14.1 INTRODUCTION

This chapter identifies the potential economic impacts that could result from implementation of Alternative 6. The existing economic character and trends of the project area are described in Chapter 6 of the DEIS and are not repeated here. Please refer to the DEIS.

While improvements in the Shorezone primarily consist of residential and commercial piers and buoys, and public and private marina operations, including concessionaires, the Shorezone DEIS analysis of potential economic impacts on the public and private sectors focused largely on piers and pier valuation. The analysis contained herein for Alternative 6 follows the same approach.

14.2 EXISTING ECONOMIC CONDITIONS

Existing economic conditions for Alternative 6 and economic trends for the Lake Tahoe area are the same as those presented in Section 14.2 of the DEIS for the other alternatives. Refer to Section 14.2 of the DEIS.

14.3 SUMMARY OF PROJECT ALTERNATIVES – ALTERNATIVE 6

As discussed in Chapter 2 of the DEIS, the different alternatives would have varied effects on Shorezone development at Lake Tahoe. Section 14.3 of the DEIS contains a summary of the five originally proposed alternatives. Alternative 6 is summarized below.

ALTERNATIVE 6 – THE DENSITY-BASED, 230-PIER ALTERNATIVE

Alternative 6 implements a new approach to the authorization of pier construction, based on planned density of piers within specified shoreline types and a limited annual approval rate leading to no more than 220 private and 10 public (230 total) piers within the timeframe of the PATHWAY 2007 Regional Plan update (2027). Up to 10 new private piers may be approved each year. Under this alternative, all private parcels that do not have an existing pier or deed restrictions related to access to a multi-use pier would be potentially eligible for a pier. Eligibility criteria also require that existing shoreland structures achieve a scenic contrast rating score of 25 or better and that current Best Management Practices (BMPs) are in place, among other provisions. Also, only multi-use piers could be approved in shoreline travel units that have not attained scenic thresholds. Owners of eligible parcels may apply for a new single or multi-use pier, the approval of which would be determined by the length of shoreline retired by the approval (i.e., approval of a pier would retire the parcel or parcels with access to the pier from future eligibility and first priority would be assigned to
applications with the greatest length of retired shoreline). All piers must comply with design standards adopted by TRPA to ensure that scenic code requirements and thresholds are met.

Up to two buoys would be allowed on every private littoral parcel, as long as they could meet adjacent property setback, shoreline distance, and separation standards. All buoys must be set back at least 25 feet from the adjacent property line, as measured from the line extended into the water. They must be located no more than 350 feet from the high water shoreline, or within the shorezone area defined by the 6,219-foot contour line on the lakebed where shallow water makes achievement of the 350-foot distance from the high water shoreline impossible. The minimum separation distance between buoys must be 50 feet.

At public marinas, in common areas controlled by homeowners associations (or similar entities), or on public properties where piers are allowed, the buoys must be located within the area defined by the side property setback and shoreline distance standards. The maximum number of buoys would be determined by these dimensions and the minimum separation distance of 50 feet. Also, buoy fields controlled by homeowners associations may not contain more buoys than the number of participating homes in the association.

Only public boat launching ramps could be constructed under Alternative 6. Therefore, they would only be added where public street access to the shoreline is present with shoreland area that is suitable for the launch ramp use and other mitigation (e.g., sewer and water connection).

14.4 STANDARDS OF SIGNIFICANCE

There are no formal standards of significance for economics because the TRPA Compact does not require mitigation for economic impacts; hence, none have been formally developed and recognized. Instead, potential impacts are presented based in part on the degree of economic effect (positive or negative) that the alternatives would have on the area’s economy.

14.5 SUMMARY OF POTENTIALLY SIGNIFICANT ECONOMIC IMPACTS

The discussion of economic effects in Section 14.5 of the DEIS was different from that of other DEIS sections in that the alternatives were grouped into a single discussion rather than being divided into individual discussions with separate headers. Because the following discussion is intended to follow that same approach, there is not a separate discussion for Alternative 6.

As discussed in the DEIS, development within the Shorezone of Lake Tahoe would have both public and private economic effects on the Region. This is true also for Alternative 6. The purpose of the discussion herein is to compare the anticipated economic effects associated Alternative 6 with those of Alternative 1, the No Project Alternative, and Alternative 2, previously the Proposed Alternative, analyzed in the DEIS.
OTHER EFFECTS

As discussed in the DEIS, boat slips are rented from public marinas within the Tahoe Region at a rental rate ranging from $2,400 to more than $5,000 for a boat per season. Buoys are also rented at rates ranging from $1,200 to $4,950. Buoy rentals tend to fluctuate with changing water levels. During low water conditions, many boat slips are unusable and buoy rentals increase. During high water years, when slips are more accessible, more slips are rented and buoy rentals decline.

