Opinion: S. Lake Tahoe ‘poised for success’

Publisher’s note: ***The following is the State of the City address that South Lake Tahoe Mayor Hal Cole delivered before the council meeting on Nov. 18.***

Thank you to all who are in attendance today.

Although I was originally a bit skeptical about having an annual State of the City speech, I now understand that this is an important part of the city’s narrative: A moment in time to reflect on our successes and vision our future.

In all my years on City Council, I have never witnessed such a transformational time as we are in right now. This renaissance cuts across all aspects of our city: Its built environment as well as its natural environment, its economic health and vitality, its sustainability. I also see a rebirth of hope among our citizens and our employees.

As a builder by trade, I’d like to start out with a snapshot of the visible transformation we are seeing. The bricks and mortar of change.

Economic downturns are often rapid. We’ve all heard of the stock market crash in 1929 and the almost immediate fall into the Great Depression.

The start of our last recession in the fall of 2007 was equally dramatic. It was almost as if a switch was turned off and economic activity ceased. Banks immediately stopped lending, consumers immediately stopped buying.

Economic recovery on the other hand is often slow.

It has been one property at a time; be it a coat of paint or a complete demolition and rebuild.

It is also a time in which we witnessed some of our long-term visions come to fruition.

Unlike the early years of our Redevelopment Agency where investment was primarily focused on our tourist core (as that was all we could afford), this current renaissance extends from our airport to Stateline.

This morning I'd like to take a look at not only the larger, more publicized projects, but some of the smaller individual efforts as well. I am also going to recognize projects that may have begun before this year or are planned in the near future.

I want to apologize in advance for any property I may have left out.



Lake Tahoe Airport could be spruced up in the future. Photo/LTN file

So, let's take a tour.

Since we're here at the airport, let's start here.

I want to begin with the welcome sign and use the opportunity for a little unabashed self-promotion. The idea that began when I was a planning commissioner. Many visitors have taken their pictures at the sign and now, there are finally a few nice parking spaces too.

Over $25 million has been invested in the airport over the past few years, with 90 percent of the funding from the federal government, through the FAA. The city's subsidies have gradually declined from close to $2 million to about $350,000 presently.

This is not only our airport; it's our City Hall and will likely be for some time. While it may not be as important as other infrastructure improvements, it also serves as a gateway to our traveling public.

I would like it to be something the community can take pride in. So I would like to ask my fellow council members to consider remodeling the foyer. Something with a mountain flair. A fireplace, woodwork, art. Make it welcoming. Perhaps after the first of the year we can agendize this and explore the opportunities.



T.J. Maxx took over a long dormant building. Photo/LTN

Leaving the airport leads head to the "Y" TJ Maxx: The property owners and TJ Maxx have made significant investment in this project. It has created jobs and helped keep shopping dollars local.

BevMo: Next to TJ Maxx was a building which has seen a variety of tenants over the years – AAA, the League, Laundromat, and most recently South Shore Bikes. It was demolished this summer and a new building is under construction. Another example of

an investor’s confidence in South Lake Tahoe’s future.

South Shore Bikes and SUP Tahoe: When SUP Tahoe needed to find a new location, they decided to invest in the community as well and built a beautiful new building and expanded their operations. Brandon Miller and Jessica Howitt used local labor for the construction and provide new ongoing jobs. They lease part of the building to South Shore Bikes.

Sonny’s BBQ: The former home of the Rockwater grill is now a new locally owned and operated restaurant. Great BBQ and don’t forget to tell Sonny that Hal sent you.

Continuing down Lake Tahoe Boulevard to the midtown area we also find a lot of investment going on.

Swiss Chalet/Cold Water Brewery: The Swiss Chalet is a true Tahoe icon. My early recollection was it was a bakery. The Bauman family then built, owned and operated a restaurant. Debbie Brown is the new owner and has created the Cold Water Brewery. Debbie and her family have invested in a complete renovation of the building. Beer will be brewed onsite, and the grand opening is just a few days away.

Blue Dog Pizza: Across the street from Cold Water Brewery, is the expanded location of Blue Dog Pizza. Local small business owner, Mercedes Beran, started their business at the bowling alley. Then they expanded to the Raley’s center at Stateline and then opened the midtown location on Sierra Boulevard about a year ago. Their remodel looks great and really livened up the corner.

Auto Zone: It is often said: “Everyone likes progress, but no one wants change.” I just reminisced about the Swiss Chalet, and this site was also a Tahoe icon. The net result is a new source of revenue for the City, new jobs, and new streetscape and water quality improvements.

