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Senator Richard 'Skip' Daly, Chair Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency and the Marlette Lake Water System 401 S. Carson Street Carson City, NV 89701 Skip.Daly@sen.state.nv.us

SENT VIA E-MAIL AND U.S. MAIL

Re: Establishment of a Priority Matrix for Use in the Tahoe Regional Planning Agency's Decision-**Making and Approval Process**

Dear Senator Daly,

This letter responds to your October 16, 2024 inquiry on behalf of the Legislative Committee for the Review and Oversight of the Tahoe Regional Planning Agency (TRPA) and the Marlette Lake Water System (Committee) encouraging the TRPA to utilize a "priority matrix" in its decision-making and approval process under the Tahoe Regional Planning Bi-State Compact (the "Compact") as established by the states of Nevada and California and ratified by Congress in 1969. The "priority matrix" specifically ranks the following four considerations in order:

- 1. Preservation, protection, and restoration of Lake Tahoe;
- 2. Enhancing the visitor experience;
- 3. Mitigating impacts on residents; and
- 4. Economic considerations.

The Committee specifically encouraged TRPA to consider the priority matrix during the review of applications for development in the Tahoe Basin.

We appreciate the Committee's request and take this opportunity to explain the extent to which these priorities align with TRPA's existing decision making, project approval process, and strategic initiatives. We also affirm our intent to identify ways in which we can further integrate the recommended priorities into our processes.

Summary

In response to this letter, TRPA staff meet on several occasions to discuss how TRPA processes are aligned with the recommended priority matrix and identify areas that TRPA can further align its processes. This response letter includes the following information:

Outlines how existing TRPA rules and regulations and project review process align with the recommended priority matrix.

- Description of the TRPA work program and strategic initiatives as prioritization of TRPA resources to implement policies, programs, and projects that align with the recommended priority matrix.
- A summary table describing how each of the above points fit within the recommended priority matrix.
- A commitment by TRPA staff to bring the recommended priority matrix for discussion at that Spring 2025 Governing Board strategic planning retreat.

Overview of the Tahoe Regional Planning Compact and Environmental Thresholds

The Committee's proposed priority matrix strongly echoes the TRPA's mandate under the Compact to protect the Tahoe Basin by implementing and attaining environmental thresholds. Given that the Compact finds "a need to ensure an *equilibrium* between the [Tahoe Basin's] natural endowment and its manmade environment," (Compact Article I(a)(10) *emphasis added*), TRPA's environmental thresholds strive to achieve *both* a healthy ecosystem and a sustainable human community (Compact Article I(b)). Each threshold establishes TRPA's goals for restoration and environmental quality in the Region. The goals range from specific targets for air and water quality, to broad visions for maintaining scenic beauty and enhancing recreational experience. Each threshold includes measurable standards and specific targets. The ten threshold standards are (1) Water Quality, (2) Air Quality, (3) Scenic Resources, (4) Soil Conservation, (5) Fisheries, (6) Vegetation, (7) Wildlife, (8) Noise, (9) Recreation, and (10) Transportation and Sustainable Communities.

All of TRPA's initiatives and regulations are steered toward attainment and improvement of these ten thresholds. The TRPA reviews and approves projects to ensure that potential environmental impacts will not negatively affect threshold attainment. TRPA also works affirmatively toward meeting its thresholds through basin-wide partnerships and large-scale capital improvement projects through Environmental Improvement Program (EIP). Goals, policies, and regulations of the Regional Plan and TRPA Code of Ordinances (Code) are designed to directly link and achieve these threshold standards.

Critically, the Compact mandates that TRPA "harmonize the needs of the region as a whole" rather than prioritize one threshold over another (Compact Article V(1)(c) emphasis added).

As we discuss below, TRPA's established environmental thresholds closely align with the Committee's recommended considerations in the priority matrix. Accordingly, TRPA's work to attain our thresholds ensures the protection of Lake Tahoe for the equal sake of the environment, visitors, residents, and local economy.

Consideration of Priority Matrix Factors During Project Review

The Committee specifically encouraged TRPA to consider the priority matrix during review of applications for development in the Tahoe Basin. We will briefly provide a contextual overview of TRPA's current project review procedure and then highlight the extent to which the Committee's four matrix factors are interwoven in our existing approval process. This prioritization is conducted through two main functions, (1) TRPA's rules and regulations and (2) project review processes to implement the rules and regulations.

