

California Tahoe Conservancy  
Agenda Item 9.a.  
June 15, 2017

**FISCAL YEAR 2017/18 WORK PROGRAM AND BUDGET**

**Recommended Action:** Informational; no recommended action.

**Location:** Throughout the California side of the Lake Tahoe Basin (Basin).

**Fiscal Summary:** The proposed Fiscal Year 2017/18 budget includes:

- \$18,188,563 in capital outlay and local assistance funding for the California Tahoe Conservancy's various programmatic priorities and support of the Environmental Improvement Program for the Basin.
- \$6,638,000 and 37.7 personnel years for ongoing support.

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**Overview**

**Description of Recommended Action**

Overview and update of the Fiscal Year 2017/18 (FY 2017/18) California Tahoe Conservancy (Conservancy) work program and budget. This is an informational item only.

**History**

Staff submitted a proposed FY 2017/18 budget and related materials to both the California Natural Resources Agency (CNRA) and the Department of Finance (DOF) during the fall of 2016. These proposals were included in the January Governor's Budget, which, at the time of this writing, is being reviewed by the Legislature. At this time, staff anticipates the Conservancy's budget will be approved substantially as submitted, and will become available in the new fiscal year, starting July 1, 2017.

**Financing**

The proposed FY 2017/18 budget includes:

- \$18,188,563 in capital outlay and local assistance funding for the Conservancy's various programmatic priorities and support of the Environmental Improvement Program (EIP) for the Basin. This includes:
  - \$12,414,205 in bond funds available to the Conservancy;
  - \$2,556,358 in special funds dedicated to the Conservancy; and
  - \$3,218,000 in authority for the acceptance and use of grants through the Federal Trust Fund (FTF) and other reimbursements.
- \$6,638,000 and 37.7 personnel years for ongoing support. This includes continuing "baseline" funding from various bonds, special funds, and revenue sources dedicated to the Conservancy, such as the Environmental License Plate Fund (ELPF), Propositions 1/12/40/50, Habitat Conservation Fund (HCF), Lake Tahoe License Plate revenues, and other revenues and reimbursements to the Tahoe Conservancy Fund (TCF). It also includes up to \$1,056,000 in federal, capital outlay, and other reimbursements for staff activities directly related to the implementation of capital projects.

### **Work Program and Strategic Plan Goals**

Conservancy expenditures in FY 2017/18 will continue to be guided by State and regional priorities, the Conservancy's 2012 Strategic Plan, and the FY 2017/18 Work Program, as described below.

Strategic Plan Goals:

*Strategy I – Lead California's Efforts on Sustainability, Climate Change, and other Basin-wide Initiatives*

As the only California agency focused entirely in the Basin, the Conservancy works with its State and local partners to coordinate and integrate public and private investments to improve the environmental and economic health of Lake Tahoe. The Conservancy plays a key role in providing strategic direction and supporting planning efforts to address new and emerging issues and approaches, such as landscape level planning focused on climate change and sustainability. To maintain this role, the Conservancy has had to seek grant funds to help pay for plan development and cover staff costs, since this work is not necessarily related to specific project funding.

FY 2016/17 Accomplishments:

- Continued to implement a comprehensive Aquatic Invasive Species (AIS) implementation plan, through Lake Tahoe Science and Lake Improvement

Account, Senate Bill 630 (SB630) funding and in coordination with a stakeholder group

- Participated in the Sierra Meadows Partnership to develop a protocol to document carbon sequestration benefits for mountain meadows
- Led the Upper Truckee River Watershed Advisory Group to coordinate planning, construction, and monitoring of Upper Truckee River restoration projects
- Initiated the Lake Tahoe West Restoration Partnership (Lake Tahoe West), a landscape level planning effort, with the U.S. Forest Service (USFS), California Department of Parks and Recreation (DPR), Tahoe Regional Planning Agency (TRPA), and other partners to address forest and watershed health and resiliency, carbon sequestration, and wildlife habitat restoration on 59,000 acres on the West Shore of Lake Tahoe
- Initiated Round 2 of the Proposition 1 grant program