Continuing farther down Lake Tahoe Boulevard, we’re going to

take a brief detour off the highway, taking a right turn on Al Tahoe Boulevard heading north to the college.

Lake Tahoe Community College – Measure F: Congratulations to all those who helped the college get its first-ever bond passed. It is anticipated that nearly $60 million will be invested over the next few years, with hopes of having a four-year program. The investment will create jobs, expand educational opportunities and help sustain the college for years to come.

Lake Tahoe Wildlife Center: Located on 27 acres:

• Consisting of an animal care and caretaker building

• 10,500 square feet

• Including hospital and surgery area

• Public area for animal drop off

• Intern quarters

• Board room

• 12 rehab cages that will allow the animals to recuperate with more space and privacy.



Harrison Avenue looking north from Modesto Avenue. Photo/Jonathan Moore

Getting back onto Lake Tahoe Boulevard, Highway 50, just past Al Tahoe we come to the long awaited **Harrison Avenue** project. Nearly 20 years after the project was identified in the Bijou/Al Tahoe Community Plan in 1995, the Harrison Avenue Streetscape Improvement Project began in May of this year. The completion of this project has addressed several citywide strategic objectives.

I do believe that the completion and overwhelming success of Lakeview Commons was the ultimate impetus to make Harrison Avenue a reality. The Harrison Avenue improvements represent another project being completed this fall made possible through a partnership between property owners, state and federal agencies and the city. We are already seeing the further investment of the property owners themselves. There's a new sense of pride in the neighborhood. Thank you to John Cefalu for his beautiful remodel of his property at Tallac and Harrison.

Here are just a few of the key aspects of the project:

• Nearly $6 million in construction costs.

• Increased area parking from 155 to 230 spaces.

• 160,000-plus square feet of roadway rehabilitation.

• Over 8,000 linear feet of new curb and gutter.

• Over 12,000 square feet new bike paths.

• A new storm water infrastructure providing a 77 percent increase in capturing sediment before it reaches the lake.

• High efficiency LED street and pathway lighting.

Champions Plaza: This is cool. In the original plans this was to be landscaped area where the sidewalk met the Lakeview intersection. The idea for a Champions Plaza was born from the success of our local "Golden Girls" at the Sochi Olympics. We

recognized an opportunity to recognize our local athletes.

The concept was suggested, council approved, Harrison Avenue project amended, and faster than most projects in town are even permitted, it was built. We have also anticipated adding public art as well as plaques honoring past, present and future local champions in a Hollywood style walk of fame.

East of Lakeview Commons is a project just completed by the CTC. Part of a program to acquire aging developed parcels on sensitive land and transfer those development rights to town centers. This summer the California Tahoe Conservancy purchased and demolished the former Alta Mira building. The transformation is dramatic. This is the first and only view visitors travelling into town have of the lake.

They have also acquired the Smoke Shop, the South Y Lodge on Highway 89, and the palm reader. I heard that the psychic was shocked when she found out her lease was terminated – she said, “I never saw it coming.”



The Bijou erosion control project. Photo/LTN file

A little farther down the road, is the **Bijou Erosion Control Project**. This was an $18 million project and an impressive example of area-wide BMP engineering. The Bijou Area Erosion Control Project is an underground storm water system. The previous, failing 50-year-old Bijou Creek storm drain system which extended from Bijou Meadow, under Fairway Drive and U.S.

Highway 50, through the Bijou commercial core, and to Lake Tahoe has been completely replaced.

This updated system will still allow the Bijou Creek to enter the Lake while separately treating the storm water runoff from 42 acres within the Bijou Commercial Core area, preventing 21,000 pounds of fine sediment particles from reaching Lake Tahoe each year.

Heading toward Stateline, we stop at Ski Run Boulevard and take a look at some recent renovations at **Ski Run Marina**: Owner, Elie Alyeshmerni has installed public art for the community, and after years of working on a solution for parking, new improvements have been constructed.

Brian and Angela Luke have also opened their second Artemis restaurant at the Ski Run Marina.

Across the street is the **Southwest Corner**. The City Council is in final negotiations with three interested developers; we're trying to incentivize the development of a mixed retail/residential use with design elements similar to our state line improvements.

Vacant lots/Fantasy Inn – These two lots are for sale and there is already commercial property investors interested for these properties.

As we enter the tourist core area near Stateline, we first come across **Highland Inn**. The owners are undertaking a major remodel, adding a new restaurant and improvements throughout.

Next, the **Shoppes at the Chateau**. Beautiful project. The first phase is completed with $15 million invested by the owner, Bill Owens. The "before" and "after" is dramatic and all I can say is, "It's been a long time comin'." Planning has begun for the second phase continuing construction and streetscape improvements down to Friday Avenue.



