

Overview of Business Climate in the Lake Tahoe Basin

Prepared for the Nevada Legislative Committee by



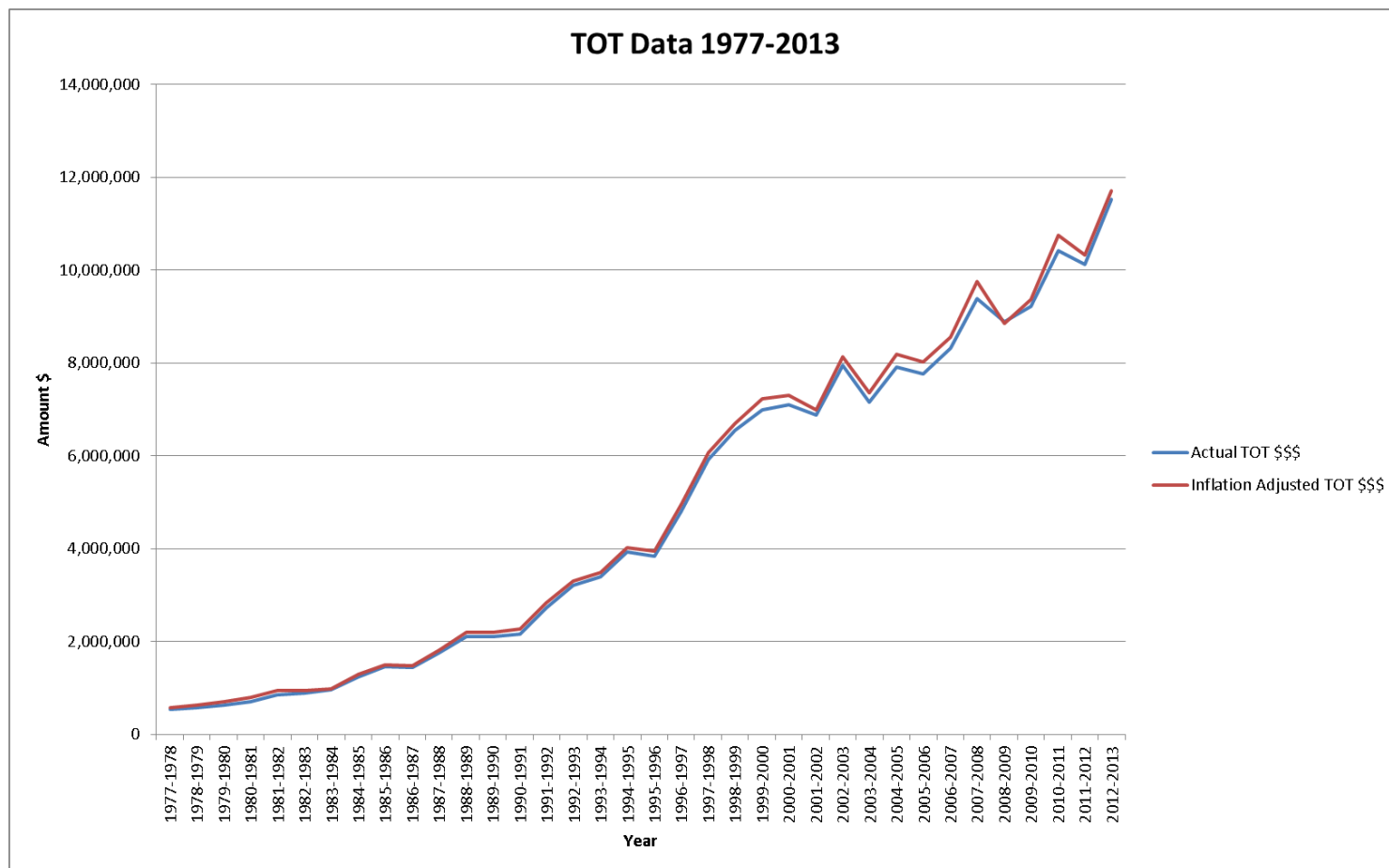
Positive Signals – Public Sector

- KBCCIP (Kings Beach Commercial Core Improvement Program)
- FLAP Grant – Fanny Bridge, Dollar Creek Trail, Meeks Bay Trail
- Catalyst Project Assistance
- Regional Plan / Area Plans

