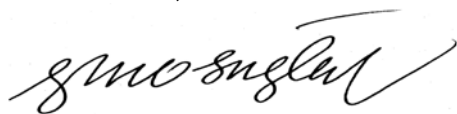


TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the **Advisory Planning Commission** of the Tahoe Regional Planning Agency will conduct its regular meeting at **9:30 a.m.** on **Wednesday, January 9, 2008** at the TRPA Offices, located at 128 Market Street, Stateline, NV. The agenda for the meeting is attached hereto and made a part of this notice.

December 20, 2007

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

John Singlaub
Executive Director

TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION

Tahoe Regional Planning Agency
128 Market Street.
Stateline, NV

January 9, 2008
9:30 a.m.

All items on this agenda are action items unless otherwise noted.

AGENDA

- I. CALL TO ORDER AND DETERMINATION OF QUORUM
- II. APPROVAL OF AGENDA
- III. PUBLIC INTEREST COMMENTS

Any member of the public wishing to address the Advisory Planning Commission on any item not listed on the agenda may do so at this time. Public comment on Public Hearing items will be taken at the time those agenda items are heard.

NOTE: THE ADVISORY PLANNING COMMISSION IS PROHIBITED BY LAW FROM TAKING IMMEDIATE ACTION ON, OR DISCUSSING ISSUES RAISED BY THE PUBLIC THAT ARE NOT LISTED ON THIS AGENDA.

- IV. DISPOSITION OF MINUTES
- V. PLANNING MATTERS
 - A. Community Enhancement Program Status Report [Page 1-6](#)
 - B. Regional Plan Update Status Report [Page 7-8](#)
- VI. PUBLIC HEARINGS
 - A. Recommendation of an Amendment to Code Chapter 20 Land Coverage Section 20.5 to Update the Excess Land Coverage Fee [Page 9-42](#)
 - B. Recommendation of an amendment to the South Y Industrial Area Community Plan SEZ Restoration Credit Incentive Program and Policies to Include Alternative Fuels as Credit and Provide for Other Matters Properly Related Thereto. [Page 43-56](#)
 - C. Recommendation on the Amendment of Map Showing Need for Water Quality Improvements Pursuant to Requirements of Chapter 37, Individual Parcel Evaluation System (IPES) [Page 57-70](#)

VII. REPORTS

A. Executive Director

B. Legal Counsel

C. APC Members

VIII. ADJOURNMENT

**TAHOE REGIONAL PLANNING AGENCY
ADVISORY PLANNING COMMISSION**

North Tahoe Conference Center
8318 North Lake Blvd.
Kings Beach, CA

November 14, 2007
9:30 a.m.

REGULAR MEETING MINUTES

I. CALL TO ORDER

Called to order at 9:36 a.m.

Members Present: Mr. Breuch, Mr. Harris, Mr. Jepsen, Ms. Krause, Mr. Lawrence, Mr. Maurer, Mr. Plemel, Mr. Riley, Mr. Smith for Ms. Kemper, Ms. Sertic, Mr. Tolhurst, Mr. Upton

Ms. Jamin, Ms. Schmidt, Mr. McIntyre arrived at 9:40 am
Mr. Lefevre arrived at 10:05 am
Ms. Merchant arrived at 10:10 am
Mr. Zuckerman arrived at 10:30 am

II. APPROVAL OF AGENDA

Mr. Jepsen moved approval of the agenda
Mr. Riley seconded the motion
Motion carried unanimously

III. PUBLIC INTEREST COMMENTS

No Public Comment

IV. DISPOSITION OF MINUTES

Mr. Riley moved approval as amended
Mr. Maurer seconded the motion
Motion carried unanimously

V. PUBLIC HEARINGS

A. Recommendation to Distribute 2008 Residential Allocations

Staff member Mike Cavanaugh presented the 2008 Distribution of Residential Allocations

Staff member Karen Fink presented the results of the Transit Level of Service Performance Analysis.

Staff member Jeanne McNamara presented the results of the EIP Project Implementation Performance Analysis.

Staff member Shannon Friedman presented BMP Retrofit Performance Analysis.

Staff member Wendy Jepson presented the results of the MOU Permit Audit.

Staff member Ethan Casaday presented the results of the Inspection Audit.

Staff informed the APC that the Angora Fire Area was not included in the Audit.

Mr. Cavanaugh outlined the number of allocations awarded to each jurisdiction, including an overview of the allocation pool.

Ms. Jamin requested the inspectors communicate with the local jurisdictions when doing winterization inspections, and note if the local jurisdictions have a pending action against the subject property.

APC concerns include whether allocations will be available for the CEP program and availability of new allocations under the new plan.

No Public Comment

Ms. Jamin moved approval of the 2008 Residential Allocation Findings under the requirements of Chapter 33 Subsection 2 of the TRPA Code of Ordinances.

Mr. Jepsen seconded the motion

Motion Carried Unanimously

Mr. Upton moved approval of the attached Resolution and Staff Summary as submitted by staff.

Mr. Maurer seconded the motion

Motion Carried Unanimously

- B. Amendment to Chapter 71 Tree Removal and Other Related Amendments to Allow Tree Removal for Defensible Space Purposes to be Approved by a Defensible Space Assessor

Staff member Mike Vollmer presented the Amendment to Chapter 71 Tree Removal and Other Related Amendments to Allow Tree Removal for Defensible Space Purposes to be Approved by a Defensible Space Assessor.

APC Concerns include the proposed wording in Chapter 71, requesting “fire hazard may be removed upon approval by TRPA” be removed, defensible space certification program language including the actual program its self, requesting language be added to the proposed amendment or add language to appropriate change to MOU language stating certifications and that the certification program have TRPA approval

Public Comment:

Duane Whetlaw, North Tahoe Fire District, stated that his concern is removal of hazardous vegetation along roadways and vacant lots within 100 feet of a structure, and who will be qualified to mark these trees. Proposed amendments should work; however, he would like to see language reflecting certification programs state approved by Lake Tahoe Regional Fire Chiefs Association and CalFire.

Mary Huggins, CalFire, stated that CalFire will have a large part of the responsibility for training Basin Qualified Certified Assessors for marking trees.

Staff member Mike Vollmer recommended removal of requested redundant language in Chapter 2 and the addition of including the Lake Tahoe Regional Fire Chiefs Association and CalFire for certification program approval

APC requests the language be contained in the MOU's rather than the code language itself.

Ms. Merchant moved approval of the required findings, including the finding of no significant effect

Mr. Upton seconded the motion

Motion Carried Unanimously

Ms. Merchant moved to recommend approval of the proposed Ordinance with removal of redundant language.

Mr. Upton seconded the motion

Motion Carried Unanimously

VI. PLANNING MATTER

A. Regional Plan Update Status Report

Staff member John Hitchcock provided an update on the progress of the four alternatives for the regional plan. The environmental documents will require four to five months to prepare.

Alternative 1: No Action Alternative using existing Regional Plan. No new allocations would be created, no change to the distribution of allocations, no change to transfer of development and no change to transfer of development.

Alternative 2: Transect System with Form Based Codes. Additional CFA and TAUs would resemble historic distributions and Residential Allocations would be set at the remainder of existing IPES scored parcels, incorporating minimum density standards for pedestrian transit oriented districts, additional height and density

Alternative 3: Allows for additional development based on market trends. Includes greater quantities of CFA and TAUs than Alternative 2, to facilitate development and redevelopment, current residential distribution system and

transfer of development structure remains in place, incorporation or pedestrian transit oriented designs.

Alternative 4: Aims to concentrate development by providing a reduced number of allocations. Includes Plan Area Statement system with additional area for concentrated development with continuation of current residential and transfer of development system, incorporate pedestrian transit oriented design. No auto oriented design features, adoption of Title 24 Fire Regulations for the region and no waiver on basic fire flow requirement.

APC inquires include:

- Preferred alternative
- The ability to mix and match the alternatives
- Definition of low density areas
- Reason for adoption of Title 24 in only Alternative 4
- The adoption of California's Title 24 Basin wide
- Appropriateness of TRPA handling Title 24 or if better left to local jurisdictions
- Amount of current CFA, concern over additional CFA in Alternative 3
- Placement of existing CFA in appropriate areas
- Determination of CFA amounts in each Alternative
- Use of vehicle delay as a standard
- The development of the type of mixed use projects that promote walk-able communities including height requirements
- Multifamily affordable housing development potential with the limited number of multifamily parcels available
- Broader range of study to cover all bases
- Incentivizing workforce housing by assuring there are enough bonus units. Concern over similarity of housing component in each alternative and would like to see more diverse mixed income included in the alternatives
- Ability to transfer TAUs into desirable residential areas
- Lack of incentives for middle and moderate income development
- Importance of opportunity to write a master plan that acts as a philosophical guide for the TRPA. The master plan is not a code and rather than micromanaging, use the master plan to provide the tools to allow developers to figure it out
- Actions of the past have not worked. We need to look to ourselves to solve the problem in order to keep our communities alive. We need to be careful not to cut out innovation.

Public Comment:

Brennan Lagasse, League to Save Lake Tahoe, stated that the League outlined additional ideas for the Community Plan and introduced it as Alternative 5 which was provided to the APC in written form.

Additional APC Discussion:

- Clarification of TMDL including actual needs to make desired impact on Lake Clarity
- Clarification of TMDL Tiers integration/relation to Alternatives
- Understand the achievements and impacts of current projects

Current alternatives reflect the trends in the basin and the alternatives may be mixed and matched at the discretion of the Governing Board.

No action taken.

VIII. REPORTS

A. Executive Director

Executive Director Singlaub gave a Governing Board Update.

B. Legal Counsel

Assistant Agency Counsel Nicole Rinke stated that the appeal in the McNeil matter was approved by the Governing Board.

C. APC Members

Mr. Harris requested future comments on the impacts of the decision by the Ninth District Court of Appeals on fire suppression be given by Legal Counsel.

Mr. Maurer stated that the County is working on a County Housing Update. A workshop will be held on Wednesday, January 9th.

Ms. Jamin stated that the City's housing element will be completed by June of 2008.

IX. ADJOURNMENT

Meeting adjourned at 12:20 p. m.

Respectfully submitted,

Patricia Sandoval
Clerk to the Advisory Planning Commission

The above meeting was taped in its entirety. Anyone wishing to listen to the tapes of the above mentioned meeting may call for an appointment at (775) 589-5277. In addition, written documents submitted at the meeting are available for review at the TRPA Office, 128 Market Street, Stateline, Nevada.

TAHOE REGIONAL PLANNING AGENCY

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MEMORANDUM

Date: December 28, 2007
To: TRPA Advisory Planning Commission (APC)
From: TRPA Staff
Subject: Community Enhancement Program Status Report

Requested Action: This item is presented for information purposes. Action on this item has been rescheduled for the February APC meeting.

Staff Recommendation: No recommendation is being made at this time.

Required Motion(s): No motion is required.

Project Description/Background: In November, TRPA staff updated the APC and Governing Board on the status and progress of the Community Enhancement Program (CEP), a.k.a. the Demonstration Program. This staff summary provides a further update and includes staff and the Performance Review Committee's (PRC) recommendation for moving forward.

The Special Projects section of the TRPA Code of Ordinances provided the opportunity for TRPA and our local jurisdiction partners to create the CEP under the existing TRPA Code of Ordinances. TRPA staff, its local jurisdiction partners, and the planning working groups appointed by the local jurisdictions, worked diligently to create a comprehensive program and criteria that incorporated the special projects goals, and the visions of the basin communities. The criteria and review process are outlined in the CEP document released August 1, 2007 available for download at <http://www.trpa.org/documents/CEP/CEPcomplete.pdf>. The CEP was designed to be a competitive process focusing on implementation of projects that demonstrate considerable environmental, social and economic benefits by achieving mixed-use development on existing disturbed and/or underutilized sites within our urban core areas. It is a key component in our Regional Plan update in that the process and implementation of these projects will inform our new Regional Plan. The CEP is a way to test the feasibility of the concept that an incentive-based approach rather than purely command-and-control regulations can deliver projects that implement smart growth principles and environmental gains over and above baseline mitigation in connection with development projects. For more information please refer to APC and Governing Board Staff Summaries from July 2007 and November 2007.

The 90-day public notice period that called for pre-applications to be submitted to TRPA ended on October 31st, 2007. Nine pre-applications were received, seven proposals located on the North Shore, and two proposals located on the South Shore. See table below regarding proposal titles and locations.

Planning staff from TRPA and the local jurisdictions met twice after individually reviewing each pre-application against the CEP criteria outlined in the August CEP document, Section VI, page 9 (see download information above). After completing our review, and incorporating the public input received at the public meetings (available for download on the TRPA website at http://www.trpa.org/documents/CEP/CEP_Nov_5_South_Notes.pdf and at http://www.trpa.org/documents/CEP/CEP_Nshore_Summary_11-07-07.pdf) and in various letters and emails, it was apparent that no one proposal is meeting all the criteria and no one proposal stands out as the overall 'winner'. All the proposals have merit and, with additional input and shaping, all proposals could turn out to be extraordinary projects. Looking at the number of commodities being requested, the reviewers felt a reasonable and fair approach would be to allow each proposal to move forward with a proportionate reduction of requested CFA based on the difference between what was available vs. what was requested (13, 656 square feet of CFA). The other commodities requested were under the amount available and requests can be fully met.

In accordance with Subsection 33.3.D (3) of the TRPA Code of Ordinances, staff brought this subject matter before the Performance Review Committee (PRC) on December 17, 2007. Staff made a preliminary recommendation to the PRC that the amount of commodities from the Special Projects pool (which currently contains 180,000 square feet of Commercial Floor Area -CFA, 172 Tourist Accommodation Bonus Units-TABU, and 850 Multi-residential Bonus Units -MRBU) be reserved for the nine CEP concept proposals as follows:

CEP Projects	Requested CFA	Proportional Reduction of 7.05% *	CFA	TABU	MRBU
Placer County					
BB LLC	50,000	3525	46,475	0	10
Ferrari	29,100	2052	27,048	0	25
Domus	15,292	1079	14,213	0	79
KB Resorts	7500	529	6,971	0	8
Pastore Ryan	2564	181	2,383	0	4
Homewood	25,000	1763	23,237	50	12
Washoe County					
Boulder Bay LLC	0	0	0	40	48
City of South Lake Tahoe					
Former Mikasa	47,200	3328	43,872	0	24
South Y					
Kmart/Raleys	17,000	1199	15,801	0	45
Total	193,656		180,000	90	255
Total available commodities	180,000		180,000	172	850
Remainder	13,656		0	82	595

**Please note: Staff has spoken to the local jurisdictions regarding the reductions and it is potentially possible that the amount of CFA that has been proportionately reduced may be available from the local jurisdictions overall pool of CFA. The final amount will be dependent on the outcome of the environmental review for each of these projects.*

The Performance Review Committee voted to recommend that the Advisory Planning Commission forward the recommendation to the TRPA Governing Board as submitted by staff in the December 13, 2007 Staff Summary and attachments. The PRC made an additional recommendation that any commodities returned to the Special Projects Pool be made available to the other projects proposals that have come forward through the CEP process.

Staff and PRC preliminarily recommend that each of the nine pre-applicants be invited to move forward in the process subject to those projects completing their requirements for participation. Staff will be preparing a recommendation letter to each of the pre-applicants outlining staff's recommendation and the requirements for continued participation. The requirements for participation include items that are either missing or are required for further clarification of specific pre-application materials. The use of the commodities reserved will be conditioned on the requirements for continued participation being completed by the time the application is submitted to TRPA's Environmental Review Services.

These letters will also contain other items that staff believes are concerns for ongoing project acceptance and approvability. The letters would identify specific weaknesses in each pre-application and make specific recommendations to strengthen the environmental benefits of each proposal. These items will need to be addressed at the application stage and may be considered further during the environmental review process and potentially, the scoping of alternatives if an environmental document is determined to be required. TRPA is continuing to work with the local jurisdiction partners and the pre-applicants on completing this process.

Staff plans to take these recommendations forward to the APC and Governing Board for action in February; however, this is dependent on time needed to communicate the specific requirements for continued participation and any issues/concerns relating to their proposals in writing to each proposal proponent. In February 2008, the Governing Board *will not* be taking action to approve of the CEP projects themselves, but will take action to reserve commodities as set out in the CEP documentation and the TRPA Code of Ordinances for the designated CEP proposals.

Please see Attachment A for the revised schedule, an outline of the next steps going forward and additional opportunities for public input.

