

California Tahoe Conservancy
Agenda Item 2
January 20, 2011

**BOARD MEETING MINUTES
SEPTEMBER 16, 2010**

The California Tahoe Conservancy (Conservancy) Board convened at the Tahoe City Public Utility District in Tahoe City. Chairman Larry Sevison called the meeting to order at 9:40 a.m.

1. Roll Call

Debra Herrick of the staff called the roll. Chairman Sevison, Vice-Chairman John Hooper, and members Kathay Lovell, Norma Santiago, Lynn Suter, and Terri Marceron were present. Todd Ferrara was present as designee for the Natural Resources Agency, and Cynthia Bryant was present as designee for the Department of Finance.

2. Approval of Minutes

The Board approved the minutes of the meeting of July 15, 2010 on a voice vote.

3. Chairman's Report

Mr. Sevison informed the Board that Ms. Lovell is completing her term on the City Council in December, and will no longer serve on the Board on behalf of the City of South Lake Tahoe (City), after the present meeting. Ms. Lovell stated that it had been a pleasure and honor to sit on the Conservancy Board and expressed her appreciation for everything staff and the Board have done for the City and for Lake Tahoe.

Mr. Sevison announced that Ms. Marceron will also be stepping down from the Board. She has accepted the position of Forest Supervisor of the Chugach National Forest in Alaska. Ms. Marceron stated that she has served on the Board for several years, most recently at the delegation of Regional Forester Randy Moore, and that Mr. Moore will name an acting Forest Supervisor for the U.S. Forest Service Lake Tahoe Basin Management Unit (LTBMU) to fill her place. Ms. Marceron said that she appreciates the work of the Conservancy staff and Board, and has enjoyed the mutually supportive relationship between the Conservancy and LTBMU.

Deputy Director Ray Lacey stated that the Conservancy will present Ms. Lovell and Ms. Marceron with plaques in appreciation of their service.

Mr. Sevison further announced that Staff Counsel John Gussman would soon be retiring, and invited him to speak. Mr. Gussman stated that he will be available to help the Conservancy during the transition. He remarked that he has been with the Conservancy for a long time and felt moved to say a few things. He said he had not planned to be with the Conservancy so long: what he had understood would be a months-long stint following the Conservancy's inception turned out to be a 25-year-long career. He noted that he had attended the meetings of the Board since February 1985; that the Board has always been balanced, rational, and courteous; and that the Board that had always supported and encouraged the staff. For this, Mr. Gussman credited all past and present board members and, in particular, Mr. Sevison, Mr. Hooper, and Gordon Van Vleck, the Conservancy's first Board Chairman. Mr. Gussman noted the important role played by the State's conservancies, as agencies with the efficiency and flexibility to carry out conservation and recreation work where and as needed, without rigid program restrictions. He stated that the legislators who sponsored the bills to create the conservancies had exhibited great wisdom, including, in the case of the Tahoe Conservancy, Assemblyman Edwin Z'berg, who carried the original legislation in 1973, and Senator John Garamendi, who carried the legislation to activate the Conservancy in 1984. Mr. Gussman also commended the wisdom of the Lake Tahoe Area Land Acquisition Commission, which Mr. Sevison had chaired in 1983 and 1984, in recommending the activation of the Tahoe Conservancy.

Mr. Gussman stated that he had appreciated the opportunity to work with the Conservancy's very capable staff and Board and the staff of the Attorney General's Office. He observed that the Conservancy has accomplished much during its history.

Mr. Sevison then invited public comment on items not listed on the meeting agenda. The content of this portion of the meeting is set forth in Item 6 below.

4. Deputy Attorney General's Report

Deputy Attorney General Marion Moe had no report.

5. Executive Director's Report and Major Projects Update

Executive Director Patrick Wright reported that Senator Harry Reid hosted the annual Tahoe Summit in August. He stated that the event was well-attended and had boosted efforts to extend the Lake Tahoe Restoration Act (LTRA). He also reported on a meeting with Senator Dianne Feinstein, which he and Ms. Marceron had attended to help demonstrate that public agencies partnering within the Basin are efficiently

spending funds and prioritizing activities around the Basin. He said he believed the meeting had helped to invigorate Senator Feinstein's efforts to move forward with LTRA. Mr. Wright added that Senator Feinstein attended the launch of the Tahoe Basin Conservation Fund (Tahoe Fund).

Mr. Wright stated that staff is working with federal agencies to prepare grant proposals. He thanked Lisa O'Daly and Peter Eichar of the staff for overseeing the preparation of an application for \$20,000,000 in proposed bike trail improvements. He reported that the Conservancy had submitted a Sustainable Communities Grant to the State and another to the U.S. Department of Housing and Urban Development. The Conservancy is also exploring the feasibility of cost-sharing projects with the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers.

On the subject of the Upper Truckee River Restoration Project, and its impact on the Tahoe Flea Market, Mr. Wright explained that since the Restoration Project was not on the agenda, the Board could not fully discuss the restoration alternatives in connection to the Flea Market. He reassured the Board that staff has met frequently with Mr. Mundt (the owner/sponsor of the Flea Market) and others on this subject. He noted that the continuation of the Flea Market on the former Elks Club site is not necessarily compatible with the Conservancy's mission and the grant with which the land was acquired, and that it may not be possible to reconcile the competing needs and interests. Nonetheless, Mr. Wright acknowledged, the Conservancy operates within the larger community, and staff will continue to work with him as well as with Ms. Santiago and Ms. Lovell to try to reach a solution.

