

California Tahoe Conservancy
Agenda Item 2
June 20, 2012

**BOARD MEETING MINUTES
March 15, 2012**

The California Tahoe Conservancy (Conservancy) Board convened at the Lake Tahoe Community College in South Lake Tahoe. Vice Chairman, John Hooper, called the meeting to order at 9:35 a.m.

1. Roll Call

Diane Niland of the staff called the roll. Vice Chairman, John Hooper and members Norma Santiago, Angela Swanson, and Nancy Gibson were present. Todd Ferrara, designee for Natural Resources Agency, and Pedro Reyes, designee for Department of Finance were also present. Board member Lynn Suter arrived at 9:47 a.m. Board Chairman Larry Sevison was absent.

2. Approval of Minutes

Pedro Reyes motioned approval of the minutes. Todd Ferrara seconded the motion. The motion was held over for the Board vote until the arrival of Board member, Lynn Suter. Following the Public Comment period, Vice Chairman Hooper called for the vote. The minutes were approved with Board members Swanson and Hooper abstaining.

3. Chairman's Report

There was no Chairman's Report.

4. Deputy Attorney General's Report

There was no Deputy Attorney General's Report. However, Ms. Moe expressed appreciation to the Conservancy for sending staff member Jeff Miller to drive Ms. Moe

and Mr. Reyes over the summit due to potentially stormy weather. Ms. Moe complimented Mr. Miller for providing a tour of some Conservancy's projects.

5. Executive Director's Report and Major Projects Update

Mr. Wright gave a brief overview of the day's agenda and an update on the Strategic Plan. He said the Strategic Plan is fully underway and he anticipates it will be available for review by the Board in a few weeks. It is expected to be ready for a Board vote at the June 2012 meeting.

6. Public Comment

Vice Chairman Hooper called for public comment on items not on the agenda.

Lynne Paulsen, from the Washoe Meadows Community, addressed the Board on Washoe Meadows State Park and her concern for the analysis of the Upper Truckee River (UTR) and the golf course relocation project. She urged the Conservancy to consider a more suitable alternative that is cost effective while protecting and preserving the Washoe Meadow. Ms. Paulsen submitted her letter and handout for the record to Marian Moe, Deputy Attorney General.

Bob Anderson, Chairman of the area's Sierra Club, addressed the Board and thanked them for the work they do for Lake Tahoe. He also spoke about the project for Washoe Meadows State Park. He stated his belief that the proposed project for Washoe Meadows is not resulting in a good outcome. He suggested that Supervisor Norma Santiago has a balanced plan for the restoration project that he hopes the Board will take under consideration.

Supervisor Santiago spoke on her recommendations for the Washoe Meadows project. She addressed the need to be both fiscally and environmentally responsible in finding the most effective methods to achieve the goals for the Washoe Meadows State Park.

Supervisor Santiago then requested further discussion of the Executive Director's Report. She asked Mr. Wright to elaborate on a previous comment at the January Budget hearing whereby possibilities may exist for State agencies to coordinate efforts with regard to the Regional Plan Update (RPU). Mr. Wright reported on four areas in which the Conservancy is collectively working with other State agencies on this effort. He stated they are trying to coordinate and streamline efforts at the State level as much

as possible. Ms. Santiago asked Mr. Wright whether the Total Daily Maximum Load (TMDL) joint implementation plan's proposed strategies are working with what has already been implemented. Mr. Wright responded that due to the early stage of development of the Regional Plan efforts, he is unclear how the TMDL strategies are working. He said more details would become available when the draft of the Regional Plan comes out. Ms. Santiago submitted the RPU's approved Summary of Water Quality Policy, Programs, Laws and Monitoring Tracking to the Board to show the clear relationship with TMDL, Tahoe Regional Planning Agency (TRPA), the Conservancy and others who have participated in this effort. She then asked Mr. Wright if he was looking for input from this Board with regard to the RPU. Mr. Wright stated the Board would be briefed at the June Board meeting on items that may affect the Conservancy.

Nancy Gibson of the Board stated, in terms of TMDL coordination, the federal side has many natural resources, programs, and a vested interest in insuring the public is not confused by messages about State vs. federal activities. She expressed concern about misunderstandings of perspective roles; private, public, or otherwise. She shared that TMDL has been part of federal responsibility for 10 to 15 years. With new EPA standards emerging, the Feds are making a concerted effort to develop similar levels of federal coordination. Ms. Gibson stated it behooves both State and federal entities to maintain open communication.

Ms. Suter asked Norma Santiago whether the RPU is a public document. Norma responded affirmatively; all RPU documents are on the TRPA's website.

7. Consent Items

7a. License and Transfer of Jurisdiction Agreements with California Department of Transportation

7b. El Dorado Beach to Ski Run Boulevard Bike Path Project Grant of Easement

Vice Chairman Hooper asked for a motion for approval of both Consent items. The motion was moved and seconded. The Board passed the motion for both items 7a and 7b on a voice vote.

8. Public Access and Recreation

8a. Sawmill 2 Bike Path and Erosion Control Project Easement Acquisition

Peter Eichar of the Conservancy staff greeted the Board. He stated the project is a Class I bike trail starting at U.S. Highway 50 and extending to Lake Tahoe Blvd. It includes erosion control treatments along the entire length of Sawmill Road as well as within the Echo View subdivision.

This three-phase project implements the EIP, Regional Transportation Program, and the Conservancy mission for the Erosion Control and Public Access programs.