Heavenly Village is seeing record revenue. Photo/LTN file

Heavenly Village: Gary Castell, owner of Trans Sierra Investments, operator of the commercial-retail property at Heavenly Village, reports they have had unprecedented sales in 2014 and expect a great 2015.

New summer activities have keep the village lively, and three new restaurants provide new options:

• Base Camp Pizza

• Azul-Latin Kitchen

• The Gunbarrel restaurant.

Our tour is now at the city limits, the state line.

And not to be lost is what is happening next door. The state line is becoming more blurred as our tourist core area grows and improves. The investment in the Stateline area is substantial. It's estimated at over $200 million between now and 2016. That investment creates jobs and draws more visitors. That benefits all of us.

MontBleu: $24 million dollar renovation.

Hard Rock Hotel: $60 million investment. Due to open on New Year's 2015 on a limited basis – in fact, they are already taking reservations.

Edgewood: Over $100 million in investment including a new lodge and hotel. That completes our driving tour of South Lake Tahoe.

Next I'd like to talk about recreation.

I may be preaching to the choir when I say this, but it is clear recreation is our key economic driver. The city and El Dorado County have joined forces to create a new Parks, Trails and Recreation Master Plan for the South Shore. This plan identifies the community needs and creates strategies for improving recreation opportunities for residents and visitors. We envision an accessible, interconnected, and sustainable system of diverse, year-round recreation opportunities. Our world-class parks, facilities, trails, and programs inspire and engage recreation enthusiasts from all over the world; they shape our community, they connect us to our natural environment and they support our shared vision for the South Shore.

Implementation will require an initial investment and the city is going to need to lead the way on this and we've already begun by directing funds toward recreation.

Our leading recreation partners, including Sierra-at-Tahoe and Heavenly, provide outstanding winter recreation.

And now, Heavenly' s gotten into the summer activities as well.



Liesl Kenney demonstrates

her balancing skills at Heavenly. Photo Copyright 2014 Carolyn E. Wright

This past year **Heavenly**:

• Reopened the Blue Streak zipline

• Opened and installed two challenge ropes courses and a canopy tour. In the final planning stages for 2015 is the Epic Discovery Park:

• Alpine coaster

• 3 additional canopy tours

• Guided Jeep tour

• Manned Forest Lookout (educational)

• Mountain bike park

• Connector trails to o Rim Trail and to Van Sickle Park.

Moving on, this past September we celebrated the completion of the 2.6 miles of rehabilitated bike trails within the city of South Lake Tahoe. Construction began on the Class 1 bicycle trail rehabilitation project in mid-July. Bike paths within the city of South Lake Tahoe have been pulverized and repaved. Restoration of the bridges at Trout Creek and Upper Truckee meadow occurred. This project was made possible through a grant from Caltrans and Measure R funding.

Thank you to JoAnn Conner for her active participation in the Recreation JPA **56-acre project**. This is still one of our diamonds in the rough. It deserves our focused attention in the years to come. The millions invested into planning need to move from the shelf to implementation – as identified in the Rec Master Plan.

The city has stepped up by buying land to relocate our public works yard out of the area and into Industrial Area where it belongs.

Passage of Measure F will also help with recreation through:

• Field enhancements including bleachers

• Cross country ski tracks

• Improved field lighting

• The continuation and expansion of recreation oriented classes.

BMX Bike Park: We’re building a new BMX Bike Park through a partnership with the Bijou Bike Park Association – a nonprofit association whose members have proven success in building, maintaining and operating mountain bike and BMX facilities and trails.

The group has designed a 4-acre bike park to include riding features for all ages and abilities including a kids skill zone, pump track, competition level BMX track and progressive park features for learning and improving mountain bike skills. The bike park will be yet another attraction for our recreation oriented visitors.

We’re not just building recreation, but improving on recreation activities as well.



Live at Lakeview will be

returning in 2015. Photo/LTN file

Lakeview Commons concerts: We celebrated our third year of free summer concerts this past summer and the music will continue.

Lakeview Commons movie nights: The Lakeview Commons Beachside Movie night proved to be wildly successful on the last weekend before the kids went back to school this fall. We plan on having several more family friendly events this summer.

Lakeside historical chats: The city will be creating a new tradition this summer with lakeside historical fireside chats at Lakeview Commons. We will have a speaker series sharing historical stories about our beautiful community.