Ms. Santiago offered some questions, based on public comment she had received, for Conservancy staff to take into account when considering potential solutions:

1. Is there a process for getting an activity exempted from the ordinary limitations on permissible activities on Conservancy land?
2. Could the restoration project coexist with the Flea Market, through staging the project in a different location, modifying the timing of restoration activities, or making other changes to the restoration plan?
3. Is there a possibility of land being purchased for the Flea Market?

Ms. Santiago stated that she understands that the Flea Market must eventually move to another site; until then, she is committed to working with staff on the issue.

Mr. Lacey informed the Board of the new Conservancy website, which is being created to better reflect the agency's work and improve accessibility to information. He introduced a consultant, Maja Thaler of SDBX Studio, who led the website development. Ms. Thaler presented the project and demonstrated how to navigate the

website. She noted that the staff is currently adding content to the website, so it is not yet available to the public.

Mr. Ferrara stated that he noticed the Facebook icon on the website and asked her to comment on how the Conservancy will address social media. Ms. Thaler responded that the public will have the ability to share information from the website via social media like Facebook and Twitter or direct e-mail.

Mr. Hooper asked when the website will launch. Ms. Thaler estimated that it would be up and running within a month. She and staff are entering content and testing the website. Mr. Lacey added that 25 years of projects have given rise to a great deal of data, and that this new website is a milestone for the Conservancy.

Ms. Santiago asked who will maintain the website. Ms. Thaler responded that she and staff are developing an internal content management system that allows staff to update the site.

Mr. Lacey stated that, following-up on the public comment made at the July 2010 Board meeting, staff will provide information on the Meyers 5 Forest Habitat Enhancement and Fuel Reduction Project. He also noted that staff plans to update the twenty-year-old Forest Habitat Enhancement Program Guidelines and, to this end, will be seeking direction from the Board. He stated that this is the first meeting over the course of several to showcase Conservancy forestry activities and their effects on forest health.

Mr. Lacey introduced Brian Hirt, a new member of the staff. He said that Mr. Hirt is a registered Professional Forester and will coordinate projects in the Conservancy's 5,000 acres of forest land. Mr. Hirt presented an overview of the Meyers 5 Project; he stated that the forest was overstocked with large trees, small understory trees, and ladder fuels. He found that the project overlaps those areas identified by the Community Wildfire Protection Plan (CWPP) which contain such heavy fuel loads that a fire in such a location would produce flames above six feet and, with winds, active crown fires. He remarked that these conditions would be similar to the forest conditions that existed prior to the Angora Fire of 2007.

Mr. Hirt listed the Conservancy's State, regional, and local partners on forestry and fuel reduction projects, then described the planning process for forest enhancement and fuels reduction projects. He noted that staff determines projects based on fire risk and forest health, as well as recommendations by the CWPP. He added that prescriptions are based on the specific site characteristics and needs, and treatments on the efficiency of implementation, cost, and site characteristics. He stated that the Conservancy had consulted with and secured permits from the Tahoe Regional Planning Agency (TRPA), the Lahontan Regional Water Quality Control Board, and the California Department of

Forestry and Fire Protection (CalFire). Mr. Hirt reported that the Meyers 5 Project complied with the requirements of the California Environmental Quality Act (CEQA).

Mr. Hirt introduced Milan Yeates of the staff, who is the Conservancy's forestry program coordinator for El Dorado County and the project lead for the Meyers 5 Project. Mr. Yeates reported that forest health improvement and fire risk reduction are the primary objectives of the project, and wildlife habitat diversification and water quality enhancement are secondary goals. To accomplish these objectives, most trees were cut, limbed, stacked, and then removed mechanically; those in sensitive areas were cut by hand. Slash and small limbs were chipped and removed. He noted that the Conservancy used a Dutch Dragon chipping machine to haul chipped material out of the project site (rather than a masticator that leaves the biomass onsite), thereby allowing the removal of 80 percent of the excess fuel and further reducing the fire hazard. He stated that mechanical treatments complete projects more quickly than manual treatments and can reduce costs by 50 percent when compared to traditional hand crews. Furthermore, manual treatments reduce the need for burn piles and result in minimal and short-term impacts to the land.

Mr. Yeates described the benefits of this work: the remaining trees become healthier, grow more quickly, and are more fire and disease-resistant. He reported that studies show fires in thin stands are less intense and more easily controlled, and the openings created by fuels reduction activities result in a diverse landscape that improves wildlife habitat.

Mr. Yeates then presented pre- and post-treatment photos. He stated that portions of the site had seven times the number of trees per acre that should have been there. He then provided pre- and post-treatment data of trees per acre by diameter class. He reported that the project reduced a great number of trees in the 5 to 10-inch diameter class and very few above 20 inches in diameter. He found that the large trees removed under this project posed threats to life or property.

Overall, stated Mr. Yeates, the Meyers 5 Project resulted in minimal impacts to soil due to the low ground pressure of the equipment. He stated that the equipment caused less impact than a pickup truck, with any ruts and tracks occurring only in the soil duff and not in other soil layers. Nonetheless, the Conservancy performed extra restoration work in project areas determined to have erosion potential.

Mr. Yeates then presented a series of photographs taken before and after a forestry project in the Talmont Subdivision in Sunnyside on the West Shore, completed in 2008. He commented that the pre-treatment and immediate post-treatment images of this project look similar to those of the Meyers 5 Project. However, a photograph taken two years after treatment shows a markedly healthier-looking forest.

Mr. Hooper observed that this project demonstrates the importance of public participation because the community initiated this discussion with their concerns.

Ms. Lovell remarked that, particularly in this case, a picture is worth a thousand words. She thanked the staff for their presentation.

