

California Tahoe Conservancy  
Agenda Item 5  
May 19, 2011

**EXECUTIVE DIRECTOR'S REPORT**

**A. Budget**

**2010-11 FY:** In October 2010, the 2010 Budget Act was passed by the Legislature and signed by Governor Schwarzenegger. For the Conservancy, a total of \$6,475,000 is included for capital outlay and local assistance. This will allow continued funding of projects to meet resource and public access needs under the Environmental Improvement Program (EIP) for the Lake Tahoe Basin. Funding includes \$1,475,000 from various State sources dedicated to the Conservancy, along with \$5,000,000 in federal grant authority. The support budget totaled \$6,788,000 and 48.4 Personnel Years (PY). This amount was adjusted downward by \$340,000 to largely reflect cost savings in employee compensation under recently-approved bargaining agreements between the State and various employee unions. However, the budget will maintain ongoing support at current levels.

**2011-12 FY:** In January 2011, Governor Brown introduced the proposed Governor's Budget for the 2011-12 fiscal year. For the support budget, the Conservancy submitted a request for \$6,640,000 and 48.4 PY. Of note, this includes replacement of \$427,000 in expiring bond-funded program delivery allocations and \$409,000 in one-time funding from Conservancy Land Bank proceeds to substantially maintain support baseline funding in the 2011-12 fiscal year.

The Governor's Budget proposes a total of \$15,756,000 for capital outlay and local assistance. This would allow continued funding of projects to meet resource and public access needs under the EIP. Proposed funding includes \$5,756,000 from various State sources dedicated to the Conservancy, along with \$10,000,000 in federal grant authority. The extension of several older appropriations, mostly bond appropriations delayed by the freeze in 2008 and 2009, is also being requested.

The Legislature's budget committees will be scheduling hearings on these proposals beginning May 5, 2011. In addition, the Governor will present May Revision proposals by mid-May. Staff will provide the Board with an update on the status of these deliberations at the board meeting.

## **1. Bond Fund Freeze**

In December 2008, because of the State's inability to sell sufficient bonds to meet its cash flow needs, the Department of Finance imposed a freeze on new encumbrances and expenditures of most bond appropriations. Since that time, the State Treasurer's Office has completed four sets of bond sales (in March and April of 2009, in October 2009, in March 2010, and in the Fall of 2010) that provide sufficient cash to cover: 1) outstanding bills that existed as of December 2008; 2) cash needs under existing grants and contracts through the end of the 2011 calendar year; and 3) staff and support costs through the 2010-11 fiscal year. As part of the March 2010 and Fall 2010 sales, cash is now available to allow the limited authorization of new project activity.

The Conservancy received \$19,200,000 from the March and April 2009 sale. This was sufficient to complete the payment of unpaid bills for work done prior to the freeze and to allow a limited restart of previously-authorized bond-funded projects. An additional \$7,300,000 has since been allocated from the October 2009 sale, as well as \$2,300,000 from the March 2010 sale, and \$5,300,000 from the Fall 2010 sale. Because additional bond sales are needed to fully fund remaining contracted obligations through the 2012 calendar year, not all restart projects are fully cash-backed at this time. Staff has worked with its grantees and contractors to identify a scenario that best allocates and utilizes existing cash for the most beneficial mix of restarted projects. This allocation process will be repeated in 2012 when additional cash becomes available following the next anticipated sale in Fall 2011.

The success of the March 2010 and Fall 2010 bond sales also allowed the allocation of bond cash for new project activities. The Conservancy had been allocated approximately \$19,500,000 for new projects. To date, this has allowed the funding of three projects that the Board had conditionally approved for a total of \$11,500,000 (Lakeview Commons

at \$6,000,000, the Lakeside Bicycle Trail at \$2,500,000, and Blackwood Creek Restoration at \$3,000,000), as well as additional projects.

The allocations for new projects still fall short of covering the available balances in the Conservancy's existing bond appropriations.

Approximately \$7,300,000 in cash is needed to fully fund the remaining appropriation authority. In the future, it is expected that the State will address its overall bond cash flow needs through twice-annual bond sales. The amount of the sales will be based on the cumulative total of up-front cash flow estimates for individual projects or program activities to be provided by each department.

Conservancy staff will work with its grantees and contractors to ensure that its cash flow estimates are accurate and adequate and allow projects and grants to be approved in a timely manner, that project work can be confidently scheduled, and that costs and billings incurred can be fully covered and paid in a timely manner.

## **B. Major Conservancy Projects Recently Completed or in Progress, El Dorado County**

### **1. Public Access and Recreation**

**Sawmill I Bike Trail:** There have been no changes to this project since the January 2011 Board meeting. The Conservancy has awarded, since December 2000, a total of \$2,944,500 to El Dorado County for the Sawmill I Bike Trail. This Class 1 bike path connects with the Pat Lowe Memorial Bike Trail in Meyers and extends to the intersection of Sawmill Road and U.S. Highway 50.

Construction was completed during the summer of 2009. Post construction monitoring reports are currently being prepared for this project and are anticipated by June 2011. The County is obligated to operate and maintain this facility until 2029 per the terms of the grant agreement.

**Sawmill II Bike Trail:** There have been no changes to this project since the January 2011 Board meeting. Since May 2005, the Conservancy has awarded a total of \$821,000 (\$460,000 from the Public Access and Recreation Program and \$361,000 from the Erosion Control Program) to El Dorado County to design and

permit a Class 1 bike path and erosion control improvements. This bike trail, adjacent to Sawmill Road and running from U.S. Highway 50 to Lake Tahoe Boulevard, is consistent with the Lake Tahoe Bicycle and Pedestrian Plan. The project is being designed and evaluated in collaboration with the Conservancy's and County's Erosion Control Programs and, in addition to the bike path, will address the erosion and stormwater management problems along the entire stretch of Sawmill Road and the Echo View Estates subdivision.

