

Study: Too many rooms, prices too low on South Shore

By Kathryn Reed

STATELINE – The \$35,000 economic study involving the South Shore Vision Plan has been completed, but is not being released to the public.

Carl Ribaudo with Strategic Marketing Group gave a presentation to the Lake Tahoe Visitors Authority board last week, but because he neither provided members nor staff with a written or electronic version of his PowerPoint, it is not a public record, according to the Douglas County District Attorney's Office.

Nancy McDermid, Douglas County's rep on the LTVA board, and Tom Davis, South Lake Tahoe's rep, were surprised after the Sept. 14 meeting to learn it was not public. They are the only two public officials on the board. The rest represent private entities.



Embassy Suites has the highest occupancy on the South Shore and the Marriott properties are among a handful built from the ground up in the last 15 years. Photo/LTN file

However, when Ribaudo makes his presentation to the South Lake

Tahoe City Council in October, it will have to be public – whether he hands anything out or not, per California opening meeting laws, according to city officials.

Ribaudo told *Lake Tahoe News* he did not want to physically release the data to his clients – and by default the public – until all had heard his presentation. This is why *Lake Tahoe News* does not have a full report on the economic study. Douglas County commissioners are expected to hear from Ribaudo in November.

Douglas, South Lake Tahoe and LTVA each contributed \$10,000 to the study, while South Tahoe Association of Resorts put in \$5,000.

Ribaudo told the LTVA board with every town seeming to tout a tourist attraction, Lake Tahoe has more competition than ever before.

Besides tribal gaming taking a hit on casinos throughout Northern Nevada, the introduction about 15 years ago of cheap air service from the Bay Area to Las Vegas has whisked people away.

John Koster, general manager for Harrah's Lake Tahoe and LTVA board member, acknowledged the deals being offered are significant – including what his parent company is putting out there.

Ribaudo noted that the value of the lake itself is missing when it comes to the rate of a hotel room. Lakefront lodging is not doing substantially better than the rest of the South Shore. Embassy Suites is doing best in terms of occupancy and average daily rate.

Non-casino lodging on the South Shore represents 34 percent of the inventory, but where only 20 percent of the visitors are spending the night. This highlights the fact that many of the hotel rooms in South Lake Tahoe are not where tourists want to

stay. Many have become weekly and monthly rentals.

It also points to the problem that the number of hotel rooms far exceeds any anticipated demand. Those rooms also drive down the price of rooms throughout the region.

Part of the problem is anyone who might want to buy the rundown motels are handcuffed by the regulatory process. McDermid, who also sits on the Tahoe Regional Planning Agency board, said the Regional Plan update should give more flexibility to people wanting to repurpose those properties.

Her LTVA colleagues were more skeptical in what might emerge in the Regional Plan that is supposed to be adopted in December. Davis would like to turn tourist accommodation units into commercial floor area. Both are commodities based on how the TRPA does business.

But, as attorney Lew Feldman pointed out, "We also have too much commercial that is unsustainable."

Ribaudo did note the campgrounds in the area are faring quite well.

He shared data from Smith Travel that said South Lake Tahoe has an occupancy rate of 43 percent, with an average daily room rate of \$102. This, Ribaudo said, is well below the regions South Shore is competing with – like Napa and Monterey.

In 2001, at the peak of gaming, hotel occupancy in the area was 50 percent. Ribaudo said the lodging was built to sustain the once \$400 million gaming industry. Now gaming is a \$190 million industry in Stateline.

It was also noted that the South Shore has had few lodging properties built from scratch in the last 15 years and that most hotel chains are getting rid of exterior room entrances. But when hotels are remodeled on the South Shore that isn't

the case.

Ribaudo said based on his research it's not a matter of if things should change, but what should the changes be.

Economic study history

SMG was one of three firms to send in bids to do the report. The others were from Las Vegas and Denver.

Mike Bradford, with Lakeside Inn and Casino, has been leading the South Shore Vision Project for Douglas County, which initiated the idea. Bradford said it was through the county's Economic Vitality Department that a request for proposal was put out to find someone to do the economic study.

Bradford and Mitchell Mize, director of real estate for Edgewood Tahoe, are the two who reviewed the three bids. They picked Ribaudo. (Lynda Ribaudo, Carl's wife, is CFO for Edgewood Companies.)

Ribaudo's study also has specific applications for LTVA – called the Destination Decision Model – that will allow the tourism bureau to use “what if?” scenarios for economic forecasting. The goal is LTVA will be able to track its marketing dollars better and see if there is a return on investment.