

EXECUTIVE DIRECTOR'S REPORT

A. Budget

2013-14 Fiscal Year (FY): Governor Brown has introduced his proposed Governor's Budget for the 2013-14 FY. A total of \$1,015,000 is included for the Conservancy for capital outlay and local assistance. This support would allow continued funding of projects to meet resource and public access needs under the Environmental Improvement Program (EIP). The proposed budget includes \$575,000 from various State sources dedicated to the Conservancy and \$440,000 in funding from Conservancy land bank proceeds. The Conservancy's baseline support budget would continue at a level of \$4,922,000 and 41.0 positions, available from various special funds and revenue sources dedicated to the Conservancy.

The Legislature will now consider these requests for inclusion in the 2013 Budget Act. Staff will keep the Board informed of the 2013-14 FY budget cycle progress.

B. Asset 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, staff is proceeding with comprehensive pre-sale activities on two of the four properties at this time – the 8.43-acre former drive-in movie theater on Glenwood Way and the 15.46 acre property at the end of Sherman Way, formerly known as the Tallac Vista Conference Center. Both properties are listed for sale through Jean Merkelbach at Sierra Sotheby's International Realty.

Following an unsuccessful bid for the former drive-in site in November, 2012, staff set a March 1, 2013 bid date for both properties. On March 1, 2013, a single, below minimum bid was received on the drive-in site. No bids were received on the Tallac Vista Property. Staff is now re-evaluating the advertising and bid processes, and will report back to the Board with recommendations.

The former drive-in and Tallac Vista listings can be seen at the respective multiple listing 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 and ending at the entrance to Echo View Estates took place in summer 2012 and is now complete. Despite the County's verbal agreement to procure easements for the bike path, negotiations with landowners are slowly but positively progressing. The County may elect to move forward with the Lake Tahoe Boulevard Bike Path project to avoid the loss of federal Congestion Mitigation and Air Quality Improvement Program funding, as well as continue to improve the bike trail network of unincorporated El Dorado County.

Lake Tahoe Boulevard Enhancement: The Conservancy grant agreement with El Dorado County expired in June 2011. Conservancy staff, however, remains involved as a participant on the project's Technical Advisory Committee. The path's design recently advanced to the 90% level. Depending on the County's ability to obtain easements on private property for the Sawmill II Bike Path (see above), the County may move forward with construction of this project in the summer of 2014.

Lake Tahoe Water Trail: The Lake Tahoe Water Trail is a 72 mile route along the shoreline of Lake Tahoe. Conservancy staff completed the initial design on a wayfinding and interpretive outreach poster to improve communication with paddlers about important safety, stewardship, and wayfinding messages. This poster will be placed at Waterman's Landing and serve as a template for other Conservancy sites and other public littoral lands. Conservancy staff also led a region-wide effort to define a new wayfinding paddle access image to alert paddlers to a variety of messages, including identification of public property and on-site directions for appropriate launching and landing locations. Upcoming activity will include coordinating messages on the protection of Tahoe Yellow Cress and wildlife habitat.

2. Soil Erosion Control

The Conservancy has awarded El Dorado County \$8,851,938 in grants for the active erosion control projects highlighted below. These projects capture and treat stormwater from public rights-of-way (ROWs), address sediment sources, 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 in spring 2011. Area 1a was completed in 2011, and Area 1b completed construction in summer 2012. Planning continues for Areas 2 and 3 with funding from the U.S. Forest

Service, Lake Tahoe Basin Management Unit (LTBMU). Construction of improvements in Area 2 is scheduled for fall 2013.

The County is currently applying for license agreements on several Conservancy parcels to construct water quality improvements in Area 2. 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 erosion areas to stabilize, and opportunities for infiltrating stormwater on public parcels. As a result of the CWP efforts, Conservancy crews addressed eroding slopes on Conservancy-owned lands in Area 1 this past summer with rock slope protection and revegetation, and the crews will continue these stabilization efforts in Area 2 this summer.

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. The County is implementing the project in two phases: Phase A (Sawmill Road to Echo View Drive), followed by Phase B (Echo View Drive to U.S. Highway 50). Phase A and the Echo View 2 Erosion Control Project, an offshoot of this project, completed construction in 2012.

