



**MEMORANDUM**  
OFFICE OF THE  
**COUNTY EXECUTIVE OFFICER**  
COUNTY OF PLACER

**To:** Placer County Board of Supervisors  
**From:** David Boesch, County Executive Officer  
Submitted by: Jennifer Merchant, Deputy County Executive Officer  
**Date:** October 21, 2014  
**Subject:** Presentation on Initial Findings of the Placer County Town Centers Investment Incentives Strategy

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**ACTION REQUESTED**

Receive a presentation on the initial findings of the Placer County Town Centers Investment Incentives Strategy and provide input and direction to staff regarding next steps.

**BACKGROUND**

On April 22, 2014 your Board affirmed its commitment to facilitating development in Tahoe Regional Planning Agency-designated Town Centers. This affirmation was supported by an allocation of funds to create an investment strategy and business plan. County staff initiated a contract with Economic & Planning Systems (EPS) to analyze current roadblocks to investment and make recommendations regarding policies, financing and utilization of land use commodities as incentive tools.

Briefly, initial findings are:

- Public sector assistance is needed to offset extraordinary investment risk due to regulations, weather, remoteness, land costs and land development process timelines
- Acquiring up-front land development commodities such as Tourist Accommodation Units and Commercial Floor Area is key, but site density constraints and parking costs must also be overcome
- Financial strategies include utilizing Transient Occupancy Tax and Capital Reserves as seed funding, sale-leaseback or other public-private financing methods, and new opportunities such as Infrastructure Finance Districts

County staff asks that the Board receive the presentation and provide feedback that can be utilized to prepare a final strategy report, and so that action steps may commence as soon as practical.

**FISCAL IMPACT**

There is no impact on the County's General Fund associated with the presentation of initial findings. The associated analysis and report was funded following approval of your Board from Community and Agency Support, a budgeted net County cost of up to \$50,000.

Attachment x1

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## HIGHLIGHTS – EPS Study / Tahoe Town Center Economic Development Incentives Plan

Purpose: New tourist accommodations and mixed-use development in the Placer County town centers of Tahoe City and Kings Beach has not taken place for more than 50 years. Identify reasons for this phenomenon and suggest solutions.

Preliminary Findings: The main area of focus to develop a business plan designed to ensure desired economic and environmental sustainability in the town centers are:

- Opportunities and Constraints
  - Data shows that the town centers must expand and improve lodging to maintain market share. Lodging stock in both town centers is severely under-represented and most existing inventory is decades old.
  - Opportunities - current economic cycle is conducive for development. Several projects are being discussed (former Henrikson property in Tahoe City/Kings Beach Center to name two). It is critical to capitalize on this interest and assist in the short term during the current economic cycle.
  - Constraints – development costs in the Basin are cost prohibitive without public assistance to offset costs of “commodities” (primarily TAUs) and infrastructure (primarily parking requirements).
- Economic Circumstances of Private Investment
  - Investment risk is unique and heightened in the Basin vs outside the Basin because of increased costs primarily due to regulatory practices. Weather and remoteness are also key factors.
  - Uncertainty of the entitlement process, and timing, is preventing investors from accurately accessing costs and project returns, presumably leading them to other areas to invest their time and funds.
  - 42% of visitor trips to North Lake Tahoe are day-trips, while 86% of spending comes from overnight travelers. Data strongly supports additional lodging and mixed-use product in the Town Centers. Increased market share of overnight stays is critical to protect existing and new business investment.
- Policy Options to Incentivize Development
  - The overall entitlement process in the Tahoe Basin is fragmented and confusing, with some projects taking 5-8 years under current processes. This timeframe needs to be reduced to 2 years.
  - The inability of mixed-use projects to blend and share parking under current policy is not supportive of best practices, creates undue costs, and in some cases precludes ability for projects to pencil.
  - County should develop a commodities program whereby it manages commodity resource information, banks commodities, and distributes commodities to desired development.
- Organizational Changes to Process Developments
  - There is a disconnect between County, TRPA, Fire District, and Public Utility Districts approval processes.
  - More needs to be done to ensure County culture is supportive and finding solutions.
  - County should have a subject matter expert team for development processing and become a one-stop-shop to get desired projects through all agency approval processes.
- Financial Strategies
  - Invest net new revenue - additional accommodations could generate additional net new TOT, Sales Tax, and Property Tax revenue and doubles over the long term.
  - IFD's are emerging as a leading candidate for infrastructure financing.
  - I-Bank is another option, but tapping this source is a challenge until certainty can be given to development process and approvals.