July 17, 2020

Subject: Request from D. Scott Tate, Managing Member with Northern Nevada Comstock Investments to determine the Certified Base Data Eligibility for the Ed’s Tahoe Nugget located at 177 US Highway 50, Stateline, NV, Douglas County APN 1318-23-401-049.

Jurisdiction:

Pursuant to the Tahoe Regional Planning Compact, the NTRPA Governing Board reviews and regulates redevelopment of and modifications to Structures Housing Gaming. The Compact provides the following guidance related to the applicant’s request for the NTRPA to determine the Certified Base Data eligibility for the Ed’s Tahoe Nugget.

- Structures Housing Gaming are buildings operating under a nonrestricted gaming license that existed on May 4, 1979 or were approved for construction before that date.
- Structures Housing Gaming are inclusive of their public areas, such as gaming, retail, restaurants, meeting areas, etc. and private areas such as hotel rooms and parking.
- Article VI of the Compact limits the amount of Structures Housing Gaming space to what was existing, or approved to be constructed, prior to May 4, 1979.
- Article VI(d)(1) says construction of a structure not so existing, or enlargement in cubic volume of any existing or approved structures is prohibited.

To assist the NTRPA Governing Board, certified base data for each Structure Housing Gaming was established. The certified base data documents the areas occupied by Structures Housing Gaming as of May 4, 1979. Certified base data is established for each Structure Housing Gaming public areas, private areas, gaming, cubic volume, coverage, etc. Because the Compact restricts and even prohibits redevelopment if certified base data is exceeded, it is important that the data be accurate.

The Tahoe Regional Planning Compact Article VI, Section (e) states that “Any structure housing licensed gaming may be rebuilt replaced to a size not to exceed the cubic volume, height, and land coverage existing or approved on May 4, 1979, without the review or approval of the agency or any planning or regulatory authority of the State of Nevada whose review of approval would be required for a new structure.”
NTRPA Ordinance 1980-1 Article 3, Section 3.1 states “When any modification, remodeling or change in use of a structure housing gaming requires a permit for the permit-issuing authority, an application shall be filled with the agency and with the permit-issuing authority showing proof of filing with the agency. The permit-issuing authority shall review the application for compliance with this ordinance. The application shall be deemed in compliance with this ordinance, if when compared to the base data findings on file with the permit-issuing authority, it will not:
   (a) Enlarge the cubic volume of said structure;
   (b) Increase the total square footage of an area to or approved for public use on May 4, 1979; and
   (c) Convert private use area to public use area.”

NTRPA Plan Review Procedures Policy Section 1(d) states, “Changes in Gaming Area” states that “All plans and proposals which will change the area in square feet devoted to gaming or change the location of gaming with any such structure must be accompanied by an information report (NRS 277.200, Article VI(g)). The Board will review all information reports showing changes in gaming and direct their transmittal to the TRPA.”

Therefore, it is under the jurisdiction of the NTRPA Governing Board to review applications that propose changes to structures housing gaming, and in this instance, determine the eligibility of previously used certified base date rights to still be used on the Ed’s Tahoe Nugget Site.

**Lake Tahoe’s Scenic Character:**

In reviewing this application, it is important to recall that the Tahoe Regional Planning Compact stresses the importance of the scenic character of Lake Tahoe.

Compact, Article I, “Findings of Declaration of Policy:

Section (a)(8) states:
   “Responsibilities for providing recreational and scientific opportunities, preserving scenic and natural areas, and safeguarding the public who live, work and play in or visit the region are divided among local governments, regional agencies, the States of California and Nevada, and the Federal Government.”

Section (a)(10) states:
   “In order to preserve the scenic beauty and outdoor recreational opportunities of the region, there is a need to insure an equilibrium between the region’s natural endowment and its manmade environment.”