A. Rules and Regulations

Any activity "that may have substantial effect on the land, air, water, space or any other natural resources in the Tahoe Region" is a "project" that requires TRPA approval (Code 2.2.1). The Bi-State Compact and TRPA Code applies to projects on both private and public lands. Generally speaking, all development projects within the Lake Tahoe Basin with the exception of small-scale improvements such as interior remodels are reviewed for compliance with the TRPA Regional Plan, Code, Rules of Procedure, Design Review Guidelines, and local area plans.

Regulations and project requirements within the Code link directly to the environmental threshold standards. The Rules of Procedure ensure fair, efficient and equitable review and approval of projects. Projects subject to TRPA review and approval must also comply with local area plans and design and development guidelines. These plans allow local jurisdictions in the Lake Tahoe Basin, such as Washoe and Douglas Counties, to implement the Regional Plan's environmental and socio-economic goals with greater flexibility and specifically tailor those to their own community values and priorities. For example, a local area plan may designate tourist-centric districts with specific zoning and development standards as a strategy to spur economic development and preserve the character of residential neighborhoods.

TRPA Code 2.2.1 uses a standardized Initial Environmental Checklist (IEC) to identify potential impacts and determine what level of environmental review is required for project approval (TRPA Rules of Procedure 6.4). If the IEC results in a Finding of No Significant Effect or Mitigated Finding of No Significant Effect, the project may proceed without further documentation (Rules of Procedure 6.6-6.7). If the IEC is unclear or indicates a potentially significant impact, then a more substantive Environmental Assessment (EA) or Environmental Impact Statement (EIS) may be required (Rules of Procedure 6.5).

We highlight the IEC here because it provides a general overview of the potential impacts that TRPA screens for during project approval. These impacts are primarily environmental, but also concern visitors, residents, and the local economy. The IEC is a project evaluation requirement to ensure that environmental thresholds are not degraded by a project. The IEC identifies necessary mitigation, design changes, or potential reasons for denying a project.

Other existing project evaluation requirements include the completion of written findings and conformance review. This conformance review process ensures that a proposed project complies with all requirements of the Regional Plan and will not cause the degradation of environmental thresholds to be exceeded (Compact Article III(g)(2) and Article V(g)). Project approvals, conditions of approval, and potential mitigation requirements are based on this conformance review. Additionally, certain projects may require additional review and approval by committees (e.g. the multi-agency Shorezone Review Committee), a Hearings Officer, or TRPA Governing Board.

Mitigation fees are another tool utilized by TRPA to leverage private development to fund environmental conservation projects. In 1992, TRPA established the mitigation fee program to fund projects that directly benefit communities and help protect the lake. Mitigation fees are grouped into three broad categories: water quality, mobility mitigation, and excess land coverage. When development projects are reviewed by TRPA, mitigation fees are charged to offset potential impacts from those projects. Over the past decade, TRPA has directed \$25 million to local jurisdictions for projects that improve Tahoe's communities and environment.

B. Project review processes

1. Preservation, protection, and restoration of Lake Tahoe

The project review process is primarily intended to avoid detrimental impacts to Lake Tahoe and its surrounding natural environment. The IEC screens for potential impacts to (1) Land, (2) Air Quality, (3) Water Quality, (4) Vegetation, (5) Wildlife, (6) Land Use, and (7) Natural Resources. If any potentially adverse impact is identified, TRPA's EIS or EA processes determine the level of significance, as well as mitigation measures or project alternatives for impacts deemed significant. To approve a project, TRPA must make specific findings that the project conforms to the thresholds (Code 4.4). TRPA cannot approve a project that will cause a threshold to be exceeded (Code 4.4.1.B), or will prevent attainment of a threshold by an adopted target date (Code 4.4.2.D).

In sum, TRPA's approval process prevents any development that unduly denigrates Lake Tahoe. If a project may adversely impact the ecology of the Tahoe Basin, TRPA works with the applicant to explore mitigation measures or project alternatives. But if the ecological impacts are significant and cannot be mitigated, TRPA cannot approve the project.