- Phase 1 within the subdivision is erosion control only.
- Phase 2a is the beginning of the bike path and Erosion Control Project (ECP) starting at Lake Tahoe Blvd. and Sawmill Road (Sawmill Pond area) towards U.S. Highway 50 to Echo View subdivision.
- Phase 2b will begin at Echo View and extend to U.S. Highway 50 where it will connect the bridge to Meyers.

Mr. Eichar recommended an award of up to \$85,000 for acquisition funding of the four easements. He informed the Board that Brendan Ferry, Senior Planner with El Dorado County Department of Transportation, was present and available to answer questions.

Todd Ferrara inquired about the project implementation time frame. Mr. Eichar stated it is slated to begin construction this summer with a one year construction time line. Phase 2b, pending funding, will begin construction in 2013 with a one year construction time line. Mr. Eichar expects that by fall 2013 the bike trail will be complete from U.S. Highway 50 to Lake Tahoe Blvd. A future project will pick up the trail from Lake Tahoe Blvd. into town.

Norma Santiago encouraged support of the project and utilization of the trails. She stated that El Dorado County staff is committed to seeing this project completed.

Angela Swanson of the Board asked how current the easement pricing base is. She expressed concern about acquiring the easements for a fair price. Mr. Eichar responded an appraisal was obtained in 2011. Brendan Ferry further clarified the appraisals were done by a third party, independent appraiser in summer 2011. Mr. Ferry also thanked the Conservancy for project support. Mr. Hooper expressed appreciation for Mr. Ferry's good work.

Seeing no further comments, Mr. Hooper called for a motion. Norma Santiago moved for adoption of Resolution 12-03-03. The motion was seconded and carried on a voice vote.

8b. Kings Beach Commercial Core Improvement Project Grant of Easement

Lisa O'Daly of the Public Access and Recreation program was welcomed by Mr. Hooper. Ms. O'Daly noted that Attachments A and B to Resolution 12-03-04 could be found in the Board meeting packet. Deputy Director Ray Lacey reminded the Board that those documents had also been emailed to all members earlier in the week.

Ms. O'Daly stated this project is Placer County's \$44,000,000 initiative to revitalize the heart of the Kings Beach community through the installation of stormwater collection and treatment improvements, new streetscape designs, and improved bike and pedestrian safety measures. The project centers on modifications to North Lake Blvd. which will become three lanes with two new roundabouts. A five foot Class II bike lane will be created in each direction along with new curbs, gutters and sidewalk improvements. This project will finish the community plan and goal. Placer County is currently working to acquire all necessary entitlements including easements to implement the project.

To date, the Conservancy has provided over \$1,700,000 in funding through its ECP for Kings Beach Commercial Core Improvement Program (KBCCIP) planning and the Kings Beach Water Quality and Stream Environment Zone Improvement project. The Conservancy's numerous public access and recreation acquisitions in the Kings Beach area provide part of the essential land base that Placer County seeks to utilize for improvements.

The project and design complements the Conservancy's Kings Beach Plaza project and earlier Conservancy projects from the late 1990's.

Ms. O'Daly recommended the Board approve Resolution 12-03-04.

Dan La Plante, P.E., Associate Planner with Placer County Department of Public Works was present to assist with questions regarding the project.

Angela Swanson stated this is a great project. She asked for clarification with regard to the easement and the long term maintenance issue pertaining to properties that abut this easement. Ms. O'Daly responded that Placer County has developed a Business Assessment District (BAD) in which portions of our properties are located. The BAD will take care of snow removal, landscape maintenance, garbage, repairs, and contingencies.

Mr. Lacey extended his appreciation to Placer County for their efforts to make improvements while maintaining the integrity of the Conservancy improvements already in place.

Mr. Hooper asked for a motion to approve Resolution 12-03-04. Ms. Suter motioned for approval. The motion was seconded and passed on a voice vote.

9. Watersheds

Upper Truckee River Sunset Stables Reach Restoration Project

Joe Pepi of the Conservancy's Watershed and Stream Environment Zone program greeted the Board and introduced Theresa Cody, Project Manager, Lake Tahoe Basin Management Unit (LTBMU), United States Forest Service (USFS). He stated the proposed actions are to adopt the Initial Study/Negative Declaration (IS/ND) and authorize staff to enter into an implementation agreement with the LTBMU, USFS for access to Conservancy land to implement the Reach Five portion of the Upper Truckee Sunset Stables Restoration project. No additional State funding is currently requested for this multi-agency project. The Conservancy, as the California Environmental Quality Act (CEQA) lead agency, and USFS as the National Environmental Quality Act (NEPA) lead agency, are co-sponsoring this project.

The Upper Truckee watershed has, over the years, experienced many disturbances including logging, channelization, grazing activity, road construction, commercial, and residential land development including construction in the 1950's and 60's of the South Lake Tahoe airport. These development activities caused the stream to be put into a straightened channel.

Five projects proposed over the last decade and a half have addressed the aforementioned impacts. The projects begin with Conservancy-owned property in the Upper Truckee Marsh for which the environmental document is being considered for issuance this year. The Conservancy is seeking acquisition funding for Johnson Meadows Reaches One and Two across Highway 50. Located upstream is the Airport project, recently completed by the City of South Lake Tahoe. Next, the Sunset Stables project is being considered in this Board item. The subsequent project upstream is the Upper Truckee River project on part of California State Parks and Recreation, Lake Tahoe Golf Course and Washoe Meadows State Park lands.

Mr. Pepi, in conjunction with his PowerPoint presentation, described the condition of the meadow and the changes that have occurred over decades due to the impacts of development disturbances.