#### FY 2017/18 Major Priorities:

- Implement Round 2 of Proposition 1 grant program and award grants
- Support the Tahoe Resource Conservation District (TRCD) in developing a comprehensive Storm Water Resource Plan, in coordination with Lahontan Regional Water Quality Control Board (LRWQCB), the science community, and other partners, to direct storm water projects and funding
- Participate and help lead landscape level and programmatic planning efforts, including:
  - Lake Tahoe West
  - Program Timberland Environmental Impact Report, which will comprehensively analyze forest fuels and other watershed treatments across State and private lands on the California side of the Basin to meet California Environmental Quality Act requirements. This is intended to speed up and provide for landscape level implementation of fuels and other projects.
- Pursue Army Corps of Engineers (USACE) funding for AIS efforts in the Basin
- Participate in climate change workshops and meetings to develop tools and methodologies to support State cap and trade proposals
- Lead coordination with other Basin entities to develop strategic funding requests to target high priority projects and funding opportunities
- Participate on and lead interagency and stakeholder EIP committees to coordinate and facilitate EIP implementation, including leading the Tahoe Fire and Fuels Team and hazardous fuels grant coordination efforts

- Participate in working groups implementing changes to TRPA development rights and threshold environmental carrying capacities

Strategy II – Invest in High Priority Conservation and Recreation EIP Projects and Programs

The Conservancy will continue to work with its federal, State, and local partners to invest in, and help complete, high priority EIP projects and programs. While the Conservancy continues to seek funding for high priority projects, such as Upper Truckee River and Marsh Restoration, decreasing bond funds may result in fewer direct projects implemented by the Conservancy and/or partners.

FY 2016/17 Accomplishments:

- Entered into a Memorandum of Understanding for the South Tahoe Greenway Shared Use Trail and completed the land exchange element for of Phases 1b and 2 of the trail with the Lake Tahoe Community College District and the City of South Lake Tahoe (City)
- Oversaw grantee completion of site improvement projects, including Sierra Tract 3/4 Erosion Control Project and Homewood Bike Trail
- Received Board authorization to acquire three environmentally sensitive land parcels
- Engaged a technical science review panel to assist in design and monitoring of the Upper Truckee River and Marsh Restoration Project
- Administered nine Proposition 1 grants for planning, implementation, and acquisition projects
- Received Public Works Board approval to proceed to working drawings for the Tahoe Pines Campground Restoration and Access Project
- Awarded a grant to TRCD for the UV Light Pilot Project to treat AIS plants

FY 2017/18 Major Priorities:

Implement approved direct projects, including:

- Upper Truckee River and Marsh Restoration, including
  - Complete key acquisitions
  - Execute a cost-share agreement with USACE to receive funding to support restoration efforts
  - Prepare preliminary plans

- Seek Sacramento oversight agency approvals to proceed to working drawing phase
- Greenway Trail, Phase 1b/2, including
  - Finish Active Transportation Program grant requirements such as wildlife surveys and National Environmental Policy Act compliance
  - Seek Sacramento oversight agency approvals to proceed to working drawing phase
- Tahoe Pines Campground Restoration and Access Project, including
  - Seek Sacramento oversight agency approvals to proceed to construction
  - Execute a grant agreement with the U.S. Bureau of Reclamation
  - Work with California Department of General Services (DGS) to put the project out to bid and award construction contract
- Lakeview Lookout
  - Complete conceptual development and environmental documentation to position the Conservancy to move forward on implementation if funding becomes available in the future

#### Coordination on Partner Projects

- Kings Beach State Recreation Area General Plan and Pier Rebuild Project
  - Continue partnering with DPR and others on the development of environmental documents for the plan and pier rebuild
- Upper Truckee River Reach 5 Restoration Project
  - Coordinate with USFS, and other partners, on final construction and rehabilitation work
- North Tahoe Fire Protection District Hazardous Fuels Reduction Project
  - Partner with North Tahoe Fire Protection District on implementation of fuels treatments on 881 Conservancy parcels on the North and West shore of the Basin

#### Land Acquisitions/Land Bank

- Pursue additional key acquisitions, including
  - Tahoe Livable Communities program parcels
  - Other significant acquisitions on an opportunity basis
- Ongoing implementation of the Conservancy's Land Bank, including transfer of coverage and marketable rights pursuant to TRPA, community, and statewide planning goals

### Strategy III – Effectively Manage Land and Assets

The Conservancy owns over 6,500 acres of land, mostly comprised of smaller urban lots. The primary focus of on-going land management activities includes inspecting parcels, responding to citizen complaints, removing hazard trees, and other activities related to managing and restoring parcels for conservation and recreation purposes. As the Conservancy encounters limitations with some of its dedicated funding sources, finding other funding sources for this work can be challenging but may be necessary.