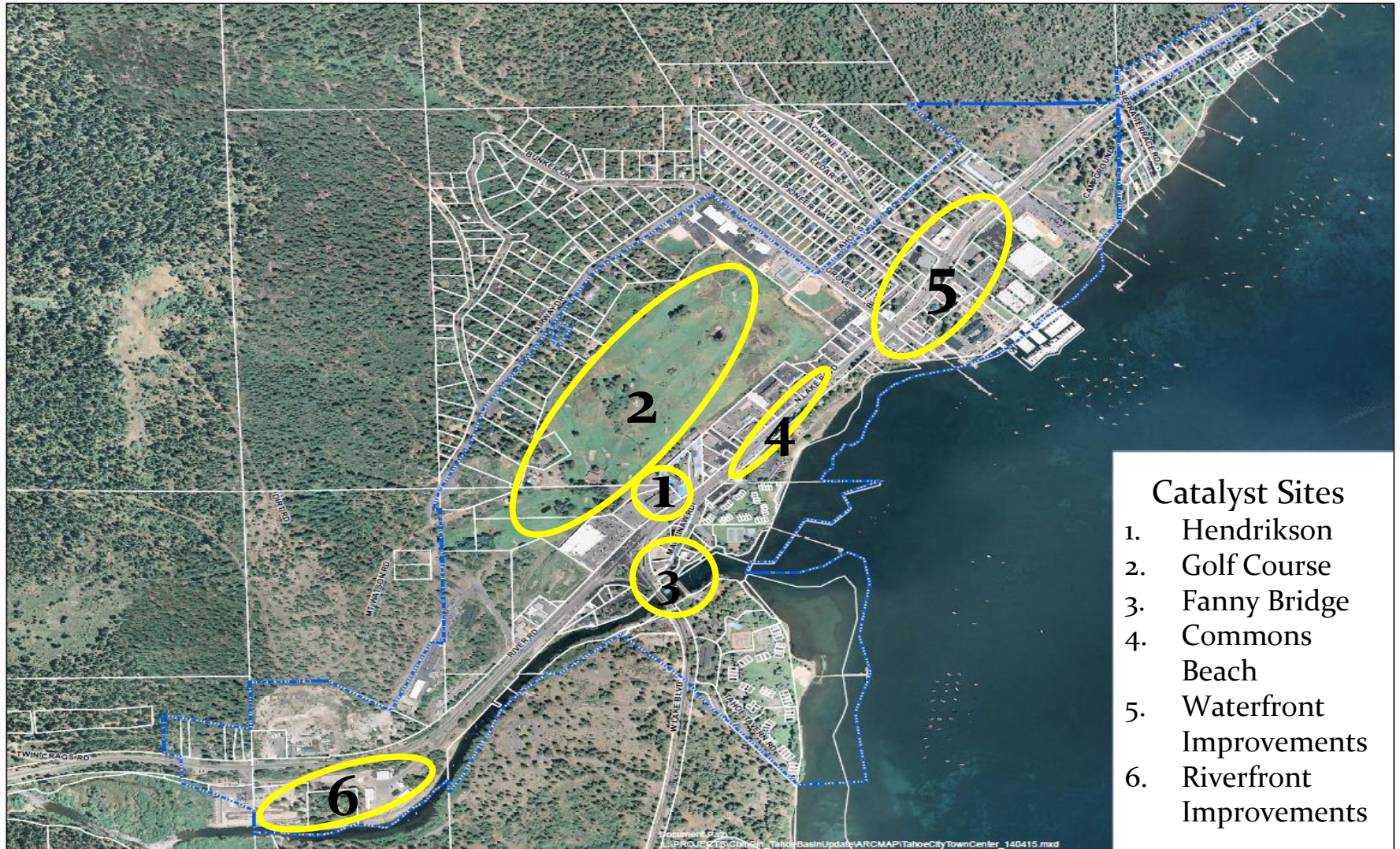
Positive Signals – Private Sector

- Henrikson Property in Escrow
- Cal Neva purchase and redevelopment
- Squaw Valley expansion - KSL
- Northstar Master Plan - Vail
- Truckee development projects
- Martis Camp, Shaffer Mill
- Homewood Development – through litigation

Transient Occupancy Tax Increases



Catalyst Projects: Tahoe City



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Example: Tahoe City Hendrikson property

