

EXECUTIVE DIRECTOR'S REPORT

A. Budget

2011-12 FY: The approved 2011 Budget Act includes \$15,756,000 in capital outlay and local assistance appropriations for the Conservancy. 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 \$2,316,000 from various State sources dedicated to the Conservancy, \$3,440,000 in funding from Conservancy Land Bank proceeds, and \$10,000,000 in federal grant authority. The extension of several older appropriations, mostly bond appropriations delayed by the bond freeze in 2008 and 2009, was also approved.

The support budget totals \$6,640,000 and 48.4 Personnel Years (PY). Of note, this includes replacement of \$427,000 in expiring bond-funded program delivery allocations with \$409,000 in one-time funding from Conservancy Land Bank proceeds. In addition, it is expected that the General Fund portion of the Conservancy's budget (\$193,000) will be eliminated under budget control language that was included as part of the Governor's May Revision. This support budget, while at a somewhat reduced level, will be adequate for the Conservancy to address its support-funded responsibilities and obligations in the 2011-12 fiscal year.

Finally, the 2011 Budget Act includes supplemental report language for both the Tahoe Regional Planning Agency (TRPA) and the Conservancy. TRPA is being asked to report on its efforts and strategy to complete a Regional Plan update, and on its progress on a five-year threshold attainment evaluation report. The Conservancy is being asked to summarize its and other State of California agencies' progress in fulfilling their responsibilities to implement the EIP and sustainability planning in the Tahoe Basin, including ways in which the State can better coordinate its efforts.

1. Bond Fund Freeze

The Conservancy received \$19,200,000 from the March and April 2009 sales. 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. A total of an additional \$14,900,000 has since been allocated from bond sales in October 2009, March 2010, and Fall 2010. This is sufficient to 1) meet the remaining cash needs of existing (as of August 2010) projects; and 2) provide \$11,900,000 in cash for additional new projects. It is estimated this will cover all cash flow needs through the end of the 2012 calendar year. The Conservancy will need another \$16,600,000 in cash from future, twice-annual bond sales, beginning with a Fall 2011 sale, to fully cover remaining bond authority over the remaining life of its Proposition 12, 40, 50, and 84 bond programs.

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

1. Public Access and Recreation

Sawmill I Bike Trail: 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 spanning the Upper Truckee River via a steel truss bridge. Construction was completed during the summer of 2009. Project retention was released in June 2011.

Sawmill II Bike Trail: 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.

Additional easements on Conservancy property are before the Board at the September 2011 meeting. The easements will allow for the bike trail installation, drainage improvements, and recognition of the road or rights-of-way (ROW) that the County has been maintaining for decades, although a formal ROW designation has never been perfected. The road was constructed upon private and public properties many decades ago.

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 3.86 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. Public consideration of the Draft Initial Study / Mitigated Negative Declaration occurred in June. Consideration of input received prompted minor project refinements. The Board will consider the environmental document this month in Agenda Item 12. Staff continues to refine estimates of construction costs and seek funding opportunities.

Lake Tahoe Boulevard Enhancement: The Conservancy grant agreement with El Dorado County expired in June 2011. However, Conservancy staff anticipates continued involvement with this project. The Conservancy awarded 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.

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 \$8,851,938 in Conservancy grants for the active erosion control projects highlighted below. 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 all 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. Project implementation for Area 1 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).

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 a portion of the Echo View 2 Erosion Control Project, an offshoot of this project, is scheduled to begin this September. The County is currently requesting easements on two Conservancy parcels for erosion control improvements. The County is close to completing all permit applications.

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 2009. Construction of Phase 2B was completed during the late summer of 2010. Construction of

Phase 2C is now scheduled for the summer of 2012; it has been delayed due to finalizing easements and reduced staff at the County.

Angora 3 Erosion Control: 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. The County is planning to construct several additional project improvements this year to improve project performance.. The project will conclude upon the completion of these minor adaptive management efforts and additional monitoring.

