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Today is a critical juncture in the hundred-year political debate over land use at Lake Tahoe. This debate is largely about the strongly held but very different philosophies of two states. More than 40 years ago, Nevada and California reached a visionary compromise. That compromise was the Tahoe Regional Planning Agency.

The question today is will that compromise, embodied in the TRPA's mission, stand strong or will it dissolve?

In 1971, Alfred Heller, president of California Tomorrow, said "The final hard truth about Lake Tahoe, it seems to me, is that without tough federal action and the leadership to bring it about, we will proceed to corrupt Tahoe beyond the economic and technical ability of this generation to redeem it."

The good news is that 40 years later, we, Nevada and California through the TRPA, have made significant strides in redeeming Lake Tahoe. We're here to remember that it was Nevada's leadership who forged the visionary compact with California that prevented Lake Tahoe's ruin. That shared vision prevented Lake Tahoe from becoming a city the size of San Francisco, with little regard for the natural beauty or environmental vitality of this national treasure.

But the compromise is only viable when all entities are willing to participate.

What I hear today is frustration – and I have to say that I share in the frustration. First, let's address the concerns expressed about TRPA as an organization. We know the accounts, those who say they have had bad experiences with TRPA's permitting process. I am here today to say that I understand. While I don't know every circumstance, I know there are times we could have done better or differently. The emphasis of that first RP was on controlling residential development, and we did so with strong regulations because Tahoe is a special venue with superlative values to be saved. Our historical role has been to stop rampant overdevelopment, and the onus of our residential permits has been the needed focus until recently.

The needs of today are quite different and the focus and strategies must change to meet these times. TRPA must transition to managing more regional issues because most vacant residential parcels are already developed. **That is why when I assumed the leadership of TRPA two years ago, I set change in motion.** I for one believed that TRPA needed to take a hard look at itself, needed to change with the times, and needed to improve its operations and hone its actions toward accomplishment of its purpose. Our management problems are fixable, and I have set TRPA on a course to do just that.

In my two years as executive director of the TRPA, I have created a strategic vision for the agency that streamlines the regulatory process and redefines the intent of the agency from lake police to environmental planner, which I believe was the initial intent of the TRPA. I have focused our resources,

both in terms of revenue and manpower; on the areas we have the greatest environmental effect. I have eliminated jobs and we've cut millions of dollars in expenses. These changes are a reflection of the severe economic times in which we live and also a means to change TRPA's organizational culture and focus.

But my agency-level changes for the TRPA will not solve the predominant problem — two states with what at times can be profoundly different philosophies. The politics of California have historically favored a regulatory approach at Lake Tahoe where Nevada has tended more toward free enterprise incentives and preserving private property rights.

TRPA is the bridge to these different philosophies**.** Today, this Committee is questioning TRPA's effectiveness and considering a withdrawal from the Compact because of differences with California. Compare this counterpoint: A few weeks ago, a California legislative Committee questioned TRPA's commitment to environmental protection and asked me to justify adequate progress toward TRPA's mission.

The problem we share is embedded in that conflicting but persistent tension that has now grown to a siren's warning from both sides: Each state wants control over its own destiny in its own way. The question is how does the TRPA do better if the definition of better varies philosophically and sometimes drastically between the two states?

Here is what is so important to understand: these state-to-state issues are manifesting at a time when we have never had a better understanding of needed solutions to stop the decline in lake clarity or had a better shot at revitalizing our struggling communities. Science is telling us the source of water quality decline is fine sediment runoff from roadways coming from a small percentage of the land area of the Basin -- our developed areas. If we reduce stormwater runoff effectively, we may well reach the lake's clarity challenge over the next 20 years. We know exactly where to focus in order to get the most environmental bang for the buck.

We can reclaim the famed clear blue waters of Lake Tahoe, while reducing the nearly 20 percent unemployment rate in our communities, **not by building, but by rebuilding**.

The solution is clear: We need to remake our town centers through **environmental redevelopment** that would be both environmentally and economically beneficial. But to do so, we need the strong public-private partnerships that have gotten us this far to bring us into a new era of environmental and economic balance that will ultimately save the lake for our children and grandchildren.

The TRPA discovered in the late 1990s, that **acting only as a regulatory agency does not improve the lake or the environment of Tahoe**, especially with fewer and fewer resources available to enforce complicated regulatory schemes. And we know now that doing nothing will not improve the lake or its environment, and in fact will lead to the continued degradation of the lake and our communities.

We also have learned that putting restoration projects on the ground has measurably improved the environment over the last decade. For example, the Heavenly Village Center and Gondola, which was built in 2001, has demonstrated that environmentally beneficial rebuilding can greatly reduce stormwater runoff and vehicle traffic and greatly enhance the scenic quality and visitor appeal of our town centers.

That's why in the mid-1990s, TRPA initiated one of the strongest partnership models for environmental protection in the nation and the world called the **Tahoe "Environmental Improvement Program."** Through the EIP, federal, state, local, and private sectors have come together collaboratively to fund and implement environmental restoration projects for Tahoe, leveraging far more than any single state

or jurisdiction could hope to accomplish on its own. By combining these monies with the private sector projects that can remake our boarded up, dilapidated buildings which no longer serve the needs of visitors or residents, we can keep Tahoe both blue and alive. This is the direction we must continue to head.