2. Enhancing the visitor experience

The project review process also screens potentially adverse impacts to the visitor experience. TRPA's recreation threshold standard requires TRPA to ensure a fair share distribution of recreation access and maintain a high-quality visitor experience. TRPA defines 'visitors' as anyone that is visiting public lands in the basin, including residents of Tahoe or visitors from outside of the region. Visitors travel to Lake Tahoe to breathe fresh air, swim in clean and clear water, or recreate in healthy forests. Residents live in Tahoe to enjoy the same benefits year-round. Thus, mitigating impacts to the natural environment, as discussed above, equally serves to protect the environment and enhance the visitor experience.

TRPA also screens projects for other potentially adverse impacts to the visitor experience with an IEC. TRPA assesses whether a project will substantially impact traffic, parking, or other forms of transit ("Transportation/Circulation"), augment or limit recreational opportunities ("Recreation"), or disrupt aesthetics and scenic views ("Scenic Resources"). Thus, a project that detracts from the visitor experience by encouraging additional traffic, limiting access to recreation, or creating aesthetic eyesores will not be approved unless reasonable mitigation measures or project alternatives are implemented.

3. Mitigating impacts on residents

There are numerous ways in which impacts to residents are identified and mitigated during the project review process. Impacts on the environment, transportation, recreation, and scenery equally affect Tahoe residents' quality of life. The IEC also screens for impacts related to noise, light and glare, risk of upset (i.e. hazardous materials), housing, public services, energy, utilities, and human health. A project with substantial impacts in these areas would affect Tahoe residents most acutely. By identifying and mitigating these types of impacts through the IEC and conformance review checklists, TRPA ensures that projects in the Tahoe Basin do not disrupt residents' lives.

4. Economic Considerations

The Compact was amended in 2016 to add economic considerations to TRPA's mandate when approving projects and implementing the Regional Plan, providing that TRPA "shall ensure that the regional plan reflects changing economic conditions and the economic effect of regulation on commerce" (Compact Article V(1)(c)). A healthy local economy is impossible without a healthy Lake Tahoe. As discussed above, residents chose to live in Tahoe and visitors travel here to experience its clear, blue waters and abundant recreational opportunities in the surrounding mountains. Visitation generates tax dollars that fund public services and generates revenue for local businesses which, in turn, employ local residents.

Thus, maintaining a healthy lake, positive visitor experience, and livable residential communities are all key to ensuring a vibrant local economy. While TRPA does not assess a project's economic prospects or impacts during the environmental review process, attaining environmental thresholds is conducive to economic prosperity in our region. That said, the IEC and conformance checklists ensures that any required mitigation requirements (e.g. a parking management plan) are of appropriate scope and scale of a project and its potential impacts.

In sum, TRPA's current project approval process largely addresses the four considerations of the priority matrix. And while TRPA does not rank any consideration or threshold above another, maintaining a healthy environment is integral to mitigating negative impacts on visitors, residents, and the local economy.

Consideration of Priority Matrix Factors Through Strategic Initiatives & Implementation Programs

The project approval process discussed above is primarily concerned with mitigating or preventing negative impacts from development. While the Compact directs TRPA to harmonize thresholds and does not prioritize any on threshold over others, TRPA works affirmatively to achieve our environmental thresholds through programs and initiatives that improve environmental quality, enhance visitor experience, encourage livable communities, and support the local economy.

These strategic initiatives identify sweeping policy and regulatory amendments based on community priorities and best science for targeted planning areas (e.g. workforce housing). Strategic initiatives are prioritized at the direction of the TRPA Governing Board, and then incorporated into the TRPA's Operations Work Program. Recommendations that result from the initiatives adhere to rigorous planning considerations and evaluation criteria that are developed through collaborative working groups and are specific to the planning area. These working groups are comprised of public participants and subject matter experts from partner organizations to ensure a balanced perspective.