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 primarily on the west side of State Route 89 in 2010. Construction of Phase 2C, which includes four disconnected project areas running the length of Christmas Valley, is almost complete and will be finished this year.

County Service Area #5 Erosion Control Project Phase A: In December 2012, the Board authorized up to \$395,000 for the design and construction of the County Service Area #5 Erosion Control Project Phase A (CSA #5). Currently, a storm drain pipe from the upper watershed of

the Tahoe Cedars Subdivision conveys stormwater runoff directly into Lake Tahoe. CSA #5 will stabilize eroding slopes and ditches within the rights-of-way of existing roadways and incorporate infiltration systems within the current storm drainage infrastructure to reduce the volume of stormwater runoff and fine sediment that reaches Lake Tahoe. This project originated from analysis of the County's Pollutant Load Reduction Strategy. Final plans are expected in spring 2014, and the project will be constructed in fall 2014.

Forest View Water Quality Project: In December 2012, the Board authorized up to \$400,000 for the design and construction of the Forest View Water Quality Project. In the project area, two urban outfall pipes currently discharge untreated stormwater runoff directly into Lonely Gulch Creek. The Forest View Water Quality Project proposes to treat and infiltrate this stormwater runoff before it reaches Lonely Gulch Creek. The project will complement existing Best Management Practices (BMPs) for conveyance in the subdivision by incorporating offline infiltration systems, within the County rights-of-way (ROW) on existing roadways, to reduce the volume of stormwater runoff and fine sediment that reaches Lake Tahoe. Final plans are expected in spring 2014, and the project is scheduled for construction in fall 2014.

Golden Bear Erosion Control Project: The Board has authorized up to \$225,000 for the design and construction of the project. The Golden Bear Erosion Control Project was initiated to address outfall pipes that directly discharge untreated stormwater runoff into Trout Creek, eroding slopes, and traction abrasive accumulation on the roads within the project area. The project will stabilize eroding slopes and drainage ditches and install an infiltration system, within the existing ROW, to reduce the volume and treat stormwater runoff that currently discharges directly to Trout Creek. Final plans are expected in the spring of 2014, and the project is scheduled for construction in the fall of 2014.

Comprehensive Facility Erosion Control: There have been no changes since December 2012. The Cold Creek Filter Plant Best Management Practices (BMPs) and Ralph Tank Removal Stream Environment Zone (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 BMPs 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 determined the future needs of their facilities in fall 2012 and will now determine which facilities will receive BMPs.

3. Natural Resources

Upper Truckee River Sunset Stables Reach: The Conservancy Board approved the environmental document for this project in March 2012. The project will restore natural river processes, enhance SEZs, improve wildlife habitat and fisheries, and improve water quality in the 254-acre planning area. 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.

To control noxious weeds in the project area prior to ground-disturbing activities and prevent their spread into newly-graded areas of the project, the project area was treated for noxious weeds in August and October

2011. The Conservancy will perform a second year of treatment in spring 2013.

Final design for Reach 5 is completed. Construction of this reach by LTBMU began this past summer 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-owned land for activities required for construction of the Reach 5 project.

Reach 5 channel construction could begin as early as summer 2013, pending Tahoe Regional Planning Agency approval. No Conservancy funds are being requested for the construction of Reach 5.

Some members of the public and Conservancy Board have raised questions related to the projects. Conservancy staff is working to understand, analyze and address these questions. The Upper Truckee River Restoration Workshop, scheduled for May 2-3, 2013, is expected to further assist Conservancy staff in determining how to best move forward.

Final design and construction of Reach 6 is currently on hold while funding is secured. Up to \$1,000,000 from the Southern Nevada Public Land Management Act (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 by the USACE. Up to \$400,000 in Tahoe Keys Mitigation funds through the Lahontan Regional Water Quality Control Board has also been approved by Lahontan for final design work for Reach 6. Conservancy Board approval to move forward with the design and construction of Reach 6 will be sought at a future date.

Once final design and construction funding is secured and approved by the Board, the Conservancy will take the project to the State Public Works Board for approval to proceed to final design and construction of Reach 6.

Upper Truckee Golf Course Reach: There have been no changes since December 2012. The project will restore natural river processes, resulting in enhanced Stream Environment Zones (SEZs), improved wildlife and fisheries habitat, and improved water quality. 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 and some park unit boundary modifications were approved by DPR in early 2012. Discussions between DPR staff and project opponents continue.

