

*The Economics of Land Use*



## **Draft Report**

# Market Study for the Bay to Tahoe Basin Recreation and Tourism Travel Impact Study

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# 1. INTRODUCTION AND SUMMARY OF FINDINGS

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## Introduction

Economic & Planning Systems, Inc. (EPS), has been retained by Wood Rodgers to evaluate the market for tourism and visitation in select travel-oriented areas in Amador, El Dorado, Placer, and Nevada Counties. This Market Analysis was prepared to delineate key trends that demonstrate the changing character of tourism in these areas and to assess the prospects for visitation in future years. Overall, the Market Analysis informs creation of the Recreation and Tourism Rural Roadway Impact Study, which is meant to provide a comprehensive understanding of the roadway impacts and transportation demands that visitors create in these heavily traveled tourism areas.

This Market Analysis relies on a review of existing economic, market, and tourism studies pertaining to the geographic areas under consideration, as well as analysis of key performance indicator data, such as: visitor spending, visitation, transient-occupancy tax, sales tax, and other key metrics. In addition, interviews with local government officials, tourism attraction operators, and other stakeholders are summarized to shed light on major trends, programs, or developments that will impact the performance of tourism and visitation in future years.

## Limitations

This report provides an overview of regional or national tourism performance and trends and a focused evaluation of four tourism areas in Northern California. This study is intended to characterize key tourism drivers, highlight trends, and provide an assessment of expected future conditions. Where practical, based on available evidence, EPS has provided high-level estimates regarding the potential change in visitation that are likely to occur.

This report focuses on broader tourism trends, referencing an assortment of cities, counties, and other geographic regions. Because of the heterogeneous geographic areas studied in this report, obtaining comparable data sets for each area analyzed was not possible. Many pertinent data sets are only available on a county or city level or for discrete time periods. Moreover, some of the areas studied in this report have commissioned very comprehensive economic studies, while others have not. For these reasons, the level of detail presented for each geographic area varies based on the availability of data and previous analyses.

## Goals of the Market Study

1. Characterize the market for tourism in selected geographic locations, including identifying and illustrating prominent visitor activities.
2. Identify key visitation trends, and analyze how tourism to these areas is evolving based on changing consumer preferences and other factors.
3. Predict the future prospects for tourism, and estimate the potential increase or decrease in levels of visitation.

## Summary of Findings

- 1. After enduring a period of challenged performance from 2007 to 2009, tourism activity in Northern California is trending upward, and visitor spending in the U.S. is projected to rise by 3 percent per year for the next several years.**

Major drivers of visitation include broad macroeconomic factors such as unemployment, disposable household income, and consumer confidence, as well as a variety of destination-specific factors related to consumer preferences such as recreational opportunities, lodging selections, accessibility, weather conditions, and many other determinants.

- 2. Outdoor recreation is and will continue to be a major driver of visitation in the Bay to Basin Study Area. In addition, key activities such as agri-tourism, wine-tasting, and heritage tourism are emerging as important drivers of visitation and are promising methods to support future tourism growth.**

Other activities such as gaming and skiing have flattened out or declined in recent years. While still seen as promising attractors of visitation, albeit with limited potential for high rates of future growth.

- 3. Amador County is building on its historical attractions and emerging wine-related businesses to grow tourism and visitation to its many historic mining towns and wine regions.**

EPS expects Amador County visitor spending to continue to increase by its average long-term growth rate of approximately 2 to 3 percent per year. Key subareas of the county, such as Sutter Creek, appear to be in a prime position to capture additional growth in visitation and may see tourism increases occur at a faster rate.

- 4. El Dorado County is experiencing healthy growth in visitation by capitalizing on its immediate access to the Sacramento Region and multitude of recreational and leisure pursuits. El Dorado County's strong and ever-strengthening agri-tourism areas (such as Apple Hill) and its wine-related activities, and its aptitude for adventure tourism including white water rafting and other outdoor activities confer great promise for future enhancement in tourism.**

El Dorado County's historical growth in visitor spending has been relatively sluggish, growing at an average annual rate of just 1.4 percent over the past 20 years. However, much of this performance can be specifically attributed to the South Lake Tahoe area. By looking more closely at tourism performance indicators in just the unincorporated area, more favorable performance is evident, including an annual increase in transient-occupancy tax (TOT) revenues of approximately 10 percent in the unincorporated area. EPS expects visitor spending to grow by its current rate of approximately 1 to 2 percent per year countywide, but some popular areas (especially in the unincorporated portion of the county) may grow at substantially faster rates, possibly up to 5 to 10 percent.

- 5. Nevada County is building on its reputation as a hub for a variety of outdoor recreation and is likely to experience slow and steady growth by building on existing assets, and expanding on new or emerging sectors such as the arts and culture.**

Overall, visitor spending in Nevada County has grown at an average annual rate of 2.2 percent per year from 2000 to 2011. Nevada County's TOT collections have shown a similar rate of appreciation, although growth rates have varied significantly among the

various jurisdictions in the county. Most notably, Grass Valley has shown remarkable growth as a tourism destination, with TOT revenues increasing at a rate of approximately 15 percent annually over the past 10 years. Given Nevada County's progress in positioning itself as a visitor destination, EPS expects future levels of visitation to mirror previous levels.

**6. Placer County is a large and diverse geographic area with a variety of tourism offerings, including strength in agri-tourism, historical sightseeing, and outdoor adventure.**

Tourism destinations range from upscale and "urban" destinations in the Sacramento valley, to relaxing and mature "gold country" outposts in the foothills, to a variety of available outdoor experiences in the county's high country and Lake Tahoe basin (described separately below). Given Placer County's continued enhancement in positioning itself as a visitor destination, EPS expects visitation to increase by approximately 3 to 4 percent per year.

**7. The Lake Tahoe Basin will continue to be a major destination for tourism, building on current visitation of approximately 1.6 million per year in the South Shore, and approximately 3.0 million visitors annually in the North Lake Tahoe area.**

These areas are major tourism destinations of Northern California and pull visitors from throughout the U.S. and the world. While each area has its own set of unique challenges, overall future prospects for future visitation in the North Lake Tahoe area are strong. EPS expects visitation in the North Lake Tahoe area to grow by approximately 3 to 5 percent per year. South Lake Tahoe's expected growth in visitation is more muted, at 1 to 3 percent per year, although this expected growth rate could increase substantially with successful implementation of several planned initiatives.

## 2. BROAD TOURISM TRENDS AND INDUSTRY PERFORMANCE

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Tourism performance is heavily influenced by several broad macroeconomic factors, such as unemployment rates, household income trends, and consumer confidence. In general, consumers must feel confident in their employment position and spending ability to plan tourism-related activities, and in many cases, vacations or travel plans are among the first expenditures to be impacted when households are faced with financial strife. Largely for this reason, tourism activity in the U.S. was hampered by severe economic downturn associated with the “Great Recession” beginning in 2007. More recently, as economic conditions have improved, tourist spending and visitation are trending up, and the prospects are fairly promising for the future.

Aside from the macroeconomic factors described above, tourism activity is heavily influenced by “pull” factors related to the destination itself, such as its cost, accessibility, and overall appeal, which can shift over time as consumer preferences and tastes evolve. In this respect, the destinations partially are in control of their own destiny, in that they are able to add new attractions and improve visitor appeal and authenticity by ensuring that they remain a compelling place to visit. In addition, the use of marketing efforts regarding specific offerings can have a large impact in drawing visitation. Nonetheless, some factors, such as weather and macroeconomic trends, clearly remain outside the destination’s control.

As the U.S. has continued to recover from the Great Recession, tourism conditions have been improving, evidenced by an annual increase in visitor spending of 6 percent since 2009, and are projected to continue to increase at more than 4 percent per year for the next 3 years, according to the U.S. Travel Association. Aside from visitor spending, many other major indicators of tourism activity are positive for the third consecutive year. For example, room demand, as measured by Smith Travel Research, increased by 3.6 percent from 2011 to 2012, following an increase of 4.4 percent the preceding year. Visitor air arrivals on domestic flights increased by 3.9 percent from 2011 to 2012, following a 1.0-percent increase the preceding year.<sup>1</sup>

California has long been a center of tourism activity, accommodating intrastate tourism with California residents visiting other areas of the state, interstate tourism emanating from other states, and international visitation consisting of visitors originating in areas throughout the world. California had the largest market share of domestic travel of all states in the U.S., with 10.5 percent of total spending in 2013, and a 21.5-percent share of all overseas travel to the U.S.<sup>2</sup>

Like the rest of the country, California’s visitor spending performance was significantly hampered by recessionary forces in the second half of the 2000s, and the key driver for California tourism is the ongoing U.S. recovery. **Figure 1** below shows total visitor spending in California from 2000 to 2012. As shown, a strong upward trajectory can be observed, except for in 2008, when

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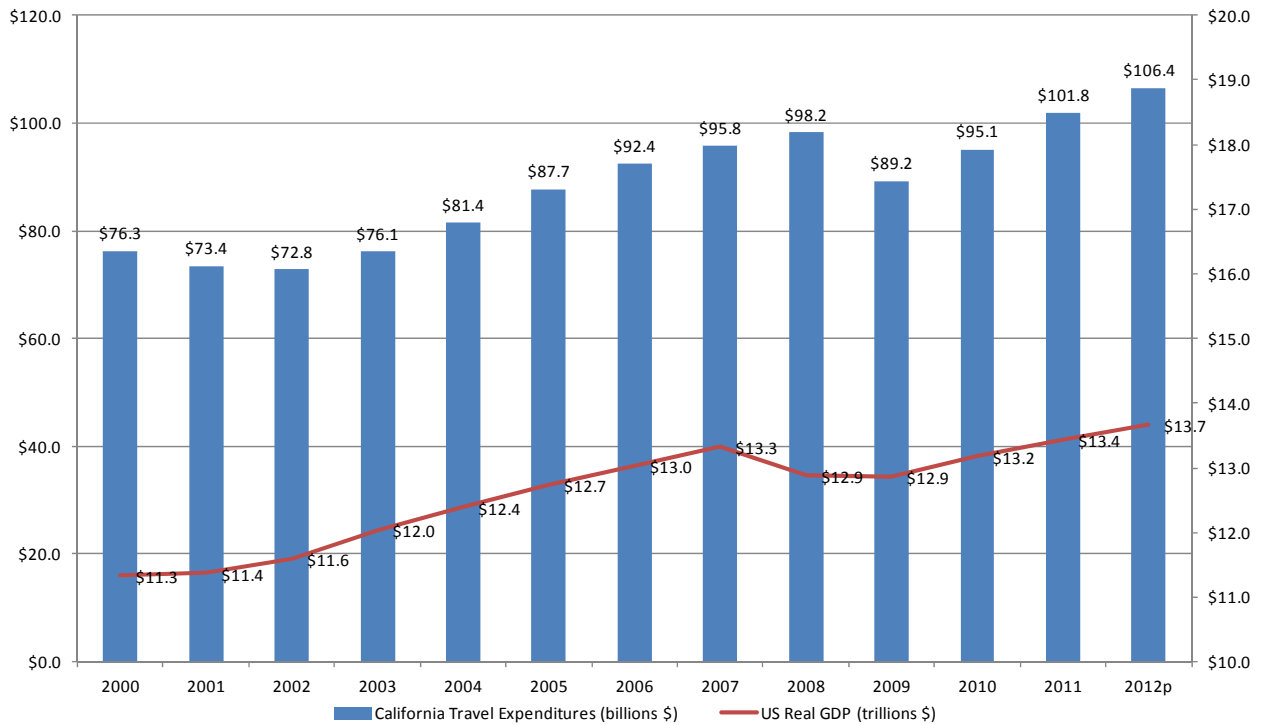
<sup>1</sup> From “California Travel Impacts by County, 1992–2011,” California Travel and Tourism Commission and Dean Runyan Associates, 2013.

<sup>2</sup> D.K Shifflet and Associates.



a 9-percent dip occurred. More recently, tourism spending in California has increased in each year since 2009, exhibiting a fairly robust 6 percent annual growth rate since that time.<sup>3</sup>

**Figure 1**  
**Bay to Basin Tourism and Recreation Market Study**  
**Annual US GDP and Travel Expenditures, California (Billions)**



Source: US Bureau of Economic Analysis, Dean Runyan Associates and EPS.

**Figure 1** also shows U.S. gross domestic product (GDP) along with visitor spending to demonstrate how changes to California visitor spending track with broader economic conditions. As shown, changes in California’s visitor spending have tracked U.S. GDP growth relatively closely, even outperforming GDP growth over the past few years. GDP has grown by 2 percent per year since 2009, being significantly outpaced by California visitor spending during this same period. Assuming this relationship remains robust, expectations for continued visitation growth in are strong, especially in the short-term, with U.S. GDP projected to undergo 5 percent annual growth in the next 3 years.<sup>4</sup>

## Pertinent Industry Trends

As discussed throughout this report, there are many activities and attractions that induce visitors to visit and recreate in locations throughout the Bay to Basin Study area. However, a few key activities have been noted as among the most prominent drivers of visitation and have substantial potential to influence future tourism. These activities include agri-tourism and

<sup>3</sup> California Travel and Tourism Commission and Dean Runyan Associates, 2013.

<sup>4</sup> From the U.S. Travel Association and the U.S. Bureau of Labor Statistics.

viticulture, snow sports, historical tourism, and outdoor “adventure”-related activities such as river rafting, hiking, and rock climbing, among others. Because these activities occur in several areas in the counties evaluated in this Market Analysis, EPS has provided an assessment of historical performance and future prospects for these key visitation drivers.

### **Agri-Tourism and Viticulture**

Agri-tourism is a relatively new kind of tourism activity that is gaining popularity; one that supports both rural and urban environments. According to the University of California (UC) Davis Small Farm Program, agri-tourism is defined as a commercial enterprise at a working farm, ranch, or agricultural plant, which is conducted for the enjoyment or education of visitors and generates supplemental income for the owner. More than 2.4 million visitors participated in agri-tourism in California in 2008, with substantial growth occurring since that time. Agri-tourism operators in California are engaged in a wide range of activities, offering direct sales (78 percent of agri-tourism operators); tours or lectures (81 percent); demonstrations, lessons, or participant experiences (69 percent); and special event facilities (51 percent).<sup>5</sup>

Agri-tourism and a variety of wine-related tourism businesses are important drivers of visitation in various areas throughout the Study Area. Amador County and El Dorado County areas in particular have emerged as very strong regions in the wine-related segment and are seen as a more cost-effective and convenient alternative to the booming wine culture that exists in the Napa and Sonoma Valleys. The broader agri-tourism trend also is affecting visitation to various areas of the Study Area, mostly in the low-lying foothill communities. Apple Hill is perhaps the most prominent and well-known example of agri-tourism in the Study Area and is evaluated later in **Chapter 4**. In addition to Apple Hill, there are several locations in the Study Area near agricultural operations and major population centers—as well as the scenic settings and authentic small-town character—making them prime candidates to continue to tap into this growing trend.

### **Ski Resorts**

Skiing, snowboarding, and other ski resort-related activities are a major driver of tourism in the higher elevation locales in Northern California and have been going strong for decades. Ski resorts are a large and strengthening industry nationally (as well as across the globe), commanding approximately \$3 billion in annual revenues across the country, which does not include ancillary revenues such as those generated by the purchase of equipment outside the ski resorts themselves.<sup>6</sup> According to the National Ski Area Association, there were more than 60 million skier visits nationwide during the 2012–2013 ski season, which was an increase of 11 percent over the previous season and the second highest season on record. Considering a longer time frame, the ski resort industry has been growing steadily, and its prospects are very good for the future.

Northern California area ski resorts in the Lake Tahoe Region have experienced a similar increase in skier visits. Although a high degree of variation can occur from any one year to the next

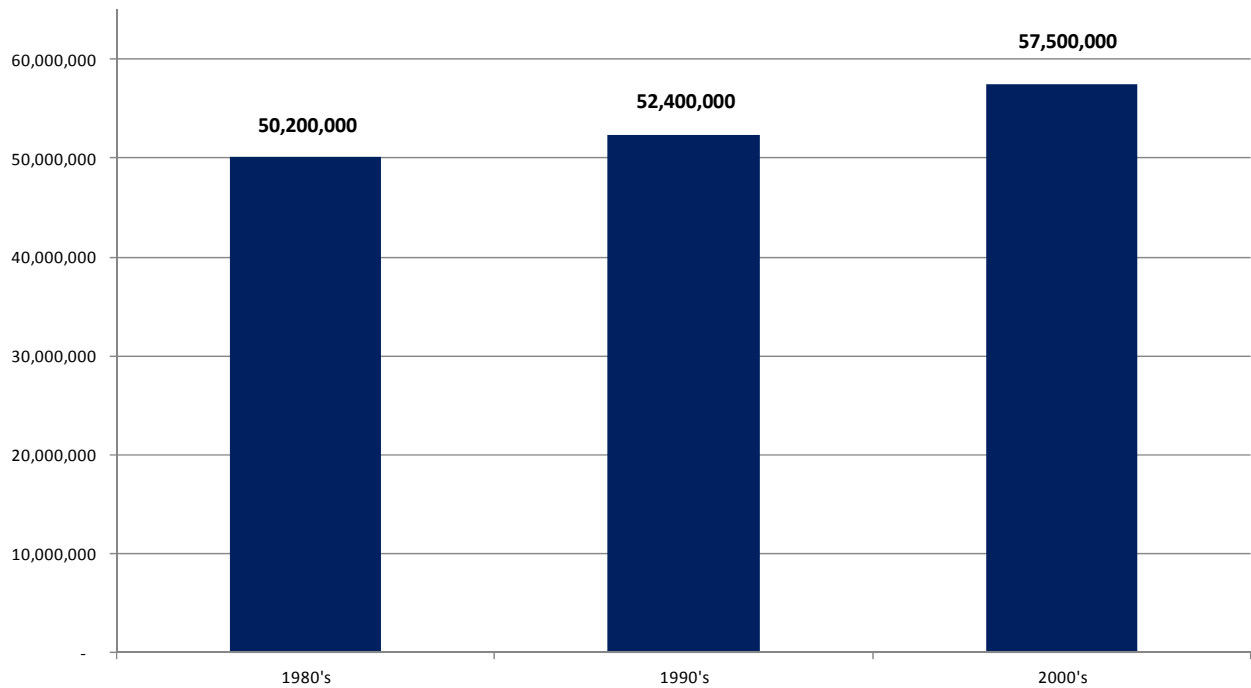
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<sup>5</sup> UC Davis, “California Agritourism Operations and Their Economic Potential Are Growing,” April-June, 2011.

<sup>6</sup> Ibis Market Research.

because of weather conditions and other factors, the overall trend has been one of approximately 4-percent growth per decade over the past 30 years, as shown in **Figure 2** below.

**Figure 2**  
**Bay to Basin Tourism and Recreation Market Study**  
**Average Annual Skier Visits at Lake Tahoe Ski Resorts**



Source: NSSA and EPS.

Note: Includes Alpine Meadows, Heavenly, Mt. Rose, Kirkwood, Squaw Valley, Northstar, and Sierra at Tahoe.

