

Letter Report on Charrette Conference - Development Options at South Lake Tahoe

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Letter Report on
Charrette Conference

DEVELOPMENT OPTIONS AT
SOUTH LAKE TAHOE
January 21 & 22, 1987

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INTRODUCTION

Harrison Price Company was retained on January 8, 1987 by Grossmann, Stoller & Associates to organize a charrette conference to discuss development options at South Lake Tahoe. This was a follow on to prior work undertaken by Grossman, Stoller & Associates and consultant Larry Prehn for Skyland Realty which addressed the economic potentials and various planning aspects for a 4,500-seat or 7,500-seat arena facility. Although several functions of this type of facility are germane to the needs of the area, it was considered relevant to review the basic objectives of the client group and to match facility venues to those spelled out needs.

Outside participants in the charrette panel were Michael C. Mitchell, an authority on special events production, Harrison Price and Larry Prehn, veterans of three decades of work in the field of recreation project analysis and John Grossmann, a practicing architect/planner with several years experience in attraction and public facility planning. In addition, Kathleen Farrell, Executive Director of the Tahoe-Douglas Chamber of Commerce, Trudy Froistad, Special Events Manager and Barbara Klein, Executive Director of the Lake Tahoe Visitors Authority participated in much of the charrette and provided valuable input on the nature of the marketplace and its opportunities and problems. The client was represented by several marketing and management executives from the four major hotel/casino facilities at South Tahoe and realtor G. Randy Lane of Skyland Realty.

Operating in the original storyboard conference style developed by Walt Disney, an agenda was prepared as an approximate guideline for conducting the meeting which was chaired by Harrison Price. The main thrust of the charrette was to explore client objectives and develop a responsive entertainment program mix that would, in the opinion of the group, generate required visitor interest and a feasible balance in development cost, operating results and economic benefits.

This letter report highlights and summarizes the concensus of the participants in the charrette. The group was essentially in accord on key elements of the project and its final concept, and the positiveness of the opportunity it represents.

MARKET ENVIRONMENT

The 1986 South Tahoe visitor market is estimated by the Lake Tahoe Visitor Authority at 2.112 million overnight visitors based on a facility infrastructure of 11,500 rooms operating at an aggregate 48 percent occupancy, 3.25 people per unit, and 3.1 days average stay.

Day and pass through visitors on Highway 50 from beyond 50 miles represent an additional 3.117 million, for a total visitor count of 5.230 million.

Access to visitors is enhanced by a much larger total tourism based on the overnight drawing power of the total Tahoe basin including north shore (Highway 40) tourism. The prior Grossmann report estimates total overnight tourism at 17 million visitor days or 5.5 million overnight visitors. South Tahoe accounts for 38.4 percent of the overnight visitation to the Tahoe basin.

The local market is estimated at 75,000 a minor but nonetheless important factor in total patronage.

The underlying force behind the visitor activity at Tahoe is an awesome natural amenity. Its internationally famed resorts generate a stable dual season visitor response which can grow with the right inducements.

CLIENT OBJECTIVES

A concensus of client objectives is detailed as follows:

- The facility base of South Tahoe needs image enhancement. The product offered is "old hat." Growth of visitation is stagnant.
- In dealing with the need for image enhancement, new venues and events should have international class and high visibility.
- The four major class A hotels on the Nevada side of South Tahoe with some 2,800 rooms are doing well in maintaining a high occupancy of about 80 percent, almost double the local average. The in-built problem of the casino hotels is underutilization of casino capacity which needs greater support from other area visitors not staying in these hotels.
- Shoulder season reinforcement would aid both the hotels and their casinos.
- Group business conferences and conventions can be increased by providing facility additions which would improve both the quality of conference operations and capacity for larger groups.
- South Tahoe needs product additions which have greater family appeal.
- There needs to be more things to do which would increase visitor stay time and increase penetration of the pass through market.
- In the entertainment area, there is a need to deal with changing response to headliner programs and the deteriorating economics of these programs. New performance facilities are required to deal with this objective.