Erie Circle SEZ: There have been no changes since December 2012. This project encompasses a severely-eroding slope within a 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 began in fall 2010 using Conservancy crews and was completed in 2012. Conservancy crews will continue adaptively managing this work into the future. Previous stabilization work has been very effective at preventing erosion. Staff will continue monitoring the work for effectiveness.

Tahoe Pines Campground Restoration Project: The eight-acre site was acquired by the Conservancy in 2007 with financial assistance from the California Wildlife Foundation. In January 2011, the Board authorized the acceptance of \$200,000 from the U.S. Bureau of Reclamation (BOR) for planning, design, and environmental review of a restoration project.

Staff continues to work toward a complementary restoration and public access design of the site and is implementing protective measures such as minor site stabilization (erosion control), vehicle access barriers, and forest habitat enhancement (tree removal) activities. Staff plans to bring a project design and environmental documentation forward for the Board to consider in June 2013. The proposed approval may encompass a restoration and public access project, authorize Conservancy site improvement funding, change the current Bureau of Reclamation (BOR) grant funds from planning to implementation, and accept a portion of the U.S. Highway 50 right-of-way abutting the subject property from the California Department of Transportation (Caltrans), which would offer further opportunities for comprehensive site restoration and public access.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on preserving, enhancing, and restoring forested habitats on Conservancy-owned 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 2013 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 continued the effort over the next several summers. Moving forward, the Conservancy will focus on monitoring plots within annual treatment units. Finally, 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.

Lake Valley Fire Protection District (LVFPD): Conservancy staff plans to work collaboratively with LVFPD to plan, implement, and fund the restoration of 90 acres of urban lots in 2013.

The California Conservation Corps (CCC), with the assistance of Proposition 84 funds, plans to complete the Meyers 5 Project, Phase 5. Meyers 5 Project Phases 1 through 4 were completed in previous years. In addition, CCC crews plan on completing the Stump Alley 2 Project (along North Upper Truckee Road near the intersection of Lake Tahoe Boulevard) this field season.

The Tahoe Resource Conservation District forestry crews plan on completing the Tahoe Mountain Project (along Tahoe Mountain Road near the intersection of Angora Lakes Road) as well as the Meyers Urban 2 Project (north of U.S. Highway 50 and east of the Upper Truckee River in Meyers) in 2013 field season.

The Conservancy, in collaboration with LVFPD, was awarded a SNPLMA Round 13 grant for the 2013 field season. The grant will fund the planning and implementation of the Sunset Fuel Reduction Project (between the Lake Tahoe Airport and Onnontioga Drive) on Conservancy-owned property.

Meeks Bay Fire Protection District (MBFPD): With the help of MBFPD, the Conservancy intends to plan, implement, and fund 90 acres of restoration treatment for the 2013 field season. The California Conservation Corps (CCC), with the assistance of Proposition 84 funds, plans to complete the Meeks Bay Urban Project, which was initiated in the 2012 field season.

The Tahoe Resource Conservation District forestry crews plan on completing the hand crew portion of the General Creek Project (directly west of the Tahoma community) this field season. The mechanical portion of General Creek is planned on being implemented through a successful bid by a local mechanical harvesting contractor.

The Conservancy, in collaboration with the MBFPD, was awarded a SNPLMA, Round 13 grant for the 2013 field season. The grant will fund the planning and implementation of the Sugar Pine Point Fuel Reduction Project (Sugar Pine Point State Park) on DPR-owned property.

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, which seeks to bridge a one-mile gap in the West Shore Trail. This planning grant expires in June 2013. Conservancy staff is working with TCPUD staff to ensure grant deliverables are completed prior to the expiration date. TCPUD has approached the Conservancy about potentially contributing towards the construction of this path. TCPUD has also applied for Recreational Trails Program construction funding and has secured partial funding assurance from the North Lake Tahoe Resort Association.

Lakeside Bike Trail (Phases V through VII): At the March 2010 Board meeting, the Board authorized \$2,500,000 as well as 9,300 square feet of Stream Environment Zone (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 wetland mitigation phase has been completed as well, and monitoring and potential adaptive management actions to ensure adequate functionality of the constructed wetland may

occur over the next few summer seasons. Conservancy staff continues to work with TCPUD to ensure timely submission of required grant deliverables and release of grant retention.

