

## **EXECUTIVE DIRECTOR'S REPORT**

### **A. Budget**

**2012-13 FY:** In June 2012, the 2012 Budget Act was passed by the Legislature and signed by Governor Brown.

For the Conservancy, a total of \$9,329,000 is included for capital outlay and local assistance. This will allow continued funding of projects to meet resource and public access needs under the Environmental Improvement Program (EIP) for the Lake Tahoe Basin. Funding includes \$889,000 from various State sources dedicated to the Conservancy, \$3,440,000 in funding from Conservancy land bank proceeds, and \$5,000,000 in federal grant authority.

The support budget totals \$6,335,000 and 41.0 Personnel Years (PY). Of note, this includes replacement of expired bond-funded program delivery allocations with \$409,000 in one-time funding from Conservancy Land Bank proceeds. While reflecting the elimination of the General Fund portion of the budget and other cost-saving reductions experienced under the provisions of the 2011 Budget Act, this support budget will allow the Conservancy to continue to effectively address its support-funded responsibilities and obligations in the 2012-13 fiscal year.

**2013-14 FY:** Staff's recommendations for ratification of the Conservancy's budget proposals for the 2013-14 Governor's Budget are included under Agenda Item 11.

#### **1. Bond Fund Freeze**

The Conservancy received \$19,200,000 from the March and April 2009 bond 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 2012 sale, to fully cover remaining bond authority over the remaining life of its Proposition 12, 40, 50, and 84 bond programs.

## **B. Land Sales Update**

In March 2012, the Board approved Asset Lands Program Guidelines and authorized staff to proceed with pre-sale activities on four different properties. As reported to the Board at its June 2012 meeting, staff is proceeding with comprehensive pre-sale activities on two of the four properties at this time – the former 8.4 acre drive-in movie theater on Glenwood Way and the 15+ acre property at the end of Sherman Way formerly known as the Tallac Vista Conference Center. Both properties are now listed for sale through Jean Merkelbach at Sierra Sotheby’s International Realty. Staff has been told a number of parties have already expressed interest in each of the properties. Sealed written bids are due on November 15, 2012 for the drive-in property and on March 1, 2013 for the former Tallac Vista property. These listings can be seen on the following two links:

<http://www.sothebysrealty.com/eng/sales/detail/180-1-921-4415608/1340-glenwood-way-south-lake-tahoe-ca-96150>

<http://www.sothebysrealty.com/eng/sales/detail/180-1-921-4415412/2675-sherman-way-south-lake-tahoe-ca-96150>.

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

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

**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 trail and erosion control improvements. In March 2012, an additional grant of \$85,000 was awarded to the County

to acquire easements associated with the bike trail. Construction of the initial phase of the trail beginning at the intersection of Lake Tahoe Boulevard and Sawmill Road, ending at the entrance to Echo View Estates - began this Summer (2012) and is now complete. The County continues to seek funding to implement the second and final construction phase in 2013.

**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. The project received Conservancy, TRPA, and City approval in late 2011. Current Conservancy staff effort focuses on securing rights of access to improve the “shovel ready” status and seeking construction funding. Easement appraisals are completed and letters have gone out to property owners from which easements are requested in preparation for a December 2012 Board item.

**Lake Tahoe Boulevard Enhancement:** The Conservancy grant agreement with El Dorado County expired in June 2011. Conservancy staff, however, anticipates continued involvement as a participant on the project’s Technical Advisory Committee as it progresses through final design.

**Lake Tahoe Water Trail:** Conservancy staff, in collaboration with other public recreation agencies and interested private parties, completed the Lake Tahoe Non-Motorized Boating Framework (Framework) in 2011. The Conservancy funded one of the Framework’s recommendations to improve wayfinding information for paddlers. This effort resulted in a Tahoe-specific graphic indicating non-motorized paddler access that can be used to communicate a variety of access, interpretation, safety, and regulatory information. The California Department of Boating and Waterways is currently funding work by the California Department of Transportation (Caltrans), the Nevada Department of Transportation (NDOT), and TRPA to incorporate this image in approved sign standards. Current staff efforts include implementing Framework tasks on Conservancy properties, using Patton Landing as the prototype area, and continuing collaboration with other regional agencies on implementation.