The proposed restoration includes Reaches Five and Six. Reach Six is Conservancy owned. Reach Five is owned in part by the Conservancy and the remainder by USFS. The project includes 12,000 new feet of channel and the planning of irrigation and vegetation along the length of the new channel. It will enhance flood plain habitats. The project will begin this year with staging on Conservancy land. In 2013 and 2014 access roads and the new channel will be constructed. Establishment of vegetation will allow for stabilization of the project in 2015. The channel will be activated in 2016, the old channel will be filled, and the post-project performance evaluation will begin.

The Negative Declaration (ND) for this project determined there were no significant impacts.

Mr. Pepi discussed funding details as described in the Staff Recommendation for the project.

Mr. Pepi asked the Board to approve Resolution 12-03-05 which will adopt the IS/ND and authorize the Conservancy staff to execute an implementation agreement with USFS for access to Conservancy land for implementation of the Reach Five portion of the Upper Truckee Sunset Stables project. No additional funds from the State are requested at this time.

Norma Santiago requested to view the map showing the Reaches. She inquired with regard to the existing and proposed new channel as well as the benefits of the project on riparian and wildlife habitat. Mr. Pepi responded that the new channel will be approximately three to four feet higher than the existing channel, allowing for flooding of the meadow and restoration of habitats. This will also inhibit the erosion of the stream banks thus removing fine sediment that might move downstream and into Lake Tahoe. Habitats will benefit with the healthier vegetation and better pools and ripples for fish species.

Ms. Santiago inquired about staging for the project, specifically the soil storage. Mr. Pepi said the soil will be stockpiled for a period of two to three years on Sunset Stables property. Norma asked whether the impact of this restoration project will be minimized at the staging areas during construction. Mr. Pepi responded affirmatively. He indicated that permitting through Lahontan for two river

crossings is necessary. Discharges will be minimized through (Storm Water Improvement Program) SWIP plan development.

Ms. Santiago asked whether there would be any flooding on the lower end where the Elks Club used to be. Mr. Pepi responded there could be some impacts there as the elevation of the water is raised on Reach 5. Ms. Santiago expressed her concern regarding the impacts of Reach 5 on Reach 6. Mr. Pepi stated the new design did not isolate Reach 5 impact from Reach 6 impact in terms of flooding.

Mr. Lacey requested Mr. Pepi highlight the staging area for the Board's viewing on the screen. He stated the staging area was chosen because it was higher ground and out of the wet meadow area. Materials staged there will not be vulnerable to a higher flow.

Nancy Gibson of USFS stated the stables area is already significantly impacted hence, "stable". When the project is finished it will also be a rehabilitated area.

Pedro Reyes, Department of Finance, asked Mr. Pepi to define a Reach. Mr. Pepi explained a Reach is a section of the river divided by physical characteristics (make-up of the sediments, slope, etc.) creating a different condition and/or function of that section. This also allows for practicability of design. Mr. Reyes asked about specific numbers of Reaches; how are they determined? Mr. Pepi stated this project has six reaches.

Mr. Lacey added that the Upper Truckee River delivers the largest amount of water to Lake Tahoe as well as contributes the largest amount of sediment and fine suspended particles. He described the reaches as individual segments of the 8-plus miles of damaged flood plain along the UTR.

Vice Chair Hooper explained that Reaches may also be a result of political and acquisition-based actions such as the purchase of Sunset Stables. Mr. Pepi added these may also be based on property ownership.

Angela Swanson followed Mr. Reyes' inquiry asking whether the incremental activities are keeping us on the big picture vision within a sensible scope of dollars with all the partners that are working on the pieces.

John Hooper paraphrased the Board's questions and asked whether this might be a question of monitoring (sediment reduction per State dollar spent). Who is monitoring and how will we begin to know the information?

Mr. Wright explained that the Conservancy has been working to pull all these projects together so we are not talking about multiple, administered projects but rather one effort. For reasons with CEQA and NEPA we can not call this one project because each segment will be held up by the other segments. We are pulling together a comprehensive profile of all five of these reaches and are increasingly, as agencies, beginning to talk about this as one collaborative effort. A stakeholder group is looking at the entire reach from the State Park area to the mouth. There is a comprehensive monitoring program that looks at the whole, not the individual segments. There is recent discussion on holding a workshop where we bring in outside experts to look at the entire reach to reassure the Board and outside funders that the project is coming together. Mr. Wright cited that the TMDL does not yet allow quantification of the benefits of flood plain restoration. Collaborative work with the scientific community and other agencies will allow us to catch up. Mr. Wright assured the Board that they will be getting a better and broader picture through these efforts.

Mr. Reyes humorously commented that Department of Finance did not suggest a "sediment per dollar basis" but rather the acting Chair. Since he is not available often enough to be as knowledgeable as he would like on this matter he suggested an informational item that brings all the pieces together. He stated there is enough information for the Board to visualize the entire benefit of all the pieces involved in the project.

Norma Santiago recommended there be a June agenda item specific to this purpose.

Joe Pepi added that there is an Upper Truckee Watershed Advisory Group that has been in existence for over a decade to coordinate and oversee various stages of the project. This group meets regularly to discuss these issues, develop guidelines, and maintain open communication throughout the stages of development.

Vice Chair Hooper invited members of the public to speak on the project. Seeing no one, Ms. Suter raised the question of the financial impact in terms of when the Reaches become one. Mr. Pepi stated the completion cost of Reach Six, a smaller reach than Reach Five, is estimated to be \$3,500,000 to \$4,000,000.

