January 25, 2012

California Park and Recreation Commission

Sent 1/25/11 via email to: Louis Nastro, Assistant to the State Park and Recreation Commission

Subject:
Washoe Meadows Community Comments on the Final EIR/EIS and Economic Feasibility Analysis for the Upper Truckee River Restoration and Golf Course Reconfiguration Project

We appreciate the opportunity to comment on the FEIR and the Economic Feasibility Analysis.

Numerous statements by the Department and Commission at the October 21, 2011 Commission meeting that related to economics were incorrect based on inadequacies and errors in the EIR. The attached report addresses some of these issues.

The report was prepared after a review of the Hansford Economic Consulting Report (EIR Vol. III, Appendix E) by a qualified economist, Thomas Wegge, TCW Economics (TCW). The TCW letter report raises several important issues with the Economic Feasibility Analysis including:

- Alternative 2 is not financially feasible when you take into account more recent Lake Tahoe Golf Course (LTGC) golf revenue data and when a more appropriate (less narrowly defined) analytical framework is used. (The latter factor was also recommended by the US EPA in their comment letter on the draft EIR).

- The economic effects that the LTGC has on the South Lake Tahoe economy are overstated because State Parks' calculations are based on a number of unsupportable assumptions including (1) an unsubstantiated and exaggerated proportion of golfers that are out of town visitors who visit the area with the sole intent to play golf at LTGC, and (2) overstated estimates of average spending by golfers per trip.

- Inferences about the feasibility of golf with a reduced course size are based on statistically invalid and biased results from surveys of players of the Lake

Tahoe Golf Course; in fact, reports on trends on golf course design (including recent Wall Street Journal articles, industry reviews and even quotes by Jack Nicklaus) suggest a growing interest in non-standard size courses.

- Because of unresolved funding issues concerning estimated restoration and golf relocation costs, it is likely that the state (taxpayers) would have to subsidize the project through either reduced concessionaire rental charges or as a funding participant. The TCW analysis demonstrates that the concessionaire would not even be able to cover the annual capital expense for relocating designated portions of the golf course under the current rental arrangements, even assuming $10/round green fee surcharges. Potential local or state liability to pay off a construction loan for relocating the golf course is also a concern due to a potential shortfall in golfing revenues.

The detailed TCW letter report is attached. It should be noted that this letter report received peer review by a renowned resource economist at Colorado State University (Dr. John B. Loomis) who has extensive familiarity with development issues in the Lake Tahoe region.

Sincerely,

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on behalf of Washoe Meadows Community

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Attachment: TCW Economics letter report to the Washoe Meadows Community dated January 19, 2012