

Knights Inn environmental gains in jeopardy

By Kathryn Reed

TAHOE CITY – Days after South Lake Tahoe officials were celebrating the **acquisition of the Knights Inn** property, the Champagne has gone flat thanks to the California Tahoe Conservancy board.

The city was back before the state board on March 16 to finalize its request to obtain grant dollars that would fund the environmental improvements at the site.

South Lake Tahoe was under the impression it was still in the running for these Proposition 1 dollars. It had never been given a deadline to provide the CTC with the requisite information.

The city will release the California Environmental Quality Act documents on Monday. Comments will be taken for 30 days. That was one requirement of the CTC. The CTC also sought more detailed information on the stream environmental zone restoration. The city provided documentation.

What got contentious at Thursday's meeting in Tahoe City was whether the project presented was substantially different compared to the first application. Why this would matter is that the dollars being used are being awarded under a competitive bid process so there cannot be any sense of favoritism because that could trigger the threat of a lawsuit by parties that were denied funding. Clarifying information is legal, but amendments or resubmissions are not permissible.

Hal Cole, the city's rep on the CTC board, as well as city staff, are adamant the project is the same, only with more detail as required by the CTC. The board was not convinced.

The board believed going from 2 acres to 1.1 acres of restoration is hugely different. Cole explained that overall the same acreage will be treated; it's just the level of detail of restoration that is in question.

The definition of SEZ was also debated even though the Tahoe Regional Planning Agency has a definition for it.

What the board didn't discuss even though it was stressed by the city is that the original request of \$5.4 million had been reduced to \$3 million. City staff tried to draw a parallel between the revised SEZ numbers and the dollar amount.

Cole proposed a motion that would have CTC staff members and whomever else they wanted to look at the current paperwork to deem if the project was the same. That vote failed 4-2, with Cole and Paula Frantz of El Dorado County in the minority. Board member Larry Sevison, who represents Placer County, was absent.

The motion that passed unanimously was to have the Conservancy open round two of the Proposition 1 funds, of which the city was encouraged to apply. This will occur on March 17. There will be \$3.6 million total available. (In round one \$9.5 million was awarded for nine projects.) Depending on the number of applications for the next round, funding would be awarded in September or December.

The external committee that originally ranked the 32 projects from round one called the city's project "transformative." That is one reason it was recommended for funding – that it would daylight a stream that has been paved over and would reduce the amount of sediment draining into Lake Tahoe by 20 percent.

Right now that gunk, as Cole called it, winds up at Ski Run Marina. The proposed project on an annual basis would reduce the silt reaching Lake Tahoe by 8,200 pounds, 77 pounds of nitrogen and 25 pounds of phosphorous would also no longer

reach the lake.

The Knights Inn project will go forward. As of today it is a redevelopment project only.

“Without the CTC partnership, we will not have the environmental gains,” City Manager Nancy Kerry told the board before the vote.

Some city staff are wondering why they would apply again if the project has essentially been denied. But Conservancy board members after the vote said that isn't exactly what the vote said. The vote, some said, was about fairness for the process and not about the project itself.

It will be up to city staff to determine the course of action going forward. Waiting six to nine months to know if there is funding for the environmental component for the Knights Inn project would delay the entire process. The plan earlier this week was for demolition to occur in early summer, construction to start in late summer and the Whole Foods 365 – and probably other retail entities – to open in spring 2019.

With the city discussing its mid-year budget in April, this could be a topic then.