As a further response to the Committee's request, it may be informative to consider the following TRPA strategic priorities that relate to the recommended priorities:

- 1. Preservation, protection, and restoration of Lake Tahoe
 - a. The **Restoration and Resilience** strategic priority accelerates environmental improvement and transportation programs to restore our environment and bolster the region's climate resilience.
 - b. The Environmental Improvement Program (EIP) is an is an unparalleled partnership that has implemented more than 800 projects since 1997. The EIP concentrates on four focus areas to improve lake clarity and achieve the region's environmental goals:

watersheds and water quality; forest health; sustainable recreation and transportation; and science, stewardship, and accountability.

2. Enhancing the visitor experience

- The Keeping Tahoe Moving strategic priority addresses improving the transportation system for local communities and the millions of annual visitors to the Lake Tahoe Region.
- b. TRPA is a member of the **Destination Stewardship Council**, which was formed in June 2023, to implement the Destination Stewardship Plan. This plan aims to create a more sustainable outdoor recreation and tourism system at Tahoe that reduces impacts on the environment, provides high-quality visitor experience, and create an economic system that gives back to Tahoe.

3. Mitigating Impacts on Residents

a. The **Tahoe Living** strategic priority specifies how we can work with local governments to create complete communities that provide housing for all, an appropriate mix of uses to support vibrant, walkable, transit-friendly neighborhoods, and the necessary infrastructure to protect our unique and precious environment.

4. Economic Considerations

- a. The Permitting and Compliance Department reviews, permits, and inspects private projects in a timely and consistent manner to serve the public and help facilitate environmental improvement and economic investment in Lake Tahoe communities.
- b. In 2024, <u>TRPA implemented a broad set of permitting improvements</u> to establish more efficient, consistent, and predictable application review processes to ensure the public can navigate the often complex permitting process at TRPA.
- c. As a component of each of the initiatives above, economic considerations and pro forma analyses are used throughout the planning process to inform decisions and the development of alternatives. Examples include the <u>affordability analysis</u> completed for the Tahoe Living initiative and <u>equity study</u> completed for the Keeping Tahoe Moving initiative.

In addition to the TRPA strategic initiatives described above, area plans identify and prioritize capital improvement projects at the community and neighborhood scale that help to achieve and maintain environmental thresholds standards and specific to that jurisdiction. These projects include necessary or desired improvements to transportation, housing, community amenities and services, environmental protection, hazard mitigation, and water quality and stormwater infrastructure. For example, the Washoe County Tahoe Area Plan identifies and prioritizes more than 100 actions and priorities that relate to the four priority matrix considerations as discussed in this letter.

Future Opportunities to Integrate the Priority Matrix

In addition to the discussion above, TRPA is committed to further alignment with the recommended priority matrix. Each spring the TRPA Governing Board holds an annual strategic planning retreat to set annual priorities and develop a work program. TRPA staff will bring this recommended priority matrix to the 2025 retreat for discussion by the Governing Board.

We look forward to working with you and the full Nevada Legislature during the 2025 Legislative Session. Finally, we will be prepared to report our progress to the Committee during the 2025-2026 Interim. If you have any additional questions, do not hesitate to reach out to me directly at iregan@trpa.gov or (775) 589-5237.

Sincerely,

Julie W. Regan

Executive Director

Tahoe Regional Planning Agency, on behalf of the Governing Board

cc:

Senator Melanie Scheible Senator Angela Taylor Senator Robin Titus Assemblymember Ken Gray Alysa Keller, Nevada Legislative Counsel Bureau

Julie W. Regan

Alysa Keller, Nevada Legislative Counsel Bureau
Hayley Williamson, TRPA Governing Board Chair
Vince Hoenigman, TRPA Governing Board Vice-Chair

