

Opinion: Securing event center's future success

By Duane Whitelaw

The North Tahoe Public Utility District (NTPUD) has owned and operated the North Tahoe Event Center in Kings Beach since the early 1980s. In the late '80s the facility was renovated with Placer County transient occupancy tax (TOT) funds emphasizing conference groups coming to the region and putting "heads on beds."

Over the years, the event center has welcomed local events, recreation programs, public meetings, weddings, conference events, wakes and other community gatherings.

To ensure community accessibility and affordability, the NTPUD board of directors has funded the center's operating deficits for most years. The last 10 years this deficit has averaged approximately \$90,000 in operating losses with subsidies from the district flexing that number to about \$135,000 annually. In addition, no dollars have been set aside to fund depreciation to address aging infrastructure. Selling or trading the facility isn't an option. A grant came from a state bond to acquire the property with a condition it be used for "park purposes."

The only funding sources for the recreation department at NTPUD comes from parking fees, rental charges, concessionaire revenue, and a 1994 voter-approved Mello Roos which generates about \$600,000 in 2017. As is the experience in most communities, public recreation doesn't pay for itself without subsidies. Between the event center, North Tahoe Regional Park, Tahoe Vista Recreation Area, and annual support to the Boys and Girls Club, the department has fallen short of being able to pay for today's cost of recreation with existing

dollars.

In late 2015, the NTPUD was approached by a private developer to consider a public-private partnership to operate and manage the North Tahoe Event Center. They proposed to fully renovate the facility, operate and maintain it to a high level and guarantee "affordability and accessibility" in exchange for a long-term commitment sufficient for a fair return on investment. Being consistent with the district's desire to avoid asking local voters for additional funding, the board embarked on a series of public workshops to vet the proposal. More than a dozen public meetings were held for this purpose.

As part of these workshops, the board decided to give any interested company an opportunity to respond to a request for proposals to provide operation and management services for the North Tahoe Event Center. After an exhaustive public process with hundreds of hours of staff and volunteer time, a selection by the board of directors of the top proposal (out of three) was made to negotiate with Laulima, the original proposer. This is the developer that also plans to create a 100-plus room hotel, including mixed-use development of the Ferrari family properties purchased earlier in 2017.

As of today, the board has moved from confidential "real estate negotiations" with Laulima to a release of a draft final lease that calls for the developer to fully fund a \$5.6 million renovation, secured by a performance bond, fully funding the operation and management costs of the entire facility for up to 30 years, plus two possible 20-year extensions if the terms of the initial partnership are being met. During this time the citizens of the district would have continued access and affordability at reduced rates, free use for community programs and guaranteed space for recreation classes including Jazzercise, yoga and others. In addition, the developer will pay the district a guaranteed annual sum, escalating in the first 10 years to \$165,000 per year, then to an escalating amount adjusted by inflation for the remaining

term. A citizen advisory committee would report annually on adherence by the partner to the terms of the lease. A complete review of the lease, exhibits, current FAQs and various attachments can be found **online**.

The elimination of the operating losses at the event center, plus the guaranteed annual revenue could defer plans to seek additional tax dollars to cover operations and capital asset replacement from the property owners in our district. A series of facilitated public workshops on the proposal are scheduled and can be found at the above website. A decision on the proposed public-private partnership could occur as soon as mid-September, culminating the nearly two-year effort to help secure recreation solvency at the NTPUD.

Duane Whitelaw is general manager/CEO of North Tahoe Public Utility District.