Supervisor Santiago moved for adoption of Resolution 12-03-05. The motion was seconded and carried on a voice vote.

Mr. Wright thanked Nancy Gibson, Forest Supervisor, and USFS for their tremendous partnership on both the funding and implementation of the project. Ms. Gibson stated the environmental assessment is on her desk and the decision notice is awaiting her signature. She appreciates the efforts of the Board in adopting the resolution so the project may move forward.

10. Acquisitions

Alta Mira Public Access Acquisition Project

Mr. Eisner greeted the Board and presented Item 10. He stated Staff is proposing Board authorization to purchase and 18 month option to acquire the Alta Mira property in order to create a better eastern terminus for the El Dorado Beach Improvement Project, Lakeview Commons area. The option covers .55 acres with 190 feet of lake frontage. The option price is \$10,000 and provides a term of 18 months once the option agreement is signed. The Conservancy could exercise the purchase option during this time at the set price of \$2,500,000. Staff hopes to secure total funding through a combination of Conservancy money and an anticipated Tahoe Fund contribution of approximately \$500,000. Close of escrow conditions include the seller's obligation to demolish the property improvements and decontaminate the soil.

Mr. Eisner recommended the adoption of Resolution 12-03-06, make the necessary environmental findings and authorize staff to expend up to \$10,000 and take all other actions necessary to purchase the 18 month option to acquire fee interest in the Alta Mira property. And, to reserve up to \$2,000,000 of existing appropriated funds toward the purchase in the event that the option is exercised at a later date.

Mr. Ferrara inquired as to the nature of the businesses currently residing in the structure. Mr. Eisner clarified the first floor houses commercial tenants and the second floor houses two residential units. Ms. Suter followed with questions regarding the general feeling of the tenants with regard to the sale. Mr. Eisner expressed that he has not had contact with the tenants. He stated the owners have spoken to the tenants about the potential sale. All are on month to month leases.

Norma Santiago asked how this property connects with the waterfront improvements at El Dorado Beach. Mr. Eisner explained there is a bike path extending to the El Dorado Beach/Lakeview Commons project. A proposed project, El Dorado Beach to Ski Run Boulevard Bike Path, is scheduled for

implementation in 2013. He also said the property has concrete steps that go down the bluff to the lake. Bruce reminded the Board that this is the only area in South Lake Tahoe where the highway is near the lake front. Once cleared, this property, in the heart of the South Lake Tahoe public recreation area, will allow for an expanded public view from U.S. Highway 50. It will enhance the Lakeview Commons area. Some vegetation work remains to be completed this spring at Lakeview Commons and a public opening is anticipated this spring as well.

Mr. Lacey pointed out that acquisitions for the Tahoe Conservancy are infrequent these days; lake front acquisitions even more so. The Alta Mira project is a specifically targeted investment of an existing public investment that can be significantly enhanced. This acquisition allows for use and optimization of the full public lake front in South Shore.

Mr. Hooper called for public comment on the item. Mr. Jerome Evans of South Lake Tahoe and former member of the steering committee for the 56-Acre project, addressed the Board. He stated that this is a small portion of the 56-Acre project. The larger portion which is now the Campground by the Lake was seen as the focal point, under Mr. Lacey's leadership, for the revitalization of the City of South Lake Tahoe with additional public facilities. Mr. Evans reminded the Board that El Dorado Beach, great as it is, is just the beginning of the project.

City Councilwoman Swanson motioned to approve Resolution 12-03-06 as recommended. The motion was seconded and passed on a voice vote.

11. Administration

11a. Adoption of Asset Lands Program Guidelines

Bruce Eisner of the Conservancy introduced Item 11a as a significant policy decision before the Board. Mr. Eisner reviewed previous discussions back to 2008 that lead to today's request for adoption of the Asset Lands Program Guidelines. He defined asset lands, for Conservancy purposes, as parcels that are not essential to carrying out the Conservancy's goals and which could have significant market value. The Conservancy currently owns nearly 4,900 parcels of land; a little over 6,500 acres. The vast majority of Conservancy land is environmentally sensitive lands; 5,750 acres. The Land Coverage plan has acquired over 200 parcels, Public Access acquired nearly 50 acres, Stream Environment Zone/Watershed/Wildlife Habitat Enhancement acquired approximately 12.5 acres.

Asset lands are divided into several categories with slightly over 400 parcels possibly considered as fitting these categories. Mr. Eisner referenced these categories as described on page three of Attachment 2, California Tahoe Conservancy Asset Lands Program Guidelines in the Board's packet.

There have been Board authorized land transfers (32 parcels) in the Conservancy's history. Eight involved the transfer of fee title and 24 have involved the transfer of an easement interest. The majority of these have been with other public agencies or with public utilities. Eight have involved private entities. The objective has been to provide substantial public benefit, support of a Conservancy program or specific project, superior land management objectives or restoration and equitable bounds with an adjoining owner.

There are three minimum General Asset Lands Program Criteria requirements a sale or transfer must meet:

- It must be consistent with the Conservancy's enabling legislation.
- It must be consistent with the Conservancy's program guidelines and purposes.
- It must be consistent with requirements of bond acts and other applicable funding sources specific to the acquisition.

In addition, one or more of the project specific circumstances below must be met for any proposed exchange or transfer.