Issues/Concerns: The following issues have arisen and are addressed below:

- What types of requirements for participation are there and what types of concerns does the review team want to address in the letters to the pre-applicants? The types of requirements and clarifications staff will be seeking include clarifications on Environmental Improvement Projects (EIP) and commitments to completion, basic information on land coverage, land capability, and other land use verifications, etc. Concerns include overall height considerations, scale and massing, architectural features, scenic, compatibility with community character, working together, etc. As stated above, TRPA staff will be sending letters to each pre-applicant that outline additional information and concerns that their future applications will need to address. Once completed, these letters will be attachments to the APC staff summary and will be available

for public review one week in advance of the APC meeting.

- Why is TRPA picking proposals when environmental review has not occurred? The idea behind the CEP is to obtain concept level proposals and to review these proposals against the CEP criteria. This is over and above what is required of other projects and is in addition to an environmental review process. No projects are being approved in advance of their required environmental review. In order for these proposals to move forward, a full environmental review will need to be completed during the project review stage of the process. The review team felt that all the proposals have the potential to be extraordinary projects, which will provide substantial environmental benefits, social benefits, and economic benefits to their communities and the basin as a whole. The environmental benefits will accelerate the attainment of environmental thresholds.
- This was billed as a competition, why isn't there a winner? The review team deliberated on whether there should be a winner to the competition. The review proved that all of the proposals have merit, as well as varying concerns, such that no one project is clearly superior to the others. The team feels the best approach at this time is to allow everyone to move forward and start the application stage of the process.
- When are the reserved commodities available for use? What if a project does not need the amount that it is ultimately reserved? What if they need additional commodities than what they were reserved? Commodities reserved will be available for use upon the issuance of TRPA and the local jurisdiction permits. The amount of commodities reserved will vary depending on the project outcome post environmental review. If there are unused reserved commodities, they will be returned to the Special Projects pool. Any additional requests must be heard and approved by the Governing Board.

Additional documentation on the program is available at the TRPA website, www.trpa.org, under the Community Enhancement Program.

If you have any questions, please contact Brenda Hunt at bhunt@trpa.org or (775) 589-5225.

Attachments:

Attachment A: Process and Time Schedule for Community Revitalization Program

Process and Time Schedule for Community Revitalization Program

Step/Activity	Months	PRE-APPLICATION SUBMITTAL/NOTICE PERIOD			PRE-APPLICATION REVIEW			COMMODITY RESERVATION	PROJECT APPLICATION/ ENVIRONMENTAL REVIEW & APPROVAL
		August	September	October	November	December	January	February	8 to 20 months
1 Issuance/Circulation of Call for Submissions		■			Public Meeting				One Year to Submit Project with EIR/EI/EIS
2 Public Notice Re: Intended Assignment of Commodities (90 day notice)		■	■	■					
3 Submittal of Pre-Applications		■	■	■					
4 Pre-Application/Best Practices Meetings			■	■	Public Meeting				
5 Review of Pre-Applications for content			■	■					
6 Public Meeting									
7 APC Meeting Public Comment					X				
8 Governing Board Meeting Public Comment						X			
9 Review of Pre-Applications against CEP Criteria (TRPA/Applicable Local Jurisdictions)						■			
10 Recommendations for Commodity Allocations/ CEP Project Designation (TRPA Staff to PRC)							■ X		
11 Review of Commodity Allocation Recommendations/ CEP Project Designation (APC)							■	X	
12 Review/Approval of Commodity Allocation Recommendations/ CEP Project Designation (TRPA Board)								■ X	
Planning Working Group Input		X	X	X					
Core Planning Team Input		X	X	X					
Public Input Opportunities (at meetings)					X	X	X	X	X

Revised 12/27/07

Next Steps

- Staff is in the process of working with the local jurisdictions to finalize the invitation letters to each pre-applicant. It is anticipated that these letters will be delivered to the pre-applicants in mid-January.
- Meetings to discuss the content of the invitation letters will be scheduled with the pre-applicants shortly thereafter.
- TRPA then plans to make the recommendation for reservation for commodities at the February 2008 APC and Governing Board meetings.
- CEP designated projects have up to one year to apply, although TRPA is anticipating receipt of applications shortly after each project receives their reservation of commodities. Exceptions apply; please refer to TRPA Code Section 33.3.D (3) for the specific information at (www.trpa.org).

Dates for Additional Public Participation: Additional public input on the CEP projects is welcome. Please put these dates on your calendar.

- January 23, 2008: Governing Board CEP Status Report
- February 13, 2008: APC - Staff recommendation on reservation of commodities
- February 27, 2008 Governing Board - Staff recommendation on reservation of commodities
- Potential for various dates during the environmental review post TRPA and Local Jurisdiction receipt of project applications.
- Public comments are welcome in writing at any time.

US Mail:

Tahoe Regional Planning Agency
Attention: Brenda Hunt
PO Box 5310
Stateline, NV 89449

Email:

bhunt@trpa.org

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MEMORANDUM

Date: December 28, 2007
To: TRPA Advisory Planning Commission
From: TRPA Staff
Subject: Status Report on Regional Plan Update

Requested Action: Staff is not requesting a formal action from the Advisory Planning Commission (APC) on this item. However, staff will present a current status and progress report on the Regional Plan Update and Environmental Impact Statement.

Background: The Tahoe Regional Planning Agency (TRPA) is preparing an Environmental Impact Statement (EIS) to consider the potential effects of updates to the Environmental Threshold Carrying Capacities (ETCC's / Thresholds) and current Regional Plan for the Lake Tahoe Region. This project will comply with all TRPA EIS requirements in Article VII of the Tahoe Regional Planning Compact (Compact), Chapter 5 of the TRPA Code of Ordinances, and Article VI of the TRPA Rules of Procedure.

As part of the Pathway 2007 planning process, the Tahoe Regional Planning Agency (TRPA), together with the three other Pathway agencies, has been receiving input regarding future management of the Tahoe region from Federal, State, and local governments; stakeholders of the Tahoe Region; technical and scientific experts; public-interest groups; the general public; and through a consensus-seeking advisory group called the Pathway 2007 Forum (Forum). TRPA is engaged in the Pathway collaborative process to update its existing Environmental Threshold Carrying Capacities and its Regional Plan.

In developing the proposal, TRPA, as part of Pathway, held five visioning public workshops in and out of the Basin, conducted 1800 individual surveys and 8 focus groups in and out of the basin, held numerous meetings of 11 technical working groups, held 17 Forum Meetings with numerous subcommittee meetings, and had many meetings among the four Pathway agencies. The APC and Governing Board reviewed the Vision and Desired Conditions in May of 2006. The proposal takes into account the products of 12 Place-Based Workshops and joint APC-Governing Board Workshops that produced the 2007 Tahoe Basin Regional Vision Summary. For more than four years, TRPA has been considering a wide array of information and viewpoints and has been developing a recommendation to update its Thresholds and Regional Plan.

Staff officially started the public scoping period for the Regional Plan Update environmental analysis with the release of the Regional Plan Project Description in September and held public workshops on this matter at the Advisory Planning

Commission (APC) and Governing Board meetings Subsequently staff has been continually refining the project description and the range of alternatives to be analyzed based on comments received during the scoping period and from input received during workshops held before the APC and Governing Board in October and November.

If you have any questions regarding this matter please contact John Hitchcock at jhitchcock@trpa.org or (775) 589-5220.

TAHOE REGIONAL PLANNING AGENCY

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MEMORANDUM

Date: December 28, 2007

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Recommendation of an Amendment to Code Chapter 20 Land Coverage Section 20.5 to Update the Excess Land Coverage Fee

Requested Action: Staff is requesting that the Advisory Planning Commission (APC) review the certified real estate appraiser's report of the market value of land coverage for the Excess Land Coverage Mitigation Program and related cost factors to acquire and restore land coverage under this program.

Staff Recommendation: Based on the certified appraiser's report, staff recommends that the APC recommend that no changes be made to the current land coverage cost factors for the Excess Land Coverage Mitigation Program. A copy of the certified appraiser's report on land coverage market value is included as Attachment A. No Code amendment is necessary for continuation of existing cost factors.

Required Motion(s): To recommend keeping the current land coverage cost factors for the Excess Land Coverage Mitigation Program, the APC must make the following motion, based on this staff summary and the evidence in the record:

1) A motion to recommend approval of the excess land coverage mitigation cost factors as previously modified in January 2007.

In order for the motion to pass, a simple majority vote of the APC is required.

Project Description/Background: Chapter 20.5A(3) of the TRPA *Code of Ordinances* requires TRPA to establish the excess land coverage cost factors by January 1 of each year based on a certified appraiser's estimate of the land bank's cost to acquire and restore land coverage under this program. This program progressively reduces excess land coverage when a property owner receives redevelopment or remodel approval. One component of the fee paid is the cost of land coverage, which ranges from \$8.50 to \$25.00 per sq. foot. For example, the excess land coverage mitigation fee for 1500 sq. feet and costing \$100,000 is \$531.25 (for South Lake Tahoe – least expensive) to \$1562.50 (for Cave Rock area – most expensive). On the California side of the Basin, the values are lower because of lower land costs and long-term programs to remove coverage and restore the natural landscape. In contrast, the values are high on the Nevada side because of higher land costs and less opportunity for removing coverage and restoring the natural landscape.

A more detailed description of the Excess Land Coverage Mitigation Program is included in Attachment B.

Issues/Concerns: According to the certified real estate appraiser’s report, the market value of land coverage has not changed in the past year. Thus, the appraised values are as follows:

Table 1. Existing and Proposed Continuation California and Nevada Excess Land Coverage Mitigation Program Cost Factors for Lake Tahoe Basin Land Coverage.

Hydrologic Transfer Area	Existing and Proposed Price Per Square Foot
Incline -- Area 1	\$20.00
Marlette -- Area 2	\$12.00
Cave Rock -- Area 3	\$25.00
South Stateline -- Area 4 (Nevada Portion)	\$15.00
South Stateline – Area 4 (California Portion); Upper Truckee – Area 5; Emerald Bay – Area 6, McKinney Bay – Area 7, and Tahoe City – Area 8, Agate Bay – Area 9 (California portion only)	\$8.50
Agate Bay -- Area 9 (Nevada Portion)	\$18.00

In Nevada, the basis for these values is primarily the market value for potential coverage; whereas, the values for the California-side are based on the combination of potential and existing coverage market values, plus the available CTC coverage (see Appendix B for additional discussion on potential versus existing coverage). Retaining the existing cost factors and structure by hydrologic transfer areas was discussed and reviewed with representatives of California Tahoe Conservancy (Gerry Willmet) and Nevada Division of State Lands (Elyse Randles). Both agencies, as well as TRPA, agree the existing fees are at market values for land coverage. Said differently, the ELCMP cost factors, as differentiated by hydrologic transfer areas in both California and Nevada, are adequate for both land acquisition and restoration (when applicable).

Regional Plan Compliance: The continuation of existing factors complies with all requirements of the TRPA Goals and Policies (particularly those relating to the soil conservation threshold), Plan Area Statements, and Code of Ordinances. No findings (as per Chapters 6) to maintain such cost factors at existing levels is required because no action is being requested at this time.

If you have any questions, please contact Phil Scoles, Soil Conservation/SEZ Program Manager, at pscoles@trpa.org or 775-589-5304.

Attachments:

- Certified Appraiser’s Land Coverage Market Value Report (Attachment A)
- ELCMP Description and Fee History (Attachment B)
- Land Coverage Appraisal Discussion (Attachment C)

**AN UPDATED APPRAISAL
OF THE
MARKET VALUE
OF**

LAND COVERAGE

LOCATED IN THE

LAKE TAHOE BASIN

PREPARED FOR

**THE TAHOE REGIONAL PLANNING
AGENCY**

PREPARED BY

LYNN C. BARNETT

Lynn Barnett & Associates
Real Estate Appraisers – California and Nevada
218 Elks Point Road, Suite 202
P. O. Box 10208
Zephyr Cove, Nevada 89448
775-588-4325
lynn@lynnbarnett.com

December 10, 2007

Mr. Phil Scoles, PWS
Soil Conservation/SEZ Program Manager
Tahoe Regional Planning Agency
P.O. Box 5310
128 Market Street
Stateline, Nevada 89449

RE: An Updated Appraisal of the Market Value of Land Coverage in the Lake Tahoe Basin

Dear Mr. Scoles:

This is an Updated Appraisal addressing the Market Value of Land Coverage in the Lake Tahoe Basin as of December 1, 2007. This Updated Appraisal is being prepared to assist the Tahoe Regional Planning Agency (TRPA) in determining the excess land coverage mitigation cost factor for use during the calendar year 2008, as outlined in the Tahoe Regional Planning Agency's *Code of Ordinances, Chapter 20, Section 20.5*.

Between 2001 and 2005, a Complete Summary Appraisal and Updated Appraisals addressing the Market Value of Land Coverage in the Lake Tahoe Basin were prepared for representatives of TRPA by Johnson-Perkins & Associates. This appraiser co-authored the Johnson-Perkins & Associates appraisals. In 2006, this appraiser prepared an Updated Appraisal addressing the Market Value of Land Coverage in the Lake Tahoe Basin which was transmitted to you by a letter of transmittal dated December 20, 2006. This Updated Appraisal can only be used in conjunction with the previous Complete Summary Appraisal and the Updated Appraisals itemized in this paragraph.

The intended users of this Updated Appraisal are representatives of the Tahoe Regional Planning Agency. The date of valuation of this updated report is December 1, 2007. This report was completed on December 10, 2007. This Updated Appraisal complies with the *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

The scope of this Updated Appraisal included conducting extensive interviews with land planners, Realtors, developers, representatives of various government agencies, and private parties who are familiar with TRPA Ordinances pertaining to land coverage. These interviews focused on sales of land coverage, land coverage offered for sale, the perceived demand for land coverage and the supply of land coverage available in the various hydrologic areas in the Lake Tahoe Basin. In addition, the class of land coverage sold or offered for sale was investigated. Finally, Market Value conclusions were established for land coverage in each Hydrologic Area in the Lake Tahoe Basin.

Those interviewed include Ms. Elyse Randles, Land Agent with the Nevada Division of State Lands; Mr. Harmon Zuckerman of the Douglas County land coverage bank; Mr. Gerry Willmott of the California Tahoe Conservancy; Mr. Randy Lane, a local developer; Mr. Vince Scott, a developer in Incline Village/Crystal Bay; Mr. Joe Pomroy with Incline Village General Improvement District; a land planner with K.B. Foster Engineering; Mr. Gary Midkiff of Midkiff & Associates, a local land planner; Mr. Jason Schoonover of Deb Howard & Co.; Mr. Dave Shelton of Shelton & Associates Engineering; Mr. Bob Hedley, a local Realtor and developer; Mr. Wyatt Ogilvy of Ogilvy Consulting; Mr. Gary Furumoto of Sagan Design; Ms. Peggy Eichhorn of Coldwell Banker, McKinney & Associates, a local Realtor; Mr. Phil Gilanfarr, a local architect; Mr. Robert McIntyre, a local developer; Mr. Jack Erdstrom with the Placer County Planning Department; Mr. Darryl Harris of RCI Engineering; Ms. Eva Krause with the Washoe County Planning Department; a representative of the North Tahoe Public Utility District; Ms. Debbie Jacobsen, a local Realtor; Mr. Kevin Agan, a local land planner; and Mr. Walter Gadowski, a local Realtor.

