

Tahoe's hiring crisis is unraveling the region's small businesses during its busiest season

Julie Brown, SFGATE

July 15, 2021 Updated: July 16, 2021 11:38 a.m.



A business in North Tahoe displays a "help wanted" sign on a busy summer day.

Julie Brown / SFGATE

At Heidi's Pancake House in South Lake Tahoe, manager Luis Barrios said he's been looking for cooks to work the line, but so far, no one has shown up even for an interview.

"They never show up," Barrios said.

He has one cook right now, who is working overtime and extra shifts. But without a fully staffed kitchen, the restaurant is suffering, and its employees are on the brink of burnout. Barrios said he needs at least one or two more people in the kitchen so he can give his employees days off.

Meanwhile, Barrios told me that his landlord is about to increase the rent on the place where he lives, from \$1,100 to \$1,600, even though the place has a long list of things that need to be fixed.

SFGATE

In Tahoe, the hiring crisis is reverberating across the region and inextricably tied to the housing crisis. Summer is a marathon of a season here, and historically, businesses have staffed up accordingly. This year though, with a shorthanded workforce, businesses are unraveling.

The evidence is showing up in the ways businesses are cutting back during the peak of the busiest time of year, a time when small business owners in Tahoe typically are trying to make as much money as possible so they can survive the slower times of year.

On July 3, the owners of Truckee's Squeeze In [posted to Facebook](#) that the restaurant was shutting down for more than a week — on the brink of the busiest weekend of the year — because they were at a “breaking point” and on the verge of “operational collapse.”

“We literally do not have enough cooks to operate and after months of continuous hiring, training, begging, pleading and getting creative, we have a tiny, loyal, incredible team of individuals at their breaking point and in desperate need of help,” the owners wrote.

Virtually every business in Tahoe is in a similar place.

When the manager of Stateline Brewery in South Lake Tahoe answered the phone Wednesday, he apologized. He said he had no bartender, no hostess and was down several wait staff, so he couldn't spare any more seconds on the phone. Then he hung up.

Just before the Fourth of July, I called the owner of Tahoe City Kayak to see how they were faring.

“I think I’m staffed up for the moment,” owner Andrew Laughlin said, in a rare moment when customers weren’t in the shop. “But you know, every other week, someone loses their housing and I have to fill up the position again.”

Dave Wilderotter, the owner of Tahoe Dave’s Skis and Boards, also said he’s feeling the impacts of a vanishing workforce.

“You put an ad out and nobody even interviews,” Wilderotter said, echoing Barrios.

Wilderotter said that he has to “mine” for people to work. He’s offering hiring bonuses to people who help him recruit new hires.

“You hear through the grapevine that somebody’s girlfriend just quit her job, so you have to reach out to her and say, would you be interested?” Wilderotter said. “You have to go out and find them as opposed to them coming to you. And that’s a huge change in the last two years.”

The impacts of the hiring crisis go on, with many businesses pulling back on their hours or scaling down their menus to make up for their shorthanded staff. In Tahoe City, Christy Hill is closed two days a week — which is expected in the fall and spring, but not the height of summer. Across the street, Rosie’s Cafe is not open for dinner on weekdays, something I discovered when I tried to go there after a Thursday night softball game. In years past, we’d always wind up at Rosie’s on Thursday nights after the local recreation league games. Not this summer.

Sunnyside Resort on the West Shore significantly downsized its menu. When I went to Sunnyside a couple weeks ago, the server said they were so shorthanded that her managers were trying to recruit front-of-the-house staff to take extra shifts in the kitchen. (Sunnyside did not respond to multiple requests for interviews.)

While the hiring crisis spans far and wide across the nation, in Tahoe, the linchpin is housing. At Tahoe Dave's, Wilderotter starts his employees at \$20 an hour. Most of his employees make too much money to qualify for affordable housing. But they don't make enough money to pay Tahoe's rent prices, which have risen by 25% to 50% in the past year.

Tahoe's workforce is disappearing because many of them cannot afford to live here any more. A recent study revealed that 9,500 households in North Tahoe and Truckee — not including South Lake Tahoe, the most populated city in the basin — are living in places that are either overcrowded, too expensive, too far away, in poor condition or are otherwise inadequate.

Making matters worse, Tahoe's already minimal long-term rental housing stock is getting eaten up by the very hot real estate market. Many landlords are selling homes they've been renting to local workers, leaving those tenants without many options.

Some business owners have taken their own action to secure employee housing. Those who beat the real estate curve and bought property for their employees to live in before home prices skyrocketed are faring much better on the hiring front than their comrades.

At the moment, Tahoe Dave's has enough people for all the needed shifts. One of the biggest reasons Wilderotter has been able to fill his staff is because he provides housing to 30 to 40 employees. Wilderotter has been helping his employees find places to live for 15 or 20 years, but recently, he purchased a trailer park that he's converting to a tiny home village for his staff. He considers employee housing an investment in his business. He needs people to work at his shops for his business to make money. Laughlin also has some housing for the people who work for him, and he says that's how he's able to keep his kayak shop staffed.

Housing insecurity in Tahoe is not simply impacting the region's local residents; it's putting the entire economy in jeopardy.

"This isn't just tourism that's being hit," says Alex Mourelatos, a business owner on Tahoe's North Shore who also serves on multiple boards for the North Tahoe Public Utility District and nonprofit groups. "It's every service industry. Every

industry across people, dentistry, legal, everything, PUDs, all the special districts, firemen, teachers, all of them.”

The hiring crisis has even affected critical services like public transportation. Bus drivers are so hard to come by that the Tahoe Transportation District made the unprecedented decision to shut down an entire bus route down the East Shore. The district had shuttles but no one to steer the wheel. And recently, the chief financial officer of the transportation district moved out of the area, said district manager Carl Hasty. The house the CFO was renting sold, and she couldn't find another place to rent in Tahoe that she could afford, Hasty said. So she moved to Phoenix, where she has family and the cost of living is more affordable than in Tahoe, even though Phoenix has its own housing issues. She is now working remotely.

Hasty has been working in Tahoe since the 1990s. He knows the conversation around affordable housing is decades old. But the situation today is worse. “I keep coming back to the word acute, and the need and the demands for it to be addressed are all greater,” Hasty said.

Mourelatos owns and operates a lakefront lodge in Tahoe Vista. He posted “help wanted” signs outside of his business for eight or nine weeks. “Not a single inquiry,” he said. But relative to some of his fellow small business owners in the community, Mourelatos said he's doing well this summer because he's able to house most of his employees on his property, similar to Wilderotter.

“I house my workforce, or a majority of it, across the street in cabin units,” he said. “That's an investment I make because otherwise they could be rented nightly.”

Mourelatos has been a longtime advocate for affordable housing. He knows better than most the hurdles that block the way for affordable housing developments in Tahoe — from layers of government regulation, property costs, environmental mitigation, NIMBYs and on and on. In 2007, Mourelatos proposed his own affordable housing development on a 12-acre property his family owns in Tahoe Vista. The project never made it beyond an environmental impact statement. At a public meeting, members of the community lined up to oppose the project for reasons that varied from traffic to density and so on. Mourelatos isn't willing to go down that path again, at least in the current regulatory

environment, even though he sees firsthand how badly the region needs more affordable housing.

“But there are some solutions at play,” he said. “I don’t want to be totally negative. I just think that the challenge is far bigger. And people are starting to realize how big this gap is and how much work has to be done to bridge it, even just a little bit.”