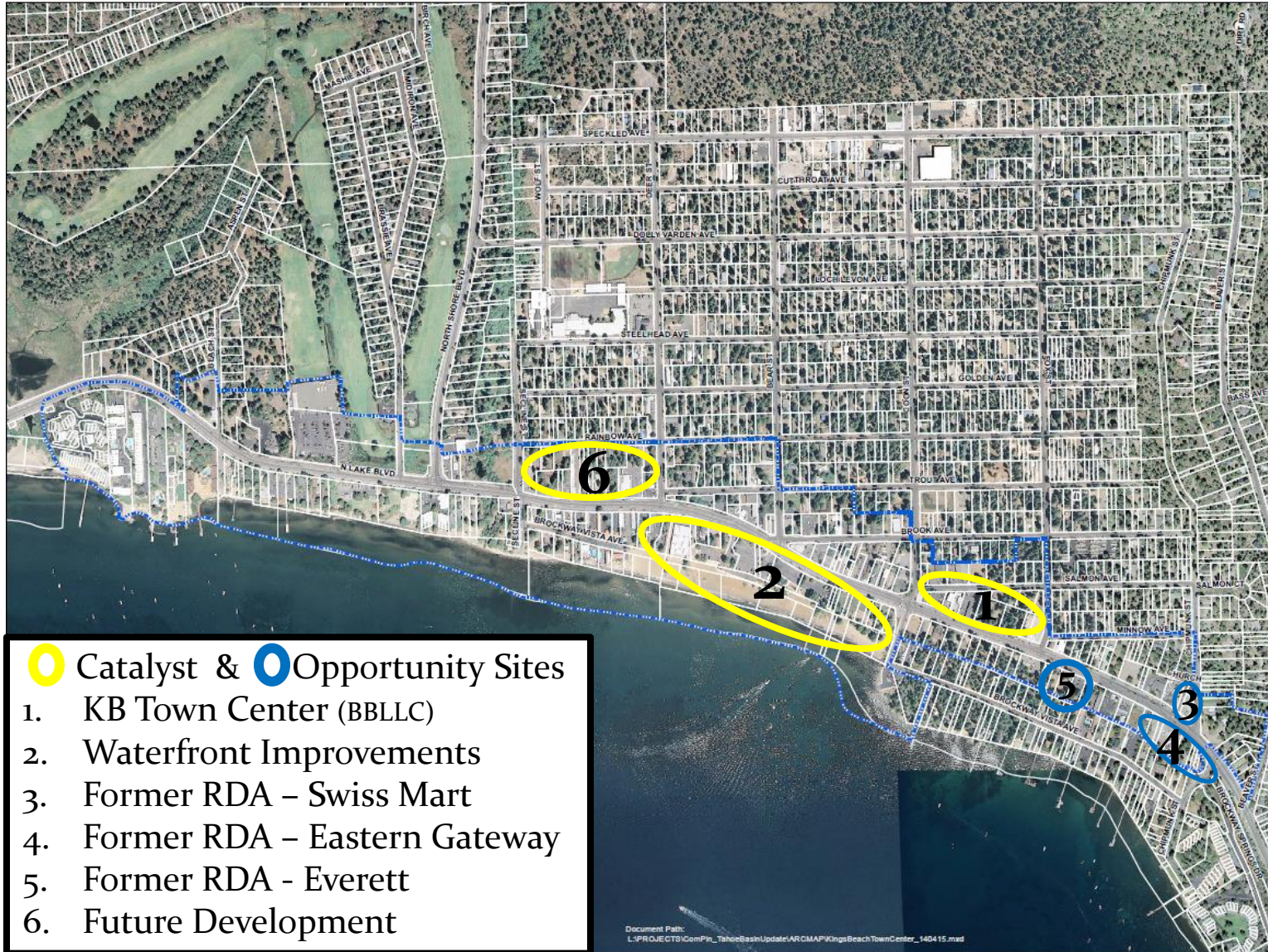


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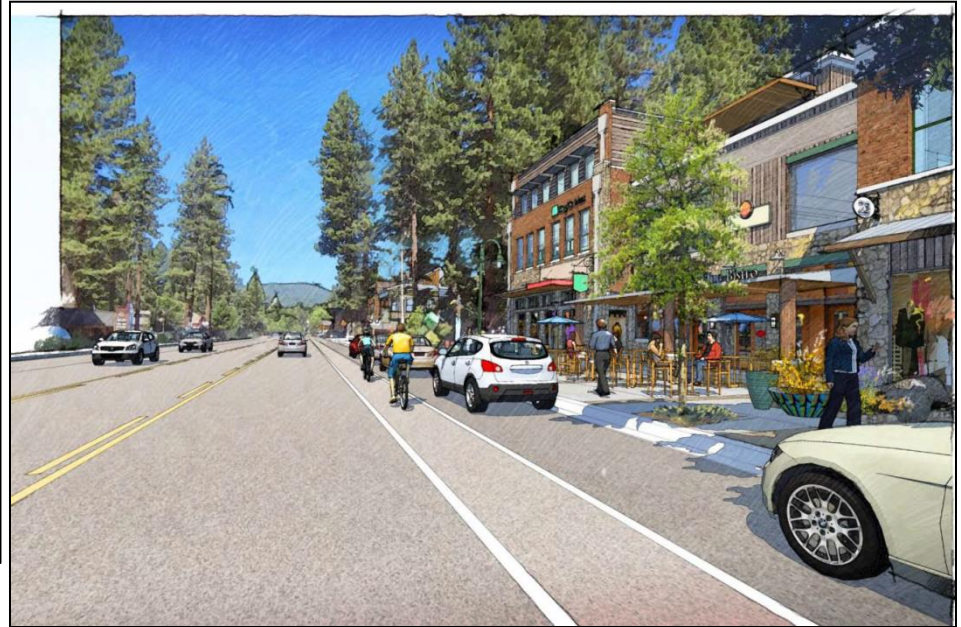
Artist Rendering of Lodging from Tahoe City Visioning

Catalyst and Opportunity Projects: Kings Beach



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Example: Kings Beach Town Center (BBLLC)



Artist Rendering from Kings Beach Design Charrette

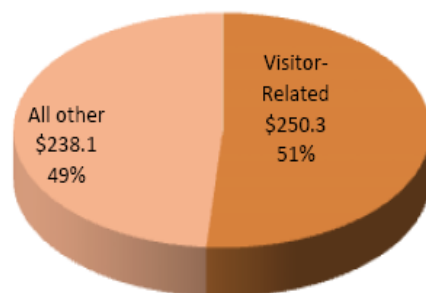
Lodging significance

North Lake Tahoe Visitation by Type of Accommodation, 2012

	Ave. Daily Spending (per person)	Total Visitor Spending (Million)	Visitor- Days (Thousand)	Length of Stay (Days)	Visitor- trips (Thousand)
Hotel/Motel/B&B	\$233	\$204	876	3.4	257
Rented Condo/Home	\$204	\$158	775	3.5	219
Private/Vacation Home	\$69	\$64	932	10.4	90
Campground	\$47	\$6	125	3.5	36
Day Trip	\$126	\$55	436	1.0	436
Total	\$155	\$487	3,143	3.0	1,037

