



TAHOE PROSPERITY CENTER

June 2022

ENVISION TAHOE PROSPERITY **PLAYBOOK**

A SHARED ACTION PLAN FOR ECONOMIC RESILIENCE,
INVESTMENT AND COMMUNITY INCLUSION

Photo credit: Brian Walker Photography

ALERT TAHOE

CONNECTED TAHOE

ENVISION TAHOE

HOUSING TAHOE

WORKFORCE TAHOE

The Envision Tahoe Prosperity Playbook

Contents

Opening Letter.....	3
Executive Summary.....	4
About Envision Tahoe	5
■ What is it?	
■ Who is involved?	
■ More than a simple health exam	
■ What are the desired outcomes?	
■ Exhibit 1: The 12-month planning and action process underlying Envision Tahoe	
■ What research has been done?	
Foreword.....	10
■ Why economic diversification matters for long-term resilience	
■ Exhibit 2: Disruption is becoming more severe and frequent	
■ The past is no longer a predictor of the future	
■ “Getting different” means fostering diversity and a range of economic alternatives	
■ Exhibit 3: Four critical shifts required to make resilience real in Lake Tahoe	
■ Exhibit 4: The average median annual earnings in the Tahoe basin were \$53,165 in 2020	
■ Looking around to look ahead	
■ Exhibit 5: Mountain Economy Continuum	
■ Tahoe’s commanding advantages; why a mountain economy comparison falls short	
The Envision Tahoe Prosperity Playbook.....	19
■ Action assessment	
■ Exhibit 5: Theory of Change Model	
■ Goal 1: Strengthen key industries	
■ Goal 2: Build skill pathways for upward mobility	
■ Goal 3: Jump start the innovation ecosystem	
■ Goal 4: Shape the enabling environment	
■ Getting Tactical: Economic Foundations	
■ Accelerating workforce housing – a whitepaper	
■ Exhibit 6: Strategies being pursued to improve housing access and affordability	
■ Improving mobility – An assessment of current plans	
■ Getting Tactical: Diversification, Inclusion and Resilience Strategies	
■ Tahoe, Inc. (Supporting business start-ups and innovation)	
■ Supporting business vitality and diversification	
■ Responsible Tourism (Supporting destination stewardship)	
Total Plan Investment.....	70
Telling the Tahoe-Truckee Story.....	71
Ongoing Governance and Mutual Accountability.....	73
■ Systemic steps for maintaining accountability	
■ Further tactical plan and partnership engagement needed	
■ Suggested key indicators for Envision Tahoe	
What’s Next.....	77
Contributions and Sponsors.....	78
Appendix	80

MESSAGE FROM THE CO-CHAIRS



Ms. Cindy Gustafson
County Supervisor
Placer County
Envision Tahoe Co-Chair

***“It is only the things
that people are
passionate about that
are going to happen”***

- Chris McNamara



Mr. Chris McNamara
Founder and Editor in Chief
OutdoorGearLab
Envision Tahoe Co-Chair

To our Tahoe-Truckee community –

First and foremost, we want to thank you for your dedication to this region. We moved here years apart and on different shores, but for the same reasons as most of you: the mountain lifestyle, community and opportunity. It is a true pleasure to be able to live and work in a place like this. We are working hard for a future where local workers can be full-time residents and help build an even stronger sense of community. A future where there is housing available for our employees and their families. A future where our community can be resilient and prosperous because we’re all able to live, work, play and thrive!

Picture a future where roads are less congested and better maintained, transit is accessible for visitors and locals, and connected trail networks give people alternate routes to their destinations. Residents and tourists alike have a shared sense of duty to be Tahoe’s guardians and stewards. A place where businesses would have the opportunity to be innovative and take risks, helping Tahoe develop a reputation for cutting-edge research, industry, and climate resilience work. We are looking to a future with a balanced and resilient economy that would allow businesses and institutions to thrive.

Today, we are excited to present the Envision Tahoe Prosperity Playbook, which describes in detail how we can make this future real for the Tahoe-Truckee Region. This third and final report was created via a community-wide commitment to bring this new vision to life. As volunteers who love this region and call it home, we were joined by a passionate group of public and private sector leaders who understand the power that comes from common purpose and a commitment to action. We engaged a diverse group of Tahoe’s stakeholders to build a playbook of data-informed strategies aimed at diversifying the region’s economy, embracing tourism, AND supporting next economy sectors well suited for this area.

In the end, we knew we would position ourselves for success if we could generate a shared vision capable of guiding future investment choices, supportive policy, and local action. It will take energy, investment, and long-term commitment, but working together as a region, it’s possible. Generations to come are counting on us. Please join us.

Sincerely,

Cindy and Chris

EXECUTIVE SUMMARY

- Diversifying the economic base has been discussed for decades. In the wake of COVID-19 and the devastating impacts of the Caldor Fire, the time for action is now. Envision Tahoe shows how.
- This past year of investigation, in-depth research, extensive public engagement, analysis and planning has become the foundation for improved understanding and stepped-up collaboration and local activism to bring about a healthy, inclusive, and sustainable future.
- The *Envision Tahoe Prosperity Playbook* is a set of research-based strategies and tactics (or “plays”) that leaders and residents in the Tahoe-Truckee Region can activate based on subregional needs, capacity, and funding. Leaders from the public, private, and community sectors can collaborate and coordinate their activities as a cohesive team working to achieve a common vision

while granting members the flexibility to seize emerging opportunities or adjust to changing environments.

- The *Prosperity Playbook* includes two foundational strategies (accelerating workforce housing and increasing mobility) and three strategies to energize and diversify the business sector in order to build pathways to house-buying jobs. All include specific and actionable steps that can lead to execution and results.

Why Inclusive Growth Matters

Inclusive economic growth is good for both people and place. Research shows that regions with less inequality grow more sustainably over time. They optimize assets, are more efficient and productive, and reduce the business and societal cost of poverty. To learn more, check out the pioneering research done by USC Professor Manuel Pastor and UC Davis / UC Santa Cruz Professor Chris Benner at www.justgrowth.org





ABOUT ENVISION TAHOE

Standing on Tahoe's beautiful shores, gazing up at the gold-tinged clouds building under the afternoon sun, you know instantly this is a one-of-a-kind, sacred place. Granite tipped peaks, the smell of tall pines in the wind, and crystal clear waters sweep you away. You can be forgiven if you don't give thought to the largely invisible local economy that pulses beneath.

Rightfully, the decades-long obsession for Tahoe lovers has been to protect and preserve the unique environment of the largest and clearest alpine lake in North America after a hodge-podge build-up following World War II. *Keep Tahoe Blue* is not just etched on bumper stickers, but codified in strict land use guidelines, activated by powerful and unique planning and regulatory entities like the Tahoe Regional Planning Agency (TRPA), and implanted in our minds as a policy imperative, all with admirable results. Tahoe's natural beauty fills us, and the resulting actions (and often non-actions) taken to protect this one-of-a-kind environment over the past decades have largely served as Tahoe's de facto economic strategy, as well.

Yet the devastating impacts of COVID-19 and the Caldor Fire exposed underlying weaknesses and vulnerabilities that major disruptions inflict on a mountain economy heavily dependent on tourism. Millions in financial losses, shuttered businesses, lost jobs, and families pressed to move out are just some of the consequences. These events have led many leaders to take a closer examination of Tahoe's economy and how it has changed over the past few decades, stricken by climate change, rocked by skyrocketing costs, and transformed by development and technology. Tahoe's economy – a \$5 billion annual economy that employs tens of thousands and provides the tax base for essential services we rely upon like police and fire, schools, and road maintenance – is being pulled from the background to center stage with a close examination of its health. That's where Envision Tahoe comes in.

What is it?

Envision Tahoe is a 12-month economic initiative organized and led by the Tahoe Prosperity Center (TPC), guided by a diverse and regionally representative steering committee, and underwritten by the U.S. Economic Development Administration as a COVID-19 response to create an economic recovery and resiliency strategy for the Tahoe Basin emphasizing economic diversification.

Who's involved?

More than just Tahoe's leaders, Envision Tahoe involved nearly 1,800 local residents in one of the largest regional public opinion surveys ever conducted in the Tahoe-Truckee area in January, 2022 (see Appendix). The Envision Tahoe team also conducted dozens of stakeholder interviews, four geographically dispersed focus group sessions, and three expert panels on housing, transportation, and



A snapshot of many of the local leaders from business, government, education, environmental, nonprofit and community groups who have given their time and expertise to guide the Envision Tahoe investigation and work product. These leaders renamed their group the "Catalyst Committee" to reflect their ongoing commitment after this initial planning phase of Envision Tahoe to continue to catalyze conversation and action for a resilient and sustainable economy.



broadband to inform the findings and considerations issued in this third and final report: the Envision Tahoe Prosperity Playbook.

More than a Simple Economic Health Exam

The local agencies and individuals behind Envision Tahoe were not content to just build a better understanding of Tahoe's economic vital signs. Just as importantly, they also wanted to create widespread community engagement and agreement on a new long-term economic vision for the Tahoe-Truckee Region where one had never existed before; to activate a set of interlocking tactical work plans informed by data, prominent experts, and local residents; and to be implemented by existing organizations armed with new knowledge and stepped-up resources.

At its core, the Envision Tahoe Prosperity Playbook functions as an inclusive economic strategy intended to benefit all people.

Envision Tahoe is built on a core set of beliefs and values, the primary ones being:

- **The health of the environment and the health of the economy are codependent** on the health of the community. Each must be planned for and considered jointly.
- **Lake Tahoe should double-down on its leadership position in sustainable development** practices, serving as a test bed in the transition to an innovative, low carbon future.
- **Economic inclusion is vital for both the economy and society.** It is essential to broadly held prosperity, upward mobility, individual agency, and improved business and economic results.

- **Interventions must be considered as an integrated whole, rather than independent domains.** Activities and decisions in one domain necessarily impact the rest of the system. Piece-meal solutions don't create durable change.
- **Viewed as a system, concerted actions will lead to multi-benefit solutions.** For example, increasing access to workforce housing will improve the local labor market for hiring, increase employee retention, shrink long commutes and the traffic congestion it can cause, improve public safety, and reduce the health and environmental impacts of commuter traffic, among other benefits.
- **Collective action will deliver better results.** The Tahoe-Truckee Region is split across two states and a multitude of government jurisdictions and its town centers are geographically remote. Region-wide planning and investment is essential in order to identify and make critical shifts in major systems like housing, transportation, and broadband, but changes are best championed by local organizations possessing the talent and capabilities to deliver them. "Plan and partner regionally, but execute locally" is our mantra.

Taken together, Envision Tahoe is bringing to life the fact that there are no bystanders when it comes to the health of Tahoe's economy. It is everyone's job – whether in government, business, or community. Daily choices and decisions influence the fate of Tahoe's ecology and economy, and we all have a stake.

What are the desired outcomes?

The answer falls into two categories:

The existence for the first time of a broadly adopted long-term **economic resilience and growth strategy** for the Tahoe-Truckee Region based on a solid understanding of:

- The Tahoe-Truckee Region's economic strengths and competitive advantages
- Larger market forces and trends
- Barriers to economic diversification and growth
- Past and current state of the economy
- The transitions necessary to reach a carbon neutral economy
- Shifting demographics
- Authentic resident input

AND a set of **investment priorities** driven by:

- Data and evidence
- Priorities identified by local stakeholders
- A focus on regional and individual prosperity
- Foundational supports for an inclusive economy (e.g., housing, transportation, digital connectivity, business supports)
- Industry focused supports emphasizing visitor-serving activities, health and wellness, and environmental innovation

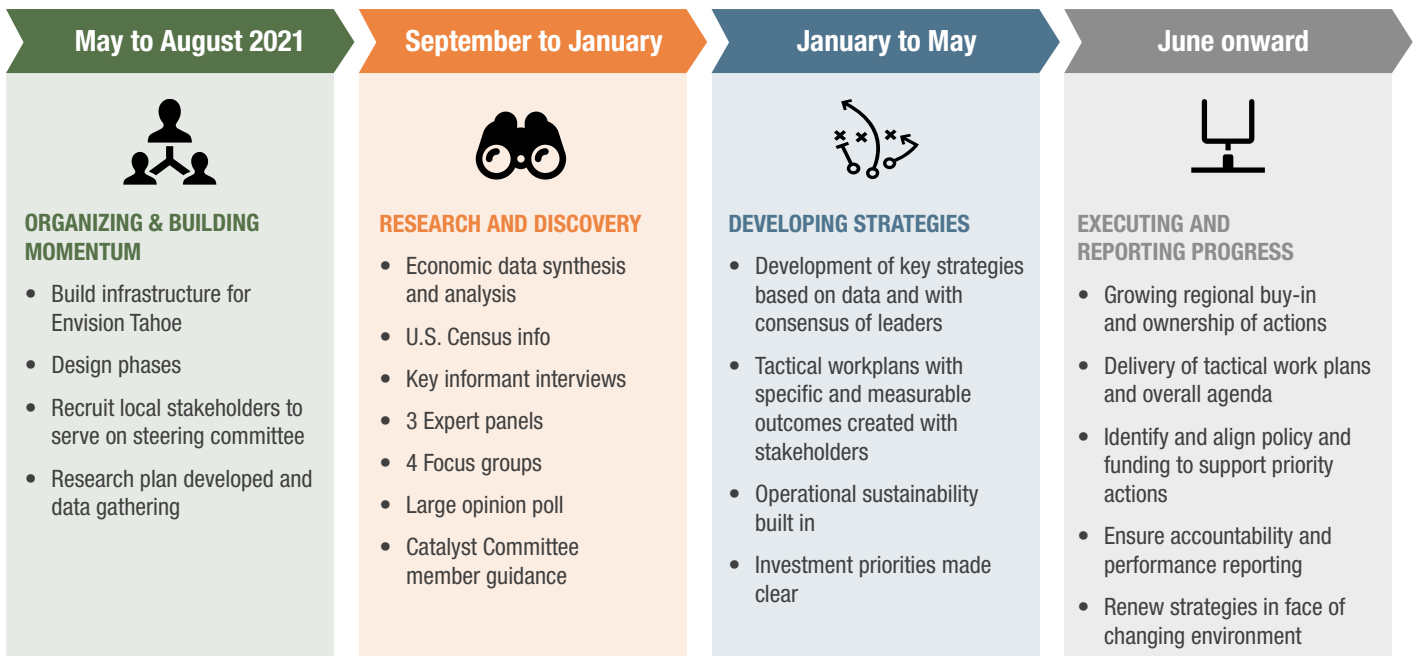


Photo by Sugar Pine Village

Exhibit 1: The 12-month planning and action process underlying Envision Tahoe.

Envision Tahoe

Lake Tahoe Basin Prosperity Plan 2.0



What research has been done?

This Prosperity Playbook builds on the two earlier *Envision Tahoe* reports.

The Tahoe Basin Baseline Report, published in September 2021, utilized the economic analysis and cluster-focused research conducted by Applied Development Economics (ADE) in 2010 and updated in 2015 and 2017-18 for the Tahoe Prosperity Center as foundation. Additionally, Envision Tahoe builds upon the Economic Forecasting

and Resilience Analysis completed by Beacon Economics in August 2020 to discern the early economic impacts of the pandemic. New updates to this original research were then generated by TPC and its consultant firm Integrated Communications Strategies (ICS) using labor market data, job postings, skills and profile analytics, compensation data, and government information sources derived from EMSI, a U.S.-based market data company. Insights were also generated from the U.S. Census's American Community Survey and from published reports from local and regional business and industry trade groups.

The Community Report, issued in February 2022, built upon the socio-economic findings of the Baseline Report, and added new data and insights from the recently released 2020 Census, the American Community Survey, and from published reports from local and regional business and industry trade groups. In addition, between January 5 and January 31, 2022, an online survey was fielded to generate a statistically significant, quantitative measurement of perspectives on what residents love about the Tahoe Basin, what's threatening the quality of life in the Basin, and where resources should be invested to improve or maintain quality of life. Local organizations, news outlets, and the Tahoe Prosperity Center promoted the survey via their own channels and on social media, generating 1,799 survey responses. In addition to observations regarding threats and opportunities in the region, the survey captured demographic data about the survey

respondents (e.g., place of residence, homeownership, education, income levels, and ethnicity) to learn whether responses are statistically distinguishable among different demographic groups or among communities around the Lake.

You can find all three of the Envision Tahoe publications at www.tahoeprosperity.org/envision-tahoe.

Special note: The economic, social, and environmental impacts of the pandemic upon the people and institutions in the Tahoe-Truckee Region have been strongly felt, but are not yet fully reflected in government statistics and data reports at the time the Community Report was completed in the winter of 2021. Data references in this report are for the most current data available to the research team. This data lag will require future investigation, incorporation and analysis as progress is made to diversify Tahoe's jobs and business mix for long-term recovery and resiliency.

