



September 30, 2014

Mr. Paul A. Schultz, P.E.
General Manager
North Tahoe Public Utility District
P.O. Box 139
Tahoe Vista, CA 96148

Re: Dollar Creek Shared-Use Trail

Dear Paul,

BOARD MEMBERS

LARRY SEVISON, Chair
Placer County

JOHN HOOPER, Vice Chair
Public Member

LYNN SUTER
Public Member

TODD FERRARA
Resources Agency

KAREN FINN
Department of Finance

TOM DAVIS
City of South Lake Tahoe

NORMA SANTIAGO
El Dorado County

NANCY J. GIBSON
U.S. Forest Service (ex-officio)

PATRICK WRIGHT
Executive Director

I am writing to follow-up on our recent discussions regarding the Dollar Creek Shared-Use Trail. Placer County staff briefed the Conservancy Board on the status of the trail at our most recent meeting on September 18th, and I want to encourage you to continue your discussions with the County to help move the project forward.

As you know, this important project has been under development for more than 26 years. In 1988, the Conservancy awarded a \$1.186 million grant to NTPUD solely for the purpose of acquiring a permanent right-of-way for a bicycle trail to implement the North Tahoe Public Utility District Bike Trail Project. Because the owner would not sell an easement, NTPUD acquired, among other properties, an 85 acre parcel (known as the "Firestone property") necessary to build and maintain an approximately 6.7 mile multiple purpose trail to connect the northern end of the Tahoe City Public Utility District's West Shore Bike Trail with the North Tahoe Regional Park. This segment is a critical link to a growing network of trails linking Truckee, Kings Beach, Tahoe City, and west shore of Lake Tahoe.

The Conservancy's grant was conditioned upon "a commitment by NTPUD... to undertake the project and to manage and maintain the property in a manner consistent with the purposes and scope of the grant." To further assist NTPUD with this effort, the Conservancy subsequently awarded three grants to NTPUD, including a \$235,000 acquisition grant in July 1990, an \$80,000 planning grant in July 1996, and a \$976,000 planning grant in 2006.

Despite the award of these funds, and the Conservancy's willingness to give NTPUD an extraordinary amount of time to address the funding and environmental issues surrounding the project, NTPUD no longer appears committed to moving forward to fulfill the terms of our agreement. As you know, in May 2010, the NTPUD Board authorized its then General Manager to "turn the task of obtaining environmental documents back to the California Tahoe Conservancy" and allowed our grant agreement to expire with over \$587,000 unspent by NTPUD. At that time, NTPUD expressed its continued

interest in the project, but we are not aware of any significant activity on part of NTPUD to move the project forward since the funds were allowed to revert in 2010.

Given the NTPUD's continued lack of progress on the project, we have no choice but to conclude that NTPUD is no longer committed to the project or to fulfilling the conditions of the grant, and to seek to recover our grant funds, the property, or other appropriate remedies. Under the terms of the Conservancy's 1988 grant agreement, "If any essential term or condition of this Agreement is violated...title to all the interest(s) in real property acquired under this Agreement shall immediately vest in the State of California."

We understand, however, that NTPUD has received a proposal from Placer County to undertake the construction and maintenance of the trail in return for transferring ownership of the Firestone property to the County. As you know, the County has secured more than \$4.3 million for planning, design, and construction of the first segment of the trail (the Dollar Creek Shared-Use Trail), a portion of which is located on the Firestone property.

We appreciate your Board President's support for the County's proposal, and urge you to continue your discussions. If NTPUD and the County develop an agreement that complies with the grant conditions and the limitations imposed as part of the Lake Tahoe Acquisition Bond Act, I will recommend that the Conservancy Board consider approving the change of ownership and waiving NTPUD's obligations under the grant. This approach would ensure that the trail is completed without delay.

We also understand that the County may lose \$3.4 million in federal grant funds if the Dollar Creek Shared-Use Trail is delayed beyond the end of the year. Therefore, we need to receive either a signed agreement between NTPUD and the County acceptable to the Conservancy, or NTPUD's own workplan, schedule, and commitment of funds for the project by December 1, 2014, so that the Conservancy Board can be prepared to take action, if necessary, at its December 11th meeting. According to the County's schedule, the project could then be constructed in the summer of 2015. If NTPUD does not have a viable workplan to accomplish the construction under a similar timetable, we must conclude that NTPUD is unable and unwilling to meet the terms of the 1988 grant.

Thank you for your continued support of this extraordinary recreational amenity for Tahoe's North Shore.

Sincerely,



Patrick Wright
Executive Director

cc: Jennifer Montgomery, Placer County Board of Supervisors
David Boesch, Placer County Executive Officer
Ted Gaines, California State Senate, District 1
Brian Dahle, California State Assembly, District 1