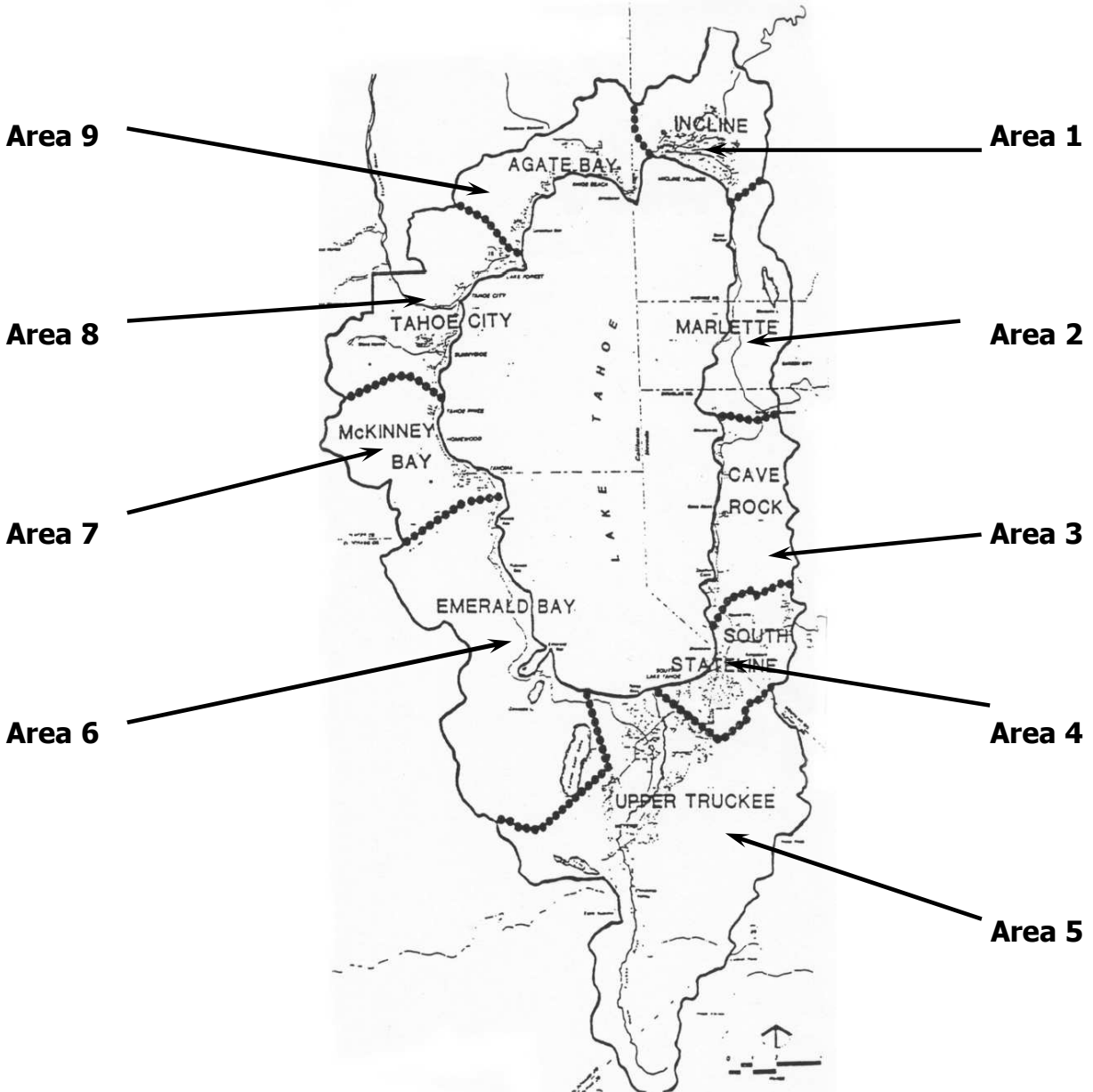
Since 1987, TRPA has required that a mitigation fee be paid for installing land coverage in excess of that allowed on a property. The fee was \$5.00 per square foot in 1987 and was raised to \$6.50 per square foot in California and \$12.00 per square foot in Nevada in 2001. The fees remained constant in 2002, 2003, 2004 and 2005. For 2006 and 2007, TRPA raised the mitigation fees. The 2007 mitigation fees are summarized below:

Hydrologic Area 1 – Incline	\$20.00 per sq. ft.
Hydrologic Area 2 – Marlette	\$12.00 per sq. ft.
Hydrologic Area 3 – Cave Rock	\$25.00 per sq. ft.
Hydrologic Area 4 – South Stateline, Nevada	\$15.00 per sq. ft.
Hydrologic Area 4 – South Stateline, California	\$ 8.50 per sq. ft.
Hydrologic Area 5 – Upper Truckee	\$ 8.50 per sq. ft.
Hydrologic Area 6 – Emerald Bay	\$ 8.50 per sq. ft.
Hydrologic Area 7 – McKinney Bay	\$ 8.50 per sq. ft.
Hydrologic Area 8 – Tahoe City	\$ 8.50 per sq. ft.
Hydrologic Area 9 – Agate Bay, California	\$ 8.50 per sq. ft.
Hydrologic Area 9 – Agate Bay, Nevada	\$18.00 per sq. ft.

This Updated Appraisal sets forth the Market Value of land coverage in each hydrologic area of the Lake Tahoe Basin, as of December 1, 2007, to allow TRPA to reconsider the mitigation fee coverage cost factors for 2008. The Market Value conclusions contained in this Updated Appraisal assume that 5,000± square feet of land coverage would be sold in a single transaction.

As can be seen by the chart above, the Tahoe Regional Planning Agency has divided the Lake Tahoe Basin into nine hydrologic areas. Hydrologic Areas 4 and 9, identified as South Stateline and Agate Bay, are located in both the California and Nevada portions of the Lake Tahoe Basin. A map depicting the location of the various hydrologic areas is set forth below.

TAHOE REGIONAL PLANNING AGENCY HYDROLOGIC AREAS



There are land coverage banks operated by the California Tahoe Conservancy, the State of Nevada, the Incline Village General Improvement District, and Douglas County. The Incline Village General Improvement District land bank is administered by the State of Nevada, Division of State Lands. The Douglas County land bank facilitates land coverage transfers, but does not buy or sell land coverage.

There are three classifications of land coverage. "Hard" or Existing land coverage involves land coverage which is physically on the ground. "Potential" land coverage is land coverage which is available to be installed, based upon the IPES system or the Bailey system, but which has not been placed on the ground. "Soft" land coverage involves coverage which is physically on the ground, but which is not a completely impervious surface. An example of soft land coverage is a dirt walkway or driveway which is compacted, but not covered with pavement. There are also different classes of land coverage. Land coverage located in soil capability levels 1, 2 and 3 is classified as "low capability" land coverage. Land coverage located in soil capability levels 4, 5, 6, and 7 is classified as "high capability" land coverage.

Nevada Portion of the Lake Tahoe Basin

There are five Hydrologic Areas in the Nevada portion of the Lake Tahoe Basin. In the following paragraphs, the data compiled by this appraiser through the extensive interviews conducted will be analyzed. The supply and demand for land coverage in each Hydrologic Area will be analyzed. Based upon these analyses, the Market Value of 5,000 square feet of land coverage transferred in a single sale will be established for each Hydrologic Area in Nevada. The reader should note that, all else being equal, smaller amounts of land coverage typically sell for a higher price per square foot.

Information pertaining to the land coverage market in the Nevada portion of the Lake Tahoe Basin was provided to this appraiser by numerous land planners, governmental agencies, developers and Realtors. Based upon these interviews, it appears that the demand for land coverage has cooled in 2007. Those interviewed indicated the cooling of the land coverage market is a result of the decline in the residential market in the Lake Tahoe Basin, along with the uncertain economic climate in the United States due in part to the home mortgage crisis. Developers are reportedly not constructing residences for resale at the same pace as in previous years. As the majority of the demand for land coverage emanates from residential projects, the slowed construction of residential properties has had an impact on the sales of land coverage. The demand has diminished significantly when compared to 2003 and 2004.

There is a large property in Crystal Bay which may require additional land coverage in the future. There is also a proposed large redevelopment project in Crystal Bay. However, this project most likely will have adequate existing land coverage. The Incline Elementary School in Incline Village will require additional land coverage for an expansion project in 2008. This appraiser is unaware of any large projects that might require land coverage in the Marlette, Cave Rock or South Stateline, Nevada, Hydrologic Areas. The demand for land

coverage for commercial projects is steady, although there was little information acquired regarding pending commercial projects in Nevada.

The overall supply of land coverage in the Nevada portion of the Lake Tahoe Basin appears to be adequate. The Incline Village General Improvement District land bank appears to be supplying the majority of the land coverage demands in the Incline Hydrologic Area. The Nevada Division of State Lands also has land coverage for sale in the Incline Hydrologic Area which was acquired from Incline Lakes in 2005. Also, the Nevada Department of Transportation purchased land coverage from Incline Lakes which they reportedly plan to use for their planned erosion control projects. In addition, land coverage associated with the former Ponderosa Ranch property, located in the Incline Hydrologic Area, could come on the market in 2008.

The limited demand for land coverage in the Nevada portion of the South Stateline Hydrologic Area is being supplied by private sources, along with the Nevada Division of State Lands land bank. The Douglas County Land Bank does not sell land coverage, but facilitates transfers of land coverage between private buyers and sellers. This land bank facilitated four transfers in 2007. The supply of available land coverage in the Cave Rock Hydrologic Area continues to be extremely limited, although there are private sources of land coverage being developed in this area. There have been no land coverage transfers the Marlette Hydrologic Area. The demand for land coverage in the Incline Hydrologic Area is being supplied primarily through the Nevada Division of State Lands land bank. The demand for land coverage in the Agate Bay Hydrologic Area appears to be minimal.

The Nevada Division of State Lands land bank sold a total of 20,945 square feet of land coverage in 2007. This compares with 2,281± square feet in 2006, 87± square feet in 2005, 30,707± square feet in 2004, and 20,423 in 2003. The State of Nevada land bank began selling land coverage in 2003. The State of Nevada land bank's cost to purchase and restore land coverage varies widely depending on the Hydrologic Area and class of land coverage involved. The purchase of land coverage from Incline Lakes in December of 2005 reflected sale prices per square foot ranging from \$12.60 to \$27.00 depending on the class of land coverage purchased. The overall cost was \$18.71 per square foot for a total of 172,252 square feet. The most recent purchase of land coverage by the State of Nevada occurred in January of 2006 and involved potential high capability land coverage located in the South Stateline Hydrologic Area. The cost for 45,000± square feet was \$10.00 per square foot. The State of Nevada has not purchased any land coverage since January of 2006. The overall average sale price for all sales to private parties by the State of Nevada land bank between 2003 and 2007 is \$20.16 per square foot.

Each Hydrologic Area in the Nevada portion of the Lake Tahoe Basin will be analyzed separately in the following paragraphs.

South Stateline, Nevada, Hydrologic Area 4

The Nevada portion of the South Stateline Hydrologic Area extends from the California-Nevada state line to the Round Hill area of Douglas County. Information was obtained through interviews conducted with Ms. Elyse Randles of the State of Nevada, Division of State Lands, Mr. Harmon Zuckerman, with the Douglas County land bank, Mr. Randy Lane, a local developer, and Mr. Darryl Harris, a local engineer and land planner.

The data obtained through these interviews indicates that the demand for land coverage in the South Stateline, Nevada Hydrologic Area is limited. Mr. Lane indicated he sold no land coverage in 2007. Mr. Harris indicated he has an interested buyer in the Elks Point Road area. Mr. Zuckerman indicated his agency facilitated a sale of 832 square feet of Class 4 potential land coverage in 2007. The State of Nevada land bank sold no land coverage in 2007 although there is 10,140 square feet of Class 4 existing land coverage and 342 square feet of Class 1b existing land coverage available in the South Stateline Hydrologic Area.

In order to establish the Market Value of land coverage in the Nevada portion of Hydrologic Area 4, consideration is given to the volatility of the land coverage market in the Lake Tahoe Basin. As additional sources of land coverage emerge and demand decreases, the value tends to stabilize. The Nevada Division of State Lands is actively seeking to purchase land coverage for its land bank, and the bank appears to be having stabilizing effect on the land coverage market. On the other hand, when demand increases, or the supply decreases, the land coverage market can shift dramatically.

Overall, it is my opinion that there is insufficient data to warrant any change in the Market Value Conclusions presented in the previous Updated Appraisal. The Market Values, based upon a sale of 5,000 square feet, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$15.00 Per S.F.**
(South Stateline, Nevada - Hydrologic Area 4)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$15.00 Per S.F.**
(South Stateline, Nevada - Hydrologic Area 4)

Cave Rock, Hydrologic Area 3

This Hydrologic Area extends from the Round Hill area north to Glenbrook. The extensive interviews conducted by this appraiser revealed one private party transfer in this Hydrologic Area. Approximately 300 square feet of low capability land coverage was sold for \$50.00 per square foot. In addition, there were two transfers in this Hydrologic Area in 2007 which were facilitated by the Douglas County land bank. The transfers involved 199± square feet of Class 2 land coverage and 1,875± square feet of Class 4 land coverage. The State of Nevada land bank has no land coverage available in this Hydrologic Area.

Overall, there continues to be a limited supply of land coverage in the Cave Rock Hydrologic Area. However, due to the limited sales data acquired, it is my opinion that the Market Value conclusions contained in the previous Updated Appraisal are valid for this Updated Appraisal. The land coverage values for 5,000 square feet of land coverage, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$25.00 Per S.F.**
(Cave Rock - Hydrologic Area 3)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$30.00 Per S.F.**
(Cave Rock - Hydrologic Area 3)

Marlette, Hydrologic Area 2

The Marlette Hydrologic Area extends from the north boundary of Glenbrook to Incline Village. The Nevada Division of State Lands had considered purchasing a parcel of land in this Hydrologic Area which would result in land coverage being purchased. However, the sale did not occur. There were no transfers of land coverage in the Marlette Hydrologic Area in 2007. As this appraiser obtained no information pertaining to sales of land coverage in the Marlette Hydrologic Area, the Market Value conclusion set out in the previous Updated Appraisal is considered to be valid as of December 1, 2007. The Market Value conclusion is summarized below.

MARKET VALUE CONCLUSION – LAND COVERAGE **\$12.00 Per S.F.**
(Marlette - Hydrologic Area 2)

Incline, Hydrologic Area 1

The Incline Hydrologic Area includes all of Incline Village. Based upon the interviews conducted by this appraiser, it appears that the land bank administered by the State of Nevada which includes land coverage sold on behalf of the Incline Village General Improvement District, is meeting the majority of the demand for land coverage in this Hydrologic Area. There appears to be an adequate supply of land coverage in the Incline Hydrologic Area. The State of Nevada land bank has 24,031 of class 6 potential land coverage, 7,427± square feet of Class 4 potential land coverage, 45,892± square feet of Class 1a potential land coverage, 10,000± square feet of Class 1b potential land coverage, 6,000±

square feet of existing Class 6 land coverage, and 17,860± square feet of existing Class 1b land coverage available from its acquisition of land coverage from the Incline Lakes property. In addition, there is 32,575± square feet of Class 4 and Class 6 potential land coverage and 8,398± square feet of Class 1a potential land coverage available from the Incline Village General Improvement District. Reportedly, the Nevada Department of Transportation has purchased land coverage from Incline Lakes. However, NDOT will utilize this land coverage for their planned erosion control projects. Also, land coverage from the former Ponderosa Ranch may come on the market at some future date.

There were three sales of land coverage through the State of Nevada. One sale included 2,049± square feet of Class 6 potential land coverage which sold for \$25.00 per square foot. One sale included 5,390± square feet of Class 4 potential and 9,002± square feet of Class 6 potential land coverage. The sale price was \$15.29 per square foot. There was a sale of 4,108± square feet of Class 1a potential land coverage from the State of Nevada land bank. The sale price was \$33.50 per square foot.

In addition, there were two private party sales of land coverage in the Incline Hydrologic Area in 2007. The first sale involved 7,000± square feet of Class 1a and Class 2 potential land coverage. The sale price was \$22.00 per square foot. The second sale included 11,000± square feet of Class 6 existing land coverage. The sale price was \$22.00 per square foot. Finally, there is a private source of Class 4 and Class 6 existing land coverage. There is 8,000± square feet available for sale. The asking price is \$20.00 per square foot. This compares with the State of Nevada land bank's asking price of \$20.00 per square foot for existing Class 6 land coverage.

In addition, there is demand for additional land coverage from the Incline Elementary School which will require 22,000 to 25,000 square feet of Class 4 and Class 6 potential land coverage. The proposed new post office for Incline Village may also require additional land coverage in the future.

The prices for land coverage sold from the State of Nevada land bank have not changed since 2005. On the other hand, one of the private party sales referenced above indicated a sale price somewhat below the State of Nevada land bank asking prices. However, this sale involved 7,000± square feet of low capability potential land coverage which sold for \$22.00 per square foot. The asking prices for the State of Nevada land bank involve a maximum amount of 5,000 square feet. Additionally, the purchase price for 11,000 square feet of existing Class 6 land coverage, at \$22.00 per square foot, is higher than the State of Nevada land bank asking price for 5,000 square feet, at \$20.00 per square foot. Ms. Randles of the State of Nevada indicated that the public may be unaware of the existing land coverage available through the Nevada State Lands bank. There is an additional private party source of existing land coverage with the asking price at \$20.00 per square foot. The purchase of 14,392± square feet of high capability potential land coverage at \$15.29 per square foot from the State of Nevada land bank is considered to be a low indicator due to the large amount of coverage transferred.