Mr. Wright acknowledged that recently treated sites may look ugly, and that the concerns of the neighbors were certainly understandable. He said that, to have an effective program, the Conservancy has to better inform the community about how projects will look immediately after treatment and in the years to follow. He noted that a local newspaper on the West Shore just ran an article about a non-Conservancy forestry project that generated exactly the same concerns as those expressed by the neighbors in the Meyers 5 Project area. He emphasized that interaction with the public and knowledge of the latest scientific developments are extremely important in order to produce the best projects for the forest and the community, especially in light of the increase of American Recovery and Reinvestment Act funds in the Basin for fuels reduction in the wildland-urban interface.

Ms. Suter remarked that the photo of the large diseased tree in the presentation helped her to reconcile the agency's activities with the public's concerns about cutting of large trees. She stated she had spoken with David Mercer, one of the project contractors, and had learned more about the tree's condition. She recommended that staff continue to take photos to help educate the public about forest issues.

Mr. Lacey highlighted the information depicting the numbers and sizes of trees removed under the Meyers 5 Project. He reiterated that relatively few large trees were removed, and only for **specific** reasons such as disease. He then stated that after members of the public raised concerns about the Meyers 5 Project at the July 2010 board meeting, staff had fielded inquiries about whether the Conservancy logged the trees for profit. Mr. Lacey responded that the purpose of the project was to improve forest health, and that all of the logged trees went to donated firewood, not merchantable timber.

Mr. Sevison recounted that the previous week, he and his wife were walking near the bike trail in Tahoe Vista from Conservancy-owned property in the process of a fuels reduction project to LTBMU-owned property that had already been treated when they came upon a fire. He said they were able to kick the fire out, but that if the fire had been set on the Conservancy's untreated area, it would have become a huge danger.

He then described the experience he had in his neighborhood of Agate Bay, in which a treated forest required further treatment. After the second treatment, the community thought the site had been destroyed and had loudly voiced their distress. Now,

Mr. Sevison observed, the site looks good. He stressed the need to educate people about what to expect from forest health and fuels reduction projects.

Mr. Lacey called the Board's attention to letters from residents in the Meyers 5 Project area. He also reminded the Board that the staff presentation they just heard originated from the Board's request for that specific information; he encouraged the Board to continue to ask for information, especially in order to make an informed decision on the update of the Forest Resource Management Guidelines.

Ms. Santiago remarked that she met with residents in the neighborhood of the Meyers 5 Project, and she found that the best approach is to maintain a dialogue with the community during the process. She acknowledged that staff held a number of neighborhood meetings related to the project, and offered to attend additional meetings to ensure that staff was addressing community concerns. Ms. Santiago then asked if any logging equipment had been moved off the road constructed for the project near Sitka Circle. Mr. Yeates responded that the area was designated for the machines to move back and forth. He stated that upon completion of the project, crews covered the exposed soil with wood chips. He further remarked that he inspected the site, and the road is barely noticeable. Additionally, he stated, the contractor blocked vehicle access to the site with the placement of log rounds.

6. Public Comment

As noted above, public comment was received immediately following the Chairman's Report.

Randy Mundt, owner and operator of the Tahoe Flea Market, asked the Board to reconsider its restoration plan for the Upper Truckee Restoration Project. He stated that the preferred plan would spell the end of his 35-year-old business, which has its weekly locale on the property the Conservancy has purchased from the Elks Club, and that he does not believe there is a suitable alternative location for it. Mr. Mundt informed the Board that he had submitted a petition of 1,500 names in support of the flea market, as well as a letter to Mr. Lacey from a patron regarding the recreational value of the flea market. He also provided other supporting information, as well as his own statement recounting the market's benefits to the community, the reasons why the present location is the only viable site for the flea market, and questions about the project.

Mr. Mundt stated that he supports the purposes of the restoration project, and understands why it has led to the cancellation of his year-to-year lease. He recognized that the plan to deposit excavated material on the site had been adopted on the assumption that the flea market could be relocated. He further stated that he understood that, because the project would take place entirely on Conservancy-owned

property, staff did not solicit public comment on the restoration alternatives. However, he said, the proposed project has caused concern amongst the community. He stated that he wished he could have had an earlier opportunity to make his case, and hoped it was not too late to consider other options.

Mr. Mundt listed the following concerns and questions:

1. Will trucks hauling excavated material be stored on the paved parking area of the site on weekends, or will the project use independent contractors who will take the equipment with them, as in the case of the Angora Fire cleanup that used the site as a staging area in 2007?
2. Will the excavating equipment be located exclusively at job sites along the Upper Truckee River?
3. What area of the parking lot will be occupied by temporary buildings, equipment, and project-related vehicles on weekends? (Mr. Mundt added that in the past, he coordinated with the Elks Club during weekend events.)
4. Is there an adequate area on the Conservancy's Sunset Stables property to dump excavated material? (Mr. Mundt suggested that the restoration activity would be closer to this property than to the Elks Club property.)
5. Keeping in mind that the Elks Club property had been submerged to a depth of two feet during the flood of 1997, would excavated material be safer at a more elevated site like the Sunset Stables property?
6. What would be the added cost of installing a temporary bridge across the river near the restoration area or the added cost to haul to the Sunset Stables property via Elks Club Drive and Highway 50?
7. Would either of the aforementioned costs be offset by shortening the hauling distance or the cumulative yearly revenue from the Flea Market?

Mr. Mundt added that Conservancy staff has been open and considerate towards him from the outset, and that he appreciates the Conservancy's cooperation. He expressed his hope that the restoration project could coexist with the Flea Market. He stated that while he does not expect a quick response, he is concerned that his contract would require him to remove his food shack and other belongings by the end of October.

Jean Larsen, a vendor at the Flea Market for seven years and resident of the Lake Tahoe Basin for 30 years, stated that she admires all that the Conservancy has done.

