



TAHOE PROSPERITY CENTER



September 2021

BASELINE REPORT FOR THE TAHOE BASIN

LIVING AND WORKING TODAY IN AND AROUND THE BASIN

An initial report for Envision Tahoe: Prosperity Plan 2.0, focused on diversifying the Tahoe Basin economy for recovery and resilience



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MESSAGE FROM THE CO-CHAIRS



Ms. Cindy Gustafson
*County Supervisor
Placer County
Envision Tahoe
Co-Chair*

Tahoe is a spectacular place. More than 15 million visitors travel here every year to experience the lake, world-class ski resorts, hiking and bike trails, and unmatched beauty.

We moved here for the lake and mountain adventures. We stayed here for the incredibly strong and vibrant community. More recently, Tahoe has become a refuge for a COVID-weary public, a new home to those fortunate enough to purchase or rent, and recently a place experiencing greater stress. It is often said that Tahoe is an easy place to love, but a hard place to live. The warning signs have been present for years.



Mr. Chris McNamara
*Founder and
Editor in Chief
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Co-Chair*

Astronomical increases in home prices and low housing stock are forcing firefighters and local sheriff's deputies to live outside the Basin and drive hours to work, impacting public safety. If you are fortunate to have two kids and two working adults, Tahoe's high cost of living will require you to earn nearly \$100,000 per year just to cover housing costs, child care, healthcare, utilities, and basic necessities, according to MIT's living wage calculator for Tahoe. Exacerbating these challenges, our local economy has become over-concentrated in just one industry – tourism – while most other business sectors have stagnated over the past 10 years as nearby communities have picked up jobs and experienced



healthy growth. The hard truth is what economic experts have told us for decades: the Basin needs to diversify its economic base because the current low-wage, service-based tourist industry simply does not offer opportunities for broad-based economic growth and wages sufficient to support a family locally. Today, the conditions have never been more right – or more pressing – for the Tahoe community to come together to take action.

The Tahoe Prosperity Center, the economic and community development organization for the Basin, was recently selected by the U.S. Economic Development Administration to organize a Basin-wide conversation this fall to discuss what it will take to achieve long-term prosperity and economic resiliency here and zero in on an initial set of actionable strategies this spring to diversify our economic base and foster inclusive growth. While tourism will always be an essential, economic mainstay in

Tahoe, it is long since time we come together to work out how we can create a more balanced, full-participation economy that is able to provide opportunities for family-sustaining wages for local residents.

Thankfully, we have a lot we can build upon here. A beloved lake cherished by millions. A history of federal, state, and local partnerships that have led to concrete results. Local residents willing to roll up their sleeves and get involved. And a great new infusion of local talent and money inside and outside the Basin that can make economic diversification real. There has never been a better group of people or time to collaborate on Tahoe's opportunities and challenges. It will take all of us working together, public and private sector, to make it happen. We hope you will join us in this new effort.

Sincerely,

Cindy Gustafson and Chris McNamara



FOREWARD

This Baseline Study compiles facts and evidence from original research conducted by the team at the Tahoe Prosperity Center, Beacon Economics, Applied Development Economics, the Center for Economic Development at California State University, Chico, as well as demographic, economic and business-related data and reports gathered by Integrated Communications Strategies (ICS). These past reports can be found at www.tahoeprosperty.org.

In particular, this Baseline Report builds upon the economic analysis and cluster-focused research conducted by Applied Development Economics in 2010 and updated in 2015 and 2018 for the Tahoe Prosperity Center (TPC). New updates to the original research were generated by TPC and ICS using labor market data, job postings, skills and profile analytics, compensation data, and government information sources derived from EMSI, a U.S.-based market data company. Insights were also generated from the U.S. Census's American Community Survey and from published reports from local and regional business and industry trade groups.

The intent of this report is to provide a baseline of reliable information to decision-makers and the general public to enable the sort of Basin-wide discussion that will lead to joint planning and action to diversify the Basin's economic base. Additional research and in-depth analysis are planned in the coming months based upon areas of opportunity, which will emerge from business leaders and local entrepreneurs, workers, policy makers, long-term residents and second homeowners through the Envision Tahoe community engagement process.

Special note: The economic, social, and environmental impacts of the pandemic upon the people and institutions in the Basin have been strongly felt, but not yet fully reflected in government statistics and data reports at the time this Baseline Report was completed in summer 2021. Data references in this report are for the most current data available to the research team. This data lag will require future investigation, incorporation and analysis as progress is made to diversify Tahoe's jobs and business mix for long-term recovery and resiliency.

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MAJOR FINDINGS

More than half of all workers in the Lake Tahoe do not live in the Basin, leading to longer commute times, rising traffic congestion, and evidence of elevated environmental impacts.

Average home prices have increased 35 percent since 2020, now averaging \$875,000 in the Tahoe area, according to real estate data from August 2021. A person or couple would need a combined annual income of \$130,562 (\$63 per hour, full time) to afford the average priced home, paying \$3,046 per-month in mortgage payments over 30-years, after the required 20 percent down payment of \$175,000.

The number of **year-round residents in the Basin has declined 11 percent** since 2010, down to 53,688, according to U.S. Census figures. The influx of remote workers and increase in home sales accelerated by COVID-19 is not yet reflected in this statistic. However, zip codes covering South Lake Tahoe and Truckee ranked near the top for the highest rates of migration per 1,000 residents during the first year of COVID-19, according to change of address requests filed with the U.S. Postal Service.



The number of Tahoe **residents under the age of 24 steadily declined** since 2010, while those aged 65 and older increased from 13 percent to 20 percent of the population.

