

TAHOE REGIONAL PLANNING AGENCY
OPERATIONS AND GOVERNANCE COMMITTEE

TRPA/Zoom Webinar

October 26, 2022

Meeting Minutes

I. CALL TO ORDER AND DETERMINATION OF QUORUM

Chair Ms. Aldean called the meeting to order at 8:35 a.m.

Members present: Ms. Aldean, Mrs. Cegavske, Ms. Diss, Ms. Gustafson, Ms. Hill, Mr. Hoenigman

II. APPROVAL OF AGENDA & MINUTES

Ayes: [All]

Minutes approved.

III. Recommend Approval of September Financials

Mr. Chris Keillor, TRPA Finance Director, provided the presentation. He brought up a slide showing highlights for the month. First, TRPA met with the Nevada budget office and LCB. Second, TRPA is getting some feedback from the California Department of Finance on the BCPs. Unfortunately, the feedback is not good. At this point the General Fund is in a great deal of stress. The year to date revenue collection is 11% below the budget for the current year. At this point they're rejecting almost every request for new funding against the General Fund. We submitted two BCPs against the General Fund. The smaller one is a standing project so we're looking to see if we can move that somewhere else. The big problem is the state's portion of the 7-7-7 plan for Transportation. This isn't the end of the day. All these decisions are appealable. The Environmental License Plate Fund is in better shape. Thirdly, Anthem is offering TRPA a 5% premium increase for medical insurance premiums, which is a good deal. There is an 8% premium increase being discussed for Federal employees. So we felt like the 5% offer was a good deal.

Mr. Keillor then brought up a chart showing revenues and expenses and explained that it shows that TRPA is on-track moneywise. For revenues, fees are going strong. Planning fees are running higher than the last three years, and August set a new record. The same is true for the number of applications we're getting in. At this point we're not seeing any reduction in our activity. State revenues were received. Grants are showing negative because we bill in arrears. For expenses, compensation is at 20% year to date. We are working on filling all job openings. Contracts are showing a lag, which is normal.

Mr. Keillor then moved on to a chart showing further details of revenues and expenses. The state funds are in. We're at 30% fees for services including inspection fees for boats. Boating inspection fees will go up in the next couple of months as we settle up with the boat ramps, then go quiet during the winter. Grants are showing a lag, which is normal. Fees are very strong. For expenses, labor is on track. We have three positions we're looking to fill: a GIS tech, a Grants Manager, and an Executive Director. Contracts are catching up.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

Mr. Keillor went on to explain that for revenues, TRPA has taken in \$1.6 million in mitigation fees year to date: \$1.2 million for California, and \$0.4 million for Nevada. We collect those funds as people come in and get their permits, but we don't disburse them until a partner agency requests them for a specific project. Therefore we've only made one disbursement so far for \$0.5K.

Mr. Keillor concluded his presentation and asked for questions.

Committee Comments & Questions

Ms. Aldean asked whether TRPA has seen any slow-down in the number of applications coming in.

Mr. Keillor said he would characterize where we are now as the proverbial rat going through the snake. For the past few years we've seen a lot of activity on the up-front stuff. What we're seeing now is the actual shift to the project itself. So the fees remain high because people are executing on their permits.

Mr. John Hester, interim TRPA Executive Director, added that there are some large projects currently in the pre-application stage that have slowed down to go back and refinance.

Public Comments & Questions

None.

Ms. Gustafson made a motion to recommend approval.

Ayes: Mrs. Cegavske, Ms. Gustafson, Ms. Diss, Mr. Hoenigman, Ms. Hill, Ms. Aldean

Motion carried.

