



# REDEVELOPMENT AREA #2

# FREQUENTLY ASKED QUESTIONS

## 1. Why was RDA#2 created?

Douglas County Redevelopment Area #2 (RDA #2) was created in 2016 primarily to aid the county in achieving a desired strategic planning goal to “work with local partners and stakeholders to initiate the development of a year-round conference/entertainment venue at Lake Tahoe (within Douglas County).” Gaming at Stateline had long been a main attraction for visitors and gamblers, but after the proliferation of tribal gaming and years of casino core declines in employment, property tax and gaming revenues, Stateline and the South Shore needed a different direction. In 2011 the South Shore Vision Plan recommended development of new indoor entertainment venue and conference/group meeting space (Event Center) as one of 14 principle ideas to redefine the physical attributes of the South Shore in a way that is economically sustainable and responsive to environmental conditions. RDA #2 was created to give focused attention and financial investment in the area and to partially fund the development of the Event Center. Goals for RDA #2 include revitalization of the Stateline area and a strengthening of the county’s economic base.

## 2. Where does redevelopment money come from?

Redevelopment funding comes from property tax increment. When a redevelopment project area is established the property tax values on the tax roll last secured prior to the formation of the project area becomes the project area’s frozen base, or “base year”. As property values in the project grow, the values in excess of the base year are the incremental assessed value. The property tax revenues derived from the growth in value over the base year are tax increment revenues.

## 3. Where is RDA #2?

RDA #2 is in the Stateline area and includes the properties in the casino-core, Edgewood Golf Course properties and Tahoe Beach Club. A map can be found on the Douglas County Website. The tax increment is generated from the property tax growth in that area.

## 4. Are my taxes going up because of RDA #2?

No, they are staying the same. The Board of Commissioners is not considering a tax increase at this time. Tax payers in RDA #2 will also continue to pay the same tax rates.

## 5. What is the total amount of property tax that will be generated by RDA #2? (Revised)

At the time of approval, RDA #2 was projected to generate \$113 million over its 30 year lifetime. To date revenues collected are less than estimated. For example the initial revenue estimate for FY 19-20 was \$2 million when the actual projected revenues for FY 19-20 were closer to \$1 million. In March 2020 MuniCap, Inc., prepared a study to determine future revenue generation during the remaining lifetime of RDA#2. The study estimated the generation of \$76 million in future property tax increment revenue through 2046.

## 6. If RDA #2 was dissolved how much of the increment would go to other taxing entities? (Revised)

For FY 19-20 the total projected increment is just over \$1 million. Of that sum, the largest portion would go to:

School Operating – approximately \$268,000\*

Tahoe Douglas Fire – approximately \$195,000

Oliver Park GID – Approximately \$152,000

County Operating (General Fund) – approximately \$291,000

\*On November 21, 2019 the Redevelopment Agency took action give the School Operating portion to Douglas County School District until June 30, 2021.

## **7. How much money is currently in the Redevelopment Area #2 fund? (Revised)**

The June 30, 2019 fund balance for capital projects is \$909,000. The current FY 19-20 total property tax increment (through February 6, 2020) for RDA #2 capital projects is \$870,000. The current amount of funding available for RDA #2 capital projects is approximately \$1.75 million.

## **8. What can the money be spent on? (Revised)**

Once the property tax increment is allocated to RDA #2 it carries with it numerous restrictions and limitations in accordance with the Nevada Revised Statute Chapter 279. RDA projects must meet certain findings under Nevada law. A number of potential projects and programs were identified in the Economic Feasibility of Redevelopment Plan document dated January 21, 2016. Those include business incubator seed funding, wayfinding, street and bicycle improvements, flood control projects, and community facilities projects such as Kahle Community Center improvement and the Event Center. Increment funding was anticipated to cover a portion the potential projects cost. A small portion of operating costs related to administration of RDA #2 is also paid for by the fund.