In addition to winter recreation, the addition of summer-related amenities and activities are an emerging trend at ski resorts, as the 2011 passage of the Ski Area Recreational Opportunity Act allows expanded recreational options throughout the year. Several Tahoe-area ski resorts are planning or constructing new summer-time attractions such as rock climbing courses, zip-lines, mountain biking terrain, gravity-powered roller coasters, and more, which is likely to help drive additional visitation to these areas.

Although prospects are good for the ski resort industry overall, climate change is an emerging threat, which has caused the loss of more than a billion dollars in revenue nationwide as a result of reduced snowfall and shorter winters, according to a study commissioned by the Natural Resources Defense Fund and Protect Our Winters. Despite this threat, the prospects are strong for steady growth in ski resort-related activity in the Study Area, at least in the short and medium term.

### **Other Tourism Activities**

Other prominent tourism drivers in Northern California include “adventure” tourism and “heritage” tourism. According to the Adventure Travel Trade Association, “adventure tourism” can be defined as tourism that involves two of the following three elements: (1) interaction with nature, (2) interaction with culture, or (3) a physical activity. Adventure travel trips could

include white water rafting, hiking, or a variety of other activities. Adventure tourism is deemed one of the fastest growing segments in the travel industry, with recent estimates indicating 65-percent growth in each year from 2009 to 2012.<sup>7</sup> This tourism segment has great existing pull and future potential for the Bay to Basin Study Area, as there are a variety of adventure tourism opportunities throughout Amador, El Dorado, Nevada, and Placer Counties, including rafting, hiking, skiing, rock climbing, and a variety of others.

Heritage Tourism (also known as “Historical Tourism”) is another key tourism market segment that is an important driver for visitation to the Bay to Basin areas and has great promise for future growth. Heritage tourism worldwide is estimated to account for approximately 20 percent of total trips, and travelers classified as cultural and heritage tourists travel more frequently, on average 5.01 leisure trips per year versus 3.98 trips per year for non-cultural/heritage travelers.<sup>8</sup> Baby boomers represent the most prominent market segment that is interested in heritage tourism and, because an ever-increasing proportion of baby boomers are reaching retirement age and are often choosing to spend these years traveling, the prospects for enhanced heritage tourism from this consumer segment are strong.

Already, many of the small historic towns scattered throughout Northern California derive a large proportion of their visitation from those who wish to visit historic sites related to mining, the California Gold Rush, and western settlement. By combining visits to historical sites with other activities such as dining, shopping, or outdoor recreation, a very compelling tourism experience can be provided to visitors. To the extent that additional complementary activities, attractions, and amenities can be added or enhanced, prospects for tourism and visitation will continue to improve.

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<sup>7</sup> According to the “Adventure Tourism Market Study,” published by the Adventure Travel Trade Association and George Washington University, 2013.

<sup>8</sup> According to the U.S. Cultural and Heritage Tourism Study, prepared by Mandala Research, LLC, 2009.

### 3. AMADOR COUNTY

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Amador County is known as the “Heart of the Gold Country” and is positioned approximately 55 miles southeast of Sacramento in the foothills of the Sierra Nevada mountain range. Amador County contains several small and unique tourism areas, including Amador City, Drytown, Lone, Jackson, Kirkwood, Plymouth, Volcano, and others. Amador County also contains wine-related areas such as the Shenandoah Valley that include several wineries near each other and provide an opportunity for visitors to tour the area and visit several wineries in a single day or weekend. The wine-related and historical aspects of Amador County make it a popular destination for residents of the nearby population centers of the Sacramento Region, Central Valley, and San Francisco Bay Area.

#### Population and Growth

Amador County is a sparsely populated rural county of approximately 37,000 residents, which includes the small cities of Amador, Lone, Jackson, Plymouth, and Sutter Creek. **Table 1** below shows population growth in Amador County and its constituent jurisdictions over the past 10 years. As shown, the vast majority of Amador County’s population resides in the unincorporated areas, with the two largest cities being Lone and Jackson. Population growth in Amador County has been relatively flat over the past 10 years, with some moderate growth in Jackson and small declines in Amador and Plymouth.

**Table 1**  
**Bay to Basin Tourism and Recreation Market Study**  
**Amador County Population Trends**

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Community	2002 Population	2012 Population	% Change
Amador	206	182	-11.7%
Lone	7,456	7,259	-2.6%
Jackson	4,032	4,600	14.1%
Plymouth	1,031	991	-3.9%
Sutter Creek	2,373	2,478	4.4%
Unincorporated	21,025	21,610	2.8%
<b>Total Amador County</b>	<b>36,123</b>	<b>37,120</b>	<b>2.8%</b>

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"community\_pop"

Source: California Department of Finance

## Tourism Profile

The major tourism centers of Amador County include the Shenandoah Valley, Sutter Creek, the high country including Kirkwood, and various small historic towns such as Amador City, Drytown, Fiddletown, Plymouth, Volcano, and others. Visitors to Amador County are attracted by many attributes and activities, including the open spaces, historical tourism, and a growing agri-tourism sector, which is especially strong among wine-related businesses.

There are a variety of recreational and leisure activities to pursue in Amador County and many reasons tourists choose to visit the county. Some of the most prominent activities, amenities, and attractions are highlighted below:

- **Agri-Tourism and Viticulture.** Amador County wineries have gained notoriety in recent years, and today, the region is home to more than 40 wineries. The area's serene and relaxing setting, its close proximity to major population centers, and the variety of high-quality winemaking operations make it a popular attraction. Visitors can experience Amador County's wine country with a guided tour from one of several operators, who can provide round-trip transportation to some local Amador wineries, hotels, bed and breakfasts, and other destinations.

Beyond wine, there are other agricultural and food-related activities to explore in the county, including farmers markets, working farms and ranches, and flower production facilities such as "Daffodil Hill" (located in Volcano), which features hundreds of thousands of blooming flowers and is a popular springtime attractions.

- **Heritage Tourism.** Amador County's history is rich in mining and western settlement, and there are a variety of historic mining operations and other points of interest open to the public. The county is home to many historic downtowns, such as in Sutter Creek, Volcano, Amador City, and Jackson, which include a variety of shopping, dining, recreational, and cultural offerings for visitors to explore.
- **Skiing.** Skiing is a popular winter recreational activity for Amador County visitors, most notably at the Kirkwood Mountain Resort, which is located on the border of Amador, Alpine, and El Dorado Counties. Kirkwood is a major tourism draw and is host to more than 400,000 skier visits per year. In addition to the offerings at Kirkwood, there are many cross-country and backcountry skiing opportunities located throughout eastern Amador County at higher elevations.
- **Other.** Additional activities, programs, attractions, and amenities that drive visitation to Amador County include boating, hiking, camping, fishing, golf, cycling, and many more. The area's ability to "package" several such activities—such as wine-tasting, dining, historical tours, and outdoor recreation—make Amador County a compelling destination.

## Accommodations

Amador County's stock of lodging properties is fairly modest, with fewer than 500 total hotel/motel rooms serving the entire county. Much of this lodging stock is of aged and marginal quality and is characterized by room rates that span from a low of \$55 per night to a high of \$400 per night at newer, more upscale properties, as shown in **Table 2** below.

**Table 2**  
**Bay to Basin Tourism and Recreation Market Study**  
**Lodging Properties in Amador County**

Property Name	City	Units	Rate Range
Best Western Amador Inn	Jackson	84	\$71 - \$84
Country Squire Motel	Jackson	12	\$70 - \$90
El Campo Casa Resort Motel	Jackson	15	\$48 - \$58
Holiday Inn Express	Jackson	40	\$129 - \$216
Hotel Sutter	Sutter Creek	10	\$115 - \$160
Jackson Rancheria Casino Hotel	Jackson	86	\$89 - \$399
Kit Carson Lodge	Kirkwood	27	\$200 - \$355
Linda Vista Motel	Jackson	21	\$76 - \$90
Old Well Motel & Grill	Drytown	11	\$60 - \$80
Pioneer Lodge	Pioneer	25	\$125 - \$200
Shenandoah Inn	Plymouth	46	\$90 - \$160
St. George Historic Hotel	Volcano	20	\$55 - \$140
Sutter Creek Inn	Sutter Creek	17	\$100 - \$210
The Jackson Lodge	Jackson	36	\$65 - \$110
The National Hotel	Jackson	36	\$75 - \$325
<b>Total Units</b>		<b>486</b>	

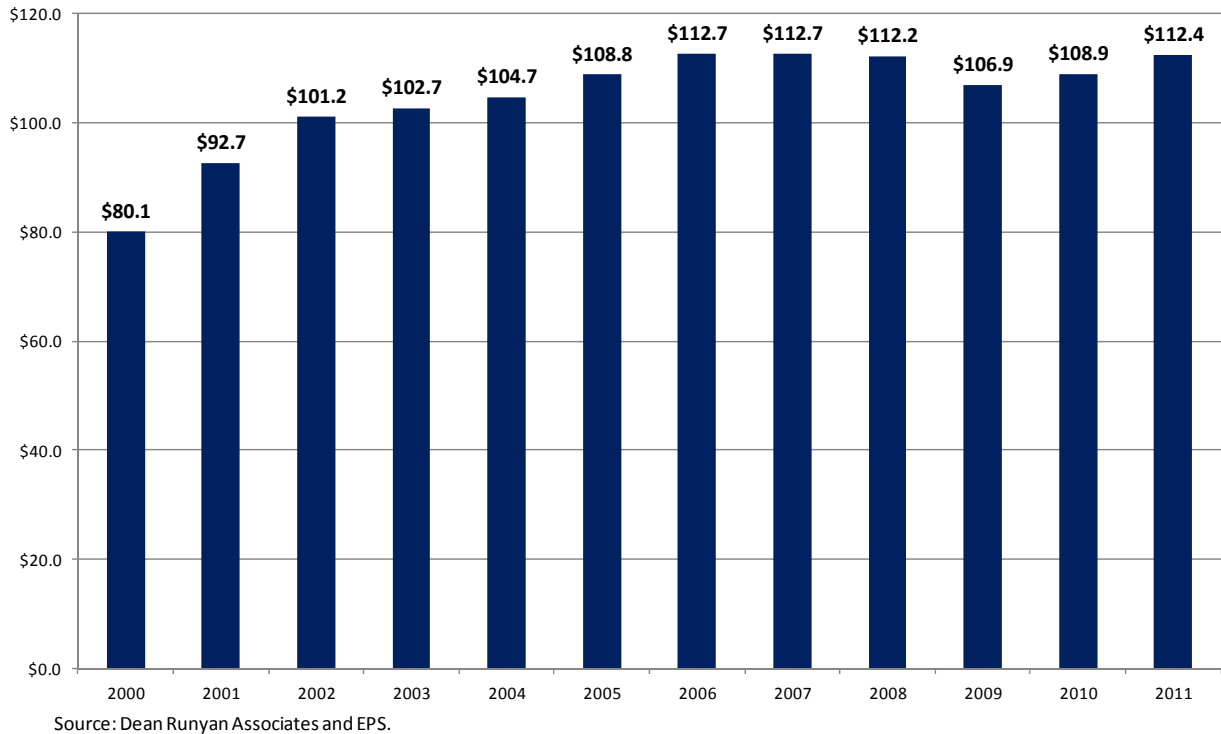
Source: Amador Council of Tourism

Aside from “standard” hotel or motel properties, there are other lodging typologies that also serve the county, including small bed and breakfast properties, which typically have fewer than 10 rooms. These bed and breakfast properties reportedly have gained traction in recent years among consumers who seek a laid-back, charming, and unique experience in the county and because nearby lodging options are limited, allowing bed and breakfasts to fill an important market niche. Although bed and breakfast properties are an important popular accommodation type, it has been noted by local experts that some additional lodging in the form of higher end hotels would help the region in attracting additional visitors. As of the publication of this report, no major new hotel projects were under consideration by the county or any other jurisdictions.

## Tourism Performance

Visitors to Amador County spent approximately \$112 million in 2011, as shown in **Figure 3**. Amador County had experienced a relatively steady increase in tourism spending since 2000, which began to subside around 2006 and actually declined around 2009, as the effects of the Great Recession took hold. Visitor spending since has increased in each year since 2009 and now approximates the amounts seen during the “peak” that occurred during the middle part of the decade.

**Figure 3**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual Travel Expenditure, Amador County (Millions)**



**Table 3** shows visitor spending in Amador County as broken down by major spending category in 2011, as compared to 1992. As shown, total visitor spending has more than doubled during this time period (not adjusted for inflation), and some changes to the composition of spending has occurred. For instance, spending on Arts, Entertainment, and Recreation has grown from 17 percent of total visitor spending to 24 percent. Simultaneously, spending on Retail Sales has declined from 20 percent to 15 percent of total visitor spending. These shifts reflect Amador County’s gradual change in its competitive position for tourism, which today receives more emphasis on entertainment and recreational experiences such as historical tourism, camping, boating, and other outdoor activities and less emphasis as a shopping destination. Nearby areas outside of Amador County—such as Folsom, El Dorado Hills, and other areas in the Sacramento Region and Central Valley—likely have captured some portion of the retail spending that may have otherwise occurred in Amador County, as their shopping options have evolved and improved over this period.



**Table 3**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Spending Category - Amador County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Accommodations	\$10.1	18.9%	\$18.3	16.3%	-2.6%
Food and Beverage	\$15.4	28.8%	\$31.5	28.0%	-0.8%
Food Stores	\$4.7	8.8%	\$8.4	7.5%	-1.3%
Ground Transp. And Motor Fuel	\$3.3	6.2%	\$10.0	8.9%	2.7%
Arts, Entertainment, and Recreation	\$9.1	17.0%	\$26.8	23.9%	6.8%
Retail Sales	\$10.8	20.2%	\$17.3	15.4%	-4.8%
Air Transportation	\$0.0	0.0%	\$0.0	0.0%	0.0%
<b>Total</b>	<b>\$53.4</b>	<b>100.0%</b>	<b>\$112.3</b>	<b>100.0%</b>	

Source: Dean Runyan Associates and EPS

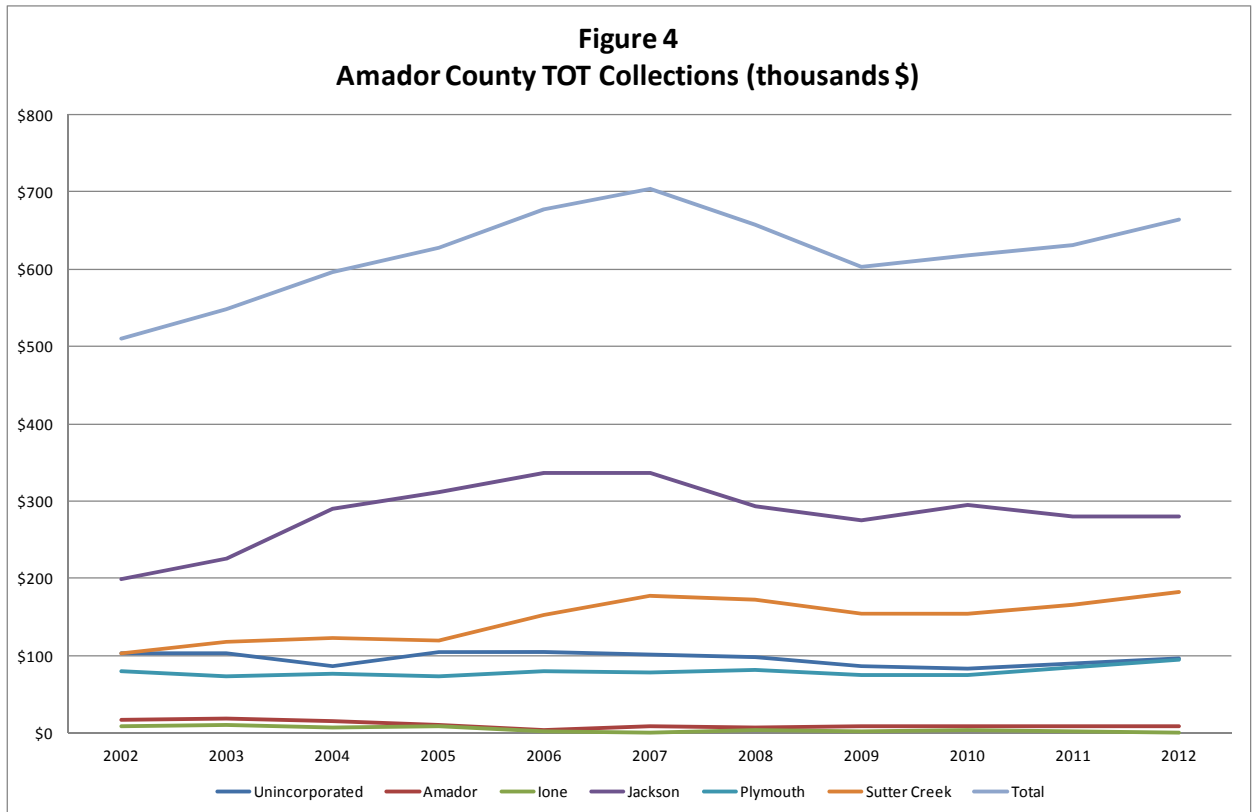
**Table 4** below shows visitor spending arranged by the type of accommodations at which the visitors are staying (including day travel). As shown, some noticeable shifts have occurred in the composition of spending among accommodations type. For instance, fewer travelers are staying at private campgrounds, and more visitors are staying in hotels and motels. Day travel has seen significant growth during this period, representing 20.8 percent of total spending in 2011, as compared to just 13.8 percent in 1992.