The County has procured the necessary funding for the first phase of bike trail construction, currently scheduled for Summer 2011. The first phase will start at the intersection of Lake Tahoe Boulevard and Sawmill Road and extend eastward toward Echo View Drive. The Conservancy granted an easement over a Conservancy-owned parcel to El Dorado County in July 2010 to facilitate construction of this first phase. Ninety-percent-level design plans were submitted to the Project Development Team for review and comment in November 2010. The project needs additional easement acquisition and capital funding to continue eastward and connect to the Bike Bridge over the Upper Truckee River.

**South Tahoe Greenway Shared-Use Trail:** The South Tahoe Greenway Shared-Use Trail project will provide the backbone of the bicycle network in the core of South Lake Tahoe. The 3.5 miles of proposed new trail will link the Sierra Tract neighborhood in South Lake Tahoe with Van Sickle Bi-State Park and will incorporate a section of existing bike path at the South Tahoe Ball Fields. Current staff work focuses on coordinating agency review for the Administrative Draft Initial Study/Mitigated Negative Declaration. Staff expects the public review period to begin in June 2011, with Board consideration of the environmental documentation in Fall 2011. Staff continues to refine estimates of construction costs and seek funding opportunities.

**Lake Tahoe Boulevard Enhancement:** The Conservancy recently extended the term of the grant agreement with El Dorado County to June 2011. The Conservancy has awarded, since May 2005, a total of \$355,000 to the County for planning activities related

to evaluating the potential for Stream Environment Zone (SEZ) restoration, erosion control, and stormwater management improvements on Lake Tahoe Boulevard. The award includes \$122,000 from the Public Access and Recreation Program, \$130,000 from the Watershed and SEZ Restoration Program, and \$103,000 from the Erosion Control Program. Planning activities include evaluating the potential for a Class 1 bike path to connect the existing Class 2 bike lanes at Boulder Mountain Drive to D Street and Viking Road (South Tahoe High School) in South Lake Tahoe. The County has provided the Conservancy with a Draft Project Alternatives Evaluation Report to be discussed by the Project Development Team (PDT) in mid-April. Following the PDT meeting, a public meeting to review and gain input on the alternatives will be held in early May 2011.

**Lake Tahoe Water Trail:** Conservancy staff, in collaboration with other public recreation agencies and interested private parties, recently completed the Lake Tahoe Non-Motorized Boating Framework (Framework). This study effort began in 2007, assisted by the Rivers, Trails, and Conservation Assistance Program staff of the U.S. National Park Service. The study includes a first-ever assessment of non-motorized boat use at Lake Tahoe. The Framework identified a series of recommendations for facilities and amenities, management and operations, education and outreach, public/private cooperation, and stewardship. One of the Framework's recommendations, improving wayfinding information for paddlers, is now in the initial design stages and funded with a \$25,000 Conservancy retainer agreement.

## **2. Soil Erosion Control**

The Conservancy has awarded El Dorado County \$21,025,938 in Conservancy grants for active erosion control projects. These projects address sediment sources, capture and treat stormwater from public rights-of-way, and improve water quality by reducing the amount of sediment and nutrients delivered to Lake Tahoe. The bond freeze in 2008-2009 caused delays in project schedules, but most projects are now progressing.

**Montgomery Estates Erosion Control, Areas 1, 2, & 3:** The Board has authorized a total of \$369,000 in grant funds for this project. In May 2010, the Board authorized a long-term license agreement for erosion control improvements on Conservancy parcels for Area 1 of the project. Design for Area 1 continues, with final plans expected this spring. Project implementation is anticipated to begin this summer and continue through 2012. The County has adopted and completed the California Environmental Quality Act environmental documentation for Area 1. Planning continues for Areas 2 and 3 with funding from the U.S. Forest Service Lake Tahoe Basin Management Unit (LTBMU).

**Lake Tahoe Boulevard Enhancement:** The Board has authorized erosion control grant funds totaling \$103,000 for this project. The project is coordinated in conjunction with a bike trail and an SEZ restoration project in the same area. The County has completed its final feasibility report, and Conservancy staff is currently reviewing the Draft Preferred Alternatives Evaluation Report. Project planning continues with LTBMU funds.

**Sawmill II Erosion Control:** The Board has authorized erosion control grant funds totaling \$361,000 for this project. The project is planned in concert with the bike trail project along Sawmill Road. Currently, the County is proposing to implement the project in two phases, beginning in the summer of 2011 with Phase A, followed by Phase B in Summer 2012. Implementation of the Echo View Erosion Control Project, an offshoot of this project, is scheduled to begin during the summer of 2011. The County is close to completing all permit applications. Conservancy staff is presently reviewing 90% plans for Sawmill II Phase A.

**Christmas Valley Erosion Control:** The Board has authorized grant funds totaling \$2,685,626 for this project. In 2007, the County completed Phase 1 of this project along Grass Lake Road in the Meyers area, in conjunction with SEZ improvements. The County completed construction of Phase 2A along Cornelian and Shakori Drives in Fall 2009. Construction of Phase 2B was completed during the late summer of 2010, and implementation of Phase 2C is scheduled for the summer of 2011.

**Angora 3 Erosion Control:** There have been no changes to this project since the January 2011 Board meeting. The Board has authorized grant funds totaling \$4,836,312 for this project. The County constructed a portion of this project in 2007 in response to the Angora Fire, with the remaining portions constructed in the summer and fall of 2008. High groundwater in the area after the Fire, due to a lack of vegetation, resulted in several challenges in the project area that the County has been addressing. County and Conservancy staff continued monitoring and adaptive management efforts in 2010 to improve the project's performance and identify any additional needs. The project will conclude upon the completion of additional monitoring.

**Angora Fire Emergency Rehabilitation:** There have been no changes to this project since the January 2011 Board meeting. The Board has authorized grant funds totaling \$600,000 to the County for improvements and monitoring associated with the Angora Fire response. The County completed this project in early November 2007. Monitoring and maintenance of facilities continue, and additional revegetation work may occur. Conservancy staff has approved and sent the County a partial release of retention funds, as the County is nearing completion of the project. Monitoring of the project is the last remaining task.