In just a few weeks it's **Light up Lake Tahoe**. On Dec. 6 we will be celebrating our third annual Light up Lake Tahoe event. Businesses along Highway 50 will turn on their holiday lights as the fire department, police department and snowplow are decorated with holiday lights in a procession to the Y with the annual tree lighting, along with a visit by Santa Claus with photo opportunities.

Of everything I have spoken about community investment, public-private partnerships, and investing in recreation, none of it can happen without a solid financial footing. Unquestionably the most transformational change this year occurred in our financial future. A facet of our city which is also often the least noticed and least understood or appreciated. While we have been investing in infrastructure, and as important as all the aforementioned projects are, the city needed to face the realities of our financial future.

A city needs a strong financial footing in order to have the resources for community investment. We needed to address the exponential rise in health care costs and the associated debt

hanging over our heads of unfunded pension and health care liabilities. If we didn't address these, if we didn't tackle them head-on, we too could be facing bankruptcy like many other cities in California.

Although we have no control over the state controlled retirement program, as any reform in the current pension liabilities will require state legislative action, and some cities have been challenging the present mandate in court with some success. However, we do have control over our health insurance costs.

It's said, "You can't have anyone over for dinner until you put your house in order."

This resonates so strongly in our city. Getting your house in order is not just making the view from the street look better; it is getting our financial house in order as well. It's what the community and citizens expect of their government. It would have been easy to kick the can down the road a little farther, let "the next" council handle it, but we had reached the tipping point.

Our previous efforts to curtail payroll costs, be they layoffs, using reserves or refinancing debt was not going to stem the unprecedented rise in health insurance costs. Instead we asked our employees to do something unique in public service: to put the wellbeing of their city ahead of their personal gain. With much angst, tense and arduous negotiations, and with the unequivocal support of my colleagues an agreement was reached unlike any other in the state.

As I said earlier, "Everyone wants progress, but no one wants change."

But the reality is that no progress will ever be made without change. When your family is affected directly, the change can be dramatic. When your paycheck is affected, the change is

personal. We understood that. In 2012 our unfunded liability was $47 million.

That is what we would have been required to set aside to cover healthcare expenses for employees and retirees if no changes were made – that translates to essentially $10,000 for each full-time residential household living in the city – and that's just for health care. Rather than raise taxes, sell bonds, increase sales tax, or file bankruptcy as other California cities have done to address their unfunded liabilities, we asked the employees of this organization invest in the city's future, to partner with us going forward.

Just a few weeks ago, the City Council approved labor agreements with all six bargaining units that will reduce the city's unfunded liability even further than before. We estimate that as a result of all of the changes over the past three years we will have reduced our health care liability by approximately $36 million. It is unique among California cities to reduce unfunded liabilities.

And yet, although unique, it is what the citizens expect. They want and expect their government to tackle the big problems, spend their tax dollars wisely, manage resources and invest in the community. We are doing just that and in all my years as a council member, the restructuring of our finances over the past three years is the most transformative change I have ever witnessed or been a part of.

It may not be as visible as the projects I have discussed, but the transformation of the city's finances will have just as big of an impact on our town as the projects that are visible as you drive by. We are now poised for a renewed effort to reinvest in our town.

Our books are balanced and through the efforts of budgeting and refinancing our loans, our debt is being reduced. We could not have done this without our employee's commitment to

investing in their organization, without the passion and tenacity of our city manager and her negotiating team, without the direction of our citizens to “put our house in order” or without steadfast support of our City Council.

A huge thank you to each of my colleagues for standing together to resolve this heavy burden hanging over our heads. I also want to thank Councilmember (Brooke) Laine for her dedicated help for the past year as part of the finance subcommittee to achieve these results. There’s nothing like a banker looking over your shoulder when you are reviewing balance sheets.

We’ve taken a look at the past and present, and talked about our finances, it’s time to take a look at our future.



Tahoe Valley – aka the Y in South Lake Tahoe may become more of a destination. Rendering/Design Workshop

Tahoe Valley Area Plan: Over 15 years of planning is culminating in the adoption of the Tahoe Valley Area Plan this coming year. There are already capital investors inquiring and there are some properties in escrow as we speak. Unlike the early years of our RDA, where investment was primarily focused on our tourist core at the state line, as that was all we could afford, the current renaissance is not missing any part of our town.

With the creation of the hospital district as a component of our TVAP, the hospital is positioning itself to take advantage of the development incentives and looking at expansion and renovation of its facilities. We are so fortunate to have a hospital of this size and scope.

Lake Tahoe Wildlife Care: Another project the city is supporting is the relocation of Lake Tahoe Wildlife Care to Al Tahoe Boulevard. With an anticipated groundbreaking in spring 2015 and completion 2016. Our community will have a world-class wildlife rehabilitation center.