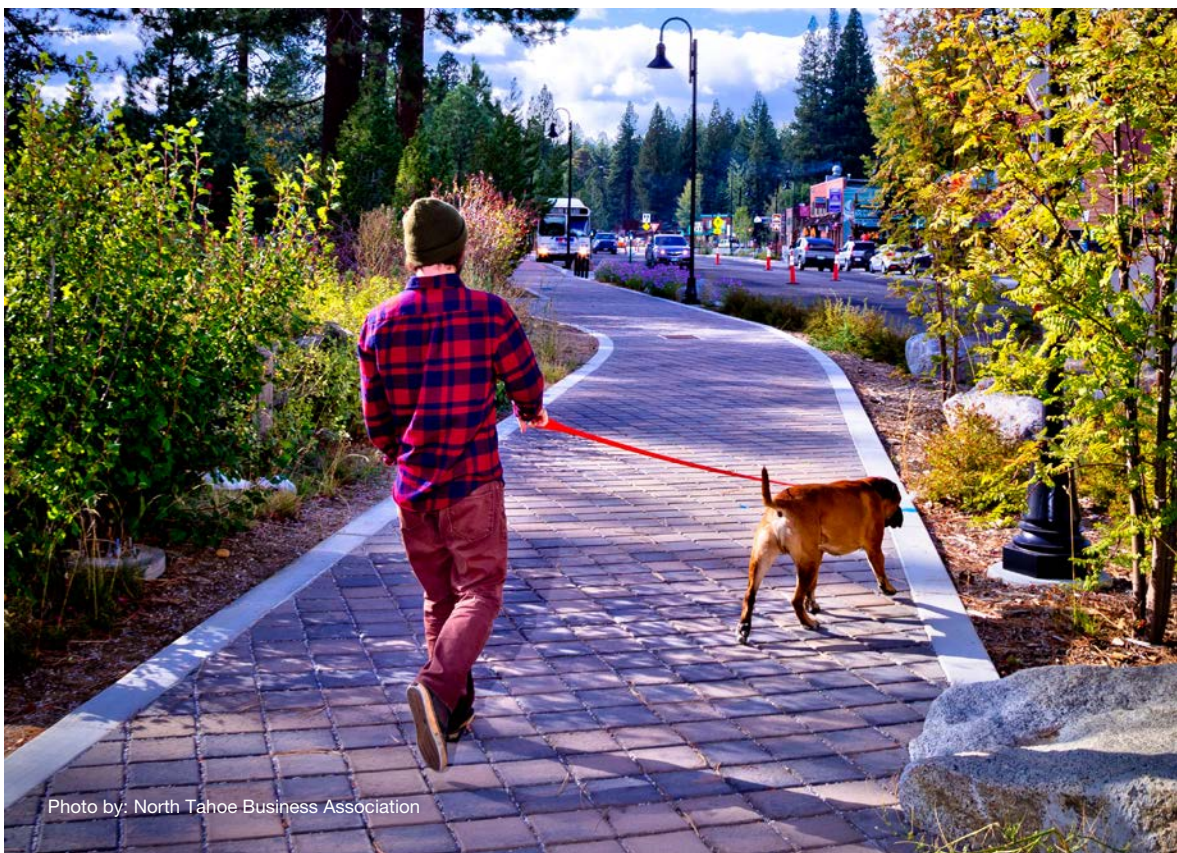


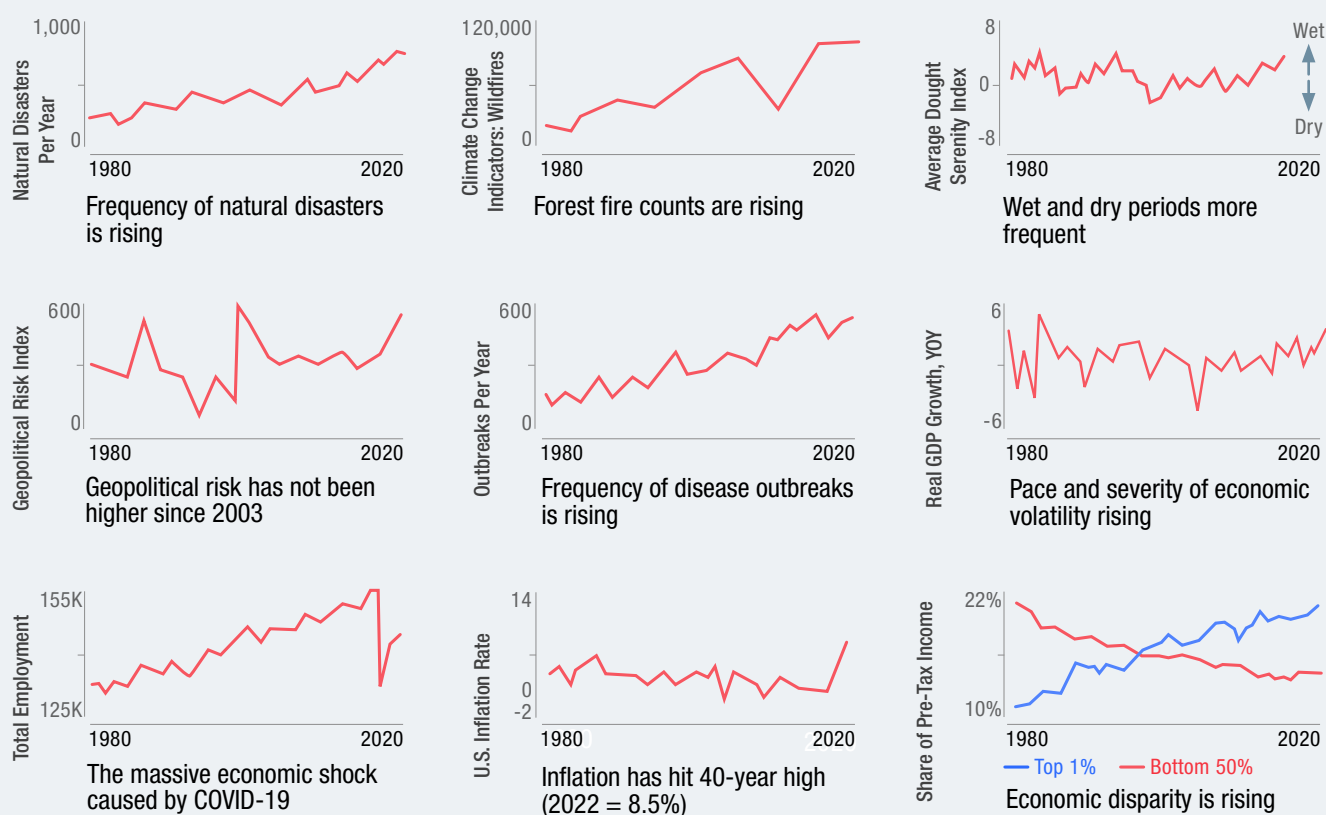
Photo by: North Tahoe Business Association

FOREWORD

Why economic diversification matters for long-term resilience

The world is undergoing increasingly rapid and unprecedented changes. Catastrophic events are anticipated to be more frequent, more severe, and less predictable going forward. Our daily experience today is marked by a lingering pandemic, geopolitical uncertainty, hyper partisanship, rising inflation, climate change, rapid changes in technology, and more pronounced cultural divisions. This era of turbulence is predicted to impact global and local economic performance for the next decade.

Exhibit 2: Disruption is becoming more severe and frequent.



Wildfires, droughts, pandemics, recessions and their local impacts have been a wake-up call for leaders in the Tahoe Region. To thrive in the coming decade, cities and regions must develop resilience (the ability to withstand economic, ecological, and social shocks¹ and disruptions²) and emerge from them having mitigated damage and even stronger than before.

That past is no longer a predictor of the future

Ten or more years ago, cities and regions had the luxury of thinking their economic advantages and industry mix were more or less stable and would remain so, regardless of the prevailing conditions. Companies and local economies would remain strong and continue to grow if they consistently became more efficient, reduced costs, increased speed, and found new markets. Optimization was the name of the game. Basic economic competition would root out the weak performers and reward new market entrants to keep the economy revitalized. Growth was predictable, profitability was fairly reliable, and jobs were plentiful. This steady economic growth model has been overridden by shocks and disruptions happening at global, national, and local levels that represent a new pattern of extended turbulence.

Today, in an ever-shifting operating environment, leaders who assume the local economy will take care of itself or who rely on policies and investments premised on old data and assumptions will embed failure into their organizations and their network partnerships. These areas will always lag behind economic cycles, sometimes lagging behind multiple economic cycles. In the face of these growing forces, successful cities and regions, just like successful employers, are choosing to withstand the coming upheavals by planning ahead in order to build in lasting competitive advantage.



Photo by Sugar Pine Village

¹ We define a “shock” as a sudden event or experience that upsets the status quo. Examples include natural disasters or immediate political or community response to an event, activity, or process.

² We define “disruption” as being less immediate than a shock, representing a substantial break or interruption in the normal course of activities over time. Examples include interruptions in natural systems (e.g., climate change, drought) and man-made systems (e.g., technology, financial markets, or government policy)

Fostering diversity and a range of economic alternatives is required

Economic diversification is a core concept in economic development circles in which a city or region enacts strategies, makes investments, and builds new partnerships to broaden its economic base so risk is reduced and so employers, their workforce, and local tax revenues are more resilient when disruption occurs. Economic diversification is equally important to residents, offering a wider range of economic opportunities for upward mobility, wage and benefit gains, and improved quality of life. A more diverse local economy can also be more adept at solving a communities' problems by offering a mix of approaches, people, and technologies to solve problems differently and, potentially, more effectively.

Large and small firms have been integrating resilience strategies into their operations since the early 2000s to overcome disruptions caused by rapid changes in technology, external events, and the rise of competition from inside and outside their core industry.³ In fact, resilience planning has received immense focus in the c-suite over the last two years as employers have sought to safeguard their supply chains from the shock due to COVID-19, and recently the Russia-Ukraine war. From this growing body of resilience practice, evidence shows that economic diversification at a regional scale requires a systemic approach that invokes a wide array of interventions ranging from entrepreneurship and innovation, education and workforce training, to health and social protections, infrastructure for housing, transportation and communication, as well as resource conservation and ecological preservation. Enacting resilience and economic diversification also requires a change in mindset, in strategy, and in choice-making.



Photo of South Lake Brewery

³ Gary Hamel and Liisa Valikangas, The Quest for Resilience. Harvard Business Review, September 2003.

Exhibit 3: Four critical shifts required to make resilience real in Lake Tahoe

	Modes of the Past	Desired Future State
Mindset shift	Nostalgia for what was. Belief that past evidence, decisions, policies are sacred and can be relied upon to meet the challenges of today's turbulent operating environment.	Continuous reinvention. Adaptation. Flexibility. Appreciate what's changing. Be willing to consider new approaches and options based on best available data.
Strategy shift	Rely on the status quo. Perpetuate past practices and policies. Insulate the enterprise in old customs and norms. Only engage the usual suspects.	Value diversity and variety. Cultivate many options and solutions. Experiment. Embrace trial and error. Include more voices, input and diverse opinions. Broaden the ways the community can engage.
Political shift	Stick to siloes. Operate based on scarcity and political interests. Relent to pressure to conform.	Create joint ventures. Team up with natural allies to create political scale and influence. Ask for more. Challenge doctrine. Re-prioritize where resources should be allocated based on long-term need.
Resource shift	Leave resource flows on auto pilot. If changes are made, they are incremental.	Divert resources from yesterday's programs and policies to tomorrow's. Create a portfolio of options. Invest in small trials for rapid learning and scaling, then go big.

NOTE: this resilient leadership model is built upon the work of Gary Hamel and Liisa Valikangas; The Quest for Resilience. Harvard Business Review, September 2003.

Tourism is highly susceptible to disruption

The pandemic, the first of its scale in a new era of global travel and interconnectedness, led to a collapse in international and domestic travel. Governments placed limits on travel and individuals adopted social distancing measures, putting in jeopardy 100 to 120 million visitor-related jobs, according to data collected by the United Nations World Tourism Organization. In California, according to Tourism Economics, leisure travel dropped 47.1% between 2019 and 2020 and is not forecasted to reach pre-COVID-19 levels until 2023-24. Similarly, the State of Nevada saw a 54.7% decline in visitation from March 2019 to March 2020, and isn't expected to fully rebound for several years.⁴

Tourism in Tahoe was also negatively impacted by a string of catastrophic fire events that have limited travel access and produced dangerous amounts of smoke. According to the California Department of Forestry and Fire Protection, the five largest wildfires recorded in California have all burned in the last five years, and Tahoe has been directly or indirectly affected by each of them, punctuated by the calamity of the Caldor fire which surrounded South Lake Tahoe.

“Discretionary spending fuels tourism-based economies, so these economies are highly susceptible to economic shocks.”

– Beacon Economic Forecasting and Resiliency Analysis for Tahoe, August 2020

⁴ Source: Nevada Industry Partners. First Quarter 2020 Fact Sheet.



Photo by Brian Walker Photography

Average wages aren't close to home-buying wages in Tahoe

The average median annual earnings in the Tahoe Region for 2020 was **\$53,165**, according to data compiled by EMSI. Using the three-times-gross-income calculation, a person earning the median income in the region could afford a \$159,495 home or condo; a couple making this amount could afford a \$318,990 home or condo in or around the region. At present, there are no home or condo listings in the Tahoe Basin at this price point based on recent searches using the real estate listing websites Zillow, Redfin, or Realtor.Com, the most visited home and rental listings websites in the U.S. See Exhibit 4 for details.

Exhibit 4: The average median annual earnings in the Tahoe Basin were \$53,165 in 2020.

Tier	Description	Amount
Top	Healthcare Practitioners and Technical Occupations	\$ 98,793.64
	Legal Occupations	\$ 98,666.80
	Management Occupations	\$ 87,721.41
	Architecture and Engineering Occupations	\$ 84,891.40
	Computer and Mathematical Occupations	\$ 84,729.69
	Life, Physical, and Social Science Occupations	\$ 73,801.45
Middle	Community and Social Service Occupations	\$ 54,506.19
	MEDIAN WAGE IN TAHOE	\$ 53,165.49
	Educational Instruction and Library Occupations	\$ 52,095.66
	Installation, Maintenance, and Repair Occupations	\$ 51,007.87
	Construction and Extraction Occupations	\$ 50,025.03
	Protective Service Occupations	\$ 48,433.27
	Arts, Design, Entertainment, Sports, and Media Occupations	\$ 44,981.32
Lower	Office and Administrative Support Occupations	\$ 39,257.92
	Production Occupations	\$ 38,109.77
	Transportation and Material Moving Occupations	\$ 34,635.24
	Healthcare Support Occupations	\$ 34,422.84
	Sales and Related Occupations	\$ 32,674.43
	Building and Grounds Cleaning and Maintenance Occupations	\$ 32,422.27
	Personal Care and Service Occupations	\$ 29,680.60
	Food Preparation and Serving Related Occupations	\$ 28,003.09
	Military-only occupations	\$ 27,564.21
	Farming, Fishing, and Forestry Occupations	\$ 26,413.46

Source: EMSI, 2022

Looking around to look ahead

The *Envision Tahoe* team examined the composition and health of mountain resort economies in the western U.S. that are commonly grouped with Tahoe (see sidebar). Using economic and labor force data from Economic Modeling Specialists International (EMSI) and reports and analysis provided by the Milken Institute, the Brookings Institute, as well as economic development organizations and local government sources in these communities, a pattern emerges of where the Tahoe-Truckee Region falls in the spectrum of these mountain resort communities – and stands apart from them.

Mountain Resort Communities grouped with the Tahoe-Truckee Region, as defined as being at high elevation with predominantly recreation and visitor-focused economic bases.

- Aspen, CO
- Bend, OR
- Big Sky, MT
- Breckenridge, CO
- Coeur D’Alene, ID
- Crested Butte / Gunnison, CO
- Durango, CO
- Jackson Hole, WY
- Ketchum, ID
- Mammoth, CA
- Telluride, CO
- Vail, CO
- Whistler, BC

Exhibit 3: Comparing Tahoe-Truckee’s economy to other mountain resort economies in the U.S. West

Major Similarities	Major Differences	Tahoe Distinctions
<p>Existence of major ski resorts, high-end hotel properties, with sophisticated destination marketing organizations</p> <p>Predominant economic activity is tourism, followed by health and wellness, construction, and some creative / start-up economy activities</p> <p>Recent high influx of remote workers</p> <p>Significant shortage of workforce housing</p> <p>Large wealth disparity in local population</p> <p>Significant economic shock due to COVID-19 imposed travel restrictions</p> <p>Climate change impacts and lack of forest fuels reduction have elevated risk of localized fire danger</p> <p>Elevated drought conditions</p> <p>Remote locations, requiring moderate to high travel commitment</p>	<p>Population size varies widely in sample, from under 2K (Crested Butte) to over 99K (Bend)</p> <p>Economic development activism (e.g., weak to strong)</p> <p>Natural resource based advantages (lakes, mountains, trails) vary greatly</p>	<p>Two-state, five-county bifurcation with a regional planning overlay (i.e., the Tahoe Regional Planning Agency)</p> <p>Proximity to massive customer base (~12M) within three-hour drive time</p> <p>Proximity to singular Silicon Valley / Bay Area population, wealth, and economic base</p> <p>Largest concentration of ski resorts in North America</p> <p>Largest and clearest alpine lake in North America</p> <p>Existence of gambling (Nevada side)</p> <p>Indications of larger proportion of population with greater educational attainment</p>

What became clearer during this high level market comparison was that mountain resort communities in the Rockies tended to have three qualities in greater measure than Tahoe: (1) Even higher median home prices (e.g., Jackson Hole, Breckenridge, and Crested Butte) with (2) deep and long-lasting workforce housing challenges and a less diversified economy for which tourism-based activities is the overwhelming economic driver, and (3) a greater difference in income and wealth of those working or living in the community. The Envision Tahoe research team came to recognize these Rocky Mountain communities as a range of possible futures for the Tahoe-Truckee Region – higher economic concentration, higher wealth disparity, and higher housing costs that push workers and their families to live elsewhere – if the status quo continues.

On the opposite end of the spectrum, we found that the heralded mountain communities of Coeur d’Alene, Idaho and Bend, Oregon, have some of the best economic performance of any mountain communities in the U.S. based on job growth and industry mix,⁶ and are now experiencing significant workforce housing challenges similar to the Tahoe-Truckee Region, accelerated by the influx of new residents.

Top 20 Largest Wildfires in California

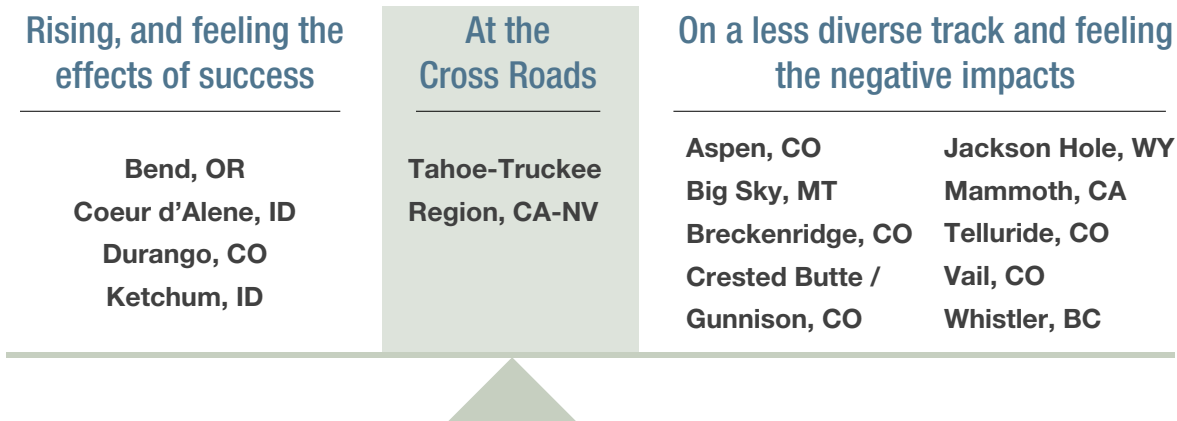
During the four-week period ending August 31, 2021, the direct and secondary economic loss caused by the Caldor Fire to South Lake Tahoe hotels, restaurants, and tax receipts for this period was estimated to be \$50.3 million, according to Tom Harris, Director of the University of Nevada, Reno, Center for Economic Development. The year-long shutdown of the ski resort Sierra-At-Tahoe, El Dorado County’s second largest employer, due to the Caldor Fire is being felt far and wide. Revenues dropped from \$49 million to just \$5.5 million, and they were able to keep only 49 people on staff this past year when normally they would employ 750 full-time and seasonal positions. In some ways, the economic severity of the Caldor Fire was blunted by insurance claims and reinvestment in rebuilding, representing a temporary jobs shift, the degree to which is too early to know.



Photo by Brian Walker Photography

⁶ Source: Milken Institute 2022 Best Performing Cities Report.

Exhibit 5: Mountain Economy Trajectories



This high-level analysis suggests three related insights: (1) that virtually all mountain economies bear striking similarities in composition and the types of risks they face (with Rocky Mountain economies as a harbinger of what could come in the Tahoe-Truckee Region if the market forces remain Tahoe’s de facto economic strategy); (2) that plentiful workforce housing is critical to a region’s economic success; and (3) that leaders in the Tahoe-Truckee Region have a rare opportunity with the Envision Tahoe process to pause, reflect, and activate

strategies for economic, environmental, and community resilience to assure a great quality of life is maintained for today’s residents and for future generations.

Tahoe’s commanding advantages: why a mountain economy comparison falls short

Unlike other mountain economies in the U.S. and beyond, the Tahoe-Truckee Region is the only regional economy within a three-hour drive time to Silicon Valley, the world’s epicenter for technology development, production, entrepreneurship, and capital investment, and to a highly populated customer base in California and Nevada that numbers near 12 million. No other visitor-oriented mountain economy can claim these distinct proximity advantages, nor the magnitude of infrastructure-related challenges that nearby access creates.



Photo by Brian Walker Photography

In a very real sense, Tahoe possesses the economic infrastructure (physical and organizational) of a mountain economy designed for 50,000 to 60,000 full-time residents, while at the same time accommodating urban-level economic activities and impacts triggered by 15 million visitors each year. The region's designation as a small, rural community by federal and state government policy and investment standards has been recognized as a contributing factor to the chronic under investment in the physical infrastructure of the region.

This unique circumstance suggests three considerations for the Tahoe-Truckee Region and its leaders:

- (1) continue to seek federal or state waivers to rules that designate Tahoe for rural levels of infrastructure investment only;
- (2) modify the external marketing of the Tahoe-Truckee Region to focus on its unique competitive and quality of life strengths, and activate strategies outlined in this report to improve Tahoe's economic and capital flow and workforce linkages to surrounding regional markets, Silicon Valley specifically; and
- (3) consider the merits of leveraging the Tahoe-Truckee Region as a leading test bed for integrated business and environmental sustainability practices, materials, and technologies as well as climate change adaptation research given the strong university research presence and Tahoe's notoriety.

“In a very real sense, Tahoe possesses the economic infrastructure (physical and organizational) of a mountain economy designed for 50,000 to 60,000 full-time residents while at the same time flexing to accommodate urban-level economic activities triggered by 15 million visitors each year.”

Warming climate reshaping recreation

The Sierra Nevada snowpack, upon which the ski industry depends, could largely disappear in 25 years due to global warming, according to a recent report issued by the Lawrence Berkeley National Laboratory.⁵ Using different climate models, scientists found increasing temperatures are shrinking snowpacks and shifting precipitation patterns resulting in likely “low-to-no-snow” future by 2040 for the mountains and ski resorts that ring Tahoe, requiring a level of adaptive infrastructure investment and changing business models that will need to accelerate in the years ahead, further blurring the lines between winter and summer recreation.



Photo by Sierra Business Council

⁵ Source: Nature. “A low- to- no snow future and its impacts on water resources in the western United States,” November, 2021.