#### FY 2016/17 Major Accomplishments:

- Inspected 2,374 properties (over half of the total Conservancy ownership); reached near completion of Conservancy property sign installation totaling approximately 4,600 parcels; addressed 170 citizen reports; and removed 150 hazard trees
- Completed 27 small-scale restoration projects and 102 maintenance projects on Conservancy parcels; implemented forest health treatments on approximately 95 acres of Conservancy lands
- Implemented Sawmill four-plex demolition and property restoration project
- Completed a Community Watershed Planning project in Montgomery Estates in coordination with El Dorado County and TRCD
- Removed over 10,000 square feet of hard coverage (asphalt) from a Conservancy conservation easement in Tahoe City
- Worked with the City to repair and improve erosion control infrastructure on David Lane in the Ski Run neighborhood
- Implemented additional data collection, feasibility assessment, and conceptual planning activities, including
  - Assessment and inventory of roads on Conservancy properties for Total Maximum Daily Load (TMDL) reporting purposes
  - Surveyed a select number of parcels to address encroachment and management issues
  - Developed electronic tools and protocols to collect field inspection data
  - Enhanced the Conservancy's Parcel Data Management System (PDMS) data base with historical information and other data

- Adopted Conservancy Land Transfer Guidelines and conducted pre-sale activities on Asset Lands in the Tahoe Valley Area Plan
- Conveyed easements through Conservancy-owned lands to address long-standing resource issues
- Received \$6.8 million of Southern Nevada Public Land Management Act Round 16 hazardous fuels funding to treat up to 1,800 acres of State, local, and private land on the California side of the Basin.

FY 2017/18 Major Priorities:

- Develop a comprehensive land management strategy to more effectively manage Conservancy land
- Continue routine inspections, complete property sign installation, address citizen complaints, and remove hazard trees on Conservancy-owned parcels
- Address damage to properties caused by historic 16/17 winter storm events
- Maintain properties and plan and implement small-scale site restoration and/or forest health projects on Conservancy lands
- Coordinate with El Dorado County to address erosion and runoff issues on the Lyon's Ranch property
- Continue pre-sale activities on Asset Lands located in the Tahoe Valley Area Plan
- Begin implementation of Lake Tahoe Restoration Act land transfers between USFS, the Conservancy, and DPR

Strategy IV – Strengthening Conservancy Operations

The work program and budget includes investments in personnel and technology to improve the performance and accountability of Conservancy operations.

FY 2016/17 Accomplishments:

- Configuration of Active Directory Federated Services completed for e-mail migration and implementation of Office 365
- Continued development of project management software to help comprehensively track project schedules, budgets, and deliverables
- Improved integration between PDMS and Geographic Information Systems (GIS)
- Automated field data collection for inspections and acquisition grant monitoring
- Continued improvement of Fi\$cal modules including labor distribution and reporting

- Improved relationships with the DOF and the DGS regarding the capital outlay process, including
  - Establishing parameters for Public Works Board approvals
  - Developing a hybrid program/line item capital outlay budget
- Hired or currently recruiting for legal analyst, GIS analyst, and senior environmental scientist (specialist and supervisor) to meet organizational needs

FY 2017/18 Major Priorities:

- Improve federal grant billing and reporting to support Conservancy expansion of grant funded projects and programs
- Continue enhancement of Fi\$cal including State Controller and Treasury use of the system
- Develop internal policies and procedures manuals for contracts and grants
- Configure and deploy Office 365
- Prepare for and oversee the required Independent Security Assessment to be conducted by the California Military Department
- Continue data collection and reconciliation in programmatic databases, including
  - PDMS
  - Land bank program data
  - EIP reporting