Angora Fire Emergency Rehabilitation: 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 the facilities continues. Additional stabilization work is to occur this summer along Mule Deer Circle and Lookout Point Circle due to high ground water issues occurring after the Fire. 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.

Comprehensive Facility Erosion Control: Planning for the Cold Creek Filter Plant Best Management Practices (BMP) and Ralph Tank Removal SEZ Restoration has concluded, and project construction is occurring this summer for both sites using U.S. Forest Service Lake Tahoe Basin Management Unit and South Tahoe Public Utility District (STPUD) funding. The Board authorized \$450,000 to the 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 BMP Toolbox, a collection of techniques and strategies to restore and address runoff from multiple STPUD facility sites, into the Draft Alternatives Analysis for Technical Advisory Committee (TAC) review.

3. Natural Resources

Upper Truckee River Sunset Stables Reach: The Conservancy released a public draft of the environmental document on April 22, 2011. The public comment ran through May 23, 2011, during which time four comments were received. Staff will be working with the project consultant to draft the response to comments and the final environmental document. Staff is bringing the document to the Board for approval in September 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 river restoration project in partnership with the LTBMU, since the project will be carried out on both state and federal lands.

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 August 2011, and construction is anticipated to begin with the preparation of the staging and stockpile area in Summer 2012.

The Conservancy submitted a request for funding to SNPLMA Round 12 in March 2011 for \$2,000,000 to fund construction of Reach 6. The LTBMU became the federal sponsor of this project in April 2011, and the requested amount was reduced to \$1,000,000. At the completion of the agency review and the public comment period, the request for \$1,000,000 was recommended for approval by the Lake Tahoe Federal Advisory Committee. A final determination regarding this request should be completed by the end of 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 to receive the grant by the Conservancy 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.

In preparation for construction activities on the Sunset Stables Project in 2012, treatment for noxious weeds will be conducted by a contractor under contract to the Tahoe Resource Conservation District starting in August 2011. The goal of this treatment is to control noxious weeds in the project area prior to ground-disturbing activities and prevent their spread into newly-graded areas of the project.

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 environmental 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. The County completed construction of the project in October 2010 and is now in the project monitoring phase.

Work in 2011 consists of irrigation of re-vegetation and project monitoring. Monitoring will continue for the next two seasons, and the final post-project monitoring report will be completed in Winter 2013. Final project closeout, including delivery of final monitoring reports and final construction drawings, will occur in Spring 2013. Final billing and request for final retention release will be completed in June 2013.

This project was visited by participants as part of the California Rapid Assessment Method (CRAM) training sponsored by Lahontan in July 2011. A short presentation was given by local and state staff describing the project.

Erie Circle SEZ: 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. Minor slope stabilization work occurred in Fall 2010 using Conservancy crews and will continue in the Fall of 2011. Last year's stabilization work has been very effective at preventing erosion, and staff will continue monitoring 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 were 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 (\$165,000) to the Tahoe City Public Utility District (TCPUD) in May 2008 to finalize the design and procure the necessary permits for this project. TCPUD continues to plan and evaluate this bike path project. There is potential for the improvements to be completed in conjunction with the State Highway 89 Water Quality Retrofit Project, planned for implementation by Caltrans

in 2012 or 2013. Project approval, including CEQA certification, is anticipated in the spring of 2012.

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. Construction of Phase VII began in Summer 2010 and will be completed in Summer 2011. Construction of Phases V and VI will begin in late summer of 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 this fall. 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 2.5-mile trail alignment between Dollar Point and the southern boundary of LTBMU land terminating just west of Fulton Crescent Road, a County road. To proceed with this strategy, County staff has selected a qualified environmental and engineering consultant team to support project planning efforts. The project kicked off its planning effort in August.