Nevada's contribution of $82 million during the first decade of the EIP leveraged $1.1B in total partnership investment for Tahoe, mostly in Water Quality. Additionally, nearly $12 million in mitigation program dollars collected through TRPA's environmental programs have been distributed back to Tahoe communities, many in Nevada, since 1987. If not for the Compact's partnership between the two states, Nevada alone would have been left to fund these improvements and to advocate alone for funding for its portion of Tahoe.

We should all be proud of the outcome —through strong public-private partnership we are stopping the further degradation of lake clarity. During the last 20 years, TRPA has worked with the private sector to permit more than 150 projects in Nevada that helped revitalize communities and delivered environmental gains. Projects like the Kahle Community Recreation Center, the Hyatt at Incline Village, Round Hill Shopping Center, plus literally hundreds of environmental restoration projects. In 2008, UC Davis scientists declared that the lake's clarity loss had stabilized and now there is evidence showing that achievement of full restoration of the lake's historic clarity level of 100 feet is possible.

Why at this juncture of success would we want to split apart? The reason is quite vexing -- a minority of special interest groups don't appear to embrace this vision. They see the absence of activity at Tahoe as desirable and good for their tranquility regardless of the effect on Tahoe. But those who have lost jobs, lost homes, watched schools close and can no longer find even menial jobs in Tahoe are suffering from this political polarization. But ultimately the real loser here is the lake's famous clarity.

The staff at TRPA has proposed a range of solutions premised on this public-private partnership model, premised on honoring a balance of the dichotomous interests between the two state constituencies of California and Nevada. But in Tahoe, reasonable political compromise and balanced policy, even when it can be achieved, has a legacy of obstacles.

While it may be politically expedient to blame the TRPA for the obstacles, the **real issue is much more troublesome. Land use by litigation** was the Lake Tahoe way of life in the 1980s and history is repeating itself again in 21st century. In recent years, when TRPA has crafted a reasonable and moderate policy, environmental special interests threaten to shut all venues of reasonableness in an attempt to move the TRPA's decision making closer to the extremes. Lawsuits, regardless of the merits, move settlement negotiations behind closed doors, and out of the public arena. It cripples any progress that the board has made toward finding effective solutions to environmental and economic problems at the Lake.

Take the shorezone policy for instance. It took 22 years and five environmental studies costing millions of dollars to find the sensitive political compromise agreed upon by negotiation with each state and approved by our board in 2008. We were sued by environmental special interests. A California federal judge threw out our new policies not on their merits but on process causing the shut-down of new and long-awaited environmental programs. The balance set by reasonable compromise between the two states was unacceptable to the environmental special interests. One must wonder whether those special interests ever intend compromise to be the outcome.

If today's legislation passes, without the villain of TRPA, the villain could certainly become a reconstituted Nevada TRPA. Either way, the absence of compromise will stop positive actions.

The only solution is reasonable reform.

But real reform, means confronting head on the most difficult issue of all – it is the source of the polarization in Tahoe. Tahoe's constituencies are at war today over how best to achieve and deliver further environmental gain on the ground. The tug of war is whether TRPA's role should remain primarily a reactive regulatory one or is it also a proactive one supporting and facilitating projects that will afford the opportunity to make the kind of environmental improvement needed.

Public-private partnership should continue to be a source for Tahoe to achieve both environmental as well as socioeconomic gains. With the interests of the environment and the economy in unprecedented alignment, this is possible. To get there, we as an agency, as a bi-state community, and as focused leaders, must get past the polarization, set aside the complaints of the past and widen the vision to what is needed over the next 20 years?

If this bill results in two separate regional agencies, with different rules on either side of the Lake, there are many factors for you to consider. Nevada alone, through its $1.3 million annual appropriation will have to carry out the responsibilities of what is now a $14M agency. The state of Nevada's responsibility for capital improvements at the lake will grow along with potential legal liabilities. With past as prologue, there is the likelihood of returning to the uncertainty of CTRPA-NTRPA, as well as the creation of a new Nevada agency being tied up in legal challenges as is commonly the case even with project-level decisions made by TRPA. There is the distinct possibility that no activity at all would be possible due to a court-imposed injunction and moratorium like that of the 1980s.

No one can ignore that we are dealing with a bi-state and national asset. Now is not the time to split apart – the larger vision is clear and it means new strategies that depart from the manacles of the past and look to new ways, new forms, and new processes. We are on the cusp of an updated regional plan, pared down, and focused on feasible actions to continue to deliver on the environmental gains we've already made in partnership. People are ready to come to the table and compromise to get it done. And yes, the possibility exists that when we achieve this next essential compromise, special interests could block it in court because they claim to better represent the will of the people of the two states. Do they? We need your help to find out.

What we need now is the legislative and executive branches of the two states to come together again in statesmanship, like the leaders before us, to renew our pledge to move the Tahoe Basin forward.

In a State-to-State summit in Tahoe this summer, let's bring together the already constituted two state legislative committees dedicated to Tahoe to hammer out state policy differences. So too, convene the two new Governors at this Tahoe summit to set reasonable compromise direction for action and give that direction collectively to the TRPA board.

I'll repeat -- I can solve management problems within TRPA, but I cannot alone solve the political polarization that plays out on the TRPA Board, that play out in the state houses, or that endures in the two state legislatures. Let me close by reminding us why we gathered at the first Presidential Lake Tahoe summit some 14 years ago. As Secretary of Agriculture Dan Glickman wisely said on behalf of the largest landowner in the Basin – the federal government, "*There is a lesson for the world here in Tahoe: we do not have to make a choice between material and natural wealth. It is a false choice -- one we must transcend if we are to leave as our legacy a livable world."*

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