**Rubicon 5 Erosion Control:** There have been no changes to this project since the January 2011 Board meeting. The Board has authorized grant funds totaling \$295,000 for this project. The project was constructed in the fall of 2010. The project will conclude this spring.

**Pollutant Load Reduction Strategy:** The Board has authorized \$187,500 in Conservancy grant funds to enable the County to identify outfalls, map contributing watersheds, and develop a prioritization list for future projects based on estimated pollutant loading at each outfall. The County delivered the final report to the Conservancy and the Lahontan Regional Water Quality Control Board in May 2009. In October 2010, the Conservancy approved a revised workplan submitted by the County to expand the scope of work under this grant to use the

recently-released Pollutant Load Reduction Model (PLRM) to refine baseline pollutant load estimates for watersheds outside of active project planning areas. This step assists the County to initiate project development in watersheds that are shown to have high potential for pollutant load reductions.

**Comprehensive Facility Erosion Control:** The Board has authorized \$450,000 to the South Tahoe Public Utility District (STPUD) to plan improvements and develop SEZ restoration components within El Dorado County. This project will help control sediment sources and treat stormwater runoff at 18 different STPUD facilities. The STPUD incorporated the Best Management Practices (BMP) Toolbox, a collection of techniques and strategies to be used to restore and address runoff from multiple STPUD facility sites, into the Draft Alternatives Analysis for Technical Advisory Committee (TAC) review. Staff recently reviewed and commented on the 90% plans for the Cold Creek Filter Plant BMP and SEZ Restoration and the 30% plans for the Ralph Tank Removal SEZ Restoration. Final plans for both projects are expected in early spring, with implementation to begin in Summer 2011.

### **3. Natural Resources**

**Upper Truckee River Sunset Stables Reach:** The Administrative Draft of the environmental document has been released for review by responsible agencies. Both Conservancy and LTBMU staffs are providing comments on this draft to the consultant. The public draft is scheduled for release in early 2011. A public draft of the document was released. Public comment is being accepted through May 23, 2011 and staff currently plans to bring the document to the Board for approval in July 2011.

In 1999, the project began with the acquisition of the 189-acre Sunset Stables property. To date, the Board has authorized \$2,479,728 for planning activities. The Conservancy is implementing this project in partnership with the LTBMU, since the project will be carried out on both state and federal land.

The project site is located along the Upper Truckee River near the Lake Tahoe Airport, between Meyers and South Lake Tahoe, and encompasses Reaches 5 and 6 of the river. The project will restore natural river processes, enhance SEZs, improve wildlife habitat and fisheries, and improve water quality in the 254-acre planning area.

The Conservancy and LTBMU jointly submitted a request for funding to the Southern Nevada Public Lands Management Act (SNPLMA) Round 10 funding cycle in December 2008 for \$4,500,000 to fund the construction of Reach 5. The entire request was approved in September 2009. The LTBMU awarded a contract for Reach 5 final design in October 2009. Final designs for Reach 5 are scheduled for completion in June 2011, and construction is anticipated to begin with the preparation of the staging and stockpile area in August 2012.

The Conservancy submitted a request for funding to SNPLMA Round 12 in March 2011 for \$2,000,000 million to fund construction of Reach 6. This request is currently under review, and a determination regarding its approval should be completed by Summer 2011.

An agreement with the U.S. Army Corps of Engineers (USACE) was approved by the Board and provides up to \$5,000,000 for final design and construction of Reach 6. Appropriation of the funding to fulfill the terms of this agreement is being sought by the USACE.

The Lahontan Regional Water Quality Control Board (Lahontan) approved a grant of up to \$400,000 in Tahoe Keys Mitigation funds for final design work on Reach 6. The Secretary of the Natural Resources Agency approved the disbursement of the Tahoe Keys Mitigation funds. After approval by the Board, staff will contact TRPA staff to arrange transfer of these funds to the Conservancy.

The Conservancy has received partial reimbursement in the amount of \$100,120 for project expenses from the LTBMU under the Wyden agreement approved by the Board in 2008. These funds are being held in a federal trust account for the completion of the final project design for Reach 6. Requests for approximately \$11,380 in remaining reimbursements will be submitted to the

LTBMU over the next nine months. This will provide approximately \$111,500 in funds for final project design.

Once construction funding is secured, the Conservancy will take the project to the California Public Works Board for approval to proceed to final design and construction. Project construction is planned for 2015, beginning with the excavation of a new channel.

**Upper Truckee Golf Course Reach:** The draft environmental document was released to the public in October 2010. The deadline for comments on the public draft was November 8, 2010. The release of the response to comments and hearing on the final document at the TRPA Board is scheduled for Fall 2011.

The Board has authorized a total of \$377,750 to the California Department of Parks and Recreation (DPR) for planning activities. The project site is located approximately 1.5 miles north of Meyers, and 2.5 miles south of the South Lake Tahoe city limits. The project area encompasses both DPR and Conservancy properties, and includes the Lake Valley State Recreation Area and a portion of Washoe Meadows State Park.

The project will restore natural river processes, resulting in enhanced SEZs, improved wildlife habitat and fisheries, and improved water quality. DPR has completed a number of tasks, including vegetation mapping, land capability verification, spotted owl and raptor surveys, groundwater elevation monitoring well installation, vegetation monitoring transects, first year monitoring, and conceptual bridge research.

**Angora Fisheries and SEZ Enhancement:** The Board approved a planning grant to the County in May 2005 for \$268,500, and a site improvement grant in July 2007 for \$998,100. The project is located at the Lake Tahoe Boulevard crossing of Angora Creek between Meyers and South Lake Tahoe. The County replaced existing culverts with a new bridge, eliminating a barrier to fish passage so that fish can now access spawning habitat in the upper watershed. The project also restored the adjacent SEZ. In 2009, the Technical Advisory Committee (TAC) suggested changes in stream approach, channel design, placement of the existing sheet pile

panels downstream, and removal of an earthen berm in the Angora SEZ project area. The County used these suggestions to make adjustments to the proposed original design, and these changes were incorporated into the constructed project. The County completed construction of the project in October 2010 and is now in the project monitoring phase.