She observed that the market uses the land for less than 60 days a year and noted that it is a family operation, and, above all, a way of life. She requested one more year at the site.

Bruce Grego, an attorney, addressed the Board. He described himself as a resident of the South Shore for 43 years, and a South Lake Tahoe City Councilmember. Mr. Grego

reiterated that the Flea Market is a people's market. He recognized that the Conservancy faces a conflict between implementing the river restoration and maintaining the Flea Market. He described the economic and administrative difficulty of moving the Flea Market and suggested that such a move would spell the end of the Flea Market. He added that gathering 1,500 signatures is not an easy feat and speaks to the popularity of the venue. He requested the Conservancy help to find a solution.

Jim Cummings, a resident of Auburn, stated that he had been a vendor for 14 years, selling at the Tahoe and Diamond Springs flea markets. He said that he has a regular clientele, including visitors from out of town, including foreign travelers, for whom the Tahoe Flea Market is a tourist attraction. He found that over the past couple of years, he had noticed an increase in vendors, especially the elderly, perhaps as an economic necessity. He observed that the Flea Market touches a lot of lives and that it would be great to keep it going.

Sylvia Wong of the Diamond Springs-Placerville area stated that she is a vendor at both the Tahoe and Diamond Springs Flea Markets. She expressed hope that the Conservancy will work out a plan to allow the Flea Market to continue.

Mr. Sevison stated that the Board could not deliberate on public comments, but that the local representatives on the Board will work with the community to try to come to a solution.

7. Consent Items

Authorization of the Purchase of Two Environmentally Sensitive Parcels:

Consideration and possible authorization of \$2,500 plus related closing costs for the purchase of two environmentally sensitive parcels. (El Dorado County Assessor Parcel Numbers 34-491-17 and 35-285-04).

The Board adopted Resolution 10-09-01 for this item on a voice vote.

8. Administration and Strategic Planning

8a. Authorization of a Grant to the Lake Tahoe Conservation Fund:

Consideration and possible authorization for the Conservancy to award a grant to the Lake Tahoe Conservation Fund (Tahoe Fund) to develop, coordinate and implement the Environmental Improvement Program (EIP) funding strategies for projects consistent with the purposes and mandate of the Tahoe Conservancy, that would help to implement the EIP for the Lake Tahoe Basin.

Staff Counsel Ryan Davis presented the item. He stated that the Tahoe Fund is a California nonprofit corporation that will facilitate seeking new funds for Conservancy programs. The proposed grant would enable the Tahoe Fund to identify, coordinate, and secure EIP funds across jurisdictional lines. Mr. Davis reported that the lack of Tahoe-specific funding for EIP projects has prompted the Conservancy and its EIP partners to finance EIP projects using multiple funding sources. For example, Mr. Davis described the upcoming board item proposing the acceptance of U.S. Bureau of Reclamation (BOR) funds for the planning of the Upper Truckee Marsh restoration. He noted that the construction of the project will require funds from other sources such as the U.S. Army Corps of Engineers, the State Wildlife Conservation Board, and nonprofit organizations. He remarked that mixed-funding strategies can further leverage other funds and compete with other projects.

Mr. Davis stated that the proposed grant would assist with fundraising efforts by EIP project partners; improve awareness of public and private funding sources; and improve communication and outreach efforts. He reported that the funds for the proposed grant would come from a bequest received by the Conservancy from the Beverly Charter Trust during the past year. The Conservancy would be earmarking \$200,000 for this effort, with the grant is conditioned upon IRS approval of the Tahoe Fund's 501(c)(3) status. The intention is that the grant would bring in significant additional funding for Conservancy projects as well as for those of its EIP partners.

Mr. Davis mentioned that members of the Tahoe Fund were present in the audience, including Cindy Gustafson, General Manager of the Tahoe City Public Utility District and Chair of the Tahoe Fund.

Ms. Santiago asked Mr. Davis to describe the specific tasks necessitating the \$200,000 grant. Mr. Davis replied that the grant would allow analysis of the EIP to determine needs of the implementing agencies, recommendations to connect project needs to funding sources, and outreach to funding sources, including the development of project profiles and actual funding applications.

Ms. Santiago inquired about the process that the Tahoe Fund will use to prioritize EIP projects for funding purposes. She asked if the Tahoe Fund would seek guidance from TRPA. Mr. Davis clarified that the Tahoe Fund would not prioritize projects; rather, the Tahoe Fund's approach would be more opportunistic and serve to match projects with available funding. Mr. Wright added that the Tahoe Fund is exploring different ways to get local jurisdiction input about their high-priority projects, and that the idea is to cost-share these projects with the private sector.

Ms. Bryant asked what expertise the Tahoe Fund would provide to fulfill the tasks proposed under the grant, and also whether its activities included lobbying. Mr. Davis responded that the proposed grant is a Conservancy planning grant, and as such

requires the development of a detailed work plan that establishes the budget, schedule, and deliverables. He stated that there is a communication and outreach component to the grant, and he anticipates interaction between Tahoe Fund representatives and agency and legislative contacts and consultants in Sacramento. Mr. Gussman clarified that as a nonprofit organization which is expected to maintain Section 501(c)(3) status under the federal Internal Revenue Code, the Tahoe Fund would not be allowed to spend more than an insubstantial portion of its resources on lobbying activities; any lobbying would have to be kept to a strictly *de minimis* level.

Mr. Ferrara asked whether the bequest from the Charter Trust was subject to any conditions on how it could be spent. Mr. Davis stated that the donation came with no conditions on its expenditure. Working with the Department of Finance, the Conservancy has placed the funds received from the Charter Trust in a special deposit account, the use of which is insulated from the ordinary budget process.