## **9. If approved, how much will the Event Center cost and how will it be funded? (Revised)**

The Tahoe Douglas Visitors Authority's (TDVA) updated estimate of the cost for Event Center construction is approximately \$100 million and will be financed with a bond issuance. TDVA is requesting a total not to exceed \$34.25 million (in current and future tax increment revenues) from RDA #2 toward the project. This represents approximately 19% of the total debt service to repay the bonds. The requests consists of other sources of funding which will be generated from visitor stays and include:

- \$5 per night surcharge imposed on lodging in the Tahoe Township as a result of the recent passage of SB 461 by the Nevada Legislature is estimated to generate 43% of total debt service to repay the bonds.
- Existing Transient Lodging License Tax and Transient Occupancy Tax that TDVA currently receives are estimated to generate 38% of total debt service to repay the bonds.

## **10. Who will own the Event Center and pay for operations?**

Tahoe Douglas Visitors Authority.



## **11. Who/what is the Tahoe Douglas Visitors Authority (TDVA)?**

The Tahoe Douglas Visitors Authority, a Nevada public agency, was created by the Nevada Legislature in June of 1997 with the passage of Assembly Bill 616 (The Tahoe-Douglas Visitors Authority Act). The legislation was signed by Governor Bob Miller in July, 1997, with initial revenues - a new 1% added to Douglas County room tax collected at Lake Tahoe - effective October 1, 1997. A room tax revenue-sharing formula between TDVA and Douglas County as set forth in the Act became effective as of July 1, 1999.

In adopting the Tahoe-Douglas Visitors Authority Act, the Legislature stated that (section 2.1):

"The necessity for this act results from:

- (a) The declining revenues generated by tourism in the Tahoe Township of Douglas County;
- (b) The geographical location of the township on the border of the densely populated State of California;
- (c) The natural attractions of the township and its availability to tourists; and
- (d) The atypical financial problems of the township resulting from the foregoing and other singular factors."

The Authority was created to address the problems and needs of the Township, which before the Act's adoption had been experiencing a decline in tourism and tourism revenues. The decline in tourism effected overall financial difficulties for the Township. In an effort to boost tourism, the Act was passed to create the Authority and impose an occupancy tax on hotel room rentals in the County. The act allocates a portion of these occupancy-tax revenues to the Authority to use for two purposes; first, for advertising, publicizing and promoting tourism and recreation in the Township; second, to spend the allocated proceeds on planning, construction and operation of a convention center in the Township.

## **12. Does Redevelopment Area #2 have to fund the event center? (Revised)**

Although it meets a County Strategic Planning Initiative, and is consistent with the goals and objectives established in the RDA 2 Plan, there is no requirement that RDA #2 fund the Event Center. When the Board of County Commissioners considered establishing Redevelopment Area 2, a number of redevelopment activities were identified to meet the goals and objectives established for the redevelopment as required by NRS. These activities/projects were included in the Redevelopment Area Plan adopted by the Board on February 18, 2016 (document available online). Whether or not the Commission decides to approve funding for the Event Center, any redevelopment project and/or related funding proposal must come before the County Commission at a future public meeting for approval. Any remaining tax increment generated by RDA #2 may be used by Douglas County on projects benefiting RDA #2 such as those projects listed in Question #8.

## **13. When was Redevelopment Area #2 evaluated and discussed by the Board of County Commissioners and when was it created? (Revised)**

Since 2015, RDA #2 was formally evaluated and discussed at three separate public meetings of the County Commission (October 2015, November 2015, and January 2016) prior to its creation by formal action of the Board in February 2016. RDA #2 was also formally evaluated and discussed at two separate public meetings of the Douglas County Planning Commission (November 2015, and December 2015). Notices for all of these meetings were posted, publicly noticed, and/or published in the Record-Courier as required by Nevada law.



In March 2017, RDA #2 was re-evaluated and considered for possible modification or dissolution by the Board alongside RDA #1 (the North County redevelopment area). In May and June 2019, the Board again re-evaluated and considered possible modification or dissolution of RDA #2. The concept of RDA #2 is a result of regional strategic planning efforts since 2007. For a complete history of the RDA #2 and the event center including a list of the public meetings and actions taken by the Board to evaluate the creation of RDA #2 and the event center visit our RDA#2 webpage.