**Table 4**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Accommodations Type - Amador County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Hotel, Motel	\$12.6	23.6%	\$33.0	29.3%	5.8%
Private Campground	\$15.8	29.5%	\$25.4	22.6%	-7.0%
Public Campground	\$0.0	0.0%	\$0.0	0.0%	0.0%
Private Home	\$10.2	19.1%	\$18.6	16.5%	-2.5%
Vacation Home	\$7.5	14.0%	\$12.1	10.8%	-3.3%
Day Travel	\$7.4	13.8%	\$23.4	20.8%	7.0%
<b>Total</b>	<b>\$53.5</b>	<b>100.0%</b>	<b>\$112.5</b>	<b>100.0%</b>	

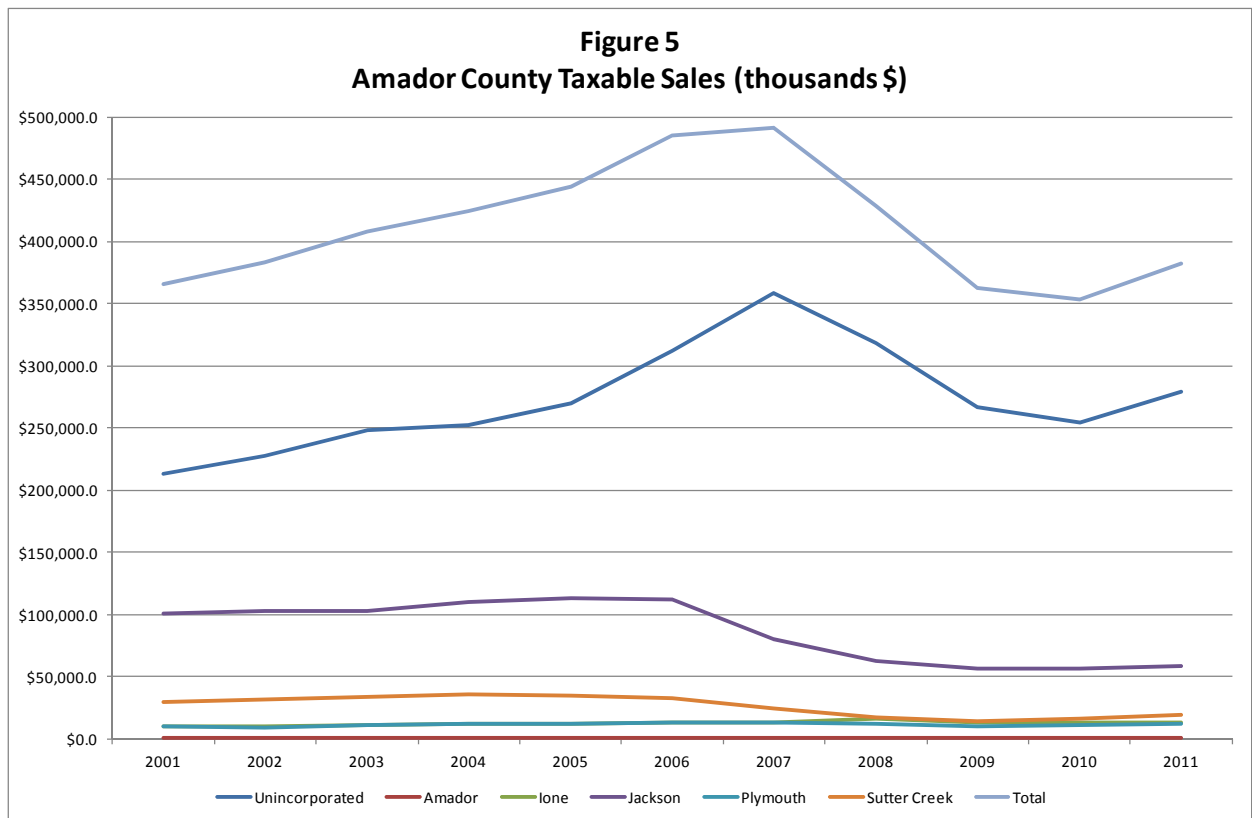
Source: Dean Runyan Associates and EPS

EPS evaluated taxation data to discern trends in overnight visitation in various areas. **Figure 4** shows annual TOT collections in various Amador County jurisdictions from 2002 to 2012, and **Figure 5** shows annual taxable sales from 2001 to 2011. As shown in **Figure 4**, the county generally experienced strong growth in the early half of the 2000s, followed by a major decline from 2007 through 2009. More recently, the county has been regaining these losses and has seen approximately 10-percent growth in annual TOT revenue from 2009 to 2012. Most of the cities in Amador County have remained relatively flat overall, except for Sutter Creek, which has been very successful in consistently growing overnight visitation and has seen annual TOT revenues increase by 5.4 percent per year from 2002 to 2012 (see **Table 5**).



**Table 5**  
**Bay to Basin Tourism and Recreation Market Study**  
**Summary of Amador TOT Collections, 2002 - 2012 (thousands \$)**

Geography	2002	2012	2002 - 2012	
			% Change	Avg. Ann. Change
Unincorporated	\$102.8	\$96.7	-6%	-0.6%
Amador	\$17.6	\$8.8	-50%	-6.1%
lone	\$9.3	\$0.6	-94%	-22.1%
Jackson	\$199.0	\$281.0	41%	3.2%
Plymouth	\$79.5	\$94.7	19%	1.6%
Sutter Creek	\$102.6	\$182.1	77%	5.4%
<b>Total</b>	<b>\$510.8</b>	<b>\$663.9</b>	<b>30%</b>	<b>2.4%</b>



## Future Prospects

Amador's tourism performance and future visitation is likely to experience modest growth in future years, based on a gradual enhancement of the area's tourism product. Among the most notable future enhancements is a planned expansion to the Kirkwood Ski Resort, part of which is in Amador County, and which is a primary attraction of the county. Although Kirkwood is already an established and popular ski area, its recent acquisition by Vail Resorts in 2012 will enhance the resort's marketing, operational, and capital investment capabilities. Vail Resorts is reportedly considering some major capital improvements replacing several chairlifts, upgrading dining facilities, and conducting other on-mountain enhancements. In addition, a host of new residential units are planned, which will further contribute to raising Kirkwood's stature.

Outside of Kirkwood, no major planned development projects with the potential to radically transform Amador's competitive position are known to EPS. Therefore, Amador's increased tourism performance is likely to occur on an organic, slow, and steady basis. This process will rely on the gradual enhancement of its tourism "product," including the provision of recreational attractions, accommodations, etc., as well as its ability to more successfully market itself to nearby population centers.

## Overall Tourism Assessment

The overall assessment for Amador County and the expected levels of future visitation are shown below, based on the information presented in this chapter:

- Previous growth in visitor spending in Amador County has occurred at an average of 3.8 percent annually over the past 20 years.
- More recently, increases in visitor spending have slowed considerably, as the doldrums of the Great Recession are still being felt. The amount of annual visitor spending in 2011 essentially was the same as in 2006. Yet, as economic conditions have improved in recent years, growth in visitor spending has averaged 1.7 percent per year from 2009 to 2011.
- The County has experienced average annual growth in TOT revenues of 2.4 percent from 2002 to 2012. Sutter Creek has been particularly prosperous as the result of a variety of measures meant to enhance the town's tourist appeal and has seen TOT revenues grow by an average of 5.5 percent per year during this time period.
- Amador County's competitive position is expected to mature organically and is not likely to change dramatically in the near future, save for an unforeseen new attraction or amenity that is added to the tourism product and becomes a massive success, or other external factors greatly influence the area's appeal for tourism.
- EPS expects future growth in visitor spending will likely range between 2 and 3 percent in the near future. Some of the more popular tourism attractions—such as the Shenandoah Valley and Sutter Creek—may experience higher levels of visitation.
- This assessment is based on the assumption that no major economic "shocks" occur or other significant threats to visitation in the county materialize and that a marked impact on future tourism performance.

## 4. APPLE HILL AND EL DORADO WINE COUNTRY

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This chapter focuses on the tourism-oriented portions of El Dorado County that are outside the Tahoe Basin, such as Placerville, Camino, Apple Hill, El Dorado, Coloma, Cameron Park, Shingle Springs, and Pollock Pines.<sup>9</sup> While the Lake Tahoe area is the most popular tourist destination in El Dorado County, other popular attractions include Coloma, Georgetown, and Apple Hill. Apple Hill is a well-established and popular regional tourism attraction focused on produce harvests and value-added products from local farms. Apple Hill is becoming increasingly more popular by tapping into the Sacramento Region's agricultural and food-related movements. Apple Hill also is home to several wineries and is close to additional wineries in nearby areas of Pleasant Valley, Fair Play, and Greater El Dorado, making the entire area a popular and emerging destination for wine enthusiasts.

### Population and Growth

El Dorado County is a largely rural county of more than 180,000 residents, consisting of just two incorporated cities (Placerville and South Lake Tahoe), and several unincorporated population centers such as El Dorado Hills, Cameron Park, Shingle Springs, and Pollock Pines. Population growth among the two cities and the unincorporated area is shown in **Table 6** below. As shown, the largest segment of population growth in the county (by far) exists in the unincorporated area. From 2002 to 2012, population growth of 15 percent occurred in the unincorporated portion of El Dorado County, while South Lake Tahoe lost approximately 10 percent of its population and Placerville remained relatively static.

**Table 6**  
**Bay to Basin Tourism and Recreation Market Study**  
**El Dorado County Population Trends**

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<b>Community</b>	<b>2002 Population</b>	<b>2012 Population</b>	<b>% Change</b>
Placerville	10,239	10,423	1.8%
South Lake Tahoe	23,950	21,460	-10.4%
Unincorporated	129,396	149,828	15.8%
<b>Total El Dorado County</b>	<b>163,585</b>	<b>181,711</b>	<b>11.1%</b>

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*"community\_pop"*

Source: California Department of Finance

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<sup>9</sup> The Lake Tahoe Basin is evaluated in **Chapter 6** of this report.

## **Tourism Profile**

The major tourism centers of El Dorado County are Placerville, the Apple Hill area, and several small historic mining towns such as Coloma, El Dorado, and Georgetown. There are also many wine-related locales in the county, and a multitude of outdoor recreation areas are spread throughout the county, including areas along the American River, Sly Park, Crystal Basin Recreation Area, Desolation Wilderness, and many more.

There are many popular attractions, amenities, activities, and programs that drive visitation to El Dorado County, including agri-tourism (including wine-related tourism), historical tourism, and outdoor adventure tourism, including activities like hiking, rafting, boating, off-roading, camping, etc. According to a survey conducted by the El Dorado Visitors Authority, the most popular activities or experiences in El Dorado County include dining, visiting wineries, and visiting popular geographic points of interest such as Main Street Placerville or South Lake Tahoe. A variety of other recreational experiences also were noted, such as visiting Apple Hill, visiting Coloma, hiking, camping, visiting museums, river recreation, fishing, skiing, golf, cycling, and others. A descriptive evaluation of the prospects for each of these activities is included below.

### **Agri-Tourism**

Agri-tourism is a strong and growing tourism segment in El Dorado County. The Apple Hill area, in particular, is an extremely well-organized collection of growers, bake shops, food stores, wineries, and other attractions that hosts large quantities of visitors each year. These visitors partake in the exploration of a variety of agricultural goods, fresh baked goods, Christmas tree orchards, and many other items.

There is a concerted effort to further organize the various agri-tourism activities in the county, and the El Dorado County Farm Trails Association (EDCFTA) is one organization helping to facilitate this effort. The EDCFTA helps to publicize local farmers' markets in the county and publishes farm trail maps and directories to help visitors find their way among the various agricultural options.

### **Wine-Related Tourism**

The wine industry is another growing segment of economic activity in El Dorado County, which includes more than 2,200 acres in wine grape production (as of 2010). These wine-growing operations raise the profile of the county's wine-related activities, and there were more than 60 bonded wineries in El Dorado (as of 2010), ranking El Dorado as one of the largest wine regions in the state.

Though already strong, the wine-related segment can be strengthened in El Dorado County with the provision of more dining options, enhanced transportation accessibility (such as through organized "wine tours"), the provision of additional lodging options for visitors to stay, and through other related efforts.

### **Adventure Tourism**

El Dorado County's vast open spaces and outdoor terrain make it a haven for a variety of adventure tourism activities, including river rafting, hiking, camping, fishing, golfing, snow sports, etc. There are several river rafting companies located in El Dorado County that offer guided tours for various skill, ability, and thrill levels, and river-related activities are a very

popular attraction that drives substantial visitation to the county. There are many other aspects of adventure tourism available to El Dorado County visitors, such as rock climbing, camping, hiking, boating, and many more. Given El Dorado County's host of superb outdoor recreational options, this tourism segment is likely to thrive long into the future.

### **Heritage Tourism**

Heritage tourism is among the more popular activities for El Dorado County visitors, and the historical towns of Placerville, Georgetown, Coloma, and others offer a variety of opportunities to experience historical mining operations, visit museums, or tour the historic downtowns.

Coloma, in particular, is among the county's most popular tourism areas outside Lake Tahoe. Coloma is the location where gold was first discovered in the Sierras, and the town has been proactive and successful in drawing on its historical significance to draw visitors. The Marshal Gold Discovery State Historical Park hosts approximately 250,000 visitors per year, and quite a few tourism-oriented businesses and museums have been established in the area to provide a rich experience, making Coloma a popular place to visit.

### **Gaming**

Gaming is a relatively new offering among El Dorado County tourism attractions. The Red Hawk Casino along U.S. Highway 50 in Shingle Springs opened in 2009 and has become a popular attraction for local residents and visitors. While Red Hawk Casino's performance has fallen short of expectations, primarily because of its ill-timed opening during the throes of a major economic downturn, it is a popular destination that receives more than \$200 million in annual gaming revenues; reports indicate that 2013 revenues are up from previous years, and the future outlook is solid. With the potential addition of a full-service hotel and other amenities, gaming activity at Red Hawk Casino likely is to expand as economic conditions continue to improve and as the property continues to enhance its offerings.

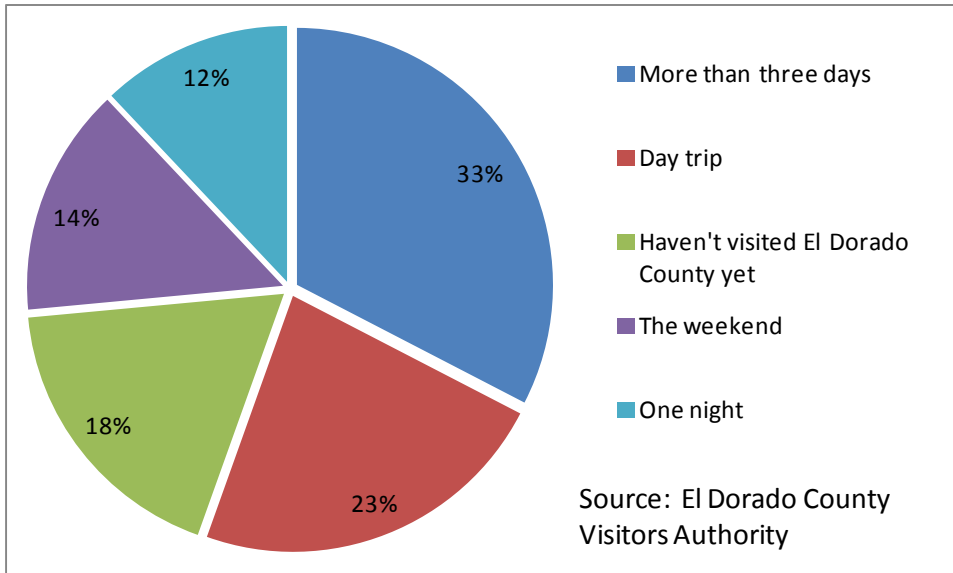
### **Visitor Composition**

A recent survey of El Dorado County visitors yielded some noteworthy results regarding the composition of tourism in the county. Some of the pertinent findings from this study are provided below.

#### **Visitor Stays**

The length of stay for visitors to El Dorado County varies significantly, from multiple-day trips of 3 days or more (32.5 percent), to day trips (22.8 percent), as shown in **Figure 6** below.

**Figure 6**  
**El Dorado County Visitors Length of Stay**



#### **Travel Mode**

According to local experts, almost all visitors to El Dorado County arrive by automobile because there are no major airports or rail services in the county. While the “staple” markets of the Sacramento Region, Bay Area, and Central Valley provide a large proportion of market support, other areas such as Carson City and Reno are significant and growing segments.

#### **Seasonality**

Like most tourism-oriented areas, El Dorado County experiences highly seasonal economic cycles of activity. Fortunately, because the recreational options from which El Dorado draws much of its visitation are varied, the overall tourism activity in the county is spread somewhat evenly throughout the year. Skiing and other winter-related activities are popular in the winter months (especially in the South Lake Tahoe area), while a variety of activities make the summer a very popular time of year, including rafting, hiking, and historical tourism. Fall also is a busy time of year in certain portions of El Dorado County and is associated with harvest-related activities at Apple Hill and other food- and wine-related attractions throughout the county.

#### **Accommodations**

Outside the Tahoe Basin, El Dorado County has fewer than 500 total hotel rooms, as shown in **Table 7** below. These properties range from historic lodges built more than a century ago, to aging properties constructed in the 1960s and 1970s, to much more modern properties with modern amenities (such as the Holiday Inn in El Dorado Hills).



**Table 7**  
**Bay to Basin Tourism and Recreation Market Study**  
**Lodging Properties in El Dorado County (Outside Tahoe area)**

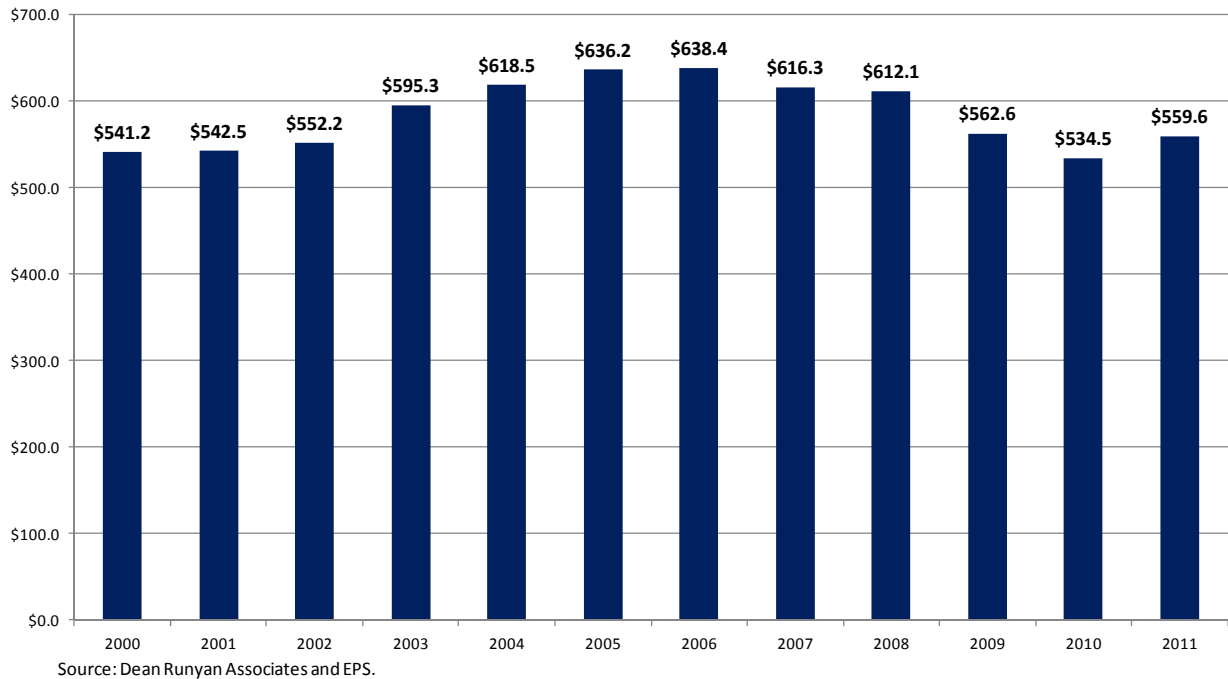
Property Name	City	Date Opened	Units
Cameron Park Quality Inn and Suites	Cameron Park	1969	59
Cameron Park Motel 6	Cameron Park	1987	58
Holiday Inn Express	El Dorado Hills	2005	93
Strawberry Lodge	Kyburz	1869	43
Best Western Placerville Inn	Placerville	1988	105
Historic Cary House Hotel	Placerville	1857	39
Mother Lode Motel	Placerville	1950	21
National 9	Placerville	1993	24
Best Western Stage Coach Inn	Pollock Pines	1988	26
Westhaven Inn	Pollock Pines	1999	21
<b>Total Units</b>			<b>489</b>

Source: El Dorado Visitors Authority, Smith Travel Research, and EPS.

