va.

Details of the lease have not been disclosed. A representative from Whole Foods did not respond to an inquiry from *Lake Tahoe News*.

"The stores will feature a simple, affordable and convenient shopping experience that offers the high quality standards that Whole Foods Market pioneered," the Austin, Texas-based chain said in a press release.

It will be built where the Knights Inn currently sits on Highway 50 near Ski Run Boulevard.

"The fact that Whole Foods has issued a press release is encouraging to us that they have comfort in the contract that we have," City Manager Nancy Kerry told *Lake Tahoe News*.



This is an example of the architecture Whole Foods uses. Rendering/Provided

The city and Pradip Patel, who owns Knights Inn, entered an agreement earlier this year for the city to purchase the parcel for \$6 million. That agreement **fell apart this fall** when the California Tahoe Conservancy started talking privately to Patel as it angled for the commodities associated with the property.

(Tahoe Regional Planning Agency, the bi-state regulatory entity, has put a price on hotel units, commercial floor area and land coverage which has falsely inflated the value of properties in the basin and has stifled redevelopment.)

Patel did not return a call.

Mike McLaughlin, his attorney, told *Lake Tahoe News* he was unaware of any deal. McLaughlin does not believe the contract with the city is still viable.

“There was a financing contingency as part of the contract and the city didn’t satisfy that contingency. So by its terms the contract automatically terminated,” McLaughlin told *Lake Tahoe News*.

City Attorney Tom Watson told *Lake Tahoe News*, “Our position is we have an enforceable agreement.”

The City Council last month gave Watson direction to look into a potential lawsuit to enforce the agreement with Patel. The contingency was written to give the city an out in case funding from the California Tahoe Conservancy didn't come through. And while that money isn't available to the city, the city came up with the \$6 million.

Patel used the contingency to his advantage to say he could pull out because the CTC wasn't involved. The city says Patel and his attorney are wrong.

Since the blow up this fall Patel has been speaking directly with Halferty Development of Southern California.

Chris Peto with Halferty could not be reached.

What the terms of their agreement are have not been disclosed.

Halferty is in escrow to buy the neighboring property on the corner of Highway 50 and Ski Run Boulevard. The plan is to blur the property lines with commercial development that flows from one parcel to the other.

There is no way, according to officials, that the southwest lot could house Whole Foods because the store needs about 25,000-square-feet of commercial floor area and the corner parcel comes with about half that much.

The city originally wanted to make this a commercial and environmental project. That is why the CTC was involved.

"This is economic development first," Kerry said.

Environmentally the creek that runs under the property was going to be day-lighted and 10,000 pounds of sediment diverted from the lake. The developer is under no obligation to make that happen. It was the Conservancy's money – aka California taxpayers' – that was going to pay for it. That aspect of the project may never happen.