Because of the limited sales data obtained in the Incline Hydrologic Area, and due to the similar sale and asking prices for potential land coverage on the private market and

through the State of Nevada land bank, along with the reduced demand for land coverage in 2007, it is this appraiser's opinion that the Market Value conclusions for potential land coverage in the Incline Hydrologic Area as set forth in the previous Updated Appraisal are valid as of December 1, 2007. On the other hand, the current data indicates the Market Value of existing land coverage is \$20.00 per square foot. The Market Value conclusions for 5,000 square feet of land coverage are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$20.00 Per S.F.**
(Incline - Hydrologic Area 1 – High Capability)

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$30.00 Per S.F.**
(Incline - Hydrologic Area 1 – Low Capability)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$20.00 Per S.F.**
(Incline - Hydrologic Area 1)

Agate Bay, Nevada, Hydrologic Area 9

The Agate Bay, Nevada, Hydrologic Area includes the Crystal Bay area of Nevada. Based upon interviews conducted with Mr. Vince Scott, Mr. Phil Gilanfarr, and Ms. Elyse Randles, there were no sales of land coverage in the Agate Bay, Nevada Hydrologic Area in 2007. Mr. Scott feels there may be some demand for land coverage resulting from a lakefront property in Crystal Bay that may sell. The State of Nevada land bank has 3,500± square feet of Class 1a existing land coverage. The asking price for 5,000 square feet is \$22.00 per square foot. There may be an additional supply of land coverage from a redevelopment project which is in the planning process.

Due to the lack of sales in the Agate Bay, Nevada Hydrologic Area in 2007, it is this appraiser's opinion that no change in the Market Value conclusions set out in the previous Updated Appraisal is warranted. The Market Value conclusions for 5,000 square foot transfers, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$18.00 Per S.F.**
(Agate Bay, Nevada - Hydrologic Area 9)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$22.00 Per S.F.**
(Agate Bay, Nevada - Hydrologic Area 9)

California Portion of the Lake Tahoe Basin

There are six Hydrologic Areas in the California Portion of the Lake Tahoe Basin. In the following paragraphs, the data compiled by this appraiser through the extensive interviews conducted with developers, land planners, Realtors, and government agency representatives will be analyzed. The supply and demand for land coverage in each Hydrologic Area will be analyzed. Based upon these analyses, the Market Value of 5,000 square feet of land coverage transferred in a single sale will be established for each Hydrologic Area in California. The reader should note that, all else being equal, smaller amounts of land coverage typically sell for a higher price per square foot.

Historically, the California Tahoe Conservancy land bank has supplied the vast majority of the land coverage in the California portion of the Lake Tahoe Basin. The advantages of the Conservancy land bank include a reduced amount of time required to transfer land coverage to a project and the convenience of purchasing land coverage from the land bank rather than having to locate land coverage on the open market. However, the Conservancy's inventory of land coverage in some hydrologic areas has been depleted. For this reason, private party sales of land coverage in the California Portion of the Lake Tahoe Basin have become more numerous, although the Conservancy land bank continues to supply the majority of the land coverage needs.

The Conservancy has an extremely small supply of land coverage in the Emerald Bay Hydrologic Area which is reserved for Fallen Leaf Lodge. In addition, the Conservancy land bank has very little low capability land coverage in the South Stateline and the Upper Truckee Hydrologic Areas. The Conservancy's inventory of land coverage in the McKinney Bay Hydrologic Area is limited but is projected to meet the demand for 2008. Private sources of land coverage in these Hydrologic Areas have emerged as the Conservancy supplies have been depleted. The exception is in the Emerald Bay Hydrologic Area. The private market demand in the Emerald Bay Hydrologic Area is not being met at this time. On the other hand, the California Tahoe Conservancy has adequate land coverage in the Tahoe City and Agate Bay Hydrologic Areas to meet demand.

Based upon the interviews conducted, it appears that the market for land coverage has cooled in 2006 and 2007. This is the result of the uncertain economy and the national mortgage crisis. Developers are reportedly not constructing residences for resale at the same pace as in previous years. In 2008, there may be additional residential building activity as a result of the Angora fire. However, the majority of the required land coverage for these residences is existing and the amount of additional land coverage will likely be minimal. Public service projects typically acquire any required land coverage from the California Tahoe Conservancy. The Conservancy has a separate pool of allocated land coverage for public service projects.

The California Tahoe Conservancy produces an annual staff recommendation report that summarizes the activity of the land bank for the previous year. The draft report for 2007 indicates that a total of 43,000 square feet of Existing and Potential land coverage was sold from January to October 2007 from the Conservancy's land coverage bank. This compared with 53,000 in 2006, 80,000 square feet in 2005 and 95,000 square feet in 2004.

The overall average sale price for all sales to private parties by the Conservancy between 1990 and 2007 is \$7.38 per square foot. The average sale price in 2007 was \$10.98 per square foot. The average sale price for 2006 was \$7.05 per square foot. In 2005, the average sale price was \$12.52 per square foot. This is reflective of the high sale prices for low capability land coverage that were attained by the Conservancy in 2005. The cost to obtain and restore land coverage was estimated by the Conservancy at \$6.50 per square foot in 2004. In 2005 and 2006, the cost to obtain and restore land coverage was estimated at \$8.50 per square foot by the California Tahoe Conservancy. The Conservancy predicts no change in the cost to obtain and restore land coverage for 2007.

The annual staff recommendation report by the California Tahoe Conservancy also outlines the anticipated demand for the upcoming year. The supply and anticipated demand in the various hydrologic areas, as projected by the California Tahoe Conservancy for 2007 based upon the draft report is summarized on the following chart.

**CALIFORNIA TAHOE CONSERVANCY LAND COVERAGE
Supply and Demand Forecast
For 2008**

Hydrologic Area	Type of Land Coverage	CTC Inventory	CTC Anticipated Demand for 2008
South Stateline Area 4 (California Portion)	Potential Low Capability	1,700 s.f.	Not addressed
	Potential High Capability	10,769 s.f.	10,000± s.f.
	Existing "Hard"	1,879 s.f.	1,500± s.f.
Upper Truckee Area 5	Potential Low Capability	150 s.f.	Not addressed
	Potential High Capability	25,024 s.f.	25,024± s.f.
	Existing "Hard"	6,850 s.f.	6,850± s.f.
	Soft	6,097 s.f.	6,097± s.f.
Emerald Bay Area 6	Potential	375 s.f.	375± s.f.
	Existing "Hard"	None	None
McKinney Bay Area 7	Potential	8,213 s.f.	8,213± s.f.
	Existing "Hard"	None	None
Tahoe City Area 8	Potential	10,000 s.f.	10,000± s.f.
	Existing "Hard"	None	None
Agate Bay Area 9 (California Portion)	Potential	16,850 s.f.	16,850± s.f.
	Existing "Hard"	None	None

On September 25, 2007, the California Tahoe Conservancy published their prices for land coverage in each Hydrologic Area in California. These land coverage prices are summarized on the following chart. It should be noted that the sale prices per square foot of land coverage do not increase or decrease depending upon the quantity sold. However, the overall average amount of land coverage per sale by the California Tahoe Conservancy is only 650± square feet.

**CALIFORNIA TAHOE CONSERVANCY
Land Coverage Prices
As of September 25, 2007**

Hydrologic Area	Type of Land Coverage	Price Per S.F.
South Stateline Area 4 (California Portion)	Potential Low Capability	\$40.00
	Potential High Capability	\$6.00
	Existing, "Hard"	\$8.50
Upper Truckee Area 5	Potential Low Capability	\$35.00
	Potential High Capability	\$6.00
	Potential (Tahoe Keys)	\$7.00
	Soft (South Y Industrial)	\$6.25
	Existing, "Hard"	\$8.50
Emerald Bay Area 6	Potential Low Capability	None Available
	Potential High Capability	\$10.00
McKinney Bay Area 7	Potential High Capability	\$10.00
Tahoe City Area 8	Potential High Capability	\$10.00
Agate Bay Area 9 (California Portion)	Potential High Capability	\$10.00
	Existing, "Hard"	None Available

The Land Coverage prices as established by the California Tahoe Conservancy as of September 25, 2007 have increased for high capability land coverage and decreased for low capability land coverage. The price per square foot for low capability land coverage in the South Stateline, California, Hydrologic Area was \$35.00 in 2005, and \$47.50 in 2006. For 2007, the price was decreased to \$40.00 per square foot. The price per square foot for low capability land coverage in the Upper Truckee Hydrologic Area in 2005 was \$30.00 and \$43.00 in 2006. The price was decreased to \$35.00 per square foot in 2007. The prices for high capability potential land coverage increased in 2007. The price for high capability potential land coverage was \$5.00 per square foot in the South Stateline and Upper Truckee Hydrologic Areas in 2006 and was increased to \$6.00 per square foot in 2007. The price for potential high capability land coverage in the Tahoe City Hydrologic Area was \$8.00 in 2006 and was increased to \$10.00 in 2007. The price for potential high capability land coverage in the Agate Bay Hydrologic Area was \$7.50 in 2006 and was increased to \$10.00 in 2007.

The Market Value of land coverage in the California portion of the Lake Tahoe Basin, as of December 1, 2007, will be analyzed for each Hydrologic Area in the following paragraphs, assuming 5,000 square feet of land coverage would be transferred in a single transaction.

South Stateline, California, Hydrologic Area 4

The California portion of the South Stateline Hydrologic Area extends from the California-Nevada state line to the vicinity of Al Tahoe Boulevard in the City of South Lake Tahoe. This appraiser obtained information pertaining to the supply and demand and sale prices for land coverage in this Hydrologic Area through interviews with Ms. Peggy Eichhorn, Mr. Bob Hedley, Mr. Robert McIntyre, Mr. Gerry Willmet, Mr. Randy Lane, and Ms. Debbie Jacobsen. Ms. Eichhorn indicated that she has not been involved in any transfers of land coverage in the South Stateline, California Hydrologic Area in 2007. Mr. McIntyre indicated he purchased low capability potential land coverage from Ms. Jacobsen and another party for \$35.00 per square foot. Each sale involved a small amount of land coverage. Ms Jacobsen confirmed a sale of 271± square feet of Class 1b potential land coverage to Mr. McIntyre for \$35.00 per square foot. Mr. Hedley indicated he has not been involved in any transfers in this Hydrologic Area in 2007. Mr. Lane indicated that there may be excess land coverage associated with Project 3. This land coverage is currently not available for sale. Ms. Jacobsen indicated she has potential land coverage for sale for \$35.00 per square foot. Mr. Willmet indicated the Conservancy sold 286± square feet of potential low capability land coverage in October of 2007 for \$40.00 per square foot. The Conservancy has less than 1,800 square feet of low capability potential land coverage available.

No private party transfers of high capability land coverage were found in this Hydrologic Area. The California Tahoe Conservancy has an adequate inventory of high capability potential land coverage and sold a total of 3,789± square feet of potential high capability land coverage in the South Stateline, California, Hydrologic Area in 2007. There were nine transactions. The sale price was \$6.00 per square foot, up from \$5.00 per square foot in 2006. The Conservancy sold 121± square feet of existing "hard" land coverage in 2007. The sale price was \$8.50 per square foot, up from \$6.50 per square foot in 2006.

Because the quantities of low capability potential land coverage sold were much smaller than the 5,000 square feet assumed for this analysis, the \$35.00 per square foot private party sale price is considered to be a high indicator. In addition, the \$40.00 per square foot sale price for low capability land coverage through the Conservancy is considered to be a high indicator. There was only one sale of 286± square feet in 2007. In addition, the California Tahoe Conservancy prices for high capability potential land coverage and existing, "hard" coverage are considered to be high indicators. The Conservancy sold a total of 3,789± square feet of potential high capability land coverage in 2007 and sold only 121± square feet of existing, "hard", coverage. This appraisal assumes a transfer of 5,000 square feet in one sale.

Overall, it is my opinion that the Market Value conclusions for land coverage in the California portion of the South Stateline Hydrologic Area, remain unchanged from the conclusions established in the previous Updated Appraisal. The Market Value conclusions,

assuming 5,000± square feet are sold in a single transaction, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$5.00 Per S.F.**
(South Stateline, California - Hydrologic Area 4 – High Capability)

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$25.00 Per S.F.**
(South Stateline, California - Hydrologic Area 4 – Low Capability)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$6.50 Per S.F.**
(South Stateline, California - Hydrologic Area 4 – High Capability)

Upper Truckee, Hydrologic Area 5

The Upper Truckee Hydrologic Area extends from Al Tahoe Boulevard in the City of South Lake Tahoe to the vicinity of the Camp Richardson Resort and includes all of Meyers. Based upon interviews conducted with Mr. Jason Schoonover, Mr. Bob Hedley, Ms. Peggy Eichhorn, Mr. Walter Gadomski, and Mr. Gerry Willmet, there were five private party transfers of low capability potential land coverage in this Hydrologic Area in 2007. This compares with 5 private party sales in 2006 and 15 private party sales in 2005. The sale price in each case was \$30.00 per square foot. Mr. Hedley indicated that he purchased 4,000± square feet of Class 1b potential land coverage for \$30.00 per square foot from Ms. Shirley Taylor of the Celio Ranch in 2006, and feels he could acquire low capability potential land coverage for \$27.00 to \$28.00 per square foot currently. Mr. Walter Gadomski is the listing agent for Ms. Taylor's low capability land coverage. He indicated there were five transfers in 2007, all at \$30.00 per square foot. The quantities of land coverage transferred per sale range from 500± square feet to 1,800± square feet. Additionally, Mr. Gadomski indicated there is at least 7,088 square feet available for sale from Ms. Taylor. Mr. Schoonover indicated he has not sold any low capability potential land coverage in 2007. His asking price is \$41.00 per square foot. Ms. Peggy Eichhorn indicated that she had low capability coverage listed for sale at \$31.00 per square foot.

Mr. Gerry Willmet of the California Tahoe Conservancy indicated that the Conservancy has a minimal amount of low capability potential land coverage in the Upper Truckee Hydrologic Area. There may be additional low capability potential land coverage available in 2008 or 2009. In addition, Mr. Willmet indicated that the asking price was reduced in 2007 to \$35.00 per square foot. The price was \$43.00 per square foot in 2006. The Conservancy sold 1,095± square feet of potential low capability land coverage in 2007. There were three transfers. The sale price was \$35.00 per square foot.

The Conservancy sold 9,085± square feet of potential high capability land coverage in 2007. There were 25 transfers. The sale price was \$6.00 per square foot. Mr. Gadomski sold 1,500± square feet of high capability potential land coverage for \$4.00 per square foot.

The Conservancy sold 3,535± square feet of existing, "hard", land coverage in one transaction in 2007. The sale price was \$8.50 per square foot. There is also one pending sale of existing land coverage totaling 8,164± square feet. The sale price is \$6.50 per square

foot. The Conservancy also sold 24,000± square feet of soft land coverage in 2007. There was one transfer. The sale price was \$5.75 per square foot. There is one pending sale of 10,882± square feet of soft land coverage by the Conservancy. The sale price is \$5.75 per square foot.

Overall, the \$30.00 to \$41.00 per square foot sale and asking prices for potential low capability land coverage are considered to be reasonably good to high indicators of Market Value as of December 1, 2007. The private party sales of low capability land coverage in 2007 indicate sale prices at \$30.00 per square foot. The California Tahoe Conservancy sold 1,095± square feet of potential low capability land coverage in 2007 for \$35.00 per square foot.

The sale prices for potential high capability land coverage at \$6.00 per square foot by the Conservancy, along with the one private party sale at \$4.00 per square foot, are considered to be reasonably good to slightly low indicators. The sale prices for existing "hard" land coverage were \$6.50 and \$8.50 per square foot. The \$6.50 per square foot sale price reflects a purchase of 8,164± square feet and is considered to be a somewhat low indicator for the 5,000 square feet assumed for this analysis.

The Conservancy sold 24,000± square feet of soft land coverage and has a pending sale of 10,882± square feet at \$5.75 per square foot. Due to the large amounts of land coverage involved, the \$5.75 per square foot sale price is considered to be a somewhat low indicator. The published price for soft land coverage by the California Tahoe Conservancy is \$6.25 per square foot.

Based upon an analysis of the available data, it is my opinion that the Market Value of land coverage in the Upper Truckee Hydrologic Area, based upon transfers of 5,000 square feet of land coverage, as of December 1, 2007, are as summarized below.