## Tourism Performance

**Figure 7** below shows annual visitor spending in El Dorado County over the past 10 years and shows that visitors to El Dorado County spent approximately \$560 million in 2011. As shown, a substantial increase in visitation was observed in El Dorado County from 2001 to 2006, which was followed by a decline of an approximately matching magnitude from 2006 to 2011. More recently, it appears visitor spending has stabilized, and the amount spent in 2011 was 5-percent higher than the previous year.

**Figure 7**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual Travel Expenditure, El Dorado County (Millions)**



**Table 8** below shows visitor spending in El Dorado County by spending category in 2011, as compared to 1992. As shown, some shifts in the allocation among spending to different categories have occurred during this period, as consumer preferences and assorted cost categories have changed. The most prominent shift is among the Ground Transportation and Motor Fuel category, which went up from 5.1 percent of total to 11.9 percent of total. This reflects the automobile-oriented nature of travel to El Dorado County and the increasing cost of gasoline and automobile-related travel. Other changes include slight declines in the percentage of sales among the Accommodations; Arts, Entertainment, and Recreation; and Retail Sales categories and slight increases in the Food and Beverage and Food Stores categories.

**Table 8**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Spending Category - El Dorado County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Accommodations	\$103.4	24.6%	\$117.9	21.3%	-3.3%
Food and Beverage	\$113.0	26.9%	\$155.8	28.1%	1.2%
Food Stores	\$16.8	4.0%	\$26.6	4.8%	0.8%
Ground Transp. And Motor Fuel	\$21.4	5.1%	\$65.7	11.9%	6.8%
Arts, Entertainment, and Recreation	\$88.0	21.0%	\$104.2	18.8%	-2.2%
Retail Sales	\$77.4	18.4%	\$84.1	15.2%	-3.3%
Air Transportation	\$0.0	0.0%	\$0.0	0.0%	0.0%
<b>Total</b>	<b>\$420.0</b>	<b>100.0%</b>	<b>\$554.3</b>	<b>100.0%</b>	

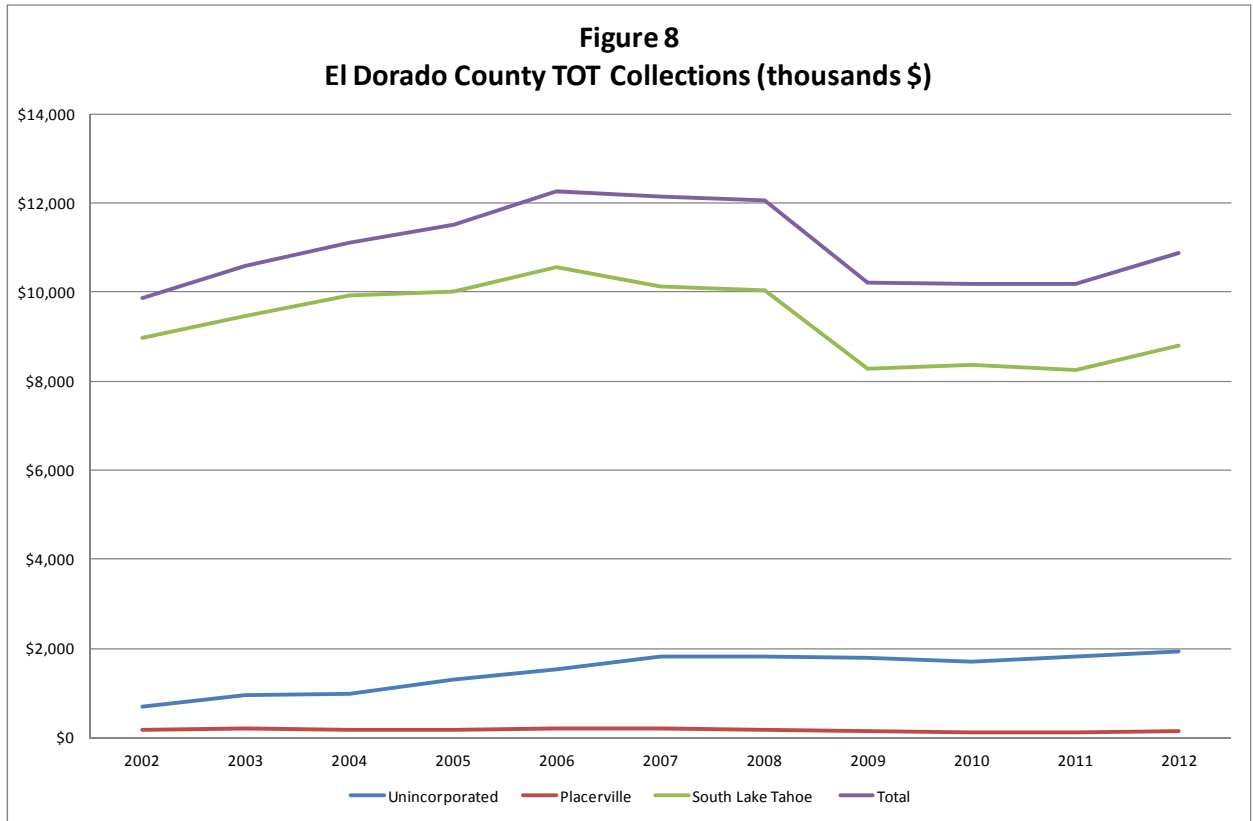
**Table 9** below shows visitor spending as arranged by the type of accommodations at which the visitors are staying (including day travel). As shown, day travel accounted for 13.4 percent of visitor spending in 2011, which is nearly the same percentage as occurred in 1992. Furthermore, the percentage of spending from those staying in hotels/motels has declined quite substantially from 60.1 percent to 50.1 percent, while these travelers "shifted" to other accommodations types such as vacation homes, private homes, and private campgrounds.

**Table 9**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Accommodations Type - El Dorado County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Hotel, Motel	\$252.6	60.1%	\$277.7	50.1%	-10.0%
Private Campground	\$20.9	5.0%	\$33.9	6.1%	1.1%
Public Campground	\$6.5	1.5%	\$9.3	1.7%	0.1%
Private Home	\$35.2	8.4%	\$72.5	13.1%	4.7%
Vacation Home	\$49.5	11.8%	\$86.7	15.6%	3.9%
Day Travel	\$55.4	13.2%	\$74.2	13.4%	0.2%
<b>Total</b>	<b>\$420.1</b>	<b>100.0%</b>	<b>\$554.3</b>	<b>100.0%</b>	

**Figure 8** below shows annual TOT collections in El Dorado County jurisdictions. As shown, the vast majority of TOT revenues are generated by the City of South Lake Tahoe, which experienced a sharp drop in TOT collections beginning in 2006, and from which it is only recently

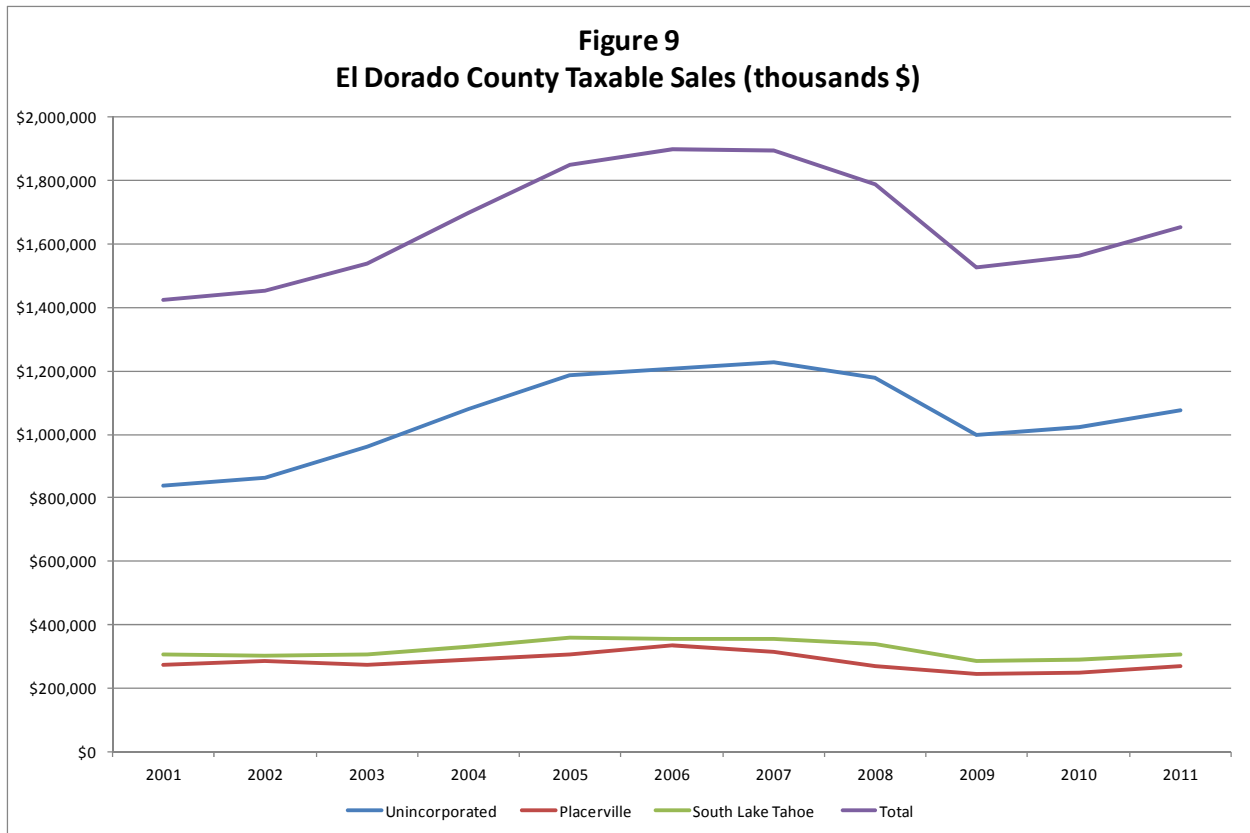
beginning to recover. Although TOT collection in the unincorporated area is a much smaller amount, steady growth can be observed in each year. In fact, TOT collections in the unincorporated area grew by approximately 10 percent per year during this period, as shown in **Table 10**. This fact indicates El Dorado County's strength as a tourism area, its ability to prosper even during difficult economic periods because of its popular visitor amenities, and its fortunate location near major population centers.



**Table 10**  
**Bay to Basin Tourism and Recreation Market Study**  
**Summary of TOT Collections, 2002 - 2012 (thousands \$)**

Geography	2002	2012	2002 - 2012	
			% Change	Avg. Ann. Change
Unincorporated	\$706.2	\$1,941.0	175%	9.6%
Placerville	\$183.2	\$131.2	-28%	-3.0%
South Lake Tahoe	\$8,979.8	\$8,807.8	-2%	-0.2%
<b>Total</b>	<b>\$9,869.2</b>	<b>\$10,880.0</b>	<b>10%</b>	<b>0.9%</b>

**Figure 9** shows total taxable sales among each of El Dorado County’s jurisdictions over the past decade. As shown, the unincorporated area actually received the largest portion of taxable sales, by far, because there are several major shopping centers located in the unincorporated areas outside Placerville and in El Dorado Hills. The two cities each generated between approximately \$250 million and \$350 million per year, which has fluctuated with economic forces over the past 10 years. The unincorporated area has experienced a major increase in taxable sales from 2001 to 2006, followed by a major decline for the following 3 years, with a clear inflection point in 2009, after which, significant annual increases are seen.



## Future Prospects

To EPS’s knowledge, there are no major hotel developments or substantive new attractions proposed in El Dorado County that are likely to vastly change its market position for tourism. Some policy, planning, and marketing efforts are underway that may have an impact on the county’s competitive position for visitation. For example, marketing efforts to showcase the area’s activities and amenities—such as those undertaken by the Apple Hill Growers Association, the EDCFTA, and El Dorado Winery Association—are efforts that are likely to get the word out about El Dorado County’s offerings and could continue to have an increasingly positive influence on additional visitation. The Diamond Springs/El Dorado Area Mobility and Livable Community Plan is another initiative that—while in its early stages—could help to enhance visitation to these areas by creating a more appealing, walkable streetscape and tourism district through infrastructure investment and related efforts.

## Overall Tourism Assessment

The county is well-positioned geographically to continue to capture visitation from the growing Sacramento and Bay Area population centers, and prospects for additional future growth in visitation are very good. To the extent marketing programs, events, and other amenities can be added or strengthened, El Dorado County’s competitive position may be enhanced in the future. Barring any unforeseen events, the county’s tourism prospects are likely to grow at a modest and gradual rate, likely at similar levels as have been seen over the past decade.

The overall assessment for El Dorado County tourism performance and expected levels of future visitation are shown below, based on the information presented in this chapter:

- Visitor spending throughout all of El Dorado County exhibited a substantial increase from 2000 to 2006 and a corresponding decline from 2007 to 2010. Spending in 2011 essentially was the same as the levels seen in 2002, although it was 5-percent higher than the previous year.
- El Dorado County's TOT collections underwent a similar "boom and bust" cycle and have grown by a modest average annual rate of approximately 1 percent per year. However, most of this sluggish performance can be attributed to difficulties that have occurred in the South Lake Tahoe area. By looking only at the unincorporated area of the county, visitation performance is much stronger. In fact, TOT revenues in unincorporated El Dorado County have nearly tripled from 2002 to 2012, an average increase of approximately 10 percent per year.
- El Dorado County's competitive position is expected to mature organically and is not likely to change dramatically in the near future, save for an unforeseen new attraction or amenity that is added to the tourism product and becomes a massive success, or other external factors greatly influence the area's appeal for tourism.
- EPS expects visitation to grow by approximately the same amount in future years, and growth in visitor spending countywide likely will range between 3 and 5 percent in the near future. As with other projections shown in this report, this assessment is based on the assumption that no major economic "shocks" occur or other significant threats to visitation in the county materialize that have a marked impact on future tourism performance.

## 5. NEVADA COUNTY

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Nevada County is home to three incorporated cities or towns (Grass Valley, Nevada City, and Truckee) and two significant unincorporated communities that are popular tourism centers (Penn Valley and Rough and Ready). The county has a rich history as a mining- and logging-focused region and is more recently diversifying its economy to provide a well-rounded roster of employment options, as well as leveraging its high “quality-of-life” factors to attract new businesses and residents.

### Population and Growth

Population growth in Nevada County has been fairly slow over the past 10 years, with the notable exception of the Town of Truckee, which added approximately 1,200 residents during this period (as shown in **Table 11** below). Other areas of the county, including Grass Valley, Nevada City, and other population centers in the unincorporated area, experienced slower growth; each area did add residents, with an average of 2.2-percent population growth overall during this period.

**Table 11**  
**Bay to Basin Tourism and Recreation Market Study**  
**Nevada County Population Trends**

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<b>Community</b>	<b>2002 Population</b>	<b>2012 Population</b>	<b>% Change</b>
Grass Valley	12,007	12,663	5.5%
Nevada City	3,048	3,068	0.7%
Truckee	14,746	15,949	8.2%
Unincorporated	65,485	65,687	0.3%
<b>Total El Dorado County</b>	<b>95,286</b>	<b>97,367</b>	<b>2.2%</b>

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*"community\_pop"*

Source: California Department of Finance

### Tourism Profile

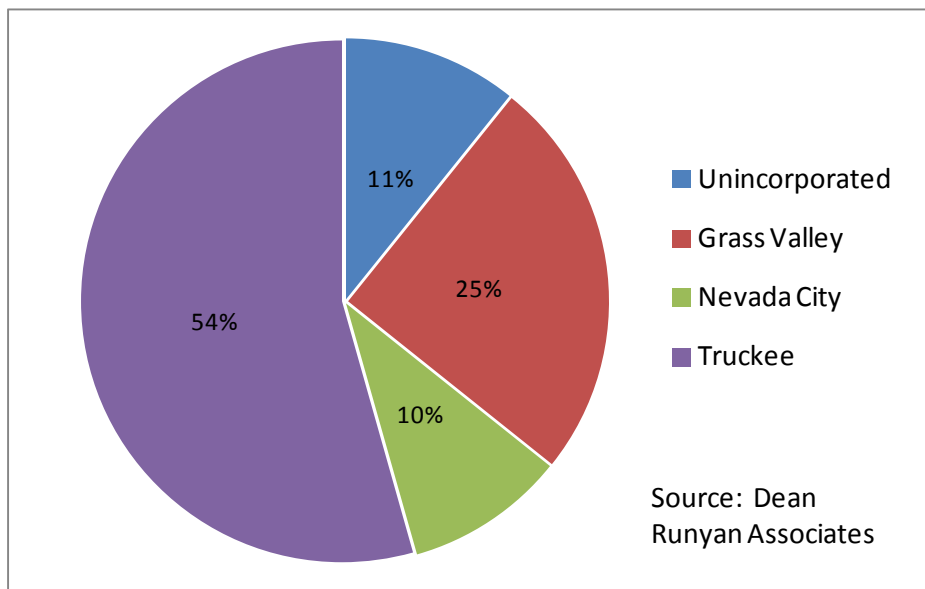
The major tourism centers in Nevada County are Truckee, Grass Valley, Nevada City, and several small rural areas such as Penn Valley and Rough and Ready. The county is somewhat bifurcated among the eastern and western portions. The eastern segment of the county includes high elevations, mountainous recreational opportunities, and bears a strong connection to the Lake



Tahoe region, including the Town of Truckee as the major center of population and tourism activity. The western portion of the county, on the other hand, is generally situated at lower elevations and is more connected to the Sacramento Region.

Among its jurisdictions, the largest concentration of tourism activity is in Truckee, followed by Grass Valley. Aside from the county's three incorporated cities, there are many other smaller areas that provide additional recreational attractions and amenities and represent meaningful contributions to the tourism product of the county. While it is infeasible to estimate the amount of visitation to each area, TOT revenue can provide a fairly representative estimate of the amount of overnight visitation in each major area. **Figure 10** below shows annual TOT revenue in 2012 among each of Nevada County's jurisdictions.

**Figure 10**  
**Annual TOT Revenue—2012**



According to Nevada County tourism experts, most visitors to the county come from the Sacramento Region, the Bay Area, and the Reno area. Nevada County generally is regarded as a “drive-up” market, and most visitors tend to stay overnight for short stays (1 or 2 nights), although day-trip visitors account for a substantive proportion of visitation as well.

Visitation to Nevada County is highly seasonal and is busiest in the summer months. This seasonal factor is one area that local tourism officials are working to improve on by offering more events and activities in all months of the year.