- It achieves program or project objectives where the original project purposes have changed, the land is no longer needed to achieve the original project purpose, and the land does not provide significant benefits to another Conservancy program.
- It achieves program or project objectives through the disposal of land which is considered incidental to the original acquisition, program, or project objective and the project purposes have been, or can be, achieved with either the remaining property or remaining property interest, and/or with the "consideration" being offered in trade.
- It achieves public and environmental benefits that significantly exceed the public or environmental value of the land owned by the Conservancy.
- It facilitates more efficient management of public lands in the Basin or through project delivery, while furthering Conservancy project objectives.

- It provides equitable relief to the owner of a neighboring parcel, in such a manner that environmental disturbance is minimized and the Conservancy's acquisition objectives are not adversely impacted.
- The Conservancy may consider a possible transfer, sale, or exchange of land in certain cases when criteria 1 – 3 above are met and where the transaction would help achieve other State mandates, local community plan goals, redevelopment objectives, or other public purposes on a case-by-case basis.

Bruce Eisner stated that the item before the Board today involves several components including the adoption of the proposed guidelines that would provide the Conservancy with the continued ability to achieve its many programs and objectives consistent with its mandate. In addition, Staff is recommending a limited program scope initially, consistent with criteria 4a and 4b, and that all activities be administered consistent with the proposed guidelines.

Mr. Eisner also noted that the vast majority of the Conservancy's ownership of environmentally sensitive lands which were not specifically designated as a potential asset land at the time of purchase is excluded from the scope of the proposed program at this time.

The four specific properties proposed in the initial scope are the 8.44 acre former drive-in movie theater property along Glenwood Drive, the 15 acre Tallac Vista property at the end of Sherman Way, two parcels totaling 3.68 acres at the South "Y" along Lake Tahoe Blvd. immediately east of the State Route 89 and U.S. Highway 50 intersection, all of which were acquired with non-bond funding. The two 20 acre home sites west of Lodgepole Trail on the Lyons Ranch East property in unincorporated El Dorado County were originally acquired to preserve a corridor for the South Tahoe Greenway. The proposed sale of these two parcels will allow the original purpose of the larger purchase to remain in tact.

Bruce Eisner recommended the Board adopt Resolution 12-03-07, adopting the Asset Lands Program Guidelines for the sale of asset lands to support Conservancy programs, to recommend up to four properties for potential sale, and to authorize up to \$75,000 towards pre-sale activities.

Mr. Eisner clarified that at this time the Board is asked to provide Staff the authority to conduct pre-sale activities. If any of the aforementioned properties were to be determined saleable, they would be subject to a future Board action at that time. Potential environmental reviews would occur at that time as well.

Pedro Reyes expressed his appreciation to Mr. Eisner for clarifying the bond protections will be in place for any bond funding. He stated he assumed we would protect the deed restrictions that were once provided with those assets. With regard to background, Mr. Reyes asked why would we acquire properties if not essential to our purpose? What other assets would we have acquired if a purchase was not part of a litigation agreement, part of a bulk purchase, or if the purpose had changed? Were there any assets acquired for which we did not have a purpose? Mr. Eisner responded we always had a purpose for each property acquired. However, in some cases, property was donated to us.

Mr. Reyes requested clarity on the reference to the Tahoe Conservancy Fund. Mr. Eisner explained that the Lyons Ranch property was acquired with Proposition 84 bond funds. Revenue generated from the sale of a property acquired with Proposition 84 funds would go to the Tahoe Conservancy Fund, and would be subject to appropriation by the Legislature for purposes consistent with the Proposition 84 bond fund parameters. In addition, Mr. Reyes cautioned that the revenue generated from the sale of a property acquired with Proposition 84 funds could not be used for administrative costs. Mr. Wright concurred, stating the Conservancy believes those funds would not be available for staff and administrative costs. Mr. Reyes thanked Mr. Wright and stated he was satisfied with the Conservancy's understanding.

Mr. Ferrara asked what Staff, the City, and the community think a future use for the Lyons Ranch East parcel would be, should the Conservancy part with it. Mr. Eisner stated that due to the County zoning regulations, the maximum use on each of the two 20-acre parcels would be a single family residence. The remainder of Conservancy land surrounding the two 20-acre parcels is high capability land. The dirt road and trail will remain publicly accessible.

Nancy Gibson asked whether the Conservancy has completed its review of all the potential asset lands for sale or transfer. Mr. Eisner responded there are slightly over 400 parcels considered to be potential asset lands. A broad range has been identified. However, five parcels are now positioned for pre-sale activities. Ms. Gibson asked whether valuation of these properties has been considered. These properties may have been acquired at a high rate whereas today's market valuation may be quite a bit lower. Mr. Eisner answered affirmatively, stating the Conservancy will reserve the right to reject all bids. If the bids are not commensurate with the estimate of fair market value today, Staff would not even bring them to the Board for consideration. Ms. Gibson further inquired with regard to the sale of potential asset lands and future development of these lands

that may conflict with the Conservancy's purpose for their original land acquisition. She expressed concern for parcels in environmentally sensitive areas being compromised over time by future development.

Mr. Eisner responded to questions from Lynn Suter, stating that the acquisition of the Lyons Ranch property (125 acres) was purchased in 2007 for \$6,500,000 and it is not in the flood plain along the Upper Truckee River. It is on the uphill side of the river across from the airport.

Angela Swanson also responded to clarify Ms. Suter's questions. She stated there is access to the 20-acre parcels through a residential neighborhood. Mr. Eisner stated the parcels were zoned for single residence, special use due to the 20-acre minimum zoning regulation in the County.

