

California Tahoe Conservancy
Agenda Item 8
September 19, 2013

2014-15 FISCAL YEAR BUDGET REQUESTS

Summary: Staff recommends ratification of the California Tahoe Conservancy's budget proposals for the 2014-15 fiscal year.

Fiscal Summary: The proposed 2014-15 fiscal year budget includes:

- \$3,576,000 for capital outlay and local assistance to fund the California Tahoe Conservancy's various programs in support of the Environmental Improvement Program for the Lake Tahoe Basin. This would include:
 - \$1,015,000 in special funds dedicated to the Conservancy;
 - \$2,231,000 in bond funds available to the Conservancy; and
 - up to \$330,000 pursuant to Senate Bill 630.

- \$5,368,000 and 39.0 personnel years (PY) for ongoing support. This would include:
 - \$4,818,000 in continuing "baseline" funding from various special funds and revenue sources dedicated to the Conservancy; and
 - \$550,000 available from revenues generated under the Conservancy's Asset Lands Program

Recommended Action: Adopt Resolution 13-09-03 (Attachment 1).

Background

To meet budget preparation deadlines, staff submitted a proposed 2014-15 (14-15) fiscal year budget and related materials to both the California Natural Resources Agency (Resources) and the Department of Finance (DOF). Staff requests that the Board ratify these requests and authorize staff efforts to have them included and adopted as part of the 2014-15 budget process.

Capital Outlay and Local Assistance

The capital outlay and local assistance requests will allow the California Tahoe Conservancy (Conservancy) to use available program funds to meet the State of California's commitment and responsibilities under the Environmental Improvement Program (EIP). While the State's current economic difficulties inhibit funding from matching earlier funding levels (at or near \$20 million per year since the adoption of the EIP in 1997), available funding will still allow a substantial set of activities. Up to \$3,576,000 is available for new appropriations from a variety of sources, including:

Capital Outlay and Local Assistance			
	2012-13	2013-14	2014-15
	Actual	Estimated	Proposed
Uses of Funding - Funding Source			
Dedicated Conservancy Funds			
Habitat Conservation Fund	(27,216)	\$ 1,258,000	\$ 475,000
Lake Tahoe Conservancy Account	288,381	664,278	100,000
Tahoe Conservancy Fund	-	440,000	440,000
Conservancy Bond Allocations			
Prop. 12	405,376	-	441,000
Prop. 40	34,488	1,211,000	1,097,000
Prop. 50	(369,850)	501,000	575,000
Prop. 84	(454,775)		
LTABA	-	-	118,000
Other Funding Sources			
Federal Trust Fund	233,218	5,000,000	-
Reimbursements	3,069,262	3,810,738	-
SB 630	-	-	330,000
Total Capital Outlay and Local Assistance	\$ 3,178,884	\$ 12,885,016	\$ 3,576,000
Uses of Funding - Major Programs			
Public Access and Recreation - .002	13,668	354,487	-
Wildlife, Waterfowl and Fisheries - .003	(27,216)	1,258,000	475,000
SEZ and Watershed Restorations - .004	274,713	3,456,251	-
EIP Program - .009	2,917,719	7,816,278	3,101,000
	\$ 3,178,884	\$ 12,885,016	\$ 3,576,000

Dedicated Conservancy Funds: These funding sources involve revenue streams that have been set up in separate special funds specifically for use by the Conservancy.

- \$475,000 from the Habitat Conservation Fund (HCF)
- \$100,000 from the Lake Tahoe Conservancy Account (LTCA)
- \$440,000 from the Tahoe Conservancy Fund (TCF)

Habitat Conservation Fund (HCF): Proposition 117 of 1990 established the HCF. The measure mandates annual appropriations totaling \$30 million statewide for wildlife and wildlife habitat projects through the 2019-20 fiscal year. The Conservancy's annual allocation is \$500,000 (\$475,000 is being proposed for capital outlay, with the remaining \$25,000 proposed for the support budget). Staff is working with the DOF to have these funds provided to the Conservancy on a continuous basis rather than through an annual appropriation process. This will help to ensure the receipt of the regularly scheduled annual allocations. It will also simplify the process and expedite the timeline in which the Conservancy can reuse funds from the federal government as reimbursement for prior HCF-funded project activities.