**Application:**

On June 12, 2020, NTRPA agency staff received a request from D. Scott Tate, Managing Partner with Northern Nevada Comstock Investments to determine the eligibility of certified base data of the Ed’s Tahoe Nugget building in Stateline. Northern Nevada Comstock Investments is currently considering purchasing the building with the intention of reestablishing a non-restricted gaming use in the building. Exhibit 1 of this staff report is a copy of the letter submitted by D. Scott Tate outlying their request. Along with their request the applicant submitted three copies of plans showing the existing
condition of the building, the first phase plan for use of the building, and master plan for use of the building. Exhibit 2 of this staff report is a copy of Existing Building Conditions Plan. Exhibit 3 of this staff report is a copy of the First Phase Conditions Plan. Exhibit 4 of this staff report is a copy of the All Phases Completed Plan.

**Historic Use of Site:**

The Ed’s Tahoe Nugget building is located at 177 US Highway 50, Stateline, NV, on Douglas County APN 1318-23-401-049. The building on the site was originally constructed in 1965 and was constructed to house gaming. According to the applicant there was no history before 1965, of gaming use on the property. The building on the site was included in the original Structures Housing Gaming list and was declared to be in existing before May 4, 1979 by the NTRPA. Throughout much of its history the building on the site housed non-restricted gaming with supporting uses. Over the years the casino on the site has operated under the names Tahoe Nugget, Ed’s Tahoe Nugget and John’s Tahoe Nugget.

The certified base data for Ed’s Tahoe Nugget was certified by the NTRPA Governing Board on February 2, 1987. The following is a breakdown of the certified base for the site.

<table>
<thead>
<tr>
<th>Description</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Area</td>
<td>16,122 sq ft</td>
</tr>
<tr>
<td>Base Area</td>
<td>9,461 sq ft</td>
</tr>
<tr>
<td>Non-Base Area</td>
<td>6,661 sq ft</td>
</tr>
<tr>
<td>Gaming</td>
<td>8,773 sq ft</td>
</tr>
<tr>
<td>Private Area</td>
<td>0 sq ft</td>
</tr>
<tr>
<td>Cubic Volume</td>
<td>200,462 sq ft</td>
</tr>
<tr>
<td>Site Coverage</td>
<td>11,560 sq ft</td>
</tr>
</tbody>
</table>

A copy of the certified base data and plans on file with the NTRPA, are included in this staff report as Exhibit 5: Ed’s Tahoe Nugget Certified Base Data.

In December 20, 1995, the NTRPA Governing Board reviewed and approved a request to increase the cubic volume of the structure to modify two stairwells. The requested actions were required by the building code at the time and the additional cubic volume that was added and was not exchanged with any other certified data on the site. According to NTRPA agency records the approval of this request was associated with a remodel of the entire building which changed the primarily use from gaming to office and restaurant uses. According to the applicant gaming stopped within the building sometime in 1996. Since that time the building has been remodeled and used primarily for restaurant, office, and retail.

**Use of the Site Today:**

On July 10th, NTRPA staff performed a site inspection of the Ed’s Tahoe Nugget building in Stateline. The two-story building is primarily being used for restaurants, retail, and office uses. On the first floor of the building are 4 restaurant building spaces of which only two appear to be in use today. There are currently no non-restricted or restricted gaming uses on the site today. The southwest corner of the building is currently being used as a restaurant, Sushi Pier Tahoe. The northeast corner of the building is currently being used as a restaurant, My Thai & Noodle. The northwest corner of the building is
temporarily closed but was recently being used as a restaurant, Tahoe Hot Pot. The southeast corner of the building was previously a restaurant but is currently being used as overflow or banquet seating for the My Thai & Noodle restaurant. Also, on the first floor is a UPS Store that is primarily retail space. The entire second floor of the building is being used an office occupied by William Cole Law Offices. Overall, staff found that the primary uses on the site are consistent with the Existing Building Conditions Plan (Exhibit 2) that was submitted by the applicant. Below are photos of the building taken by NTRPA staff during its site inspection.
Northwest corner of the building Tahoe Hot Pot

Southwest corner of the building Sushi Pier Tahoe
Southeast corner of the building UPS Store and former restaurant space

Inside the My Thai & Noodle Restaurant
Inside the My Thai & Noodle Restaurant

Inside the Sushi Pier Tahoe restaurant
Inside the former restaurant space now used as overflow or banquet seating for My Thai & Noodle restaurant.