THE ENVISION TAHOE PROSPERITY PLAYBOOK

For Inclusion, Sustainability, and Diversification

Since its founding in 2012, the Tahoe Prosperity Center (TPC) has been a driving force for addressing some of the toughest challenges facing the Tahoe-Truckee Region. Its initiatives include solving for workforce housing, higher wage job opportunities, reliable and robust digital connectivity, and a safe Basin equipped with fire alert cameras. This work has been broadly supported by regular research and reporting practices, including the Measuring for Prosperity regional socio-economic indicator reports.

For many years TPC has been an active partner in a network of regional organizations in California committed to building an equitable and sustainable economy and fostering long-term economic resilience in the overall transition to a carbon neutral economy. Together with the nonprofit **California Forward**⁷ and the **California Stewardship Network**⁸, these groups and their private and public sector partners represent a large “community of practice”



Photo by Lake Tahoe Community College

seeking policy and systems change at the local, regional, and state level to ensure the economy works for everyone.

The Envision Tahoe Prosperity Playbook is a set of research-based strategies and tactics (or “plays”) that leaders and residents in the Tahoe-Truckee Region can activate based on best timing, subregional needs, capacity, and funding. Leaders from the public, private, and community sectors can collaborate and coordinate their activities as a cohesive team working to achieve a common vision while the Playbook grants members the flexibility to seize emerging opportunities or adjust to changing environments.

⁷ California Forward is a statewide nonprofit organization leading a movement to ensure the economy and the government work for everyone. Visit www.cafwd.org to learn more.

⁸ The California Stewardship Network (CSN) is an alliance of regional leaders who are committed to improving government and creating inclusive, sustainable growth for all. CSN organizations lead innovative regional solutions that can be scaled up to solve some of our state's most pressing economic, environmental, and social well-being challenges. It is part of California Forward.

The *Envision Tahoe Playbook* is rooted in local resident input and the advice and support of local leaders and has been informed by inclusive economy initiatives undertaken in Western Nevada, Los Angeles, San Diego, Fresno, Monterey, Bakersfield, Stanislaus, Sacramento, as well as from other parts of the U.S. and Canada. It also incorporates the pioneering research and regional development work of scholars and researchers at Brookings Metro⁹, and the direct operational experience within the ICS consultant team in designing and implementing inclusive growth and resilience strategies in other markets for more than 17 years.

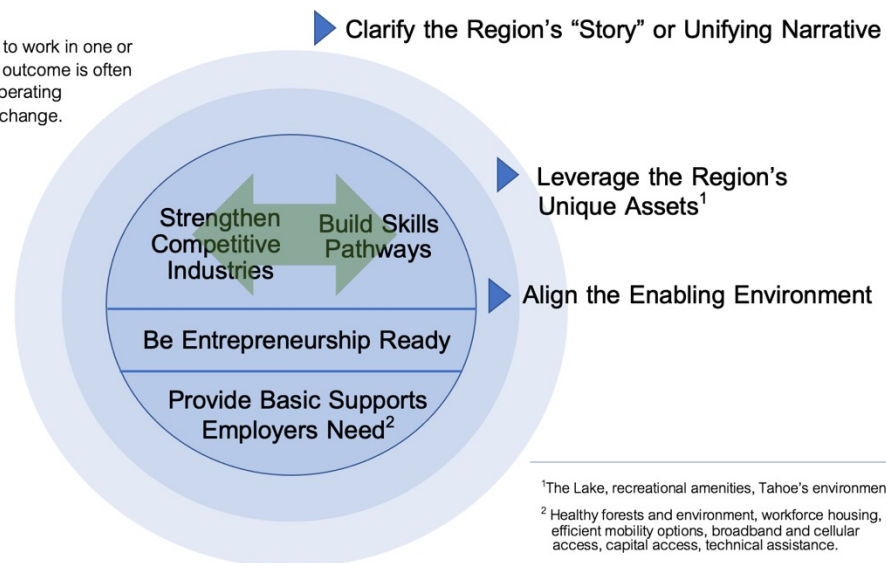
Action Assessment

To conduct this assessment, the Envision Tahoe team analyzed (1) economic, labor force and socio-demographic data for the Tahoe region, (2) input from Tahoe residents, key stakeholders, and expert informants, and (3) insights gleaned from private, public, and community leaders serving on the Envision Tahoe Catalyst Committee and the TPC Board Resiliency Committee. Utilizing these inputs and guided by leading national and state practices in inclusive economic development, the consultants at ICS created **a systems change framework** for Tahoe (see Exhibit 1 below).

Exhibit 6: Envision Tahoe Theory of Change

Systems Change Framework for Tahoe

NOTE: Regional actors can choose to work in one or more focus areas but a measurable outcome is often dependent upon an aligned effort operating across all areas to achieve durable change.



⁹ The Brookings Institute is a Washington, D.C.-based think tank established in 1916 that focuses on economic and social research and development. To learn more, visit www.brookings.edu

This framework was then translated into four specific action areas:

Goal 1: Strengthen key industries

Justification: Tourism and tourism-related jobs and business activity account for more than 60% of all economic output in the Tahoe region today. An economic diversification strategy would help insulate Tahoe from the increasing volatility in the visitor-based business sector, broaden the economic and tax base, and provide a wider range of job types and career opportunities for incumbent workers for upward mobility.

Risks of Maintaining the Status Quo:

- Substantial evidence shows that tourism, while an economy mainstay for Tahoe, is highly susceptible to economic disruptions including fires, drought, “weather whiplash”¹⁰ and other climate change impacts, pandemics, and economic downturns impacting disposable income.
- On the whole, the vast majority of the labor force for visitor-serving businesses tends to offer salary and benefit levels on the lower end of the wage spectrum (generally under ~\$35,000 per year), making it extremely difficult for workers to afford the cost of living in Tahoe.

Mitigation and Opportunity Actions:

A. Lead on Responsible Tourism:

Maintain strong support for tourism and the visitor-based economy in Tahoe while encouraging widespread adoption of industry sustainability practices in the Basin. Consider avenues to place emphasis on value capture vs. volume capture business practices with associated pricing structures while preserving accessibility for all.

- #### **B. Seek to attract and support young and established firms** pursuing recreation, fitness, health and wellness products or services that are adjacent to, or directly support, visitor-based business. Consider the merits of joint public-private efforts aimed at relocating staff and/or creating a virtual office presence in the Basin where feasible for increased value capture.

- #### **C. Emphasize procurement and contracting strategies aimed at local firm development and growth.** As major buyers, hospitals, schools, resorts or hotels could indicate to local firms about their pain points and what types of business opportunities exist to meet their procurement needs. They could also offer a forecast of their unmet service or products needs which local firms may be able to satisfy (or develop innovative new solutions to address) for mutual benefit.

¹⁰ The name used increasingly by scientists to describe the shifts between two opposing weather conditions – torrential rain then long periods of drought; heavy snowfall followed by long periods of warm weather, currently being experienced in the Sierra Nevada.

D. Support and grow promising business clusters well suited for Tahoe:

a. Focus on expanding the Health and Wellness Innovation Cluster:

Leverage the growth of healthcare and wellness providers in Tahoe (e.g., Tahoe Forest Hospital, Barton Health and other local and regional healthcare providers; spa, fitness, and professional athlete programs within the resorts; and independent wellness firms) matched to Tahoe's global reputation for winter and summer sports and recreation to create a health and wellness cluster initiative. Consider ways that take advantage of research and development, local technology transfer / commercialization opportunities, aligning financial and business supports, mapping supply chains and drawing them closer for efficiency and well-paying job gains, skill-based workforce pathway programs

and current workforce “upskilling.” Consider the merits of a sophisticated health and wellness marketing and advertising campaign inside and outside the Basin (see section 4A below for more details). **NOTE:** A health and wellness business cluster initiative was first identified as having great potential in the Lake Tahoe Basin Prosperity Plan prepared by Applied Development Economics (ADE) based on their path breaking analysis in 2010 and was again emphasized as recommendation from the COVID-19 economic impact analysis done by Beacon Economics in August 2020 for the Tahoe Prosperity Center. It should be noted that some progress on expanding this sector has occurred since the 2010 Plan as both Tahoe Forest Hospital and Barton Health have added new healthcare facilities and jobs.



b. Focus on building an Environmental Innovation Cluster: Tahoe has national and global standing as an ecological gem that, at various times in recent history, has been threatened by environmental hazards. These threats are increasing as demonstrated by the Caldor Fire. Today, extensive forest restoration and watershed protection projects in the basin, combined with new sustainable building practices, billions of dollars in additional state and federal funds for forest health, climate resilience, green infrastructure, and low carbon emitting industries, place Tahoe in a prime position to seize environmental innovation and investment opportunities. Several opportunities exist to link firms in the Tahoe-Truckee Region (and large-scale environmental service and products employers outside the region) to nearby universities active in these arenas. On the California side, the opportunity exists to work in even closer partnership with the UC Davis Tahoe Environmental Research Center, part of an R1 research university globally renowned for its environmental research programs with an annual research budget approaching \$1 billion. On the Nevada side, forming even tighter bonds with the Research and Innovation Center at University of Nevada, Reno, and Sierra Nevada University, could lead to new opportunities.

NOTE: Like the health and wellness

cluster, the environmental innovation business cluster in Tahoe was identified first by ADE in 2010 and later by Beacon Economics in 2020 for its promise of creating well-paying jobs and diversifying Tahoe's economic base. There has been much coordination among the university and environmental communities on the protection of Lake Tahoe's environment, but no similar efforts on their impact to the economy. This *Playbook* highlights the need for more consideration of the impacts this community has on the regional Tahoe economy. There needs to be better coordination of job opportunities, climate research, and other related workforce issues within this important economic cluster. One specific economic and environmental improvement initiative that ties these strands all together is a climate change and wildfire mitigation research institution based in Lake Tahoe.





Photo by Barton Health

Goal 2: Build skill pathways for upward mobility

Justification: Tahoe has no well-organized business sectors of any appreciable size beyond the tourism industry and visitor-serving businesses. Currently, a large share of state and federal investment supports industry-specific career technical education, a model that does not suit the more narrow needs of Tahoe employers for transferrable professional skills. To meet demand, local workforce agencies are focusing on skill-based (vs. industry based) pathway development programs and strategies that free the student to pick from a range of career paths and industries that require the same core set of transferable soft and technical skills, opening up a variety of career pathways vs. just one.



Photo by Brian Walker Photography

Risks of Maintaining the Status Quo:

- Present skill-based programs are achieving positive results but are isolated successes operating on a small scale vs. system level and repeatable.
- Tahoe-Truckee students unacquainted with job opportunities or industry experiences that could provide a good quality of life in the Tahoe-Truckee Region may move out for career opportunities in other areas.

Mitigation and Opportunity Actions:

A. Explore ways to build upon the skills-

focused program and curriculum in culinary arts, environmental innovation, and other trades in use by ADVANCE and other workforce development practitioners in the area, and bring it to scale with current and new industry partners and enhanced local, state, and federal investment.

B. Consider building a region-wide skills

pathway system and program that aligns employers, workforce agencies, area colleges, and K-12 schools (public and private) on a shared vision linked to the diversification strategy outlined here.

Goal 3: Jump start the innovation ecosystem

Justification: Tahoe has few systematic supports for entrepreneurs and/or individuals wishing to start or grow their business. Shared work spaces have proven effective in providing an economical “home base” from which early stage businesses can deliver services and products to customers, but shared workspace leaders have faced strong headwinds. The U.S. Small Business Development Center (SBDC) serving the Basin is committed to small business success but its business consultants are often spread thin, serving seven Sierra Nevada counties to the Oregon border. A viable economic diversification strategy for the Tahoe-Truckee Region depends upon a strategy that supports individuals seeking to launch or grow a business, and remain profitable. Actively fostering business formation and sustainability will ensure future economic diversification.

Entrepreneurship is also a key driver of economic inclusion as self-employment has been shown to lead to greater economic independence, wider opportunities for upward mobility, and greater wealth creation that can be transferred to the next generation (e.g., family owned businesses).

Risks of Maintaining the Status Quo:

- Business creation and the resulting jobs and benefits that come with them will occur elsewhere. This includes technology, knowledge, services, products, and philanthropy that could directly benefit the people and institutions in Tahoe.

- Continue to constrain a key pathway to diversifying the economic and job base in Tahoe.
- Continue to under-resource an important pathway in Tahoe that leads to improved economic opportunity and inclusion available to all populations, especially the underserved and minority populations.

Mitigation and Opportunity Actions:

A. Bring together entrepreneurs, experienced and/or retired business leaders as trusted advisors, early and late stage investors, with leaders from area chambers of commerce, the SBDC, local education and workforce institutions, regional economic development organizations and other business support groups to improve the local ecosystem. Focus in year-one on mapping the entrepreneurship ecosystem in Tahoe as it exists today (post pandemic) using tools available via the Kauffman Foundation, StartupNV, Tahoe Silicon Mountain and other entrepreneurship support groups. This will inform a prioritized action plan and marketing strategy to reach entrepreneurs and people interested in launching a business product or service in the Basin and matching them to technical assistance and financial support.

Goal 4: Shape the enabling environment

Justification: The enabling environment is the setting in which an economic diversification and resilience strategy like that proposed by Envision Tahoe takes place. It includes everything that makes such efforts possible, from existing government policies and rules to institutional practices, agency linkages and partnerships, funding and incentive programs, and the support of the community. In communities with strong enabling environments, a common vision and unifying public narrative exists inside and outside the region that unites and drives the community forward. Often there is a close working relationship between the public, private, and community sectors. As a result, decisions are easier to reach, things get done more rapidly and effectively, all with less friction and wasted effort.



Risks of Maintaining the Status Quo:

- Presently, Tahoe has no shared economic vision (a mission that Envision Tahoe seeks to remedy) and 63 percent of respondents in the 2022 Envision Tahoe Community Survey said that things in Tahoe are “on the wrong track.” A lack of concerted energy and focus on creating more connection and coherence within the enabling environment in Tahoe would have these current conditions persist well into the future, if not worsen, with continued subpar results. This lack of regional cooperation and coordination also undermines the region’s competitiveness for federal and state investment, as evidenced by recent federal grant rejections.

Mitigation and Opportunity Actions:

A. Quantify the business and community advantages that could result from a well-coordinated branding and global marketing strategy focused on health, wellness, recreation and the outdoors, environmental innovation, and the connections between them. Such an undertaking could be used to tell a new narrative about Tahoe arising from the pandemic that focuses on Tahoe’s many assets, sustainable tourism, and the importance of health and wellness. Explore the use of local community forums and online polling to generate local public awareness input that would lead to the adoption of a commonly shared vision and updated narrative for Tahoe. This could then be used by all inside and outside of the basin, aimed at potential visitors, the businesses

community, and the general public. Consider steps that leverage the new Tahoe South Event Center as a forum for international conferences focused on this narrative and used to draw increased global visitation and business interactions. Explore ways to take advantage of the considerable marketing prowess of area ski resorts, casinos, area Destination Marketing Organizations (DMOs) and other visitor-based businesses to provide talent, resources, and support on the shared campaign.

B.Energize and scale up present conversations about improved public-private sector alignment and shared governance across the Tahoe-Truckee Region. Where possible, seek to harmonize environmental, social, and economic policies and objectives in the Basin as a role model for the nation and world. Look for avenues to elevate local programs and projects as potential demonstration projects for replication, with a special emphasis on break-through initiatives designed to deliver affordable housing in areas requiring redevelopment while meeting strict environmental standards, and the deployment of advanced transportation technologies and electricity-based fleets (both land-borne and water-borne) for improved mobility while protecting the environment.



Photo by North Tahoe Business Association

How Do We Rewire Systems in Pursuit of Inclusive Growth?

According to experts at the Brookings Institute, rewiring systems in pursuit of greater inclusive growth has two purposes. First, changing **for whom** systems work, by adopting more specific, disaggregated goals and targeting strategies toward excluded populations (such as Tahoe's Hispanic communities). Second, changing **how** systems work, by investing in interventions that build capacity within and across the pillars of inclusive growth to drive impact at greater scale. These are often reinforcing purposes, in that committing to a greater emphasis on inclusion forces systems to add greater capacity to meet those new goals.



GETTING TACTICAL:

Accelerating Workforce Housing and Improving Mobility – The Foundations for Economic Resiliency and Inclusion

Photo by Sugar Pine Village

Accelerating Workforce Housing in the Tahoe-Truckee Region

An Assessment of the Current State of Play with Economic Resilience in Mind

Present State

For many years, finding housing for the local workforce in the Tahoe Basin has been difficult. Numerous studies around the Basin have quantified and articulated the various impacts the lack of workforce housing has had on our communities, but perhaps none summarize it as well as Alberto Goncalves, Forbes Councils Member, who stated in his recent article in Forbes Magazine, “Communities that invest in affordable housing promote diversity and inclusion, creating a positive environment rich in culture and enhanced sustainability. These communities enjoy a diverse workforce that offers not only essential services, but also a burgeoning local economy. In many places that need a “spark,” affordable housing promotes redevelopment, investment and an influx of new young families.”⁽¹⁾ This statement couldn’t be more true in Tahoe as local workforce demographics are shifting due to the proliferation of telecommuting as a result of the pandemic.

Ultimately, a primary driver of this predicament is the fact that over the last decade there has only been a 1% increase to housing inventory in the entire Tahoe Basin, and most of that development was large, expensive homes catering to second homeowners, not the local workforce.⁽²⁾ The reasons for this are varied, and this housing white paper attempts to catalog the root causes of what’s behind that lack of development of housing suitable for our local workforce, the risks associated with not providing suitable workforce housing options, what our local Tahoe communities are already doing versus what other communities are doing and, finally, what else can be done in the Tahoe region to address this critical community and economic development issue.

To do this we will lean heavily on housing and socio-economic data as well as several recently published reports that address the housing issues in each of the three subregions of the Tahoe Basin: the South Lake Tahoe region, the North Tahoe/Truckee region, and the Incline Village/Crystal Bay area (referred to as Washoe Tahoe.)

The Problem

The Tahoe Prosperity Center (TPC) was the facilitator for the most recent housing studies for two of the three housing subregions (South Lake Tahoe and Washoe Tahoe), and is a participating member of the Mountain Housing Council, which leads housing efforts in the North Tahoe/Truckee region (CA). The reports were authored by independent consultants with many years of experience documenting housing issues in communities across the country. As TPC continues its work on economic development and vitality, housing comes up in every conversation. Simply put, you cannot discuss the economic health of a community without considering available housing for the workforce.

To be sure, lack of affordable housing is not an issue unique to the Tahoe region. Not only have housing issues been a recognized problem in mountain resort communities for decades, the problem has become particularly acute in the last two years in mountain towns around the country. As a recent article by NPR titled *“There’s never been such a severe shortage of homes in the U.S. Here’s why”* (3) pointed out, many of the contributing factors including supply chain disruptions, lack of skilled workforce, and zoning issues, are factors that are more extreme in environmentally sensitive mountain towns with limited access to buildable land, diverse suppliers of building materials, or a large skilled labor force.

In addition, because of the unique natural resources at Lake Tahoe, the Tahoe Regional Planning Agency was created in 1969, and administers a Regional Plan and a Code of Ordinances with the intent of achieving and maintaining a set of environmental thresholds and regional goals. While other communities struggle with the impacts of parking, density, and setback regulations on the affordability of housing, in Tahoe additional development standards such as impervious coverage and growth limits must be adhered to. While designed to provide protection of the environment, an unintended consequence of this layered set of regulations is a development environment that is highly conducive to large, single-family homes, but does not take into account the development needs of smaller, attached, more affordable by design homes. There’s also limited opportunities for new development in general, and current policies favor redevelopment which can be more costly.