Ms. Santiago mentioned the new Regional Plan may designate these parcels for recreational purposes in the future. Mr. Eisner responded that depending on restrictions on the parcels such as limiting land coverage and/or the building envelope, we may reduce potential marketability. However, we will reduce the potential environmental impacts on the land being preserved. In response, Ms. Suter expressed concern regarding access limitations to the remaining 85 acres. Mr. Eisner explained there are ample access points for the public that will not be affected by the potential sale of the two 20-acre parcels.

Ms. Swanson stated this is a two-fold motion: 1) agreement of the set of guiding principles and the notion that if we have disposable asset lands that can help replenish the financial resources for the Conservancy to carry out its mission and 2) four examples of parcels we propose to bring forward for potential sale and associated pre-sale activities. She then referred to the Asset Lands Program Guidelines, Section 4. Other Sales, Transfers, or Exchanges: Principles and Parameters, on page 8, the fourth bullet item and asked for clarification. She requested we look at criteria that ensures we are balancing the Conservancy's asset with what we can gain for it. Mr. Eisner stated the information she referenced was limited to the land transfer, exchange, or sale with an adjoining owner. Mr. Wright explained that the two 20-acre parcels were purchased as part of the whole 125 acres. However, these 40 acres do not serve the Conservancy's purpose. Revenue from the sale could be used to advance State objectives and a sale generates revenues, goes on the tax rolls. It has a double benefit. It benefits the State and the local economy. Mr. Wright explained that Staff will prepare a better justification for the Lyons Ranch parcels and determine whether this is the

right time to sell. Ms. Swanson thanked Mr. Wright and stated the Board appreciates the details provided.

Ms. Swanson referenced the Asset Lands Program Guidelines, section 5. 2012 Conservancy Land Sale Program, page 10, the third bullet item. Her concern was whether or not proceeds deposited in the Tahoe conservancy Fund would be appropriated by the Legislature to the Conservancy or could it be held in the General Fund. Mr. Reyes of the Department of Finance stated they could not be held in the General Fund. The funds must come back to the Conservancy. Ms. Swanson thanked Mr. Reyes for his assurance that the funds would be secure.

Mr. Reyes followed up saying he would like to see further information on original acquisition expenses on potential asset lands.

Mr. Lacey and Mr. Hooper reiterated that the Lyons Ranch property had been purchased for the Greenway easement and there was not an option to exclude the purchase of the two 20-acre parcels at the time. They recalled discussions regarding these two parcels as potential asset lands at the time of the original acquisition.

Mr. Hooper stated he felt there is good clarity now on the restrictions for use of the bond funds, however, he asked Mr. Eisner to shed light on any restriction for use of funds from other sources. Bruce replied that other funds are more flexible and could be used for any of the Conservancy's program objectives including funding the operations for program projects.

Mr. Reyes asked, in terms of applying these funds, how "management" is defined. Is management, for example, the Executive Director's salary or is it about moving land around to restore the river. He cited several examples and asked counsel to determine the appropriate definition. Marian Moe, Deputy Attorney General expressed her desire to continue talks with Conservancy staff on this matter and come back to the Board with a more complete answer to the question. Mr. Hooper stated the Board would be more comfortable with more specificity about the application of the funds.

Ms. Moe recommended clarity of the proposed resolution. Mr. Eisner stated the guidelines as a whole are proposed for adoption. And four specific properties are designated for potential sale at a future date. He also stated that the upcoming Agenda Item 11b for the exchange and transfer of Conservancy lands with the City of South Lake Tahoe is related to this current Item 11a but it is not dependent upon

criteria 4a and 4b only, of these guidelines. Members of the Board acknowledged understanding of these facts.

Mr. Wright addressed the Board on transparency. He affirmed the Conservancy's desire to bring these issues before the Board early enough that they may be given enough opportunity to ask appropriate questions. Mr. Hooper acknowledged this is exactly the right approach.

Mr. Hooper invited members of the public to speak to the Board.

Ann Janette Hoefler, a homeowner with property that abuts the Lyons Ranch property addressed the Board. She stated the property is agricultural land not residential. She stated the Conservancy must conduct a planning and environmental assessment process consistent with the provisions of the California Environmental Quality Act (CEQA). Ms. Hoefler expressed concern regarding the pre-sale activities as being pre-decisional to the CEQA process. She also expressed her appreciation to Staff for contacting her, however, she believes the majority of the public is unaware that this bond funded parcel is proposed for pre-sale activity prior to the CEQA process. She thanked the Board for their consideration.

Angela Swanson wished to address some of Ms. Hoefler's concerns.

Mr. Eisner spoke on potential land coverage as a program objective. He stated this would be substantial to the Land Bank. Open space, stream environment zone (SEZ), potential restoration and public access objectives would all continue to be served as well. The South Tahoe Greenway as proposed for the 125 acres was stopped due to potential sensitivity of the Greenway through nearly two miles of SEZ (Reaches 5 and 6 area) of the Upper Truckee River just to the south of the Lyons Ranch East property. Should the Greenway be determined to be appropriate at a later date, it would be subject to its own separate environmental document at that time. With respect to the development of single family residences on the two 20-acre parcels, CEQA documentation would be prepared and presented to the Board at the time of the potential sale. Pre-sale activities are not subject to CEQA requirements.

Mr. Hooper suggested Mr. Eisner clarify the phrase "pre-sale activities" as they are really an exploration of options, revealing difficulties, etc. Mr. Eisner stated pre-sale activity might involve boundary line adjustments assuring prospective entitlements are in place. This would involve some expenditure of hard cash to

effectuate boundary line adjustments that would allow the property to be properly marketed.