### **Capital Outlay and Local Assistance Budget**

The capital outlay and local assistance budget will provide funding for the Conservancy to meet the State of California’s commitment and responsibilities under the EIP and fulfill programmatic priorities as outlined in the Strategic Plan. As of July 1, 2017, the Conservancy will have a total available balance of \$14,970,563 in State capital outlay and local assistance funding and has secured authority for \$3,218,000 in federal funding. Additional details on Conservancy commitments and funding authorities follow:

## Capital Outlay and Local Assistance Funding

<b>Conservancy Funds</b>	<b>Fiscal Year 2017-18</b>
Lake Tahoe Conservancy Account	\$ 398,227
Tahoe Conservancy Fund	733,630
Habitat Conservation Fund	909,629
Lake Tahoe Science & Imprvmnt. (SB 630)	514,872
<b>Conservancy Bond Allocations</b>	
Prop.1	4,827,633
Prop. 12	2,824,760
Prop. 40	411,608
Prop. 50	1,949,204
Prop. 84	2,401,000
<b>Other Funding Sources</b>	
Federal Trust Fund	2,968,000
Reimbursements	250,000
<b>Total</b>	<b>\$ 18,188,563</b>

This year's capital outlay budget shifts from a program budget to a hybrid capital budget including both programmatic and project specific line items. As part of this shift, individual line items are being proposed for the Upper Truckee River and Marsh Restoration, the South Tahoe Greenway Shared Use Trail Phase 1b/2, and Tahoe Pines Campground Restoration and Access projects. Line items are also proposed for minor capital outlay, acquisition activities, and conceptual and feasibility activities.

In addition to what is identified in the Capital Outlay and Local Assistance Budget, further funding is needed for the following projects and programs:

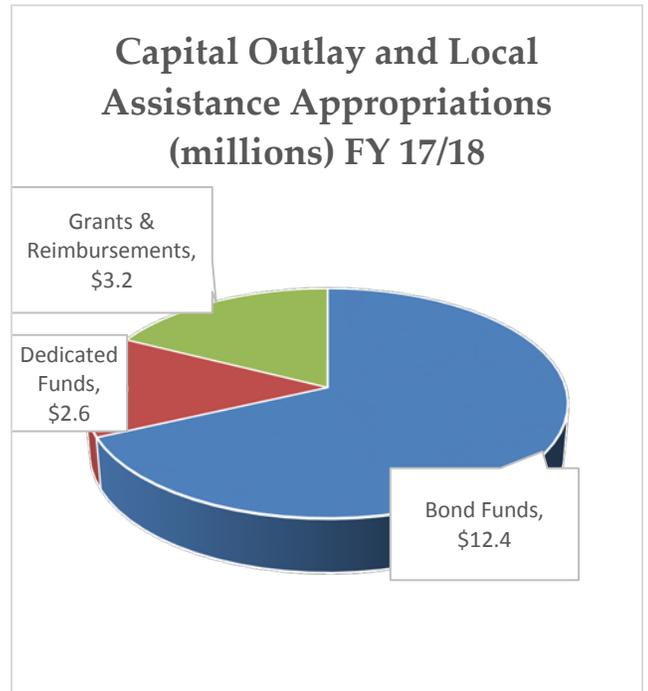
- Restoration of the Upper Truckee River and Marsh; the project cost is expected to exceed \$10 million.
- Implementation of area-wide storm water projects to help meet Lake Tahoe's TMDL targets to improve lake clarity. The highest priority projects cost more than \$20 million.