50th birthday of the city of South Lake Tahoe: 2015 is the city's 50th birthday. And the city will be celebrating throughout 2015. Residents, former residents, fans, friends, neighbors, and general lovers of this unique place known as the city of South Lake Tahoe are invited to recognize, commemorate and celebrate the throughout the entire year. We will be soliciting and sharing historical stories from people who have lived here over the past 50 years.

Each month we will hold a special event, open houses, a summer celebration and a grand birthday celebration in November of 2015.

Not to be lost in a conversation about our future, are the challenges we still face.

The fact is:

• Too many of our residents are living at or near the poverty level.

• Too many are living in motel rooms never intended for permanent occupancy.

• Too many are unemployed or underemployed.

• Too many rely on the city's walkways for getting to and from work.

Although the city is not equipped to offer many social services, we are cognizant of the problem and incorporate many features into our projects with those residents in mind. We need to improve transportation in our community – it is the key to environmental improvements as well as an important need for lower income community members.

I want to thank Councilmember (Angela) Swanson for her dedication on the TTD, her efforts to obtain funding, and work toward better improvements in our transportation system. Another aspect of transportation is alternative modes, including biking.

Continuing the process of building, maintaining and repairing our bicycle pedestrian pathways is important to our future. Another challenge is pedestrian lighting. The lighting of areas heavily used by pedestrians is now incorporated into many of our projects. The lighting of Pioneer Trail from Highway 50 west has made a big improvement for the safety of those commuting to and from work after dark and the lighting of Harrison Avenue has increased walking and biking opportunities for our community members.

I would like to thank Councilmember (Tom) Davis for his constant advocacy for lighted streets and walkways. Another challenge is affordable housing for low-income community members.

Too many live in motels which are not designed for permanent housing. I am on the subcommittee that is in the process of drafting a new ordinance that we plan to bring before council in a few months. It will require compliance with our tourist accommodation codes if they are going to operate as a motel or significant building improvements if they plan to provide long-term housing.

Employment: South Lake Tahoe’s unemployment has declined form a high of over 17 percent in the recession to 8 percent in

September. This is lower than our 10-year historical average of 11 percent. However, we need higher wage jobs. But, jobs don’t come out of thin air, they require capital investment, and investors seek a business friendly environment It is very time consuming to construct in Tahoe.

The city is trying to assist developers by a new one-stop shop in the permit center and being business friendly. It is also expensive to build in Tahoe. Development fees, particularly from environmental agencies and our sewer district are a big impediment to construction and slow economic recovery. The city is trying to improve the situation through the adoption of the Tahoe Valley Area Plan. It will allow most projects to be handled over the counter without separate TRPA submittals.

An absolute challenge to development and slowing environmental redevelopment are commodities such as CFA, TAUs and land coverage. Commodities have also stifled many potential projects – projects that could have provided great environmental benefit. The TRPA and local agencies are working to resolve this issue.

Our city is not equipped or funded to provide many of the social services needed by our community and I would be remiss if I didn’t recognize at least some of the many local nonprofit agencies we are blessed with.

Here are just a few:

• Women’s Center

• Sierra Recovery Center

•Tahoe Area Coordinating Council for the Disabled

• Tahoe Youth and Family Services

• Boys – Girls Club

• Family Resource Center

• CASA

The list goes on. I encourage our residents to support them as much as possible.

If I were to summarize “the state of our City” it would be we are “poised for success”.

As I enter my final years on your City Council, I often reflect how far we have come since my first election in 1994. I often wonder what our town would look like if we hadn’t gone “all in” when we decided to redevelop our state line tourist center. Yes, it was arduous. Yes, it was expensive.

Although myself and council member Davis were immersed in this project for several years, as evidenced by our grey hair or lack of it, it is still shocking to visually see what happened:

• We’ve matured

• We’ve had incredible successes

• We’ve learned from our mistakes.

We truly have a stronger, more transparent city government and this past year has set our city on a course for unlimited possibilities. I look forward to continued reinvestment in our community and its infrastructure with the associated attention to improving the clarity of our lake. I look forward to celebrating our city’s upcoming 50th anniversary. I look forward to bringing the community and our visitors more signature events. I look forward to creating and providing the often over used moniker “a world class recreation destination”. I look forward to a future when decisions are made using discussion and debate, not personal attacks and constant criticism.

We all want the same thing. This is our home. If we all pull together, the possibilities are endless.

Thank you for your time today, for investing your energy, resources, teamwork, and for your support of our community.