IV. Discussion and possible recommendation of Inflation Adjustment to TRPA Application Filing Fee Schedule

Alyson Borawski, TRPA Senior Planner for Permitting and Compliance, provided the presentation. Ms. Borawski began by saying that TRPA is recommending an 8.3% increase to the filing fee schedule based on the Western Region Consumer Price Index. Ms. Borawski added that the present level of filing fees do not cover the costs for the Permitting and Compliance Department. The new schedule will go into effect January 23rd, 2023. We've been doing annual increases. The first one was in 2018 with a 30% increase. That was the first increase since 2007. In 2019 and 2020 we did a 3% increase. Last year in 2021 we did a 5.3% increase. Other changes we're making to the filing fee schedule are just for clarification and making the schedule more helpful for applicants. We've already contacted our MOU partners—Placer County, El Dorado County, the City of South Lake Tahoe—to let them know about this adjustment.

Ms. Borawski concluded her presentation and asked for questions.

Committee Comments & Questions

Ms. Aldean asked whether the only place in the Basin where domestic animals can be raised is in residential neighborhoods, or are there other areas where that is allowed? And should this go under the General category heading in the fee schedule?

Ms. Borawski explained that each Plan Area Statement has different allowable uses, and that also includes Area Plans. Ms. Borawski said she isn't totally sure which Plan Areas allow it. She said we also have Animal Grazing as a separate use under the General category. Those uses are clear in the code under Allowed Uses where they're labeled.

Ms. Aldean then asked about "Other", which has a specific amount allocated to it. How can we set a fee if the nature of the activity is undetermined? Shouldn't we label that fee "to be determined"?

Ms. Borawski explained that it is really dependent on the project on a case-by-case basis. If we're working with someone and they tell us their project description and it doesn't fit under one category, we might then suggest they use the "Other" category. When that category is used, we're highly aware of the project and have determined it fits within that category.

Mr. Keillor added that there are areas in the fee schedule where the fee is fixed, and those are the ones that are seeing an increase. There are other areas in the fee schedule where the fee is not set and we can fill in the appropriate number, for example with a security deposit fee.

Ms. Borawski gave an example of a time when the "Other" category would be used. She said that in the filing fee schedule, Additions/Modifications is based on floor area of the modification. So if we're reviewing a project and let's say it's on the lake and they're changing the façade of the structure from the lake, we know that project is going to take a little longer than something that isn't on the lake. So the minimum fee for residential modification—if there was zero new or modified floor area—would be around \$900. But that "Other" fee is a little bit more, so it gives us room to say to the applicant, Please use the "Other" fee because we know this is going to take a little bit more time. That is just one example of where we might use that "Other" fee.

Ms. Gustafson added that it was a good point and a good issue to raise because it probably takes staff some time to determine whether the project is going to take longer, so it's good that we have that minimum project fee in place with a way to modify it as necessary. With the variety of unique requests received, some things don't fall cleanly into a category. It takes a lot of staff time just to have that discussion. So the new base fee may sound high, but it is complicated and requires staff time.

Ms. Hill commented that there may be an opportunity for the Board in the future to look at uses that the Board needs to support as a community: day care centers and pre-schools, for example. That is a large fee, and they're grouped in with colleges and schools. Also, public-owned assembly and entertainment. Ms. Hill said that might be something the Board wants to look at in the future to see if we want to support day cares. In my district in Incline Village and Crystal Bay, I think there's only one day care and it's a real problem. So I wanted to put it on the record and see if we can discuss it at a later date.

September 28, 2022

Mr. Hester added that when TRPA consultant Arlo Stockham presented his process improvement work to the Board, he said he's looking at pulling all the fees out and putting them into a schedule so we don't have to amend the Rules of Procedure or Code, and also some types of developments we subsidize, and some cost more than their counterparts that are counterintuitive when you look at the Regional Plan. Mr. Hester explained that Mr. Stockham had pointed out that it costs more to do multi-family per unit in town centers than it does single-family in the more hinterland areas, which we're trying to discourage. Mr. Stockham is going to be looking at those types of things, so maybe at that point we can look at the types of usage that Ms. Hill is talking about. I'll pass that on to Mr. Stockham and ask him to contact you directly.

Ms. Hill said that in her County, they're only meeting 45% of their need for day care, so thank you very much for saying that's something we'll be looking at.

