

SLT Knights Inn-Whole Foods project resurrected

By Kathryn Reed

South Lake Tahoe officials are expected to sign a deal Tuesday that would raze the dilapidated Knights Inn motel that fronts Highway 50, and replace it with a Whole Foods 365 and other retail establishments.

On Monday morning, Pradip Patel, who owns the Knights Inn, signed an agreement to sell his property to the city of South Lake Tahoe for \$5.935 million. The appraisal came in on March 10 for that amount.

The City Council will have a special meeting March 14 at 4pm to accept the deal.

The goal is to dramatically enhance this highly visible area of the city. By June the 110-room motel and other associated structures are expected to be demolished. Construction could begin in late summer on the new buildings, with people potentially able to shop at the grocery store by spring 2019.

The store will be at least 25,000-square-feet. The Austin, Texas-based chain has been gradually opening more of these smaller concept stores. "The stores will feature a simple, affordable and convenient shopping experience that offers the high quality standards that Whole Foods Market pioneered," Whole Foods said in a press release.

The company entered into a lease agreement in November for the South Lake Tahoe store. Details have not been disclosed.



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

- *\$4 million from Halferty to the city for the developable portions of the Knights Inn property*
- *\$1.1 million from Halferty to the city for the southwest corner*
- *\$800,000 from Placer County to the city for TAUs*
- *\$800,000 from CTC to the city to study the upper watershed for restoration*
- *\$3 million from CTC money is possible on March 16.*
- *\$750,000 for demolition to be paid from the city's reserves. This could be recovered by selling the remaining 42 TAUs and the residential unit which together should net \$650,000.*

Environmentally, it's possible thousands of pounds of sediment will no longer reach Lake Tahoe each year. The entire 850-acre

Bijou Park Creek Watershed will be studied for potential restoration.

The California Environmental Quality Act document regarding the project should be released in a matter of weeks, with completion in the next few months.

Analysis of the upper watershed area will be phase 2 of the project. That should be completed in 18 to 24 months. Improvement projects will be phase 3.

The city will sell the developable rights from Knights Inn to Halferty Development of Southern California. This is the company that is in escrow to buy the southwest corner at Highway 50 and Ski Run Boulevard that is adjacent to the Knights Inn property.

The two properties will be linked by a bridge. They will share parking. Parking is also available at the garage on Ski Run.

The structure on the corner will be single-story with various storefronts-restaurants of about 5,000-square-feet in size.

The city will retain what is described as a mote-like section where the environmental improvements are planned. A creek used to run in this area, but was paved over years ago. The plan is to bring it to the surface again.

All of this water that runs through the property is why the motel would flood each year. About 20 percent of the rooms have been damaged this winter.

This project has been on the books for years. It had fallen off the tracks for various reasons, but now all the parties are on board. Besides Patel and the city, this includes the California Tahoe Conservancy and Placer County.

Patel did not return a phone call.



The area in green represents the property the city is buying from Pradip Patel, while the gold is the “southwest corner” at Ski Run and Highway 50. Map/South Lake Tahoe

CTC is involved because it could be a major funding partner, plus it has neighboring properties that would be impacted by the environmental improvements. That state agency’s board meets Thursday. Money could be allocated then; which city officials will be advocating for. If funding is not forthcoming, some of these environmental improvements may not be realized.

Patrick Wright, CTC executive director, told *Lake Tahoe News* he would have answers to questions at the March 16 meeting.

Placer County at a meeting in April is expected to OK the purchase the 64 tourist accommodation units for \$800,000. Placer needs these TAUs for a lodging property in its jurisdiction.

“This project should demonstrate why it is so difficult to redevelop projects that both benefit the environment and the economy,” City Manager Nancy Kerry told *Lake Tahoe News*.

“Regulations are so complex that it has taken government four years to solve its own issues.”

She said it is near impossible for developers to navigate their way through the maze of regulations in the Lake Tahoe Basin. This is why few choose to do business here. Kerry praised Halferty for staying in the game this long.

The roller coaster ride this project has been on clearly proves the system is broken even though in the end the paperwork will be signed for the project to be developed.