## 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.

**Montgomery Estates Erosion Control, Areas 1, 2, & 3:** The Board has authorized a total of \$369,000 in grant funds for the planning of this project. The Conservancy expended the planning grant with the completion of preliminary plans for Area 1 last spring. Project implementation for Area 1a was completed last summer, and Area 1b started construction this summer. Planning continues for Areas 2 and 3 with funding from the LTBMU. The Natural Resources Conservation Service Community Watershed Partnership (CWP) and the Tahoe Resource Conservation District have been assisting the County with surveys of the plan area to determine areas of erosion to stabilize and opportunities for infiltrating stormwater on public parcels. Conservancy crews addressed eroding slopes on Conservancy lands in the project area earlier this summer with rock slope protection and revegetation, as a result of the CWP efforts.

**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 implementing the project in two phases, beginning in Summer 2012 with Phase A (Sawmill Road to Echo View Drive), followed by Phase B (Echo View Drive to U.S. Highway 50) in Summer 2013. Phase A is currently under construction. Implementation of the Echo View 2 Erosion Control Project, an offshoot of this project, is also scheduled to begin in Summer 2012. 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. The County completed Phase 1 of this project along Grass Lake Road in 2007, Phase 2A along Cornelian and Shakori Drives in 2009, and Phase 2B in 2010. Construction of Phase 2C is scheduled for the end of this summer.

**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 constructed several additional project improvements in fall of 2011 to improve the project's performance. The project will conclude in 2012 upon the receipt of all final grant deliverables.

**Angora Fire Emergency Rehabilitation:** The Board 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 continue. Additional stabilization work was completed in 2011 along Mule Deer Circle and Lookout Point Circle, due to high ground water issues occurring after the Fire. County crews have addressed the last of the areas with high groundwater issues this summer. The final monitoring report of the project is the last remaining task.

**Comprehensive Facility Erosion Control:** The Cold Creek Filter Plant Best Management Practices (BMP) and Ralph Tank Removal SEZ Restoration Projects were constructed in Fall 2011 using LTBMU and South Tahoe Public Utility District (STPUD) funding. The Board authorized \$450,000 to STPUD to plan improvements and develop SEZ restoration components within the County. This planning effort will help control sediment sources and treat stormwater runoff at 18 different STPUD facilities. 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. STPUD is determining the future needs of their facilities this fall and will then determine which facilities would receive BMPs.

### **3. Natural Resources**

**Upper Truckee River Sunset Stables Reach:** The Conservancy Board approved the environmental document for this project in March 2012. 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 will be constructed in two phases, Reach 5 and Reach 6.

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.

In preparation for construction activities, the project area was treated for noxious weeds in August and October 2011. The Conservancy plans to have a second year of treatment performed this summer. 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.

Final design for Reach 5 is completed. Construction of this Reach by LTBMU began this summer (2012) with the preparation of the staging and stockpile site. The stockpile site is ready to accept fill from the City of South Lake Tahoe's Bijou project in May 2013. This fill will be used for the river restoration project. To facilitate the construction of the Reach 5 project, the Conservancy entered into a Wyden Participating Agreement with the LTBMU in May. This agreement expires in October 2017 and gives the LTBMU access to Conservancy land for activities required for construction of the Reach 5 project.

Final design and construction of Reach 6 is currently on hold while funding is secured. Up to \$1,000,000 from SNPLMA Round 12 funding is available through LTBMU. An agreement with the U.S. Army Corps of Engineers (USACE) provides up to \$5,000,000 for design and construction of Reach 6, but this funding has yet to be obligated USACE. Up to \$400,000 in Tahoe Keys Mitigation funds through the Lahontan Regional Water Quality Control Board has also been approved for final design work for Reach 6.