Ms. Aldean asked how much flexibility there is with the fee schedule. Is the Agency obligated to use this fee schedule even in extenuating circumstances?

Mr. Hester explained that unless a modification is needed such as the "Other" category, we use what is in the schedule.

Ms. Aldean said that the fee schedule needs to be examine periodically to see whether adjustments need to be made in fees or in these specific exempt categories.

Mr. Hester said that Mr. Stockham's two objectives are: 1) Permitting and Compliance pays for itself; 2) there are things we want to encourage and other things we don't. So some fees will have to go up if we want Permitting and Compliance to pay for itself.

Mr. Keillor jumped in, saying that the question is, if you're going to waive some fees, where does the money come from? Where is the cross-subsidy? Are you going to charge other applicants more?

Ms. Diss said she wanted to second everything that Ms. Hill said. We suffered a lot of daycare closures in COVID and they never reopened. Across the County we're not able to serve the needs of the working public. Childcare is infrastructure according to the Federal Government's latest policy statements. So I agree with Ms. Hill and if it's something we want to waive fees for, like with affordable housing, or pass the fees on to employers or something like that.

Ms. Borawski added that Home Occupation is exempt with TRPA, so if a day care is run out of the home, then they wouldn't apply with TRPA. It would only be if it was stand-alone day care facility.

Public Comments & Questions

None.

Ms. Gustafson made a motion to recommend approval.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

Ayes: Mrs. Cegavske, Ms. Diss, Mr. Hoenigman, Ms. Gustafson, Ms. Hill, Ms. Aldean

Motion carried.

V. California Tahoe Conservancy Briefing on use of Excess Coverage Mitigation Fees

Jen Self, TRPA Principal Long-Range Planner, provided the presentation. She began by introducing Kevin Prior and Aimee Rutledge of the California Tahoe Conservancy, both on the line to join her in today's presentation. Ms. Self explained that TRPA collects mitigation fees as part of the permitting process. One of these fees, Excess Coverage Mitigation, is exclusively reserved for land banks. The use of these funds is reviewed and approved by this Committee. Typically these requests would come from a partner agency and require a motion. Today's item is only informational in preparation for next month when a request will happen. Ms. Self said she would give an overview of the land bank and the Excess Coverage Mitigation program. Kevin and Amy will then provide an overview of the Motel 6 acquisition, which is the subject of this request.

Ms. Self began by saying that the Motel 6 project in South Lake Tahoe has been on the radar for decades. It has huge implications environmentally and for meeting the goals of our Regional Plan, as well as community benefits. The funding request next month from CTC may be upwards of \$3.5 million, coming from the TRPA Excess Coverage Mitigation fund and matched by four to five other California state funding sources. Due to the scale and scope of the project, we thought it would be best to have a precursor conversation with you all today. The project has not yet commenced and the acquisition hasn't occurred yet. CTC is in negotiations with the property owner.

Ms. Self then went over a brief history of the land bank program in Tahoe. The program accelerates the goals of the Regional Plan. There are two land banks currently operating in the Tahoe Basin, and TRPA has MOUs with both. On the California side, it's the CTC, and on the Nevada side, it's the Nevada Division of State Lands. The goal is to acquire and restore aging developed properties, restore ecosystems on sensitive lands, and transfer coverage and development to town centers. The land banks also serve as a repository for development rights, towards accommodation units, residential units, commercial floor area, land coverage. In addition, the land banks acquire asset lands. An example is the asset lands that were in the Tahoe Valley Town Center at the "Y" which were then used for the Sugarpine Housing Project redevelopment. The MOUs that we have in place with the land banks define the role that we have with them and the dedicated funding source that we have with the Excess Coverage Mitigation program. It outlines requirements of using those funds and aligns them with state and regional priorities.

Ms. Self then showed a photo of an example of a legacy development on sensitive lands, saying the CTC may acquire the parcel, remove the development, restore the land there, and then transfer the coverage to other infill redevelopment in town centers.