<u>MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE</u> (Upper Truckee - Hydrologic Area 5 – High Capability)	<u>\$6.00 Per S.F.</u>
<u>MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE</u> (Upper Truckee - Hydrologic Area 5 – High Capability, Tahoe Keys)	<u>\$7.00 Per S.F.</u>
<u>MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE</u> (Upper Truckee - Hydrologic Area 5 – Low Capability)	<u>\$30.00 Per S.F.</u>
<u>MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE</u> (Upper Truckee - Hydrologic Area 5 – High Capability)	<u>\$8.50 Per S.F.</u>
<u>MARKET VALUE CONCLUSION – SOFT LAND COVERAGE</u> (Upper Truckee - Hydrologic Area 5)	<u>\$6.25 Per S.F.</u>

Emerald Bay, Hydrologic Area 6

The Emerald Bay Hydrologic Area extends from the Camp Richardson area north to Sugar Pine Point, a short distance south of Tahoma. This appraiser obtained information pertaining to sales of land coverage, as well as the supply and demand for land coverage in the Emerald Bay Hydrologic Area through interviews with Mr. Wyatt Ogilvy of Ogilvy Consulting, Mr. Gary Furumoto of Sagan Design, Mr. Kevin Agan of Agan Consulting, Mr. Jason Schoonover of Deb Howard & Co., and Mr. Gerry Willmetts of the California Tahoe Conservancy. All of the parties indicated that there is demand for land coverage in the Emerald Bay Hydrologic Area which is not being met. There is one pending private party sale of 240± square feet of potential low capability land coverage for \$40.00 per square foot. There were 12 private party sales of low capability potential land coverage in the Emerald Bay Hydrologic Area in 2005. The sales included 43± square feet to 3,382± square feet of land coverage. The sale prices ranged from \$25.00 to \$50.00 per square foot. The \$50.00 per square foot sale involved the smallest amount of land coverage transferred, at 43± square feet. The majority of the sales indicated sale prices ranging from \$38.00 to \$43.00 per square foot.

Mr. Schoonover indicated he has parties interested in purchasing a total of approximately 20,000 square feet of land coverage in the Emerald Bay Hydrologic Area. Mr. Ogilvy also has clients interested in potential low capability land coverage in the Emerald Bay Hydrologic Area. The typical asking prices are \$100.00 per square foot. The interested parties are not willing to pay the asking price.

In addition, there is a private party sale of 480± square feet of high capability land coverage for \$10.00 per square foot. There were no private party sales of high capability potential land coverage, or existing land coverage in the Emerald Bay Hydrologic Area in 2005 or 2006.

Mr. Gerry Willmetts indicated that the Conservancy has no land coverage available in the Emerald Bay Hydrologic Area. There are several potential sources of land coverage in this Hydrologic Area. Some of these sources reflect the asking prices at \$100.00 per square foot. One of the sources is not marketing coverage at this time. One of the sources has approximately 11,000 square feet of high capability potential land coverage and 3,000± square feet of low capability potential land coverage.

The California Tahoe Conservancy's asking price in 2006 for low capability potential land coverage in the Emerald Bay Hydrologic Area was \$13.00 per square foot, and for high capability potential land coverage, the Conservancy's asking price was \$8.00 per square foot. Beginning in September of 2006, the Conservancy has no inventory of land coverage in this Hydrologic Area.

The one sale of low capability potential land coverage in this Hydrologic Area in 2007, at \$40.00 per square foot involved only 240± square feet. This is considered to be a high indicator for the transfer of 5,000± square feet. Also, there was only one sale of 480± square feet of high capability land coverage for \$10.00 per square foot. Again, due to the small amount of land coverage involved in the sale, this is considered to be a high indicator.

Overall, it is my opinion that the very limited data that was obtained for this Updated Appraisal does not warrant any change in the Market Value Conclusions presented in the previous Updated Appraisal. The Market Value conclusions, based upon a sale of 5,000 square feet, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$ 8.00 Per S.F.**
(Emerald Bay - Hydrologic Area 6 – High Capability)

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$30.00 Per S.F.**
(Emerald Bay - Hydrologic Area 6 – Low Capability)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$ 8.00 Per S.F.**
(Emerald Bay - Hydrologic Area 6 – High Capability)

McKinney Bay, Hydrologic Area 7

The McKinney Bay Hydrologic Area extends from the vicinity of Tahoma, north to Blackwood Creek in the Tahoe Pines area of Placer County. A small portion of the McKinney Bay Hydrologic Area is located in El Dorado County where the IPES line has been lowered. The majority of this Hydrologic Area is located in Placer County, where the IPES line stands at 726. Based upon interviews conducted by this appraiser with Mr. Wyatt Ogilvy and Mr. Gary Furumoto, there is some demand for land coverage in the McKinney Bay Hydrologic Area. However, private party sources of high capability land coverage were reportedly asking \$35.00 to \$44.00 per square foot and the interested buyers felt the price was too high. This appraiser is not aware of any private party sales of land coverage in the McKinney Bay Hydrologic Area in 2007. The California Tahoe Conservancy had no land coverage available in this Hydrologic Area in 2006. However, the Conservancy allocated and sold 8,787± square feet of potential land coverage in the McKinney Bay Hydrologic Area in 2007. The Conservancy anticipates allocating additional high capability potential land coverage in 2008 and is expected to meet the demand. The Conservancy has no supply of existing land coverage, and there appears to be little demand for existing land coverage in this Hydrologic Area.

The Conservancy's price for high capability potential land coverage in June of 2005 was \$7.25 per square foot. There was no supply in 2006. The price for 2007 was \$7.25 to \$10.00 per square foot and the Conservancy sold 7,731± square feet in 12 transfers. Nine of the sales reflected sale prices of \$7.25 per square foot and three of the transfers reflected sale prices of \$10.00 per square foot.

Based upon careful analysis of the very limited data available, it is my opinion that the Market Value Conclusions established in the previous Updated Appraisal are valid as of the December 1, 2007 date of valuation of this Updated Appraisal.

The Market Value conclusions, assuming 5,000 square feet of coverage would sell at one time, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$ 7.25 Per S.F.**
(McKinney Bay - Hydrologic Area 7 – High Capability)

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$20.00 Per S.F.**
(McKinney Bay - Hydrologic Area 7 – Low Capability)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$ 7.50 Per S.F.**
(McKinney Bay - Hydrologic Area 7 – High Capability)

Tahoe City, Hydrologic Area 8

The Tahoe City Hydrologic Area extends from Blackwood Creek through Tahoe City to Dollar Point. The interviews conducted by this appraiser indicate that the California Tahoe Conservancy continues to supply most or all of the potential land coverage needs in the Tahoe City Hydrologic Area. The Conservancy sold 1,971± square feet of potential land coverage in the Tahoe City Hydrologic Area in 2007. There were six transfers. Three of the transactions reflected sale prices at \$8.00 per square foot and three of the transactions reflected sale prices at \$10.00 per square foot. The price for potential land coverage was increased by the Conservancy in June of 2007 from \$8.00 to \$10.00 per square foot. The Conservancy anticipates allocating approximately 10,000 square feet of potential land coverage in this Hydrologic Area for 2008. It is anticipated that the Conservancy will continue to supply the potential land coverage demand in the Tahoe City Hydrologic Area for 2008. On the other hand, the Conservancy has no existing high capability land coverage available. The demand for existing land coverage in the Tahoe City Hydrologic Area is reportedly minimal. This appraiser found no sales of existing land coverage in this Hydrologic Area for 2006 or 2007.

Based upon the limited data found, it is my opinion that the California Tahoe Conservancy will continue to meet the potential land coverage demands in the Tahoe City Hydrologic Area in the coming year. The demand for existing land coverage is minimal.

Overall, it is this appraiser's opinion that the \$10.00 per square foot price achieved by the California Tahoe Conservancy is representative of Market Value for the potential land coverage in the Tahoe City Hydrologic Area. In the case of existing, "hard", coverage, it is my opinion that there is insufficient data to support any change in the Market Value Conclusion as set out in the previous Updated Appraisal. The Market Value Conclusions, based upon a transfer of 5,000 square feet, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$10.00 Per S.F.**
(Tahoe City - Hydrologic Area 8)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$10.00 Per S.F.**
(Tahoe City - Hydrologic Area 8)

Agate Bay, California, Hydrologic Area 9

The Agate Bay Hydrologic Area is located in both California and Nevada. The California portion of this Hydrologic Area extends from Dollar Point to the California-Nevada state line and includes Carnelian Bay, Agate Bay, and Kings Beach. This Hydrologic Area is located in Placer County where the IPES line has not been lowered. Accordingly, the demand for low capability potential land coverage has not emerged. Based upon the interviews conducted by this appraiser, the land coverage needs in this Hydrologic Area are being met by the California Tahoe Conservancy.

The Conservancy sold 3,997± square feet of potential land coverage in 2007. There were four transactions. Two of the transfers reflected sale prices at \$7.50 per square foot and two of the transactions reflected sale prices at \$10.00 per square foot. The price was increased in June 2007 from \$7.50 to \$10.00 per square foot. The Conservancy anticipates allocating 16,850± square feet of potential land coverage for 2008.

Also in 2005, there was one private party sale of potential high capability land coverage involving 1,344 square feet. The sale price was \$24.00 per square foot. In addition, in 2006, there was one private party transfer of high capability potential land coverage reported by Mr. Phil Gilanfarr. The sale price was \$17.00 per square foot for 3,500± square feet.

The Conservancy has no existing land coverage in the Agate Bay Hydrologic Area and anticipates no demand. In addition, this appraiser found no evidence of demand for existing high capability land coverage in this hydrologic area. However, there were four transfers of existing land coverage in 2005. The sales involved small amounts of land coverage. The sale prices ranged from \$11.00 to \$15.00 per square foot.

Based upon careful analysis of the limited data available, and with consideration given to possible increases in the supply and the possibility that the demand could increase should the IPES line move down, it is my opinion that the California Tahoe Conservancy price for high capability potential land coverage, at \$10.00 per square foot, is reflective of Market Value. With respect to existing land coverage, it is my opinion that there is insufficient data available to warrant any change in the Market Value Conclusion established in the previous Updated Appraisal.

The Market Value Conclusions, based upon a transfer of 5,000 square feet, as of December 1, 2007, are summarized below.

MARKET VALUE CONCLUSION – POTENTIAL LAND COVERAGE **\$10.00 Per S.F.**
(Agate Bay, California - Hydrologic Area 9)

MARKET VALUE CONCLUSION – EXISTING LAND COVERAGE **\$10.00 Per S.F.**
(Agate Bay, California - Hydrologic Area 9)

Updated Valuation Summary – Nevada and California

The Market Value Conclusions established in the previous analyses are summarized on the charts below. The first chart summarizes the Market Value Conclusions for the Hydrologic Areas located in the Nevada portion of the Lake Tahoe Basin. The second chart summarizes the Market Value conclusions for the Hydrologic Areas located in the California portion of the Lake Tahoe Basin.

Nevada Portion of the Lake Tahoe Basin Market Value Conclusions As of December 1, 2007

Hydrologic Area	Type of Land Coverage	Price Per S.F. (Based Upon a Transfer of 5,000± S.F.)
South Stateline Area 4 (Nevada Portion)	Potential	\$15.00
	Existing	\$15.00
Cave Rock Area 3	Potential	\$25.00
	Existing	\$30.00
Marlette Area 2	Potential/Existing	\$12.00
Incline Area 1	Potential High Capability	\$20.00
	Potential Low Capability	\$30.00
	Existing	\$20.00
Agate Bay Area 9 (Nevada Portion)	Potential	\$18.00
	Existing	\$22.00

**California Portion of the Lake Tahoe Basin
Market Value Conclusions
As of December 1, 2007**

Hydrologic Area	Type of Land Coverage	Price Per S.F. (Based Upon a Transfer of 5,000± S.F.)
South Stateline Area 4 (California Portion)	Potential High Capability	\$5.00
	Potential Low Capability	\$25.00
	Existing, "Hard"	\$6.50
Upper Truckee Area 5	Potential High Capability	\$6.00
	Potential (Tahoe Keys)	\$7.00
	Potential Low Capability	\$30.00
	Existing, "Hard"	\$8.50
	Soft (Y Industrial)	\$6.25
Emerald Bay Area 6	Potential High Capability	\$8.00
	Potential Low Capability	\$30.00
	Existing, "Hard"	\$8.00
McKinney Bay Area 7	Potential High Capability	\$7.25
	Potential Low Capability	\$20.00
	Existing, "Hard"	\$7.50
Tahoe City Area 8	Potential	\$10.00
	Existing, "Hard"	\$10.00
Agate Bay Area 9 (California Portion)	Potential	\$10.00
	Existing, "Hard"	\$10.00

In analyzing the Market Value of land coverage in the Lake Tahoe Basin, as of December 1, 2007, consideration has been given to the volatility of the land coverage market in the Lake Tahoe Basin. This land coverage market reflects significant value swings with changes in the supply and demand.

In the State of California, the supply of land coverage available from the California Tahoe Conservancy's land bank is decreasing and prices for some types of land coverage in some hydrologic areas are increasing. In Nevada, the demand for land coverage has increased with the lowering of the IPES line over the past several years. However, the demand has diminished in 2007. The IPES line in the El Dorado County, California portion of the Lake Tahoe Basin was lowered. However, the IPES line in Placer County, California has remained unchanged.

The demand for land coverage in recent years has resulted in increased sale prices. On the other hand, as the sale prices for land coverage increase, the potential for a larger supply also increases as property owners with excess land coverage consider offering their excess land coverage for sale.

Finally, consideration is given to the overall cost to acquire land coverage by the States of Nevada and California. The most recent acquisition of land coverage by the State of Nevada reflected a sale price of \$10.00 per square foot for 45,000 square feet. The overall cost to date is \$16.91 per square foot. In the State of California, the cost to acquire and restore land coverage was \$6.50 per square foot until 2005. The California Tahoe Conservancy reanalyzed the cost in 2005 and reported an increase to \$8.50 per square foot. The State of California estimated the cost at \$8.50 per square foot for 2006 and predicts no change in 2007.

I hope this Updated Appraisal meets your needs. The reader is reminded that this Updated Appraisal can only be used in conjunction with the Complete Summary Appraisal prepared in 2001 the Updated Appraisals conducted in 2002, 2003, 2004, and 2005 by Johnson-Perkins & Associates, and the Update Appraisal prepared by this appraiser in 2006. Kindly contact me with any questions.

Respectfully,

Lynn C. Barnett
Nevada Certified General Appraiser
License #A.0002649-CG
California Certified General Appraiser
License #AG025038

APPRAISER'S CERTIFICATION

This appraiser does hereby certify that, to the best of my knowledge and belief:

- The statements of fact reported in this appraisal report are true and correct.
- The reported analyses, opinions, and conclusions in this appraisal report are limited only by the reported assumptions and limiting conditions stated in this report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this appraisal report and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this appraisal report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this appraisal, or from its use.

No one provided significant real property appraisal assistance to the person signing this certification.

This appraisal report has been made in conformity with, and is subject to, the requirements of the *Code of Professional Ethics* of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation. The Appraisal Institute has the right to review this appraisal report.

