

REVISED OCTOBER 25, 2011

California Tahoe Conservancy
Agenda Item 7
October 28, 2011

WARD PEAK/ALPINE MEADOWS LEASE

Summary: Staff recommends authorization to execute a lease amendment and assignment documents related to an existing long-term lease for use of Conservancy land by the Alpine Meadows Ski Area.

Location: The property is located in the vicinity of Ward Peak, in Placer County (Assessor Parcel Numbers 083-010-014, -020, -022, -044, -045, -050, -051, and -065) (Attachment 1).

Fiscal Summary: Annual lease revenues of \$87,000 or more per year.

Recommended Action: Adopt Resolution 11-10-01 (Attachment 2).

Background

On March 20, 1987, the Conservancy authorized the acquisition of the 402-acre Ward Peak property from Southern Pacific Land Company and its affiliates (Santa Fe Pacific) for purposes of protecting the natural environment and providing recreation. Ward Peak is located at the northwest corner of the site and provides panoramic views of Lake Tahoe. The property is characterized by meadows, open slopes and rock outcroppings. It is sparsely forested, with stands of White Fir and Jeffrey Pine existing primarily near the top of Ward Peak.

The Conservancy purchased the Ward Peak property subject to an existing lease, through the year 2002, between Santa Fe Pacific and Alpine Meadows of Tahoe, Inc. (Alpine Meadows). The leasehold lands included not only the Conservancy's Ward Peak property but also lands retained at that time by Santa Fe Pacific outside of the Tahoe Basin. By its acquisition, the Conservancy succeeded Santa Fe Pacific as lessor of that portion of the leasehold lands within the Conservancy's ownership. Santa Fe Pacific continued as lessor of its retained lands. Thereafter the Conservancy entered

into a separate lease agreement with Alpine Meadows effective May 1, 1991, covering the Conservancy's lands. Alpine Meadows subsequently acquired Santa Fe Pacific's land that is situated outside of the Lake Tahoe Basin. Additional portions of Alpine Meadows are leased from the U.S. Forest Service (USFS). In September 1991 the Conservancy approved a 29-year lease extension for its lease with Alpine Meadows to bring the Conservancy's term concurrent with the USFS, which had executed a long term lease (40 years) for its portion of the ski area 11 years earlier.

The current lease allows Alpine Meadows to operate two lifts which are, or were, situated wholly or partially on the Ward Peak property. The Sherwood Lift is located entirely on the Ward Peak property and remains today (Attachment 1). The Weasel Pass Lift was situated on both Conservancy and non-Conservancy property at the time of the Conservancy's acquisition. The Conservancy granted permission to Alpine Meadows to replace the original Sherwood Lift with the current, high speed quad chair lift. The Sherwood Lift replacement triggered the removal of the Weasel Pass Lift from the Conservancy's land in 1999.

The current owners, Alpine Sierra Ventures, LLC, are selling/merging the ski area with Squaw Valley USA. The new owners of the Alpine Meadows Ski Area will be Alpine Meadows Ski Resort, LLC, which will operate under a holding company that will own both the Alpine Meadows and Squaw Valley USA ski areas.

Both ski areas have USFS land within their ski area boundaries and the change in ownership necessitates a review of the two USFS Special Use Permits, one for each ski area. Federal law provides for the issuance of a new special use permit for a period of up to 40 years with the change in ownership. The new owners of the Alpine Meadows Ski Area have asked the Conservancy to modify its lease to coincide with the new USFS Special Use Permit, which is currently under review by the USFS.

Project Description

Staff is requesting authority to execute a lease amendment and assignment documents related to an existing long-term lease for use of Conservancy land by the Alpine Meadows Ski Area.

Alpine Meadows is asking that the Conservancy approve a proposal to extend the term of the lease for up to an additional 40 years so it ends on the same date as the new USFS Special Use Permit. Alpine Meadows requested the action because the ski area is changing ownership and to provide consistency with the proposed new USFS Special Use Permit term.

In order to bring the Conservancy's lease current and reflect existing operations, Alpine Meadows has agreed to change several other terms of the lease. The rental rate will henceforth be modified to incorporate revenues from temporary uses such as the sale of food, beverage, and merchandise, which currently takes place seasonally out of a 100 square foot structure called the Ice Bar. Lift ticket revenues will continue to be the majority of the sales incorporated into the rental formula, which prorates the lift ticket revenues for the portion of Slope Transport Feet (STF), a measurement incorporating slope lift length and capacity, situated on the Conservancy's land. The STF methodology is used by the USFS in many ski area special use permits and is used by the USFS for their Alpine Meadows Ski Area Special Use Permit. Under this formula the Conservancy share is 13.28%, the portion of STF situated on Conservancy land. A six percent (6%) rental fee is charged against prorated lift revenues and all Ice Bar revenues. It is estimated that this formula would have generated approximately \$87,000 during the 2010/2011 ski season.