Ms. Self then gave an overview of the Excess Coverage Mitigation fee program. On average, TRPA collects \$375K per year from the program. The fees are based on the scope of the project, construction costs, the amount of excess coverage existing on a parcel, and also where a project is located. Projects in more sensitive areas or watersheds, for example in steep terrain over near Cave Rock, will pay more through the excess coverage mitigation program. Land coverage is the footprint of built development on the landscape, and that's regulated at a parcel level. Driveways, decks, etc. Each parcel has a coverage limit as defined by our code. Excess coverage is what goes above and beyond the allowable limit on a parcel today. So this is legally existing coverage that TRPA has verified that would have existed prior to our land coverage regulations. So think about a home built in the 1950s or 1960s.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

They may have coverage above what we would allow today, but TRPA verifies that it was built with permits at the time of construction. So once folks have that excess coverage on their property, they have the option to continue to use it and pay the fee, or remove some of that coverage. The majority of property owners we see choose to pay the fee. That goes into our Excess Coverage Mitigation fund, held exclusively for the use of the land banks, and then our MOU outlines how we disburse that.

Mr. Hoenigman asked what triggers the Excess Coverage fees to be assessed. Does that happen at the time of sale? Or while pulling a permit for some new work? Also, what about the process of determining which projects receive the funds? Is that driven by CTC? Or by TRPA? How are the projects prioritized? Also, is there a non-profit partner involved so if people make a sale below market price, they could get a tax rebate?

Ms. Self explained that the fees are triggered during the TRPA permitting process and calculated based on construction costs and the amount of excess coverage that they actually have on the property. As for the question about projects that get prioritized, we've written into the MOUs we have with the land banks a provision saying that we will get together annually and discuss priorities. Most of the discretion is with the land banks. TRPA makes sure they align with Regional Plan goals and policies. Then we work to find alignment. These projects are usually years in the making. There can be a lot of irons in the fire, a lot of projects to choose from. As far as a non-profit involved in this, the Saint Joseph Land Trust is a non-profit organization that is very active in the Tahoe Basin with a focus on housing projects. TRPA did put in place certain incentives for philanthropic non-profit organizations to get involved in asset land acquisitions. Other staff here today may know of more.

Mr. John Marshall, TRPA Legal Counsel, added that TRPA has worked with Trust for Public Lands and other similar entities in the past when there has been a need for something to cover the gap between market price and what will make the deal work.

Mr. Hoenigman asked if we've ever thought about triggering the fees based on sale to accelerate the collection of those fees.

Mr. Hester said in Nevada, it's called Real Estate Transfer Tax, and I believe that TRPA cannot collect tax.

Mr. Marshall said that it could be done. It wouldn't be a tax, but instead a fee. It's another mechanism to speed the off-set of having too much coverage. This would come with a policy debate about whether this is a good opportunity to do that.

Ms. Self said that she welcomes any chance TRPA has to explore fees to encourage redevelopment. It would take a substantial effort to explore or implement something like this. We would also want to make sure we're not increasing housing costs and making housing unattainable. Also, the way we have it now where the fee is scalable based on the project is beneficial to project applicants who are doing a smaller project.

Mr. Kevin Prior, Director of Lands with the Tahoe Conservancy, opened his part of his presentation saying the Motel 6 acquisition has been 30 years in the making. It's a large "ask". It's upwards of \$3.7 million that we're seeking.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

Mr. Prior showed a map of the project area located on Highway 50 and Sunset Drive near the Upper Truckee River and next to the Upper Truckee Marsh, a huge restoration project we've been working on for years. It's downstream from the Tahoe RCD's Johnson Meadow property. The back half of the area is upwards of 23 acres of mountain meadow and wetlands. The proposed acquisition is 31 total acres. It has a 143-unit motel and commercial building. The surrounding area is mountain meadow and stream environmental zone. The parcels qualify for acquisition because they're environmentally sensitive. The front half of the parcel consists of four acres on a former flood plain, the "Motel 6 Parcel". It sits on eight feet of fill. Significant hard coverage on an SEZ, and a number of tourist accommodation units, as well as commercial floor area and some residential units of use. If we were to acquire it, we would preserve all of it into the future as open space and wildlife habitat.