- A relatively flat visitor volume makes it necessary to increase visitor expenditures by improving the level of clientele as well as increasing per capita expenditures. Expanded services and facilities will be required to accomplish this purpose.

In assessing the aggregate need, the group concluded that creating a market for 400,000 new visitors would be a rational target. This is about eight percent of the present South Tahoe visitor base. The present tourism growth rate is about three percent or 150,000 visitors per year. The combination would generate a one-time growth on the order of 10 percent.

RECOMMENDED VENUES

The group recommended two new facilities, the first of which is a new visitor attraction characterized by its utilization of high tech interactive exhibitry--in essence a new generation museum. It would make use of locally derived thematic material.

Suggestions along this line included the Donner Party, the California Trail and other pioneer history, the gold rush, heroes of the west like Fremont, Sutter, Lewis & Clark, Whitman and others, Indian history, and the Lake itself.

Sizing of the facility at 200,000 annual visitation is derived as follows:

Annual Attendance	200,000
Peak Month at 18-20 percent	36,000-40,000
Peak Day (divided by 4.43) (0.20)	1,600-1,800
On-Site Peak (0.35)	600-700
Exhibit Space Requirements	24,000 sf-28,000 sf

This is primarily a family attraction which would induce visitation from the California side of South Tahoe and the general tourism float in the Tahoe basin. Its direct contribution

to casino operations is indeterminate at this time. Its indirect contribution in image, visitor stay time, and new visitation should be substantial.

The second facility recommended by the charrette group is a 50,000- to 75,000-square-foot multi-purpose convention meeting and theater space. It would have capacity for the following:

- 4,500-5,000 concert-type seating in an arena format.
- 2,800-3,000 dinner meeting seating.
- Subdivision into several smaller meeting rooms for convention and conference usage.

Thus, the addition would offer a blend between convention and performance usage.

Performance venues visualized include headliner A minus acts like Willie Nelson and other country and rock stars, special classical performances, world festivals in music, dance and other performing arts and the like and world championship events with high TV and media interest like boxing, volleyball, weightlifting, fencing, badminton, and body building and other special events like the World Beauty Pageant.

Attendance for concerts, festivals and other special events on the order of 160,000 is projected based on a total of 40 events, (25 concerts and 15 special events).

The use of the facility is convertible to convention and conference meeting room format and it is projected that 40,000 additional attendance would result (2,000 average attendance times 20 meeting days).

Attendance additions induced by these facilities will have a direct hotel and strong casino usage orientation. The program can emphasize reinforcement of the shoulder season. Augmented attendance is summarized as follows:

Conventions	20 x 2,000 = 40,000	20 percent
Special Events	15 x 4,000 = 60,000	30 percent
Concerts	25 x 4,000 = 100,000	50 percent

The facility should have these special characteristics:

- ample ceiling height
- superb acoustics
- first-class design standards
- strong TV exploitation capability
- easy convertibility.

Subject to refinement, we believe that these two venues could be built at a development cost budget justified by the economic value of induced new attendance.

FUTURE ACTION

It was the summary opinion of the charrette group that the potential impact of these facility additions will be positive on the hotel/casino complex at South Lake Tahoe and that additional work on their implementation is justified.

The economic feasibility and conceptual definition of the facility formats discussed herein should be evaluated and master planned in greater depth. This would include the following work undertaken as a joint collaboration between Harrison Price Company and Grossmann/Prehn:

1. A site plan and schematic development of the project prepared by Grossmann. The site plan will treat location of project elements within the overall site area.

2. A detailed expression of project content developed by Grossmann/Prehn and HPC in concert with other design specialists. This program will be expressed in writing and selected color illustrations and sketches.
3. Refined demographic details concerning local and tourist market support available to the project and estimated attendance by project element.
4. Computation of final recommended sizing parameters for all elements of the project.
5. Presentation of an optimum development schedule and any indicated phasing.
6. Presentation of a detailed ten year pro-forma financial analysis for the recommended concept including its pro-forma development cost.