Once final design and construction funding is secured and approved by this Board, the Conservancy will take the project to the State Public Works Board for approval to proceed to final design and construction.

**Upper Truckee Golf Course Reach:** 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 California Department of Parks and Recreation (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 and fisheries habitat, and improved water quality.

Initial approval of the project by the Department of Parks and Recreation (DPR) occurred in October 2011, and the project has been legally challenged. The project and some park unit boundary modifications were reapproved by DPR in early 2012 and discussions between DPR staff and project opponents continue. A hearing on the final environmental document at the TRPA Governing Board is anticipated sometime in late 2012.

**Erie Circle SEZ:** There have been no changes to this project since the March 2012 Board meeting. This project encompasses a severely-eroding slope within an SEZ on Conservancy-owned properties. To date, the Conservancy has expended \$44,080 for an existing conditions analysis and plan development. Conservancy staff finalized design with the consultant in Summer 2010, but the major stabilization and conveyance work has been placed on hold until funding becomes available. Minor slope stabilization work occurred in Fall 2010 using Conservancy crews and continued in the Fall of 2011. The crew will complete the initial slope stabilization effort in 2012, and they will continue adaptively managing this work into the future. Previous 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 worked 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 2012 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 is winding down post-fire restoration work on Conservancy land within the Angora Fire area. Restoration will focus on controlling competing chaparral growth, as it can overtop planted conifers and cause higher than average mortality. Potential Angora Fire restoration treatment for 2013 could include manual removal of chaparral.

**Meeks Bay Fire Protection District:** With the help of MBFPD, the Conservancy will complete projects located on Meeks Bay urban lots and Meeks Bay Meadow, and prepare and implement the General Creek project in 2012. To date, Meeks Bay urban lots are approximately 65% complete and Meeks Bay Meadow is approximately 95% complete with only minor cleanup remaining. Preparation is complete for General Creek but has not started due to seasonal wildlife restrictions. It is anticipated that operations may begin later this field season once these seasonal wildlife restrictions have been lifted.

**Lake Valley Fire Protection District:** Conservancy staff worked collaboratively with LVFPD to plan, implement, and fund the restoration of 40 acres of urban lots in 2012. For 2012 the CCC, with the assistance of Proposition 84 funds have completed the majority of Meyers 5 phase 4 and hopes to complete Meyers 5 phase 3 this field season. Phase 1 and 2



were completed in previous years. Phase 5 is anticipated to be completed in 2013.

TRCD forestry crews have completed Southern Pines, unit 2 in 2012.

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

**1. Public Access and Recreation**

**Homewood Bike Path:** The Conservancy awarded \$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 the bike path. 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 2014. Project approval, including California Environmental Quality Act (CEQA) certification, is anticipated in the spring of 2013.

**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 Phases V through VII is complete. A remaining wetland mitigation phase is scheduled for construction in fall 2012.

**Dollar Creek Bike Trail (aka North Tahoe Bike Trail):** The Board has authorized \$435,000 in planning grant funds to Placer County for this project.

County staff has a contract to evaluate and design 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 street. The project kicked off its planning effort in August 2011. Initial planning studies were completed, and a public open house was held in October 2011. Consultants have completed the technical studies and are preparing the environmental document for public comment.

**North Tahoe Beach Pavilion Rentals:** The rental of the Pavilion now falls under the Beach Maintenance Contract with the North Tahoe Public Utility District (NTPUD). Rental information is available at <http://northtahoeparks.com/reserve.php>. A 35% discount to the rental rate is offered to non-profits.

## 2. Soil Erosion Control

The Board has authorized \$14,261,338 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.