Respectfully,

Lynn C. Barnett
Nevada Certified General Appraiser
License #A.0002649-CG
California Certified General Appraiser
License #AG025038

EXCESS LAND COVERAGE MITIGATION PROGRAM AND COST FACTOR HISTORY

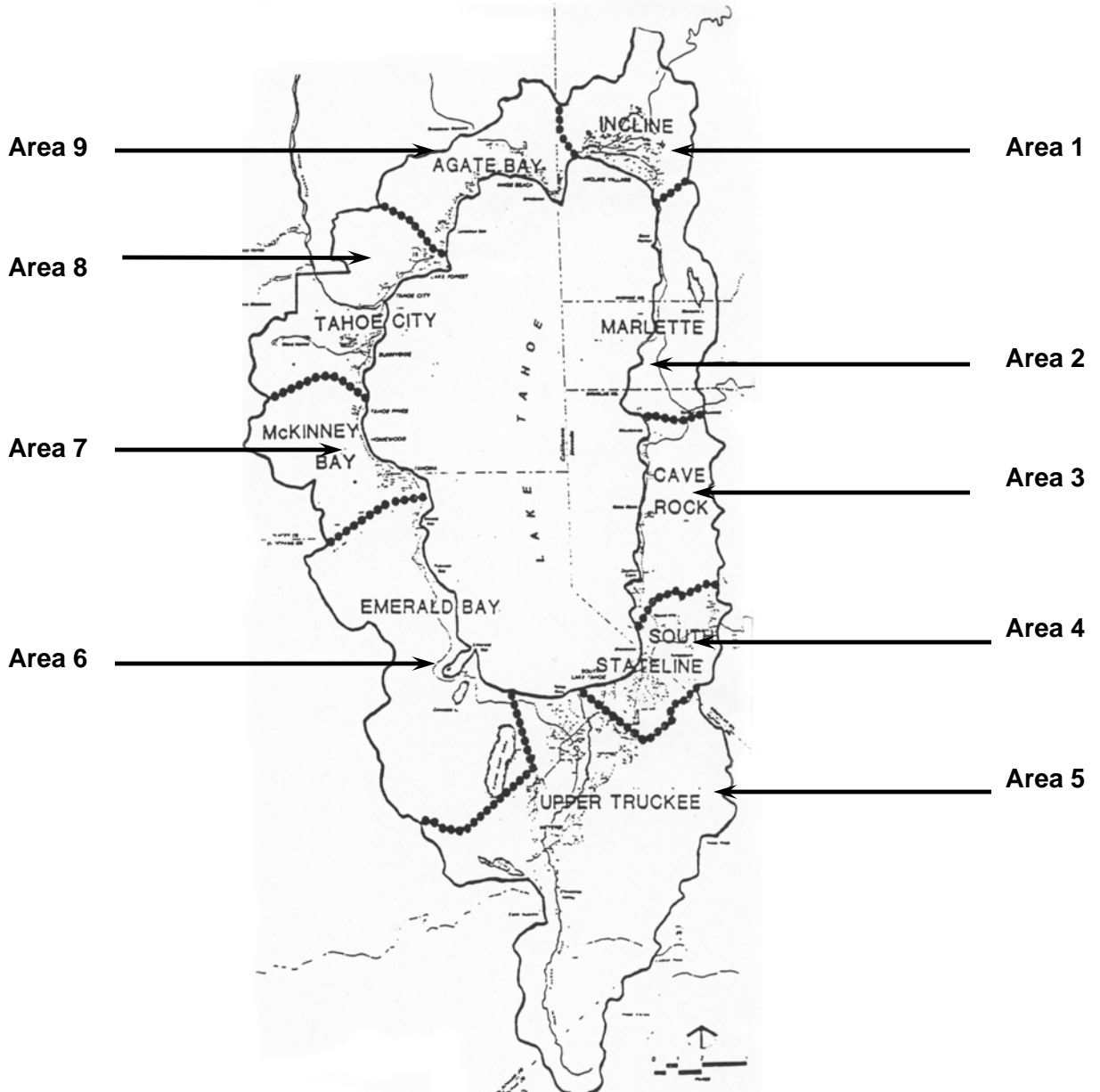
The Excess Land Coverage Mitigation Program (ELCMP) is described in Section 20.5 of the TRPA *Code of Ordinances*. This program applies to projects where the amount of land coverage existing prior to the project in the project area exceeds the base land coverage for that area. Land coverage in excess of the base must be mitigated by the transfer of land coverage or through the Excess Land Coverage Mitigation Program (ELCMP). The options offered by the ELCMP, as stated in Chapter 20.5A(2) of the TRPA *Code of Ordinances*, can include any of the following:

- 1) Reduce coverage onsite;
- 2) Reduce coverage offsite;
- 3) Pay a land coverage mitigation fee to retire coverage through a land bank;
- 4) Increase the coverage through a parcel consolidation or parcel line adjustment; or
- 5) Transfer land coverage within Community Plans where projects retire potential coverage or remove existing coverage.

In April 2001, the TRPA Governing Board approved a revision of Chapter 20.5 of the TRPA Code of Ordinances that raised the Excess Land Coverage Mitigation Program Fee from \$5.00/square foot for the entire Tahoe Basin to \$6.50 per square foot in California and \$12.00 per square foot in Nevada. Also, an amendment adopted by the Governing Board in April 2001 limited TRPA from raising the Excess Land Coverage Mitigation Fee in Nevada above \$12.00 per square foot prior to May 1, 2003. From 2003 to 2006, TRPA also did not propose any rate changes.

In January 2006, the annually TRPA-commissioned analysis of the market value of land coverage in the Lake Tahoe Basin showed significant increases in the market value of land coverage. The values ranged from \$6.50 per square foot for the Upper Truckee hydrologic transfer area to \$25.00 per square foot for the Cave Rock hydrologic transfer area (Figure B-1). This broad range of market values precipitated a re-structuring of the Excess Land Coverage Mitigation Fees from a state-only basis, to a hydrologic transfer area basis. In March 2006, the TRPA Governing Board approved the new fee structure and amounts as follows: \$6.50 per sq. ft. for South Stateline – Area 4 (California Portion) and Upper Truckee – Area 5; \$8.50 per sq. ft. for Emerald Bay – Area 6, McKinney Bay – Area 7, and Tahoe City – Area 8, and Agate Bay – Area 9 (California portion only); \$12.00 per sq. ft. for Marlette -- Area 2; \$15.00 per sq. ft. for South Stateline -- Area 4 (Nevada Portion); \$18.00 per sq. ft. for Agate Bay -- Area 9 (Nevada Portion); \$20.00 per sq. ft. for Incline -- Area 1; and \$25.00 per sq. ft. for Cave Rock – Area 3.

FIGURE B-1. TAHOE REGIONAL PLANNING AGENCY HYDROLOGIC AREAS



Attachment B Discussion (continued)

After the December 2006 appraisal of the market value of land coverage, the rates for the California side of the South Stateline and Upper Truckee River hydrologic transfer areas were increased to \$8.50 per square foot. This was also in part at the request of California Tahoe Conservancy that felt the previous fee was no longer adequate for land acquisition. This minor adjustment was approved by the TRPA Governing Board in January 2007.

LAND COVERAGE COSTS APPRAISAL DISCUSSION

As with previous years, TRPA commissioned an updated analysis of the market value of land coverage in the Lake Tahoe Basin in autumn 2007. On December 12, 2007, Lynn C. Barnett & Associates submitted their draft report entitled "An Updated Analysis of the Market Value of Land Coverage in the Lake Tahoe Basin" that is based on valuation on or before December 01, 2007 (Attachment A). There are several factors that affect the market value of land coverage as reported in the Lynn C. Barnett & Associates appraisal, as follows:

- The valuation analysis assumes that approximately 5,000 square feet would be transferred (although many values are based on transfers of smaller amounts).
- The market values of potential land coverage are generally lower than values of existing (hard) land coverage.
- The market values of land coverage are generally lower for high capability land (Classes IV to VII), while generally higher for low capability land (Classes I to III).
- The market value of existing (Hard) and potential land coverage is highest in the Cave Rock, Incline, Agate Bay, and the Nevada side of the South Stateline hydrologic transfer areas, and lowest in the South Stateline (California side), Marlette, Upper Truckee, McKinney Bay, Emerald Bay and Tahoe City hydrologic transfer areas.

Current Market Value of Land Coverage in California and Nevada. The table on the following page (Table C-1) shows the appraised market values (for approximately 5000 square feet) for California and Nevada portions of the Lake Tahoe Basin, as of December 01, 2007.

Table C-1. California and Nevada Market Values For Lake Tahoe Basin Land Coverage (Approx. 5,000 square feet) as of December 01, 2007.

Hydrologic Transfer Area	Type of Land Coverage	Appraised Price / S.F.
Incline -- Area 1	Potential High Capability	\$20.00
	Potential Low Capability	\$30.00
	Existing	\$20.00
Marlette -- Area 2	Potential/Existing	\$12.00
Cave Rock -- Area 3	Potential	\$25.00
	Existing	\$30.00
South Stateline -- Area 4 (Nevada Portion)	Potential	\$15.00
	Existing	\$15.00
South Stateline -- Area 4 (California Portion)	Potential High Capability	\$5.00
	Potential Low Capability	\$25.00
	Existing, "Hard"	\$6.50
Upper Truckee -- Area 4 (California Portion)	Potential High Capability	\$6.00
	Potential (Tahoe Keys)	\$7.00
	Potential Low Capability	\$30.00
	Existing, "Hard"	\$8.50
	Soft	\$6.25
Emerald Bay -- Area 6	Potential High Capability	\$8.00
	Potential Low Capability	\$30.00
	Existing, "Hard"	\$8.00
McKinney Bay -- Area 7	Potential High Capability	\$7.25
	Potential Low Capability	\$20.00
	Existing, "Hard"	\$7.50
Tahoe City -- Area 8	Potential	\$10.00
	Existing, "Hard"	\$10.00
Agate Bay -- Area 9 (Nevada Portion)	Potential	\$18.00
	Existing	\$22.00
Agate Bay -- Area 9 (California Portion)	Potential	\$10.00
	Existing, "Hard"	\$10.00

The values included in Table C-1 indicate the appraised market value of land coverage on or before December 01, 2007. It is common for California Tahoe Conservancy and Nevada Division of State Lands to purchase coverage in quantities larger than 5,000 square feet. Those large coverage purchases, albeit infrequent, usually have an "economy of scale" that may provide more than a year of coverage supply. Therefore, the next major purchase of coverage (existing or potential) may be in a different hydrologic transfer area and probably for a higher cost per square foot than previously paid in that hydrologic transfer area. This is the typical coverage purchase scenario for NDSL.

The basis for such values in Nevada is closely related to the market value for potential coverage (potential coverage is future allowable coverage that is associated with a

particular parcel; whereas, existing or hard coverage is physically present on a particular parcel). The market value for potential coverage (instead of existing coverage) was selected because NDSL has demonstrated the ability to purchase coverage in large amounts that achieve a lower cost per square foot; thus, the market value of potential coverage should be adequate for the next year's purchases of existing cover (if available). Based on the appraiser's report and conversations with NDSL, the existing Nevada-side fee is representative of market values for coverage.

In contrast to Nevada, land coverage values in California have been long dominated by the price and availability of coverage offered by California Tahoe Conservancy. CTC purchased coverage and lands many years ago, so their current prices are often lower than market values. More recently, the CTC inventory has decreased some, especially for less populated HTAs like McKinney Bay, Emerald Bay and Upper Truckee (low capability land only). Except for Emerald Bay, private sources have begun to emerge where these scarcities occur. As their inventory decreases, CTC acquires coverage at current market values, in both small and large amounts (both potential and existing coverage). Based upon the appraiser's report and conversations with CTC, the existing California-side fee is representative for Emerald Bay, McKinney Bay, Tahoe City and Agate Bay. The current fee of \$8.50 per square is sufficient for land acquisition in all six hydrologic transfer areas. These values are based on the combination of potential and existing coverage market values, plus the available (banked) CTC coverage.

While the existing Excess Land Coverage Mitigation Program does not differentiate the need for high or low capability lands, it is still desirable for CTC and NDSL to purchase low capability coverage, such as steep lands (1A) or Stream Environment Zones (1B). As evident on Table C-1 and in the appraiser's analysis, the market value for low capability coverage is higher in both California and Nevada since it is scarce. For example, potential low capability coverage is offered by Incline Village General Improvement District at \$30.00 per square foot. In the South Stateline and Upper Truckee areas, low capability coverage is appraised at \$25.00 and \$30.00 per square foot, respectively. The lack of significant difference in market values of low capability land (by HTA) seems to reflect that existing restrictions on low capability lands have minimized the need for such inventories within the mitigation banks. Nonetheless, TRPA believes CTC and NDSL should purchase low capability coverage from time to time (for example, when it becomes available).

TAHOE REGIONAL PLANNING AGENCY

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Email: trpa@trpa.org

MEMORANDUM

Date: December 28, 2007

To: TRPA Advisory Planning Commission

From: TRPA Staff

Subject: Recommendation of an Amendment to the South Y Industrial Area Community Plan SEZ Restoration Credit Incentive Program and Policies to Include Alternative Fuels as Credit and Provide for Other Matters Properly Related Thereto.

Requested Action: Staff is requesting that the APC hold a public hearing on the proposed amendment to the South Y Industrial Tract Community Plan to permit commercial uses that engage primarily in sales of alternative fuels to qualify for the plan's SEZ Restoration Credit Incentive Program. See Exhibit A of the adopting Ordinance for proposed language amendments.

Staff Recommendation: Staff recommends that the APC vote to recommend approval of the proposed amendments to the TRPA Governing Board.

Required Motion(s): In order to recommend approval of the proposed community plan amendment, the APC must make the following motion:

- 1) A motion to recommend approval of the required findings and the proposed Ordinance.

In order for the motion to pass, a simple majority vote of the APC is required.

Project Description/Background: TRPA received a request from James F. and Loreen M. Eliot to consider amending the adopted South Y Industrial Tract Community Plan Stream Environment Zone (SEZ) Mitigation Credit Incentive Program to permit retail uses that engaged primarily in sale of alternative fuels to qualify for the incentive program. The incentive program is administered by the City of South Lake Tahoe (the City) and provides offsetting SEZ mitigation credits for uses that locate to the industrial area.

The Community Plan was adopted in March 2003 by the TRPA Governing Board and is located off of Lake Boulevard southwest of the South Y Intersection. The Community Plan area includes all properties South of D Street, between Industrial Avenue and Lake Tahoe Boulevard, including all properties accessed from Shop Street and Industrial Avenue (See Attachment A – Location Map). The area is made up entirely of industrial, commercial, and public service uses. Commercial and industrial uses include storage

yards, warehouse, automobile repair, plumbing, shipping companies, and the region's only asphalt plant. The industrial area is the largest within South Lake Tahoe and is entirely used in that manner.

A fundamental cornerstone of this Community Plan is that this area is a preferred industrial area and is targeted as a priority area for relocating nonconforming industrial uses from elsewhere in the South Lake Tahoe vicinity through creation of incentives. One of the key incentives is the SEZ restoration credit available for use within the community plan area. In 2001 the City implemented an Industrial Tract SEZ Restoration Project which resulted in a bank of restoration credit for use, under certain special conditions, in areas deemed to be man-modified.

Policies in the Land Use Goal #2, Objective #3 limits the use of mitigation credits to existing uses that relocate to the community plan from other areas in El Dorado County. Uses that qualify under the existing special conditions are either nonconforming, are located within SEZs, or are visible from the scenic highway corridor. The intent of the program was to provide an incentive to relocate uses to the community plan area from other areas where it was deemed to be an incompatible use. Since the adoption of the community plan in March 2003, the 5.46 acres of available restoration credit has not been used. A request was made to the City and to TRPA to consider revising the policies to allow the restoration credits to be used for other uses that meet the energy conservation goals of the City and TRPA. The request was made to amend the policies to allow location of commercial uses that primarily provide alternative fuels for sale to also qualify for the restoration credits.

TRPA met with City staff and discussed this issue and reached mutual agreement that the proposed amendment itself is consistent with the overall goals and policies of the adopted Community Plan and was a move in the right direction considering the current transportation policies in place in TRPA's Regional Plan to promote and increase the use of alternative fuel vehicles within the Lake Tahoe Basin. The proposed amendment would result in increased opportunities to develop alternative fueling stations in areas that would be compatible with the existing land use types and an area where the City has located its fleet maintenance facility, CalTrans maintains a corporation yard, and Area Transit Management maintains its bus facility.

Staff is proposing to amend Goal #2, Objective #3, Policy B to include commercial uses that primarily engaged in the sale of alternative fuels to qualify for the restoration credits.

Issues/Concerns:

- The applicant has also requested an amendment to Goal #2, Objective #3, Policy D that provides additional incentives by the City of South Lake Tahoe in the development review process in their application submittal to TRPA. However, Policy D only applies to incentives provided by the City and is not within TRPA's purview or authority to amend and staff recommends that the applicant include this amendment request in their application to the City of South Lake Tahoe.

Regional Plan Compliance: The proposed action complies with all requirements of the Compact, TRPA Goals and Policies, Plan Area Statements, and the Code of Ordinances.

If you have any questions relating to the Community Plan amendment, please contact John Hitchcock at jhitchcock@trpa.org or (775) 589-5220.