#### **14. What is blight? Lake Tahoe has blighted areas?**

To be eligible for redevelopment in Nevada an area must meet several specific requirements including a demonstration that it is blighted according to Nevada Revised Statutes. NRS describes conditions of blight and deterioration that, if prevalent, constitute a menace to the health, safety and welfare of communities. To be considered blighted an area must be characterized by at least four of the factors delineated in NRS 279.388. To meet this requirement a blight study was done by Bender and Associates on the proposed Douglas County Redevelopment Area #2 (document available online). Of the nine factors delineated by NRS, Bender and Associates found blight to be demonstrated in eight of nine and to be predominate in six of nine. The following is an example of one of the findings from the blight study:

#### ***Economic Conditions of Blight***

Blight in Stateline, resulting from economic maladjustment, is severe, ongoing and unmistakable. Hotel/casino revenues have declined at a rate of 37%, gaming revenue at 38%, employment in the gaming sector 43%, average room occupancy 15%, gaming revenue per square foot of floor space 33%, and property values 12%. Unemployment has increased from 6% in 1990 to 14.8% in 2012. Combine these trends with the prolonged drought, the near decade long recession, and the increasing fierce and sophisticated competition, and you have a textbook case of economic maladjustment and stagnation. While it could be argued that the drought and economic recession are cyclical, and subject to end, it is unmistakable that all the other conditions of economic maladjustment are structural, and will not expire without significant intervention.

#### **15. Must all properties in the Redevelopment Area be blighted to be included in the redevelopment area? Why were the Beach Club and Edgewood properties included?**

No. NRS 279.519 states that “a redevelopment area may include, in addition to blighted areas, lands, buildings, or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part.” The Beach Club and Edgewood properties were included in RDA # 2 pursuant to this law, because inclusion was necessary for the effective redevelopment of RDA #2. The reason that inclusion of the Beach Club and Edgewood was necessary is because they were the only properties that could reasonably be relied upon to generate tax increment to fund redevelopment activities. If RDA #2 was restricted solely to the casino properties, there was little chance of substantially appreciated property values during the term of RDA #2 to meaningfully fund redevelopment activities. The Beach Club and Edgewood properties were included to provide the increment funding necessary to actually accomplish redevelopment goals.

#### **16. (NEW) Would the County issue bonds and be responsible for debt on the Event Center?**

No. TDVA will issue debt. The Redevelopment Agency will be asked to enter into a current and future tax increment pledge agreement for up to \$34.25 million through 2045. Through the agreement RDA #2 would



pledge up to \$1.3 million each year of available tax increment. If RDA #2 does not generate \$1.3 million in any given fiscal year, Douglas County is only responsible for what is generated that year. If TDVA defaults on the bond neither RDA #2 nor County would be liable. TDVA assumes all liability.

**17. What are the potential financial benefits to Douglas County and the community from the Event Center?  
(Revised)**

Studies commissioned by TDVA, among other things, determined financial and community benefits of the project. Once the Event Center is operational increases in overnight visitor spending, room revenue, gaming and non-gaming revenue are expected to be \$171 million annually. The County will also benefit financially with increases of about \$1.7 million per year in local revenue. Approximately \$700,000 of that amount can be used for county-wide services while the balance has to be used for more specific purposes including parks, recreation, senior center, and library.

**18. (NEW) How does the amount of property tax increment for Redevelopment Area #2 compare with the amount of property taxes for the rest of the County?**

The table below shows secured taxes billed for FY 19-20 for three areas: RDA #2, the Tahoe Basin and Douglas County as a whole.

Secured taxes billed	RDA #2	Tahoe Basin	Douglas County as a Whole
Funds apportioned to RDA #2	\$1,173,406	\$1,173,406	\$1,173,406
Funds apportioned to other governmental entities*	<u>\$2,497,716</u>	<u>\$28,495,862</u>	<u>\$83,192,120</u>
Total	\$3,671,122	\$29,669,268	\$84,365,526

\*this includes the State, County, School, Fire and General Improvement Districts

**19. (NEW) Could the tax increment pledge agreement for the Event Center be paid off early?**

Yes. Under the terms of the proposed Tax Increment Pledge Agreement for Event Center, if sufficient tax increment revenues exist, the Douglas County Redevelopment Agency has the option to pay the total \$34.25 million pledge obligation early.



A list of documents concerning RDA #2 has been compiled and can be viewed on the RDA#2 webpage at [www.douglascountynv.gov](http://www.douglascountynv.gov) or call the Douglas County Manager's Office at 775-782-9821. Tahoe Douglas Visitors Authority (TDVA) also has FAQs on its website at [tahoedouglasv.org](http://tahoedouglasv.org)