**Homewood Erosion Control:** The Board has authorized \$580,000 in planning funds and \$200,000 in site improvement funds for this project. Phases 1 and 1a are currently being constructed. Following construction, planning will resume for future phases.

**Brockway Erosion Control:** Construction will be completed in 2012. The Board has authorized \$1,974,655 for this project. The next phase will involve plumbing co-mingled flows from the Stateline area to the new improvements. Storm water 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 Watershed Improvement Projects:** There have been no changes to the project since the June 2012 Board meeting. The Board has authorized \$600,000 to plan the Commercial Core Improvement Project (CCIP) and \$1,123,000 for the Watershed Improvement Project (WIP).

The County completed environmental documentation for both projects. Final design has been completed for the CCIP and two phases of the WIP (Coon Clean Water Pipe and Lower Chipmunk phases). Acquisition activities are underway in both project areas. The Conservancy's March Board actions included authorization to grant easements across eleven Conservancy-owned properties for the Commercial Core Project. Appraisals have been approved.

Given current funding opportunities, the County split the WIP 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 storm water conveyances and treatment basins along Fox Street and intersecting streets. It is anticipated that construction of the CCIP and the Lower Chipmunk phase of the WIP will be constructed in 2013 and 2014.

**Lake Forest Erosion Control:** The Board has authorized \$4,216,976 for this project, comprised of Areas A, B, and C. The County constructed Area A improvements in the summer of 2008. Construction of Area B began in August 2012 in the Highlands Subdivision. Water quality improvements in the Lake Forest Subdivision of Area B are scheduled for construction in 2013. The County completed construction of the SEZ restoration and wildlife enhancement portion of Area B in the fall of 2010, which provides a polishing treatment for storm water from the Highlands Subdivision. The County will resume planning for Area C when Area B nears completion.

**West Sunnyside Erosion Control:** 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 Phase 2 is underway, and construction is scheduled for 2013.

**Unpaved Access Roads and Trails Erosion Control:** There have been no changes since the June 2012 Board meeting. 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, obtain construction funding, and implement the improvements.

### 3. Natural Resources

**Lower Blackwood Creek Restoration:** This 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.

Since 2005, the Board has authorized \$4,250,000 for planning, final design and implementation of the project.

The CCC completed the realignment of a popular but eroding trail accessing Eagle Rock under the direction of Conservancy staff in the summer of 2011. Construction of the stream enhancement and aspen release components of the project began in June 2012, and are anticipated to be completed this fall.

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 continues to seek the additional \$800,000 to cover implementation costs. USACE funding will reimburse up to 75% of planning and implementation costs for restoration activities, excluding trail realignment. Through a competitive, statewide grant process, the Conservancy received Proposition 84-funded CCC crews valued at \$77,310 to complete the trail work.

**Lake Forest SEZ and Wildlife Enhancement Phase of the Lake Forest Erosion Control Project Area B:** There have been no changes since the June 2012 board meeting. The Lake Forest Stream Environment Zone and Wildlife Enhancement 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 restored a stream that had 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 project in 2010 by connecting the new channel and abandoning the subsurface culvert. Despite a low water year, the channel saw its first flows in April 2012.

**Ward Creek Watershed Assessment and Restoration:**

Conservancy is implementing the projects defined in the Watershed Assessment 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 Ward Creek Dam Removal was completed in 2006. Conservancy crews constructed the main improvements of the Drainage and SEZ Restoration Project near the Stanford Rock Crossing in 2010 and some additional improvements in Fall 2011. Additional work will continue in 2012. Monitoring and adaptive management will continue until at least 2013.

In July 2012 a consultant working for Alpine Meadows contacted the Conservancy regarding their requirement to complete environmental improvements on Conservancy owned lands leased by Alpine Meadows by October 15, 2014. The new lease agreement adopted by the board at the October 2011 board meeting outlines this requirement. Staff is working with Alpine Meadows to develop a comprehensive plan for improving and protecting lands leased from the Conservancy. Construction of these improvements is scheduled to begin in the fall of 2012 or spring of 2013.