Ms. Santiago asked when the Board could anticipate results from each of the tasks listed in the staff recommendation. Mr. Davis responded that the task of identifying EIP needs and developing and implementing funding strategies would move forward quickly, and that the Tahoe Fund is already working with Tahoe Resource Conservation District (TRCD) staff on EIP coordination. Updates of the project database, timelines, and project budgets are also in progress.

Mr. Davis explained that the task of outreach to EIP partners and supporters would follow the task of identifying needs and strategies. He stated that the task of preparing project profiles and grant applications involves synthesizing information about funding cycles, grant eligibility criteria, and other factors. He suggested that the same staff person would likely perform these tasks.

Ms. Santiago asked exactly how long the process would take, from analysis of the EIP to the submission of grant applications. She also asked whether the consultant proposed to assist with these activities would be a member of an EIP implanting agency. She added that the Conservancy needs to be transparent about the use of the grant funds, the grantor's expectations of the grantee, and the timing of results. Mr. Wright responded that a work plan will come first, but that the Tahoe Fund first needs the funding now requested of the Board to hire staff. He agreed that the activities supported by the proposed grant would require transparency, deadlines, commitments, and everything normally contained in a traditional work plan.

Ms. Gustafson, Chair of the Board of Directors of the Tahoe Fund, stated that the Board has nine voting directors, including environmentalists, public agency representatives, and private sector interests, and two non-voting members, Mr. Wright and Jim Lawrence of the Nevada Division of State Lands. She noted that the Board makeup includes expertise in the planning and delivery of EIP projects, and agreed with

Ms. Santiago that the Tahoe Fund must also provide expertise in fundraising. She stated that the Board will discuss the hiring of the consultant during its strategic planning workshop in October.

Ms. Gustafson acknowledged Senator Feinstein's ceremonial inauguration of the Tahoe Fund in August, and suggested that Tahoe enthusiasts would support environmental improvement efforts through donations to the Fund. She anticipated that the Tahoe Fund will be matching project funding and putting projects in the ground by next summer.

Elly Waller, a Tahoe Vista resident, asked whether the Tahoe Fund would hold public hearings on potential funding opportunities. She said she had attended a presentation by Dr. Geoff Schladow of the Tahoe Environmental Research Center about invasive lake species such as Asian clams, *Quagga* mussels, and milfoil, and wondered if the Tahoe Fund could provide a funding source for research or eradication activities. She also asked how the Tahoe Fund plans to conduct outreach to the local community, visitors, and opinion leaders, and whether any outreach meetings or presentations are currently planned. Ms. Waller requested information about how the Tahoe Fund contributes to private projects or non-EIP projects. Lastly, she asked for clarification about "projects on the ground" that the Tahoe Fund would support.

Ann Nichols of the North Tahoe Preservation Alliance stated that she is a 40-year resident of the Basin and supports the Conservancy's mission. She stated that the Tahoe Fund sounds great, but she is concerned that the secretary and vice-president of the Tahoe Fund are the developers of two Community Enhancement Projects (CEP), the largest projects in Tahoe in years. She asked whether CEP projects receive Tahoe Fund monies, since they may be connected with EIP projects. She commented that there are unanswered questions regarding the Fund's partnership with the private sector and was concerned that the Conservancy may be donating monies to an effort whose purposes are, in part, unclear.

Ms. Gustafson responded that the EIP project lists come from public agencies and non-profit organizations, and that the Tahoe Fund serves not as a project proponent, but as a funding mechanism to implement environmental improvement projects. She offered to meet with the public commenters after the meeting to discuss their concerns.

The Board adopted Resolution 10-09-02 for this item on a voice vote.

8b. Authorization to Enter into a Joint Powers Agreement with the Tahoe Resource Conservation District:

Consideration and possible authorization to enter into a Joint Powers Agreement with the Tahoe Resource Conservation District.

Staff Counsel Nira Feeley presented the item. She noted that, in July 2010, staff had initially briefed the Board on the concept of entering into a Joint Powers Agreement (JPA) with the TRCD. Since then, the Conservancy's executive and legal staffs have discussed potential terms and parameters with their TRCD counterparts. She informed the Board that TRCD's board approved the proposal at their September 14, 2010 meeting.

Ms. Feeley explained that JPAs are authorized under the Joint Exercise of Powers Act, which is codified in the California Government Code. She described JPAs as agreements between two or more public entities to combine powers toward common goals. Each entity can exercise powers common to both; for the Conservancy and TRCD, these powers include land management, restoration, and soil and water quality improvement activities. She noted that the Conservancy and TRCD already partner on contracts for seasonal crews, lot inspectors, and EIP and fundraising staff. She stated that a JPA would allow the agencies to further consolidate their efforts, streamlining the contract process and reducing administrative costs.

Ms. Feeley suggested that the greatest benefit of the formation of a JPA might be the increased capability to pursue grant funds, allowing the agencies to act as joint applicants for certain grants which one or the other entity would be unable to apply for separately. She cited several instances in which the Conservancy has been ineligible for certain grants due to its status as a State agency.

Ms. Feeley stated that upon Board authorization of the JPA, staff will finalize the detailed terms of the agreement.

Ms. Santiago noted that the staff recommendation states that existing staff of the Conservancy and TRCD will administer the JPA, and asked how this would be done. She stated that each of the three JPAs on which she serves involve a separate joint powers agency or authority, which is overseen by its own governing board. Ms. Feeley stated that although the Joint Exercise of Powers Act allows for the creation of a separate entity, managed by a governing board and with separate staff, staff did not consider this to be a necessary step at this time. She indicated that an agreement alone should be sufficient to meet the goals of the Conservancy and TRCD. She stated that the Conservancy and the TRCD have the ability to consider the creation of a separate entity at a later time.