The Conservancy's minimum rental revenue for each subsequent ski season will be adjusted annually based upon the change in the Consumer Price Index (CPI) for the prior July through June period. For the 2011/2012 ski season the minimum rental benchmark has been set at \$81,000. This new provision essentially protects the Conservancy against a drop in lease revenue below \$81,000 (as adjusted annually by the CPI) throughout the term of the lease. In return for the new minimum rental provision, the Conservancy will no longer have the right to renegotiate the rental rate every five years, a provision never invoked under the existing lease. In addition to the minimum rental rate, the Conservancy's share of Ice Bar revenues is expected to be at least \$6,000 annually based upon Ice Bar revenues during the most recent ski season. Non-financial terms that change include new provisions requiring the implementation of Best Management Practices (BMPs) consistent with reasonable and prudent ski area standards on the Conservancy's land by October 15, 2014 to ensure water quality protection, and incorporation of the Conservancy's logo and recognition as a partner in the ski area operation.

The execution of these lease amendments will not result in any expansion of use.

Project Implementation

If staff's recommendation is approved by the Board, the Executive Director will execute the lease amendment with the current owners and an assignment document with both the current and future owners.

Project Evaluation

Staff is recommending the approval of the proposed extended lease term and other lease modifications. These amendments are consistent with the Conservancy's leasing guidelines in the following respects:

First, extension of the lease term is consistent with the dual purposes of the Conservancy's acquisition of the Ward Peak property. The acquisition ensures protection of environmentally sensitive lands and open-space, while at the same time providing a direct recreational benefit to the public. When the Ward Peak property was acquired, the Conservancy recognized that throughout the lease term the property would be managed for purposes consistent with the existing Alpine Meadows lease. Extending the term would provide greater stability to the lease, thus helping to assure continued operation of the ski area. Such an action will result in the continuance of the recreation opportunity provided by Alpine Meadows. The lease currently serves as the Conservancy's recreational plan for the Ward Peak Property.

Second, the use is consistent with applicable regulatory requirements. The proposed project is consistent with planned and existing recreational uses of the area as set forth in the Tahoe Regional Planning Agency's (TRPA) Regional Plan and TRPA Plan Area Statement 166, Upper Ward Valley, as well as the USFS's Forest Plan for property in the immediate area. Under existing TRPA ordinances, new public outdoor recreational facilities can be placed in land capability districts 1, 2 or 3, provided TRPA finds that the project is a necessary part of a public agency's long range plans for public outdoor recreation. As noted above, both the Conservancy lease and the TRPA Plan Area Statement for this area contemplate this type of recreational use of the Ward Peak property.

Third, the terms and conditions of the lease are consistent with the Conservancy's management objectives. The extension of the lease term will allow long-term management of the properties and continued receipt of lease revenues which could be used for restoration and management of Conservancy lands. It should be noted that under Government Code section 66908.3, upon appropriation, 25 percent of these lease revenues are to be transferred to Placer County. One-half of these transferred funds are to be used for soil erosion control projects.

Under the revised terms of the lease with Alpine Meadows, the Conservancy will receive 6% of the prorated (13.28%) gross receipts from lift ticket sales generated for the entire ski resort and 6% of all temporary use sales generated on Conservancy land, but

never less than the minimum rent of \$81,000, which will be adjusted annually by the CPI. Actual rent paid to the Conservancy will exceed the minimum rent when the percentage increase in prorated gross lift ticket revenues rises faster than the annual CPI adjustment.

Staff has reviewed the proposed term extension in light of the adopted Leasing Guidelines and past consultation with the Department of General Services, Real Estate Services Division (RESA). A long-term lease is appropriate if fair market rent is received. Fair market rent will continue to be received by the Conservancy under the new lease as it reflects updates documenting the presence of the Sherwood lift and other temporary revenue generating facilities on Conservancy land today. Furthermore, the Conservancy's annual lease payment will reflect current market conditions by paying the Conservancy its prorated share of gross receipts or the minimum rental amount, whichever is greater.