**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 worked with the North Tahoe Fire Protection District

(NTFPD) to plan and implement the Conservancy's forestry activities in Placer County for the 2012 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-owned lands. 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.

**North Tahoe Fire Protection District:** For 2012, Conservancy staff collaborated with NTFPD to plan, implement, and fund projects in the Ward Creek and Commonwealth/Windsor areas through a variety of sources, including SNPLMA and direct Conservancy funds. Both projects have yet to start implementation due to contract preparation as well as seasonal wildlife restrictions.

Depending upon the outcome of a Federal Emergency Management Agency (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 in 2012/2013.

**E. 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:** There have been no changes since the June 2012 Board meeting. The grant agreement with the City of South Lake Tahoe (City) terminated in June 2011. Nonetheless, Conservancy staff anticipates continued involvement with this project. With the assistance of TRPA and Tahoe Metropolitan Planning Organization staff, the City received construction funding via Caltrans due to excess funding available from the

U.S. Highway 50 Water Quality Retrofit Project (Trout Creek to Ski Run Boulevard reach). Construction may begin in 2013 should all necessary easements be obtained. Two of the required easements over Conservancy land within the project area were approved by the Board in March 2012.

**El Dorado Beach Lakefront Enhancement (Phase 2 of Lakeview Commons Project):** The Conservancy awarded a \$6,000,000 site improvement grant to the City for this project. Construction began in May 2011 and was completed in July 2012. A Park dedication and grand opening ceremony was held June 20, 2012.

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. The City and El Dorado County have yet to develop a strategy to procure the additional funds.

**Van Sickle Bi-State Park:** There have been no changes since the June 2012 Board meeting. Since its opening in July 2011, Van Sickle Bi-State Park (Park) has become the long-envisioned walk-in attraction. While the Van Sickle Connector Trail to the Tahoe Rim Trail is not complete, the short hike to the waterfall has become a popular destination. An \$84,000 grant from the Van Sickle Foundation (administered by the Tahoe Rim Trail Association, or TRTA) is covering most of the Park's utility costs for the first five years. An additional, one-time award from the Tahoe Fund authorized \$25,000 toward operational costs. These and other Park partners, such as the City's Explore Tahoe: An Urban Trailhead, are critical to the success of this South Shore recreation amenity. The Conservancy has granted a long-term license to the TRTA for activities and trail maintenance at the Park. Once again, National Trails Day trail building efforts for the Tahoe Basin will occur at the Park this year.

## **2. Soil Erosion Control**

The Board has authorized \$17,050,137 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.

**Sierra Tract Erosion Control:** The Board authorized \$4,717,884 for this multi-phased project. The City constructed Phase 2 in 2005, Phase 1A in 2007, and Phase 1B in November 2010. Construction of Phase 1C has been postponed due to lack of funding.

After completion of an analysis using the new Pollutant Load Reduction Model, the City modified the boundaries of Phase 3 to address the highest-priority problems. 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. The City, with help from TRPA, is also engaging private property owners in the project area. The City began design of Phase 3 in August 2012. Completion of design, environmental documents, and permits is anticipated in 2013, with construction dependent 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. As part of this effort, Liberty Utilities has begun their underground line project. 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 June 2012 Board meeting. The Board authorized \$7,151,750 for this large multi-phased project. Phases 1 and 2 are complete. The City submitted its Final Report for the Conservancy's grant for Phases 3 and 4, and the grant is being closed out. The City awarded a contract in May 2012 to construct additional improvements to increase the effectiveness of this project using U.S. Forest Service funding this summer.

**Al Tahoe Erosion Control:** The City completed construction of Project 1 in 2010, funded entirely with LTBMU and ARRA funds. The Board authorized \$1,675,000 in May 2011 for implementation of the Al Tahoe Erosion Control Project 2. Construction is currently underway for project area 2.