Ms. Bryant, citing the many public entities already existing at Tahoe, and their complicated relationships, praised the choice of an agreement that uses existing staff over the creation of an entirely new entity, which she believes will make more efficient

use of agency resources. She urged the Conservancy and TRCD to make the JPA work in the form now being proposed, and to avoid the creation of another entity. She added that this JPA can serve as a model for other Basin partnerships.

Mr. Hooper asked whether the Conservancy Board would retain oversight authority. Ms. Feeley responded that any decisions related to Conservancy lands and policy would still come before the Board for consideration. She did not anticipate that the JPA would significantly change the relationship between the Conservancy and TRCD.

Dave Roberts, District Manager for TRCD, expressed his agency's enthusiasm for the proposal and commitment to the process. He stated that the JPA is a proactive measure to formalize the relationship between the Conservancy and TRCD to further the mutual goals of fundraising and land restoration. He said that the TRCD Board had voted unanimously to authorize the JPA. Mr. Roberts also congratulated the Conservancy on its 25th anniversary.

Mr. Gussman mentioned that the presentation was Ms. Feeley's last at the Conservancy, as she would shortly be starting work for the City of South Lake Tahoe as a Deputy City Attorney.

The Board adopted Resolution 10-09-03 for this item on a voice vote.

8c. Authorization of 2011-12 Fiscal Year Budget Requests:

Consideration and possible ratification of the California Tahoe Conservancy's budget proposals for the 2011-12 fiscal year.

David Gregorich of the staff presented the item. He noted that the State Legislature has not yet approved the Fiscal Year (FY) 2010-11 budget. In any case, he indicated that the Conservancy submitted two budget proposals to the Natural Resources Agency and Department of Finance. He described that the first proposal requested to maintain the existing baseline support budget of approximately \$6,700,000; the second proposal includes a capital budget of \$30,000,000 to implement the Conservancy's EIP responsibilities and \$10,000,000 in authority to accept federal grants, for a total of \$46,700,000. In addition, the Conservancy will request the extension of existing bond appropriations to allow the completion of projects delayed by the bond freeze.

Mr. Gregorich stated that the next budget cycle will be difficult. Over the last 10 years, bond funds provided up to 95 percent of the Conservancy's project funds and up to 25 percent of support funds. He reported that those revenue streams are tapped out, and the Conservancy needs to explore other sources.

Mr. Gregorich explained that the \$6,788,000 proposed for the support budget covers salaries, benefits, and operating expenses for 49.3 positions as well as land management activities. He stated that in the next fiscal year, \$704,000 of the existing budget originating from bond funds must be replaced by alternative sources to maintain agency operations. He explained that up to \$200,000 in payroll savings could be applied toward this amount pending the outcome of the Fiscal Year 2010-11 budget.

Mr. Gregorich stated that additional funds for the support budget could come from capital funds, since a portion is traditionally allocated to support program delivery. He indicated that new revenue sources may provide further support. The proposed State Parks measure, which would add a surcharge to vehicle license fees, if passed in November 2010, would allow 2 percent of the revenue from the measure, or \$10,000,000, to go to State conservancies with land management responsibilities. He reported that the next Water Bond, initially slated for the November 2010 ballot, had been postponed until 2012.

Regarding the EIP, Mr. Gregorich informed the Board that the Conservancy has been the State's main implementer of California EIP projects since 1998. He stated that the Conservancy has received more than \$239,000,000 to date, with another \$6,400,000 pending in the FY 2010-11 budget. The State's capital funding need for the second ten-year phase of EIP funding is \$415,000,000 through FY 2018-19; this amounts to more than \$40,000,000 annually.

For FY 2011-12, of the \$30,000,000 in State funds requested by the Conservancy, between \$6,000,000 and \$7,000,000 are covered by dedicated funding sources, including \$400,000 from the Mountain Lion Initiative; \$600,000 from the Tahoe license plate; \$3,000,000 from the Conservancy Land Bank Program; and \$1,800,000 in saved or reverted Proposition 12, 40, and 50 funds. Mr. Gregorich stated that the Conservancy still needs to come up with about \$23,000,000. In years past, Mr. Gregorich reported, the dedicated funds provided by the State were much more substantial.

To meet the target of \$23,000,000, Mr. Gregorich described a funding strategy that includes collaboration with the Tahoe Fund and others to pursue grant funds, inclusion in future bond measures, diversification of funding sources; and promotion of the Lake Tahoe license plate.

The Board adopted Resolution 10-09-04 for this item on a voice vote.

9. Erosion Control

Authorization for Soil Erosion Control Grants:

Consideration and possible authorization to award up to \$1,377,052 in grants to El Dorado County and Placer County for three erosion control projects.

Mark Sedlock and Scott Cecchi of the staff presented the item. Mr. Sedlock stated that the Christmas Valley 2 Erosion Control Project is located in El Dorado County, in the Christmas Valley area of Meyers. He reported that because of the site's eroding road shoulders, undersized culverts, and sediment accumulation, the EIP lists the project as a high priority. He stated that El Dorado County is requesting a grant augmentation of \$688,526 for site improvement activities. The Conservancy, TRPA, and LTBMU previously awarded \$3,505,687 toward this project.

Mr. Cecchi introduced the Lake Forest Erosion Control Project, located east of Tahoe City in Area B Highlands, north of Highway 28. He stated that restoration of the project's the stream environment zone (SEZ) portion is currently under construction. The erosion control component consists of the construction of water treatment infrastructure to pre-treat and direct runoff to the restored SEZ. For project construction, the Placer County is requesting a grant augmentation of \$498,526; the Board previously authorized \$10,000,000 previously for the planning and construction of this Project.