**Cold Creek Fisheries Enhancement:** There have been no changes since the January 2011 Board meeting. The Board approved a planning grant to the County in May 2005 for \$355,000. The project is located at the Pioneer Trail crossing of Cold Creek, just south of the South Lake Tahoe city limits. The project will modify existing culverts that form a barrier to fish passage, providing access to habitat in the upper watershed. The County selected a preferred alternative in December 2008. To date, the County has collected velocity and stage measurements in the culvert and topographic information for design plans. The County will next complete the environmental documents, prepare final plans, and determine construction specifics. Construction is anticipated to be completed using the County's crews in the summer of 2011.

**Erie Circle SEZ:** There have been no changes to this project since the January 2011 Board meeting. This project encompasses a severely eroding slope within an SEZ on Conservancy-owned properties. To date, the Conservancy has expended \$44,080 for an existing conditions analysis and plan development. Conservancy staff finalized design with the consultant in Summer 2010. Staff plans to complete environmental documents, with potential construction in 2011 or 2012, depending on the findings of the environmental documents and the availability of funding. Minor slope stabilization work occurred in Fall 2010 using Conservancy crews and will continue in Summer 2011. Conservancy staff will monitor the work for effectiveness.

#### **4. Forest Habitat Enhancement**

The Forest Habitat Enhancement Program focuses on preserving, enhancing, and restoring forested habitats on Conservancy property. These projects are designed to improve habitat, reduce fire threat, and

promote natural processes. Staff is currently working with the Lake Valley Fire Protection District (LVFPD) and the Meeks Bay Fire Protection District (MBFPD) to plan and implement the Conservancy's forestry activities in El Dorado County for the 2011 field season.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and the California Department of Forestry and Fire Protection (CalFire) established a series of permanent forest inventory plots across the Conservancy's ownership. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue the effort over the next several summers. Moving forward, the Conservancy will focus on monitoring plots within annual treatment units. Monitoring of songbird populations within current and planned project areas was initiated in 2009. Additional surveys will be conducted in June and July 2011. The Conservancy staff plans to continue stocking surveys on proposed Quaking aspen stands in El Dorado County. Staff will revisit these transects periodically after the removal of encroaching conifers to measure the success of such treatments.

The Conservancy continues post-fire restoration work on Conservancy land within the Angora Fire area. Activities in 2010 included planting conifer seedlings, irrigation as needed, and maintenance of soil erosion BMPs installed after the fire. In addition, the Conservancy, in collaboration with the University of California Cooperative Extension, is monitoring vegetation recovery, soil erosion, soil compaction, and fuel loads to assess the effectiveness of the post-fire restoration. A report on the findings to date is in progress and can be expected later in 2011. The restoration and monitoring work is funded by a grant from the USACE. In 2011, the Conservancy plans to continue planting conifer seedlings and potentially removing encroaching chaparral which competes with seedlings for sunlight.

During 2011, a total of 113 acres of Conservancy land is proposed for treatment for fuels reduction and aspen enhancement in El Dorado County. Projects will be carried out by MBFPD, LVFPD, and the

California Conservation Corps (CCC) as well as directly by the Conservancy.

**Meeks Bay Fire Protection District:** Fuel reduction is currently being planned for 2011 on approximately 65 acres of urban lots utilizing hand crews, pile burning, and chipping by a track chipper. Staff works collaboratively with MBFPD to plan, implement, and fund these projects through a variety of sources, including SNPLMA and U.S. Forest Service Grants, as well as with direct Conservancy funding. Project areas include General Creek, Deer, Gray, and Lewis Avenues in Tahoma, and Urban Lots.

**Lake Valley Fire Protection District:** Fuel reduction and aspen restoration is currently planned for 2011 on approximately 48 acres of urban lots utilizing hand crews, pile burning, and chipping by a track chipper. Staff works collaboratively with LVFPD to plan, implement, and fund these projects through a variety of sources which include SNPLMA, U.S. Forest Service grants, and direct Conservancy funding. The CCC, with the assistance of Proposition 84 funds, will complete two phases of the Meyers 5 project. Other project areas include Southern Pines.

## **C. Major Conservancy Projects Recently Completed or in Progress, Placer County**

### **1. Public Access and Recreation**

**Homewood Bike Path:** The Conservancy awarded funding to the Tahoe City Public Utility District (TCPUD) in May 2008 to finalize the design and procure the necessary permits for this project. The term of this grant is being extended to June 2012 to provide ample time to complete the tasks associated with the grant's work program. TCPUD received \$165,000 from the North Lake Tahoe Resort Association (NLTRA) to plan and permit the path. Since the award of these grants, TCPUD has reconsidered the originally-proposed highway alignment alternative. The TCPUD Board held a special meeting on August 11, 2010 to affirm its intent to move forward with project planning and evaluation of the highway alignment. The previously-completed CEQA

documentation will need to be updated to reflect project proposal changes.

**Lakeside Bike Trail (Phases V through VII):** At the March 2010 Conservancy Board meeting, the Board authorized \$2,500,000, as well as 9,300 square feet of SEZ Restoration Credit and 2,100 square feet of Class 5 coverage to TCPUD to complete Phases V through VII of the Lakeside Bike Trail through Tahoe City. Phases V, VI and VII have been designed and approved by TRPA. Construction of Phase VII began in Summer 2010 and will be completed in Summer 2011. Construction of Phases V and VI are anticipated to begin in 2011 and be completed in 2012.

**Tahoe City Transit Center Bike Trail:** Placer County began constructing the Tahoe City Transit Center in Summer 2010. Facility operation is anticipated in Fall 2011. The remaining bike trail elements will be some of the last project components constructed.