The number of **prime working adults aged 25-65 declined** by four percent over the last decade, a workforce reduction of 1,379 in absolute numbers.

Tahoe's economic base has become more concentrated in a few areas since 2010. Three industry clusters (and the businesses that support them) contribute 95 percent of all economic output in the Tahoe Basin: visitor services, environmental innovation, and health and wellness. All three sectors experienced flat or declining job growth and economic output over the past 10 years.

Visitor-related businesses increased from 40 percent to 62 percent of all economic activity in the Basin over the past 10 years, is subject to wide seasonal

swings in employment, and is highly susceptible to disruption.

Construction has seen a steady increase in jobs over the past 10 years. Since 2010, **construction has grown by 57 percent** to more than 4,000 jobs today, or 12 percent of the job base. Like tourism, construction is subject to boom and bust cycles driven by economic swings and available consumer spending.

With the rise of economic, social, and environmental disruptions caused by climate change, pandemics, and rapid economic and technological shifts, **the importance of economic diversification is rising** as a central element in economic development planning at the regional, state, and national level.

The number of **residents with advanced degrees has steadily increased** over the past 10 years, suggesting a knowledgeable and skilled talent pool is available to be tapped in Tahoe to support existing and/or new businesses.



BASIN IN TRANSITION

Living and working around Lake Tahoe

Tahoe Basin at a glance:

- Two states, five counties, one city, 18 communities
- Lake Tahoe is the largest alpine lake in North America; 12 miles wide, 22 miles long, with 72 miles of shoreline
- U.S. Forest Service and state agencies manage 90 percent of total land area
- Largest concentration of alpine ski resorts in North America (14)
- Roughly 15 million people visit the Basin every year



- Dominant industry: visitor-serving tourism, representing >60 percent of all economic activity
- 3,919 private employers, 86 percent of which have 20 employees or less
- Approximately 54,000 year-round residents
- Part-time residents own more than half of all homes in the Basin

Sources: Tahoe Regional Planning Agency (TRPA), Redfin, Lake Tahoe Visitors Authority, TPC

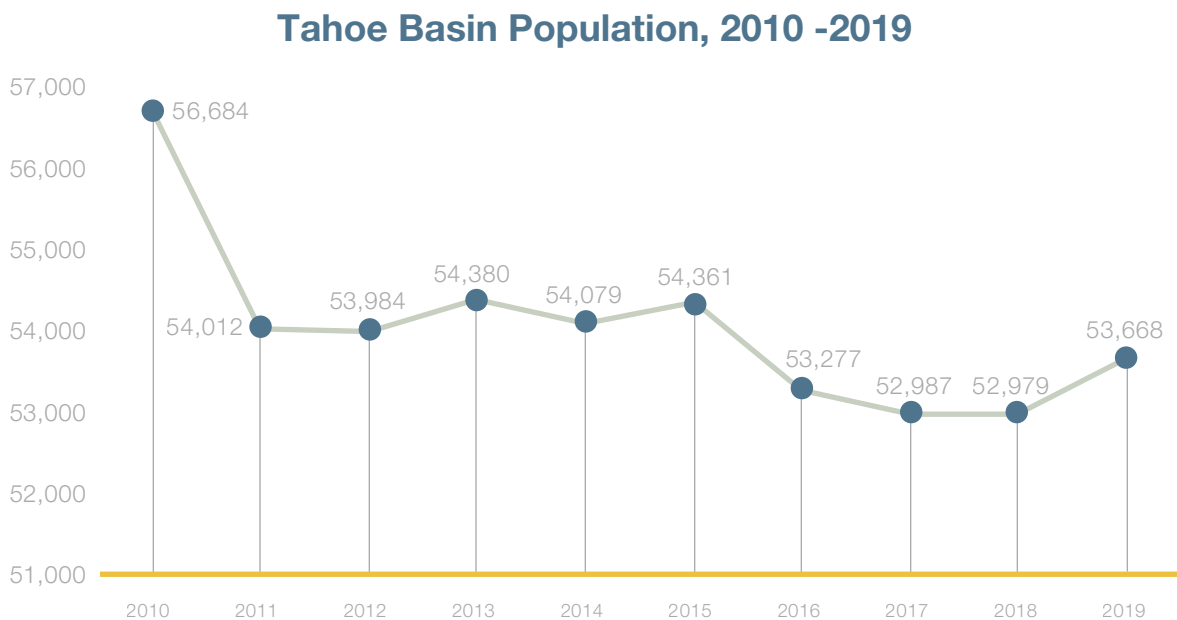
Much like a patient coming in for an annual check-up, the Tahoe Basin is showing us signs that we must act now if this region is to regain some semblance of economic health.

The warning bells have been going off for many years, spotlighted in different research reports commissioned by the Tahoe Prosperity Center since 2010, area universities, local government agencies, as well as local news stories. COVID-19, with its stay-at-home orders and projected \$35 trillion global economic impact,¹ has both exposed and greatly accelerated many of these pre-existing economic conditions.

How has COVID-19 impacted the Basin?

For the past 20 years, reports show an uneven but steady decline in overall population levels in the Tahoe Basin of youth and working age adults, from well over 60,000 at its peak down to 53,688 full-time residents, a loss of 6,627 residents since 2010². Yet today there is new evidence that the rapid growth of remote workers in the past 18 months triggered by COVID-19 may be turning some of these long-term demographic trends around.

Figure 1: 2010 – 2019 Tahoe Population



Source: U.S. Census Bureau / American Community Survey

¹ Quarterly Economic Report; McKinsey and Company, 2021.

² American Community Survey, U.S. Census, 2010 vs. 2019 figures.