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

County staff contracted to evaluate and design the proposed 2.2 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. The Placer County Planning Commission recommended approval of the project in July 2012; on October 23, 2012 the Board of Supervisors approved the project. The Conservancy Board approved the grant of easement to Placer County in December 2012. The easement would traverse the Conservancy's Dollar Property, which is slated for transfer to the California Department of Parks and Recreation as authorized by the Board in September 2012. Conservancy staff is working with the County to ensure timely submission of required grant deliverables and release of grant retention.

The County also applied for Recreational Trails Program funding for this project's construction.

2. Soil Erosion Control

The Board has authorized \$14,261,338 in grant funds to Placer County for 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: There have been no changes to the project since the December 2012 board meeting. The Board has authorized \$580,000 in planning funds and \$200,000 in site improvement funds for

this project. Phases 1 and 1a were constructed during the summer of 2012. Planning for future phases will resume when resources are available.

Brockway Erosion Control: There have been no changes to the project since the December 2012 board meeting. Construction was completed during the summer of 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: The Board has authorized \$600,000 to plan the Commercial Core Improvement Project (CCIP) and \$1,123,000 for the Watershed Improvement Project (WIP). These projects address aging infrastructure, water quality, and transportation facilities in central Kings Beach.

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. In March 2012, the Board authorized grant easements across eleven Conservancy-owned properties for the CCIP. For additional information regarding this action, please see Item 5 below.

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 American 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 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 the first phase of Area B, the Highlands Subdivision, was completed in the fall of 2012. Final design for water quality improvements in the Lake Forest Subdivision of Area B is nearing completion, and construction is scheduled for 2014. The County has applied for 319h grant funds to assist with the construction of this phase. 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 in the coming months.

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 2014.

Unpaved Access Roads and Trails Erosion Control: The Board authorized \$150,000 to the North Tahoe Public Utility District (NTPUD) to address water quality issues associated with unpaved roads and trails that access NTPUD facilities. NTPUD is working to complete environmental documentation and permitting for high priority sites in preparation for construction of 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 contributes 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 summer 2011. Additional work on the trail network north of Eagle Rock is planned for the 2013 field season. Construction of the stream enhancement and aspen release components of the project began in June 2012 and were completed in fall 2012. Final site restoration, irrigation, plant establishment, and monitoring are planned to occur at the stream project site in 2013 and in subsequent years.

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 obligated \$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 Stream Environment Zone (SEZ) and Wildlife Enhancement Phase of the Lake Forest Erosion Control Project

Area B: There have been no changes since the December 2012 board meeting. The SEZ and Wildlife Phase restored a stream that had been placed in a culvert and enhanced adjacent meadow, riparian, and aquatic habitats. The completed 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 on mostly Conservancy-owned property.

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: 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 2011 and 2012. Multiple new outfalls to Ward Creek were constructed to replace a single, heavily eroded outfall with a network of dispersed flows. In 2013, the seasoned new outfalls will be permanently activated, and the pre-project eroded outfall will be permanently decommissioned.

The 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.

In July 2012, Alpine Meadows contacted the Conservancy regarding their requirement to complete environmental improvements on Conservancy-owned lands they are leasing by October 15, 2014. The new lease agreement adopted by the Board at the October 2011 board meeting outlines this requirement. In August 2012, a landslide occurred on these lands, necessitating emergency repairs to an access road and two drainages. Repairs and improvements to reduce the likelihood of future impacts were completed in October 2012. Staff is working with Alpine Meadows to develop a comprehensive plan for improving and protecting additional areas leased from the Conservancy. Construction of improvements is scheduled to resume in summer 2013.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on preserving, enhancing, and restoring forested habitats on Conservancy-owned 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 2013 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 continued the effort over the next several summers. Moving forward, the Conservancy will focus on monitoring plots within annual treatment units.

North Tahoe Fire Protection District (NTFPD): In 2013, Conservancy staff will collaborate with NTFPD to plan, implement, and fund the restoration of 100 acres, including the Windsor Project near Brockway Summit, and the Mark Twain and Ward Creek Projects south of Tahoe City.

The Conservancy, in collaboration with NTFPD, was awarded a SNPLMA Round 13 grant for the 2013 field season. The grant will fund the planning and implementation of the Fairway/Bunker Fuel Reduction Project (immediately northwest of Tahoe City). This project will occur on Conservancy-owned property.