**North Tahoe Bike Trail:** The 2010 planning grant authorization to Placer County has resulted in a signed grant agreement for \$300,000, with authorization of up to an additional \$135,000 if justified after the project strategy is determined. A site walk in 2010 conducted prior to snowfall kicked off the initial evaluation portion of the contract. Between October 2010 and March 2011, an evaluation of existing materials was completed by County staff. Based on the evaluation, County staff recommends further environmental analysis and preliminary design of the proposed trail alignment between Dollar Point and the southern boundary of LTBMU land terminating just west of Fulton Crescent Road, a county road. This trail segment is about 2.5 miles in length. To proceed with this strategy, County staff will solicit qualified consultants through a competitive process in order to select the best firm to support project planning efforts. County staff recommends that the consultant scope include environmental analysis and preliminary engineering tasks to support environmental permit approval and a trail designed to a level to support project approval from all applicable agencies.

### **North Tahoe Beach Pavilion Rentals and Visitor**

**Information Station:** NLTRA has returned contract documents for the continued operation of the Visitor Information Station at North Tahoe Beach during the 2011 season. The North Tahoe Public Utility District (NTPUD) will again manage the rental of the Pavilion at the Beach under their maintenance contract for the site.

## **2. Soil Erosion Control**

The Board has authorized \$16,201,473 in grant funds to Placer County for currently-active erosion control projects. These projects address sources of sediment and capture and treat stormwater runoff from public rights-of-way. The projects improve water quality by reducing the amount of sediment and nutrients delivered to Lake Tahoe. The 2008-2009 bond freeze caused delays in the schedules of some projects, but all projects are now progressing.

**Homewood Erosion Control:** The Board has authorized \$580,000 to fund the planning effort. Planning activities for Phase 1 of this project resumed in the spring of 2010. A preferred alternative for Phase 1 was selected in July 2010, and the TAC met in December 2010 to review the associated 50% engineered design. The environmental document is scheduled to be reviewed in Summer 2011. Construction of Phase 1 is scheduled for 2012.

**Tahoe Pines Erosion Control:** The Board has authorized \$1,825,000 for this project for Areas A, B, and C. The County has already constructed project improvements in Areas B and C. The County began implementation of Area A in October 2009 by constructing improvements at the Grand Avenue boat launch. Construction for other parts of Area A is scheduled to resume in the summer of 2011. The next phase of construction will restore and protect an SEZ that traverses the project area, and utilize Conservancy-owned parcels to capture, infiltrate, and treat stormwater runoff in the upper part of the subdivision.

**Brockway Erosion Control:** The Board has authorized \$670,000 in planning and \$683,940 in acquisition funds for this project. The necessary acquisitions, final design, and the permitting process are complete. Conservancy staff is recommending the award of up to

\$620,715 for site improvements at this Board meeting. The County plans to begin construction in 2011. Stormwater from public and private lands in Nevada and California comingling, necessitating a joint treatment and cost-sharing agreement between Placer County, Boulder Bay LLC, Washoe County, and the States of Nevada and California.

**Kings Beach Commercial Core and Water Quality and SEZ Improvement:** There have been no changes to the project since the January 2011 Board meeting. The Board has authorized \$600,000 to plan the Commercial Core Project and \$933,000 to plan the Water Quality and SEZ Improvement Project. Additionally, a \$190,000 acquisition grant was awarded at the September 2010 Board meeting to purchase easements needed for construction.

The County completed environmental documentation, and pre-acquisition activities are underway for the entire project area. Given current funding opportunities, the County split this project into numerous phases in order to construct portions of the project as funding becomes available. Construction of the first phase was completed in 2010 using funding from the America Recovery and Reinvestment Act of 2009 (ARRA). The first phase included installation of the Fox Street Clean Water Pipe and improvements to stormwater conveyances and treatment basins along Fox Street and intersecting streets.

**Lake Forest Erosion Control:** The Board has authorized \$4,216,976 for this project, comprised of Areas A, B, and C. The County constructed Area A improvements in the summer of 2008. The County completed the environmental documentation for Area B, and 75% design plans were released for review in the fall of 2010, with final construction documents anticipated in the summer of 2011. Construction is scheduled to begin in 2012. The County completed construction of the SEZ and Wildlife portion of Area B in the fall of 2010, which provides a polishing treatment for stormwater from the upper watershed. The County will resume planning for Area C when Area B nears completion.

**Tahoe City Residential Erosion Control:** The Board has authorized \$700,000 for this project. The project is currently in the public bid process for construction, which is scheduled for 2011. The Conservancy and the County have coordinated with the Tahoe Resource Conservation District on private property BMP outreach efforts to maximize project effectiveness.

Conservancy staff is planning to restore a large Conservancy-owned parcel that contributes sediment to the project area. Conservancy staff initiated archeological investigations as required to prepare the environmental documentation, but the contract was terminated due to budget constraints. Once the environmental documentation is complete, Conservancy staff plans to complete the restoration using Conservancy crews.

**West Sunnyside Erosion Control:** There have been no changes to the project since the January 2011 Board meeting. The Board has authorized \$2,891,707 for this project. The County completed construction of Phase 1 in the fall of 2010. Final design for subsequent phases is underway, and funding for construction will be sought as the design progresses.

**Unpaved Access Roads and Trails Erosion Control:** There have been no changes since the January 2011 Board meeting. In addition to the grants awarded to Placer County, the Board authorized \$150,000 to NTPUD to address water quality issues associated with unpaved roads and trails that access NTPUD facilities. NTPUD is focusing current efforts on completing cultural and biological resource assessments needed to support environmental documentation. Once the environmental documentation is complete, NTPUD will finalize the engineered designs and construct the improvements. Construction will begin in 2011 or 2012, pending the availability of funding.

### **3. Natural Resources**

**Lower Blackwood Creek Restoration:** This project is being implemented by the Conservancy on Conservancy-owned lands. The project is located along Blackwood Creek and includes Eagle Rock on the west shore of Lake Tahoe, north of Tahoma. The

project will enhance aquatic and riparian habitat conditions and provide water quality benefits by reducing sediment sources in the watershed that contribute more fine sediment per acre than any other watershed in the Basin.