Photo by Sugar Pine Village

Furthermore, the COVID-19 pandemic fostered a new wave of telecommuters, allowing them to work remotely from “home”. For many people, “home” became highly desirable recreation communities that haven’t traditionally offered the type of incomes that white collar professionals from urban cities command. This contributed to rapid increases in price to both purchase and rent homes in communities that had limited housing stock to begin with. In fact, during the first year of the pandemic (2020), zip codes covering South Lake Tahoe and Truckee ranked near the top for the highest rates of migration per 1,000 residents according to change of address requests filed with the U.S. Postal Service, and the Tahoe Region saw its largest one year increase in population on record, with 3,267 new residents. (4)

The three housing subregions that make up the Tahoe Basin are inextricably linked, yet each has its own nuances to their specific problem and methods for addressing them. The resident workforce may work in one area but live in another. For many this is a necessity as the search for housing continues to push the workforce further and further away. In-commuter rates for each area are between 31% - 53%, representing thousands of employees that would prefer to live locally. According to the reports, Washoe Tahoe needs 1,205 housing units, the North Shore region needs 9,528, and the South Shore needs 3,290 additional housing units to help preserve our local workforce, reduce in-commuter rates, and plan for future job openings over the next 5 years. (5,6,7) None of the reports, nor this paper, is proposing the construction of over 14,000 new housing units in the Basin, as

that is not practical or even possible. That number simply illustrates the extraordinary degree of demand the Tahoe Basin faces now and looking forward, and highlights the need for a robust and multifaceted approach within each subregion.

In the South Shore and North Shore regions, there is a tremendous amount of political and community will and momentum to prioritize housing, while in the Washoe Tahoe area there is still a lack of understanding about the need for workforce housing by many in the community. As noted in the Washoe Tahoe housing report “There is a significant difference in the awareness of the problem between those who are directly affected by the housing issue (e.g., employers, employees, and service agencies), and those who are one-step removed from the direct impacts (e.g., part-time residents and residents not making their living locally).” (5) Any affordable housing strategy requires strong community support behind it or it risks failing.

As mentioned earlier, one of the major contributing factors that make moderate income housing projects so difficult to pencil is due to the strict development growth standards overseen by the Tahoe Regional Planning Agency, something that affects all communities within the Basin. Housing development of any type is quite expensive and subject to numerous market variations, and developers mitigate that risk by prioritizing home types that provide the greatest return. Additional costs like the price of a development right, or limitations like coverage restrictions, act as a further incentive to focus on maximizing a development’s ROI. The

nearby community of Truckee, just outside of the Basin and therefore not subject to these additional environmental regulations, has been able to bring to market a significant number of workforce and affordable housing developments in the last few years, and may be an example that Tahoe can look to as it examines how to maintain and even enhance environmental protections while delivering affordable housing.

In South Lake Tahoe (City of SLT), the largest community in Tahoe and the only designated City, progress is being made but identifying funding streams is a constant challenge. In order to access the larger pools of capital designated for funding at the state and federal levels, there is frequently a local funding match requirement. The success of this strategy can be seen with the Sugar Pine Village project, more details in the *Needed Investment (Public and Private)* section (8).

On the North Shore, there is limited appetite for restricting homeowner's rights to use their second home as a short term rental (STRs), a la AirBnb and VRBO, so Eastern Placer County currently allows for 3,900 STR's. It should be noted that while STR's are a contributing factor, banning them is not a silver bullet solution and won't solve the local housing problem. As an example, the City of South Lake Tahoe implemented Measure T in 2021 restricting STR's to commercial and tourist zones, and out of residential areas. But Measure T is not resulting in a large wave of new long-term rentals. Data indicates that there is high demand for a modified ski-lease of sorts - instead of renting for a winter season (traditional ski-lease) or a nightly or weekly STR, people are renting

furnished units for a month or two.(9) While the impact that limiting STRs has on the long term rental market has yet to be concretely determined, it highlights the tradeoffs that communities must make when addressing the housing crisis.

Potential Solutions

As other mountain resort communities, and even large cities, have grappled with their own workforce housing issues, there are many tools that have already proven effective. Depending on the unique characteristics of any given community, there are solutions that already exist as a model to implement based on the goals and appetite of the community. Thankfully, many of these tools were already well documented in the three subregion housing studies, and many have already been implemented or are in various stages of development.

Over the last several years the housing partners and agencies in the Tahoe region have created many programs that are either in place or being put in place (see table below.) As the table demonstrates each subregion has a similar raw problem of not enough available housing that is affordable to the local workforce. However, as was previously mentioned, it is critical to any Housing Action Plan to create it with community feedback. Strategies have very little chance of success if the community is not behind it. Since housing is such a complex problem, and capacity and resources are limited, prioritizing goals on a short, medium, and long term gauge is also helpful to keep stakeholders focused. This table highlights those strategies that are currently being implemented based on subregion:



Exhibit 6: Strategies being pursued to improve housing access and affordability

	South Shore	North Shore (CA)	Washoe Tahoe (NV)
Down Payment Assistance	X	X	
Local Funding for Affordable Developments	X	X	
Jurisdictional Land Contributions	X	X	
Inclusionary Zoning or In-Lieu Fees		X	
Project Homekey Funds	X	X	
Deed Restriction Purchase/Preservation Program		X	
Established Sustainable Funding Source Dedicated to Housing		X	
Established Housing Advocacy Group	X	X	X
Housing Focused Joint Powers Authority		X	
Established Housing Trust Fund		X	
Accessory Dwelling Unit (ADU) Program	X	X	
Short Term Rental Restrictions	X	X	
New Affordable Housing Built or In Process	X	X	
Second Home to Long Term Rental Incentives	X	X	
Community Land Trust	X	X	X
Code Simplifications	X	X	X
Deed Restriction Incentives to Build Affordable	X	X	X
Employer Assisted Housing	X	X	X
Fee Waivers/Deferrals	X	X	X
Taxes Dedicated to Housing	X	X	
Redevelopment Assistance			
Residential/Commercial Linkage		X	
Senior Housing	X	X	
Transitional Housing/Homeless	X	X	
Tenant Hotline	X	X	
Self Help Build	X	X	
VHR/STR Requirements	X	X	X
Transfer of Development Rights	X	X	X
Opportunity Zones	X		
Housing Choice Vouchers	X		
Acquisition of Market Units	X	X	X



Photo by North Tahoe Business Association

Considering the strategies that have already been implemented and have had some time to show efficacy, it provides an opportunity to evaluate and consider additional action. We don't have to look far to identify other potential strategies, in fact, we can draw from the progress made in other cities as well as other mountain towns for ideas that are working.

Inclusionary Zoning

Inclusionary Zoning, also known as inclusionary housing, is a policy that requires a share of new housing development to be affordable to low or moderate income households. Inclusionary Zoning policies help to create mixed-income development projects, and can help to disperse affordable housing throughout neighborhoods, instead of creating localized areas with high concentrations of one type of housing. It can be a valuable tool to help mitigate displacement in neighborhoods undergoing development and gentrification. An additional benefit of Inclusionary Zoning policies is that they create an environment for private sector development of affordable housing, and as a result, requires limited public investment. (10)

Quite simply, zoning policies can severely restrict the development of housing of any type, most notably affordable housing since it is, by nature, higher density than traditional single family homes. In most of the State of California, single family zoning has effectively been eliminated due to the passage of legislation allowing Accessory Dwelling Units (ADUs) on nearly all single family residential lots. Additionally, California State Bill 9 (SB9) allows for lots splits, and up to 3 units on each resulting lot. So what was previously just a single family home lot, could ostensibly be used for as many as 6 smaller units. However, most of Tahoe is not eligible for SB9 redevelopment, due to its rural character. Local jurisdictions could pass similar legislation to allow for provisions that mirror or are similar to SB9. It's hard to overstate the impact of zoning policies to affordable housing. As an analysis completed by Novogradac, a national professional services organization with a major emphasis on the real estate sector, points out: "The LIHTC (Low Income Housing Tax Credit) cannot counteract local zoning and land use restrictions on its own...." (11) Said another way, even the primary tool by which affordable rental housing is financed in the United States, isn't enough to solve the problem - we can't simply throw money at it.

In-lieu fees

Many cities require developers to contribute to affordable housing solutions by either building a number of deed-restricted affordable housing units for any given number of new, non-restricted market rate units (a.k.a. Inclusionary Zoning) or by paying a fee for future development. In-lieu fees are generally paid into a housing trust fund and used (often along with other local funding sources) to finance affordable housing developed off site.

However, these fees are sometimes seen as offering a ‘loophole’ that allows developers to avoid building units on site. Many communities have set fees well below the actual cost of building on-site units. When they do this, most projects elect to pay the fee. For this reason, some cities simply don’t offer an in-lieu fee, while others intentionally set the fee at a level that is intended to discourage the use of the fee option.

Note that in-lieu fees are sometimes confused with linkage fees or impact fees but they are different. When a developer is required to build units on site but allowed to pay a fee as an alternative the fee is called an ‘in-lieu fee.’ When a program is structured to require fees instead of requiring onsite units, the fee is called an ‘impact fee’ or ‘linkage fee.’ (12)



ADUs and Tiny Homes

Accessory Dwelling Units, or ADUs, are increasingly becoming a more mainstream housing option in California and around the country. ADUs, sometimes referred to as an In-Law Unit or Granny Flat, can be a separate structure like a small backyard cottage, or under the existing footprint of a home like a converted garage or small apartment over a garage. Two of the largest benefits of ADUs is that they are “affordable by design”, that is, a relatively affordable housing type to construct. It removes what is frequently the single largest line item from cost of construction - the cost of land - since it’s part of an already existing lot. Additionally, it doesn’t require large, complex, and competitive capital structures like LIHTC projects, and as such it allows (perhaps even encourages) local homeowners to be part of the solution.

Policy changes to encourage Workforce Housing

Regardless of what strategies other communities employ to address their own affordable housing needs, each community is unique in its geography, priorities, and regulating agencies. The Tahoe basin is unique in that in addition to the typical policies from a City, County or State, the Tahoe Regional Planning Agency (TRPA) adds an additional layer of environmental regulations and protections that make the development process even more complex. The TRPA has a number of specific environmental regulations that must be taken into consideration by developers, but perhaps the most impactful, and controversial, are the development rights and land coverage policies.

TRPA development rights are land use units that must be acquired before a property is developed. Development rights are assets tied to a property. Unused or underutilized units can be banked on a property; sold and transferred to another property, either through the private market or local land bank; or converted to other land uses (e.g., from commercial to residential). Additionally, development rights can be acquired by retiring a sensitive property or through a local jurisdiction. Navigating the development rights system is frustrating for many, as it can be difficult to understand the various components of a full development right at face value (potential residential unit of use + residential allocation = a residential unit of use), not to mention the difficulties in obtaining one on the market or via the

bonus unit pool, which add still more stipulations and difficulty. Accessory dwelling units also require an additional full residential unit of use on parcels that have already been built, even if there's no change to the footprint of the existing house, which discourages some from converting existing space into housing because of the redundant cost and complexity.

Per the TRPA

“Land coverage is an essential element of TRPA’s plan to protect Lake Tahoe. Permanent land disturbance is most commonly measured in terms of square feet of land coverage, also called impervious surface, and includes all man-made structures such as homes, driveways, and parking lots.” (13)

The science behind the TRPA’s Land Coverage policy began with the 1974 Bailey Report, and evolved with the Individual Parcel Evaluation System, or “IPES” Score in 1987.(13) Since then, Best Management Practices, or “BMPs” have been introduced, as well as more advanced construction techniques designed to capture stormwater runoff and reduce soil erosion. Evaluating the efficacy of the current land coverage system, based on modern construction methods, BMPs, and other resource protection strategies may provide a better path to both ensure impacts to soil are mitigated and allow for greater coverage of individual parcels, allowing for more flexible housing types. To put it simply, modernization of TRPA land coverage policy using the latest science, data, and construction materials and processes could help spur the construction of more

multifamily developments from both a financial and environmentally superior perspective. This should be a high priority for the agency and all those who care about the balance between environment and housing in our community, as relying on dated science has resulted in large, single family homes instead of smaller, more environmentally desirable housing development.

In addition to allowing development of multifamily and potentially improved water management, simplifying the requirements from not only the TRPA, but also counties and the city, and streamlining the permitting process, will reduce the financial risk developers must undertake to build. If we truly want multifamily housing, tiny homes, ADUs, and other housing options that fit Tahoe's local workforce, we must incentivize them as developers only build what generates a return on their investment. Currently, the market pencils only for luxury, large second homes and vacation rental condominiums. Significant changes in incentives are needed to encourage workforce housing development, and given the cap on growth in the basin, this should be a high priority for local governments and the TRPA.

While TRPA may get the most attention from developers, other jurisdictions and entities could also make policy changes with substantial impacts to the feasibility of smaller homes more suitable to the local workforce. One fundamental issue is that most of the zoning codes, fee structures, and commodities requirements do not take into account that for new housing to be available for much of the local workforce, we need to build smaller

units with greater density than in the past. For example, many of the fees that a developer pays are based on a "per unit" fee, not based on size. Developers largely pay the same fees whether building a 500 square foot tiny home, or a 5000 square foot luxury lakefront estate. These fees could be based instead on square footage of the new unit, and should also be reduced or eliminated for affordable and/or workforce housing. Some progress on this front is currently underway as both the South Tahoe Public Utility District and the Truckee Sanitary District have recently adopted sliding scale fees, but there are many other fees associated with construction that could also be changed to a sliding scale structure to incentivize the construction of smaller units.

Needed Investment (Public and Private)

No housing inventory can be built, or programs implemented, without appropriate funding. There are substantial funds at the Federal and State levels available for housing developments and programs, but they almost always require, at minimum, some level of local contribution. The Sugar Pine Village development is a good example of this, as the developer has leveraged \$1.8 million in grants from the City of South Lake Tahoe (plus an additional \$600,000 contribution) to acquire over \$60 million in State and Federal grants and funding for the project. To build on that proven model, the creation of a Basin-specific mechanism for housing funding could be seeded with local funds from communities and associated counties, and used as local matching funds required to receive federal and state funds towards affordable housing purposes.

Furthermore, unique and creative funding opportunities are available. The El Dorado Community Foundation is in the beginning stages of creating a program that would allow for new residents purchasing homes in Tahoe, that may have sold, for example, an expensive home in the Bay Area that would realize a significant capital gains, to voluntarily donate a portion of that capital gains to a housing fund and thereby reduce their tax burden.

Other potential funding ideas to support infrastructure and housing development include controversial ideas such as a “Basin entry fee or tourist user fee.” Of the 1,799 residents who completed the Envision Tahoe Community Survey in January of 2022, 75% expressed support or very strong support for such a fee. The idea, similar to a bridge or FasTrak toll, could be implemented to establish funds to address the myriad of issues caused by having the estimated 15 million visitors the Tahoe Basin sees on an annual basis. While this is a polarizing subject to say the least, it has been discussed for many years and there is some data indicating that many travelers recognize the impact they make on a community and are willing, and even want, to reduce their footprint. A recent survey completed by Kind Traveler states that 96% of respondents agreed with the statement “It’s important (noted either slightly important, fairly important, important, or very important) that my travel dollars are making a positive impact in the places I visit.” (14, 15) While the focus of the survey appears to be primarily focused on international travel, there may be an opportunity to tap into that sentiment for domestic tourism with the right messaging. One of the consistent challenges to identifying

funding streams is the unique multi-county, and multi-state geography of the Basin. A Basin-wide fee could be a good fit for a Basin-wide housing initiative, service, or organization, and help solidify the efforts of the three housing subregions. In fact, the South Shore Region Local Resident Housing Action Plan identified the lack of a Housing Authority type organization, and the value a “Regional Housing Entity” would offer. That concept could be expanded and funded by a Basin-wide fee, whether it’s an entry fee or something else.

Finally, there has been a resurgence of interest in employer based housing programs. In mountain towns in particular, the one-two punch of lack of affordable housing combined with low unemployment rates makes recruiting and retention of employees increasingly difficult. Some local employers have recognized a competitive advantage by offering a housing option, like the Biltmore Casino, Tahoe Dave’s, and even Motel 6. One of the largest employers in the region, Vail Resorts, recently announced that in addition to a minimum wage increase to \$20/hour, they will be making a significant investment in affordable housing in four of their markets. (16) Unfortunately, none of the Tahoe resorts will be part of that geographic focus, but it illustrates the shifting mindset by some of the largest employers that recognize that access to affordable housing options is essential to their bottom line.



Photo by Brian Walker Photography

Vacancy Tax and Maintenance Ordinances

Taxes are the primary means for jurisdictions to generate funding. Taxing properties of vacant homes is a concept picking up steam in cities like Oakland, San Francisco, Vancouver, and Los Angeles. On November 6, 2018, Oakland voters approved Measure W, the Oakland Vacant Property Tax (“VPT”). The VPT Act establishes an annual tax of \$3,000 to \$6,000 on vacant property depending on the type of property. (17) There are a significant number of exemptions to the tax to help ensure the focus is on the right type of properties to spur development. Not only does it serve as an incentive to promote use of underutilized properties, it also creates a sustainable source of local funds. In 2020 alone, Oakland collected roughly \$7 million in new vacancy tax revenue (18), creating a sustainable pool of funds for the city. The revenue generated from this Oakland tax is designated to a restricted fund to be used primarily for homeless services, and at least twenty-five percent of the revenue will be used to address blight and illegal dumping. While illegal dumping may not come to mind as a need in Tahoe, if Tahoe were to create such a tax those funds could be used for other tourism-centric community needs where funding can be difficult to identify, such as addressing the increase of excessive trash found at our beaches and trailheads.

Blight is considered a negative environmental issue by many in the basin. Many properties are owned by absentee landlords or second homeowners, who may not have consistent visibility into the condition of their property. Minimum local

maintenance ordinances administered through local government, neighborhood organizations (homeowner associations, general improvement districts, etc.) should be established to enact penalties for neglect based upon the health, safety, and welfare of the residents. While penalties would be used to mitigate blight, a portion could be used to support affordable housing initiatives.

Basin-specific Housing Entity

While progress has been made by local advocacy groups and jurisdictions, there remains somewhat of a fracture to housing development and expansion in the Tahoe area. As briefly mentioned above in the *Needed Investment (Public and Private)* there is a documented need for a Basin-wide housing entity to support the efforts of the three housing subregions. The South Shore Region Local Resident Housing Action Plan identified the lack of a Housing Authority type organization, and the value that a “Regional Housing Entity” would offer. Considering Housing Authorities already exist in California and Nevada, mostly at the county level, it may make more sense for a regional housing entity to be a non-profit agency. Successful examples of this are Alta Housing which serves the needs of Silicon Valley (19), and Mammoth Lakes Housing which serves Mono County, the Town of Mammoth Lakes, and the City of Bishop (20). These agencies allow for a more flexible and often more innovative approach to problem solving across jurisdictional boundaries and support for housing.



Attempting to manage the objectives of two states, four counties, and a multitude of agencies is no small task, but the impacts could be impactful for Tahoe and Truckee. We've seen the significant progress made on housing at the subregion level by utilizing a collaborative partnership model. Imagine what could be done if that same degree of collaboration was implemented Basin wide. If all the relevant housing focused partners like the Mountain Housing Council, Washoe Tahoe Housing Partnership, South Shore Housing Tahoe Partnership, St. Joseph Community Land Trust, local government jurisdictions, large employers, the TRPA, and transit providers all worked together; it could foster a degree of progress that could not otherwise be achieved.

Various benefits could be realized with such an entity by working in cooperation with each other; sharing, rather than competing for limited funding; leveraging each organizations' capacity and resources for greater effectiveness; avoiding duplication of programs and services, and the unproductive process to "reinvent the wheel"; and coordinating efforts and building partnerships to reach local resident housing goals. Specific responsibilities could also include monitoring and managing deed restrictions, and serving as a Basin-wide Housing Trust Fund to allow for greater and more structured access to government and philanthropic funds.

Partnering With Communities Adjacent to the Tahoe Basin

Considering the growth restriction in the Tahoe Basin it is likely that workforce demand will always exceed the local housing markets ability to house them. This is where a holistic transportation plan comes in. The communities on the Highway 50 corridor to the east in Nevada, *i.e.*, Gardnerville, Minden and Carson City, already serve as a reservoir of housing for South Lake Tahoe. Communities along the 80 corridor help support the needs of employers of North Lake Tahoe. A concerted effort to work with communities adjacent to the Tahoe Basin, including the Tahoe Transportation District, local government, and large employers, could help provide transportation for in-commuters. An enhanced transit system would allow the "pressure release" housing in these adjacent communities to be more accessible and effective.



Conclusion

As one looks at the housing crisis in the Tahoe Basin, the “what” and the “why” may be clear: housing that is affordable and available for our local workforce is imperative to the economic health and vitality of the region, so that businesses can find staffing and continue to provide services, and our workforce can remain engaged within the communities they live. The “how” is more complex. This paper highlights just some of the options for increasing affordable housing in the Tahoe Basin, but there are countless more tools that could be used or expanded on.