Comparison to Previous Structure Housing Gaming Reviews:

The request to determine the eligibility of certified base data on this site is an unusual request and staff believes that this may be the first time that the Governing Board has considered such a request. In the past the NTRPA and the Governing Board have reviewed and approved several requests to change or modify gaming areas to other public area uses. Recent NTRPA Governing Board actions regarding modifications of certified base data were Harrah’s in 2011, Boulder Bay in 2009 and the Hyatt Regency in 2001. In these cases, although other actions were taken regarding the relocation/reconfiguration of structures housing gaming, the recertification of cubic volume resulted in no change or reductions in total cubic feet, not increases which are prohibited.

To the best of staff’s knowledge this is the first time that an applicant has requested to return a non-restricted gaming use on a site after the gaming use was modified. In this instance the Ed’s Tahoe Building went from a primarily gaming use with supporting restaurant, office, kitchen and other supporting uses to a building primarily used for restaurants, retail, and office uses. In this request, the applicant is requesting that the Governing Board decide on the eligibility of the certified base data on this site which would allow them to reestablish the gaming use on the site. The applicant is proposing to reestablish 2,339 square feet of gaming floor area in Phase 1 of the project and upon build out of all phases the maximum gaming floor area proposed would be 8,409 square feet. The total certified gaming floor area for the Ed’s Tahoe Nugget site is 8,773 square feet.

In 2008, the NTRPA Governing Board considered a request from Boulder Bay LLC to relocate and modify a structure housing gaming (Tahoe Biltmore) to a new structure on
two adjacent properties. In this project, the proposed relocation shifted the footprint of the structure housing gaming to the NW and moved the structure housing gaming 161'-6" feet from State Route 28. These actions resulted in a reduction in the use of the certified gaming area on the site (from 29,744 sf to 10,000 sf) and cubic volume (from 1,513,758 cu. ft. to 731,609 cu. ft.). After review and testimony, the Governing Board unanimously approved the request but did not make any changes to the certified base data on the site. In their approval the Board approved the relocation and modification of the Tahoe Biltmore structure but differed future changes to the gaming space and other certified base data on the site.

**Legislative History/Intent**

In 2008, NTRPA staff review the 1979 legislative record of SB 323 by the Nevada Legislature to see if there was anything in the testimony that would shed light on whether the intention was to “freeze” gaming structures in place without the ability to demolish and reconfigure.

The minutes of one of the hearings on SB 323 included various statements regarding this issue. It was stated that the intent of the legislation was that gaming would not increase or expand beyond existing conditions. A sample of statements includes: “provide that gaming be restricted to the places where it is now conducted or in those places where it enjoys a Nevada permit”; “there would be no additional, new, nonrestricted gaming facilities at lake Tahoe”; and “limit area which may be open to public use to that existing or approved for public use on January 1, 1979”.

Although the legislation did not specifically say that a gaming structure could be demolished and reconfigured, the issue was discussed. The original language for Article VI (e) stated: “If any structure housing licensed gaming is destroyed or damaged, the structure may be rebuilt or replaced (emphasis added) to a size not to exceed the existing or approved cubic volume and land coverage”. There was testimony at the committee hearings that the legislature should delete language referring to “destroyed or damaged” because it was not possible to foretell what the conditions may be 10, 20, or 30 years into the future, and it may be desirable to allow for structures to be rebuilt due to obsolescence. The testimony did not elaborate on what would constitute obsolescence, or if that meant rebuilding in a different location. However, the bill was amended to remove the language “destroyed or damaged.” Staff concludes that it was the intent of the Legislature that structures housing gaming could be demolished and rebuilt due to obsolescence.

In addition, NTRPA staff had been advised by legal counsel that Ordinance 1980 allows the Board to make such decisions on a case by case basis without the need to develop a new ordinance.

**Staff Recommendation:**

Staff recommends the approval of the requested determination of eligibility of the certified base data on the Ed’s Tahoe Nugget site. From reviewing the Tahoe Regional Planning Compact, NTRPA Ordinance 1980-1, or NTRPA Plan Review Procedures Policy there was never a scenario envisioned where a structure housing gaming with certified base data would change its main use away from gaming and later request to reinstate this use. It is staff’s interpretation of these regulations that the intent of
regulating structures housing gaming within the Lake Tahoe basin was to freeze the square footages of the certified base data and location of these uses in order to achieve the findings and declaration of policy of the Tahoe Regional Planning Compact.