			Priority Matrix					
		Overview	Preservation, Protection, and Restoration of Lake Tahoe	Enhancing Visitor Experience	Mitigating Impacts on Residents	Economic Considerations		
		The Bi-State Compact is an agreement between California and Nevada to work together to protect the lake and its environment. First approved by the states and Congress in 1969, it gives TRPA legal authority over land use and conservation programs. There are 10 founding principles within the compact to provide a basis for the agency's purpose, operational and planning framework, and financial structure to adhere and meet these principles.	Of the 10 founding principles of the Compact (Article I), 8 directly relate to the preservation, protection, and restoration of Lake Tahoe.	Of the 10 founding principles of the Compact (Article I), 7 directly relate to the visitors experience and enjoyment of Lake Tahoe.	Of the 10 founding principles of the Compact (Article I), 7 directly relate to the impacts to residents and vitality of Lake Tahoe's communities.	Of the 10 founding principles of the Compact (Article I), 4 directly relate to economic interests and investments in Lake Tahoe.		
	Threshold Standards	of Lake Tahoe. These goals range from specific targets for air and water quality, to broad visions for maintaining scenic beauty and	Among the 10 Environmental Thresholds, there are 188 measurable indicators. All 188 indicators relate to the overall preservation, protection, and restoration of Lake Tahoe.	There are approximately 40 indicators closely related to enhancing the visitor experience, including: amount, quality, and distribution of recreation opportunities and trails; scenic resources and community design; traffic congestion; lake clarity; presence of invasive species and algae; average visibility days; and noise impacts. All indicators related to the preservation, protection, and restoration of Lake Tahoe undoubtedly also relate to the visitor experience.	closely related to mitigating impacts on residents. Including: community design and character; groundwater and noise impacts; protection of stream environment and floodplain zones; amount, quality, and distribution of recreation opportunities and trails; traffic congestion; lake clarity; presence of invasive species and algae; and air quality.	considerations, including: the vitality of our commercial centers; economic impact of ecological degradation from aquatic invasive species; and fair share and distribution of recreational		
Programmatic		environmental thresholds. It outlines goals, strategies, and actions to maintain and improve the environmental, social, physical, and economic well-being of the region. The Regional Plan has 72 goals and 308 policies. Development projects on both public and private lands help to achieve these goals and policies through compliance with the TRPA Code of Ordinances. Regulations within the Code were designed to adhere to the Regional Plan.	Regional Plan is to achieve and maintain environmental thresholds through growth control, development	policies related to the visitor experience under the planning topics of recreation, open space, land use and community design, cultural and scenic resources, transportation, and noise. Additionally, all goals and policies related to the preservation, protection, and restoration of Lake Tahoe undoubtedly impact the visitor experience either directly or indirectly.	Plan was to maintain a balance between Lake Tahoe's economic and social well-being and the environment. The plan includes 42 goals and 160 policies under the planning topics of town center redevelopment, providing adequate housing opportunities, mitigating noise impacts, adequate public services and transportation infrastructure, and the preservation of natural open spaces all related to mitigating the impacts to local residents.	Plan is to improve economic vitality through accelerated property improvement and redevelopment associated with environmental improvement. The 2012 Regional Plan Update included the ability of local jurisdictions to develop more flexible development standards through the use of area plan and includes coverage exemptions and transfer incentives intended to decrease costs for construction of these facilities and increase the number of improvements.		
	<u>Measures</u>	As part of the implementation of the Regional Plan, there are 14 Performance Measures each with measurable indicators and targets. TRPA evaluates and reports out on these performance measures annually. Reporting and monitoring provide a mechanism for "plan-do-check" cycles to ensure the Regional Plan goals and policies and the environmental threshold standards are being met with existing ordinances and regulations, incentive programs, and partnership collaboration. Additionally, each strategic initiative develops topic-specific reporting and monitoring requirements in collaboration with stakeholders. Transportation programs are required to complete rigorous periodic performance management reporting. TRPA created the monitoring dashboard (monitoring.laketahoeinfo.org) that captures real time data on monitoring programs throughout the Basin.	Each of the 14 Regional Plan Performance Measures relates to the priority matrix categories above. Within the 14 Performance Measures, there are 37 measurable indicators to track the progress of the Regional Plan. For example the performance measure "Increase the Rate of Redevelopment" tracks the average annual rate of permits issued for rebuilds, addition, and remodel projects; public and private investment in Tahoe; and scenic upgrades that enhance community character. Other performance measures track the amount of and sensitive lands restored, housing availability for workers, traffic congestion, and pedestrian and bicycle improvements.					
		The TRPA Code of Ordinances functions as a rulebook for development and land use within the region, ensuring projects around the lake do not degrade environmental thresholds and meet Regional Plan goals and policies. Proposed development projects on both public and private land must comply with the Code. The Rules of Procedure (ROP) provides an operational framework for the adoption of ordinances, environmental analysis, and project review.	environmentally beneficial redevelopment and scenic improvements, coverage removal and restoration, coverage exemptions, and transfers of development rights. The ROP is administrative and operational in nature and therefore does not prioritize one consideration over another.					
ect Review*		Area plans and local design guidelines are a signature element of the Regional Plan. These plans allow other regulatory agencies in the Lake Tahoe Region to implement the Regional Plan policies with greater flexibility at the community scale. These plans and priorities reflect the community's vision for its future and guide decision making. Area plans can be developed for varying geographical scales – from a local neighborhood or commercial center to an entire county. Area plans provide localized goals and policies, land use regulations, as well as identify and prioritize capital improvement projects within that jurisdiction. Projects are reviewed in conformance with these plans. Capital improvements projects to be carried out by the	Area plans are required to include localized goals and policies and development and design standards in keeping with the Regional Plan's environmental protections. Projects are reviewed in conformance with these plans. Additionally, these plans identify and prioritize implementation actions and projects. For example, the Washoe County Tahoe Area Plan, identifies and prioritizes 101 actions and projects directly relate to the preservation,	Area plans include localized goals and policies and development and design standards for scenic and open space resource protections, incentives for town center redevelopment, and recreational opportunities. Projects are reviewed in conformance with these plans. Additionally, these plans identify and prioritize implementation actions and projects. For example, the Washoe	Area plans include localized goals and policies and development and design standards for scenic and open space resource protections, incentives for town center redevelopment,	Area plans include elements related to economic considerations and funding mechanisms. For example, the Washoe County Tahoe Area Plan includes 101 priority actions and projects with that jurisdiction. The plan includes anticipated timelines and funding sources for each of these.		