From building new types of housing, to preserving existing housing stock, to incentives, policy changes and more, imagine what could be achieved if a true multifaceted approach to housing was a collective effort of all the communities in the Basin; an environment where incentives align for housing developments that are affordable for our local working class, and large luxury single family homes aren’t the only type of new development that is financially feasible; a regional funding mechanism that not only pools the strength of our communities towards a common goal, but leverages those moderate local funds into significant funding opportunities from the State and Federal levels. And most of all, imagine a place where if you work in Lake Tahoe, you can live in Lake Tahoe.

References

1. <https://www.forbes.com/sites/forbesfinancecouncil/2022/04/18/everything-you-ever-wanted-to-know-about-affordable-housing-but-were-afraid-to-ask/?sh=48df72032f24>
2. <https://tahoeprosperity.org/wp-content/uploads/March-2022-Tahoe-Community-Report-final.pdf>
3. <https://www.npr.org/2022/03/29/1089174630/housing-shortage-new-home-construction-supply-chain>
4. Baseline Report for the Tahoe Basin Living and Working Today in and Around the Basin, pp. 10
5. Washoe Tahoe Local Employee Needs and Opportunities, pp. E-3
6. South Shore Region Housing Needs and Opportunities, pp. 115
7. Tahoe-Truckee Regional Housing Implementation Plan, Executive Summary, pp. 7
8. Per conversation with Jessica Wackenhut Lomeli, Associate Housing Planner at City of South Lake Tahoe
9. Measure T Impacted Homes Analysis, by the Tahoe Prosperity Center using City of South Lake Tahoe and real estate data.
10. <https://inclusionaryhousing.org/designing-a-policy/off-site-development/in-lieu-fees/>
11. <https://www.novoco.com/notes-from-novogradac/dispelling-of-repeated-misconception-analysis-shows-lihtc-financed-properties-are-not-concentrating>
12. <https://homeforallsmc.org/toolkits/inclusionary-zoning/>
13. <https://www.trpa.gov/land-coverage/>
14. <https://www.cnn.com/amp/2022/03/16/96percent-want-vacation-dollars-to-further-sustainability-goals-says-survey.html>
15. <https://www.kindtraveler.com/content/2022-kind-traveler-global-impact-tourism-report>
16. <https://investors.vailresorts.com/news-releases/news-release-details/vail-resorts-announces-affordable-employee-housing-investments>
17. <https://www.oaklandca.gov/topics/vacantpropertytax>
18. <https://qz.com/2125251/cities-are-taxing-vacant-homes-to-create-more-housing/>
19. <https://altahousing.org/>
20. <https://mammothlakeshousing.org/>



Photo by Tahoe Transportation District

Tahoe Transportation and Mobility

An Assessment of Current Plans with Economic Resilience in Mind

Present State

In any community, traffic congestion and travel delays negatively impact the economy, the environment, quality of life for residents and workers, and the visitor experience. Goods cannot be moved efficiently, commerce is slowed, auto emissions increase, workers face longer commutes, residents cannot reasonably plan travel times for daily trips, safety is jeopardized, emergency services are delayed, and visitors spend time stuck in their vehicles and are unable to maximize their leisure time.

The Tahoe region ushers in 15 million visitors each year, accounting for approximately half of all the vehicle trips within the Basin. Some estimates project a 25% increase in Tahoe visitation by 2035.¹¹ These visitor trips increase at peak times, frequently overwhelming the Basin’s limited, largely rural, roadway network. The increasing proportion of Tahoe’s workforce that commutes to work from outside the Basin adds further strain to the transportation network.

According to the 2022 Envision Tahoe Community Survey, “traffic congestion/ lack of transportation options” was ranked as one of the greatest threats to quality of life in the Tahoe Region, second only to the lack of stable housing options for workers. Relatedly, survey respondents ranked, “Developing more transportation alternatives to get around Tahoe and reduce congestion” as one of the highest priorities for maintaining or improving quality of life. It is fundamental, therefore, that any strategy to enhance the resilience of the Tahoe region’s economy consider current conditions of – and future plans for – the regional transportation and mobility network.



Photo by IVCBVB, Ryan Salm Photography

¹¹ Source: ONE TAHOE: A transportation funding initiative, Draft Final Project Report, January 2021

The Problem

There are four fundamental challenges to efficient mobility in the Tahoe Basin:

- 1. Rural-Level Capacity:** Although there are major interstates and highways into the basin, the local road network is predominantly rural, two-lane mountain roads that are ill-suited for the urban level capacity necessary to accommodate peak visitation, while still serving local residents. As an ecologically sensitive and land-constrained area, making significant expansion to roadways (or building new ones) is not feasible.
- 2. Urban-Level Demand:** Tahoe is one-third the size of Yosemite National Park but sees three times the visitation. Because Tahoe is within a four-hour drive for 12 million people, travel is predominantly in the form of cars, which arrive at peak times and overwhelm the roads in/out and within the Basin. In addition, due to the lack of locally based housing options, more workers are also commuting in/out of the Basin on a daily basis. Even if it were desired, there is no mechanism to manage roadway demand, and there are not viable alternatives to car travel.
- 3. Lack of Alternatives:** Transit and other alternative travel modes are present in the Basin, but are constrained by infrastructure, funding, technology, lack of convenience, lack of connectivity, low awareness, and traveler preferences. These constraints have prevented transit and other modes from reaching “critical mass” to offer viable, desirable alternatives to car travel for residents and travelers. Some micro-transit programs (e.g., TART Connect) have

been deemed successful, while others have struggled to gain traction. Although newer land use policies are encouraging development of more connected, less car-reliant communities with enhanced access to transit, traditional land development patterns in Tahoe create heavy dependence on car trips and challenge the deployment of an effective and convenient transit system.

- 4. Insufficient Funding:** There is an estimated \$1 billion shortfall in funding to improve mobility in the Basin over the next 25 years. Strict federal funding formulas, spending restrictions (non-fungible funds), requirements for local funding matches, city/county/state boundaries, lack of funds for O&M, and other factors all pose constraints to generating (and deploying) funds to transform mobility throughout the Basin. Some Tahoe communities have enacted transportation funding measures, such as the North Lake Tahoe Tourism and Transportation Business Improvement District and the City of South Lake Tahoe sales tax for road repair, whereas others have not – creating inconsistency among communities around the lake and their ability to fund projects.

These challenges are somewhat mitigated by two dynamics: 1) in 2015 the federal government acted¹² to allow Tahoe to be considered an urbanized area with 210,000 population instead of its full-time resident population to help account for visitor demand, which doubled funding from \$3.4 to \$7 million annually, and 2) as the region’s metropolitan planning organization, the Tahoe Regional Planning Agency (TRPA) is able to direct federal funds toward regionally significant projects, in consultation with its local, regional and state partners.

¹² Fixing America’s Surface Transportation Act

Recent Developments

There is a comprehensive vision for how to improve mobility into (and within) the Tahoe Basin. The 2020 Lake Tahoe Regional Transportation Plan (RTP) – which incorporates and builds on numerous prior planning efforts – lays out a transformational plan to enhance transit, trails, technology and community enhancements designed to provide robust alternatives to car travel for residents and visitors.

The 2020 RTP identifies \$3.4 billion in investments to achieve measurable increases in non-auto trips, reduce daily vehicle miles traveled, reduce serious injury crashes, increase access to alternative transportation modes in priority communities, and improve pavement conditions. Specific goals are established for Tahoe’s three traveler cohorts: visitors, recreational travelers, and residents. From the \$3.4 billion, \$2.4 billion is identified as reasonably foreseeable revenue that could be used to fund new projects and services, improvements, and maintenance over the 25-year plan period.¹³ Therefore, funding the entire vision of the RTP would require an additional \$1 billion in funding, but this includes projects and services for which no funding sources are identified or reasonably anticipated.¹⁴



To achieve its goals, the 2020 RTP proposes a suite of projects, including:

- New and enhanced transit systems, including regional and local buses, on-demand micro transit, water taxis and ferries, and mobility hubs with parking sites for travelers to leave their cars.
- Completing and connecting trail systems and sidewalks around the Lake and to recreational sites to increase biking and walking trips, and linking these trail systems to mobility hubs.
- Enhancing the use of technology for transit, trip planning and information about travel times, EV charging stations, and parking availability along with needed technology infrastructure.
- Aligning transportation and mobility improvements with community development and land use planning.
- Continued investment for roadway and trail operations and maintenance.

The RTP also includes strategies for travel demand management and increasing awareness among all cohorts of travelers of alternative mobility options.

¹³ Defined as “constrained” projects

¹⁴ Defined as “unconstrained” projects

Funding the Plan

For years, Tahoe transportation agencies and leaders have worked to determine how to close the funding gap to fully implement the RTP and transform mobility in the Basin.

The Tahoe Transportation District (TTD) spearheaded the ONE TAHOE transportation funding initiative to assess 28 options for closing the funding gap. The ONE TAHOE final draft project report, published in January 2021, evaluated 28 funding options to close the gap. From these options, the report recommends two user fees: an entry fee (aka “cordon fee”) collected electronically from those entering the Basin by car, and a user fee collected from residents. This option could generate \$24 million annually, the most of any potential alternative reviewed. However, this approach would require action by legislatures of both states and 2/3 of voters in each voting jurisdiction around the Basin.

Since 2017, the secretary of the California Natural Resources Agency and the director of the Nevada Department of Conservation and Natural Resources have periodically convened a Bi-State Consultation on Transportation. The Bi-State working group brings together public and private sector partners to

accelerate transportation investment in the Tahoe Region. With publication of the 2020 RTP the Bi-State process has focused on identifying regional priorities and developing new funding sources through the Sustainable Funding Initiative to deliver those priorities. Priority projects identified by bi-state partners includes the SR 89 Emerald Bay Corridor, U.S. 50 South Stateline Community Revitalization, SR 28 Stateline-to-Stateline Corridor, and the Placer Resort Triangle Priority Transit Lanes.

Through this process, partners have identified a goal of raising \$20 million per year for 20 years (starting in 2026) in constant dollars to fill funding gaps.

The Bi-State working group agreed that no single revenue option was both acceptable to the group and sufficient to fully fund the \$20 million annual revenue target. Building on nearly 30 years of success with the Lake Tahoe Environmental Improvement Program (EIP), the working group developed a shared funding framework called **the “7-7-7” strategy**. Federal, state, and local/private partners would each seek to contribute \$7 million per year for high priority, regionally significant transportation projects in the Region to support the Sustainable Funding Initiative.





Photo by Tahoe City Downtown Association

Critical Shifts Needed

1. Continuing to Connect the Dots Between Transportation and Other Issues

In the same way that poor transportation and mobility negatively impacts many facets of Tahoe's economy, resident quality-of-life, and the visitor experience, a world-class transportation system could improve many of Tahoe's most pressing challenges:

- **Destination Stewardship.** Improved mobility reduces the direct impacts of peak tourism (road congestion, roadside parking, etc.) by offering alternatives to car travel. In addition, funding strategies such as congestion and zonal-based pricing (e.g., parking fees or user fees in high volume zones) could help influence traveler choices and reduce peak-time demand at Tahoe's most desired recreational sites.
- **Housing.** As previously noted, housing and transportation planning in the Basin are fundamentally linked. It has also been noted, however, that limited land, high development costs, and other constraints likely prevent the workforce housing shortage from being fully addressed in the Basin. Superior transit to the "gateway" communities – whether operated by public providers, individual employers, or groups of employers – could make these adjacent communities a viable option for those who work in the Basin.
- **Workforce.** Increasingly, workers are living outside the Basin and facing longer commutes. Improved transit would provide more predictable, more convenient options for workers living outside the Basin to get to their Tahoe workplaces.
- **Economy.** "Economic Vitality and Quality of Life" is a goal of local transportation plans, but the policies underlying this goal do not specifically address business and employment growth, increasing total economic output, increasing diversification or resilience. As Tahoe arrives at an economic resilience and diversification strategy, economic goals can be specifically achieved through improved transportation.
- **Technology.** Technology and technology enhancements are foundational to achieving the goals of the 2020 RTP. However, there can be minimal or no access to stable, reliable cellular coverage in the Basin, especially at peak travel times. Access, bandwidth and reliability issues must be addressed to ensure that the technology-dependent aspects of these transportation plans can be implemented.

In various ways, the Regional Transportation Plan identifies many of the connections between transportation improvements and addressing Tahoe's other economic and quality of life challenges. A critical shift, however, is for all Tahoe stakeholders to consistently look holistically at how challenges and solutions are interrelated and consider how plans and projects – for transportation, in particular – can achieve multiple goals.

2. Advancing the “7-7-7” Strategy, Local Activation

The funding gap to deliver enhanced transportation and mobility is significant and cannot be bridged by any one group (federal, state, or local). Many funding options exist, each with pros/cons that need to be analyzed and considered and this work is ongoing. At the heart of the “7-7-7” strategy is the fact that a share of the responsibility for generating these funds will rest with local and private partners. For this reason, community involvement and support will be critical. Strong community representation exists via the governing boards of TRPA and the TTD. Ultimately, a broad-based effort of community engagement will be needed to activate local participation in the funding strategy.

3. Beyond Roads

Roads will continue to be the predominant mobility corridors. However, innovations in mobility technology offer alternatives that may accelerate rapidly. For example, unmanned passenger drones are in the test phase around the globe and have attracted billions in investment. Rapid innovations in “air mobility,” could provide more alternatives to entering the Basin by car and would provide natural linkages between airports, transit systems and traveler destinations in the decades ahead.

In addition, increased water travel has long been identified as an unrealized opportunity for improved mobility in Tahoe. The 2020 RTP identifies both a cross-Lake ferry and more localized “water” taxis that could be operated by public or private providers, but these travel modes are not identified as near-term priorities.

Sources:

1. Tahoe Regional Planning Agency, 2020 Regional Transportation Plan
2. ONE TAHOE Final Draft Report, Commissioned by the Tahoe Transportation District
3. Interviews with TRPA and TTD representatives



Photo by Tahoe Transportation District



GETTING TACTICAL:

Diversification, Inclusion and Resilience Strategies for the Tahoe-Truckee Region Leveraging Existing Strengths

Photo by Brian Walker Photography

“Tahoe Inc.”

*We **envision** a start-up community in the Tahoe-Truckee Region that has the people, organizations, network connections, investors and advisors, and talent necessary to start, grow, and scale businesses that fit Tahoe’s economic, social, and environmental strengths.*

Present State

The prevalence of start-up and early-stage businesses in the Tahoe-Truckee Region has steadily increased over the past 10 years, commensurate with the growth of supportive organizations offering physical space, financial investment, and advisory services to entrepreneurs. This includes, but is not limited to, a growing number of entrepreneur and small-business-serving workspaces (see sidebar), services offered by StartupNV, the Sierra Small Business Development Center operated by the Sierra Business Council, the Sacramento chapter of Service Corps of Retired Executives (SCORE), the University of Nevada, Reno (UNR), local chambers of commerce, and others. During the past two years, there is evidence that Tahoe and Truckee have increasingly become home to highly-skilled remote workers with Silicon Valley company connections, as well as retired business executives with years of experience to offer, and venture investment capacity. This trend has added to the already comparatively high number of college-educated residents with advanced degrees in the region.

Shared Innovation Workspaces in the Tahoe-Truckee Region

North Shore and Truckee

- **Mountain Workspace** (Incline Village) – Coworking space offering private office space, desk memberships, and mail delivery.
- **Tahoe Mill Collective** (Alpine Meadows, Tahoe City) – Coworking space that offers private office suites, desk memberships, and meeting rooms.
- **The Hub** (Truckee) – A free coworking space that provides coffee and wifi courtesy of Tahoe Mountain Realty.
- **LIFT Workspace** (Truckee) – Coworking space that offers desk memberships, virtual office memberships and meeting room rentals.
- **Truckee Roundhouse** (Truckee) – Makerspace that offers classes in metal work, ceramics, 3dprinting, wood shop, and textiles, as well as membership which gives you access to tools in the space.
- **Kitchen Collab** (Truckee) – Shared commercial kitchen, event space, supporting food entrepreneurs.

South Shore

- **Cowork Tahoe** (South Lake Tahoe) – Coworking space offering private office suites and desk memberships.
- **Untethered** (Zephyr Cove) - Coworking space offering private office suites, desk memberships, virtual office memberships, and meeting space.
- **The Forest** (South Lake Tahoe) – Flexible office space offering desk space and private offices.
- **Kingsbury Executive Suites** (Stateline) – Executive Suites offering private office suites and virtual office space.
- **Cuppa Tahoe** (South Lake Tahoe) – A casual coworking space, coffee shop, and bookstore offering hourly rates.

Why Entrepreneurism and Innovation Matters for Economic Diversification, Resilience, and Inclusion and its Importance to “Envision Tahoe”

- Helping existing small businesses reach profitability and scale (and supporting the emergence of new firms) creates a vibrant, continually renewing business and employment engine and builds a broader economic base in Tahoe-Truckee.
- Start-ups and small businesses provide the majority of job creation and employment in regions, so focusing on emerging and small business health and vitality is critical not just to firm health, but employee wage and benefit offerings, growth of the local tax base, and the region’s overall economic well-being.
- The growth of emerging and small firms provides all populations more opportunity for career change and advancement, and a diversity of choices which otherwise can be limited in remote mountain economies.
- For minority and underserved populations, starting and running a small firm can boost wages, provide enhanced economic opportunity for their community, and boost generational wealth building.

The Problem

For local main street businesses, Tahoe’s comparatively small population translates to a small customer pool, making profitability challenging. For small firms engaged in visitor-based services or product offerings, large swings in visitor traffic and seasonal purchasing

fluctuations creates its own form of financial, staffing and operating pressures to span the highs and lows, especially if firms don’t have an e-commerce strategy (or the one they have is weak) to tap markets and customers outside the region. This was especially apparent when COVID-19 shut down the Tahoe regional tourism economy. Many retail and tourism businesses had to shift to online platforms whereas previously, in-person customers were the norm. Some did this successfully, while others did not. Although general business assistance is offered locally, for early stage firms and start-ups, access to the right type of technical and financial assistance necessary to make it through difficult business growth transitions is severely limited in the region. At the system level, there is a lack of connection between the North Shore, South Shore and Truckee; there is no consistent regional forum for entrepreneurs to gather for joint planning and action post COVID-19; there is not a clear understanding of the health of the innovation ecosystem – either the current assets (physical, talent, financial, etc.) and/or where the biggest bottlenecks exist; nor is there a set of prioritized actions led by the entrepreneurs themselves with the support of local organizations, regional universities, and national programs to make the ecosystem stronger now and for the future.

¹⁵ Source: The Ewing Marion Kaufman Foundation. To learn more, visit www.kauffman.org

“We often think of small business as the driving force in our economy. They are critical, but when it comes to job-creating power, research shows it is the age of the business that matters, not its size. New and young companies are the primary source of job creation in the U.S. Not only that, but these firms increase the energy in the local economy by increasing competition and spurring innovation.”¹⁵

The Solution and Critical Shifts Required

To support the growth of start-ups and the health of existing small businesses in the Tahoe-Truckee

Region, any set of solutions must be *informed and driven by entrepreneurs* and fully backed by local and regional civic and business organizations, investors, education institutions, governments, residents, and visitors.

Critical Shifts	Timeline (6-12 months, and after 12 months)	Key Performance Measures
Create a standing forum that draws together Tahoe’s entrepreneurs for community building, collaboration, co-mentorship, and joint problem solving. Consider the value of an annual Entrepreneurship Summit .	<p><u>Near term:</u> Establish core design team. Set date for first convening in 2022. Clarify purpose.</p> <p><u>Longer term:</u> Regularize and increase opportunities for intentional and unintentional connections between entrepreneurs and supporters.</p>	<ul style="list-style-type: none"> Existence of a regional gathering for entrepreneurs and a core team after six months. The number of connections made by entrepreneurs to fellow entrepreneurs and supporters increases. Volume increase in access to entrepreneurial technical support in all forms.
Create a prioritized set of actions to close gaps and increase the strength of the Tahoe-Truckee ecosystem based on a detailed ecosystem assessment.	<p><u>Near term:</u> Gather and/or survey entrepreneurs about assets, gaps, and opportunities. Work towards creating a live ecosystem map noting assets and resources. Collaborate to create a long term vision.</p> <p><u>Longer term:</u> Renew on an annual basis a set of prioritized actions to strengthen the ecosystem, measure success, and repeat.</p>	<ul style="list-style-type: none"> Existence of a compelling ecosystem vision and prioritized action plan for Tahoe Truckee in 12 months. Awareness of Tahoe’s innovation ecosystem increases as measured by survey results, social media hits and responses, news pick-up.
Increase the awareness and availability of technical and financial assistance for entrepreneurs and small businesses for all phases of their lifecycle informed by their specific needs.	<p><u>Near term:</u> Map and document available local and online resources. Cross check offerings against need expressed by small business and entrepreneurs. Forge delivery partnerships inside and outside the region.</p> <p><u>Long term:</u> Create a user-friendly technical and financial assistance “front door” and service regime (e.g., mentor matching, online classes, local workshops, etc.) for local entrepreneurs that leverages local talent and connections.</p>	<ul style="list-style-type: none"> Existence of an asset map for Tahoe Truckee entrepreneurs within 12 months. Awareness and knowledge have increased amongst both entrepreneurs and small business and amongst individuals, groups, and organizations aiding small firms and start-ups.