Mr. Prior then showed an aerial map of the overall Upper Truckee watershed. He explained that this acquisition is important because it fills in and provides contiguous ownership through the Upper Truckee River corridor.

Committee Comments & Questions

Ms. Aldean asked for the total cost of the acquisition and the additional sources of funding for the acquisition.

Mr. Prior answered that their Governing Board approved up to \$10 million for the acquisition, including site stabilization and the demolition of the buildings. We have a grant with the Wildlife Conservation Board that we're pursuing. We also have a California Department of Fish and Wildlife grant that's been awarded at \$1.5 million. We're seeking \$3.7 from TRPA, and we have close to \$4 million in state funds.

Mr. Marshall said he thinks CTC would come in next month for the approval of the release.

Mr. Keillor said that TRPA will probably transfer the money to the escrow.

Ms. Gustafson asked whether there is any competition for the site.

Mr. Prior said there is indeed competition from private entities so we're making sure our offer is appropriate. As we pursue the acquisition, the Appraiser has a number of ways to analyze what the highest and best use of the property is and to determine the fair market value of the property.

Mr. Hoenigman asked whether the undeveloped part of the property would be able to be purchased or preserved in the event we don't get the property.

Mr. Prior said yes, we would be interested in acquiring the unbuildable back portions of the property too if we don't get the full property sale. We would talk to the buyer about this.

Mrs. Cegavske asked how much money from each state would be asked for.

Mr. Prior said we're currently only pursuing California funding plus TRPA funding.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

The mitigation funds come from projects in California.

Mr. Keillor said the California side generates about \$375K per year in Excess Coverage Mitigation fees.

Ms. Aimee Rutledge joined in to thank the TRPA for their partnership on this project.

Public Comments & Questions

None.

VI. Quarterly Treasurer's Report (Informational Only)

Mr. Keillor, TRPA Finance Director, provided the presentation. Mr. Keillor began by saying that all investments are in compliance with TRPA's Investment Policy. Mitigation fees and security fees comprise \$24.4 million of the investments. The breakdown of investments is as follows: \$22.3 million in LAIF (working capital); \$1.2 million in LGIP, and \$11.8 million in the Principal Group. The average life of the Principal Group pool is 293 days, or 9.8 months.

Mr. Keillor concluded his presentation and asked for questions.

Committee Comments & Questions

None.

Public Comments & Questions

None.

VII. Upcoming Topics (Informational Only)

Mr. Chris Keillor, TRPA Finance Director, provided the upcoming topics presentation. For future Operations and Governance Committee meetings, on the agenda for November are: the CTC ECM Release, the OWP Amendment #1, the TDA Allocations, the Rental Car Mitigation Fund Increase, and the Investment Briefing from the Principal Group. Going forward after November, future agenda items will include the TRPA Fiscal Year 2022 Audit in December, and the Mitigation Fee Increases in February.

Committee Comments & Questions

None.

Public Comments & Questions

None.

VIII. Committee Member Comments

None.

OPERATIONS AND GOVERNANCE COMMITTEE

September 28, 2022

IX. Public Interest Comments

None.

X. ADJOURNMENT

Ms. Gustafson made a motion to adjourn.

Ayes: [All]

Chair Ms. Aldean adjourned the meeting at 9:45 a.m.

Respectfully Submitted,

Georgina Balkwell
Senior Management Assistant
Current Planning Division

The above meeting was recorded in its entirety. Anyone wishing to listen to the recording of the above mentioned meeting may find it at <https://www.trpa.gov/meeting-materials/>. In addition, written documents submitted at the meeting are available for review. If you require assistance locating this information, please contact the TRPA at (775) 588-4547 or virtualmeetinghelp@trpa.gov.