Home prices increased 34.6 percent last year, now averaging \$875,000 in the Basin.

According to U.S. Postal Service Change of Address information from Spring 2021, zip codes covering South Lake Tahoe and Truckee ranked near the top for the highest rates of migration per 1,000 residents during the first year of COVID-19.³ Further, real estate companies and their agents active in the Basin are reporting that a majority of people buying homes in the last year were from out of the area. Many who already owned a secondary home in Tahoe made it their primary residence.⁴ In places like Incline Village, which is one of the highest priced areas in Tahoe, existing homeowners tend to be in older age brackets and are now selling their homes to younger generations of people, marking a demographic shift that only happens every 40 to 50 years, according to realtors.⁵

While the average age of a Tahoe Basin resident may be trending younger thanks to an infusion of knowledge-based

workers from Silicon Valley and other parts of the world, the growing gap in wealth in Tahoe is now more apparent. This is especially true when it comes to home prices.

According to the real estate brokerage Redfin, sale prices of homes in the Lake Tahoe market have increased 34.6 percent since last year, now averaging \$875,000.⁶ Put in perspective, a person or couple would need a combined annual income of \$130,562 to afford the averaged priced home, paying \$3,046 per-month in mortgage payments over 30 years, after the required 20 percent down payment of \$175,000.⁷ By contrast, of the roughly 23,000 households in the Tahoe Basin, 78 percent (15,568) made less than \$100,000 annually in 2019. A balanced housing market is considered one where 50 percent of households can afford the median priced home.

³ "Sacramento's suburbs, foothills are growing rapidly in the pandemic. Here are the hot spots." Sacramento Bee, April 27, 2021.

⁴ Source: Sabrina Belleci, broker and owner of ReMax, North Lake Tahoe, 2021.

⁵ Tahoe-Sierra Board of Realtors; Sabrina Belleci, broker and owner of ReMax North Lake Tahoe

⁶ www.redfin.com. August 2021.

⁷ DollarTimes mortgage rate calculator.

Outside



When the Techies Took Over Tahoe

The pandemic also intensified day-trip tourism. Millions of residents from Northern California and Nevada visited the Tahoe Basin over the past 18 months seeking a break from stay-at-home orders. Visitors overwhelmed beaches, roads, trails, and communities. A high profile Outside magazine article entitled “When the Techies Took Over Tahoe” detailed the negative impact of peak tourism.

A 2020 report released by Visit California described the five negative impacts that comes when peak visitation overwhelms the capacity of a local community:

- (1) alienated local residents;
- (2) a degraded visitor experience;
- (3) overloaded infrastructure;
- (4) damage to nature and natural resources; and
- (5) threats to culture and heritage.⁸

The Tahoe Regional Planning Agency, destination marketing organizations, local governments, and citizens are in conversation today about how best to manage this situation which affects Tahoe and other visitor destination locations. The aim is for a type of “sustainable tourism” that better balances the virtues of visitation, including business activity and tax generation, with the negative consequences of overcrowding, environmental harm, traffic congestion, litter, and neighborhood impacts.



Tahoe residents rallying on the side of the road in August 2020 (Tim Parsons, Outside Magazine).

⁸ Destination Stewardship and Sustainable Travel draft report, Visit California, Feb. 2020. Report references peak tourism characteristics as defined by World Travel and Tourism Council.



What does it take to live in Tahoe today?



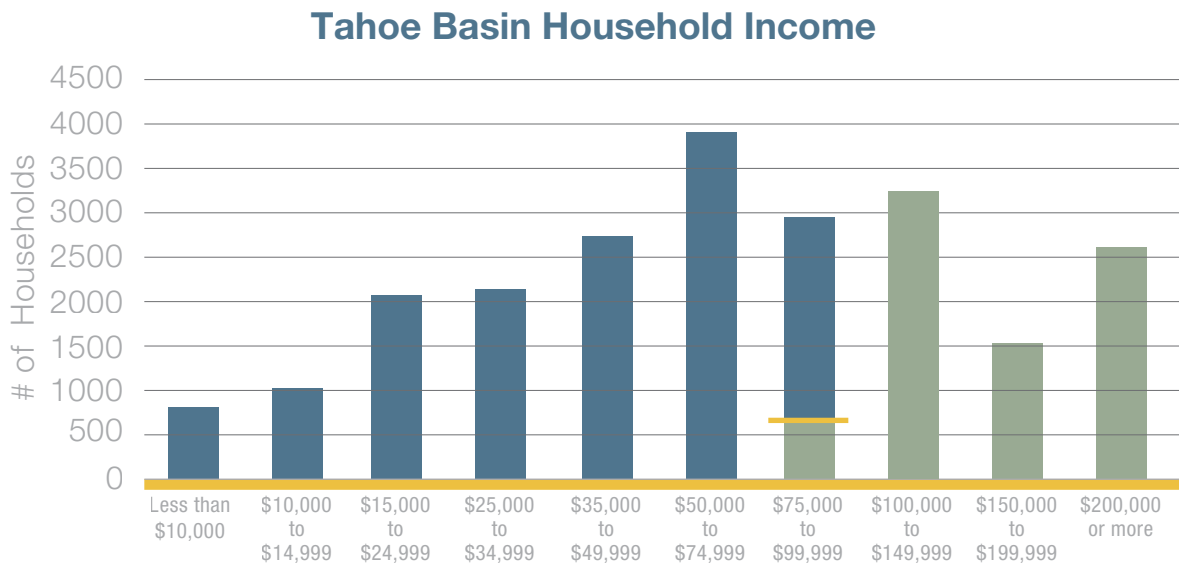
Analyst and policy makers often look at the federal poverty level in order to determine an individual's ability to live within a certain standard of living. However, the federal poverty threshold does not take into consideration costs like childcare, transportation or healthcare that not only draw from one's income, but also are determining factors in one's ability to work. Another shortcoming of the federal poverty calculation is that they do not factor in the geographic variation in the cost of essential household expenses. A living wage calculator incorporates the full cost associated with basic living expenses and takes into account geographic differences in living expenses using market data to inform decision-making by government and the private sector.