Lake Tahoe Conservancy Account (LTCA): SB 648 was passed in 1993, establishing the Lake Tahoe license plate. Proceeds from the plates are deposited into the LTCA. Over the years the revenues have been used for preservation and restoration projects, and to construct trails and other forms of non-motorized public access at Lake Tahoe. In the 2014-15 fiscal year budget, Conservancy staff are requesting \$100,000 for capital outlay purposes (an additional \$1,000,000 is proposed in the support budget for staff efforts for these purposes).

Tahoe Conservancy Fund (TCF): In 1987, the Conservancy established a land bank to perform coverage reduction, sell development rights on the open market and conduct stream environment zone restoration. Land bank proceeds are directed to the TCF. To date, the land bank program has generated over \$11.5 million for Conservancy acquisition and restoration projects. In the 2014-15 fiscal year budget, Conservancy staff are requesting \$440,000 for capital outlay purposes (an additional \$60,000 is proposed for the support budget).

Conservancy Bond Allocations: Throughout the 2000s, the Conservancy was fortunate to receive allocations of \$166 million in bond funds through the passage of Propositions 12, 40, 50, and 84. All of these allocations were previously appropriated. However, not all of the funds could be used before the terms of those appropriations expired. These funds have "reverted" to the Conservancy and are now available for new appropriations for additional projects. These funds are available for reuse for a number of reasons, including a) the bond freeze and poor economic conditions caused project proponents to delay or cancel planned projects; b) recent economic conditions have created a more competitive bidding climate among construction contractors, allowing projects to be completed at a lower cost than originally estimated; and c) in several cases under grants or cost share agreements with the federal government, staff has been able to recover costs

originally covered by bond (or other Conservancy) funds. In addition, staff recently learned that \$118,000 remains available from the 1982 Lake Tahoe Acquisitions Bond Act (LTABA). More specifically, the following reverted funds are now available to be appropriated under the various bond acts:

- \$441,000 under Proposition 12;
- \$1,097,000 under Proposition 40;
- \$575,000 under Proposition 50; and
- \$118,000 under the LTABA.

The requested funds will allow the Conservancy to continue its responsibilities under the State of California's commitment to funding and implementing a capital outlay approach to resource and public access needs and objectives in the Tahoe Basin under the EIP. Site improvement planning is underway for a number of large projects on Conservancy-owned properties (e.g., Kings Beach, the Upper Truckee Marsh, and the South Tahoe Greenway) and grant projects (e.g., the Lakeview Commons Project on the south shore, and the Lakeside Bike Trail and North Tahoe Bike Trail on the north shore).

It should be noted that several of California's EIP partners are taking steps to renew their commitments to the EIP. Senator Feinstein has introduced legislation to renew the Lake Tahoe Restoration Act that would authorize \$415 million in new federal funding for the EIP. Additionally, the State of Nevada has adopted a \$100 million bond measure to fund its share.

Other Funding Sources: Additional capital funding is potentially available to the Conservancy from other sources. First, the Conservancy continues to seek opportunities to package and leverage its limited funds with other partners, including the federal government. The Conservancy sought and received reimbursement authority in the 2011 and 2012 Budget Acts and expects to receive up to \$5,000,000 in federal funds in the 2014-15 fiscal year. This will assist in establishing and continuing funding partnerships with the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the U.S. Forest Service, and other federal agencies.

Second, SB 630 of the current legislative session includes language appropriating a portion of State Lands Commission (SLC) lease revenues generated at Lake Tahoe to a special fund for use at Lake Tahoe. The bill would provide approximately \$330,000 or more annually for three purposes: the development of a new science organization in the Tahoe Basin; near-shore water quality monitoring; and near-shore, aquatic invasive species (AIS) and public access projects. Funding for near-

shore monitoring must be matched by the Lahontan Regional Water Quality Control Board (or another public agency), and funding for near-shore projects must be matched by the Conservancy or another public entity.

Support Functions

Conservancy staff are requesting Board authorization to seek \$5,368,000 and 37.7 positions for the Conservancy's support function (i.e., staff services, office operations, and management of acquired lands).

Currently, available sources will fund the 2014-15 baseline support budget at a level of \$4,818,000 and 37.7 positions. In addition to the baseline amount, the Conservancy proposes the addition of \$550,000 in revenues generated by its Asset Lands Program, resulting in a total proposed support budget of \$5,368,000 and 37.7 positions.