In 2005, the Board authorized \$500,000 for preliminary planning. The Board authorized an additional \$500,000 to complete planning in 2007. In March 2010, the Board adopted the Mitigated Negative Declaration for the project and authorized \$3,250,000 for final design and implementation. In April 2010, the State Public Works Board approved preliminary plans for the project. The project team recently completed final plans and specifications and submitted all required permit applications.

The State Department of General Services (DGS) is currently seeking bids to construct the project, anticipated to occur over two seasons beginning in late Summer 2011. Initial activities by the selected contractor may include site preparation and tree removal. Realignment of a popular but eroding trail accessing Eagle Rock will take place in 2011 by the CCC under direction of Conservancy staff. All stream diversion and stream channel restoration work will occur in summer of 2012.

The Conservancy signed an agreement with USACE to provide up to \$3,250,000 in federal funds to reimburse project-related expenses. To date, USACE has provided \$2,425,000 to reimburse planning and implementation costs. USACE has committed an additional \$800,000 in Fiscal Year 2011 funds to cover implementation costs, pending congressional appropriation of those funds. USACE funding will reimburse up to 75% of planning and implementation costs for restoration activities, excluding trail realignment. The Conservancy was also awarded Proposition 84-funded CCC crews valued at \$77,310 through a competitive, statewide grant process. The CCC crews will provide the necessary labor to implement the trail portions of the project.

**Lake Forest SEZ and Wildlife Enhancement Phase of the Lake Forest Erosion Control Project Area B:** The Lake Forest Stream Environment Zone and Wildlife Enhancement Phase (SEZ and Wildlife Phase) is a part of the larger Lake Forest Erosion

Control Project Area B being implemented by Placer County. The project is approximately two miles east of Tahoe City, adjacent to Lake Tahoe and mostly on Conservancy-owned property. The SEZ and Wildlife Phase will restore a stream that has been placed in a culvert. The project enhances adjacent meadow, riparian, and aquatic habitats.

The Conservancy signed an agreement with USACE to provide \$2,075,000 in federal funds to reimburse implementation costs. This USACE funding was granted to the County at the May 2009 Board meeting. The County began construction in the Fall of 2009 and completed the majority of the project in 2010. The new channel will be connected and the subsurface culvert abandoned in Summer 2012.

**Ward Creek Watershed Assessment and Restoration:**

There have been no changes since the January 2011 Board meeting. The Conservancy is implementing this project in coordination with LTBMU, DPR, Placer County, and Alpine Meadows Ski Resort (Alpine Meadows), among other entities. The project was initiated by the Conservancy in 2004, and the Board has authorized \$1,115,000 through four different annual Planning Authorizations for planning activities. The project area encompasses the entire 9.74-square-mile watershed located on the west shore of Lake Tahoe, south of Tahoe City.

The goal of the project is to assess the condition of the watershed and develop projects that will improve wildlife and fish habitat, SEZ health, and water quality within the watershed. Staff, with the assistance of consultants hired through DGS, completed the assessment and identified 24 potential sub-projects, in addition to the Ward Creek Dam Removal Project, for which the Board authorized \$18,000 in 2002 for an easement and \$375,000 in 2006 for implementation. The project has since been completed.

In 2007, the Conservancy began implementing the sub-projects located at least partially on Conservancy-owned lands. With encouragement from Conservancy staff, Alpine Meadows made a significant effort to stop unauthorized off-highway vehicle (OHV) use on unpaved ski resort roads located on Conservancy-owned

land. Additionally, Alpine Meadows will decommission unnecessary ski resort roads located on Conservancy-owned land, stabilize necessary roads to reduce erosion, and restore SEZs impacted by OHVs.

In 2010, construction began on a collection of sub-projects located on Conservancy-owned land in the Stanford Rock Road crossing of Ward Creek. Significant progress was made in 2010, and further improvements are anticipated in 2011. Monitoring and adaptive management will continue for at least three years following the completion of construction. Planning, construction, and monitoring are being performed by Conservancy staff and crews, with assistance from consultants through DGS as needed. The Stanford Rock Road Project will restore proper hydrologic function to a wet meadow and wetland system that was significantly impacted by logging activities in the 1960s and 1970s.

#### **4. Forest Habitat Enhancement**

The Forest Habitat Enhancement Program focuses on preserving, enhancing, and restoring forested habitats on Conservancy property. These projects are designed to improve habitat, reduce fire threat, and promote natural processes. Staff is currently working with the North Tahoe Fire Protection District (NTFPD) to plan and implement the Conservancy's forestry activities in Placer County for the 2011 field season.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and Cal Fire established a series of permanent forest inventory plots across Conservancy ownership. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue the effort over the next several summers. Moving forward, the Conservancy will focus on monitoring plots within annual treatment units. Monitoring of songbird populations within current and planned project areas was initiated in 2009. Additional surveys will be conducted in June and July 2011.

During 2011, a total of about 168 acres of Conservancy land is proposed for fuels reduction treatment and possible aspen enhancement in Placer County. Projects will be implemented both by NTFPD and the Conservancy.

**North Tahoe Fire Protection District:** Fuel reduction activities are currently being planned for 2011. Treatment on approximately 168 acres will consist of a combination of mechanical and hand thinning. Conservancy staff is collaborating with NTFPD to plan, implement, and fund these projects through a variety of sources, including SNPLMA, the Federal Emergency Management Agency (FEMA), and U.S. Forest Service grants, as well as with direct Conservancy funds. Project areas include McKinney Creek, Tahoe Pines (Book 85), Regency Way, and Commonwealth Drive. One or more of these projects will be funded through a SNPLMA Round 8 grant awarded directly to the Conservancy. Depending upon the outcome of a FEMA grant proposal submitted by NTFPD in collaboration with the Conservancy, the agencies may implement the first year of urban lot fuel treatment of approximately 100 acres.

**D. Major Conservancy Projects Recently Completed or in Progress, City of South Lake Tahoe**

**1. Public Access and Recreation**

**El Dorado Beach to Ski Run Boulevard Bike Trail and Lake Access Enhancement:** The Conservancy has awarded, since July 2002, \$645,000 to the City for planning, construction, acquisition negotiations, and completion of the environmental review for the project. Bike path easements, in addition to capital funds, are actively being pursued by both City and Conservancy staff.