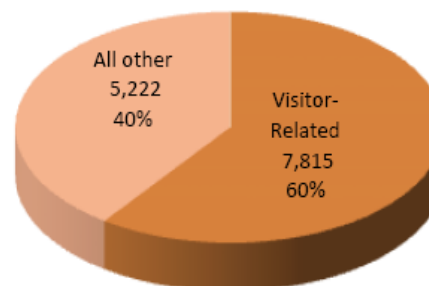
Source: Dean Runyan Associates

**Visitor-Related Share of Total Payroll Generated Earnings
North Lake Tahoe Area, 2012**



Total Payroll Generated Earnings: \$488.4 Million

**Visitor-Related Share of Total Employment
North Lake Tahoe Area, 2012**



Total Employment: 13,037

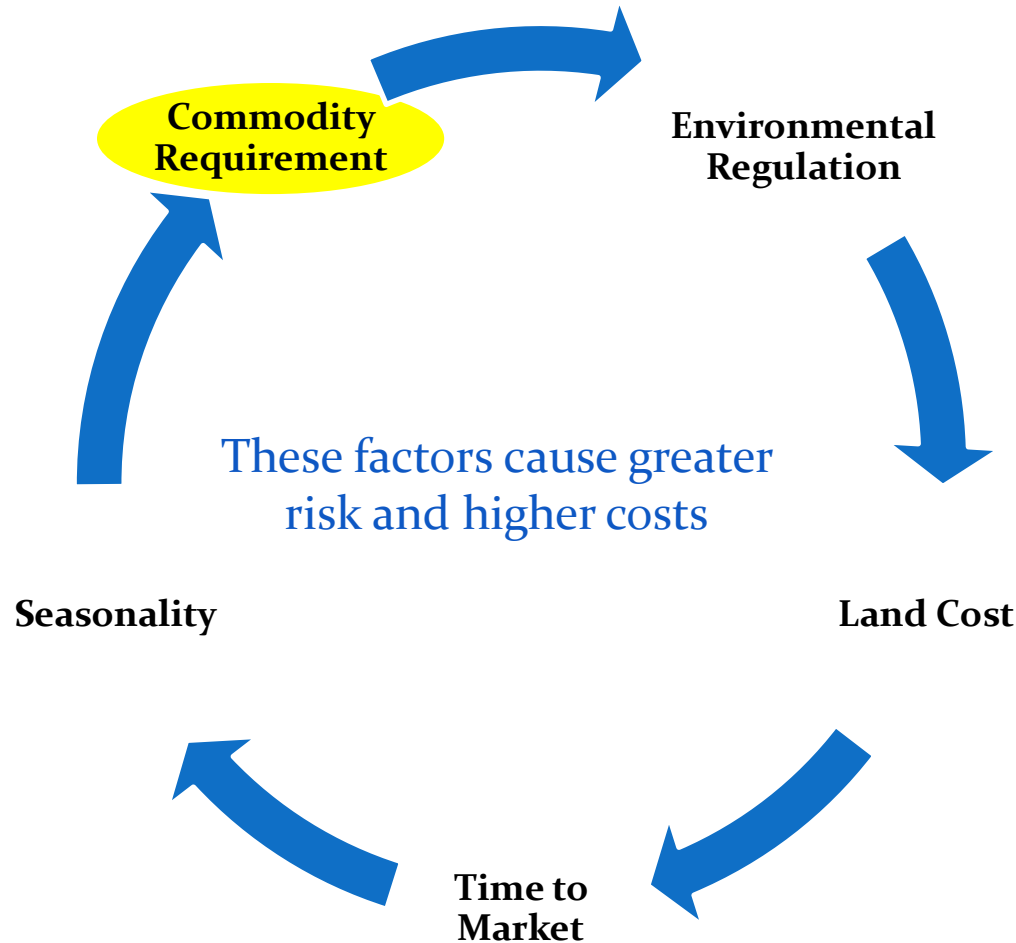
The Case for Focused County Investment

- No new hotels/motels in Kings Beach or Tahoe City since 1962
- Regional land use regulations capped the number of motel rooms at those existing in 1987
- Nearly \$200 million public infrastructure investment in the last two decades
- Loss of Redevelopment Agency as a tool to assist

Costs of Lodging Development

Develop outside Basin	Develop inside Basin
Estimated - \$150,000-\$170,000/room	Estimated - \$250,000-\$270,000/room

Lodging Cost Drivers



Changing Role of Commodities

- Commodities required in Basin development
 - Coverage
 - Commercial Floor Area (CFA)
 - Residential Units of Use (RUUs)
 - Tourist Accommodation Units (TAUs)
- TAUs are a primary impediment in Basin
 - Amount capped by TRPA at 12,000 Basin wide
 - Less than 400 operational lodging units in Town Centers
 - Costs range from \$5,000-\$40,000/TAU
 - No open market to source
 - Requires sending and receiving jurisdiction approval

Incentivizing Private Investment

- Develop TAU Business Plan
 - Target amount of lodging appropriate for Town Centers
 - Further analyze development costs and returns
 - Explore financing mechanisms
 - Identify potential partners
 - CTC/Local Governments/other non-profits
 - TAU guidelines and process for distribution

Future Threats

- Extended drought conditions
- Invasive species and near shore clarity
- Catastrophic fire
- Continued litigation over public plans and private development
- Incorporation – Olympic Valley

Future Opportunities

- Health care initiatives – Tahoe Forest
- Transit vision – Washoe, Nevada and Placer Counties
- Expanded air service into Reno
- Entrepreneur culture – Thrive Tahoe, Incubator, Start Up Tahoe
- High Altitude Training
- Regional events – Ironman, USA Cycling, team sports

Questions?