- Implementation of the Lake Tahoe West large landscape forest and watershed health project, in partnership with the USFS and other stakeholders, with a state share of about \$4 million for the planning, permitting, and collaborative stakeholder process. Additionally, discussions continue regarding implementation of a new landscape level effort, the Tahoe Sierra Resilient Forest Initiative. This initiative aims to accelerate large landscape forest health projects and development of biomass utilization infrastructure throughout the central Sierra to improve forest ecosystem health and resiliency.
- Acquisition and restoration of developed property on wetlands and other sensitive lands, and transfer of the development rights to town centers, a high priority for TRPA, the City, and Placer County. This program need is expected to exceed \$20 million.
- Implementation of the AIS Plan, a product of the Board's September 2014 authorization that continues to direct the Lake Tahoe Basin's strategy for AIS control activities. The matching funds for SB630 funding for AIS control will require \$4-5 million over the next five years.
- The support budget includes a provision allowing the Conservancy to fund activities directly linked to the implementation of capital outlay projects from capital outlay funds. These project delivery costs are estimated at \$727,000 in direct Conservancy staff time per year.

A brief description or summary of the Conservancy's varied funding sources follows:

Proposition 1 Bond:

Proposition 1, approved in November 2014, provided \$15 million to the Conservancy to fund multi-benefit water quality, water supply, and watershed protection and restoration projects through the award of competitive grants. After deducting statewide bond processing costs, program delivery costs, and ten percent (10%) to support general planning and monitoring activities, the Conservancy had approximately \$12.6 million to award to high priority projects. The Board authorized the award of almost \$9.5 million for grants in 2016, leaving a balance of approximately \$3.6 million available for Round 2 grant awards.



Proposition 12, 40, 50, and 84 Bonds:

During the 2000s, the voters passed a series of bonds that included allocations to the Conservancy to fund EIP implementation activities. This includes allocations totaling \$50 million under Proposition 12, \$40 million under Proposition 40, \$40 million under Proposition 50, and \$36 million under Proposition 84. Most of these bond funds have been spent under prior appropriations. The Conservancy will receive appropriation of all reverted Proposition 12, 40, 50, and 84 bond funds in FY 2017/18, exhausting all remaining available funds from the bond acts.

Appropriations in FY 2017/18 include:

- \$77,000 from Proposition 40
- \$168,000 from Proposition 50
- \$2,376,000 from Proposition 84

Dedicated Conservancy Funds:

These funding sources involve revenue streams that have been set up in separate special funds specifically for use by the Conservancy. Appropriations in FY 2017/18 include:

- \$804,000 from the Habitat Conservation Fund (HCF)
- \$300,000 from the Lake Tahoe Conservancy Account (LTCA)
- \$204,000 from the Tahoe Conservancy Fund (TCF)

- \$350,000 from the Lake Tahoe Science and Lake Improvement Account (SB630)

Habitat Conservation Fund (HCF):

The Mountain Lion Initiative (Proposition 117) of 1990 established the HCF. The measure mandates annual appropriations totaling \$30 million statewide for wildlife and wildlife habitat projects through FY 2019/20. The Conservancy's annual appropriation is \$500,000 (\$481,000 for capital outlay, with the remaining \$19,000 for the support budget). These funds can be used for a variety of specified wildlife habitat-related purposes. An additional \$323,000 in existing HCF funding is being re-appropriated and included in a line item for the construction phase of the Tahoe Pines Campground Restoration and Access Project.

Lake Tahoe Conservancy Account (LTCA):

Senate Bill 648 was passed in 1993, establishing the Lake Tahoe license plate. Proceeds from the plates are deposited into the LTCA. Over the years the revenues have been used for preservation and restoration projects, and to construct trails and other forms of non-motorized public access at Lake Tahoe. In the FY 2017/18 budget, \$100,000 will be appropriated for local assistance purposes (an additional \$1,134,000 is in the support budget for staff efforts for these purposes). Another \$220,000 in existing funding is being re-appropriated in a line item for the construction phase of the Tahoe Pines Campground Restoration and Access Project.

In addition, it should be noted that beginning in the FY 2014/15 fiscal year, DPR is receiving a direct appropriation of LTCA monies to fund management activities on Conservancy-owned beaches on the north shore. This arrangement will continue at \$120,000 in FY 2017/18.

Tahoe Conservancy Fund (TCF):

The Conservancy's enabling legislation establishes the TCF. Monies in the fund are available for the purposes of the enabling legislation when appropriated by the Legislature. Deposits into the fund include land bank proceeds, special use fees, lease and license revenues, asset land sales, donations, and other miscellaneous revenues. In FY 2017/18, \$204,000 will be appropriated for capital outlay purposes (an additional \$708,000 will be included in the support budget).