The City has procured Congestion Mitigation and Air Quality (CMAQ) funds for pre-acquisition work. There is great potential for additional CMAQ funds to become available that could be used for easement acquisition for this project. Further, the City, Conservancy, and TRPA are diligently pursuing capital funds that may be available due to the favorable construction climate and low

contract award associated with the Caltrans State Highway 50 retrofit project.

**El Dorado Beach Lakefront Enhancement (Phase 2 of Lakeview Commons Project):** The Conservancy awarded a \$6,000,000 site improvement grant to the City in January 2010, subject to the availability of bond funds, and the City held a groundbreaking ceremony on August 4, 2010. The initial construction contract for this project was found to be null and void by the El Dorado County Superior Court. A new contract has now been awarded. The first phase of construction is scheduled to begin in the spring of 2011, and an additional construction season may be necessary for project completion. The second phase of construction is not yet funded. Another four to five million dollars in capital funding is necessary to complete construction of the full design that has been permitted through local and regional entities.

**Van Sickle State Park:** The California-side day use area and related improvements, approved for implementation this year, are proceeding on schedule. Funding for the Park's ongoing operations in Nevada and California is included in an active grant request and other partnership solicitations. In Nevada, State Parks' General Fund contributions have already been reduced 46%, with an additional 14% cut to take effect on July 1, 2011. Securing external funding sources is particularly important to Nevada due to these cuts.

## **2. Soil Erosion Control**

The Board has authorized \$19,941,187 to the City for active erosion control projects. These projects improve water quality by addressing sources of sediment and stormwater runoff from public rights-of-way and by reducing the amount of sediment and nutrients delivered to Lake Tahoe. The 2008-2009 bond freeze caused delays in project schedules, but all projects are now progressing.

**Sierra Tract Erosion Control:** The Board authorized \$4,717,884 for this multi-phased project. The City constructed Phase 2 in 2005, and this phase is complete. The City constructed Phase 1A in 2007

and completed construction of Phase 1B in November 2010, using ARRA funding. Phase 1C will be constructed this summer.

Results of an analysis of the alternatives for Phases 3 and 4 using the recently-developed Pollutant Load Reduction Model for the Total Maximum Daily Load were presented to the TAC in Fall 2010. The results of the PLRM analysis were used to formulate a revised project area and new recommended alternative for Phase 3, which proposes targeted improvements at the highest priority locations. At this time, the City plans to complete design and preparation of environmental documents and permits in 2011, with construction of the revised Phase 3 anticipated in 2012 depending on the availability of funding. Phase 4 is delayed as a result of the PLRM analysis. Phase 5 will be pursued in the future as the construction of improvements for Phase 3 progresses and as funding allows.

**Rocky Point 3 and 4 Erosion Control:** The Board authorized \$7,151,750 for this large multi-phased project. Phases 1 and 2 are complete. The City is continuing with post-construction monitoring for Phases 3 and 4. The City created a TAC in October 2009 to investigate adaptive management measures to increase the effectiveness of Phases 3 and 4 of this project. The City presented plans for these measures to the TAC in March 2011 and plans to construct the additional improvements in Summer 2011.

**Al Tahoe Erosion Control:** The City completed construction of Project 1 in 2010, funded entirely with LTBMU and ARRA funds. Conservancy parcels are being used in the support of construction activities.

Environmental documentation for Project 2 is complete and final design is progressing. It is scheduled for construction in 2011. The Conservancy staff is seeking an authorization for site improvement funding for the project at this Board meeting..

**Bijou Erosion Control Project:** The Board has authorized a total of \$1,600,000 for planning of the project. The proposed Phase 1 of the project addresses the highest priority water quality problems in the Bijou Creek watershed by developing advanced

treatment in the commercial core and by pursuing cooperative cost sharing between public and private contributors. The project team is currently working with these various public and private parties to develop and implement a shared funding strategy. The City has contracted for services with a financial planning firm to explore all options for potential agreements with private property owners who contribute funds to the treatment system. Property owners who choose to participate in the treatment system will receive a TRPA BMP compliance certificate in exchange for their involvement in this shared water quality facility.

A detailed feasibility study has been prepared for Phase 1 of the project, and this initial phase will likely be constructed in 2012 or 2013. The City has accepted \$4,700,000 from Caltrans for Phase 1, and additional construction funds totaling \$5,470,000 have been awarded to this project from the SNPLMA program. The City is currently working with several property owners to secure the necessary easements. The City is also currently working on the environmental document; a public draft is anticipated in the summer or fall of 2012. Due to the complexities of the project, Conservancy senior management and the City Council are informed of all developments as they occur.

In addition to continuing the planning for Phase 1 of the erosion control project, the City is also pursuing the Bijou Culvert Replacement Project. This additional project proposes to replace the old and undersized pipes currently under the Bijou commercial core with properly-sized infrastructure to improve conveyance and stabilize the existing deteriorating pipe system. The Bijou Culvert Replacement Project has been prioritized for funding through the State Water Resources Control Board's State Revolving Fund program, although construction funding has not yet been awarded to the City. The project team is actively working with various stakeholders to permit and construct this project in the fall of 2012, pending availability of construction funding.

**East Pioneer Erosion Control:** There have been no major changes to this project since the May 2010 Board meeting. The Board has authorized \$1,020,977 for this project. Water quality monitoring is complete in the Keller Canyon portion of the project.

The City will release the monitoring report in early 2011, and development and evaluation of alternatives to address the findings of the pre-construction monitoring will follow.

**Pollutant Load Reduction Strategy:** There have been no changes to this project since the September 2009 Board meeting. The Board has authorized \$196,000 to the City to develop a pollutant load reduction strategy by identifying outfalls and contributing watersheds. The Conservancy and the Lahontan Regional Water Quality Control Board received final deliverables in May 2009. The City plans to refine their results using a recently-released Total Maximum Daily Load tool called the PLRM. Existing planning grant funds will be used to fund this effort in active project areas. Any remaining funding in this grant will be used to run the PLRM in catchments that are outside of active project areas.