<p>Aid small local retailers with effective e-commerce strategies and technical assistance to extend their market reach outside the local area for improved business resiliency and growth.</p>	<p><u>Near term:</u> Survey local retailers to determine the extent to which an e-commerce strategy exists and what percentage of overall revenue it provides. Based on assessment, develop an approach to offer service support.</p> <p><u>Long term:</u> Ensure e-commerce strategy assistance is marketed and available for all employers in the area for improved resilience.</p>	<ul style="list-style-type: none"> • Growth in the number of local retailers with an e-commerce strategy. • Growth in the revenue contribution from e-commerce strategies of locally-based firms.
<p>Encourage business solutions to originate locally through a regular practice of Anchor Employers (AEs) providing insight into the “pain points” that local firms might be able to satisfy.</p>	<p><u>Near term:</u> Create a pilot test based on a willing AE to determine the best and repeatable approaches. Share learnings. Repeat.</p> <p><u>Longer term:</u> Increase the number of business-to-business (B2B) interactions for mutual gain.</p>	<ul style="list-style-type: none"> • Reduction of pain points experienced by local AE’s. • Increase in purchasing of local services or products by AEs over baseline. • Increase in B2B transactions. • Reduce supply chain shortages and wait times.
<p>Design and launch a Community Development Financial Institution (CDFI)* to support local firm formation and growth as well as serve as home for a new Tahoe Housing Trust Fund dedicated to lowering the cost of workforce and multi-family housing development.</p>	<p><u>Near term:</u> Take the necessary legal, financial, and organizational steps to form a CDFI as a public-private partnership.</p> <p><u>Longer term:</u> Develop an investment roadmap and raise funds to provide needed investment in prioritized areas.</p>	<ul style="list-style-type: none"> • Existence of a CDFI dedicated to Envision Tahoe purposes serving the Tahoe Truckee Region within 12 months. • Annual fund growth. • Growth in fund deployments on an annualized basis.
<p>Activate a targeted business recruitment strategy that focuses on employers and satellite offices well-matched to Tahoe’s industry mix and operating environment, focusing on utilizing existing office space and activities that deliver family-sustaining wages and benefits.</p> <p>*See connected marketing strategy below.</p>	<p><u>Near term:</u> After close study, develop a short list of potential recruitment candidates. Field a volunteer recruitment team of local business, government, and education leaders (aka. a “red team”) to make smart overtures to decision-makers.</p> <p><u>Longer term:</u> Using the existing ecosystem map and assets develop a long-term recruitment strategy that fits Tahoe.</p>	<ul style="list-style-type: none"> • Existence of a gameplan for targeted business recruitment and a “red team” for recruitment within 12 months. • Interest in locating satellite or remote work centers in existing office spaces and light commercial spaces increases over baseline. • Successful recruitment occurs as measured by the firm, family-sustaining job count, and spillover effects.

<p>Launch a distinct branding and marketing strategy to promote the Tahoe-Truckee region as a place to open and grow a sustainable business. Incorporate a welcoming campaign element with marketing assets and messages.</p>	<p><u>Near term:</u> Gather informants to create a Request for Proposal (RFP) to solicit firms to brand and market Tahoe anew. Make firm selection and activate a year-long campaign and measure results.</p> <p><u>Long term:</u> Foster alignment and/or consistency where possible between Destination Marketing Organizations (DMOs) campaigns and the Sustainable Business campaign.</p>	<ul style="list-style-type: none"> • Existence of a new brand identity, campaign plan, and qualified firm to enact it both inside the Tahoe-Truckee Region and outside the Region. • Awareness of Tahoe-Truckee as being more than a place to visit, but a healthy place to do business, increases over baseline. • Positive survey results from existing and new residents.
<p>Develop stronger partnership ties between area colleges and universities and local entrepreneurs, including the University of Nevada, Reno (Ozmen Center for Entrepreneurship and International Business Programs), California State University Sacramento (Carlsen Center for Innovation and Entrepreneurship), University of California, Davis (Mike and Renee Child Institute for Innovation and Entrepreneurship), Nevada State Business Development Center (NSBDC), Lake Tahoe Community College and its ADVANCE program, Western Nevada College and the Sierra College Center for Innovation and Entrepreneurship. Augment with closer ties to university environmental centers based in Tahoe for technology transfer opportunities.</p>	<p><u>Near term:</u> Based on a clearer understanding of the ecosystem that occurs later, forge partnership agreements for education and training, network building, and access to promising innovations that can be commercialized.</p> <p><u>Long term:</u> A new entrepreneurship and innovation center is launched in Tahoe with diverse university, business, and government support that emphasizes sustainable tourism, environmental innovations, and health and wellness breakthroughs that promotes incubation of businesses in these areas.</p>	<ul style="list-style-type: none"> • Existence of university partnership agreements within the first 36 months.
<p>Create a volunteer “Entrepreneur in Residence” (EIR) position held by a highly qualified former executive to serve as an ombudsman and catalyst to help inform and align local K-12 schools, community colleges, universities, and continuing education programs in the areas of entrepreneurship, innovation, and remote worker training to improve throughput.</p>	<p><u>Near term:</u> Create job scope, advertise / recruit, and field an EIR candidate for up to a two year term. Gather local education leaders for a discussion about education and training opportunities.</p> <p><u>Longer term:</u> Create a standing “education for entrepreneurship” pathways strategy with curriculum and outside mentors and advisors to grow the number of qualified and trained entrepreneurs.</p>	<ul style="list-style-type: none"> • Existence of an EIR within the first 24 months. • Evidence of pathways discussions and a pathway building plan in the first 36 months, with education partners from all levels of the pipeline at the table. • Growth in the number of local residents entering and exiting the pathways. • Growth in the number of new business starts in the Tahoe Truckee area.

Potential Impact

Activating some or all of these strategies over time will create a tighter and more cohesive entrepreneurship community in the Tahoe-Truckee area. This is necessary to diversify the economic base, provide inclusive job growth opportunities for all, lower barriers to business formation and growth by mobilizing existing resources and creating new ones (e.g., Entrepreneurship Summit, Tahoe-Truckee-focused CDFI, entrepreneur in residence, etc.), and improve overall business density, fluidity, connectivity, and diversity in the Tahoe Truckee Region.

Suggested Economic Measures to Determine Success:

- Increase in entrepreneur connections with other entrepreneurs as well as with potential clients/business relationships
- Increase in awareness of Tahoe as a welcoming place for sustainable businesses
- Revenue growth in both tourist-serving and non-tourist serving firms



- Revenue growth in business-to-consumer (B2C) and business-to-business (B2B) segments (**Note:** B2B businesses could have a greater potential to lead to higher wage, career advancement-type jobs. They also allow for greater connections outside of Tahoe to larger markets where local firms could export their products)
- B2B transactions with firms not in the Tahoe Truckee area
- Number of people employed in start-ups and small firms
- Small firm years of existence
- Growth in loan volumes and capital investment levels
- Business ownership demographic make-up

How would a Community Financial Development Institution (CDFI) Help Tahoe?

CDFI's play an important role in generating economic activity and opportunity in distressed, under-capitalized communities by offering affordable credit and financing vehicles. Established under federal law in 1994 for underserved communities, these institutions help families finance their first home, support residents starting or growing business, or provide needed capital for community centers, schools or health centers. The goals of increased workforce housing, stepped-up entrepreneurship and small business activity contained the Prosperity Playbook could be enabled by a Tahoe-Truckee-based CDFI working collaboratively with local partners.

Needed Investment (Public and Private)

Investment needs are relatively low because of the pre-existence of organizations, free trainings and services

and partnerships available to local start-ups and small firms. The majority of the activation effort is focused on bringing these people and resources together and aligning them.

Description	Investment Ask	Potential Sources
Halftime employee and/or consultant to provide backbone services for entrepreneurship initiatives.	\$ 75,000 annually	<ul style="list-style-type: none"> • U.S. Economic Development Administration • U.S. Department of Agriculture • Community Economic Resilience Fund (CERF) • National, regional, and local foundations • Banks or local corporations • Individual investors
Ecosystem map software application and live data display to facilitate local and regional business transactions, venture capital matching, and deal flow.	\$15,000 upfront and \$5,000 annual subscription	<ul style="list-style-type: none"> • See above.
Startup technical assistance (legal, financial, and operational) necessary to launch a CDFI and set its activities in motion for the initial 12 months until it becomes self-sustaining. Note: In addition to the startup charge, the CDFI will need to raise capital for its initial years of operations.	\$50,000 (one time)	<ul style="list-style-type: none"> • See above.
Design and execution of a one-year branding and marketing campaign to build positive impressions about the sustainable business environment in Tahoe-Truckee	\$200,000 (one time) for creative services, asset development, and campaign costs.	<ul style="list-style-type: none"> • National, regional, and local foundations • Banks or local corporations • Individual investors

Early Activation Steps:

1. Organize an all-volunteer “design team” made up of a diverse group of local entrepreneurs from Truckee, North Shore, and South Shore to serve as the nucleus for planning and direction setting for this focus area.
(In progress)

2. Leverage initiative awareness and the design team’s network to convene a group of Tahoe and Truckee entrepreneurs later in 2022 to build community, share experiences and resources, offer services, and better

understand the assets and constraints in the existing ecosystem to prioritize action.

3. Develop shared agreement for a long-term vision and an annualized work plan set by entrepreneurs and informed by outside experts to improve the Tahoe-Truckee innovation ecosystem. Track success against various performance measures for accountability and ongoing learning and priority adjustment. Create a website with a business ecosystem map to serve as a clearinghouse of resources, collaboration, and concept promotion.



Photo by Silent A Photography, TCDA

Supporting Business Vitality and Diversification

*We **envision** a healthy, supportive, and sustainable business operating environment in the Tahoe-Truckee Region embraced by government, education, environmental, business, and community partners who jointly seek economic resilience, inclusion and the growth of family-sustaining jobs in the Region.*

Present State

The Tahoe-Truckee Region is home to more than 6,250 private employers, roughly 85% of which have 20 employees or less.¹⁶ Large private employers in the region include Barton Health and Tahoe Forest Hospital, ski resorts such as Sierra-at-Tahoe and Palisades-Tahoe/Alpine Meadows, hotels and retail grocers. As is typical for mountain economies, the largest public employers in the region are county governments, local schools and colleges, and, in Tahoe's specific case, the City of South Lake Tahoe and Liberty Utilities.

Over the past 10 years, economic activity in the Tahoe-Truckee Region has grown more concentrated in the tourism industry and its business components, accommodation and food services, entertainment, recreation, and the arts. Tourism-based businesses now account for one out of every three jobs in the region and represent the bulk of the region's \$5 billion in annual economic output.¹⁷



Photo by Brian Walker Photography

¹⁶ Sources: Tahoe Prosperity Center and EMSI data, U.S. Census, and U.S. Department of Labor.

¹⁷ Source: Ibid.

At the same time, job growth in other sectors, such as healthcare and wellness and environmental innovation, have remained flat to down over the same period, defying growth trends experienced in nearby markets. With the exception of construction, which has grown steadily to 4,000 jobs today, base sectors (including professional, scientific, and technical services; manufacturing; and wholesale trade) have experienced only modest growth and represent a small number of jobs in the region.¹⁸

to diversify Tahoe's economy echoed assessments made a decade earlier by experts at Applied Development Economics.

Tourist-driven economies tend to be highly susceptible to shocks and disruptions, as demonstrated by COVID-19 and the recent fire season; are reliant on consumers' disposable income level; and are generally the first to fall and the last to recover.²² The Tahoe-Truckee business environment, in particular, is relatively expensive, physically remote, and

“In 2010 the tourism industry accounted for 40% of Tahoe's economic output but by 2020 it had jumped to 62%.”

- Heidi Hill Drum, CEO, Tahoe Prosperity Center

Globally, the tourism industry continues to be one of the hardest hit by COVID-19.¹⁹ But the Tahoe-Truckee Region is well positioned to continue to receive historically high visitor traffic – if rising inflation and other economic headwinds don't push the U.S. into a recession.²⁰

The Problem

In its 2020 independent assessment of Tahoe's economy, experts at Beacon Economics noted that the dominance of the tourism industry in Tahoe “...threatens the overall economic health of the region. This is why it is important to prop up the tourism industry in addition to diversifying the entire economy.”²¹ Beacon's call

complicated by a severe lack of workforce housing, available workers for certain positions, environmental restrictions, constrained infrastructure, and limited access to business supports and direct business assistance.

The Solution and Critical Shifts Required

For existing small firms operating in a remote, high-cost area, resilience and diversification depend heavily on a strongly supportive business operating environment that provides ready access to the knowledge, customers, suppliers, tools, and workforce necessary for a small firm to survive and thrive. For larger

¹⁸ Source: Ibid.

¹⁹ Sources: U.S. Department of Labor, EMSI data, Brookings Institute.

²⁰ Sources: United Nations World Trade Organization, Visit California, Nevada Industry Partners. Bloomberg.com. The Wall Street Journal.

²¹ Source: Beacon Economic Forecasting and Resiliency Analysis, August 2020.

²² Sources: United Nations World Trade Organization, Visit California, Nevada Industry Partners, Beacon Economics, Applied Development Economics, Brookings Institute.

anchor employers²³ who play a bedrock role in mountain economies, the operating challenges are generally the same as those of smaller firms, but greater scale and resources allow such employers to better cope.

For business, government, education, environmental, and community leaders charged with maintaining the region's high quality of life and building a more resilient economy, the solution involves activating strategies that support tourism while broadening the industry base to spread risk and strengthen the prospects for sustainable long-term health. Envision Tahoe promotes a two-pronged strategy to support the Tahoe-Truckee Region's shift to improved economic resiliency and inclusion by focusing on (1) the ongoing execution of a local business retention and sustainability program; and (2) improving anchor employer support for community wealth building. Both strategies should emphasize growth and resilience in the tourism and outdoor recreation sector, the health and wellness sector, and the environmental innovation sector where Tahoe has distinct competitive advantages.²⁴

The Case for a BRS Program

Existing firms are engines for services and products, employment and upward mobility, and local tax revenues. They have interest in the health of the neighborhood where they operate. When a community commits to working with existing firms, it commits to working with entrepreneurs and owners that are not only important to the future of the local economy, but have demonstrated one of the highest levels of commitment that an individual can make to a community: Committing their own personal wealth, as well as others' capital, to an enterprise and putting it at financial risk.

Prong No. 1: Business Retention and Sustainability (BRS)

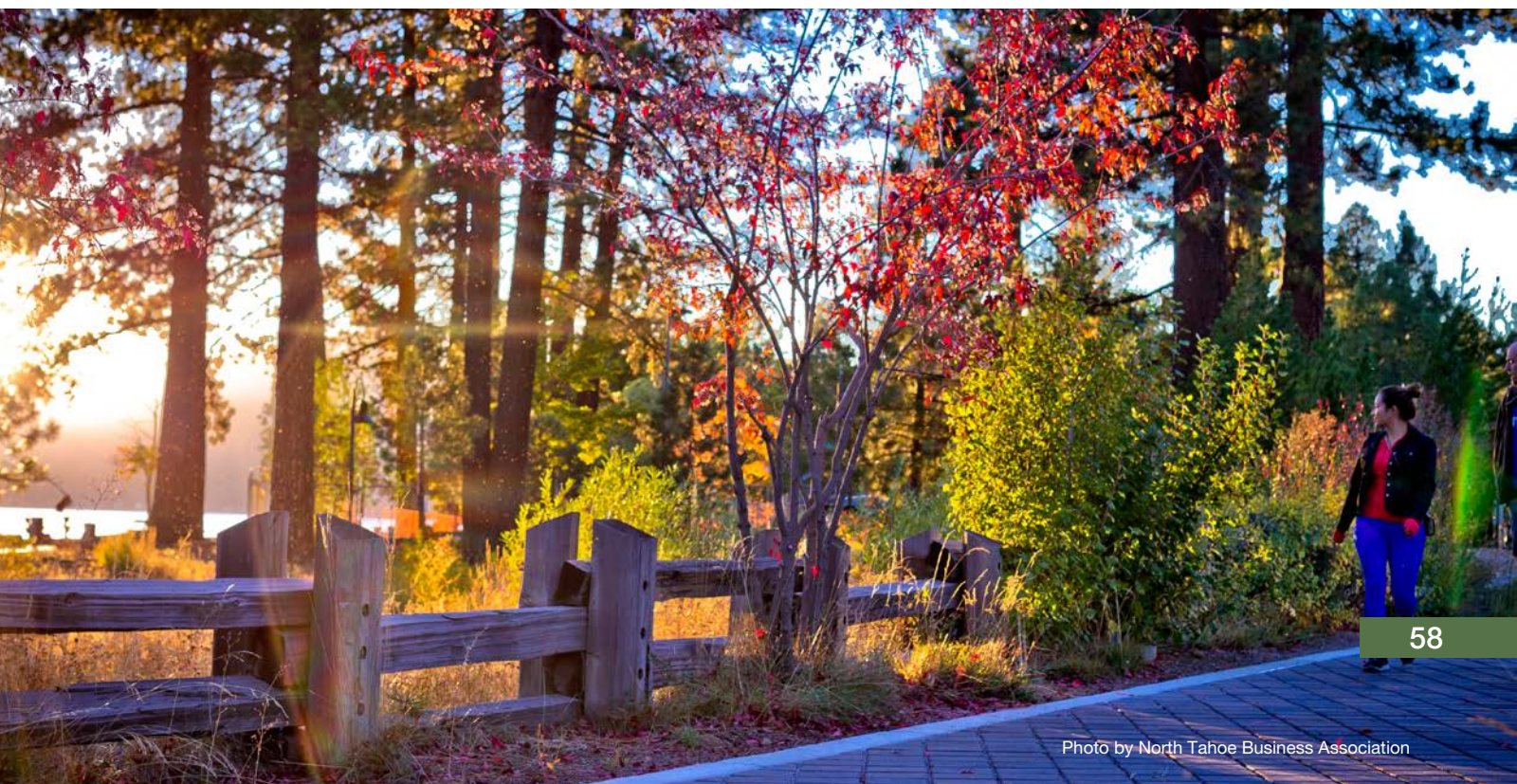
In traditional economic development circles, business recruitment and expansion (BRE) is considered a foundational strategy. The goal is simple: to regularly and proactively connect with employers one-on-one to understand and respond to their needs. In mountain economies like the Tahoe-Truckee Region with strict space and environmental limitations, the objective is not physical *expansion* (the "E" of B.R.E.); instead, it is growth that fits the environmental, economic, and social character of the community and that can be *sustained* over time. A quality BRS program in Tahoe would engage the entire community; strengthen the business operating climate; and increase awareness among policy makers and regulators about how government decisions could impact employers, provide quality jobs, diversify employment opportunities, and assist in stabilizing the economy. Importantly, a BRS program in Tahoe would also serve as an important early warning system to avoid job loss, business failures, and business exits.

²³ We define Anchor Employers as large employers in the private or public sector that play a bedrock role in their local economies and communities. They tend to remain in the same physical location, despite changing conditions around them, and typically have large payrolls, make major tax roll contributions, and possess significant purchasing power. These characteristics make them vital assets to neighborhoods, towns, cities, and regions, especially in mountain economies. Private sector examples include hospitals, utilities, and hotels/resorts. Public sector examples include city/county governments, school districts and colleges/universities.

²⁴ Sources: Research and analysis from Beacon Economics, Applied Development Economics, and Integrated Communications Strategies.