Marian Moe suggested a clarification of the CEQA process. She referred to the Asset Lands Program Guidelines, Section 5, page 10 of Attachment 2, the first bulleted paragraph. She recommended for clarity that the statement read: The Conservancy will conduct the appropriate environmental review and comply with CEQA prior to making a decision on the sale of any specific property.

Ms. Hoefler asked to address Ms. Moe's comment. She stated she believed this process is being conducted in reverse. She also stated she did not believe funds would be needed to obtain an educated estimate of the parcel valuations. She believes subdividing two parcels into four is pretty marginal in terms of whether CEQA has been done to get to that point. She again thanked the Board for their time.

Mr. Hooper reiterated that Ms. Moe's previous suggestion clarifies CEQA be done prior to other activities related to the potential sale of the land. Ms. Moe agreed and stated if there is a lot line adjustment proposed that would have potential environmental impacts, which is part of the appropriate environmental review, CEQA would be triggered. The Conservancy would propose the appropriate CEQA review before the discretionary action would take place.

Ms. Swanson, addressing public concern, asked staff and legal counsel whether they feel the appropriate level of outreach has been done in transparency regarding these Lyons Ranch properties to be the subject of an action today.

Mr. Lacey responded affirmatively, and reaffirmed Conservancy concern that this would be a sensitive issue. These preliminary steps of posting notices and contacting neighbors do not suggest an action at this time. Ms. Moe stated there is no problem with compliance in terms of noticing and CEQA. Patrick Wright stated, at the time of original acquisition, the public was put on notice that we did not need these two 20-acre parcels. He added the Conservancy will not rush to sell the parcels; this will be a slow, deliberate process. Mr. Wright suggested a report be presented at subsequent meetings to keep the Board informed on all four of these parcels.

Lynn Suter suggested the resolution be bifurcated; one motion to accept these guidelines and the other motion to authorize staff to look at four parcels and report back.

Mr. Reyes stated the Board can prohibit the agency from action as they feel appropriate. Whatever the Board decided ten years ago, this Board can reverse itself. He assured members that the Board does have that authority and responsibility when necessary. Mr. Reyes then agreed to bifurcate the issue as suggested by Ms. Suter. He stated that guidelines must be established and ways to move forward must be determined. He expressed his appreciation for the transparency brought forward in this issue and stated the acquisition and sale of State land, which is public trust given to the Tahoe Conservancy, is an important matter. Sale of the assets is a critical matter of which the public should be made aware. Regardless of which parcel is sold there will always be people who are unhappy about it. Some lands are in sensitive areas and the rules will not always be understood or acceptable to all members of the public.

Mr. Reyes again mentioned his desire to know what the costs of the original acquisitions were. He concurs the agency has met the letter of the law and it is clear in the agenda item that we are looking at four parcels. He agreed certain processes must occur prior to bringing the decision making back to the Board. At that time the public may present their concerns to the Board for consideration. Pedro seconded Ms. Suter's motion to bifurcate the issue.

Ms. Suter bifurcated and amended the motion(s) to read:

1. The California Tahoe Conservancy Board hereby authorizes adoption of Asset Lands Program Guidelines for the sale of asset lands to support Conservancy programs. Conservancy staff will conduct appropriate environmental review and comply with CEQA prior to making a decision on any specific property.
 - The motion was proposed, seconded and passed on a voice vote.
2. The California Tahoe Conservancy staff shall return to the Board at the next meeting with up to four properties for potential sale and authorize up to \$75,000 toward activities associated with the recommendation.
 - Ms. Suter withdrew this amended motion.

Ms. Swanson was assured by Mr. Reyes that the amended motions would not negatively affect action on Agenda Item 11b, Exchange and Transfer of Conservancy Lands with the City of South Lake Tahoe.

Pedro Reyes asked whether Staff felt there is enough time between now and the next Board meeting to present an informed recommendation. Mr. Wright specifically clarified status reports will be presented on these issues at each subsequent Board meeting until such time as an informed recommendation is reached.

Ms. Santiago motioned, and Ms. Moe restated the motion to read:

The Board asks Staff to recommend up to four properties for potential sale and authorize up to \$75,000 toward related activities. Staff shall report to the Board on the status of these activities at each subsequent Board meeting.

The motion was proposed, seconded and passed on a voice vote.

11b. Exchange and Transfer of Conservancy Lands with City of South Lake Tahoe

Mr. Eisner presented Agenda Item 11b, Exchange and Transfer of Conservancy Lands with the City of South Lake Tahoe. Two primary factors recently accelerated the discussions for this item. The first being the Conservancy's authorized purchase of the former UnoCal property along Lake Tahoe Blvd. The second is the leadership change at the City, both at the staff and City Council levels.

The exchange and transfer of approximately 19 acres of Conservancy owned public access and asset lands with the City in return for approximately 33 acres of environmentally sensitive and asset lands in South Lake Tahoe. Mr. Eisner discussed the two components involved. The first involves the exchange of asset lands in return for asset lands of equal or greater value to the Conservancy. There are two Conservancy properties in this component. The first is the former UnoCal property, slightly over half an acre that remains vacant since the 1990's. It was purchased for approximately \$325,000. The second Conservancy asset land is five parcels at the corner of Modesto and Harrison Avenues in the Al Tahoe community. These parcels were acquired in 1988 as part of a bulk land acquisition. At that time, these high capability lands were noted as potential asset lands for the Conservancy.