Mr. Cecchi then described the Kings Beach Watershed Improvement Project, located in Kings Beach. He reported that Phase 1 of the project is being constructed, and that future SEZ restoration phases require the acquisition of easements. He indicated that the grant augmentation of \$190,000 will likely increase the competitiveness of Placer County, the grantee, when it seeks future construction and SEZ restoration grant funding. The Conservancy has previously funded over \$7,000,000 toward this project.

Mr. Sevison commented that the Lake Forest Erosion Control Project site is worth visiting, and that it is much more extensive than may appear from the description.

The Board adopted Resolution 10-09-05 for this item on a voice vote.

10. Watersheds

Authorization of Continued Planning for the Upper Truckee Marsh Restoration Project:

Consideration and possible authorization to expend up to \$562,000 to complete the planning phase of the Upper Truckee Marsh Restoration Project; and authorization to enter into an agreement to accept up to \$1,162,000 from the U.S. Bureau of

Reclamation (BOR) to reimburse costs associated with the planning of the Upper Truckee Marsh Restoration Project.

Adam Lewandowski of the staff presented the item. He directed the Board to the Supplemental Information for this item to be considered under the authorization. He stated that written public comments on the project have also been provided. He informed the Board that staff is seeking \$562,000 to complete the planning and design phase of the Upper Truckee Marsh Restoration Project. He stated that staff further seeks authorization to enter into an agreement to accept up to \$1,162,000 in federal funding from BOR to reimburse previously-authorized expenditures, new expenditures, and staff time associated with the Project.

Mr. Lewandowski remarked that the Upper Truckee Marsh, located at the mouth of the Upper Truckee River, is the Basin's highest restoration priority. He noted that one-third of the fine sediment entering Lake Tahoe through its tributaries is transmitted by the Upper Truckee River; the final two miles of the River runs through an incised and partially straightened channel, decreasing the incidence of seasonal flooding and inhibiting the Marsh's ability to treat runoff. He stated that the Project presents unparalleled opportunities for water quality, wildlife, and fisheries improvements.

To date, Mr. Lewandowski reported, the Conservancy and consultants have identified four restoration alternatives and completed the draft Environmental Impact Report / Environmental Impact Statement to analyze the impacts of the four alternatives. The proposed grant would allow staff to complete the environmental review process, select a preferred alternative, and complete preliminary design and drawings for the preferred alternative. He stated that the Project would then be eligible to apply for implementation funds.

Mr. Lewandowski noted that as stated in the Supplemental Information, the BOR recently informed Conservancy staff that it is prepared to grant the Conservancy up to an additional \$124,436 to fund pre-project monitoring activities in the Upper Truckee River (UTR) watershed, and up to \$200,000 to fund planning for the Upper Truckee river Restoration at the former Tahoe Pines Campground location, including engineering design and environmental analysis. However, unlike BOR funds already earmarked for the Upper Truckee Marsh planning, the funding for these additional activities must be formally committed (encumbered by contract) by BOR no later than the end of the current federal fiscal year (September 30, 2010).

Mr. Lewandowski noted that if the Board were to approve the staff recommendation, and subject to any further guidance or objection from the Board, staff would secure the additional BOR funds for the monitoring and planning work using the authority provided under this agenda item; and staff would return to the Board at its next

meeting to request additional authorization to accept BOR funding and to enter into agreements, in excess of the recommended \$1,162,000. Mr. Lewandowski stated that should the Board not grant the supplemental authority at the next Board meeting, staff would terminate the agreements with BOR for the UTR monitoring and planning, as the agreements allow. In the meantime, staff would defer the agreement with BOR for the Upper Truckee Marsh Planning until after the January 2011 Conservancy Board meeting.

The Board adopted Resolution 10-09-06 for this item on a voice vote.

11. Public Access and Recreation

Authorization for the North Tahoe Bike Trail Planning Grant:

Consideration and possible authorization of a planning grant of up to \$435,000 to Placer County for the North Tahoe Bike Trail project in order to increase and enhance recreational and alternative transportation opportunities on Tahoe's north shore.

Lisa O'Daly of the staff presented the item. She remarked that since 1988, the Board has authorized two acquisition and planning grants with two augmentations to each of them for the North Tahoe Bike Trail Project. She stated that these grants to the North Tahoe Public Utility District (NTPUD) resulted in significant acquisitions and analyses of alternative alignments in an eight-mile study area between Dollar Hill and Tahoe Vista. Class 1 bicycle trails flank either end of the study area.

She explained that in June 2010, the NTPUD Board voted to return the project planning and \$587,892 in grant funds to the Conservancy. She stated that staff has already requested a re-appropriation of the funds through the State budget process, and NTPUD has expressed interest and support in developing and maintaining the project.

Ms. O'Daly informed the Board that staff is recommending a grant of up to \$435,000 to Placer County to revive planning efforts. With the planning grant, the County will analyze the existing data to evaluate and assess the feasibility of constructing a trail alignment and consult project stakeholders. She noted that because the preferred alignment determined by the planning activities may span the entire length of the study area or comprise some smaller linkage, the staff requests an initial grant of \$300,000 that staff will be able to augment to \$435,000 as necessary and notify the Board of this action.

Ms. Marceron asked if the alignment is still anticipated for the same location.

Ms. O'Daly responded the study area has not changed, but the alignment has yet to be determined.