Attachments:

Attachment A – Community Plan Location Map

Attachment B – Adopting Ordinance with

Exhibit A – Proposed Language Amendments to the South Y Industrial Tract
Community Plan

Attachment C – Findings

 Community Plan Areas

Lake
Tahoe

Stateline/Ski Run CP

Bijou/Al Tahoe CP

S. Y Commercial
CP (pending)

South Y
Industrial
Tract CP



South Y Industrial Tract Community Plan

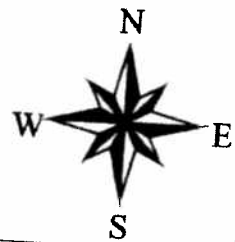
Location Map

Map 1 - 1





 **Community Plan Boundary**



**South Y Industrial Tract Community Plan
Community Plan Area
Map 2 - 1**



TAHOE REGIONAL PLANNING AGENCY
ORDINANCE 2007 – ____

AN ORDINANCE AMENDING ORDINANCE NO. 87-9, AS AMENDED, BY AMENDING THE REGIONAL PLAN OF THE TAHOE REGIONAL PLANNING AGENCY; AMENDING THE SOUTH Y INDUSTRIAL TRACT COMMUNITY PLAN'S SEZ RESTORATION CREDIT INCENTIVE PROGRAM, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

The Governing Board of the Tahoe Regional Planning Agency does ordain as follows:

Section 1.00

Findings

- 1.10 It is necessary and desirable to amend TRPA Ordinance 87-9, as amended, which Ordinance relates to the Regional Plan of the Tahoe Regional Planning Agency (TRPA) by amending the South Y Industrial Tract Community Plan to permit commercial uses primarily engaged in the sale to consumers of alternative fuels to qualify for the plan's SEZ Restoration Credit Incentive Program, in order to further implement the Regional Plan pursuant to Article VI(a) and other applicable provisions of the Tahoe Regional Planning Compact.
- 1.20 These amendments have been determined not to have a significant effect on the environment, and are therefore exempt from the requirements of an environmental impact statement pursuant to Article VII of the Compact.
- 1.30 The Advisory Planning Commission (APC) has conducted a public hearing on the amendments and recommended adoption. The Governing Board has also conducted a noticed public hearing on the amendments. At those hearings, oral testimony and documentary evidence were received and considered.
- 1.40 The Governing Board finds that, prior to the adoption of this ordinance, the Board made the findings required by Chapter 6 of the Code and Article V(g) of the Compact,
- 1.50 The Governing Board finds that the amendments adopted here will continue to implement the Regional Plan, as amended, in a manner that achieves and maintains the adopted environmental threshold carrying capacities as required by Article V(c) of the Compact.
- 1.60 Each of the foregoing findings is supported by substantial evidence in the record.

Section 2.00 Amendment of the South Y Industrial Tract Community Plan

Subsection 6.10 of TRPA Ordinance No, 87-9, as amended, is hereby further amended to amend subparagraph () as follows:

6.10 Plan Documents

() South Y Industrial Tract Community Plan, dated March 2003.

Added () Exhibit A, dated January 2, 2008, which amendments shall be incorporated into the South Y Industrial Tract Community Plan dated March 2003, referred to in this Ordinance

Section 3.00 Interpretation and Severability

The provisions of this Ordinance and the amendments to the South Y Industrial Tract Community Plan adopted hereby shall be liberally construed to affect their purposes. If any section, clause, provision or portion thereof is declared unconstitutional or invalid by a court of competent jurisdiction, the remainder of this Ordinance and the amendments to the South Y Industrial Tract Community Plan shall not be affected thereby. For this purpose, the provisions of this ordinance and the amendments to the South Y Industrial Tract Community Plan are hereby declared respectively severable.

Section 4.00 Effective Date

The provisions of this Ordinance amending the South Y Industrial Tract Community Plan shall be effective 60 days after its adoption.

PASSED AND ADOPTED by the Governing Board of the Tahoe Regional Planning Agency at a regular meeting held January 23, 2008, by the following vote:

Ayes:

Nays:

Abstentions:

Absent

Julie Motamedi, Chair
Tahoe Regional Planning Agency

**PROPOSED LANGUAGE AMENDMENTS TO THE SOUTH Y INDUSTRIAL TRACT
COMMUNITY PLAN DATED MARCH 2003**

Chapter II – Land Use Element, Goal 2, Objective 3 is amended as follows:

Objective 3:

Provide incentives to encourage relocation of commercial/industrial uses that would benefit the community through their relocation to the Industrial Tract.

Policy A: Encourage the relocation to the Industrial Tract of private businesses that meet one of the following indicators of incompatibility with land uses within its El Dorado County vicinity. The following indicators shall be used to determine incompatibility:

1. *The use to be relocated is located on a property that contains at least 50% verified stream environment zone, either functioning or land that could be restored as stream environment zone; or*
2. *The use to be relocated is visible from a scenic highway corridor; or*
3. *The use is a nonconforming use in another Community Plan Area or Plan Area Statement.*

A list of private business within the City of South Lake Tahoe that have been determined eligible for this incentive is found in *Appendix D* of this Community Plan. If requested, the City of South Lake Tahoe would evaluate other businesses proposed for relocation using Community Plan incentives based on the above criteria.

Policy B: Special incentives shall be made available to ~~E~~ncourage ~~(re)~~ location to the Industrial Tract of industrial-type public service uses that are identified in Chapter 6, Public Services Element of this Community Plan or commercial uses that primarily engage in the sale of alternative fuels. The restoration credit incentives found below in GOAL #2, OBJECTIVE 3, POLICY ~~B C~~ shall be ~~are also~~ available ~~to City of South Lake Tahoe public service uses~~ for use as a special incentive in this policy.

Policy C: Special incentives shall be made available to certain relocated uses. The restoration credit incentive shall only apply when the specific circumstances described below are in place. An incompatible land use that is relocated to a parcel within the Community Plan Area that is determined to be man-modified (see Goal 2, Objective 3, Policy A), shall need stream environment zone restoration credit offset. The restoration offset shall be provided to the property owner, by the City of South Lake Tahoe, under the conditions listed below. If the conditions below cannot be met, it shall be the responsibility of the project proponent to provide the necessary SEZ restoration offset. The following criteria shall be met in order for a property to receive the man-modified mitigation offset incentive provided by the City:

1. There shall be an interested property owner within the Industrial Tract. That owner shall team with an existing business within El Dorado County that would be better located in the preferred industrial area; and
2. The use to be located in the Industrial Tract shall be permissible within the Industrial Tract Community Plan; and
3. The existing use to be relocated shall be legally existing; and
4. The existing use to be relocated shall meet one of the criteria below:

A. If the use to be relocated is located on a property that contains at least 50% verified stream environment zone, unless otherwise targeted by a public agency for acquisition, either functioning or land that could be restored as stream environment zone, then, within one year following physical relocation of the industrial use, all applicable permits shall be obtained for the restoration of the stream environment zone portion of the property and its permanent protection from encroachment from development. Should restoration not occur, a lien shall be placed on the property for double the full market value of the CFA or stream environment zone restoration offset, whichever was used; or

B. If the use to be relocated is located within or visible from a scenic highway corridor, then, within one year following the physical relocation of the industrial use, improvements shall be removed and the site restored to natural conditions. Alternatively, the permittee shall demonstrate diligent pursuit (in the opinion of the Planning Division of City of South Lake Tahoe) to place a new use on the site that conforms to all current regulations, including design standards and parking ratios; or

C. If the use is a nonconforming use in another Community Plan Area or Plan Area Statement, then, within one year following the relocation of the industrial use, improvements shall be removed and the site restored to natural conditions. Alternatively, the permittee shall demonstrate diligent pursuit (in the opinion of the Planning Division of the City of South Lake Tahoe) on placing a new use on the site that conforms to all current regulations, including design standards and parking ratios.

None of the following nonconforming elements of the old use shall be considered "grandfathered:" type of use, structure, and access drives, setbacks, parking, or signs. Legally existing land overcoverage may be banked for transfer or used on site as part of updated development plans.

The City of South Lake Tahoe, in cooperation with the California Tahoe Conservancy, has up to **5.46 acres** of potential restoration credit (subject to successful hydrologic conversion to SEZ) to make available under this incentive. This restoration credit is the result of implementation of the Industrial Tract Stream Environment Zone Restoration project that was implemented in fall of 2001.

Policy D: For projects relocating permissible uses under the terms described under Objective 3, the **City of South Lake Tahoe** will expedite the review and approval process. In addition, financial incentives may be offered on a case-by-case basis after

financial impacts to the City are assessed against project benefits to the community in order to reduce the initial cost of project processing and to free up funds to pay for the development of new improvements. NOTE: Project proponents are still required to obtain all other necessary permits, including from TRPA.

The following incentives are offered by the City of South Lake Tahoe only.

Project Facilitator. A city planner will be assigned to projects qualifying for incentives to serve as the applicant's primary contact person. This staff member will serve as liaison with other permitting agencies and will facilitate the review and permitting process; and

Reduced Fees. Eligible projects proposed that would qualify for this incentive would be entitled to request that their project be eligible to receive a 50% reduction in City planning, environmental processing, and building permit fees. In addition, they can request that their business license fees be waived for the first two years in the new location. The request must be made to their project facilitator, who would work with City staff to determine whether fees should be waived after considering the financial impacts to the City against the project's benefits to the community; and

Fee Deferral. A three-year payment schedule for City fees may be agreed upon when requested by a project proponent eligible for incentives. Fees could be deferred subject to recordation of a lien to ensure that all fees would be paid within three years or prior to sale or transfer of the property or business, whichever comes first.

Chapter VI – Conservation Element, Industrial Tract Community Plan Requirement List for Achievement of Targets Matrix Table 1 is amended as follows:

INDUSTRIAL TRACT COMMUNITY PLAN REQUIREMENT LIST FOR ACHIEVEMENT OF TARGETS MATRIX (Symbols are explained in the text following the Matrix) Table 1							
CP Measures	Community Plan Target	Project Review	General Plan Requirement	Threshold Finding	Other Plan Requirement	Code Requirement	EIP
C. Transit Supporting Improvement							
1) Permanent CNG Alternative Fuels Fueling Facility	E			E	RTP		
2) So. Shore transit maintenance facility expansion	R	E					R

Chapter 6 and Environmental Findings

Findings: Prior to amending the South Y Industrial Tract Community Plan, TRPA must make the following findings.

Chapter 6 Findings

1. Finding: The project is consistent with, and will not adversely affect implementation of the Regional Plan, including all applicable Goals and Policies, Plan Area Statements and Maps, the Code of Ordinances, and other TRPA plans and programs.

Rationale: The Regional Plan provides and encourages the development of industrial community plans as a way to concentrate industrial/commercial uses in appropriate areas of the Region. Incentives are created to encourage continual use and expansion, location and relocation while providing for environmental improvements to achieve the thresholds.

The amendment to the policies of the community plan will not adversely affect implementation of the Regional Plan but would encourage the location of appropriate industrial uses to an industrial plan area that has already implemented area-wide drainage treatment. Promoting the use of alternative fuels is consistent with the transportation goal of the Regional Plan to encourage the use of alternative fuels within the Lake Tahoe Basin. In addition the specific use of fuels an ice merchandiser is already a permissible use within the affected community plan. This amendment would only change how restoration credits administered by the City of South Lake Tahoe could be used.

All potential projects that may occur due to this amendment are still subject to the TRPA Goals and Policies, the Code of Ordinances and the adopted South Y Industrial Tract Community Plan. Community Plans may replace the Plan Area Statements for the areas within the community plan boundaries, but will retain certain features of the plan area statements. All standards of the Code shall apply to the community plans, except that the community plan may establish standards that are equal or superior measures to achieve environmental thresholds.

2. Finding: The project will not cause the environmental thresholds to be exceeded.

Rationale: The amendment to the South Y Industrial Tract Community Plan to amend the policies of the SEZ Restoration Credit Incentive Program will not cause the environmental thresholds to be exceeded. As detailed above the specific commercial use is already permitted in the community plan and the community plan

itself has already implemented area-wide drainage treatment within the public right-of-way.

The Regional Plan recognizes that a key part of the community plan is to provide the opportunity and incentive to upgrade and expand the existing uses, while providing environmental benefits and correcting past land use deficiencies. Allowing restoration credits to be used for additional commercial uses that locate within the community plan would provide the incentive to redevelop the industrial area with industrial uses that currently are part of the existing land use patterns and are encouraged in the Community Plan goals and policies. Promotion of alternative fuels will assist the region in attaining environmental threshold by providing options for vehicles to reduce vehicle emissions. The Compact states that "the goal of the transportation planning shall be ..to reduce to the extent feasible air pollution which is caused by motor vehicles," and the Regional Transportation Plan state that "It is the goal of the 2004 RTP to assist in reducing the reliance on imported oil through program that include the use of alternative fuels..". This amendment would further promote and encourage the development of alternatives within the community plan where it is already a permitted use.

3. Finding: Wherever Federal, State, and local air and water quality standards applicable to the Region, whichever are stricter, must be attained and maintained pursuant to Article V(d) of the Compact, the project meets or exceeds such standards.

Rationale: See findings 1 and 2 above.

4. Finding: The Regional Plan and all of its elements, as implemented through the Code of Ordinances, Rules of Procedure and other TRPA plans and programs, as amended, achieves and maintains the Thresholds.

Rationale: See findings 1 and 2 above. Furthermore, all projects that may occur because of this amendment will still be subject to the Code, Goals and Policies, and the appropriate community plan and its guidelines for achieving and maintaining environmental thresholds.

Environmental Documentation: Staff has prepared an Initial Environmental Checklist (IEC) for the proposed amendment. Staff proposes a Finding of No Significant Effect (FONSE) based on the Chapter 6 Findings and substantial evidence in the record.

TAHOE REGIONAL PLANNING AGENCY

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Stateline, Nevada
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(775) 588-4547
Fax (775) 588-4527
Email: trpa@trpa.org

MEMORANDUM

To: TRPA Governing Board

From: TRPA Staff

Date: December 20, 2007

Subject: Recommendation on the Amendment of Map Showing Need for Water Quality Improvements Pursuant to Requirements of Chapter 37, Individual Parcel Evaluation System (IPES)

Requested Action: Staff requests that the Advisory Planning Commission (APC) make recommendation to the Governing Board on the Amendment of Map Showing Need for Water Quality Improvements Pursuant to Requirements of Chapter 37, Individual Parcel Evaluation System (IPES)

Staff Recommendation: Staff recommends that the APC recommend approval of the proposed amendment and make a recommendation to the Governing Board to make the required findings and approve the proposed Code amendment.

Required Motion(s): To recommend approval of the proposed action, the APC should make the following motions, based on this staff summary and the evidence in the record:

- 1) A motion to recommend approval by the Governing Board of the required findings (see Attachment A), including a finding of no significant effect; and
- 2) A motion to recommend approval by the Governing Board of the proposed Ordinance. (see Attachment B).

Project Description/Background: One of the eight elements of a vacant residential parcel's IPES score is predicated on whether off-site water quality treatment improvements are present in the adjacent serving roadway system. When these types of improvements are installed by local jurisdictions, the positively affected parcel's scores can be increased to the maximum award for this category. These projects are a large component of the Environmental Improvement Program (EIP). Consequently, at the October 1987 meeting, the Governing Board adopted the map delineating water quality improvements in vicinity of affected parcels. Preparation of this map was based upon field data collected during the summer of 1987 pursuant to Subsection 37.2.G of the Code of Ordinances. Attachment C explains the scoring system.

During 2007 three (3) EIP projects were inspected and deemed complete. Each project was evaluated and Water Quality Improvement points assigned accordingly. Below is a

list of the completed projects, jurisdiction and the additional points assigned to the present day Water Quality Improvement score.

- (1) Tahoe Pines EIP 218, Placer County – 38 points
- (2) Roundhill Phase III, Douglas County – 38 points
- (3) Appalachee 3a, El Dorado County – 34 points

Issues/Concerns: Findings outlined in Attachment A must be made prior to adopting the proposed amendments.

Regional Plan Compliance: The proposed project complies with all requirements of the TRPA Goals and Policies, Plan Area Statements, and Code of Ordinances, including all required findings in Chapter 37 Individual Parcel Evaluation System (IPES), Section 37.10.A Installation of Water Quality Improvements in Vicinity of Parcels of the TRPA Code of Ordinances

If you have any questions or comments regarding this agenda item, please contact Heather Gustafson at (775) 588-4547, ext. 313.

Attachments:

- Required Findings/Rationale (Attachment A)
- Draft Permit, Ordinance or Resolution (Attachment B)
 - Table G-1 (Exhibit 1)
 - Tahoe Pines ECP, Placer County Project Map (Exhibit 2)
 - Roundhill ECP, Douglas County Project Map (Exhibit 3)
 - Appalachee 3a ECP, El Dorado County Project Map (Exhibit 4)
- Need for Water Quality Improvements Analysis (Attachment C)

Attachment A, Required Findings/Rational

Required Findings: The following findings must be made prior to adopting the proposed amendments:

A. Chapter 6 Findings:

1. Finding: The project is consistent with, and will not adversely affect implementation of the Regional Plan, including all applicable Goals and Policies, Plan Area Statements and maps, the Code, and other TRPA plans and programs.