To calculate the wage and income necessary to afford a minimum of food, housing, transportation, clothing and basic necessities, medical care, child care, and tax payments in the Tahoe Basin, report authors utilized the Massachusetts Institute of Technology (MIT) Living Wage Calculator. MIT uses geographically specific expenditure data drawn from the U.S. Bureau of Labor Statistics and wage and labor market information NAICS industry codes, updated annually in the first quarter. Reports were run for the five counties comprising the Tahoe Basin: El Dorado and Placer County in California and Washoe, Carson City, and Douglas County in Nevada, and averaged. The result?

A working couple with two children needs to make a combined income of \$92,000 to \$95,000 minimum per year to live in Tahoe and cover housing and common living expenses. Today approximately **35 percent** of basin residents earn or exceed this amount of take-home pay.

Figure 2: Households making over \$93,500 per year



Source: U.S. Census Bureau / American Community Survey

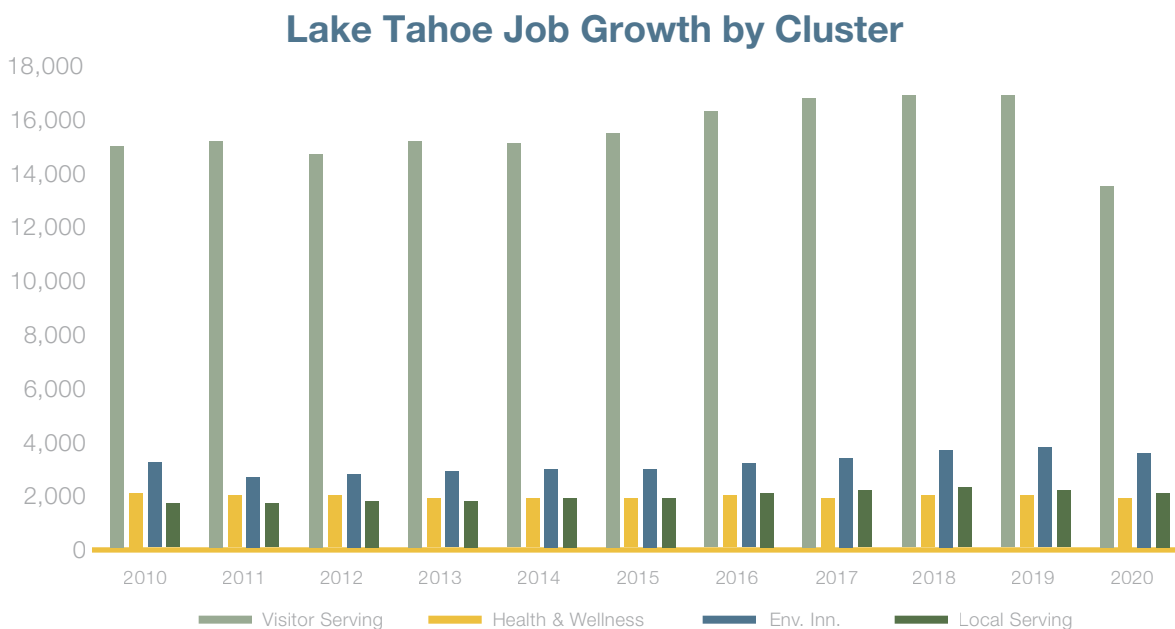
Is Tahoe's economy healthy today?

Comparing Tahoe's economy to what it looked like 10 years ago, the picture is very similar with a few exceptions. Tourism, and its components, recreation, entertainment, arts, accommodation and food services, constitute one of every three jobs in the Basin (35 percent of all jobs) and continues to represent the bulk of the region's \$5 billion economic output per year. While EMSI data shows that employment in this base sector declined by 1,200 positions from 2010 to 2020, there is new evidence that COVID-19 has driven a significant amount of visitor traffic to the Tahoe Basin as health orders lifted, and with it, an increased workforce demand; precisely how much remains unclear.

The high concentration of visitor-serving business activity was highlighted in the Beacon Economics analysis of Tahoe's economic resilience completed in August 2020. Beacon Economics noted that the dominance of tourism in Tahoe "... threatens the overall economic health of the region. This is why it is important to prop up the tourism industry in addition diversifying the entire economy."⁹

While tourism's current and long-term health remains a worry, the Basin's construction sector has seen a steady increase in jobs over the past 10 years, growing by 57 percent since 2010 to more than 4,000 jobs today, or 12 percent of the job base.

Figure 3: Job Growth by Cluster



⁹ Beacon Economic Forecasting and Resiliency Analysis, August 2020.



Wages for general laborers average \$18-\$19 per hour in construction, yet employment websites like Indeed and Zip Recruiter report that a construction manager in South Lake Tahoe will make an average base salary of \$103,590 – 28 percent higher than the national average.¹⁰ However, like tourism, construction activity is subject to boom and bust

“Discretionary spending fuels tourism-based economies, so these economies are highly susceptible to economic shocks.”

– Beacon Economic Forecasting and Resiliency Analysis, August 2020

cycles driven by economic swings and available consumer spending.