	Support Functions					
	Positions			Expenditures		
	2012-13 Actual	2013-14 Estimated	2014-15 Proposed	2012-13 Actual	2013-14 Estimated	2014-15 Proposed
Total Positions, Salaries and Benefits	31.8	37.7	37.7	\$ 3,038,000	\$ 3,584,000	\$ 3,648,000
Operating Expenses and Equipment				2,781,512	2,214,000	2,596,000
Less funding provided by Capital Outlay				(432,512)	(876,000)	(876,000)
Totals, Positions and Expenditures, All Programs				5,387,000	4,922,000	5,368,000
Conservancy Funds						
Environmental License Plate Fund				3,290,000	3,406,000	3,406,000
Lake Tahoe Conservancy Account				1,008,000	1,039,000	1,000,000
Tahoe Conservancy Fund				218,000	136,000	710,000
Habitat Conservation Fund				108,000	25,000	25,000
Conservancy Bond Allocations						
Prop. 12				20,000	2,000	-
Prop. 40				20,000	-	-
Prop. 50				10,000	6,000	-
Prop. 84				33,000	15,000	-
Other Funding Sources						
Federal Trust Fund				218,000	227,000	227,000
Reimbursements				462,000	66,000	-
Totals, Expenditures, All Funds				\$ 5,387,000	\$ 4,922,000	\$ 5,368,000

The proposed support budget reflects the Conservancy's continued efforts to re-align support functions, as discussed in the 2012 Strategic Plan, and maintain an

appropriate level of service to the public and other agencies. The current baseline support budget reflects 37.7 positions, a reduction of 9.4 positions from the 2010-11 fiscal year. The increase in actual positions from 2012-13 fiscal year (31.8 positions) to the 2014-15 fiscal year (37.7 positions) represents vacancies the Conservancy is actively recruiting to fill. The Conservancy has reduced or deferred over \$500,000 in ongoing operating expenses since the 2010-11 fiscal year. This has occurred in response to the loss of General Fund support for land and forest maintenance activities; the exhaustion of the bond funds program delivery component; and cessation of one time uses of land bank revenues, and lease and license plate sale reserves.

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

- \$3,406,000 from the Environmental License Plate Fund;
- \$1,000,000 from the Lake Tahoe Conservancy Account (Tahoe license plate proceeds);
- \$710,000 from the Tahoe Conservancy Fund (mainly lease revenues and land bank proceeds);
- \$25,000 from the Habitat Conservation Fund; and
- \$227,000 in reimbursement authority from the Federal Trust Fund.

The Conservancy will continue to have the ability to charge up to \$876,000 for staff services performed in support of capital outlay activities directly to capital outlay sources.

The Conservancy's asset lands program is a key component of the Strategic Plan adopted in September 2012. This program allows for the sale or exchange of asset lands that achieves program or project objectives when the land is considered incidental to the original acquisition, program, and/or project objective and the project purposes have been achieved with the remaining property or remaining property interest.

Recently, staff received successful bids for the sale of the first two asset land properties. As more fully described in agenda items 7a and 7b, if successfully completed, these sales will generate net revenue of \$1,649,700, to be deposited in the Tahoe Conservancy Fund. Staff are proposing to request appropriation of these funds over a three-year period, beginning with a request for \$550,000 in the 2014-15 fiscal year, for land management, EIP implementation, and other support purposes. As future asset land sales occur, proceeds will be deposited into the Tahoe Conservancy Fund, providing a continuing funding source on a long-term basis.

This funding would enable the Conservancy to restore or retain a portion of its lost property management support capacity, EIP implementation and other support capabilities. As recently as fiscal year 2010-11 the support budget funded property management activities at a level of \$726,000. The fiscal year 2013-14 support budget authorization funded property management activities at \$351,000, a decrease of \$(375,000) from fiscal year 2010-11.

This additional revenue will continue a regular maintenance cycle for urban parcels treated for fuels hazard, hazard tree removal, property inspections and facilities maintenance. The Conservancy will also maintain the ability to effectively administer EIP-related funding and coordination with other public and private entities to improve the effectiveness of its programs.

List of Attachments:

Attachment 1 – Resolution 13-09-03

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ATTACHMENT 1

California Tahoe Conservancy
Resolution
13-09-03

2014-15 FISCAL YEAR BUDGET REQUEST

"The California Tahoe Conservancy hereby approves the proposed 2014-15 fiscal year budget request as discussed in the accompanying staff report and authorizes staff to take steps necessary for its adoption."

I hereby certify that the foregoing is a true and correct copy of the resolution duly and regularly adopted by the California Tahoe Conservancy at a meeting thereof held on the 19th day of September 2012.

In WITNESS THEREOF, I have hereunto set my hand this 19th day of September 2013.

Patrick Wright
Executive Director