Furthermore, it is staff’s interpretation of the Tahoe Regional Planning Compact, NTRPA Ordinance 1980-1, or NTRPA Plan Review Procedures Policy that the certified base data remains on the site forever and can therefore be reinstated or used under the following conditions.

1) Pursuant to the Tahoe Regional Planning Compact Article VI, Section (e) any structure housing gaming may be rebuilt replaced to a size not to exceed the cubic volume, height, and land coverage existing or approved on May 4, 1979. It is staff’s interpretation of the compact that there is no time limit or expiration of the certified base data on a particular site. The applicant’s proposed use of the certified base data on the site does not exceed the gaming floor area which was previously certified by the NTRPA on this site. The certified base data on this site included a total of 8,773 sq ft and the applicant if approved would be utilizing a maximum of 8,409 sq ft upon completion of all future phases. Staff finds the proposed request for determination the eligibility of the certified base data on this site in compliance with the Tahoe Regional Planning Compact Article VI.

2) NTRPA Ordinance 1980-1 Article 3, Section 3.1 any structure housing gaming shall not enlarge the cubic volume of the structure, increase the total square footage of an area to or approved for public use; and convert private use area to public use area. The applicant’s proposed use of the certified base data on this site does not enlarge the cubic volume of the structure, it does not increase the square footage of the public use area, and it does not propose to covert private use areas to public use. Staff finds the proposed request to determination the eligibility of the certified base data on this site in compliance with the NTRPA Ordinance 1980-1.

3) Pursuant to NTRPA Plan Review Procedures Policy Section 1(d) all plans and proposals which will change the area in square feet devoted to gaming or change the location of gaming with any such structure must be accompanied by an information report. Staff finds that the plans and correspondence submitted by the applicant are sufficient and meets the information report requirement and is therefore in compliance with the NTRPA Plan Review Procedures Policy.

Because the proposed request to utilize the certified base data on the Ed’s Tahoe Nugget site meets the above conditions, staff recommends that the NTRPA Governing Board approve the request to determine the Certified Base Data Eligibility on the site. Additionally, because the proposed request does not exceed the total amount of certified base data for gaming floor area staff believes that the proposed request does achieve the findings and declaration of policy of the Tahoe Regional Planning Compact.

Conditions

NTRPA staff is recommending 1 condition of approval for this base data eligibility request. The applicant does not currently own the building and does not have access to the building to conduct detailed measurements and develop more accurate floor plans than what was submitted in Exhibits 2, 3, and 4. Because of this, there are some minor discrepancies with the square footages and cubic volume indicated on these exhibits.
when compared to the certified base data on the site. These differences between the certified plans and the plans submitted by the applicant are listed below.

<table>
<thead>
<tr>
<th>Type</th>
<th>Plans</th>
<th>Certified Data</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cubic Volume</td>
<td>203,502 CF</td>
<td>200,462 CF</td>
<td>+3,040 CF</td>
</tr>
<tr>
<td>Site Coverage</td>
<td>11,736 sq ft</td>
<td>11,560 sq ft</td>
<td>+176 sq ft</td>
</tr>
<tr>
<td>Non Base Area</td>
<td>6,797 sq ft</td>
<td>6,661 sq ft</td>
<td>+136 sq ft</td>
</tr>
<tr>
<td>Base Area</td>
<td>9,176 sq ft</td>
<td>9,461 sq ft</td>
<td>-285 sq ft</td>
</tr>
<tr>
<td>Public Area</td>
<td>15,973 sq ft</td>
<td>16,122 sq ft</td>
<td>-149 sq ft</td>
</tr>
<tr>
<td>Private Area</td>
<td>0 sq ft</td>
<td>0 sq ft</td>
<td>0 sq ft</td>
</tr>
<tr>
<td>Gaming Area</td>
<td>8,403 sq ft</td>
<td>8,773 sq ft</td>
<td>-307 sq ft</td>
</tr>
</tbody>
</table>

Staff believes that the preliminary nature of this certified base data eligibility request and the applicant’s limited access to the building are the main reasons behind the differences between the plans submitted and certified base data. The Eds Tahoe Nugget certified base data was approved the by the NTRPA in 1982. Given the age of the certified base data and the advances in computer technology and architectural design in calculating square footage and cubic volume, staff believes that it is reasonable to assume that there would be some minor discrepancies in the data. In 2018, the NTRPA Governing Board certified the cubic volume base data for the Cal Neva building in Crystal Bay. In its approval of that request, the NTRPA Board found that the recertification request was justified due to new analysis using industry-standard methodology as well as state of the art technologies that were not available at the time of original certification.