Development Proj		The initial environmental checklist (IEC) is a project evaluation requirement to ensure that environmental thresholds are not degraded by a project. It includes 99 screening considerations to evaluate potential impacts. These impacts are primarily environmental, but also concern visitors, residents, and the local economy. The IEC bridges the TRPA Code of Ordinances to the environmental threshold standards. The IEC also identifies necessary mitigation, design changes, or potential reasons for denying a project. If a project has the potential to negatively degrade or impact a checklist item, a more thorough environmental analysis through an Environmental Assessment (EA) or Environmental Impact Statement (EIS) will be required.	All 99 considerations within the IEC directly or indirectly relate to the preservation, protection, and restoration of Lake Tahoe. Checklist items correlate to the 10 Environmental Thresholds.	to considering the impacts to and enhancing the visitor experience, including: • Amount, quality, equal share, and distribution of recreation opportunities and trails. • Potential to create conflicts or restrict access for visitors and recreational users. • Screening, setbacks, and mitigation for projects visible from the shoreline or scenic roadways. • Protection standards to preserve the natural environmental and sense of place for Tahoe.	to considering the impacts to and enhancing qualify of life for residents and community well-being, including: • Preservation of residential neighborhoods and encouraging redevelopment in town centers.	The IEC ensures that any mitigation for projects are of scope and scale as appropriate to the potential impacts. This directly relates to a fair share of economic burden and consideration.
	Checklists & Findings*	In addition to the IEC, conformance checklists and written findings provide an even greater level of scrutiny to evaluate the potential benefits and impacts of a proposed project. These are required under the Bi-State Compact Article V section g. The conformance checklists and findings are completed by TRPA staff and include additional detailed considerations and criteria necessary to approve a project, including between 35-63 findings depending on the proposed land use. Items on the review checklists and findings are referenced to specific code sections. Information within these checklist and findings also identify necessary mitigation, design changes, or potential reasons for denying a project.	_	The TRPA conformance checklists and written findings include compliance standards related to the following topics that directly enhance the visitor experience, including: •Fair share of recreation to the general public. •Equitable distribution of outdoor recreation.	written findings include compliance standards related to the following topics that directly mitigate the impacts to residents, including: •Regional impacts to traffic congestion	The TRPA conformance checklists and written findings ensures that any mitigation for projects are of scope and scale as appropriate to the potential impacts. This directly relates to a fair share of economic burden and consideration.

^{*}Conformance review is completed for projects on public and private lands within the Lake Tahoe Region, including those projects that are implemented under the Environmental Improvement Program and Aquatic Invasive Species Program.