Patton Landing: Alpengroup's café at Patton Landing – renamed Waterman's Landing this year – reopened with a new menu on June 18, 2011. Their non-motorized rental fleet this summer will primarily consist of stand-up paddleboards (SUPs), but will also include other non-motorized watercraft. The café's redecorated interior is filled with SUPs to support the new theme, and the facility is fast becoming the North Shore's SUP mecca.

2. Soil Erosion Control

The Board has authorized \$14,061,338 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: There have been no changes to the project since the July 2011 Board meeting. 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. At the request of the TAC, the project area was slightly expanded to address the entirety of an unpaved street in one of the project watersheds. The TAC will reconvene in 2011 to finalize the environmental document and construction documents. 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 is now underway in other parts of Area A. This includes restoration and protection of an SEZ that traverses the project area, and utilization of Conservancy-owned parcels to capture, infiltrate, and treat stormwater runoff in the upper part of the subdivision.

Brockway Erosion Control: The Board has authorized \$1,974,655 for this project. The necessary acquisitions, final design, and permitting process are complete and construction is now underway. Stormwater from public and private lands in Nevada and California co-mingle, 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 July 2011 Board meeting. The Board has authorized \$600,000 to plan the Commercial Core Project and \$1,123,000 for the Water Quality and SEZ Improvement Project.

The County completed environmental documentation, and 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: There have been no changes to the project since the July 2011 Board meeting. 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. Construction is currently underway and will be completed in the fall of 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 July 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 July 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 will submit most of the required permit applications in the near future. Two of the project permits will be submitted once the contractor has been selected and awarded the construction contract.

The State Department of General Services (DGS) will soon be advertising for bids to construct the project, with construction anticipated to occur during the 2012 construction season. If unusual flow conditions or other challenging conditions arise, the construction may extend into 2013. Realignment of a popular but eroding trail accessing Eagle Rock has recently been completed 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 sought an additional \$800,000 in Fiscal Year 2011 funds to cover implementation costs, but a congressional appropriation was not granted for the 2011 funding cycle. USACE intends to request a similar \$800,000 appropriation in the 2012 fiscal year cycle to assist with project reimbursements. 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 have provided the necessary labor to implement the trail portions of the project in Summer 2011.

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 2011.

Ward Creek Watershed Assessment and Restoration: 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 is complete.

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.

Significant progress was made by Conservancy crews on the construction of the Drainage and SEZ Restoration Project near the Stanford Rock Crossing in 2010, and further improvements will be implemented in Fall, 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 took place in June and July 2011.

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

North Tahoe Fire Protection District: 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 grant agreement with the City of South Lake Tahoe (City) terminated in June 2011. Nonetheless, Conservancy staff anticipates continued involvement with this project. 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. With the assistance of TRPA and Tahoe Metropolitan Planning Organization staff, the City was able to gain construction funding via Caltrans due to excess funding available from the U.S. Highway 50 Water Quality Retrofit Project (Trout Creek to Ski Run Blvd reach). Construction may begin in 2012 should all necessary easements be obtained.

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, and the City held a groundbreaking ceremony on August 4, 2010. The first phase of construction began in May 2011, and an additional construction season may be necessary for project completion. Construction is on schedule. The beach and boat ramp will be closed to the public for the duration of the 2011 summer season.

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. A strategy to procure the additional funds has yet to be developed.

Van Sickle State Park: The California-side day use area and related improvements were completed, and the Park opened on Friday, July 22, 2011. An \$84,000 grant from the Van Sickle Foundation (administered by the Tahoe Rim Trail Association) will cover most of the Park's utility costs for a period of five years. An additional, one-time award from the Tahoe Fund authorized \$25,000 toward operational costs. Park partners are also contributing to the success of this South Shore recreation amenity. The

first Park event, held on July 23, 2011 was sponsored in cooperation with Explore Tahoe: An Urban Trailhead.

2. Soil Erosion Control

The Board has authorized \$16,361,611 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. Construction of Phase 1C has been postponed to summer 2012 due to lack of funding.