BRS-Based Critical Shifts	Timeline (now, 6-12 months, after 12 months)	Key Performance Measures
<p>1. Introduce BRS to the community and gain support. Build awareness and determine business segment readiness before pursuing activities. A BRS assessment chart can identify readiness levels.</p>	<p><u>Near term:</u> Seek early champions to provide advice, support, and first-start funding.</p> <p><u>Longer term:</u> Consider ways to institutionalize the program and use resulting database to address trends and persistent issues.</p>	<ul style="list-style-type: none"> Existence and growth of champions (individuals and institutions) who promote and support the program. Receptivity levels from business groups and service providers. Positive feedback from employers willing to participate.
<p>2. Organize a BRS Task Force. The Task Force (TF) should include diverse stakeholders in parity with the community's demographics. Schedule and hold TF meetings. The TF then will discuss what industries or businesses should be targeted (such as Main Street businesses, companies associated with a specific sector or cluster, and/or anchor employers) and then works on developing the questionnaire that the businesses and industries will be asked to complete. A list of businesses and/or industries to be surveyed is developed.</p>	<p><u>Near term:</u> Establish the first TF members. Set date for first meeting in 2022. Clarify purpose.</p> <p><u>Longer term:</u> Consider actions to increase opportunities for intentional and unintentional connections between employers and those with influence over policies and resources impacting the operating environment.</p>	<ul style="list-style-type: none"> TF exists and meets regularly. Existence of a volunteer or institution serving in BRS Coordinator role. Employer evaluation has been conducted leading to creation of prioritized action plan. Program materials have been developed.
<p>3. Announce the effort and gather information. The survey is announced publicly, using trusted messengers and the media to give the program credibility and to make it easier to book appointments with local business owners. Electronic surveys are then sent in advance to the businesses selected and contact made to determine availability and visits conducted by the BRS Coordinator and the preferred member of the TF. Once all surveys are returned, individual TF members will be assigned to the selected businesses, according to the firms' preference.</p>	<p><u>Near term:</u> Develop initial program business targets and survey them using volunteers and appropriate data gathering tools and methods.</p> <p><u>Longer term:</u> Consider developing and making regular survey contacts with employers by geography, industry, and/or segment. Create a virtuous feedback loop to improve outcomes.</p>	<ul style="list-style-type: none"> Existence of qualitative and quantitative data from employers. Data is stored in a readily accessible and easy-to-use online format for analysis and data sharing.

<p>4. Analyze results. The response data, both quantitative (from online surveys) and qualitative (from the site visits) are entered into a software program and analyzed. Information collected from the surveys and during site visit interviews that raise “green flags” and “red flags” will be addressed by the TF.</p>	<p><u>Near term:</u> Leverage university relationships and/or hire consultant talent to interpret results and provide action assessment.</p> <p><u>Longer term:</u> Consider using survey data and reports to spot trends and persistent barriers to be addressed.</p>	<ul style="list-style-type: none"> • Existence of qualitative and quantitative data from employers. • Data is stored in a readily accessible and easy-to-use online format for analysis and data sharing.
<p>5. Initiate fixes. The TF will determine which specific strategies to use to address the issues that surface, noting those within local control (e.g., regional, city, local, business practice [e.g., mentorship], community building) and those that require non-local actors to solve (state or federal).</p>	<p><u>Near term:</u> Deliver relief to targeted employers and track results.</p> <p><u>Longer term:</u> Develop practices for regional actors to address larger scale, systemic challenges and opportunities that are outside local control to generate policy and/or investment changes.</p>	<ul style="list-style-type: none"> • Number of red flags addressed • Existence of plans and practices to address systemic challenges and opportunities
<p>6. Report findings. A brief report is then issued by the TF identifying areas of strength in that business segment as well as specific areas of concern or need revealed by employers during the study. Results are then communicated to key stakeholders for action and later publicized in the media and other channels to elevate public awareness.</p>	<p><u>Near term:</u> Create first report and publicize results.</p> <p><u>Longer term:</u> Consider holding standing meetings with employers, elected officials and business organizations for joint understanding and problem-solving.</p>	<ul style="list-style-type: none"> • Number of reports derived from program interaction with employers and employer segments. • Awareness of activity and outcomes from program increases over baseline.



Potential Impact of a BRS Program:

- Helps local businesses survive and thrive
- Helps avoid business failures and exits
- Provides a learning opportunity about the current business climate
- Helps communities better anticipate and plan for future business needs
- Improves understanding of the challenges and opportunities employers face
- Creates an action plan to support business resilience and sustainability
- Builds strong relationships and networks in the community between business and government
- Improves alignment between the workplace and local university / school offerings
- Retains youth in the community

Needed Investment (Public and Private)

Description	Investment Ask	Potential Sources
Part-time BRS Coordinator position to provide management services and volunteer coordination assistance.	\$75,000 annually	<ul style="list-style-type: none"> • U.S. Economic Development Administration • U.S. Department of Agriculture • Community Economic Resilience Fund (CERF) • National, regional, and local foundations • Banks or local corporations • Individual investors
Software for BRS program data storing, cross referencing, and analysis.	\$7,500	<ul style="list-style-type: none"> • See above.
Data interpretation and analysis and action planning.	In-kind.	<ul style="list-style-type: none"> • Area universities • Local business and trade associations • Retired or volunteer business professionals

Activation Steps:

1. Use the Business Retention and Sustainability case statement in the *Envision Tahoe Prosperity Playbook* to socialize the program benefits and enlist partners, volunteers, and recruit early-stage funding
2. Ask if there is a “natural home” for this program within an existing organization or set of organizations for long-term sustainability
3. Field a suitable volunteer group to serve as members of the first BRS Task Force and enter discussions to clarify early, mid-and long-term goals and suitable pilot test based on the need and high return on investment
4. Execute pilot program, track results, survey participants before and after to understand customer feedback, and conduct post-pilot review for learnings and improved practices for next program activity

Prong No. 2:

Improving Anchor Employer (AE) supports for community wealth building

Anchor Employers are large employers in the private or public sector that play a bedrock role in their local economies and communities. They tend to remain in the same physical location, despite changing conditions around them, and typically have large payrolls, make major tax roll contributions, and possess significant purchasing power. These characteristics make them vital assets to neighborhoods, towns, cities, and regions, especially in mountain economies. Private sector examples include hospitals, utilities, and hotels/resorts. Public sector examples

Business growth and spatial considerations in Tahoe

A for-profit enterprise that treads water – reliant on past or existing products, services, customers, and suppliers – is doomed to fail in the open marketplace. Competition is a constant, and no marketplace remains static. To survive, firms must continually grow and innovate to overcome inflation, supply chain challenges, labor constraints, and unexpected disruptions to remain profitable and keep their doors open. So, in a place where land availability is severely limited and safeguards are placed on development, how can businesses grow in the Tahoe-Truckee area without causing harm? **The “mountain economy imperative” is to maximize already built spaces, redevelop low value properties, and tap under-utilized spaces.** We encourage leaders to consider the value of coworking and shared workspaces, for example, that have the dual benefit of removing a big expense for businesses and encourage the densification of uses. Remote work carries similar advantages, as well as permitting the re-use of existing office spaces in particular.

include city/county governments, school districts and colleges/universities.

Envision Tahoe suggests teaming up with AEs to understand both their “pain points” and how to create opportunities for community wealth building in a proactive outreach program using a survey process similar to BRS, but turned to the unique needs of the particular AE. To activate broader community wealth building strategies for which most AE’s have a strong interest, *Envision Tahoe* offers 11 strategies in five distinct areas: purchasing, workforce, finance, real estate, and community development.



Strategies that can be deployed to support AE's and community wealth building:

Type	Strategy	Who Benefits & Why	Perceived Barriers	Possible Mitigations
Purchasing	Teaming up with other AEs to enter joint purchasing agreements in order to strengthen bargaining positions using scale.	Anchor employers, with lower costs and potentially better service levels.	Aligning internal processes and coordinating efforts and timing. Avoiding legal pitfalls that can arise.	<ul style="list-style-type: none"> Create a template process based on best practices that meets legal tests. Consider outsourcing some or all of the process management to trusted third party.
	Directing a greater percentage of AE's purchasing opportunities toward local vendors / firms based in the community.	<p>Local firms capable of meeting purchasing terms and conditions.</p> <p>AEs, with potentially quicker delivery and lower costs due to proximity.</p>	Firms that lack the financial or operational strength to bid successfully and deliver on time and as expected.	<ul style="list-style-type: none"> Conduct AE supplier orientation and training programs for interested local firms who could be vendors. Seek local association / SBDC support for technical assistance and capacity building.
	Encouraging business solutions to originate locally through a regular practice of AEs providing insight into the "pain points" that local firms might be able to satisfy.	<p>AEs who could gain relief as well as financial benefit and ESG²⁵-type advantages.</p> <p>Local firms able to meet AE firms needs would increase sales and potentially expand to other markets with similar offerings.</p>	<p>The time and energy it takes to plan and execute such activities.</p> <p>Some AE's may not wish to be transparent about their "pain points."</p>	<ul style="list-style-type: none"> Create a pilot test based on a willing AE to determine the best and repeatable approaches. Share learnings. Repeat.

²⁵ Environmental, social, and corporate governance (ESG) is an approach used to evaluate the extent to which a corporation meets its business goals for shareholders while also achieving defined environmental, social and governance benefits serving the broader community.

Type	Strategy	Who Benefits & Why	Perceived Barriers	Possible Mitigations
Workforce	Hiring a greater percentage of their workforce locally.	<p>AEs who face significant staffing shortages presently.</p> <p>Local residents who seek family-sustaining jobs.</p>	<p>Some AEs are likely to resist hard targets.</p> <p>The time and energy it takes to create match-making opportunities, and the potential low yield of suitable candidates.</p>	<ul style="list-style-type: none"> Create a pilot test based a short list of high demand positions using a virtual “career fair” approach with a willing AE. Use lessons to scale up. Work with ADVANCE to fast track CTE training programs to close knowledge / skill gaps and prepare workers Host AE-provided workforce bootcamps to close knowledge / skill gaps
	Providing AE-provided workforce training for people needing employment assistance in the community.	<p>AEs who face significant staffing shortages presently.</p> <p>Local residents who seek family-sustaining jobs, especially those who are underserved.</p> <p>High schools, colleges and workforce training organizations.</p>	The time and energy it takes to perform assistance activities, and the potential low yield of suitable candidates.	<ul style="list-style-type: none"> Host a pilot test for an AE-funded workforce bootcamps to close knowledge / skill gaps, working with ADVANCE and other providers.
Type	Strategy	Who Benefits & Why	Perceived Barriers	Possible Mitigations
Finance	Setting aside a limited portion of retained earnings, pension or endowment funds to invest in local job and wealth creation strategies that provide some reasonable rate of return (e.g., stand alone or group based small business venture capital fund).	<p>Local firms seeking access to capital.</p> <p>AEs seeking to “invest their assets on main street in Tahoe, not just Wall Street” with a patient capital mindset.</p>	Existing policy, governance practices, necessary approvals to use part of AE’s corpus in this manner. Also, the lack of financial, legal, or investment knowledge within AEs to create the confidence or trust to pursue.	<ul style="list-style-type: none"> Brief AE decision-makers on risks and opportunities based on best practices. Host limited pilot test(s) with relatively low capital risk and high return potential for learning and possible replication and scale.
	Providing capital or low-interest loan financing to qualified community development financial institutions (CDFIs) serving Tahoe employers.	<p>Local firms seeking access to capital.</p> <p>AEs seeking to “invest their assets on main street in Tahoe, not just Wall Street” with a patient capital mindset.</p>	Existing policy, governance practices, necessary approvals to use part of AE’s corpus in this manner. Also, the lack of financial, legal, or investment knowledge within AEs to create the confidence or trust to pursue.	<ul style="list-style-type: none"> Brief AE decision-makers on risks and opportunities based on best practices. Host limited pilot test(s) with relatively low capital risk and high return potential for learning and possible replication and scale.



Type	Strategy	Who Benefits & Why	Perceived Barriers	Possible Mitigations
Real Estate	Leveraging AE real estate holdings and facility assets (current and prospective) to incentivize the construction of additional workforce housing.	<p>AEs with “surplus” or under-utilized properties seeking financial or ESG-type gains based on discounted price or no-cost transfers.</p> <p>Local governments seeking to meet workforce housing goals.</p> <p>Local firms involved in the construction industry.</p> <p>Those concerned about ecological impacts due to development which would be lessened by re-use and redevelopment strategies employed here.</p>	<p>Existing policy, governance practices, necessary approvals to use part of AE’s corpus in this manner. Also, the lack of financial, legal, development or investment knowledge within AEs to create the confidence or trust to pursue.</p> <p>Suitability / compatibility of workforce housing operations with AE operations with potential joint property use.</p>	<ul style="list-style-type: none"> Brief AE decision-makers on risks and opportunities based on best practices. Host limited pilot test(s) with relatively low capital risk and high return potential for learning and possible replication and scale.
	Incubating the development of new businesses, including social enterprise among nonprofits, using existing office space.	<p>Local firms and NGOs²⁶ seeking discounted or no-cost facilities for collaboration and co-work.</p> <p>AEs seeking primarily to fulfill their ESG goals and objectives, with the potential business benefit of developing future vendors and suppliers.</p>	<p>Suitability / compatibility of local firm operations with AE operations with joint facility / officing use.</p>	<ul style="list-style-type: none"> Create subsidiary operating agreements with qualified co-work vendors to fulfill AE needs.
Type	Strategy	Who Benefits & Why	Perceived Barriers	Possible Mitigations
Community Development	Combining efforts with other AEs to create a viable financial and operational model that delivers reasonably priced, quality childcare services to employees in the Tahoe Truckee Region.	<p>AEs seeking to lower one of the most significant barriers to employees’ return of the workforce.</p> <p>Employees needing to find and afford quality child care for their family.</p> <p>Local entrepreneurs or established firms seeking business opportunities.</p>	<p>The time and energy it takes to define and create or contract out the desired service, financial, and partnership model to meet employee needs.</p>	<ul style="list-style-type: none"> Evaluate best practices to determine most viable childcare service approach and seek to pilot test a prototype service on a limited basis for learnings and scalability.
	Serving as a trusted advisor on nonprofit boards and government commissions.	<p>Local NGO sector seeking knowledge, access, and investment.</p> <p>AEs seeking to fulfill their ESG goals and objectives.</p>	<p>The time and energy it takes to serve in a volunteer capacity, and the limited number of internal AE candidates.</p>	<ul style="list-style-type: none"> Create NGO-hosted briefings to educate and inform AEs on specific needs.

²⁶ Non-governmental Organization = nonprofit entity

Potential Impact of an AE Support and Community Wealth Building Strategy:

- Opportunities increase for community wealth building (personal, institutional, region-wide, and beyond) as pathways grow to family-sustaining jobs.
- By increasing economic visibility and linkages between large and small firms, the metabolism of the local economy will quicken, lowering costs, improving efficiency, and increasing the opportunity for a higher volume of local economic transactions.
- The use of available assets is maximized with multiple benefits.
- The challenges and opportunities AE’s face are better understood and planned for by governments and business-serving groups.

Needed Investment (Public and Private)

Investment needs are relatively low because of the pre-existence of organizations operating in these spaces. The majority of the activation effort is to bring these people and resources together and align them.

Description	Investment Ask	Potential Sources
Halftime employee and/or consultant to provide backbone services for AE initiatives.	\$ 75,000 per year	<ul style="list-style-type: none">• U.S. Economic Development Administration• U.S. Department of Agriculture• Community Economic Resilience Fund (CERF)• National, regional, and local foundations• Banks or local corporations• Individual investors

Early Activation Steps:

1. Use the AE case statement in the *Envision Tahoe Prosperity Playbook* to socialize the program benefits and enlist other champions, partners, volunteers, and recruit early stage funding
2. Ask if there is a “natural home” for this program within an existing organization or set of organizations for long-term sustainability
3. Field a suitable AE volunteer group to serve as key informants to clarify early, mid- and long-term goals and to define a suitable pilot test based on the need and high return on investment
4. Execute pilot program, track results, survey participants before and after to understand customer feedback, and conduct post-pilot review for learnings and improved practices for next program activity

Suggested Economic Measures for Increased Dynamism and Diversification

- Reduction in the number of struggling businesses, business failures, and business exits
- Growth in clients served inside and outside the region
- Business-to-business (B2B) transactions increase in the Tahoe-Truckee area
- Growth in localized capital investment
- Increase in family-sustaining jobs
- Revenue growth in both visitor-serving and non-visitor serving firms
- Proportional share of non-tourist based firms increases, especially in the areas of healthcare, wellness, environmental innovation, and the resilient tourism and outdoor recreation sector
- Number of people employed in small firms
- Small firm years of existence
- Business ownership demographic make-up

Photo by North Tahoe Business Association



For further consideration: The value of post-pandemic “Business Walks”

A business walk is a tool to create conversations between local leaders and area business owners. Conducted in less than 15-minutes along boulevards, they create a better understanding of what’s working and what needs to be done to support local employers so they remain resilient and sustainable. Currently chambers of commerce and business associations in the Tahoe-Truckee Region conduct business walks periodically so consideration might be given to making them more a regular feature.

A Business Walk:

- Provides an opportunity to increase awareness of programs and services available to area businesses
- Enables owners and employees to communicate issues and opportunities they face
- Allows leaders from business groups and other service providers to share information about their organizations and the services and support they offer
- If done on an annual basis, tracks the business climate over time to inform program development, planning and investment, and business messaging and promotion



Photo by Tahoe City Downtown Association Concerts at Common Beach

Responsible Tourism

We envision a strong and sustainable regional economy where visitors are offered high-quality experiences through diverse and equitable access to outdoor recreation, where the natural environment is protected and conserved, and where stewardship values are shared by those who visit, live and work in the Lake Tahoe Basin.

Present State

Tourism – comprising outdoor recreation and entertainment – is undeniably the mainstay of the Lake Tahoe-Truckee region’s economy. An estimated 15 million people travel to the Tahoe Basin every year to experience a lake that is considered an international treasure, world-class ski resorts in greater number than any other place in North America, and iconic hiking and bike trails. The component parts of tourism constitute one of every three jobs in the region and represents the bulk of its annual \$5 billion economy.

As documented by Beacon Economics²⁷ and Applied Development Economics²⁸, the Tahoe region’s economy has become over concentrated in visitor services while most other business sectors have stagnated. The lens for the tourism experience should not be limited to the visitor’s point of view, however. To be

sustainable, the tourism economy must also consider the material impacts of visitation and use on the lake and nearby trails, roads, and neighborhoods. The way in which visitation and outdoor recreation are managed needs to change. As with other popular mountain destinations, the Tahoe region must optimize the value of tourism so that it better serves the local communities and businesses.

One positive outcome of the pandemic, which drove peak tourism volumes in the region, is that TRPA, the USDA Forest Service Lake Tahoe Basin Management Unit, visitors’ authorities, and dozens of recreation partners have launched the Lake Tahoe-Truckee Sustainable Recreation and Tourism Partnership to engage in coordinated planning, problem solving, and messaging. In charting the future of responsible outdoor recreation and tourism in the region, these organizations are collaborating to better manage use and instill stewardship values for all that recreate here.

²⁷ Economic Forecasting and Resiliency Analysis, Beacon Economics, August 2020.

²⁸ Lake Tahoe Basin Prosperity Plan, Applied Development Economics (ADE), November 2010. Supplemental research and analysis provided by ADE from 2010 to 2017 for the Tahoe Prosperity Center as part of the Measuring for Prosperity Indicators Reports

The Problem

Over the decades, the use of Tahoe's beaches, national forests, wilderness areas, and trails has steadily increased. According to TRPA, there has been a discernable uptick in first-time users. While the population in the Tahoe Basin was on a steady decline between 2000 and 2017, it has been on the upswing in the past four years, which many people attribute to an influx of remote workers. In other words, the upward trend of more visitors and more residents will further add to demands on resources in this region.

The beaches and hiking trails are being impacted physically by high-use and more dispersed recreation. Traditionally popular recreation sites (or "hot spots") are becoming difficult to manage in terms of transit, parking, litter, and other careless behavior. Visitation surges have also increased the use of lesser-known recreation sites, even during traditionally non-peak times. Unsafe and illegal parking and access challenges has degraded the user experience.

Among these, the most important challenge will entail efforts to influence the behavior of residents and visitors, so both cohorts abide by the core principles of stewardship. One aspect of this critical shift that needs to be addressed is the resentment that some residents harbor toward visitors, especially those who leave litter or do not support the local economy by shopping or dining at local establishments or spending the night at hotels.