Other economic base sectors in Tahoe like manufacturing, wholesale trade, transportation and warehousing (logistics), and professional, scientific, and technical services, all have experienced employment growth, but each represents a relatively small number of jobs. For example, while manufacturing jobs are prized because they have the greatest multiplier effect of any occupation (\$1.92 for every one dollar spent),¹¹ manufacturing positions are less than one percent of Tahoe’s economic base (311 jobs).

¹⁰ Indeed.com, Aug 2021.

¹¹ Inforum economic analysis for the University of Maryland. 2014.



Base sector jobs import wealth and investment from outside the region – the aim of economic development efforts – non-base job sectors like administrative support, government, education and healthcare generally tend to circulate wealth within a community. Generally, these sectors are less susceptible to recessions and other economic shocks, but are “population sensitive,” meaning that as the population declines (or rises), job growth in these sectors tracks closely behind. In the case of Tahoe, educational service jobs dropped by 47 percent over the past 10 years, government jobs dropped 14 percent, and healthcare and social assistance jobs held steady at 2 percent growth according to 2020 data. This overall contraction in non-base sectors tracks Tahoe’s population decline from 2010, but may turn around due to the population infusion to the Basin triggered by COVID-induced remote work over the past 18 months.



Health and Wellness and Environmental Innovation sectors as economic opportunity areas

In its groundbreaking economic study of the Tahoe Basin in 2010, Applied Development Economics (ADE) defined three industry clusters in the Tahoe Basin that drive 95 percent of all economic activity: Visitor Services, Environmental Innovation, and Health and Wellness. According to ADE, industry clusters are defined as agglomerations of industries that reflect the competitive advantage of the region. They are typically identified as industries that have location quotients (LQ) greater than 1.0, meaning that they are more concentrated in the region than in the state or national economy as a whole. They are also typically traded sectors, meaning that their markets are outside the local region, and their function is to draw income and wealth into the region by

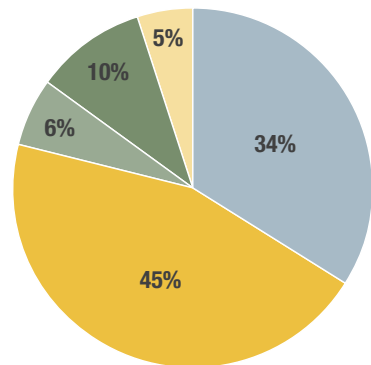
selling products and services to a wider market area. In the case of tourist-serving businesses, they serve this export market function by attracting visitors into the region, where they spend money.

The Environmental Innovation cluster was defined by ADE as collection of business types and institutions that could potentially capitalize on the environmental ethos in the Tahoe Basin and the level of research occurring in the region around water quality, climate change, resource management, energy efficiency and best management practices. Traditional construction-related employers are included in this cluster due to the extensive green building requirements in the Basin. The concept was that this cluster could possibly build a leg of the economic base for the region that would not be dependent on tourism, although the environmental education opportunities may link to the visitor services cluster as well.¹²

The Health and Wellness cluster is mainly conventional health care, but sectors such as miscellaneous health care practitioners, food supplement stores, podiatrists, and other health retail also represent the wellness portion of the cluster, ADE said. The initial thought from an economic development perspective was that this cluster could also intersect with the Visitor Services cluster through health spas, recreation activities and sports medicine.¹³

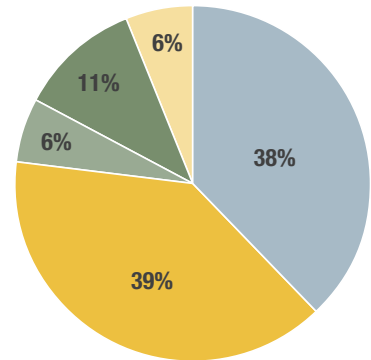
Figure 4: 2010 to 2020 Tahoe Cluster Comparison

2010 Tahoe Basin Employment Clusters



Other Visitor Serving Health & Wellness
Env. Inn. Local Serving

2020 Tahoe Basin Employment Clusters



Other Visitor Serving Health & Wellness
Env. Inn. Local Serving

Source: EMSI Data

¹² Update of Tahoe Cluster Analysis, ADE Memo, Sept. 29, 2017.

¹³ Ibid.

A fresh look at Tahoe’s economic clusters from 2010 to 2020 reveals a loss of over 1,300 jobs in the visitor services sector during this period, as noted above, with the long recovery from the previous recession, drought conditions, and the pandemic taking a heavy toll. There are signs that COVID-19 dramatically drew increased visitor-based economic activity to the Basin, and with it, changes in employment levels. Updated data from the COVID-19 period will be necessary to understand the short-term and long-term impacts of the pandemic.

The health and wellness sector experienced flat growth despite an average growth rate of 18 percent experienced in other metros in the U.S. based upon an aging population and increased government investment, suggesting that employment growth in this sector is happening in nearby markets like Reno and Sacramento, and telemedicine is improving healthcare access and efficiency.

The mostly steady rise in environmental innovation jobs over the last 10 years is largely explained by the steady growth of conventional construction jobs included in this category while technology and innovation related environmental professions remained flat to down.





How diversified is Tahoe's economy?

According to ADE, “this suggests that the Tahoe Basin has experienced very little economic diversification during the past ten years.