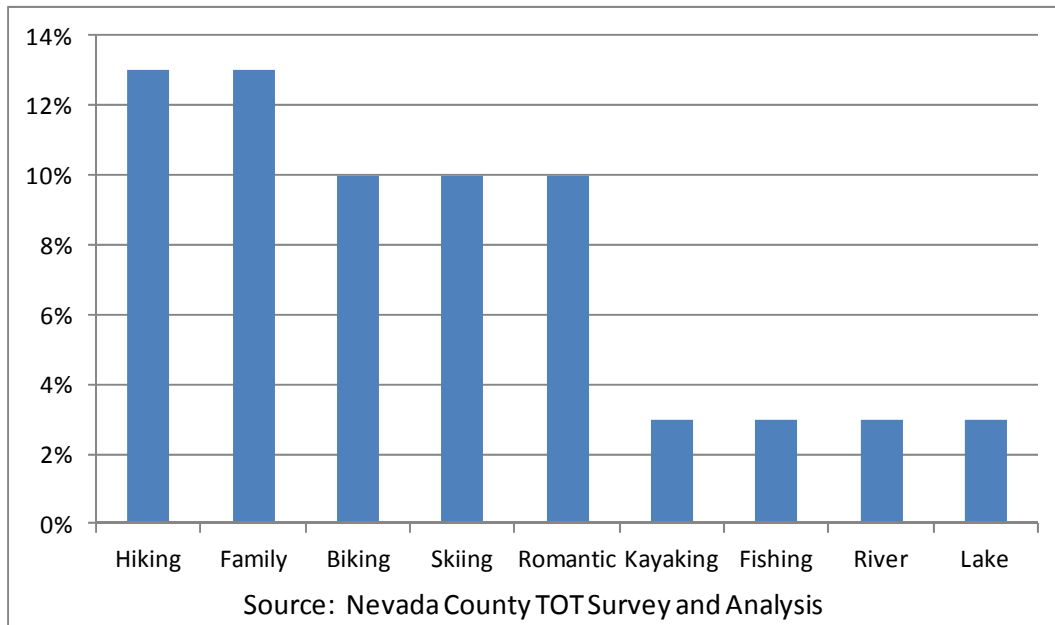
### **Popular Activities/ Attractions/ Programs**

There are many recreational pursuits and leisure activities that bring visitors to Nevada County. Some of the most popular recreational activities in which Nevada County visitors partake are biking, boating, fishing, golfing, hiking, skiing, and many others. Like other Sierra foothill communities, Nevada County has a strong history in gold mining and western culture, and many museums, historic sites, and other related attractions appeal to visitors who wish to experience this rich history. In addition, Nevada County is an emerging center for artistic pursuits, and

there are many art galleries, performances, and art-related events and festivals that draw substantial visitation to the county. This art-related tourism segment is seen as a major growth opportunity for the future.

**Figure 11** shows the most popular activities in which Nevada County visitors participated, according to a survey conducted in the Transient Occupancy Tax Survey and Analysis (TOT Survey).<sup>10</sup> As shown, the most popular activities as reported in the TOT Survey are hiking, biking, and skiing, while “family-oriented” or “romantic” endeavors are popular as well.

**Figure 11**  
**Popular Nevada County Activities**



### Accommodations

Outside of Truckee, Nevada County has fewer than 500 rooms spread among a variety of hotel types. The Town of Truckee has approximately 475 hotel rooms, including a broad range of price and quality, and some higher end properties that command much stronger room rates than those seen elsewhere in the county. **Table 12** shows hotel properties in Nevada County.

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<sup>10</sup> Prepared by Strategic Marketing Group. Survey does not include day travelers.

**Table 12**  
**Bay to Basin Tourism and Recreation Market Study**  
**Lodging Properties in Nevada County**

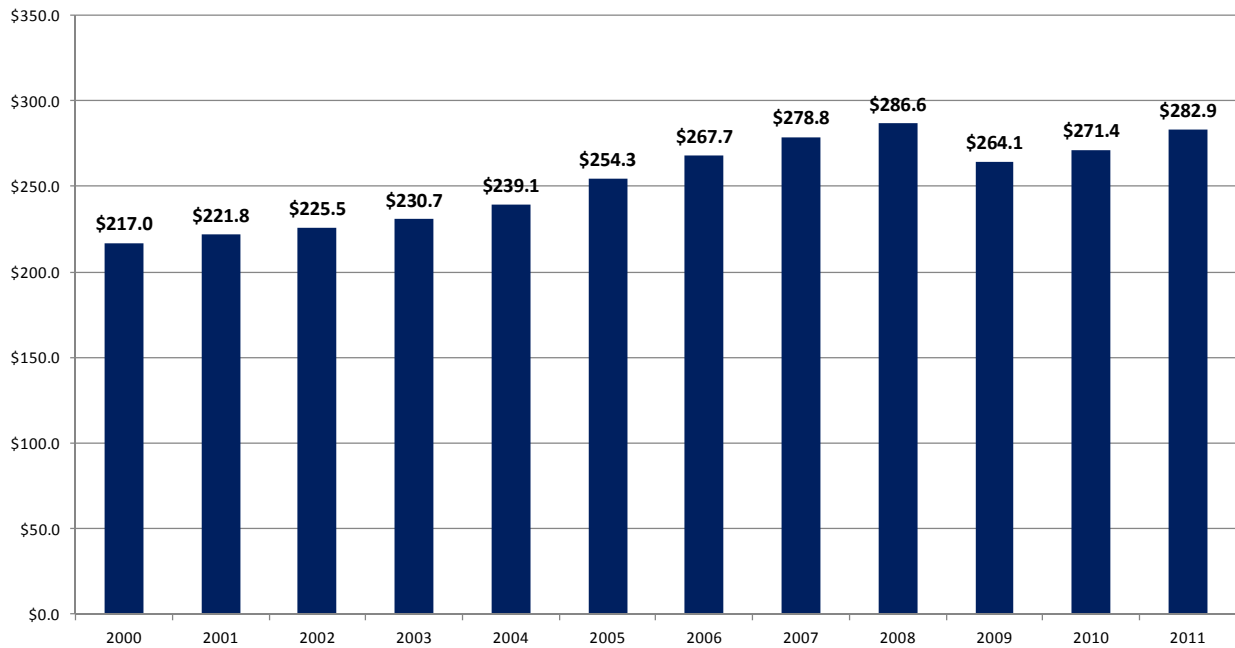
Property Name	City	Date Opened	Units	
<b>Western Nevada County</b>				
Stage Coach Motel	Grass Valley	1954	16	Indep
Alta Sierra Village Inn	Grass Valley		16	Indep
Best Western Gold Country Inn	Grass Valley	1973	84	Midscale
Coach/N Four Motel	Grass Valley	1956	19	Indep
Golden Chain Resort Motel	Grass Valley	1975	21	Indep
Grass Valley Courtyard Suites	Grass Valley	2002	28	Indep
Holbrooke Hotel	Grass Valley	1851	27	Indep
Holiday Inn Express	Grass Valley	2007	80	Upper Midscale
Holiday Lodge AAA Motel	Grass Valley	1962	35	Indep
National Hotel	Nevada City	1852	42	Indep
Nevada City Inn	Nevada City		27	Indep
Northern Queen Inn	Nevada City	1976	86	Indep
Outside Inn	Nevada City		15	Indep
<b>Subtotal Western Nevada County</b>			<b>496</b>	
<b>Truckee Area</b>				
Truckee Donner Lodge		1999	64	Indep
Sunset Inn		1963	20	Indep
Inn at Truckee		1984	42	Indep
Truckee Hotel		1873	37	Indep
Cedar House Sport Hotel		2006	42	Indep
Donner Lake Village		1978	64	Indep
Hotel Truckee Tahoe		1984	100	Indep
Hampton Inn Suites		2005	109	Upper Midscale
<b>Total Truckee Area</b>			<b>478</b>	
<b>Total Nevada County</b>			<b>974</b>	

Source: Nevada County Commerce, Smith Travel Research, and EPS.

## Tourism Performance

Visitors to Nevada County spent approximately \$283 million in 2011, which was an increase of approximately 4 percent from the year before. **Figure 12** shows total visitor spending in the county from 2000 to 2012. As shown, visitor spending has been gradually increasing, except for a small “correction” observed in 2008. Overall, visitor spending has increased by 30 percent (or 2.2 percent per year) over this 12-year period.

**Figure 12**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual Travel Expenditure, Nevada County (Millions)**



Source: Dean Runyan and EPS.

**Table 13** shows visitor spending in Nevada County by spending category in 2011, as compared to 1992. As shown, some shifts in the allocation among spending to different categories have occurred during this period, as consumer preferences among various categories have changed. The most prominent shift is among the Ground Transportation and Motor Fuel category, which increased substantially from 9.1 percent of total to 15.4 percent of total. This reflects the automobile-oriented nature of travel to Nevada County and likely incorporates the rising cost of gasoline and automobile-related travel. Other changes include a fairly prominent decline in the percentage of spending among retail sales.

**Table 13**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Spending Category - Nevada County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Accommodations	\$28.0	18.0%	\$53.2	18.8%	0.8%
Food and Beverage	\$43.0	27.6%	\$80.6	28.5%	0.9%
Food Stores	\$12.7	8.2%	\$20.1	7.1%	-1.1%
Ground Transp. And Motor Fuel	\$14.2	9.1%	\$43.7	15.4%	6.3%
Arts, Entertainment, and Recreation	\$26.5	17.0%	\$41.6	14.7%	-2.3%
Retail Sales	\$31.3	20.1%	\$43.7	15.4%	-4.7%
Air Transportation	\$0.0	0.0%	\$0.0	0.0%	0.0%
<b>Total</b>	<b>\$155.7</b>	<b>100.0%</b>	<b>\$282.9</b>	<b>100.0%</b>	

**Table 14** shows visitor spending as arranged by the type of accommodations at which the visitors are staying (including day travel). As shown, day travel accounted for 16.9 percent of visitor spending in 2011, which is slightly less than the percentage that occurred in 1992. The percentage of spending from those staying in hotels/motels has increased quite substantially from 21.5 percent to 31.7 percent of total visitor spending, while these travelers "shifted" from other accommodations types such as private campgrounds.

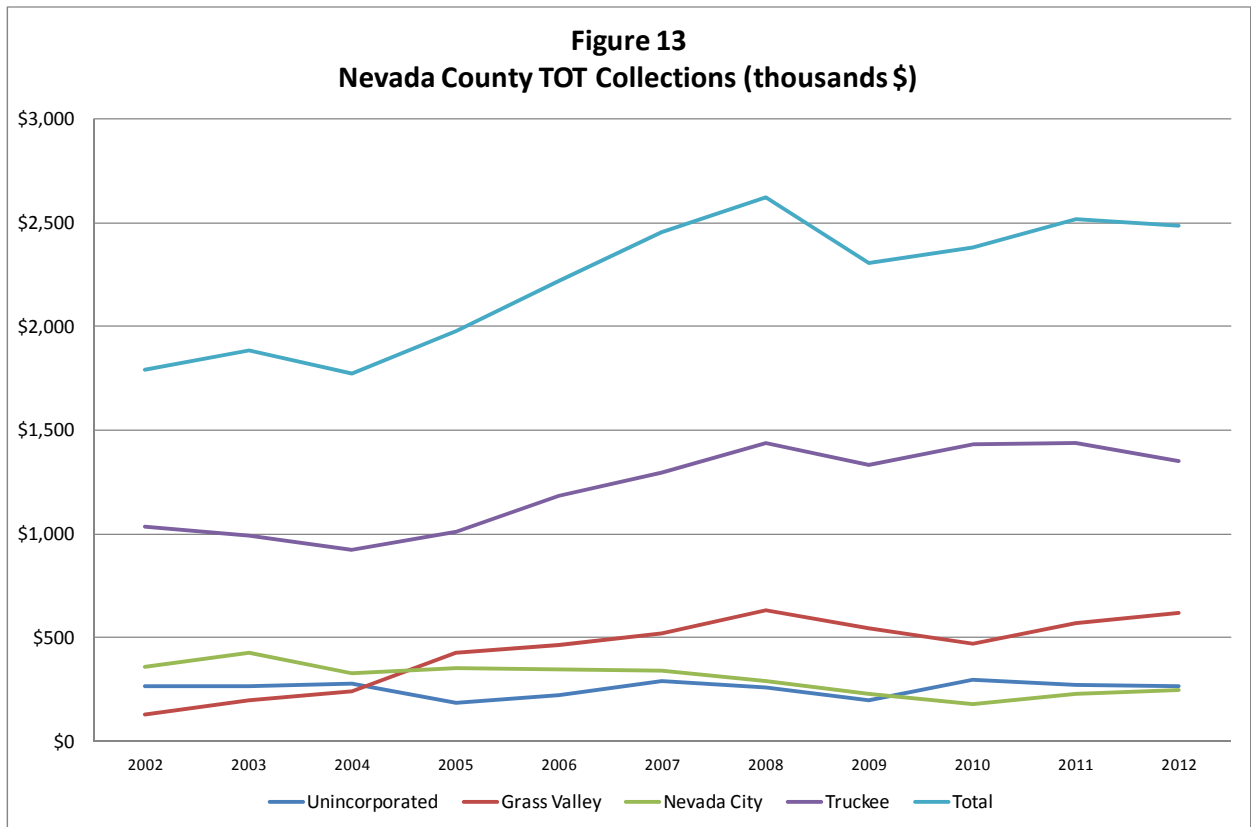
**Table 14**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Accommodations Type - Nevada County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Hotel, Motel	\$33.4	21.5%	\$89.7	31.7%	10.3%
Private Campground	\$35.0	22.5%	\$44.7	15.8%	-6.7%
Public Campground	\$6.0	3.9%	\$8.8	3.1%	-0.7%
Private Home	\$27.5	17.7%	\$51.7	18.3%	0.6%
Vacation Home	\$27.5	17.7%	\$46.5	16.4%	-1.2%
Day Travel	\$26.3	16.9%	\$41.5	14.7%	-2.2%
<b>Total</b>	<b>\$155.7</b>	<b>100.0%</b>	<b>\$282.9</b>	<b>100.0%</b>	

As shown in **Figure 13**, overall TOT collections in Nevada County have grown substantially over the past 10 years, which has been driven mostly by growth in the tourism-oriented areas of Truckee and Grass Valley. Truckee's TOT collections have grown 30 percent during this period,

and Grass Valley collections have more than tripled (although this is over a small original basis), while Nevada City and the unincorporated areas have been relatively flat.

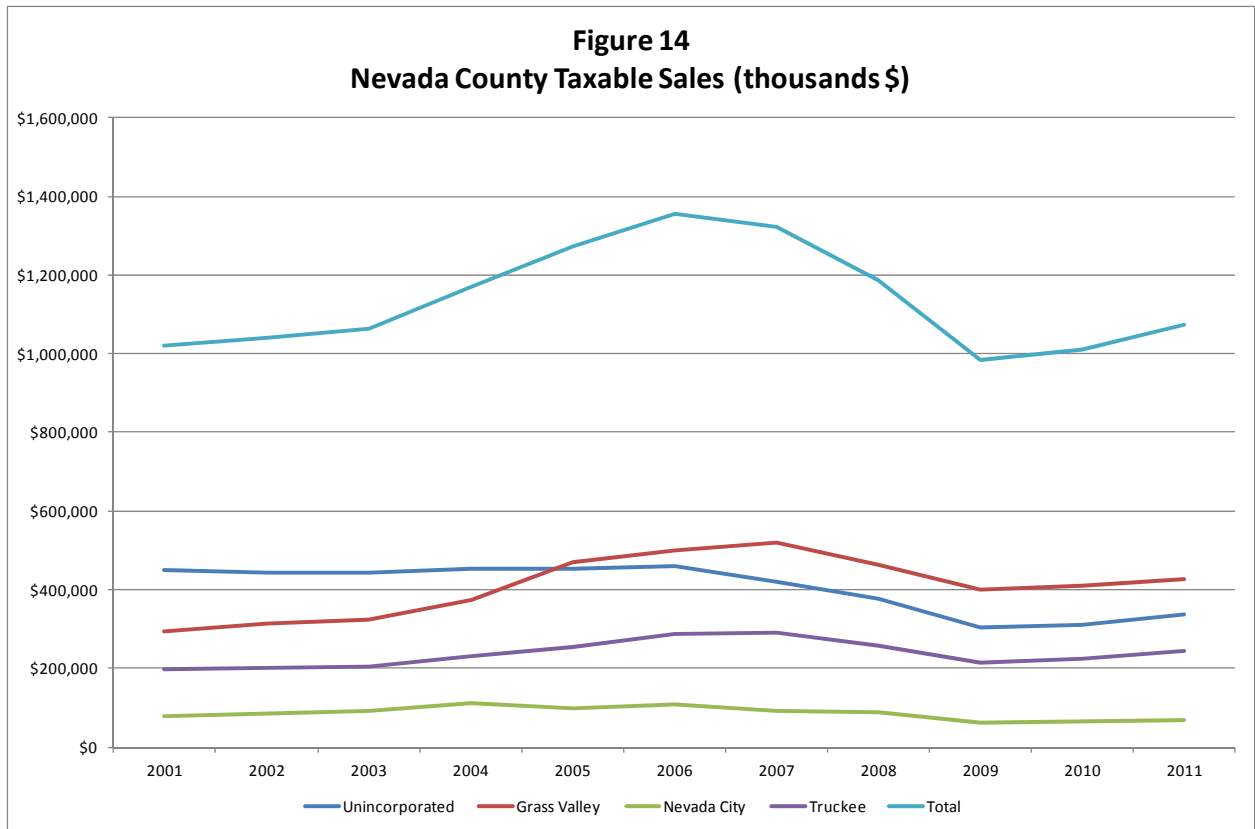
**Table 15** shows annual TOT revenues in 2012, as compared to 2002, further demonstrating the lack of growth in visitation in Nevada City and the unincorporated county during this period, and the phenomenal growth in visitation in Truckee and Grass Valley. As shown, Truckee's TOT revenues have increased by approximately 2.4 percent per year, and Grass Valley's TOT revenues have grown more than 15 percent per year.



**Table 15**  
**Bay to Basin Tourism and Recreation Market Study**  
**Summary of TOT Collections, 2002 - 2012 (thousands \$)**

Geography	2002	2012	2002 - 2012	
			% Change	Avg. Ann. Change
Unincorporated	\$264.6	\$267.7	1%	0.1%
Grass Valley	\$131.4	\$619.5	371%	15.1%
Nevada City	\$358.8	\$245.6	-32%	-3.4%
Truckee	\$1,037.8	\$1,350.7	30%	2.4%
<b>Total</b>	<b>\$1,792.6</b>	<b>\$2,483.5</b>	<b>39%</b>	<b>3.0%</b>

**Figure 14** shows taxable sales in Nevada County and its constituent jurisdictions. As shown, the county experienced a major increase in taxable sales from 2003 to 2006, followed by a prominent decline from 2006 to 2009. More recently, taxable sales have been trending upward since 2009, and prospects for future growth are promising, barring any major setbacks.



