DOUGLAS COUNTY

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?

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. The current updated estimate is for $1 million.

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

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

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7. How much money is currently in the Redevelopment Area #2 fund?

The July 1, 2019 project fund balance for capital projects is $739,491. The FY 19-20 total estimated property tax increment for RDA #2 capital projects is $1,004,502. The total expected ending fund balance as of June 30, 2020 will be $1,743,993.

8. What can the money be spent on?

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.

9. How much will the Event Center cost and how will it be funded?

The Tahoe Douglas Visitors Authority's (TDVA) preliminary estimate of the cost for Event Center construction is approximately $80 million. It is anticipated the TDVA would request approximately $25 million from RDA #2 toward the project. Other sources of funding 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. Estimated to generate 55% of needed funding.
- 2% of the 3% existing Transient Lodging License Tax TDVA currently receives – Estimated to generate 20% of needed funding.

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?

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)**. Any redevelopment project and/or related funding proposal must come before the County Commission at a future public meeting for approval.

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

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). 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.

A list of documents concerning RDA #2 has been compiled and can be viewed on the RDA#2 webpage at www.douglasnv.gov or call the Douglas County Manager's Office at 775-782-9821