Economic diversification is a core concept of economic development in which a city or region creates strategies, makes investments and builds partnerships to broaden its economic base to include many industries and many trading partners and suppliers in order to spread risk and strengthen the prospects for stable, long-term growth. Successful diversification efforts are more important now than ever as data shows the effects of climate change, the frequency of catastrophic wildfire events and other natural disasters, and current and future pandemic events are mounting.¹⁴

An updated ADE analysis of these industry sectors looking at data from 2007 to 2017 found that these three clusters became an even larger segment of the \$5.1 billion regional economy, driving 95 percent of all economic activities, accounting for multiplier effects from business to business transactions and employee spending.¹⁵ According to ADE, “this suggests that the Tahoe Basin has experienced very little economic diversification during the past ten years.”¹⁶ The more recent Beacon Economics analysis in 2020 and current economic data confirms these numbers.

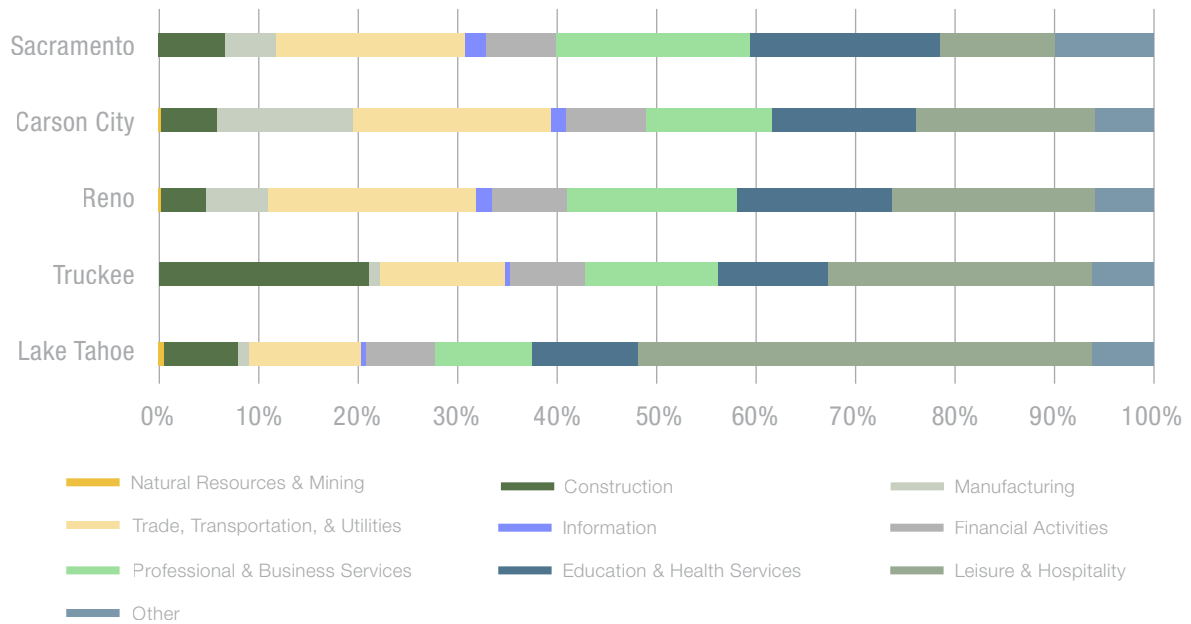
¹⁴ Sources: United Nations AR6 Climate Change Report, 2021. CalFire. World Health Organization.

¹⁵ Update of Tahoe Cluster Analysis, ADE Memo, Sept. 29, 2017.

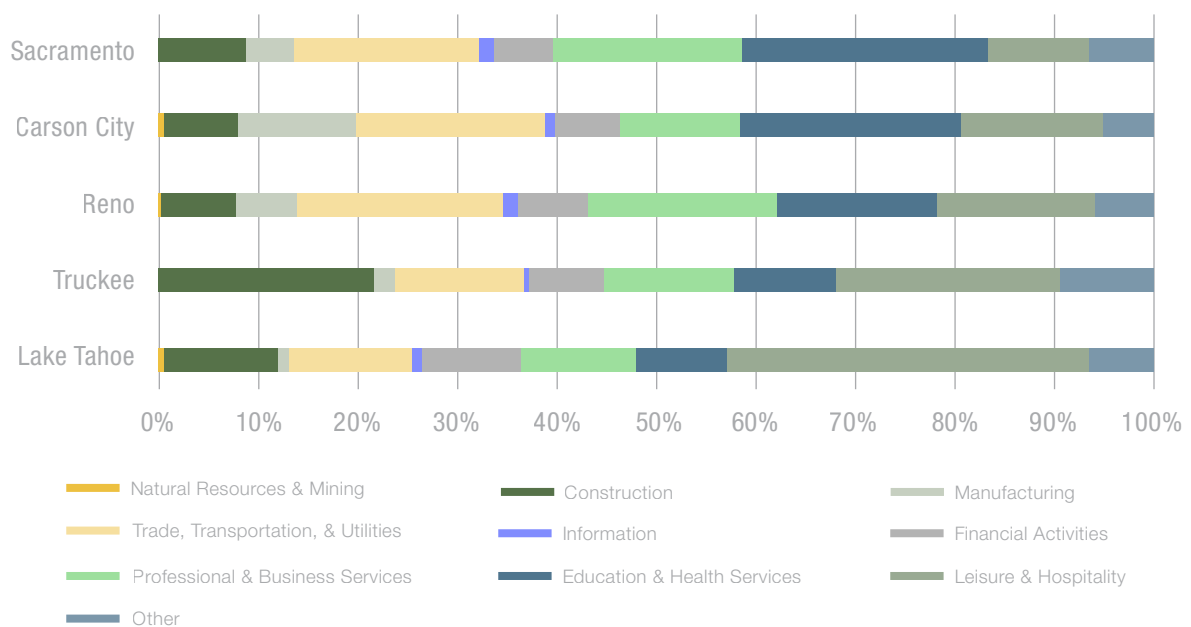
¹⁶ Ibid.