Rationale: The amendments are consistent with Chapter 37 of the Code of Ordinances. Subsection 37.10.A. anticipated the need for amendments and established the criteria for the related IPES parcel score increases. The project is consistent with the Regional Plan, Goals and Polices, and Code of Ordinances.

2. Finding: That the project will not cause the environmental thresholds to be exceeded.

Rationale: The amendments are consistent with the Regional Plan and will not cause the environmental thresholds to be exceeded. The Code of Ordinances anticipated that the scores would be adjusted when the water quality improvements were realized.

3. Finding: Wherever federal, state and local air and water quality standards applicable for the Region, whichever are strictest, must be attained and maintained pursuant to Article V(d) of the Compact, the project meets or exceeds such standards.

Rationale: See findings 1 and 2 above.

4. Finding: The Regional Plan and all of its elements, as implemented through the Code, Rules and other TRPA plans and programs, as amended, achieves and maintains the thresholds.

Rationale: For the reason set forth in the rationale for finding 1 above, these amendments better implement the Code and Regional Plan as intended and will assist in the achievement and maintenance of the environmental thresholds.

- B. Environmental Documentation:
Staff has completed an Initial Environmental Checklist for the proposed Code of Ordinance amendments. Staff recommends that a Finding of No Significant Effect (FONSE) be made for the Code amendments based on the IEC and Chapter 6 findings and information contained in this staff summary and the agency record.

Attachment B
TAHOE REGIONAL PLANNING AGENCY
DRAFT ORDINANCE NO. 2008-___

AN ORDINANCE AMENDING ORDINANCE NO. 87-9 AS AMENDED, BY AMENDING THE REFERENCE MAP FOR THE INDIVIDUAL PARCEL EVALUATION SYSTEM RELATING TO THE NEED FOR WATER QUALITY IMPROVEMENTS; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

The Governing Board of the Tahoe Regional Planning Agency does ordain as follows:

Section 1.00: Findings

- 1.10 It is necessary and desirable to amend TRPA Ordinance No. 87-9, as amended, by amending the Individual Parcel Evaluation System (IPES) reference map related to the need for water quality improvements, in order to further implement the Regional Plan of the Agency, as amended, pursuant to Article VI(a) and other applicable provisions of the Tahoe Regional Planning Compact, as amended ("Compact").
- 1.20 The Advisory Planning Commission ("APC") conducted a public hearing on January 9th, 2008, and recommended adoption of the new maps and scores. The Governing Board has conducted a noticed public hearing on the amendments. Oral testimony and documentary evidence were received and considered.
- 1.30 The Governing Board has determined that the amendments have no significant environmental effect, and thus are exempt from the requirement of an environmental impact statement pursuant to Article VII of the Compact.
- 1.40 The Governing Board finds that, prior to the adoption of this ordinance, the Board made the findings required by Section 6.5 of the TRPA Code of Ordinances and Article V(g) of the Compact.
- 1.50 The amendments adopted by this ordinance continue to implement the Regional Plan, as amended, in a manner that achieves and maintains the adopted environmental threshold carrying capacities as required by Article V of the Compact.
- 1.60 Each of the foregoing findings is supported by substantial evidence in the record.

Section 2.00: Amendment to the IPES Reference Maps

Subparagraph (1)(a) of Subsection 6.40 of Ordinance No. 87-9, as amended, is hereby further amended by the addition of the underlined language to read as follows:

- 6.40 Reference Maps
 - (1) IPES MAPS: The IPES working maps include:
 - (a) Need for Water Quality Improvements at the scale of 2"= 1 mile (October 1987), as amended by:

- i) Exhibits 1 through 28, inclusive, attached hereto and dated October 1991.
- ii) Exhibits 1 through 13 inclusive, attached hereto and dated May 4, 1994.
- iii) Exhibits 1 through 12, inclusive, attached hereto and dated December 9, 1997.
- iv) Exhibits 1 through 9, inclusive, attached hereto and dated January 1999.
- v) Exhibit 1 attached hereto and dated January 4, 2000.
- vi) Exhibits 1 through 8 inclusive, attached hereto and dated February 15, 2001.
- vii) Exhibits 1 through 6, inclusive, attached hereto and dated January 2002.
- viii) Exhibits 1 through 4, inclusive, attached hereto and dated January 2003.
- ix) Exhibits 1 through 5, inclusive, attached hereto and dated January 2004.
- x) Exhibits 1 and 2, inclusive, attached hereto and dated February 2005.
- xi) Exhibit 1, inclusive, attached hereto and dated February 2006.
- xii) Exhibit 1, inclusive, attached hereto and dated February 2007.
- xiii) Exhibits 1 through 4, inclusive attached hereto and dated January 2008.

Section 3.00: Interpretation and Severability

The provisions of this ordinance and the amendments to the maps adopted hereby shall be liberally construed to affect their purposes. If any section, clause, provision or portion thereof is declared unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance, or the amendments to the maps, shall not be affected thereby. For this purpose, the provisions of this ordinance and the amendments are hereby declared respectively severable.

Section 4.00: Effective Date

Pursuant to Section 12.3, this ordinance shall become effective 60 days after the date of this adoption.

PASSED AND ADOPTED by the Governing Board of the Tahoe Regional Planning Agency at a regular meeting held January 24th, 2007 by the following vote:

Ayes:

Nays:

Abstentions:

Absent:

Chairman
Tahoe Regional Planning Agency

Exhibit 1

Number	Jurisdiction	Water Quality Improvement Project Name	Proposed Water Quality Improvement Points to Add to Present Day Score	Exhibit
1	Placer	Tahoe Pines EIP 218	38	2
2	Douglas	Roundhill Phase III	38	3
3	El Dorado	Appalachee 3a	34	4

Exhibit 2

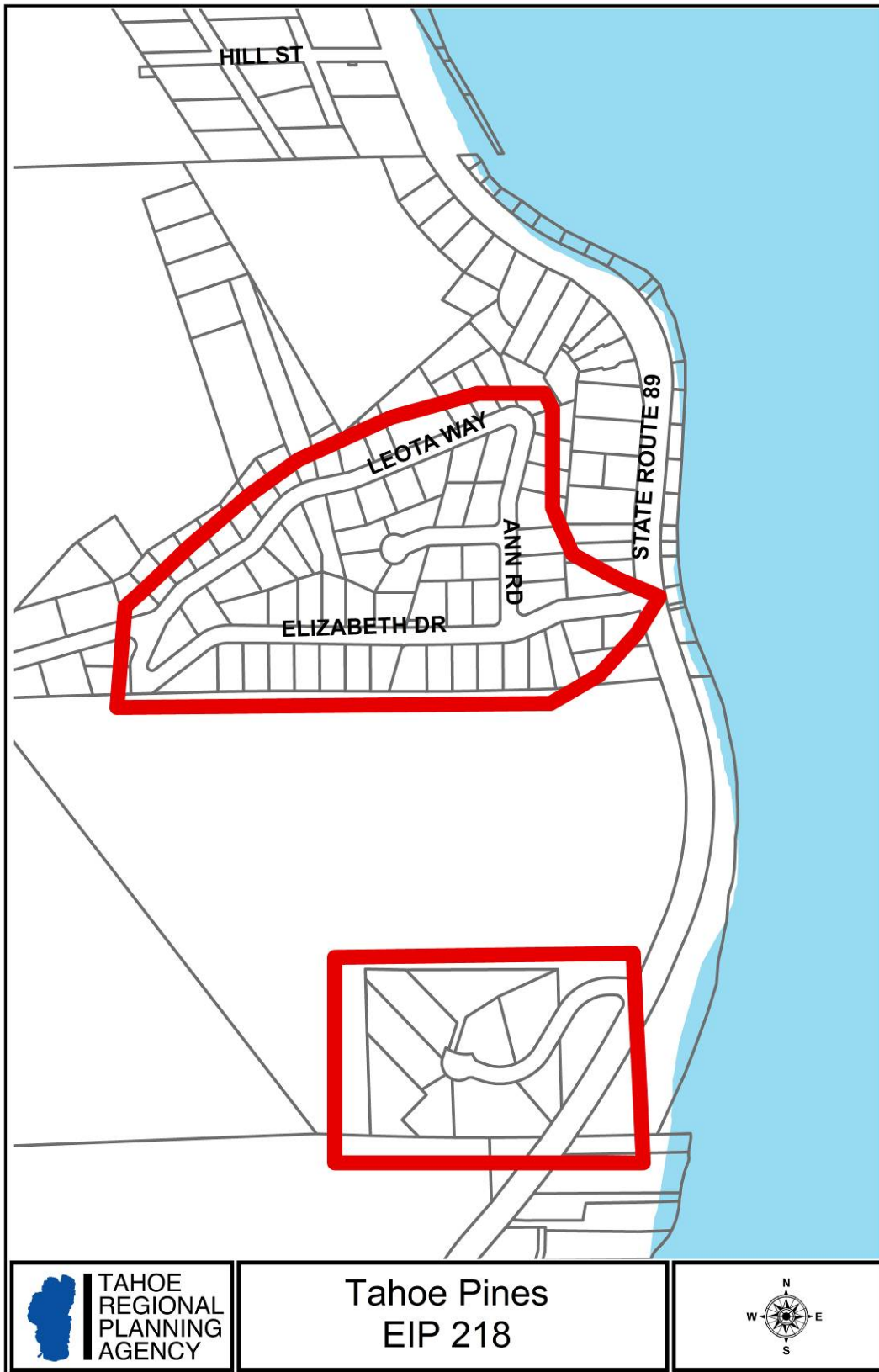


Exhibit 3

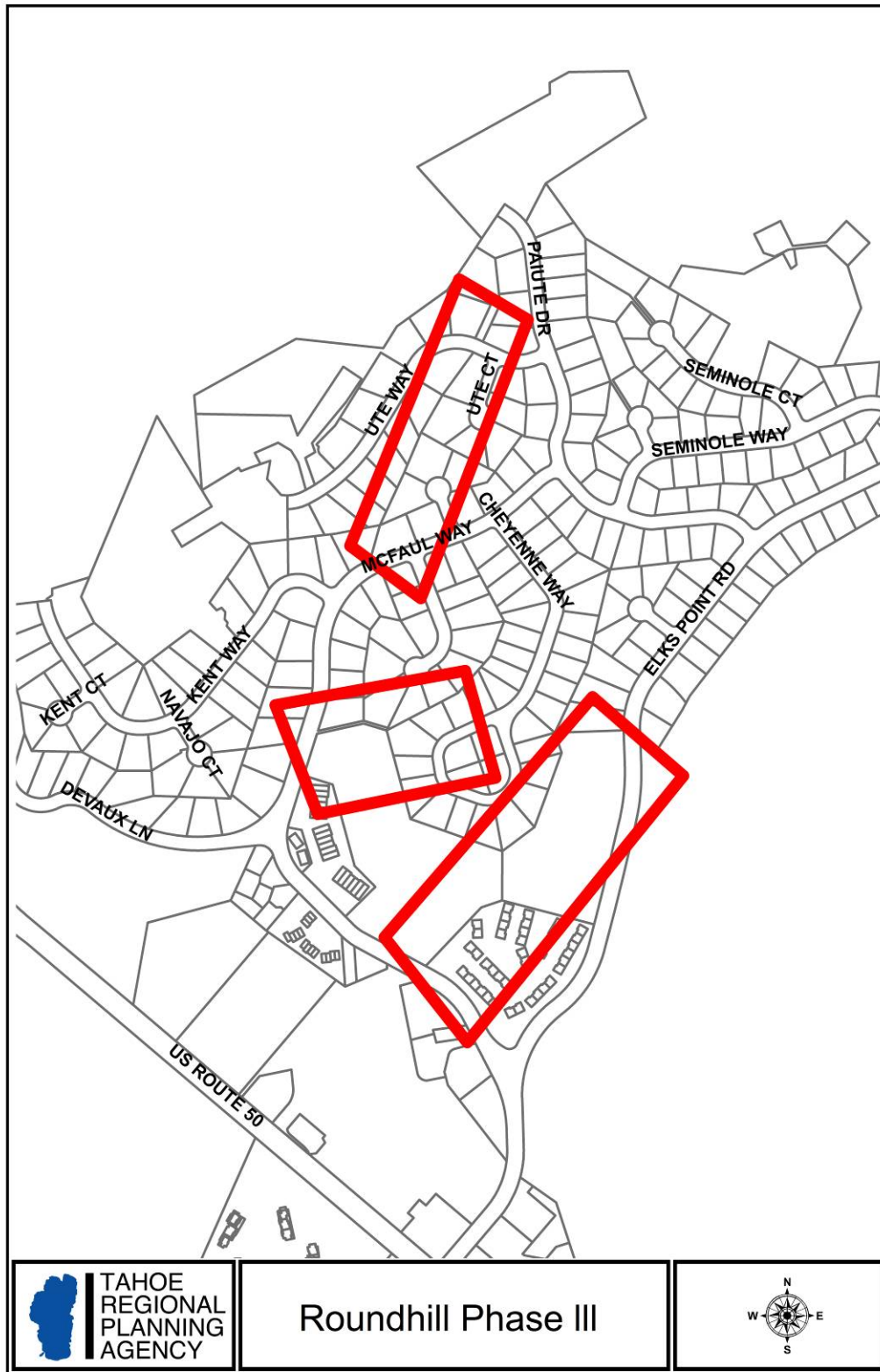


Exhibit 4



Attachment C
Need for Water Quality Improvement Analysis

One of the eight elements of a vacant residential parcel's IPES score is predicated on whether off-site water quality treatment improvements are present in the adjacent serving roadway system. When these types of improvements are installed by local jurisdictions, the positively affected parcel's scores can be increased to the maximum award for this category. These projects are a large component of the Environmental Improvement Program (EIP). Consequently, at the October 1987 meeting, the Governing Board adopted the map delineating water quality improvements in vicinity of affected parcels. Preparation of this map was based upon field data collected during the summer of 1987 pursuant to Subsection 37.2.G of the Code of Ordinances:

37.2.G Need For Water Quality Improvements In Vicinity Of Parcel: The maximum score for this IPES element is 50 points.

- (1) Preparation Of Map: TRPA shall prepare a map identifying areas within which the need for the water quality improvements listed in Table G-1 of the Technical Appendices is the same. The Lake Tahoe Basin Water Quality Management Plan (208 Plan) maps shall be used as a guideline for determining the level of improvements needed. Areas shall be assigned point values in accordance with Table G-1 of the Technical Appendices. The points assigned shall be equal to the mathematical difference between 50 points and the total of the negative points received due to the combination of water quality improvements needed.
- (2) Assigning Scores To Parcels: Each parcel shall receive the score assigned to the area, established under Subparagraph (1), above, in which the parcel is located.

G. Need for Water Quality Improvements in Vicinity of Parcel

Since adoption of this map, numerous water quality improvement projects have been implemented within the Basin. As provided for in the IPES system, a parcel's IPES score may be increased if (37.10.A) "water quality improvements of the type considered in subsection 37.2.G are installed in an area subsequent to TRPA preparing the maps in accordance with subparagraph 37.2.G(1)."

Upon implementation of these projects: "TRPA shall amend the map by increasing the point values identified in Table G-1 for the improvements installed. The scores received by parcels located in areas where point values are increased in this subsection shall be increased to reflect the new point value."

Amendments proposed by staff are intended to:

1. Account for water quality improvement projects implemented since 2006;
and
2. Increase the point scores for those parcels affected by these projects pursuant to 37.10.A. of the Code of Ordinances.

The proposed amendments are based upon field data collected during December of 2007. Point values were assigned according to the scoring criteria in Table G-1. Properties affected by the score increases were restricted to only those parcels immediately within the vicinity of the water quality improvement project.

NEEDED WATER QUALITY IMPROVEMENTS

Needed Improvement	Points Possible	Tahoe Pines	Roundhill III	Appalachee 3a
Revegetation	+6	6	6	6
Rocklined / vegetated ditches	+8	8	8	8
Curb gutter / paved swales	+8	8	8	8
Storm drain pipes	+8	8	8	8
Retaining walls	+4			
Rock slope protection	+4	4	4	
Paved roads	+8			
Sediment basins	+4	4	4	4
Total Points	50	38	38	34