**Bijou Erosion Control:** The Board has authorized a total of \$2,288,526 for the project. Phase I 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. 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 I 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. The Conservancy is working closely with the City to finalize the storm water drainage easement acquisition for the parcel on which the Conservancy already holds a conservation easement.

Phase I of the project will likely be constructed in 2013 and 2014. The City has accepted \$4,735,000 from Caltrans for Phase I, and additional construction funds totaling \$5,197,000 have been awarded to this project from the SNPLMA program. Caltrans is preparing to install the portion of the new culvert under U.S. Highway 50 in the summer of 2012, which would result in significant implementation cost savings for the City. 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 March 2012 Board meeting. The Board has authorized \$1,020,977 in planning funds for this project. Water quality monitoring is complete in the Keller Canyon portion of the project. The City is completing the pre-project monitoring report, and, after receipt and review of the report, Conservancy staff will work with City staff to close out this grant agreement.

**Pollutant Load Reduction Strategy (completed):** The Board authorized \$196,000 to the City to develop a pollutant load reduction strategy (PLRS). The Conservancy and Lahontan 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). The City entered into a contract with Northwest Hydraulic Consultants (NHC), the creators of the PLRM,

and the partnership proved to be very successful. Together, they identified many opportunities to achieve significant water quality improvements and are pursuing potential strategies for implementation. The Conservancy grant funding has been fully expended and closed out, but the City is continuing the effort with their own funding. The results are providing City staff and funders with clear direction on how to move forward with water quality improvement efforts within the City limits to meet TMDL requirements.

### **3. Natural Resources**

**Upper Truckee River Airport Reach:** The Board authorized \$5,899,500 for planning and site improvement grants for this project. 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 construction was completed in the fall of 2011. The old channel is filled, and the new channel is now active. Irrigation will continue through 2012 to establish newly-planted vegetation. The project saw its first peak flow event in April 2012, and some private citizens have questioned whether the project is degrading water quality. The City, Conservancy, and Lahontan are evaluating the project and determining an action plan to address water quality issues. The project's designers have proposed adaptive management actions to address a portion of the bank that has demonstrated some instability, with implementation of this work by the City planned to occur in the fall of 2012.

**Upper Truckee River, Middle Reaches 1 and 2, SEZ and Wildlife Enhancement:** This project has been temporarily placed on hold to pursue full fee acquisition of the property by LTBMU. The Conservancy is working with LTBMU and other partners to develop a shared funding strategy for acquiring and restoring this important and environmentally

sensitive property. Public 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 U.S. 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, so the public property acquisition efforts need to progress prior to the project moving forward.

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

**Upper Truckee Marsh Restoration:** To date, the Board has authorized \$6,500,000 for project planning and design, and \$10,500,000 for the implementation of the first phase of the project, the Lower West Side Project. This project is located at the mouth of the Upper Truckee 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 recreational opportunities. 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 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. A screen check draft EIR/EIS has been completed, and release of a public draft of the document is scheduled for Fall 2012.

#### **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 worked with the City of South Lake Tahoe Fire Department (SLTFD) to plan and implement the forestry activities for the 2012 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:** For 2012, Conservancy staff has been working collaboratively with SLTFD and LVFPD to fund a hand crew on 25 acres of Van Sickle Bi-State Park. The project location is within and around the parking area and on both sides of the main road leading to the Nevada side of the Park. Implementation of this work is anticipated to be completed this field season.

#### **5. Land Exchange**

The Board approved land exchange with the City closed escrow in April. The Conservancy transferred approximately 1.2 acres of commercially-zoned property to the City in return for approximately 32.7 acres to assist the Conservancy with meeting land bank and Upper Truckee Marsh restoration objectives. Specifically, the Conservancy transferred the former Unocal property along Lake Tahoe Boulevard and land at the corner of Modesto and Harrison Avenues to the City in return for the former drive-in movie theater along Glenwood Way and land within the Upper Truckee River floodplain west of Sunset Drive. The transaction involved land assets of equal value, based upon independent appraisals.