Figure 5: 2010 to 2020 Regional Industry Comparison

2010 Regional Comparison of Job Concentration by Industry



2020 Regional Comparison of Job Concentration by Industry



Source: EMSI Data

The Tahoe Prosperity Center and ICS compared 2010 and 2020 employment data in Tahoe to nearby economic centers to evaluate the degree to which Tahoe and the surrounding areas have grown more diversified or more concentrated in their economic base.

In the case of Tahoe, the charts show that Tahoe’s economy has steadily become more concentrated in the tourism sector and reliant on fewer base industries, while non-base industries have remained flat or contracted. Meanwhile, cities like Reno have followed a multi-year business retention, recruitment, and growth strategy to diversify their economic base from leisure and hospitality to become more balanced with higher concentrations of manufacturing, trade, transportation and

utility firms which generally offer family-sustaining wages. As a result, economic data shows that Reno weathered the COVID-induced global recession with far less job and business loss and community disruption than did its larger cousin to the south, Las Vegas with its dominant tourism-based economy that ranks second in the U.S. in terms of economic output (\$19 billion).¹⁷ Las Vegas unemployment increased by eight percentage points from November 2019 to November 2020 – almost five percentage points more than the nation as a whole, and was among the metros with the highest unemployment rates in the country, due to its high concentration in the leisure and hospitality sector.¹⁸



¹⁷ “Explaining the Impact of COVID-19,” Brookings Institute, Feb. 5, 2021.

¹⁸ Ibid.

MOVING TOWARD GREATER ECONOMIC DIVERSITY: WHAT DOES IT TAKE?



Recreation and tourism will always be a cornerstone of Tahoe’s economy. Tahoe’s breathtaking beauty, ski resorts and hotels, hiking and biking trails, restaurants and shopping experiences continues to make it a world-class visitor destination. Working with TRPA, tourism partners, business groups, government,

and communities to lower the impacts of tourism on communities and the environment, while sustaining healthy returns and employment is seen by many as a key to Tahoe’s sustainable future. Furthermore, because the recreation and tourism sectors are a composite of many different types of employers – from hotels, restaurants, and tour guides to manufacturers and equipment testing firms – some with high wages and large multiplier effects (retaining, developing and supporting businesses on the leading edge of sustainable recreation and tourism) appears to be a key opportunity area for exploration.

Yet because visitor-dominated economies like Tahoe’s are the most vulnerable to economic shock, it will take leadership, new partnerships, investment and coordinated action between the public, private and community sectors to diversify Tahoe’s economic base to make it more resilient to economic, environmental,



and social shocks which are increasing in number. Economic diversification is equally important to residents, offering a wider range of economic opportunities for upward mobility, wage and benefit gains, and improved quality of life. In addition to sustainable tourism, two industry clusters continue to hold promise:

- **Health and wellness:** According to the U.S. Bureau of Labor Statistics, healthcare occupations are expected to grow 15 percent from 2019 to 2029, much faster than the average of all other occupations, with a much higher average salary. A registered nurse in South Lake Tahoe can expect to make \$97,370 per year, with overtime, according to the job hunting site Indeed.com. In the growing domain of “wellness,” a McKinsey and Company study estimates the global wellness market at more than \$1.5 trillion, with annual growth of 5 to 10 percent, with a rise in consumer interest and purchasing power coming out of the COVID-19 crisis. As noted in previous ADE and Beacon Economics studies, there continues to be a significant opportunity for business, government, and community leaders

to intersect aspects of the health and wellness cluster with the visitor services cluster through general sports medicine, specialized care for high performance athletes, health spas, wellness conferences, and related recreational activities.

- **Environmental innovation:**

Occupations related to scientific research, preserving or monitoring natural resources, and the development of “green technologies” pay nearly twice the U.S. average wage, according to the U.S. Bureau of Labor Statistics (BLS). Construction related job growth will outpace the national average for all occupations through 2029, the BLS reports, with steady wage gains due to high market demand. Given the existential challenge presented by our changing climate, global governments, the U.S., and the State of California are leading the way with billions of dollars in investment to make energy systems and power plants, autos and heavy duty trucks, buildings and their support infrastructure less polluting and more ecologically sustainable. This matches well with Tahoe’s long-standing recognition as an environmental jewel and a logical test bed for new public-private partnerships and scalable approaches for environmental restoration and clean up. Tahoe has the natural advantages and history to capitalize on these coming investments and benefit in terms of environmental leadership and sustainable job creation.

¹⁹ Feeling good: The future of the \$1.5 trillion wellness market. McKinsey and Company, April 8, 2021.