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 2013 and 2014.

5. Kings Beach Easements and Benefit Assessment District

The Board-authorized easements sold to Placer County for implementation of the Kings Beach Commercial Core Improvement Project (CCIP) are fully executed. The Kings Beach CCIP addresses aging infrastructure, water quality, and transportation facilities in central Kings Beach. The Conservancy has received payment of \$189,300, which was deposited into the Tahoe Conservancy Fund (TCF). In the future, if authorized Temporary Construction Easements (TCEs) exceed the anticipated construction timeframe, they will incur an additional month-to-month fee, consistent with the language for the TCEs. As described in the March 2012 Staff Recommendation, the County is currently requesting abandonment of a +1,000 square-foot segment of existing Coon Street that would be added to the Conservancy's Asset Land Parcel on the corner of Coon Street and North Lake Boulevard. While it is encumbered with utilities and cannot support a structure, it will enable logical street frontage/landscape improvements (when the parcel is developed) to continue to the edge of the right-of-way, rather than have a gap between the parcel and the street edge. If the Board of Supervisors does not approve the abandonment, the Conservancy will be credited an additional \$62,714 (the value of the parcel to be abandoned). Should the Board of Supervisors approve the abandonment, the County intends to credit the Conservancy for an additional 25% of the parcel's value, or \$15,675, after the project goes to bid, to offset the entirety of the parcel being encumbered by a Public Utility Easement.

Additionally, on January 22, 2013, voters recommended the creation of a Benefit Assessment District for the Kings Beach Commercial Core. The Board of Supervisors subsequently approved the creation. The Conservancy is coordinating with the other affected State agencies regarding State Administrative Manual required responses to the Department of General Services.

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 to the project, which addresses a three-quarter mile gap that extends from El Dorado Beach to Ski Run Boulevard, since the December 2012 board meeting. A grant agreement with the City of South Lake Tahoe (City) that funded planning and design terminated in June 2011. Nonetheless, Conservancy staff anticipates continued involvement with this project. Construction may begin in 2014 should all necessary easements be obtained.

El Dorado Beach Lakefront Enhancement (Phase 2 of Lakeview Commons Project):

The Conservancy awarded a \$6,000,000 site improvement grant to the City for Phase 1 of this project, which increased and enhanced public access to El Dorado Beach in central South Lake Tahoe. Construction began in May 2011 and was completed in July 2012. Conservancy staff is working with the City to complete the grant deliverables requirements to ensure a timely release of retention.

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.

South Tahoe Greenway Shared-Use Trail:

The 3.86-mile South Tahoe Greenway Shared-Use Trail Project will provide the backbone of the bicycle network in the core of South Lake Tahoe between the Sierra Tract Subdivision and Van Sickle Bi-State Park. The project received Conservancy, Tahoe Regional Planning Agency (TRPA), and City of South Lake Tahoe approvals in late 2011. The Board has authorized up to \$50,000 to be spent at this time to move acquisition and design needs forward.

Staff efforts in 2012 and early 2013 focused on developing a funding strategy for the first phase of development. Phasing consideration of focused on the trail segment between Al Tahoe Boulevard and Ski Run Boulevard because it offers the highest transportation and recreation values. This trail has three phases. Phase 1a, between Herbert Avenue and Glenwood Way, and Phase 1b, between Glenwood Way and Al Tahoe Boulevard, have received additional design development work to refine project plans, create cost estimates, and identify funding sources. Phase 1c, between Herbert Avenue and Ski Run Boulevard, continues to be the subject of Board authorized easement acquisition efforts.

In January 2013, Conservancy staff applied for a Recreational Trails Program grant for \$300,000 to help fund Phase 1a. Staff is now working with the Tahoe Transportation District on a cooperative effort to secure final plans for both Phase 1a and Phase 1b. These and other strategies, including a request for funding authority, will be presented for consideration at an upcoming board meeting.

2. Soil Erosion Control

The Board has authorized \$9,702,387 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 is 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. The project will proceed to the development of 60% plans upon resolution of project design and permitting process issues. Completion of design, environmental documents, and permits is anticipated in 2013, with construction scheduled for 2014. 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 completed their underground line project. Phase 5 will be pursued in the future as funding allows.