## Future Prospects

While no major tourism attractions are known at this time, tourism marketing campaigns are an important component of the county’s ability to capture visitation. There are some unmet needs that tourism officials are working to satisfy through marketing efforts, which will help overall tourism performance. For example, it has been noted that while weekend visitation is quite strong in areas throughout the county, mid-week visits are relatively “soft,” and some opportunity exists to drive increased occupancy. To address this opportunity, Nevada County tourism officials are developing marketing programs that cater to potential mid-week visitors, such as retirees and conference attendees.

The Town of Truckee does have some proposed tourism amenities that are likely to enhance the town’s visitor appeal. For example, the proposed Hotel Avery project along the Truckee River will offer a unique and high-quality lodging option near Truckee’s downtown. This is likely to strengthen the already very popular downtown area, which is slowly and organically filling the “gaps” in the marketplace that may exist and is consistently strengthening its tourism offerings. In addition, there are several development projects that will serve to further strengthen its tourism potential. One prominent proposed development project is known as the Truckee Railyard Master Plan, which, once constructed, is likely to significantly impact the livability and visitor appeal of the town. The Railyard project proposes to add various classes of residential development, office space, retail, a large cinema complex, lodging, and other uses. Although the Railyard Master Plan was approved in 2009, additional entitlements are necessary for construction to commence.



## Overall Tourism Assessment

The overall assessment for Nevada County tourism performance and expected levels of future visitation are shown below, based on the information presented in this chapter:

- Visitor spending in Nevada County has shown fairly steady growth over the past 12 years, except for a decline in 2009. Overall, visitor spending has grown at an average annual rate of 2.2 percent per year from 2000 to 2011.
- Nevada County's TOT collections have shown a similar rate of appreciation, growing at an average annual rate of approximately 3 percent per year for the county overall, although the rates have varied quite significantly for the various jurisdictions in the county, as summarized below:
  - Unincorporated area has remained nearly flat, exhibiting an annual growth rate of just 0.1 percent.
  - Nevada City's TOT revenue has actually declined by approximately 3.4 percent per year.
  - Truckee has shown a fairly healthy growth rate, at approximately 2.4 percent per year.
  - Grass Valley has shown an extremely strong growth rate, at approximately 15.1 percent per year.
- Nevada County's competitive position is expected to mature organically and is not likely to change dramatically in the near future, save for an unforeseen new attraction or amenity that is added to the tourism product and becomes a massive success, or other external factors greatly influence the area's appeal for tourism.
- Given Nevada County's continued enhancement in positioning itself as a visitor destination, EPS expects visitation to increase by approximately 2 to 3 percent per year, assuming no major economic "shocks" occur or other significant threats to visitation in the county materialize, which have a marked impact on future tourism.

## 6. PLACER COUNTY

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Placer County contains six incorporated cities, ranging in size from the small foothill towns in the upland areas such as Auburn and Colfax, to larger cities such as Rocklin and Roseville which are major suburban enclaves of the Sacramento metropolitan region. In addition, Placer County has a large and diverse number of unincorporated communities throughout the county, as well as many popular tourism destinations.

### Population and Growth

Placer County has experienced rapid population growth over the past 10 years, seeing a 34 percent total increase during this period throughout the county. Much of this growth was attributed to popular cities within the Sacramento region over the past decade, such as Roseville at 43 percent growth since 2002 and Lincoln at 146 percent since 2002, as shown in **Table 16**. The unincorporated areas generally experienced much slower growth, at approximately 9 percent overall.

**Table 16**  
**Bay to Basin Tourism and Recreation Market Study**  
**Placer County Population Trends**

Community	2002 Population	2012 Population	% Change
Auburn	12,287	13,473	9.7%
Colfax	1,647	1,977	20.0%
Lincoln	17,713	43,587	146.1%
Loomis	6,152	6,502	5.7%
Rocklin	41,098	58,316	41.9%
Roseville	85,533	122,104	42.8%
Unincorporated	100,510	109,496	8.9%
<b>Total El Dorado County</b>	<b>264,940</b>	<b>355,455</b>	<b>34.2%</b>

"community\_pop"

Source: California Department of Finance

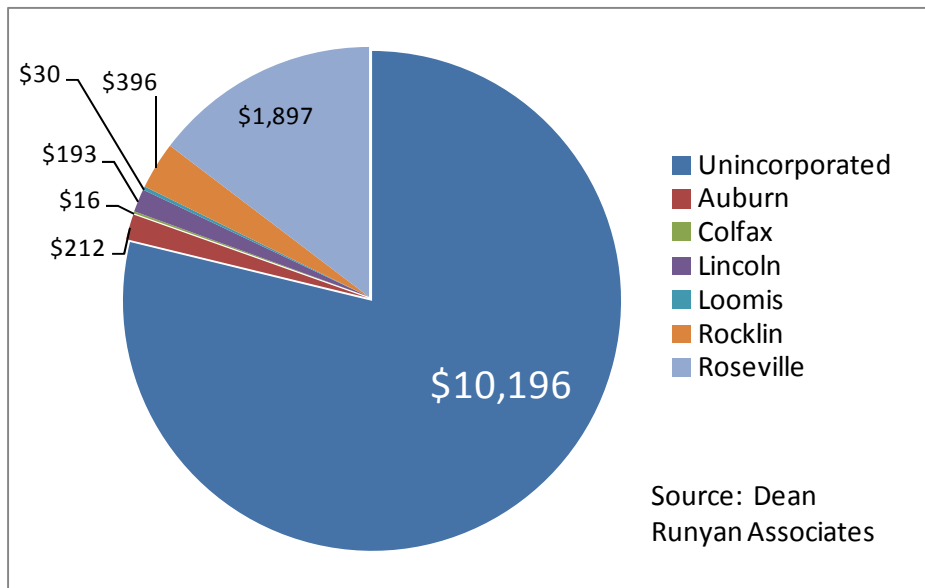
### Tourism Profile

There are many diverse and multi-faceted tourism areas located throughout Placer County that attract visitors from throughout Northern California and beyond. According to the Placer County

Visitors Bureau, the county’s tourism areas can be broken down into three major geographic areas, including The Valley, Gold Country, and the High Country. The Valley includes low-elevation areas that are connected to the Sacramento metropolitan region, including the cities of Roseville, Rocklin, and Lincoln. The Gold Country portion of the County is characterized by rolling foothills and higher elevations, and includes the small cities of Auburn and Colfax. The High Country area encompasses high elevations, mountainous territory, is very sparsely populated, and includes high-elevation areas east of Foresthill including the Tahoe National Forest and the Lake Tahoe basin. The County’s most popular tourism draw is the Lake Tahoe region, which is analyzed in greater detail separately in Chapter 7 below.

Outside of the Lake Tahoe area, Placer County contains many tourism-oriented locales, including the small historical gold country cities of Auburn, Colfax, and many other visitor destinations. While this analysis does not attempt to measure the precise number of visitors in each are of the county, TOT revenue can provide a good representative estimate of the amount of overnight visitation in each major area. **Figure 15** below shows annual TOT revenue in 2012 among each of Placer County’s jurisdictions. As shown, the County’s unincorporated area contains the vast majority (over 75%) of TOT revenue. A large proportion of this comes from the Lake Tahoe area, including Squaw Valley, Tahoe City, Kings Beach, and others. Aside from the Lake Tahoe area, TOT collections are relatively small in the county’s other jurisdictions, with the exception of the City of Roseville, which collected \$1.9 million in TOT revenue.

**Figure 15**  
**Annual TOT Revenue (\$ thousands) — 2012**



### Popular Activities/ Attractions/ Programs

There are many activities, attractions, and programs that drive visitation to Placer County. Some of the most popular recreational activities in which Placer County visitors enjoy are biking, boating, fishing, golfing, hiking, skiing, and many others.

Like other nearby areas, agri-tourism is a growing segment of Placer County’s tourism activity. The county’s agri-tourism operators are becoming increasingly organized, and the “Placer

Grown” organization helps to market Placer County farms, ranches, farmers’ markets, and wineries, encourages residents to buy local products. Annual events and festivals such as the Loomis Eggplant Festival and the Mountain Mandarin Festival add to Placer County’s agri-tourism activity. Wine-related tourism is particularly evident in Placer County, and there are 20 award-winning wineries in the county, mostly located in the foothill areas of Auburn, Lincoln, Loomis and Newcastle. The Placer County wine trail has been organized by the Placer County Vintners Association, and encourages visitors to explore the 20 wineries that are included in the wine trail corridors.

Heritage tourism is also an important component of Placer County visitation, and visitors travel to areas throughout the county to experience Placer County’s richness in historical topics such as the gold rush, the railroad, and Native American culture. There are over 20 museums in the county, and many additional historical points of interest for visitors to explore.

Adventure Tourism is another strong component of Placer County tourism, and a variety of options are offered for outdoor/ adventure recreation enthusiasts in places such as the Tahoe National Forest, Folsom Lake Recreation Area, the American River Canyon, the Bear River Reservoir, and others. Placer County has something to offer in all seasons, and popular activities include winter activities such as skiing, snowboarding, snowmobiling, ice skating, snow tubing and sleigh riding; as well as summer opportunities including rock climbing, hiking, camping, fishing, boating, swimming, water-skiing, river rafting, mountain biking, horseback riding, hunting, hot air ballooning, and off-highway vehicle (OHV) recreation.

Activities related to outdoor fitness have become quite popular in Placer County, owing to its temperate climate and many miles of high quality trails. Auburn has become known as the “Endurance Capitol of the World,” hosting several endurance races each year, such as the Western States Endurance Run, the Tevis Cup, and the Auburn Century Race, as well as accommodating the training activities for these and other events. The Amgen Tour of California is an extremely popular annual cycling race which makes stops in Placer County, drawing thousands of spectators each year.

Golf is another extremely popular activity in Placer County, and the County is home to 20 courses, many of which are open year-round and provide an additional amenity for Placer County visitors to enjoy.

Gaming is a relatively new recreational amenity in Placer County, with the advent of Thunder Valley Casino in unincorporated Placer County near Lincoln. Thunder Valley opened in June 2003, and attracts thousands of visitors, most notably, from the Sacramento region and the San Francisco Bay Area. The casino offers a variety of gaming, entertainment, dining, and lodging opportunities. Future development plans include a 400-room hotel and multipurpose entertainment center and will become the largest resort facility in the County.

### **Accommodations**

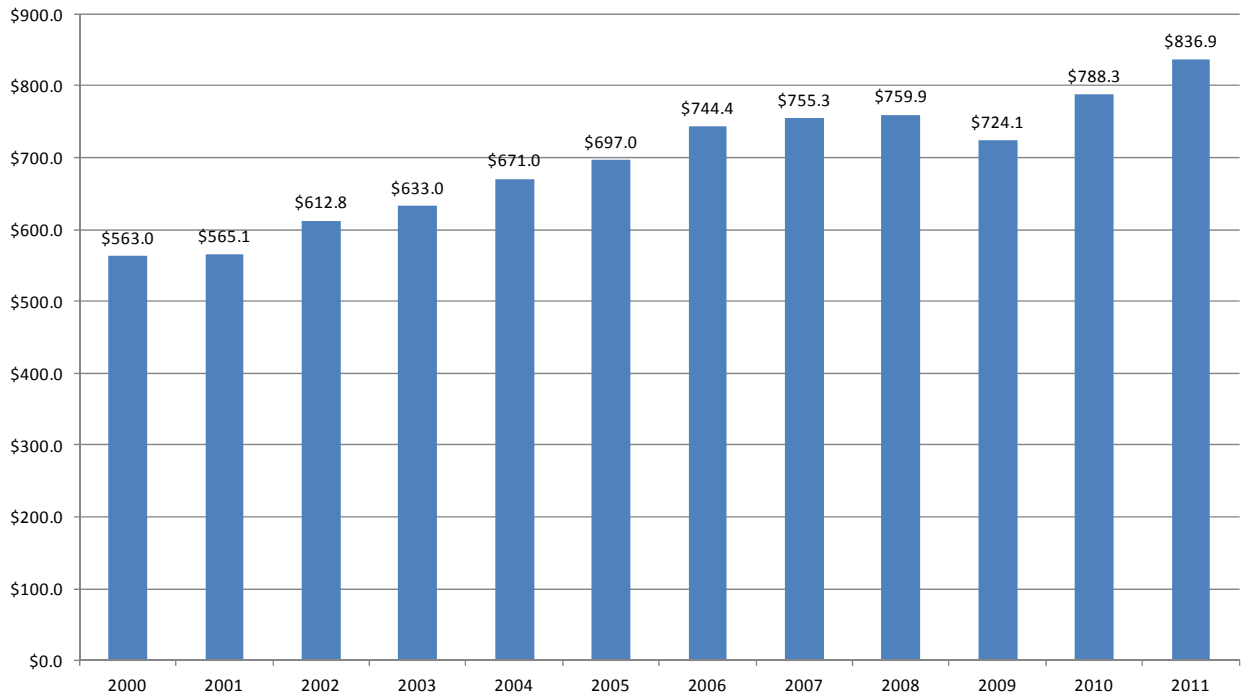
Placer County has more than 4,000 hotel rooms among a variety of hotel types. The Valley portion of Placer County contains 2,256 rooms, with Thunder Valley Casino near Lincoln being

the largest. The High Country area has 1,705 rooms (mostly in the Lake Tahoe region), and the Gold Country area of the county includes 494 rooms.<sup>11</sup>

## Tourism Performance

Placer County visitors spent approximately \$837 million in 2011, which was an increase of approximately 6 percent from the year before. **Figure 16** shows total visitor spending in the county from 2000 to 2011. As shown, visitor spending has been gradually increasing, except for a small decline that occurred observed in 2009. Overall, visitor spending has increased by nearly 50 percent (or 3.4 percent per year) from 2000 to 2011.

**Figure 16**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual Travel Expenditure, Placer County (Millions)**



Source: Dean Runyan and EPS.

**Table 17** shows visitor spending in Placer County by spending category in 2011, as compared to 1992. As shown, spending composition has remained relatively stable during this period, although some shifts in the allocation among spending to different categories have occurred as pursuant to changes in consumer preferences. The most prominent shift that occurred is an approximate 3-percent decline in the proportion of spending in the Retail category, and a corresponding increase in the Ground Transportation and Motor Fuel category. This reflects the automobile-oriented nature of travel to Placer County and likely incorporates the rising cost of gasoline and automobile-related travel. Other minor changes include a small increase (2.5 percent) in the percentage of spending among Food and Beverage establishments, and a small

<sup>11</sup> As of 2009. From RTP 2035.

decrease (2.1 percent) in the percentage of spending among Arts, Entertainment, and Recreation.

**Table 17**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Spending Category - Placer County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Accommodations	\$69.1	20.1%	\$167.7	20.0%	0.0%
Food and Beverage	\$87.5	25.4%	\$233.8	27.9%	2.5%
Food Stores	\$15.9	4.6%	\$35.9	4.3%	-0.3%
Ground Transp. And Motor Fuel	\$37.8	11.0%	\$116.1	13.9%	2.9%
Arts, Entertainment, and Recreation	\$70.6	20.5%	\$154.1	18.4%	-2.1%
Retail Sales	\$63.3	18.4%	\$129.2	15.4%	-3.0%
Air Transportation	\$0.0	0.0%	\$0.0	0.0%	0.0%
<b>Total</b>	<b>\$344.2</b>	<b>100.0%</b>	<b>\$836.8</b>	<b>100.0%</b>	

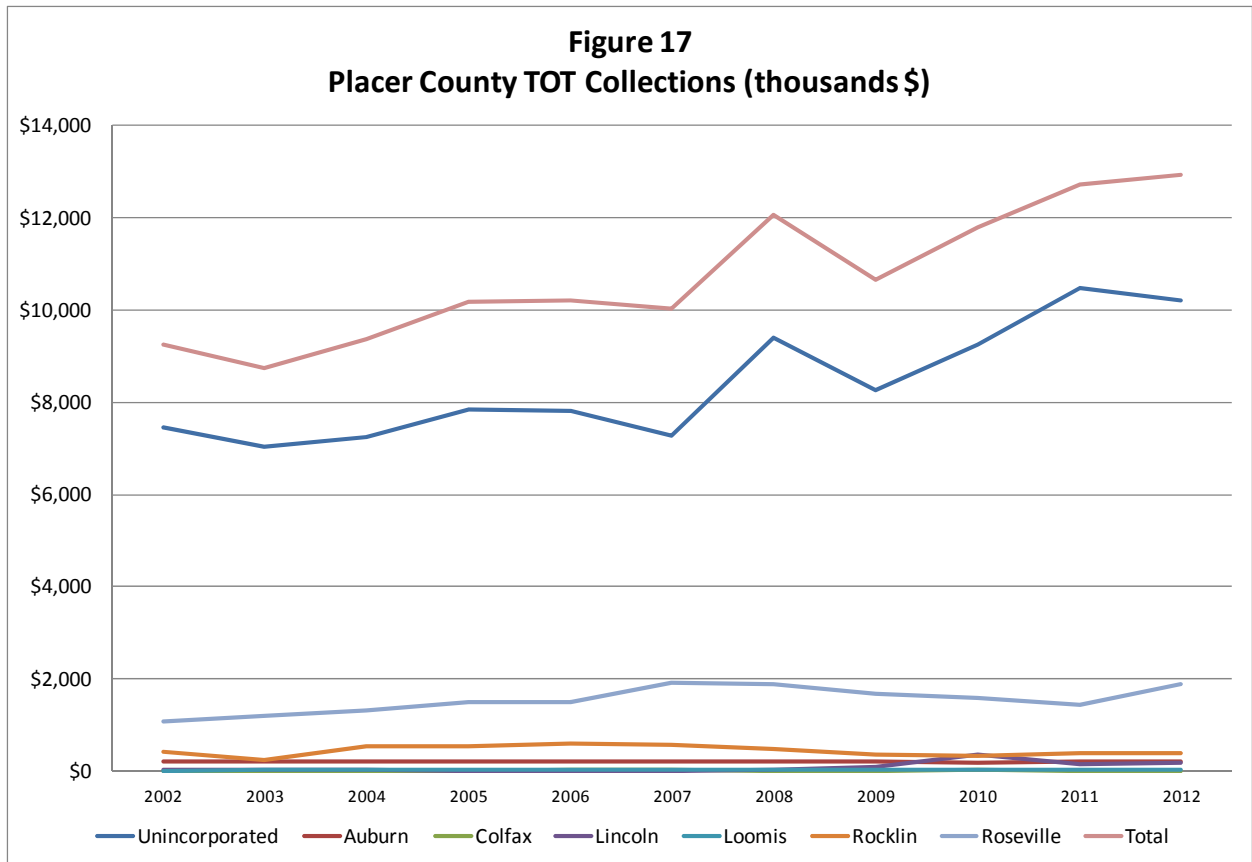
**Table 18** shows visitor spending as arranged by the type of accommodations at which the visitors are staying (including day travel). As shown, day travel accounted for 13.1 percent of visitor spending in 2011, which is slightly less than the percentage that occurred in 1992. The vast majority of visitor spending in Placer County occurs from those staying in hotels/ motels, at 52.6% of total spending in 2011, which was up from 45.7 percent in 2011. The large and diverse geographic area of Placer County should be considered in this instance, as the hotel-oriented spending shift has likely occurred in the urban Sacramento-region cities such as Roseville and Rocklin, which offer a much greater supply of hotel product than in other areas of the County.