Consistency with the Conservancy's Enabling Legislation

Implementation of this project is consistent with the Conservancy's enabling legislation. Specifically, Government Code section 66907.8 authorizes the Conservancy to "lease . . . any real property or interest therein . . . to local public agencies, State agencies, Federal agencies, nonprofit organizations, individuals, or corporate entities for management purposes pursuant to terms and conditions approved by the Conservancy." The proposed authorization to amend the lease with Alpine Meadows is consistent with this section. As already noted, Board approval of this recommendation will facilitate continued management of Conservancy property.

Compliance with the California Environmental Quality Act (CEQA)

Pursuant to CEQA Guidelines (California Code of Regulations, Title 14, § 15000 et seq.), certain classes of activities are statutorily exempt from CEQA or are exempt because they have been determined by the Secretary for Natural Resources to have no significant effect on the environment. Pursuant to Public Resources Code section 21082, the Conservancy has also adopted regulations to implement, interpret, and make specific the provisions of CEQA (California Code of Regulations, Title 14, § 12100 et seq.). Staff has evaluated this project and has found it to be exempt under CEQA. This project qualifies for a categorical exemption under CEQA Guidelines, Class 1 as an operation of existing public or private structures and facilities involving no expansion of use. A Notice of Exemption (NOE) has been drafted for the project (Attachment 3). If the Board considers and concurs with the project, staff will file the NOE with the State Clearinghouse pursuant to CEQA Guidelines, section 15062.

List of Attachments:

Attachment 1 – Location Map and Ski Area Boundary

Attachment 2 – Resolution 11-10-01

Attachment 3 – Notice of Exemption

Conservancy Staff Contact:

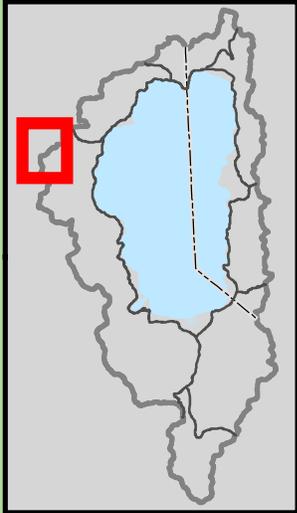
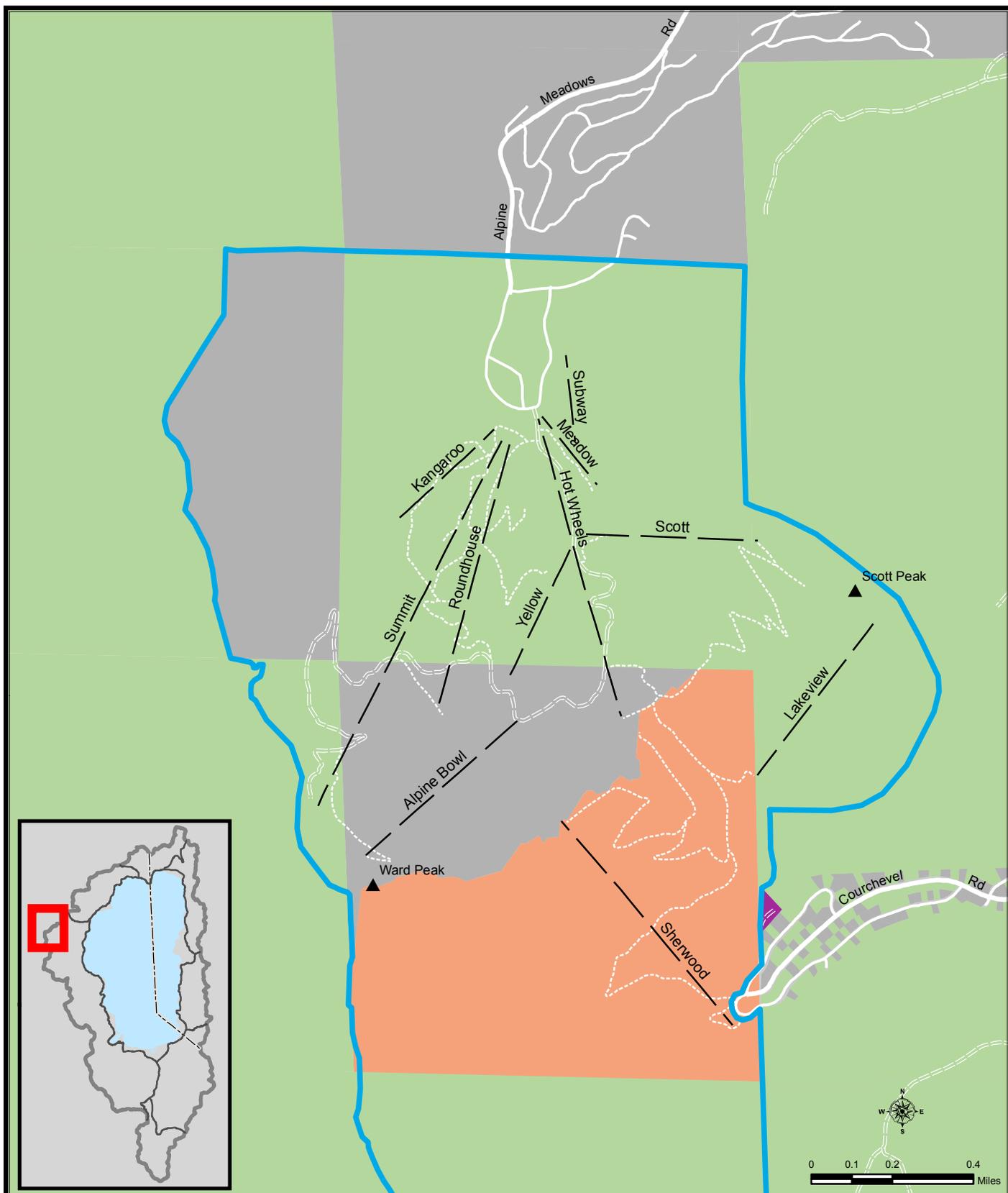
Bruce Eisner