Photo by Tim Parsons, Outside Magazine

This picture of the future is clear: If the status quo remains unchanged, the dynamics of overcrowding and pursuit of an economic model that values quantity over quality will further increase the strain on the region's resources and infrastructure.

Near-Term Initiatives and Actions

To achieve a more sustainable recreation and tourism future, the following actions are being undertaken by a collective of Tahoe-Truckee organizations:

- Utilize the *Destination Stewardship Partnership* to develop a shared vision for a more sustainable recreation and tourism future and provide an environment for improved collaboration among public and private partners
- Utilize two committees (Land and Recreation Managers Committee and PIO Coordinating Committee), facilitated by the TRPA and USDA Forest Service, to respond to urgent surge management issues and coordinate on regional messaging

- Develop a shared vision and implementation roadmap (e.g., a “Shared Destination Stewardship Plan”) that will develop long-term management strategies and strengthen stewardship values among both residents and visitors who recreate in the region to help them embrace core principles to protect the natural environment and local communities
- Implement promising practices to reduce the negative impacts of visitor surges that accompany overcrowding, such as vehicular traffic, parking problems, litter, and public urination
- Collect and analyze visitation and recreation use data in a more intentional and coordinated manner that results in informed action
- Support the continued use and growth of education, stewardship and marketing campaigns, including, but not limited to, the League to Save Lake Tahoe’s Blue Crews, Clean Lake Tahoe program, Take Care campaign, Citizen Science mobile application, and responsible tourism pledges

Activation Steps for Longer-Term Initiatives:

1. The Lake Tahoe-Truckee Destination Stewardship Partnership is developing a “living” reference guide (*Lake Tahoe Recreation and Tourism Playbook*) to help land use and recreation managers, user groups, tourism agencies, visitors’ authorities, local governments, and other organizations manage and mitigate potential impacts from increased visitation and use.
2. The Lake Tahoe-Truckee Destination Stewardship Partnership will develop education, stewardship and marketing campaigns and materials to influence the behavior of residents and visitors so they follow travel principles and share a greater sense of stewardship of the region’s resources and assets through such mechanisms as stewardship pledges, coordinated messaging campaigns (e.g., Take Care Billboards), target marketing, the Citizen Science Tahoe and Tahoe Boating apps, and coordinated public/private partnership “awareness weeks” around key holidays and season openings.



3. The Lake Tahoe-Truckee Destination Stewardship Partnership will develop and implement a variety of programs to reduce litter and trash impacts through the following means:

- more trash cans and dumpsters in high-use locations
- increased staffing for more frequent trash pickup and volunteer crews and ambassador programs with litter messaging
- increased litter enforcement on peak weekends and holidays
- increased use of porta-potties at recreation hot spots and trailheads
- more and better signage at recreation “hot spots” and along major roadway corridors to enhance “responsible” trash disposal by users
- new litter abatement partnerships and expanded litter programs (e.g., Tahoe Blue Crew Program and Clean Tahoe Program) that use of community volunteers to conduct litter cleanups, raise awareness about litter issues, and track statistics

4. The Lake Tahoe-Truckee Destination Stewardship Partnership will develop key performance indicators to measure and assess statistical and behavioral evidence that the desired outcomes are being achieved.

5. State and regional leaders in California and Nevada need to determine whether full-time staff with dedicated resources should be hired to implement the longer-term initiatives. An ancillary consideration is whether career paths for young people can be created to foster “stewardship learning.”

6. The Lake Tahoe-Truckee Destination Stewardship Partnership will work with local schools and colleges to develop destination stewardship programs to train staff and build talent pipelines for local agencies and encourage a higher-paying outdoor recreation industry sector in the Basin.

Long-Term Challenges

Traditional funding sources and dedicated capital do not meet maintenance and operational demands to actualize innovative and systemic change. Another major long-term challenge involves identifying sources of public funds to execute visitor management initiatives and motivating private investors to collaborate and partner with state, federal and local governments to fund infrastructure projects.

Consideration is being given to developing a Basin-wide funding strategy, which would be comprehensive in scope, to identify the potential sources of public funds that would be available through state, federal and regional grants and special assessments.

TOTAL PROSPERITY PLAYBOOK INVESTMENT

We separate below the expense associated with operationalizing the work program elements of the *Prosperity Playbook* from the much larger regional investments required to finance the acceleration of workforce housing, improve regional transportation and mobility, and support business start-ups and vitality initiatives. While the totals are provided in aggregate, it is fully expected that some activities may be prioritized while others set to a later activation date, allowing leaders to invest in areas of greatest need first that are “investment ready.”

Envision Tahoe Programmatic Supports	Description	Investment Ask
Entrepreneurship, Innovation, and Regional Promotion Program	Halftime employee and/or consultant to provide backbone services for entrepreneurship initiatives.	\$ 75,000 annually
	Ecosystem map software application and live data display to facilitate local and regional business transactions, venture capital matching, and deal flow.	\$20,000 in year-one and \$5,000 for ongoing vendor costs after the first 12 months.
	Design and execution of a one-year branding and marketing campaign to build positive impressions about the sustainable business environment in Tahoe-Truckee	\$200,000 (one time) for creative services, asset development, and campaign costs.
	Technical assistance (legal, financial, and operational) to launch a CDFI and set its activities in motion for the initial 12 months until it becomes self-sustaining.	\$50,000 (one time)
Business Retention and Sustainability Program	Part-time BRS Coordinator position to provide management services and volunteer coordination assistance.	\$75,000 annually
	Software for BRS program data storing, cross referencing, and analysis.	\$7,500
	BRS data interpretation and analysis and action planning.	In-kind.
Responsible Tourism Program	Leverage the Destination Stewardship Partnership to develop a shared vision for a more sustainable recreation and tourism future and provide an environment for improved collaboration among public and private partners	Borne by TRPA and current funding partners
Workforce Housing Program	Programmatic costs related to administering a housing trust fund in the Basin	\$250,000 annually
Total FIRST Year Investment (Program expenses)		\$677,500
Financing Regional Improvements for Economic Inclusion and Diversification	Description	Investment Ask
Workforce Housing Investments	Capital Campaign target for first 24 months of the CDFI's existence	\$10 million for activities and programs that make housing units more affordable
Start-up and Small Business Investments	Capital Campaign target for first 24 months of the CDFI's existence	\$10 million for business start-ups
Mobility Investments	\$20M is the annual gap identified to get the minimum investment level. The total needed investment is more than \$1 billion and the cumulative gap is +/- \$400M for projects for which funding can be identified.	Not less than \$20 million annually
Regional Financing Investment:		\$40 million

TELLING THE TAHOE-TRUCKEE STORY

Storytelling is the act of framing an idea, concept, or place as a narrative to inform, illuminate, and inspire.²⁹

All regions have a brand and brand perception of some sort. Sometimes a region's brand happens somewhat naturally (consider Silicon Valley or San Francisco) and sometimes it happens with great intention and investment (consider Las Vegas, Vail, or Jackson Hole). Successful branding depends largely on how well a region can define its unique offering and make itself stand out among the competition. Positioning is everything. It must be simple, credible, and relevant. Tahoe is as much an idea as a physical location, and the area's destination marketing organizations (DMOs), ski resorts, hotels, and casinos collectively spend millions of dollars every year shaping public perception about Tahoe as a world-class visitor destination.

Enterprising regional initiatives like Envision Tahoe depend heavily on the existence of an enabling regional narrative that supports and amplifies the initiative's goals. A supporting narrative is like a force multiplier, adding reason, proof, and motivation to any undertaking. If, however, the only narrative is that Tahoe is a fantastic place to visit and there is no marketing campaign to tell the story about Tahoe also being an ideal **place to live**, raise a family, or launch a business, then

it will be hard to get traction for the ideas and strategies embodied in the *Prosperity Playbook*.

If we are to achieve a truly resilient economy that works for everyone and amplify the great quality of life here, Tahoe's story must become multi-dimensional, expanding beyond just being a global tourist destination.

How can leaders and residents tell a new story about Tahoe?

The Tahoe-Truckee Region needs the equivalent of a DMO committed to "place." How would a "Place-based Marketing Organization" (PMO), made up of public, private, environmental, and community stakeholders, take on the task of presenting the Tahoe-Truckee Region as an extraordinary place to raise a family, start a new business venture, receive top-notch medical care, and experience a deep sense of community connection and well-being? Who would be among the faces in such a place-based marketing campaign? What local stories would we tell? What assets in our community would we promote?

²⁹ Source: From the Storyteller's Secret, by Carmine Gallo.

For further contemplation:

- Consider the most efficient and effective path to achieve a place-based marketing campaign, either by running it through existing DMO efforts as an ancillary but vital feature to their campaigns, or through a new, separate coalition that could develop this concept further and activate it.
- The design team spearheading the Entrepreneurship and Innovation focus area for *Envision Tahoe* has repeatedly raised the need to market Tahoe as a destination for entrepreneurs and business start-ups to overcome barriers and seize latent opportunities. The notion is contained in the entrepreneurship section of the *Prosperity Playbook*, as well as given special consideration here.
- Consider how recruitment and hosting of local conferences, events, and summits in the region can contribute to, and amplify, a multi-dimensional, place-based message about the virtues of the Greater Tahoe Area. For example, could certain events and conferences raise the profile of the Tahoe-Truckee Region as a recognized leader in health and wellness, entrepreneurship, the built environment, or environmental or climate change-related innovations? How could Tahoe grow into these leadership roles and leverage its new venues, like the South Tahoe Event Center, as a marketing engine for all aspects of the Tahoe story?

“A climate change and wildfire research institution based in Tahoe is a great example of leveraging our regional assets with innovative research leaders to raise our profile in this area.”

Addressing the Tahoe brand – A 2010 call to action

The groundbreaking 2010 Lake Tahoe Prosperity Plan, which triggered the formation of the Tahoe Prosperity Center, also called for a change in the Tahoe brand. Based on an in-depth economic analysis and community consultations, the report authors at Applied Development Economics urged a “...a rebrand of the region as a green, geotourism visitor destination, providing a unique authentic Lake Tahoe experience including sports, recreation, culinary, historical, art, cultural experiences, environmental education and volunteer opportunities.” Because local marketing organizations derive their budgets from tourist proceeds and taxes, marketing the region for a purpose outside the goal of driving visitation was a hard sell, and ultimately was tabled. Many years have passed since then. Tourism has changed, and Tahoe’s needs too, presenting a renewed opportunity for regional dialogue about the Tahoe brand.



Photo by Keep Tahoe Blue

ONGOING GOVERNANCE AND MUTUAL ACCOUNTABILITY

For the past 12 months, *Envision Tahoe* has focused on forging new pathways for greater upward mobility and economic resilience and building a foundation for regional action. This work has been informed by local resident input; business, government, environmental, and community stakeholder experiences; expert advice; and in-depth research. It has also reconfirmed what has long been known: The Tahoe-Truckee Region is a great place to live, but it is increasingly difficult for people to find a home, make ends meet, and share in the prosperity that is abundant, but seemingly inaccessible. The region is drifting into a future defined only by its role as a visitor destination, instead of a place to live, work, raise a family, build a business, and sustain a community.

As our world becomes less predictable and prone to more disruptions, now is the time to take concrete action to broaden the region's economic and business base for long-term economic resilience and opportunity for all. *Envision Tahoe* lays out a *Prosperity Playbook* to direct that action, unify the entire region, and identify performance measures so public, private, environmental, and community sector leaders can remain focused on achieving the specific and measurable objectives the *Prosperity Playbook* spells out.

Performance measurement and Accountability matter because...

The Tahoe-Truckee Region is renowned for creating effective environmental plans, and, with a plan in place, achieving concrete results. The oft-cited example has been the **Lake Tahoe Restoration Act**, which has led to hundreds of millions of federal dollars flowing into the Basin for needed environmental restoration and protection projects. By themselves, plans do not achieve results. To achieve impact, both resources and accountability are required – two factors that have remained among the top considerations for *Envision Tahoe's* Catalyst Committee and the thousands of community stakeholders they represent.



Photo by Sierra Business Council

Systemic steps for maintaining accountability:

What follows is a proposed accountability framework for Envision Tahoe going forward:

1. **The Catalyst Committee should continue to meet bi-annually** for the foreseeable future, involving its present membership and possibly adding new representatives. This group's focus should remain on shepherding *Envision Tahoe* forward, removing barriers, prioritizing the right conversations, linking to outside decision-makers and resources, tracking performance indicators, and renewing annual objectives.
2. **Performance indicators for *Envision Tahoe* should be incorporated into future Tahoe Measuring for Prosperity Indicators Reports**, done annually by the TPC and conveyed on a regular basis to regional stakeholders using refreshed data.
3. **To the extent practical, *Envision Tahoe's* future indices should align to Statewide economic or quality of life performance trackers** such as the California Dream Index³⁰ or its Nevada equivalent for comparisons and insights.

Further tactical refinement and partner engagement needed

The strategies and tactics included in the *Envision Tahoe Prosperity Playbook* cover a wide spectrum. They include:

- creating new funding vehicles to support small business growth and make workforce housing more affordable
- launching new platforms to better match venture-based firms with investors
- establishing new forums for entrepreneurs to receive the training and technical and financial support they need
- enhancing workforce programs matched to employer needs
- creating an early warning system to gauge small business health
- ensuring anchor employers are healthy and receive needed assistance
- developing a new regional “place” marketing campaign
- tracking progress in areas foundational to economic development and quality of life, such as transportation and broadband access
- taking into account public policy considerations

³⁰ Visit www.cadreaindex.org to learn more.

While the *Envision Tahoe* process has identified tools, talent, and resources available to meet these challenges, different elements in the *Prosperity Playbook* will require more discussions and action steps for widespread, coordinated action to be fully realized. In this respect, the *Playbook* should be viewed as a strong foundation for what is to come next. Special attention should be paid to opportunities that could transform some of these initiatives into concrete results with funding support from federal, state, and local governments; foundations; and corporate investors.

New Government Investments in Regions like Tahoe

On September 23, 2021, Governor Gavin Newsom signed Senate Bill (SB) 162, which established the Community Economic Resilience Fund (CERF). SB 162 supports regionally-centered inclusive growth plans to respond to the diverse needs across California and to build sustainable and resilient regional economies. Initially, \$600 million was appropriated from the American Rescue Plan Act Coronavirus Fiscal Recovery Fund of 2021 until the 2022 budget revised the source of funds to the State General Fund. Today, local groups are participating in planning workshops leading up to the submission for up to \$5 million in planning funds spread across 13 planning regions in California. The Tahoe Prosperity Center is serving as the lead for the Tahoe-Truckee subregion.



Suggested key indicators for *Envision Tahoe*

While each specific action area within *Envision Tahoe* includes suggested performance measures, the following macro-level indicators would help public, private, environmental and community sector leaders evaluate progress towards a more resilient, inclusive, and diversified economy.

Indicators Linked to Enacting *Envision Tahoe* (partial list):

- Dollars invested in Envision Tahoe investment initiatives
- Equity amongst the communities and populations served
- Measures of unity and community cohesion
- Increase in new business formation over baseline
- Increase in capital transactions over baseline
- Job retention / creation through Envision Tahoe strategies and tactics
- Number of house-buying jobs increases over baseline
- Total job counts in identified growth sectors (e.g., health and wellness, environmental innovation, and sustainable tourism and outdoor recreation segments) increases



Photo by Tahoe Regional Planning Agency

Tahoe-Truckee Region Economic Performance

- Per capita income
- Average wage growth
- Income distribution by location and demographic make-up
- Growth in economic output in *Envision Tahoe* growth sectors (e.g., health and wellness, environmental innovation, and sustainable tourism and outdoor recreation segments)
- Working age population levels located in-region

Tahoe-Truckee Quality of Life Performance

- Income levels above cost of living (e.g., living wage comparison)
- Affordable rent index
- Percent of households that own their home
- Number of regional housing units that a median income resident can afford
- K-12 public and private school enrollment levels
- Local college / university enrollment levels
- Educational attainment level
- Average commute times / vehicle miles traveled
- Air quality (ozone and particulate matter)
- Number of households that meet minimum federal broadband speeds (25 megabits per second downloading and 3 megabits per second uploading)
- Social progress index score (www.socialprogress.org)

WHAT'S NEXT

There are no bystanders when it comes to the health and vitality of our local economy and the places we live and play. We each play a crucial role. Our choices count. This Playbook lays out a set of business- or job-building activities or “plays” that can be activated based on best timing, available resources, and the support of an enacting coalition of public, private, and community-based leaders and organizations. The playbook approach empowers local residents, employers, governments, tribes, environmental, community and business groups to choose the activities that match their goals and priorities and enables adaptation and flexibility in rapidly changing times. Early priorities include:



- **Housing:** Focus on policy changes, incentives, and securing financing
- **Transit:** Facilitate regional support for investments in multi-modal mobility to reduce traffic congestion, lessen environmental impacts, and increase transit options
- **Recreation and Tourism:** Establish a shared vision and destination stewardship plan that will better manage outdoor recreation and visitation with public and private sector organization buy-in
- **Entrepreneurship:** Tahoe Inc., the new entrepreneur-led workgroup, will focus on reducing obstacles, and increasing investments to start-ups and main street businesses
- **Local Workforce and Businesses:** A system is built that supports local businesses by connecting them to the talent, training, and resources they need to thrive
- **Envision Tahoe Project Support:** The Catalyst Committee confirms immediate, mid-range, and long-term priorities and commits to continued oversight and guidance
- **Accountability:** The Tahoe Prosperity Center will report out on the region's progress using Envision Tahoe's performance measures

CONTRIBUTORS AND SPONSORS



Photo by Brian Walker Photography

Envision Tahoe is an initiative of the **Tahoe Prosperity Center** which serves as the community and economic development agency coordinating regional action across the Basin. To learn more, visit www.tahoeprosperity.org

Envision Tahoe is supported by a grant from the U.S. Economic Development Administration (EDA) that provides grants and technical assistance to communities in order to generate new employment, help retain existing jobs, and stimulate industrial and commercial growth through a variety of investment programs. Learn more at www.eda.gov

Matching funds for the EDA grant were provided by ADVANCE, the City of South Lake Tahoe, CA; Douglas County, NV; Placer County, CA and the Tahoe Prosperity Center. Initial seed funding for *Envision Tahoe* was graciously provided by all three of Tahoe's community foundations: Tahoe Truckee Community Foundation, Parasol Tahoe Community Foundation, and El Dorado Community Foundation.

Integrated Communications Strategies, LLC was selected by the Tahoe Prosperity Center to provide economic research, analysis, strategic planning, project management, authorship and communications support for *Envision Tahoe*. To learn more about the firm's capabilities, visit www.integrated-comms.com

Thank you!

Envision Tahoe and the Prosperity Playbook would not have been possible without the many contributions of time, financing, and expertise noted above. However, as CEO of the Tahoe Prosperity Center, I want to personally thank a few key individuals who worked tirelessly over the past year to bring this project to fruition: Shelby Cook, Bill Mueller, Jerry Azevedo, Jose Hermocillo, Cindy Gustafson, and Chris McNamara. Each should be applauded for their hard work and commitment to *Envision Tahoe* and, more broadly, to improving our region and our communities.

With my heartfelt gratitude,

A handwritten signature in black ink, appearing to read "H. Gustafson", written in a cursive style.

REPORT APPENDIX

Previous Envision Tahoe-produced studies and reports:

The *Envision Tahoe Prosperity Playbook* is the third of three reports produced for the Envision Tahoe initiative. Previous reports include:

1. Tahoe Basin Baseline Report, September 2021.
2. Envision Tahoe Community Report, March 2022.

For Further Reading:

3. Lake Tahoe Basin Prosperity Plan, November 2010. Applied Development Economics.
4. Economic Forecasting and Resiliency Analysis, August 2020. Beacon Economics.
5. Measuring for Prosperity Indicators Report, 2020. Tahoe Prosperity Center.





TAHOE PROSPERITY CENTER

tahoeprosperity.org



ENVISION TAHOE

Envision Tahoe is a 12-month economic initiative led by the Tahoe Prosperity Center, guided by a diverse and regionally representative steering committee, and underwritten by the U.S. Economic Development Administration as a COVID-19 response to create an economic recovery and resiliency strategy for the Tahoe Basin emphasizing economic diversification. Learn more at www.tahoeprosperity.org/envision-tahoe