Phase 3 lies adjacent to U.S. Highway 50, so the City and Caltrans are coordinating the design of their adjacent water quality projects to efficiently address the stormwater runoff pollutants from both project areas. At this time, the City plans to complete design and preparation of environmental documents and permits in early 2012, with construction of Phase 3 anticipated in 2012 and 2013 depending on the availability of funding. Phase 4 is being planned in conjunction with the City's Sierra Boulevard Streetscape Project, a comprehensive project proposed to include water quality improvements, a bike trail, and neighborhood enhancements like sidewalks. Phase 5 will be pursued in the future as funding allows.

Rocky Point 3 and 4 Erosion Control: There have been no changes since the July 2011 Board meeting. The Board authorized \$7,151,750 for this large multi-phased project. Phases 1 and 2 are complete. The City is completing post-construction monitoring and final reporting requirements for the Conservancy's grant for Phases 3 and 4. The City plans to construct additional improvements to increase the effectiveness of this project using U.S. Forest Service funding in Summer 2011.

Al Tahoe Erosion Control: The Board authorized \$1,675,000 in May 2011 for implementation of the Al Tahoe Erosion Control Project 2. The City completed construction of Project 1 in 2010, funded entirely with LTBMU and ARRA funds. Project construction is scheduled for September 2011 and ending early in the summer of 2012.

Bijou Erosion Control: 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.

Phase 1 of the erosion control project also includes the replacement of old and undersized pipes currently under the Bijou commercial core with properly-sized infrastructure to improve conveyance and stabilize the existing deteriorating pipe system. Replacing these pipes will assist the project in achieving its water quality objectives while also allowing the City to pursue future water quality improvements throughout the entire watershed. Securing the necessary easements is important for achieving the benefits associated with this component of the project.

A detailed feasibility study has been prepared for Phase 1 of the project, and this initial phase will likely be constructed in 2012 and 2013. The City has accepted \$4,735,000 from Caltrans for Phase 1, and additional construction funds totaling \$5,471,000 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 has also released the public draft of the environmental document in June, which is anticipated to be considered by the City Planning Commission in August 2011. Due to the complexities of the project, Conservancy senior management and the City Council are informed of all developments as they occur.

East Pioneer Erosion Control: There have been no changes since the July 2011 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 late 2011, and development and evaluation of alternatives to address the findings of the pre-construction monitoring will follow in 2012.

Pollutant Load Reduction Strategy: The Board authorized \$196,000 to the City to develop a pollutant load reduction strategy (PLRS) by identifying outfalls and estimating pollutant loads generated by each associated contributing watershed. The Conservancy and the Lahontan Regional Water Quality Control Board received final PLRS deliverables in May 2009. In July 2011, the Conservancy approved an updated PLRS work plan to allow the City to refine their results using the Pollutant Load Reduction Model (PLRM). PLRS grant funds will be used to run the PLRM in watersheds outside of existing active project areas that have good potential for pollutant load reductions based upon the initial PLRS analysis. City projects with active planning grants (such as the Bijou and Sierra Tract Erosion Control Projects) will use their project-specific planning funds to run PLRM and analyze the results. Modeled watersheds will be prioritized based upon identified opportunities and constraints for pollutant load reductions.

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 has begun construction this summer. 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 July 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: There have been no changes to this project since the July 2011 Board meeting. 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 River 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 the end of 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 were conducted in June and July 2011.

City of South Lake Tahoe Fire Department: 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. Urban Land Management Program

1. Special Use Requests

Pursuant to Board authority dated January 20, 2011, staff is authorized to notify the Board after entering into license agreements consisting of three years or less. The Conservancy has not entered into any such agreements since the July 2011 Board meeting.

2. Upper Truckee Marsh

The 2011 Seasonal Dog Closure ended on July 31, 2011, and City and County leash ordinances are now in effect. Staff will provide an update on the closure and describe potential management recommendations for future Board consideration.

F. 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.