The allocation of additional Persons At One Time, PAOTS (refer to Chapter 7, “Recreation,” in the DEIS and in this Supplemental DEIS) would increase commercial activity within the Shorezone of Lake Tahoe. This would have a positive impact on the local economy and recreational visitation. The extent of increased economic opportunity would depend on the absorption rate of additional PAOTS. The local economy would experience indirect economic impacts, including the capacity for additional visitation, resulting in additional retail sales and lodging revenues. Other sectors, including gaming, would also experience additional revenues. The marina sector is not a major employer within the Region, but additional capacity would create marginally higher employment rates over time. In terms of the overall local economy, the DEIS asserts that the levels of new pier construction, new marina development, new visitation, and new employment are not expected to create a significant increase in local commercial and retail revenues regardless of which of the five original development alternatives were implemented. This is true also for Alternative 6. Therefore, the effects of Alternative 6 on the local economy would be similar to those identified under Alternatives 1 and 2.

MITIGATION FEE PROGRAMS

All of the alternatives considered in the DEIS analysis, and of Alternative 6 as evaluated in this Supplemental DEIS, identify significant impacts in other resource areas resulting from a combination of existing and allowed future activities. To offset these impacts, and to help ensure overall threshold attainment with respect to resource areas for which thresholds have been established, TRPA relies on implementation of the Environmental Improvement Program (EIP). The DEIS identifies the EIP projects with a Shorezone/lakezone emphasis and calculates their total cost, as well as the private fair share of the total (refer to DEIS Appendix N).

The specific funding mechanisms for the EIP projects are not identified in the DEIS. However, funding EIP projects (on-the-ground improvements, not research or monitoring projects) in the Shorezone is identified as a mitigation measure in several of the Impact and Mitigation sections of the DEIS and in this Supplemental DEIS. For the EIP mitigation identified for the five originally proposed alternatives, TRPA intends that a portion of the total funds that are needed will be generated through application of mitigation fees, assessed at the time of Shorezone project approval. In this way, all private projects (excluding exempt or qualified exempt projects) would contribute to EIP funding and offset the impacts of existing and new development. This funding mechanism and mitigation fee program would also be true for Shorezone projects allowed for under Alternative 6.
SUMMARY OF SIGNIFICANT IMPACTS FOR ECONOMICS

Due to the lack of standards or significance criteria for economics, coupled with the explicit direction in the TRPA Compact that does not require mitigation for economic impacts, the DEIS determined that a discussion of the plausible economic impacts of the various alternatives would not be a productive exercise. However, a comparison of potential overall economic impacts was made using the valuation of pier values as an indicator of economic variations between alternatives.

The DEIS compared the number of piers, the estimated 2004 pier value, and the percentage increase in overall pier value by county relative to current conditions for the five alternatives. Alternative 6 would allow for the development of up to 220 private piers and 10 public piers through 2027, the planning horizon for the PATHWAY 2007 Regional Plan update. The number of piers allowed to be developed under Alternative 6 would exceed the allowable number of piers that could be constructed at full buildout under Alternative 1; Alternative 1 would allow a maximum of 71 new piers to be constructed. Regardless of the geographic distribution of new piers, Alternative 6 would generate a greater amount of property value increase relative to current conditions than Alternative 1 due to the larger number of new piers that could be developed. The property value of private piers yields County property tax revenues. Counties, however, do not receive property tax from publicly owned parcels.

While Alternative 6 would generate a greater increase in property valuation and associated property tax revenues than Alternative 1, this could be accomplished to the detriment of many of the environmental thresholds. The costs involved in mitigating development under Alternative 6 may be great enough to offset any revenue enjoyed by a local jurisdiction due to the property value increases. That is, the amount of public funds required to mitigate the severity of impacts associated with Alternative 6 may negate the increase in property tax revenues, as was the case with other alternatives evaluated in the DEIS.

Pier development under Alternative 6 would occur at a slower pace than with Alternative 2, which would allow for the development of up to 428 new piers at buildout. Property values and property tax revenue increases related to pier development under Alternative 6 would also occur at a slower pace than under Alternative 2. By 2027, property value increases and associated property tax revenues generated by pier development under Alternative 6 would be less than those generated under Alternative 2.

While private property owners may enjoy increased property values (which would not be directly realized until the property is sold or refinanced), the increased property value would in turn increase the property tax. This may not be much of a concern to these property owners, given the economic status most of them enjoy. However, this may be of great concern for the County Assessor.

IMPACTS

No significant economic impacts were identified for any of the alternatives analyzed in the DEIS. This is also true for Alternative 6. While this may not be true for individual property owners that do not gain the ability to construct a Shorezone structure, that is not the focus of the DEIS or this Supplemental DEIS; regional economic impact is the concern of this analysis. Using the valuation of piers as the indicator for economic impacts, the impacts to the county’s property tax revenues, under any of the alternatives analyzed in the DEIS,
would either see an increase in revenue or no change. The increase in property tax revenues would be greater under Alternative 6 than under Alternative 1. The property tax revenue increases associated with Alternative 6 would be less than those associated with Alternative 2, as discussed above.

No non-significant impacts for economics are anticipated under any of the alternatives, including Alternative 6.

Beneficial economic impacts may be realized at different levels. Relative to Alternative 1, private property owners and perhaps construction companies that specialize in Shorezone structures may realize some additional beneficial economic impacts related to pier development under Alternative 6. Conversely, these beneficial economic impacts would be less under Alternative 6 than Alternative 2. Economic benefits for the general public cannot be determined from the indicator of pier development, but due to the necessary mitigation to allow continued Shorezone structure development, the benefit is likely minimal if at all.