(530) 543-6043

beisner@tahoe.ca.gov

ATTACHMENT 1

Location and Ski Area Boundary Map



<p>OWNERSHIP</p> <ul style="list-style-type: none"> California Tahoe Conservancy Placer County Private US Forest Service 	<p> APPROX. SKI AREA BOUNDARY</p> <p>— — SKI LIFTS</p> <p>ROADS</p> <p>----- Ski Area Road</p> <p>==== Forest Service Road</p>	<p>California Tahoe Conservancy October 2011</p> <p>Map for reference purposes only. Sources: Placer Co; USGS; USFS; Andregg Geomatics</p>
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ATTACHMENT 2

California Tahoe Conservancy

Resolution

11-10-01

Adopted: October 28, 2011

WARD PEAK/ALPINE MEADOWS LEASE

"The California Tahoe Conservancy hereby approves staff to take all actions, as substantially described in the accompanying staff report, necessary to approve the assignment and amend the existing lease for the Alpine Meadows Ski Area on the Conservancy's Ward Peak property."

I hereby certify that the foregoing is a true and correct copy of the resolution duly and regularly adopted by the California Tahoe Conservancy at a meeting thereof held on the 28th day of October 2011.

In WITNESS THEREOF, I have hereunto set my hand this 28th day of October 2011.

Patrick Wright
Executive Director

ATTACHMENT 3

NOTICE OF EXEMPTION

TO: Office of Planning and Research
1400 10th Street, Room 121
Sacramento, CA. 95814

FROM: California Tahoe Conservancy
1061 Third Street
South Lake Tahoe, CA 96150

Project Title:

Ward Peak / Alpine Meadows Lease

Project Location – Specific:

That portion of Section 17, Township 15 North, Range 16 East, MDM, containing 402.5 acres, more or less lying within the northwesterly portion of Ward Canyon in the Lake Tahoe Basin.

Project Location – City:

n/a

Project Location – County:

Placer

Description of Nature, Purpose, and Beneficiaries of Project:

Execution of a lease amendment and assignment documents related to an existing long-term lease for use of Conservancy land by the Alpine Meadows Ski Area.

Name of Public Agency Approving Project:

California Tahoe Conservancy (Conservancy meeting of 10/28/2011) (Agenda Item 7)

Name of Person or Agency Carrying Out Project:

California Tahoe Conservancy

Exempt Status:

- Ministerial (§ 21080 (b)(1); § 15268)
- Declared Emergency (§ 21080 (b)(3); § 15269 (a))
- Emergency Project (§ 21080 (b)(4); § 15269 (b)(c))
- Categorical Exemption. Title 14, Chapter 3, Article 19, § 15301, Class 1.

Reasons Why Project is Exempt:

Action involves operation of existing public or private structures and facilities involving no expansion of use.

Contact Person:

Bruce Eisner

Telephone Number:

(530) 543-6043

Date Received for Filing:

Patrick Wright
Executive Director