**Table 18**  
**Bay to Basin Tourism and Recreation Market Study**  
**Visitor Spending, By Accommodations Type - Placer County**

Spending Category	1992		2011		1992 - 2011 % "Shift"
	Spending (millions \$)	% of total	Spending (millions \$)	% of total	
Hotel, Motel	\$157.2	45.7%	\$440.4	52.6%	7.0%
Private Campground	\$15.5	4.5%	\$21.0	2.5%	-2.0%
Public Campground	\$14.2	4.1%	\$18.8	2.2%	-1.9%
Private Home	\$52.7	15.3%	\$144.6	17.3%	2.0%
Vacation Home	\$52.8	15.3%	\$102.4	12.2%	-3.1%
Day Travel	\$51.9	15.1%	\$109.8	13.1%	-2.0%
<b>Total</b>	<b>\$344.3</b>	<b>100.0%</b>	<b>\$837.0</b>	<b>100.0%</b>	

As shown in **Figure 17**, overall TOT collections in Placer County have experienced relatively slow and steady growth from 2001 to 2007 (rising by approximately 8 percent during this period), and then saw an extreme one-year "spike" in 2008, in which the County's annual TOT increased by 20 percent year-over-year, followed by a 12 percent decline the following year. After the 2008 "spike," county-wide TOT levels returned to relative normalcy, but have shown impressive growth rates since, growing by 20 percent (or nearly 7 percent per year) over the past three years.

**Table 19** shows each jurisdiction's annual TOT revenues in 2012, as compared to 2002, which further demonstrates the varying growth rates in various cities and the unincorporated area during this period.

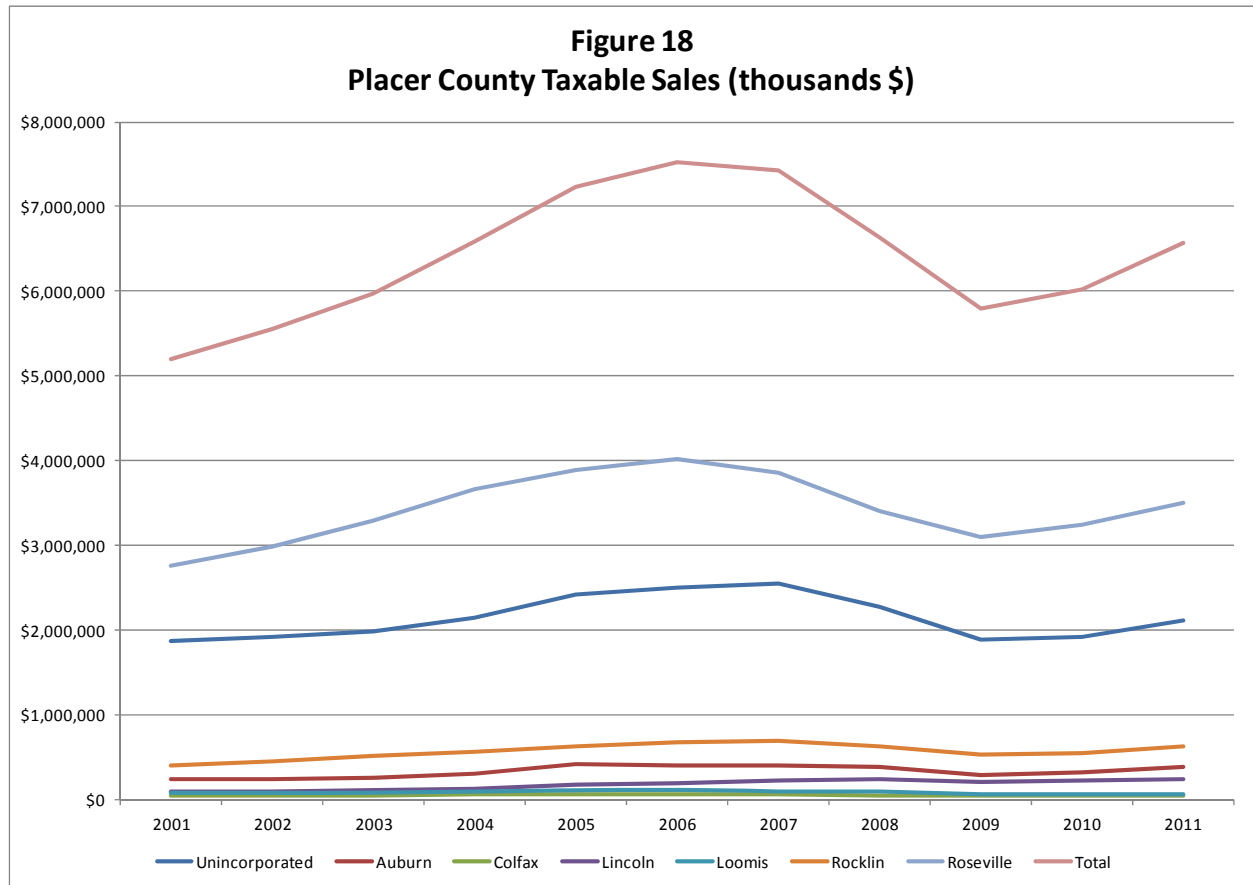


**Table 19**  
**Bay to Basin Tourism and Recreation Market Study**  
**Summary of TOT Collections, 2002 - 2012 (thousands \$)**

Geography	2002	2012	2002 - 2012	
			% Change	Avg. Ann. Change
Unincorporated	\$7,451.1	\$10,196.2	37%	2.9%
Auburn	\$207.9	\$212.2	2%	0.2%
Colfax	\$10.3	\$16.0	55%	4.1%
Lincoln	\$44.6	\$193.3	333%	14.3%
Loomis	\$17.5	\$29.6	69%	4.9%
Rocklin	\$422.8	\$395.7	-6%	-0.6%
Roseville	\$1,086.6	\$1,897.4	75%	5.2%
<b>Total</b>	<b>\$9,240.8</b>	<b>\$12,940.4</b>	<b>40%</b>	<b>3.1%</b>



**Figure 18** shows annual taxable sales in Placer County and its constituent jurisdictions. As shown, the county experienced a major increase in taxable sales from 2001 to 2006, followed by a prominent decline from 2006 to 2009. More recently, taxable sales have been trending upward since 2009, and prospects for future growth are promising, barring any major setbacks.



## Future Prospects

Outside of the Tahoe Basin, Placer County tourism performance and future visitation is likely to experience modest growth in future years, and the magnitude of change is likely to vary significantly by region of the county. To EPS’s knowledge there are no significant pending tourism-based development projects or programs that are likely drastically alter visitation to the county’s tourism areas outside of the Tahoe region. As such, any change in visitation throughout the county is likely to occur on a more natural and gradual basis, and is likely to be similar to the levels of growth that have been seen over the past decade.

The valley region is likely to continue to see moderate increases in visitation, as the Sacramento region continues to grow and mature over time. However, Lincoln is unlikely to match its extremely rapid growth it has experienced over the past ten years, and visitation levels are likely to temper as the city matures over time. Rocklin and Roseville are established and appealing tourism areas that are likely to experience incremental growth similar to previous levels.

The “Gold Country” area (defined above) has fewer hotel rooms than other areas of the county, but its recreational amenities, its strength in agri-tourism and viticulture, its many historical

sites, and its abundant outdoor recreational possibilities make it a viable tourism area that has potential for future tourism growth. Visitation to other areas in the High Country (outside of the Tahoe region) is likely to remain the same as years past. The Lake Tahoe region does have a number of pending projects which have the potential to significantly influence tourism activity (such as the proposed expansion at the Squaw Valley ski resort area). The implications for the Lake Tahoe area within Placer County are evaluated separately in Chapter 7 below.

### **Overall Tourism Assessment**

The overall assessment for Placer County tourism performance and expected levels of future visitation are shown below, based on the information presented in this chapter:

- Visitor spending in Placer County has shown fairly steady growth over the past 12 years, except for a decline in 2009. Overall, visitor spending has grown at an average annual rate of 3.4 percent per year from 2000 to 2011.
- Placer County's TOT collections have shown a similar rate of appreciation, growing at an average annual rate of 3.1 percent per year for the county overall, although the rates have varied quite significantly for the various jurisdictions in the county, as summarized below:
  - Roseville has shown very healthy growth in visitor spending, growing at an average annual rate of 5.4 percent.
  - Lincoln has shown a remarkable rate of growth in TOT collections, growing at an average rate of 14.9 percent per year. This is surely due to the fact that Lincoln had very little overnight visitor activity up until the addition of the Thunder Valley casino and a new Holiday Inn Express hotel in late 2007.
  - Other cities in the county have demonstrated varying rates of TOT growth, ranging from 0.6 percent annually in Rocklin, to 4.9 percent annually in Loomis.
  - The unincorporated area has shown moderately healthy growth in visitor spending, growing at an average annual rate of 2.9 percent.
- Placer County's competitive position is expected to mature organically and is not likely to change dramatically in the near future, save for an unforeseen new attraction or amenity that is added to the tourism product and becomes a massive success, or other external factors greatly influence the area's appeal for tourism.
- Given Placer County's continued enhancement in positioning itself as a visitor destination, EPS expects visitation to increase by approximately 3 to 4 percent per year, assuming no major economic "shocks" occur or other significant threats to visitation in the county materialize, which have a marked impact on future tourism.

## 7. THE LAKE TAHOE BASIN

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The Lake Tahoe Basin is a primary tourism area in Northern California, drawing vacationers from throughout the entire U.S., as well as international visitors. The basin comprises a fragmented geography of jurisdictional boundaries, comprising portions of five counties and one incorporated city across two states. At a basic level, the basin essentially is split into two primary destinations: North Lake Tahoe and South Lake Tahoe. Because these areas are separated geographically, capture different market segments, and are independently organized in terms of available tourism research, they are analyzed separately in this chapter.

### North Lake Tahoe

The North Lake Tahoe area is a popular visitor destination that consists of a variety of small communities spanning from the Tahoma area on the west shore of the lake, up to Tahoe City and Squaw Valley resort, east over to Kings Beach and the Incline Village community on the Nevada side of the state line. The North Lake Tahoe region comprises several unincorporated communities in Placer and Washoe Counties, including Tahoe City, Kings Beach, Homewood, Olympic Valley, and others. The North Lake Tahoe area in the Tahoe Basin is home to approximately 12,500 residents, as shown in **Table 20**. This permanent population base has actually been shrinking for many years and declined by 17 percent between 2000 and 2010.

**Table 20**  
**Bay to Basin Tourism and Recreation Market Study**  
**Population Trends in Tahoe City and Surrounding Areas**

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<b>Community</b>	<b>2000 Population</b>	<b>2010 Population</b>	<b>% Change</b>
<b>Tahoe Basin Communities</b>			
Carnelian Bay	1,928	1,170	-39%
Dollar Point	1,539	1,215	-21%
Tahoe City	3,997	3,161	-21%
Tahoma	1,282	1,037	-19%
Homewood	840	744	-11%
Kings Beach	4,802	4,414	-8%
Tahoe Vista	669	788	18%
<b>Subtotal</b>	<b>15,057</b>	<b>12,529</b>	<b>-17%</b>

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*"community\_pop"*

Source: Placer County, TBCP Background Report dated April 23, 2013.

There also is a strong contingent of "absentee" home-owners in the North Lake Tahoe area, who live elsewhere but use homes owned in North Lake Tahoe on an occasional basis for recreational

or vacation purposes. As shown in **Table 21**, more than 65 percent of North Lake Tahoe residences are designated as vacation homes or second homes.

**Table 21**  
**Bay to Basin Tourism and Recreation Market Study**  
**Absentee Ownership of Residential Units, 2012**

Area	Owner Occupied	Absentee Owner	Total Units	Percent Absentee
Carnelian Bay	2,932	3,127	6,059	52%
Homewood	125	933	1,058	88%
Tahoma	31	153	184	83%
Kings Beach	421	1,623	2,044	79%
Tahoe City	4,202	7,586	11,788	64%
Olympic Valley	267	1,579	1,846	86%
Tahoe Vista	145	642	787	82%
<b>Total</b>	<b>8,123</b>	<b>15,643</b>	<b>23,766</b>	<b>66%</b>

Source: DRAFT Economic Significance of Travel to the North Lake Tahoe Area, prepared by Dean Runyan Associates, 2013.

### **Tourism Profile**

Tourism is the primary economic driver of the North Lake Tahoe area, which experiences approximately 3.1 million visitor-nights per year (not including Incline Village or other communities on the Nevada side).<sup>12</sup>

Most visitors to the area come from the “drive-up” markets of the Sacramento/Central Valley and San Francisco Bay Area. Southern California residents also are a sizable market segment, which has great promise for future growth. Tourism businesses and marketing organizations are working to enhance North Lake Tahoe’s appeal to destination visitors from across the U.S., as well as from international markets. Recently, the North Lake Tahoe Resort Association enhanced its marketing efforts to these markets and is reportedly gaining some traction. A visitor survey administered in the summer of 2012 indicated 21 percent of visitors came from the San Francisco-Oakland/San Jose metropolitan area, 12 percent were international visitors, 10 percent came from Los Angeles, and 8 percent came from the Sacramento-Stockton, Modesto metropolitan area.<sup>13</sup>

<sup>12</sup> The Economic Significance of Travel to the North Lake Tahoe area, DRAFT report, September 2013, Dean Runyan Associates.

<sup>13</sup> North Lake Tahoe Visitor Survey, Summer 2012, RRC Associates.

### **Day-Trip vs. Overnight**

According to Dean Runyan and Associates, approximately 42 percent of the trips to the North Lake Tahoe area are from those that are traveling just for the day (and not staying overnight). However, Runyan also reports that just 14 percent of the spending to the North Lake Tahoe area comes from these day travelers, while the remaining 86 percent comes from overnight travelers who are staying at a variety of accommodations types.

### **Air Versus Ground Transportation**

Approximately one-third of the North Lake Tahoe visitor spending comes from visitors who traveled by air, while the other two-thirds are from visitors who traveled using ground transportation.

### **Special Events**

Special events are a large driver of visitation in North Lake Tahoe, and the area has been successful in attracting many popular events such as the Ironman Triathlon, Tough Mudder, and Amgen Tour of California. These events have helped to fill hotel rooms and attract visitor spending—often during the “lean” shoulder months of the Spring and Fall. The athletic events especially have been beneficial to the local area because they fit well within the local culture, are popular with visitors and locals alike, and tend to foster “multiple” visits from competitors as they seek to conduct their training in the high-altitude environment the region offers.

Older clientele, including many boaters, seem to prefer the summer season in North Lake Tahoe, according to local stakeholders interviewed. European and Asian tourists typically prefer the late summer. Overall, younger tourists appear to be more likely to depend on transit.

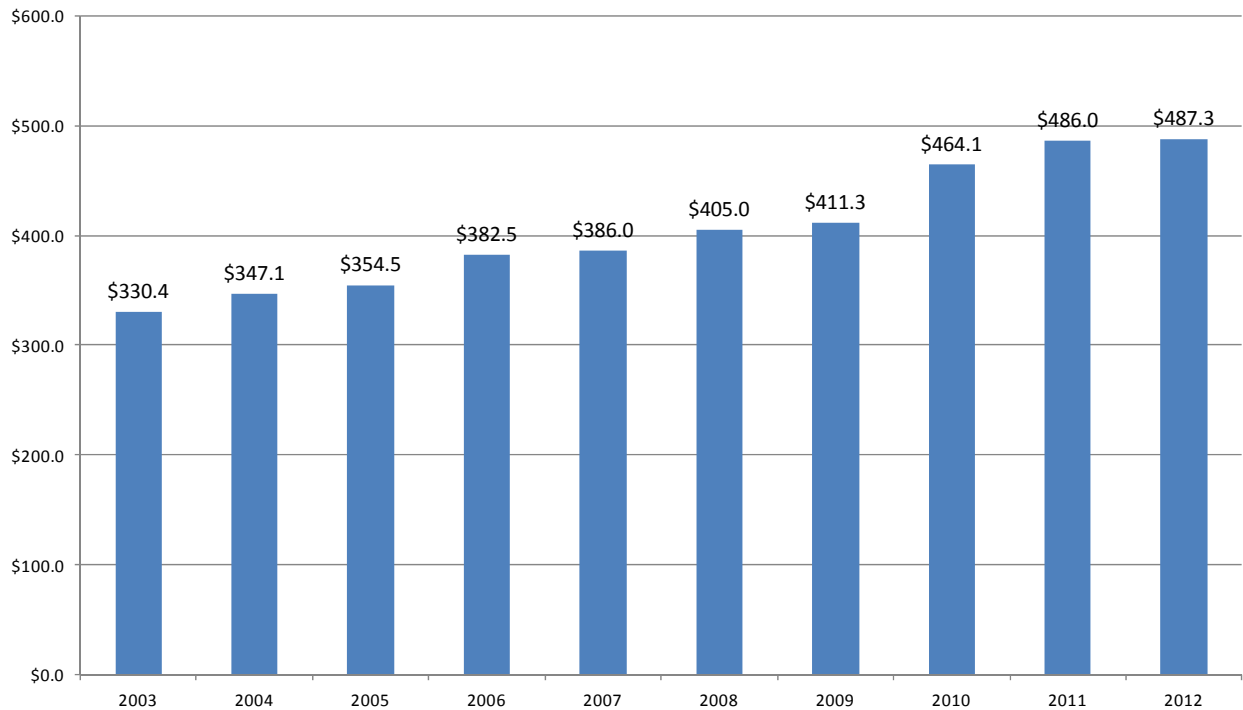
### **Tourism Performance**

Tourism is a massive economic driver in North Lake Tahoe, and **Figure 19** shows visitor spending performance in the Tahoe Basin portion of Placer County over time.<sup>14</sup> As shown, visitor spending has been slowly and steadily growing over the past 10 years at an average annual rate of 4 percent. This constant growth is quite remarkable, considering major declines in spending and economic activity associated with the Great Recession beginning in 2007, and points to the North Lake Tahoe area’s popularity, strength, and resiliency as a visitor destination.

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<sup>14</sup> It should be noted that **Figure 19** does not include the visitor spending from other important tourism areas in the “region,” such as Truckee, Incline Village, or other areas outside the Tahoe Basin portion of Placer County.

**Figure 19**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual Travel Expenditure, North Lake Tahoe (Millions)**



Source: Dean Runyan Associates and EPS.