Since 1996, there have been very few alternations to the Ed’s Tahoe Nugget building. Given the building’s age staff believes there is a need to update or clean up the certified base data on this site. If this request is approved by the NTRPA Governing Board, staff is proposing Condition 1. Condition 1 requires that the applicant within 6 months after purchasing the building to submit architectural floor plans and base data calculations for the Eds Tahoe Nugget building to the agency. Staff believes that once the applicant has purchased the building, they will be able to take detailed measurements of the building and submit more accurate base data calculations for the site. With this new information, the NTRPA will be able to clean up the certified base data on file and make an accurate determination on whether a recertification request to the NTRPA Board will be warranted. NTRPA staff proposes that if the architectural floor plans and base data calculations are substantially in compliance with the certified base data for the site, than staff will have the ability to sign off the plans for compliance and report back to the NTRPA Governing Board. If the architectural floor plans and base data calculations are not in compliance with the certified base data, then staff will schedule a recertification request for the NTRPA Governing Board’s consideration.

Staff recommends that the board the approval of the requested determination of eligibility of the certified base data on the Ed’s Tahoe Nugget site. In addition to the findings above staff suggests the following condition:

**Condition 1:** Within 6 months after acquiring the property, the applicant will submit detailed architectural floor plans and base data calculations for the Eds Tahoe Nugget building to the NTRPA.
**Suggested Motion:** I move to find that the certified base data for the Ed’s Tahoe Nugget site, Douglas County APN 1318-23-401-049 is valid and eligible to be used on the site and move to approve the applicant’s request to utilize the certified base data on this site as indicated on Exhibit 5 of the staff report subject to Condition 1 as listed in the staff report.

**ATTACHMENTS:**
- Exhibit 1: Letter from D. Scott Tate, Northern Nevada Comstock Investments
- Exhibit 2: Existing Building Conditions Plan
- Exhibit 3: First Phase Conditions Plan
- Exhibit 4: All Phases Completed Plan
- Exhibit 5: Ed’s Tahoe Nugget Certified Base Data
Northern Nevada Comstock Investments
411 N Carson St
Carson City, NV 89703

Nevada Tahoe Regional Planning Agency
Charles Donohue
Administrator
901 S Stewart St #5003
Carson City, NV 89701

Re: Tahoe Nugget

June 12, 2020

The purpose of this letter is to communicate our plans for the development of the Tahoe Nugget building located at 177 US 50 in Stateline, NV. It is our request to gain an official verification of the gaming entitlements associated with this property as well as confirm the allowable gaming area of 8,773 square feet, permitted by the TRPA compact and managed by the NTRPA.

The building is currently leased to various Restaurant, Retail, and Office users. These users have active and valid leases that we plan to continue to honor. As a result, we plan to open a non-restricted gaming operation in phases as space becomes available. We have no plans to demolish the building, or expand the allowable gaming area beyond the current authorized 8,773 square feet.

As we are in the preliminary due diligence phase of purchasing the property, we have not created detailed architectural plans. There is not a complete set of existing architectural plans for this building available from the seller. This master plan is a preliminary presentation of what we anticipate developing. At each phase of construction, we request permission to consult with NTRPA staff to ensure compliance with all allowable square footage and volume uses of the property in relation to operating a gaming facility.

Please note there are slight differences in the building square footage based on the attached plan and the certified base data, although there are no intentional changes to the building exterior or the proposed gaming areas. We will work with NTRPA staff to resolve any differences.

We thank you for your time and attention regarding this matter.

Sincerely,

D. Scott Tate
Managing Member
Northern Nevada Comstock Investments