### **3. Natural Resources**

**Upper Truckee River Airport Reach:** The Board authorized planning grants for this project to the City for \$600,000 in September 2003 and \$799,500 in December 2004. The Board authorized a site improvement grant in the amount of \$4,500,000 to the City in May 2008. The City also received a grant of \$2,000,000 from the U.S. Bureau of Reclamation. The Conservancy has received funds from USACE to reimburse up to \$1,500,000 in planning, monitoring, and construction management costs.

The project is located on the Upper Truckee River, on City property adjacent to the South Lake Tahoe Airport. The project restores natural river processes, resulting in enhanced SEZs, improved terrestrial and aquatic habitat, and improved water quality.

After postponing the project one year to allow vegetation establishment, the project will be completed this summer, when the old channel will be filled and the new channel will be connected to the river. Irrigation will continue this year and next in order to establish newly-planted vegetation.

**Upper Truckee River, Middle Reaches 1 and 2, SEZ and Wildlife Enhancement:** There have been no changes to this project since the January 2011 Board meeting. This project has been temporarily placed on hold to pursue full fee acquisition of this meadow SEZ property. Conservancy acquisition of the property would improve the restoration and public access opportunities onsite and would provide a critical linkage between the largely publicly-owned Upper Truckee River meadow and floodplain areas. Restoration planning will resume once the future potential project and status of the acquisition are more clearly understood.

The project site is located downstream of the Lake Tahoe Airport, upstream of Highway 50 in South Lake Tahoe, and adjacent to the Sierra Tract Subdivision. The majority of the project area is currently located on private property, and project construction may be implemented through the acquisition of a river restoration easement if the full fee acquisition is not completed.

The project aims to improve water quality by filling a highly erosive gully channel in the meadow that formed during the flood of 1997. The project also includes bank stabilization treatments and habitat improvements along the main channel of the river. Depending on the outcome of the acquisition discussions, additional restoration and public access features may be incorporated into the project design as appropriate.

**Upper Truckee Marsh Restoration:** To date, the Board has authorized \$6,500,000 for project planning and design, and \$10,500,000 for the implementation of the first phase of the project, the Lower West Side Project. This project is located at the mouth of the Upper Truckee Marsh on the south end of Lake Tahoe and is being implemented by the Conservancy primarily on Conservancy-owned lands. The objectives of the project include enhancing sensitive wetland habitat, restoring natural hydrologic processes, improving water quality, and providing interpretive facilities. The Upper Truckee Marsh filters all runoff from the two largest watersheds in the Tahoe Basin, and its restoration is likely to be one of the most significant actions leading to the improved clarity of Lake Tahoe.

In September 2010, the Board authorized the expenditure of an additional \$562,000 and the acceptance of up to \$1,162,000 in federal reimbursements from the U.S. Bureau of Reclamation to fund the completion of preliminary plans and environmental review. The Conservancy, with assistance from consultants hired by DGS, has developed four alternatives, and all are under environmental review. An administrative draft EIR/EIS has been completed, and release of a public draft of the document is scheduled for mid-2011.

#### **4. Forest Habitat Enhancement**

The Forest Habitat Enhancement Program focuses on restoring forested habitats on Conservancy property. Projects are designed to improve habitat, reduce fire threat, and promote natural processes. Staff is currently working with the City of South Lake Tahoe Fire Department (SLTFD) to plan and implement the forestry activities on 67 acres for the 2011 field season.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and CalFire established a series of permanent forest inventory plots across Conservancy ownership, including Conservancy lands in the City. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue the effort over the next several summers. Monitoring of songbird populations within current and planned project areas was initiated in 2009. Additional surveys will be conducted in June and July 2011.

**City of South Lake Tahoe Fire Department:** Fuel reduction activities are currently being planned for 2011. Treatment will consist of a combination of mechanical and hand thinning on approximately 67 acres. Staff works collaboratively with SLTFD to plan, implement, and fund these projects through a variety of sources, including SNPLMA and U.S. Forest Service grants, as well as with direct Conservancy funding. Project areas for 2011 include Van Sickle Bi-State Park and City Area 1 in the Gardner Mountain and Tahoe Island areas of South Lake Tahoe.

## **E. Biomass Utilization Strategy**

Fire protection agencies and land managers in the Basin have recognized the need to develop a strategy to utilize biomass resulting from forest health and hazardous fuels treatment activities. As a result, representatives from these organizations, as well as from regulatory agencies and other organizations with expertise in biomass utilization, formed a Biomass Working Group. The Conservancy and the Nevada Fire Safe Council (NVFSC) provided funding to hire consultants to convene meetings of the Biomass Working Group and to develop an initial draft of a Biomass Utilization Strategy (Strategy).

The Biomass Working Group met several times during the first half of 2010 with the consultants to provide data on past fuels and forest treatments, and to provide information on planned future fuels and forest treatments and their potential for generating recoverable biomass. The consultants, with support from NVFSC and Conservancy staff, prepared an initial draft of the Strategy. Conservancy staff, with limited support from the consultants, conducted two reviews of the draft Strategy with the Biomass Working Group in 2010. Conservancy staff incorporated comments received from the Biomass Working Group into a final Strategy draft. In January and February 2011, executives from the land management agencies and fire protection agencies, representatives from El Dorado and Placer Counties, and other interested organizations reviewed the final Strategy draft. Conservancy staff incorporated comments from that review and initiated discussions with interested parties concerning the development of an implementation plan for the Strategy.

## **F. Conservancy Website**

As presented to the Board in September 2010, staff has redesigned the Conservancy website to improve its look and functionality. Key features include project profiles, quick links to the Tahoe License Plate, and highlights of the Conservancy's signature projects. A "What's New" section will provide current information regarding events, public hearings, environmental documents, requests for proposals, and other activities. After extensive testing, staff launched the revamped website in April 2011.