Lake Tahoe Science and Lake Improvement Account (SB630):

In 2013, the Legislature and Governor approved SB630 establishing the Lake Tahoe Science and Lake Improvement Account. The funds deposited into the account come from rental income collected by the State Lands Commission for surface uses on

Lake Tahoe. These funds are to be expended for establishing a bi-state science-based advisory council, for near-shore aquatic invasive species projects or public access projects, and for near-shore water quality monitoring. Funding for near-shore monitoring must be matched by the LRWQCB (or another public agency), and funding for near-shore projects must be matched by the Conservancy or another public entity. In the FY 2017/18 budget \$350,000 will be appropriated to the Conservancy.

Other Funding Sources:

The Conservancy will receive reimbursement authority for federal funds and other reimbursements of up to \$3,218,000 in FY 2017/18. This reimbursement authority will provide an accounting mechanism to apply and receive federal domestic assistance monies and other reimbursements. The Conservancy also has an estimated \$4,100,000 in previously received cash receipts available for use on new projects under the FTF.

### **Support Budget**

The Conservancy's FY 2017/18 support budget includes a baseline budget of \$6,638,000 and 37.7 positions for the Conservancy's support function (i.e., staff services, office operations, and management of acquired lands). This involves \$5,582,000 from various state sources. In addition, the budget provides authority to cover up to \$1,056,000 in staff and related support costs directly necessary for the implementation of capital outlay projects from federal, capital outlay, and other reimbursements.

	Positions		Expenditures	
	2016-17	2017-18	2016-17	2017-18
	Estimated	Proposed	Estimated	Proposed
Total Positions, Wages	37.7	37.7	\$3,438,000	\$3,442,000
Operating Expenses and Equipment			<u>3,177,000</u>	<u>3,196,000</u>
Totals, Positions and Expenditures, All Programs			6,615,000	6,638,000
Conservancy Funds				
Environmental License Plate Fund (ELPF)			3,685,000	3,573,000
Lake Tahoe Conservancy Account (LTCA)			1,103,000	1,034,000
Tahoe Conservancy Fund (TCF)			784,000	708,000
Habitat Conservation Fund (HCF)			19,000	19,000
Conservancy Bond Allocations				
Prop. 12			21,000	21,000
Prop. 50			21,000	21,000
Prop. 40			-	50,000
Prop. 1			205,000	156,000
Other Funding Sources				
Federal Trust Fund			235,000	329,000
Reimbursements			<u>542,000</u>	<u>727,000</u>
Totals, Expenditures, All Funds			\$ 6,615,000	\$ 6,638,000

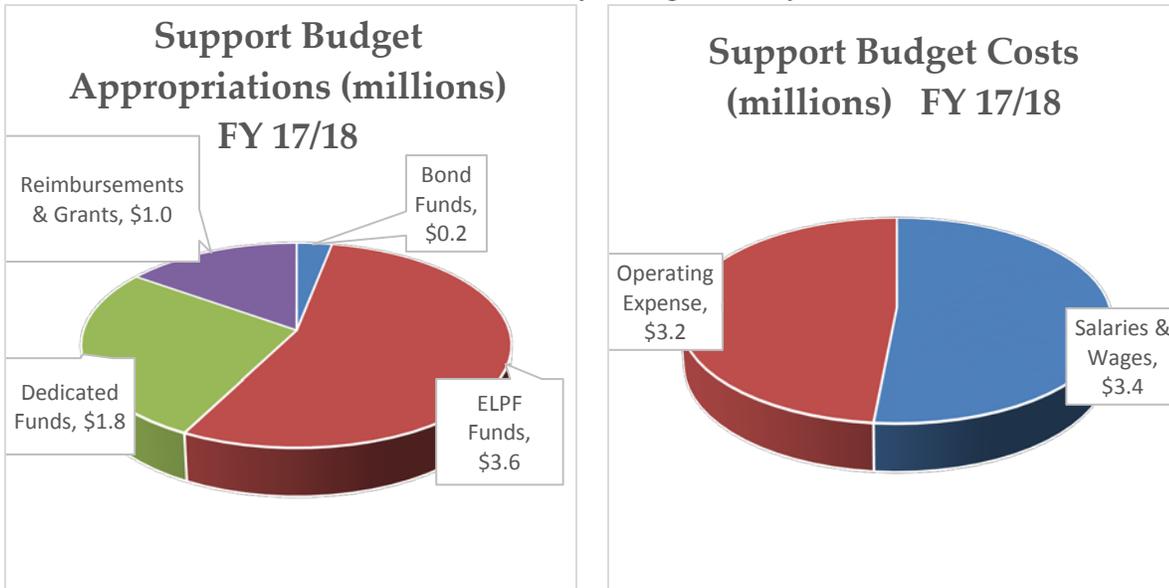
The Conservancy's support budget is funded from several state special funds, including:

- \$3,573,000 from ELPF;
- \$1,034,000 from LTCA (Tahoe license plate proceeds);
- \$708,000 from TCF (mainly lease revenues and land bank proceeds);
- \$19,000 from HCF;
- \$248,000 in bond funds from Propositions 1, 12, 40, and 50;
- \$329,000 in reimbursement authority from FTF; and
- \$727,000 in capital outlay and other reimbursements.

In addition, an estimated carryover of \$116,000 in funding is available for Conservancy expenditures from the Beverly Charter Trust Fund.

The proposed support budget reflects the Conservancy's continued efforts to realign support functions, as discussed in the 2012 Strategic Plan, and maintain an appropriate level of service to the public and other agencies. The current baseline support budget includes funding for 37.7 positions, which is unchanged from FY 2016/17.

### Conservancy Budget Analysis



As the Conservancy begins implementation of its FY 2017/18 budget, and as it enters the FY 2018/19 budget cycle, it again finds itself at a fiscal crossroad. It has broadly identified over \$200 million in nearer-term capital outlay and local assistance needs and opportunities that could be addressed if funding were to be made available. However, the amount of assured funding for these projects (as well as funding for the staff needed to support the effort) is currently limited. The Conservancy is currently navigating a set of ongoing or emerging fiscal issues and trends, including:

- The Conservancy has an evolving and expanding role in EIP coordination. Project finance is now often the result of an interagency cooperative, collaborative effort where funding is packaged from among several sources. Expanding roles and needs for the Conservancy include:
  - Basin-wide need for more strategic thinking, planning, and action – Landscape planning activities, joint project funding and implementation, Tahoe Livable Communities

- The Conservancy requires an additional and broader set of fiscal, staff, and programmatic resources – technical expertise, communications, administrative support (executive support, grant writers, accountants)
- The Conservancy has a continuing role in implementing capital projects. Starting in FY 2017/18, the Conservancy will be redirecting and aligning fiscal, staff, and other resources to continue ongoing projects and activities including;
  - Three major capital outlay projects – Upper Truckee Marsh, Greenway Bike Trail, and Tahoe Pines Campground
  - Several major grant program areas – Prop. 1, forestry, AIS, and Plates for Projects
  - Emerging capital projects and grants – strategic acquisitions, conceptual and feasibility studies for additional restorative and public access improvements
- The Conservancy is a land owning agency, with over 4,700 parcels and 6,500 acres. Management of an owned inventory of lands continues to be a major function for the Conservancy. Ongoing issues and concerns include:
  - Manage for fire and water quality purposes
  - Resolve trespass and encroachment issues
  - Maintain developed facilities providing public access
  - Develop Land Management Program Strategy
  - Demands associated with a land transfer with the USFS and DPR in the recently enacted Lake Tahoe Restoration Act
    - In the near-term, will need fiscal and staff resources to process the transfer
    - In the longer-term, will need to ensure ability to “properly” manage a newly configured inventory (i.e., more subdivided lots)

**Conservancy Staff Contacts:**

David Gregorich  
Kevin Prior

[david.gregorich@tahoe.ca.gov](mailto:david.gregorich@tahoe.ca.gov)  
[kevin.prior@tahoe.ca.gov](mailto:kevin.prior@tahoe.ca.gov)