## **F. Urban Land Management Program**

### **1. Special Use Requests**

Pursuant to Board authority dated January 20, 2011, staff is authorized to enter into license agreements consisting of three years or less provided the Board is notified. Staff is providing notice of three recent licenses as described below.

a. Short term license granted to Tahoe Regional Planning Agency (TRPA) executed on June 1, 2012. TRPA installed a noise monitoring station to determine the decibel levels and amounts of noise within a given period by boats on Lake Tahoe at the eastern border of the Upper Truckee marsh. This is the fourth year at this location. TRPA will be providing the results of the study in-lieu of a license fee. Evidence of insurance listing the Conservancy as additional insured was provided.

b. Short term license granted to Big Blue Adventure, LLC (BBA) executed on June 14, 2012. BBA hosted four mountain bike races in Tahoe City on Dollar property. This is the second year for these events at this location. The fee for this license was \$540. Evidence of insurance listing the Conservancy as additional insured was provided.

c. Very short term (two-day) license granted to CARDNO Entrix executed on July 9, 2012. CARDNO Entrix will be performing geotechnical investigations. The survey will provide information to determine alternative design options for storm water quality improvements for the Coon Clean Water Pipe Project in Kings Beach.. CARDNO Entrix paid a license fee of \$100. Evidence of insurance listing the Conservancy as additional insured was provided.

d. Very short-term (four-day) license granted to Tahoe Institute for Natural Science (TINS) executed on July 23, 2012. TINS hosted two youth summer camps at Van Sickle Bi-State Park. The license fee for the Boys and Girls Club camp was waived. The license fee for the Junior Entomologist camp was \$62. Evidence of insurance listing the Conservancy as additional insured was provided.

e. Short-term license granted to Tahoe City Public Utility District (TCPUD) executed on August 1, 2012. TCPUD's subcontractor will access property for the purpose of staging and storage of equipment and materials for the Chamberlands Drive Water Line Replacement Project. TCPUD paid a license fee of \$3,750. Evidence of insurance listing the Conservancy as additional insured was provided by the subcontractor.

f. Short-term license granted to California Trout (CalTrout) executed on August 6, 2012. CalTrout will be conducting a stream habitat survey in the Upper Truckee marsh and Sunset Reach 5 and 6. In-lieu of a license fee, CalTrout will provide the results of the survey to the Conservancy. Evidence of insurance listing the Conservancy as additional insured was provided.

g. Very short-term (one-day) license granted to Brad Patterson executed on August 18, 2012. Mr. Patterson hosted a wedding ceremony in the Lake Forest area. Mr. Patterson paid a license fee of \$100. The insurance certificate requirement was waived for this license.

h. Very short-term (one-day) license granted to Painted Horse Productions, LLC (Painted Horse) executed on August 20, 2012. Painted Horse filmed a scene for a graduate student thesis film production at Dollar Reservoir. Painted Horse paid a license fee of \$25. Evidence of insurance listing the Conservancy as additional insured was provided.

i. Very short-term (five-day) license granted to Habitat Restoration Sciences, Inc. (HRS) executed August 20, 2012. HRS harvested boulders in the area of Highway 28 and Old Mill Road to be used for the Blackwood Creek Restoration Project. The license fee will be negotiated between HRS and the Department of General Services through the Blackwood construction contract process. Evidence of insurance listing the Conservancy as additional insured was provided.

## **2. Upper Truckee Marsh**

The 2012 seasonal Marsh closure to dogs began on May 1 of this year and ended on July 31, at which time City leash ordinances went into effect from August 1, 2012 through April 30, 2013. The El Dorado Sheriff's Office is currently under contract to enforce ordinances on the property.