The City has requested that the Conservancy consider an extension of the current planning grants beyond the current June 30, 2013 expiration date in order to facilitate the creation of a Community Facilities District (CFD). The City is developing a CFD for some private properties in the project area to assist in treating stormwater runoff using an area-wide treatment method. Conservancy staff wants to ensure that progress is being made on the CFD before executing the extension since this is a critical component of the financial viability of the project.

Al Tahoe Erosion Control: The City completed construction of Project Area 1 in 2010, funded entirely with LTBMU and American Recovery and Reinvestment Act funds. The Board authorized \$1,675,000 in May 2011 for implementation of the Al Tahoe Erosion Control Project Area 2. Construction was completed for Project Area 2 in summer 2012, and awaits final notice of completion.

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. The City continues to develop an optional buy-in CFD to provide private funding for the project. Property owners who choose to participate in the CFD will receive a TRPA BMP compliance certificate in exchange for their contributions to 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. Caltrans installed the portion of the new culvert under U.S. Highway 50 in the summer of 2012, which has resulted in significant implementation cost savings for the City.

The City has secured all necessary easements and permits for the project's construction, and the project went out to bid in February 2013. Phase I project construction is planned to start in May of 2013 and continue through the 2014 construction season. 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. The City was awarded \$3,000,000 in Proposition 84 stormwater grant funding for Phase I project construction; if awarded, this funding would insure that the City has adequate support to complete all construction activities.

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 by June 30, 2013.

3. Natural Resources

Upper Truckee River Airport Reach: There have been no changes since the December 2012 board meeting. The project restores natural river processes, resulting in enhanced SEZs, improved terrestrial and aquatic habitat, and improved water quality. The project is located on the Upper Truckee River, on City property adjacent to the South Lake Tahoe Airport. 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 Bureau of Reclamation (BOR). The Conservancy has received funds from USACE to reimburse up to \$1,500,000 in planning, monitoring, and construction management costs.

After postponing the project one year to allow vegetation establishment, project construction was completed in fall 2011. The old channel is filled, and the new channel is now active. Irrigation will continue through 2013 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 and Conservancy coordinated adaptive management activities to address some bank erosion in fall 2012.

Upper Truckee River, Middle Reaches 1 and 2, SEZ and Wildlife Enhancement: There have been no changes to this project since the September 2012 Board meeting. 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.

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 public property acquisition efforts need to progress to enable the project to move forward.

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 appropriate 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 BOR to fund the completion of preliminary plans and environmental review. The Conservancy, with assistance from consultants hired by the California Department of General Services, has developed four alternatives, all of which are under environmental review. A draft Environmental Impact Report and Environmental Impact Statement has been completed and released for

public review. Public comment period lasts from February 7 through April 8, 2013 and a series of workshops and public hearings have been scheduled to provide information and accept comments. Following public review, the Conservancy will develop a preferred alternative and final environmental document.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on restoring forested habitats on Conservancy-owned 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 2013 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-owned 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 continued the effort over the next several summers.

City of South Lake Tahoe Fire Department (SLTFD): In 2013, Conservancy staff worked collaboratively with SLTFD and LVFPD to plan, implement, and fund the restoration of 60 acres within the Van Sickle Bi-State Park. Staff anticipates completion of the hand crew project this summer. The project is within and around the parking area and on both sides of the main road leading to the Nevada side of the park.

The Conservancy, in collaboration with SLTFD, was awarded a SNPLMA Round 13 grant for the 2013 field season. This grant allows for the planning and implementation of the Airport Fuel Reduction Project. This project will occur on City of South Lake Tahoe-owned property.

5. Land Exchange

The Board-approved land exchange with the City closed escrow in April 2012. 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 one recent license as described below:

Very-short-term (one-day) license granted to Bondar Entertainment, LLC executed on February 2, 2013. Bondar Entertainment, LLC filmed a scene for a student film on Conservancy-owned property in the Tahoma neighborhood. The fee for this license was \$100. 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 and ended on July 31. City leash ordinances are in effect the remainder of the year (August 1, 2012 through April 30, 2013). The 2013 seasonal marsh closure to dogs will begin on May 1 and end on July 31. The El Dorado County Sheriff's Office is currently under contract to enforce ordinances on the property.