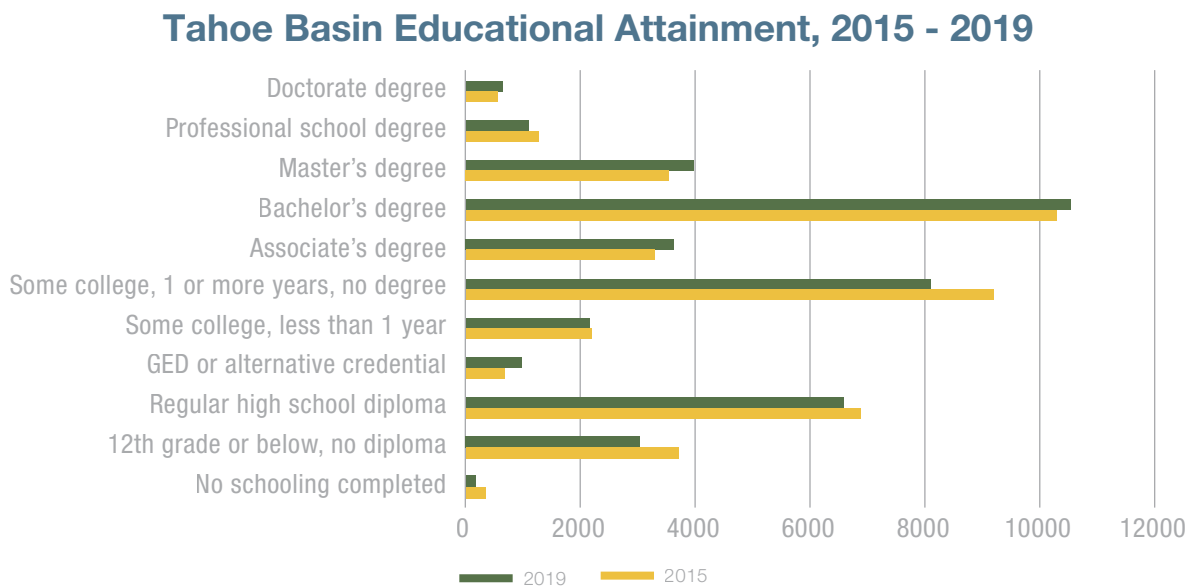
Banking on our talent

Accessing a talented, skilled, and knowledgeable workforce is now considered one of the most important factors in maintaining business operations, building repeat customer relationships, and keeping up with the competition in today's knowledge-based economy. In

this Tahoe has another natural advantage: an increasing proportion of residents with advanced degrees capable of upward job mobility, as well as the ability for employers to access the necessary skills, competencies and experiences to meet existing and new market demands.

The number of residents in the Basin with a master's degree or a doctorate has grown by double digits over the past 5 years. COVID-19 and the rise of remote work has pushed these numbers higher. **This highly skilled talent pool is a key ingredient to diversifying the Basin's economy.**

Figure 6: 2010 to 2020 Regional Industry Comparison



Source: U.S. Census Bureau / American Community Survey



CONCLUSION

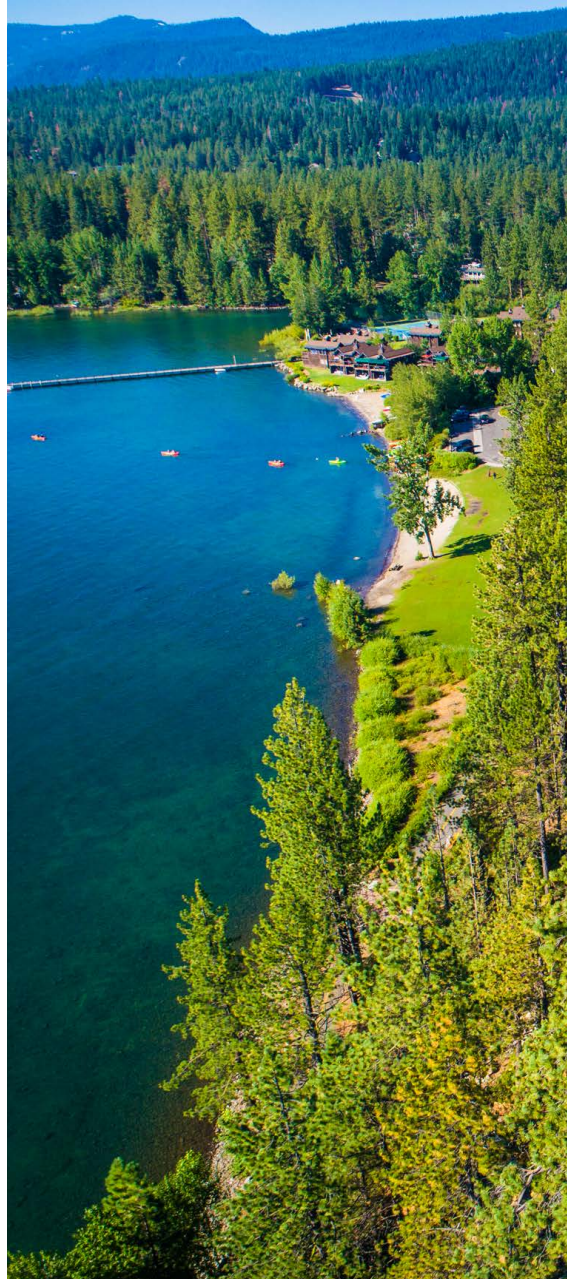
While COVID-19 has provided a recent jolt to Tahoe’s visitor-based economy, the factors influencing the long-term health outlook of the Basin should spark immediate attention and action. Exorbitant home prices, the high cost of living, long-haul commuters, a shortage of workers, and a flat to down economy over the past ten years point to an economy that is not healing itself, nor resilient to disruptive changes that impact visitor-based economies more deeply. Change will require honest and realistic conversations amongst Tahoe’s business, government, environmental groups, and residents, both full time and part time, about what makes

for a balanced and sustainable economic future that is more resilient to disruptive events and weather patterns and capable of supporting families and local residents. A common vision for a more resilient and diversified economic base in Tahoe that is inclusive of all communities and capable of supporting Tahoe’s economic and environmental health, with a linked portfolio of investments to better house, connect, and employ those who call Tahoe home is the Basin-wide conversation that is needed next. Tahoe’s long-term health depends upon it.

Contributors & Sponsors

Envision Tahoe is a program of the **Tahoe Prosperity Center** which serves as the community and economic development agency coordinating regional action across the Basin that better the environment, community, and economy for everyone living and working in Tahoe. To learn more, visit www.tahoeprosperty.org

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ENVISION TAHOE

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