### Accommodations

There are approximately 2,000 accommodations in the North Lake Tahoe area, which span the full range of price and quality: from very low-cost, aged, and poor quality motels to very high-end, luxury hotels located near resort areas. In addition, private homes or condominiums are often rented out to visitors and represent important lodging property types in the North Lake Tahoe area. It is estimated that more than 1,500 condominium and other types of short-term rental properties are available in the North Lake Tahoe area.<sup>15</sup>

### Future Prospects

There are many planned development projects in the North Lake Tahoe area that, once completed, are likely to have substantial influence on the amount of future visitation the area will capture. Some of the most prominent development projects are described below:

- **Homewood.** Homewood Mountain Resort ski area has proposed and received all necessary approvals for a major expansion to its on-mountain resort infrastructure and a program of development that would add up to 100 condominium units, 48 ski-in ski-out chalets, 13 workforce housing units, 15,000 square feet of commercial space, and a five-star hotel with up to 75 rooms.

<sup>15</sup> From the DRAFT "Economic Significance of Travel to the North Lake Tahoe Area," prepared by Dean Runyan Associates, 2013.

The Homewood is the first serious attempt to bring a substantial investment to the Community Plan's lake shore in many years. Although the Homewood project was approved by all required government bodies, including the county and Tahoe Regional Planning Agency (TRPA), it was fraught with challenges, including a rigorous entitlement process, exhaustive environmental review and mitigation, lawsuits, and other obstacles. Given these difficulties, the project is fortunate to have a patient and well-capitalized developer committed to seeing the project through to completion. Many less experienced or financially secure investors would be unable or unwilling to accept these challenges and may have abandoned the expansion project long ago.

- **Village at Squaw Valley.** The owners of the Squaw Valley ski resort are in early planning phases for a major expansion to the ski area base and surrounding area. The Village at Squaw Valley Specific Plan proposes to add new development on 100 acres of land, which will include up to 1,295 units, consisting of a variety of hotel, condominium-hotel, fractional-ownership residences, and timeshares, and potentially some single-family home sites, as well as retail/restaurant uses, an aquatic center, and a variety of environmental restoration efforts and parking facilities.
- **Boulder Bay.** The Boulder Bay project, located on the site of the Biltmore Casino/Hotel on the Nevada side of the state line, will include the four-story, 275-room Boulder Bay hotel, 60 residential condominiums, 14 affordable housing units, 20,000 square feet of retail/restaurant space, and a 10,000-square-foot casino. This project was approved by the TRPA Governing Board in 2012 and is reportedly waiting to secure financing before commencing construction within the next 1 or 2 years.
- **Kings Beach Town Center.** From 2006 to 2008, a private real estate firm known as BB, LLC, began acquiring parcels located between Fox and Coon Streets along State Route 28 in Kings Beach to construct a new mixed use development known as the King Beach Town Center. This four-acre project was envisioned to include a variety of uses, including offices, retail shops and restaurants, residential units (including some affordable housing), and various streetscape and parking amenities. The project ultimately ran into financial difficulties associated with the Great Recession that impaired its prospects for development. The project continues to remain in the planning stages under a new ownership structure. This and other projects in Kings Beach are expected to receive a substantial boost from the \$24 million "commercial core" project, which will convert State Route 28 to a "complete street" through town and set the context for a substantial investment response from the private sector.
- **State Route 89/ Fanny Bridge Community Revitalization Project.** A current proposal to realign a portion of State Route 89 in the Tahoe City area is seen as a way to relieve heavy traffic congestion that exists in this area and allow the western area of Tahoe City to function as a more appealing tourism district. Along with monumentation, signage, programming, and other amenities and programs, this project has the potential to encourage redevelopment of key parcels and increase Tahoe City's competitive position as a tourism destination.

## Overall Tourism Assessment

Overall, tourism and visitation to the North Shore is very strong. As shown in **Figure 19** above, visitor spending has been growing steadily, even during the very difficult economic period associated with the Great Recession, when most tourism-oriented communities were seeing substantial declines in visitor spending:

- Visitor spending in the North Lake Tahoe area has grown at a rate of 4 percent per year from 2003 to 2012.
- EPS expects future increases in visitor spending will be similar to previous rates, and growth in visitor spending is likely to range between 3 and 5 percent per year.
- Changes to North Lake Tahoe may affect its competitive position for future visitation. These changes could facilitate a short-term “spike” in annual visitation, which could range from 5- to 7-percent growth per year.
- This assessment assumes that no major economic “shocks” occur or other significant threats to visitation materialize that have a marked impact on future tourism performance.

## South Lake Tahoe

South Lake Tahoe lies on the other side of the lake and consists of the basin’s only incorporated city (South Lake Tahoe), as well as several unincorporated communities on both the California and Nevada sides of the state line. The South Lake Tahoe population is declining at a fairly rapid rate, and the City of South Lake Tahoe in particular has lost 2,250 permanent residents (10 percent of its population) from 2000 to 2012. Similar to the Lake Tahoe Region in general, South Lake Tahoe has a high rate of housing vacancy, which was more than 40 percent in 2012.

### Tourism Profile

Visitors are attracted to South Lake Tahoe for many reasons. Skiing is a primary attraction in the winter months, as the Heavenly, Sierra-at-Tahoe, and Kirkwood ski resorts are very popular attractions and a primary draw for tourism. While these are primarily winter-season destinations, these resort areas are expanding their offerings to allow for some summer-time recreation as well. The passage of the federal Ski Area Recreational Opportunities Enhancement Act of 2011 allows additional recreational activities on publicly owned land, and many ski resorts are strategically planning to introduce new amenities to enhance their summer-time operations. Heavenly Ski Resort may be the furthest along in this endeavor and is constructing ropes courses, a canopy “zip-line” tour, additional hiking and mountain biking trails, and other amenities.

In the summer months, the lake and beach primary are attractions for visitors who enjoy boating, parasailing, kayaking, paddle-boarding, or just relaxing. Festivals and events are growing segment that helps to drive visitation. Popular South Lake Tahoe events include the Harvey’s Summer Concert series, 4<sup>th</sup> of July Fireworks, the American Century Celebrity Golf Tournament, Snowglobe Music Festival, and many others.

Other popular activities that South Lake Tahoe visitors engage in include hiking, bicycling, shopping, dining, photography, and a variety of other pursuits.



Gaming historically has been a major driver of tourism in South Lake Tahoe, but this industry has been hit hard by recessionary forces and changes. Gaming revenues at South Lake Tahoe casinos are down from \$335 million in 2005 to \$210 million in 2011, a decline of more than 35 percent.<sup>16</sup> The ways in which the gaming industry evolves to recapture lost market share will be a key driver on South Lake Tahoe's tourism performance. One method that appears to have promise is holding concerts, festivals, or other types of events to bring visitors to the area. Harvey's Casino has constructed a temporary outdoor amphitheater, which hosts concerts to crowds up to 7,000 people. These events have been noted as being successful in driving visitation to the Lake Tahoe area and bringing additional gamblers to local casinos.

### **Visitor Profile**

Visitors to South Lake Tahoe come from a variety of locations but are mostly from Northern California metropolitan areas of Sacramento, the Central Valley, and the Bay Area. According to Strategic Marketing Group's "South Shore Intercept Survey," more than 55 percent of South Lake Tahoe visitors emanate from Northern California.<sup>17</sup> These are some additional pertinent facts from this survey:

- 60 percent of visitors to South Lake Tahoe are repeat visitors (as opposed to first time visitors). This percentage varies depending on where the visitors come from, with closer origins reporting higher rates of repeat visitation. For example, 24 percent of visitors from Sacramento/Stockton reported being a first-time visitor, whereas 69 percent of visitors from out of California denoted this distinction.
- 64 percent of survey respondents were overnight visitors, while 36 percent were only visiting for the day.
- The average length of stay was reported at 3.2 nights.
- 35 percent of South Lake Tahoe visitors reported arriving by air, either from Reno/Tahoe Airport, Sacramento International Airport, or San Francisco Airport. The remaining 65 percent arrived by private vehicle, rental car, RV, or chartered bus.

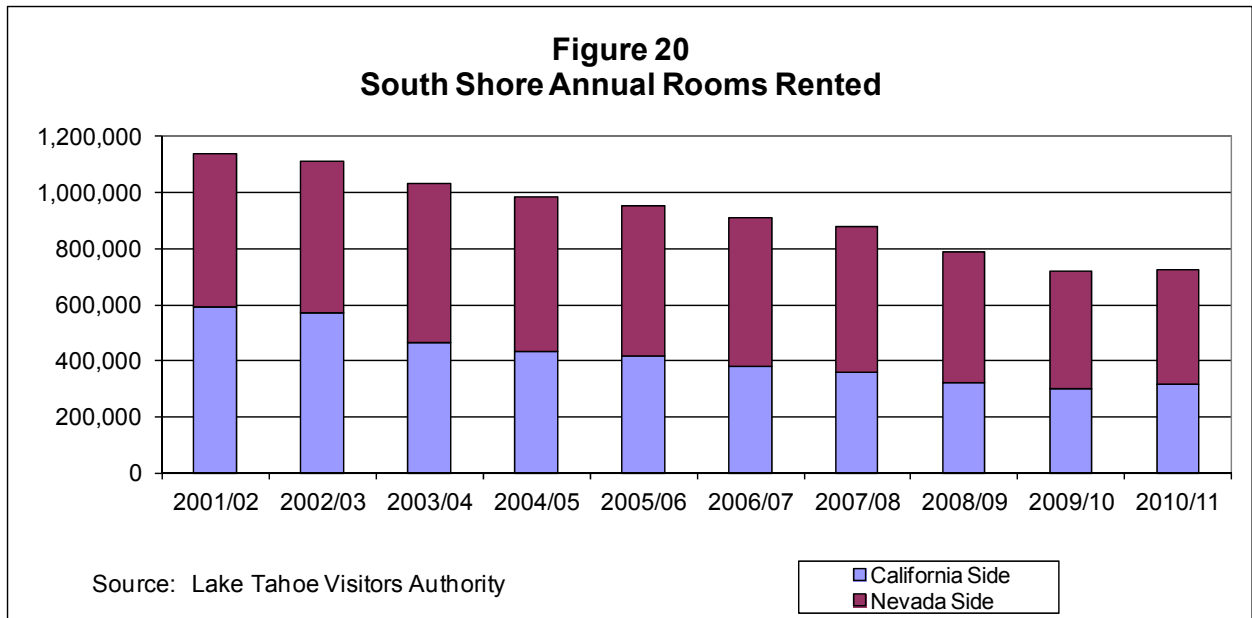
### **Tourism Performance**

Unlike other geographic areas analyzed in this report, a historical account of visitor spending over the long term does not exist for South Lake Tahoe. Some of the best indicators of tourism performance that exist are rooms rented and TOT revenue. **Figure 20** shows rooms rented in South Lake Tahoe (including both the California and Nevada portions) from 2001 to 2011. As shown, the number of annual rooms rented has declined from 1.1 million in 2001–2002 to 720,000 in 2009–2010, a reduction of more than 35 percent. More recently, a slight uptick has been observed in 2010–2011, and reports have indicated that more recent years have shown improvements. However, these figures are still substantially lower than the levels seen in 2001–2002 and before.

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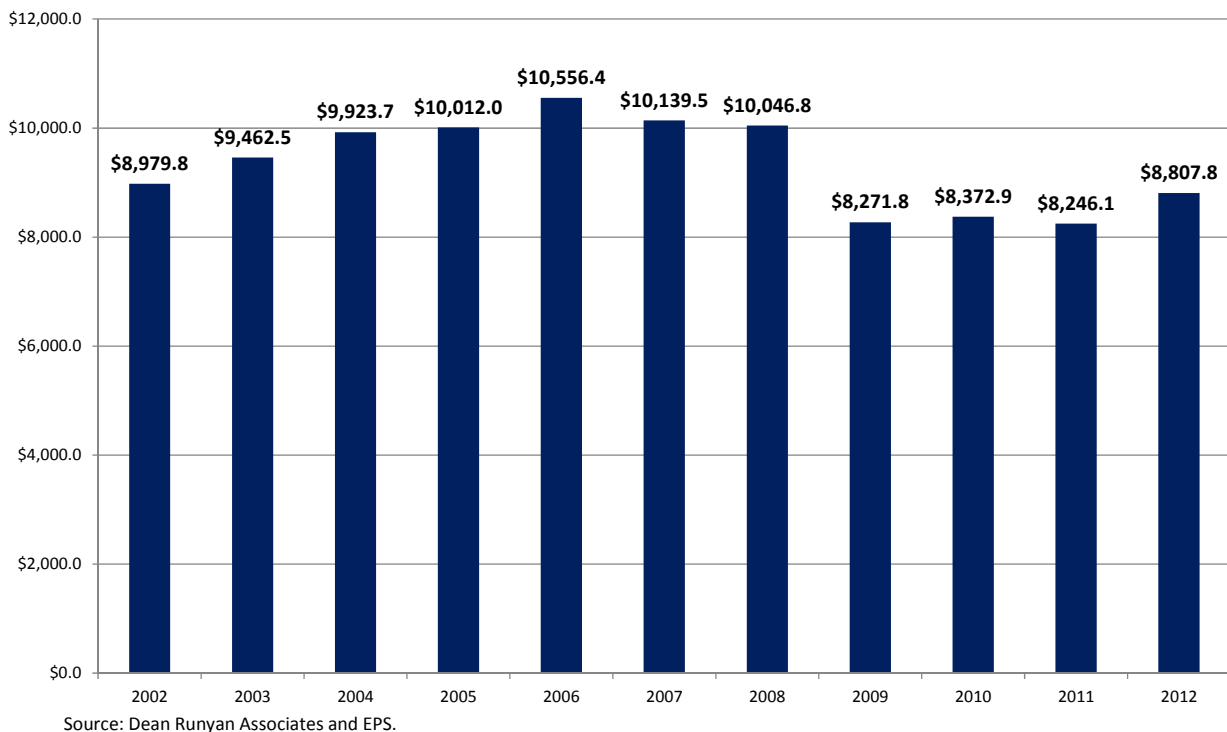
<sup>16</sup> According to data from the Nevada Gaming Commission.

<sup>17</sup> Data from this survey were collected in the winter of 2011.



**Figure 21** shows annual TOT collection over the past decade for South Lake Tahoe. As shown, while the City of South Lake Tahoe enjoyed TOT gains from 2001 to 2006, it suffered a fairly sizable loss in 2009 (a decline of approximately 18 percent), from which it is still struggling to recover. While TOT revenues were significantly stronger in 2012, they were still approximately 17 percent lower than seen at the “peak” in 2006.

**Figure 21**  
**Bay to Basin Tourism and Recreation Market Study**  
**Total Annual TOT Revenue, City of South Lake Tahoe (thousands)**



## Accommodations

South Lake Tahoe has no shortage of accommodations. As noted in the South Shore Vision Destination Economic Impact Analysis, the number of hotel/motel rooms in South Lake Tahoe has been quantified at more than 11,000 units.<sup>18</sup> This high number of rooms was perhaps more suitable during the booming years of Tahoe gaming, but, as the gaming industry has struggled and these properties have become aged and of marginal quality, they hamper the ability of South Lake Tahoe to market itself as a first-rate destination. The motels and hotels in the South Shore currently exhibit much lower average daily rates and occupancy rates than the state average or than those found in other competing tourism areas. The average hotel occupancy in the City of South Lake Tahoe was a dismal 43 percent in 2011.

Recently, some new lodging product has been added at the Marriott Timber Lodge and Grand Residence Club properties at Heavenly Village (constructed in 2000 to 2002). Some older properties also are undergoing renovations to enhance the quality of the lodging stock at the South Shore. Notable examples include the Basecamp Hotel and The Landing Resort and Spa (currently under construction). The approved Edgewood Lodge project at the Edgewood Golf course will provide 154 additional units of high-quality luxury lodging, which is expected to begin construction in 2014.

## Future Prospects

There are a variety of planned initiatives in the South Lake Tahoe area that have the potential to influence the amount of visitation the area receives. Some of the most notable initiatives are described below:

- **U.S. Highway 50/ South Shore Revitalization Plan.** The Tahoe Transportation District is evaluating the potential to reroute a portion of U.S. Highway 50 near the California/Nevada state line, which will allow a large proportion of the fast-moving through-traffic to avoid the downtown core and allow for a smaller “complete streets” project to take shape with enhanced bicycle and pedestrian lanes, street furniture, transit amenities, and other attributes. Having studied this project in detail, EPS believes the project has the potential to substantially increase the amount of visitation in South Lake Tahoe by tapping into industry best practices. EPS believes the project has the potential to be catalytic and could spur substantial increased visitation. If these eventualities come to fruition, EPS has determined that through a combination of increased visitation and capture of a more affluent clientele, this project has the potential to significantly increase visitor spending by as much as 20 to 30 percent over the long term.
- **Chateau at Heavenly Village.** The “Chateau at Heavenly Village” project near the California and Nevada state line was planned and approved for the construction of 365 hotel and condominium units, 30,000 square feet of retail, 16,000 square feet of spa and recreation space, and 95,000 square feet of convention and meeting space. While initial construction on the project began in 2007, market conditions cratered shortly thereafter, and the project was halted and ultimately placed into bankruptcy proceedings. More recently, an initial phase of the project has begun to move forward, which more closely reflects the more

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<sup>18</sup> Strategic Market Group.

moderate market conditions of today. As of publication of this report, the 30,000 square feet of highway-fronting retail was under construction, with the possibility for future phases planned for more tourist-serving development.

- **Edgewood Lodge.** As described above, the approved Edgewood Lodge project will bring 154 units of high-quality, luxury lodging product to the South Lake Tahoe area. This project is estimated to cost \$100 million and is slated to begin construction in 2014.
- **Horizon Property.** The Horizon Casino property includes 539 hotel units and a 30,000-square-foot casino. The property has been under-performing for several years and is slated to revert back to the original land owner in 2014, who may move forward with construction of an as-yet undetermined redevelopment. The Horizon property is a large and very well-located asset near many other tourism amenities and could have the potential to accommodate a very compelling attraction, which significantly could impact South Lake Tahoe's competitive position for visitation in the years to come.

### **Overall Tourism Assessment**

While South Lake Tahoe continues to see many annual visitors, visitation has been trending downward for several years, based on the area's loss of market share associated with the decline in gaming, over-supply of accommodations, and blight that has affected the area's visitor appeal:

- TOT revenues and the number of annual rooms rented in South Lake Tahoe have been trending downward generally over the past decade, although the past 2 years appear to be more favorable.
- Proposed and ongoing changes to South Lake Tahoe may affect its competitive position for future visitation. Projects such as the U.S. Highway 50 realignment, Edgewood Lodge, Horizon redevelopment, and others could in future years.
- Visitor spending in South Lake Tahoe is likely to remain relatively flat but could grow at a modest rate between 1 and 3 percent, if continued gradual enhancements to the community are made. If a substantive change to the area's competitive position is achieved, based on some of the more transformative projects and amenities described above, annual growth in visitor spending could perform much better than recent years and possibly increase by as much as 4 to 6 percent per year. As with other projections shown in this report, this assessment is based on the assumption that no major economic "shocks" occur or other significant threats to visitation in the county materialize that have a marked impact on future tourism performance.