The two City properties valued for the exchange include the eight acre, former drive-in property along Glenwood Way. The other property that would be transferred to the Conservancy is approximately 24 acres within the Upper Truckee River (UTR) flood plain east of the river and immediately to the west of Highland Woods community.

The proposed exchange, by including the drive-in property, accelerates the Conservancy's ability to meet its Land Bank obligations within the south Stateline hydrologic area. The property by the UTR has been included due to its strategic location for long range planning for restoration of the Upper Truckee Marsh.

The second component of the transaction involves the transfer of two additional Conservancy properties under the newly adopted criteria for d) Facilitates more efficient management of public lands in the Basin or through project delivery, while furthering Conservancy program objectives. The two properties are some lakefront property at the western end of Regan Beach which has been operated by the City for 20 years, and a portion of the Conservancy's freeway right-of-way (former U.S. Highway 50 right-of-way) that was acquired subject to an easement held by El Dorado County. It was exercised by El Dorado County and granted by the Conservancy to help facilitate the construction of the community ball field which is partially located on the Conservancy's property. The City operates this recreational resource for the public. About a half mile of the South Tahoe bike trail is located on the southeasterly portion of the property as well.

The Conservancy has lands of value that meet a specific program objective. The City's lands are of equal value.

On the other two properties no consideration is required of the City. The City has been managing these properties for 10 to 20 years. With conveyance to the City, and with deed restrictions ensuring continued maintenance and management for the public use and the wildlife corridor along the ball field, the Conservancy can achieve its objectives in perpetuity.

The asset lands component addresses criteria 4b where the disposal of lands incidental to the Conservancy's purposes may be disposed of while the original purposes may be achieved with the remaining asset lands. This provides potential to generate additional cash through the sale of the property.

Mr. Eisner recommended the Board adopt Resolution 12-03-08 for the exchange and transfer of Conservancy lands with the City of South Lake Tahoe.

Pedro Reyes asked for clarification regarding funds used to purchase the drive-in. Mr. Eisner stated these were not bond funds.

Ms. Suter was assured by Mr. Eisner that the ball field will remain a ball field. He stated it is restricted to public recreational use for the public's benefit.

Hilary Roverud, Director of Development Services with the City of South Lake Tahoe expressed her support for the approval of this land exchange. She thanked Mr. Eisner, Mr. Wright, and other Conservancy staff for developing this proposal.

She informed the Board that this proposal is on the agenda for the City Council next Tuesday.

Bob Neidermier had numerous questions for Mr. Eisner. Mr. Eisner responded to Mr. Neidermier's inquiry regarding APN 25-041-20. That property was acquired along with other surplus Caltrans Highway 50 freeway right-of-way in 2000. It was acquired through an exchange that included project activity support by the Conservancy equal to the \$5.5 million valuation. Some of the support includes coverage or restoration credit. The term is 25 years. We are almost midway through the term. It was acquired subject to the El Dorado County easement over 13 of the 17 acres. The easement provided for the ball field use. The County paid the Conservancy over \$250,000 for the easement, not in cash but through an exchange in land or land coverage interest.

The parties anticipate recording the transaction for the drive-in property by the end of the month. The restoration of 76,000 sq. ft. of the coverage is proposed to be accomplished this summer to achieve the environmental benefits immediately. The property has other conditions including a 20-foot easement for an underground pipe as part of the erosion control project. The City will retain a temporary easement for the 2013 and 2014 construction seasons to use the 25,000 sq. ft. of coverage not restored this year as a staging area for the erosion control project. At termination of the short term easement, the coverage will be restored by the City's contractor.

Properties surrounding the ball field include South Lake Tahoe Public Utility District and U.S. Forest Service lands. Mr. Eisner was not certain whether the ball field property generated revenue.

The Regan Beach property has generated revenue for the City through public use by short term reservations. The City has averaged \$25,000 per year over the last four years from this property to help offset operation and maintenance expenses.

Pedro Reyes moved the Board adopt Resolution 12-03-08 authorizing the exchange and transfer of Conservancy lands with the City of South Lake Tahoe. The motion was seconded and passed on a voice vote.

12. Public Comment

There was no further public comment.

13. Board Member Comment

Pedro Reyes expressed his appreciation to the Conservancy for the tour of the agenda items to be discussed today. Mr. Reyes stated this was very helpful. He complimented staff presenters, particularly Bruce Eisner for his outstanding job on three presentations.

Norma Santiago stated the TRPA is updating interim milestones in its Regional Plan Update. She shared that there has been insufficient time to adequately reflect all changes and input in time for the March 28th Governing Board meeting as originally scheduled. The schedule is aggressive and some of the original milestone dates may shift. There will be further discussion on April 25th and 26th. There will not be a TRPA Governing Board meeting this month. The target date for completion of the Regional Plan remains December 2012.

Mr. Lacey polled the Board for a June meeting date change from the 21st to the 20th. Board members posed no opposition. The Wednesday, June 20th date was agreed upon. Mr. Reyes asked whether it would be possible to participate in the June meeting via conference call. Mr. Lacey responded he would be in touch on the matter.

14. Adjournment

Vice Chair Hooper adjourned the meeting at 1:25 P.M.

California Tahoe Conservancy
Agenda Item 2
Minutes
Adopted: June 20, 2012

APPROVAL OF MINUTES

I hereby certify that the foregoing is a true and correct copy of the minutes of the March 15, 2012 meeting of the California Tahoe Conservancy adopted on June 20, 2012.

IN WITNESS THEREOF, I have hereunto set my hand this 20th day of June, 2012.

Patrick Wright
Executive Director