Peter Kraatz of the Placer County Department of Public Works stated that the County looks forward to being the lead on the Project and working with the Conservancy. He recognized that a lot of work has already been done on the Project, and that he and his staff will develop a work plan, assess the existing data, and hire an environmental consultant to assist with environmental documents. Mr. Kraatz added that it has been an honor to work with the Conservancy on many projects, and the County expanded from one staff person in 2002 to a current staff of 12, in large part due to the support of the Conservancy.

Steve Wallis of Carnelian Bay and a resident of the Basin for 26 years stated that he lives at the end of Fulton Crescent, on the only road that extends into the forest. He has been aware of the Project since 1986, when NTPUD conducted an environmental study. He speculated that NTPUD pursued a bicycle trail project in order to get funds to acquire the former Firestone property. He noted that he would not oppose the Project if it used existing trails and roads. However, he understood that LTBMU would not favor one kind of user over another, and that a bicycle could not share a road with a motor vehicle, which would eliminate the existing 16-foot-wide road from consideration.

Mr. Wallis calculated that an 8-mile-long trail, 16 feet in width would amount to a 15.48-acre clear-cut; a 12-foot-wide paved road with 2-foot shoulders on either side would amount to 13.6 acres of coverage. He remarked that the site would lose its carbon sequestration potential if trees were cut for trail construction. He added that local employees are not working on local projects, and are therefore commuting, presumably by motor vehicle, to the job sites. He wondered how many gallons of fuel would be used to build and maintain this alternative transportation route. He observed that TCPUD closes their trails along the Truckee River in October or November and ceases to sweep them for the winter. He asked how users would be able to commute on the new trail, if it were not regularly maintained.

Mr. Wallis stated that most trail users are between River Ranch and Tahoe City. He has found that there is a huge concentration of users in the flat area about a mile on either side of Camp Richardson on the West Shore. The use diminishes greatly between the 64 acre tract and Granlibakken Road, and between Sunnyside and Granlibakken Road, as users are struggling to climb the hill. In Tahoma, the trail is flat. Unlike road bikers, thousands of mountain bikers are using the existing dirt trails. He hoped that the Conservancy and County will take these issues into consideration, because the general public will not be willing to make an elevation climb of 500 to 700 feet. He asserted that mountain bikers love it the way it is. He observed that LTBMU is doing a lot of trail work in the project area, rerouting trails down Watson Creek and Shivagiri Road, and improved or created a trail down to the Ridgewood area and possibly near the North Tahoe Regional Park. These trails can be accessed from existing roads. He stated that

he does not understand why anyone would construct a paved road for people who probably will not use it. He urged the Conservancy and County not to create new trails, but to use the existing system.

Ron Treabess, of the North Lake Tahoe Resort Authority (NLTRA,) stated that NLTRA had authorized \$200,000 to NTPUD for this project, but will transfer these funds to the Placer County. He noted that NLTRA works closely with Mr. Kraatz and the Tahoe group of the Public Works Department, and is encouraged with respect to the progress of the Project under their management. He suggested that Placer County to make use of the local bike trail consultants, who have experience with concerns such as those of Mr. Wallis. He stated that TCPUD, homeowner, and bike trail surveys show that the expansion of the bike trail system is still the number one request from residents and visitors. He remarked that when missing links are filled within the existing system, there is a significant rise in usability for commuting, recreation, and other purposes.

The Board adopted Resolution 10-09-07 for this item on a voice vote.

12. Public Comment

There was no public comment.

13. Board Member Comment

Mr. Hooper commented on Mr. Gussman's retirement. He recognized Mr. Gussman's longtime role in developing and shepherding the Tahoe-Baikal Institute (TBI) as one of his major contributions to Lake Tahoe. Mr. Severson commented that he had asked Mr. Gussman to continue his representation of the Conservancy on the TBI Board, and he had agreed.

Ms. Marceron noted that the Conservancy had supported a grant application for the Taylor Creek Visitor Center; she reported that the public comment on its environmental document had ended, and the input was generally supportive. She stated that she anticipates signing the final decision before October 8, meeting the CEQA requirements so that the project would be eligible to accept the grant if successful. She also reported that she continues to engage in dialogue with Senator Reid's office about the portion of the Lake Tahoe Restoration Act amendments relating to urban lot exchange/interchange in the Tahoe Basin. She and her staff believe that, in general, the existing provisions of the Santini-Burton Act provide sufficient authority and flexibility to carry out such an exchange or interchange. She stated that Jim Snow, an attorney at U.S. Forest Service headquarters in Washington D.C., had been providing advice, as well as language for inclusion in legislation, which was under consideration by Senator Reid's office.

Ms. Marceron stated that funding for Round 11 of the Southern Nevada Public Land Management Act is not yet approved. She estimated that if the funds are authorized before December 2010, they will not be available until April or June 2011. She noted that this may affect the coordination and timing of some Conservancy projects. She also stated that an audit was completed for the \$3,500,000 in American Recovery and Reinvestment Act (ARRA) funds that the LTBMU provided to the Conservancy for fuels work. She reported that the Conservancy and all the other Basin agencies did well in the audit, and that all of the funds will be spent by the time the funding round ends in January 2011.

She informed the Board that Randy Moore, the Regional Forester, will designate the new USFS representative on the Conservancy Board. Until then, the seat will be filled by the alternate, who is Marlene Finley, Director of Lands, Recreation, and Wilderness of the Regional Office.

Ms. Lovell thanked the Board and staff. She served on the Board for six years and enjoyed it thoroughly. She wished Mr. Gussman and Ms. Marceron good luck in their future pursuits.

Ms. Santiago stated that the El Dorado County Board of Supervisors had voted on a resolution to support Proposition 23, which suspends Assembly Bill 32 and Senate Bill 375 until the State's unemployment rate drops to 5.5 percent. She stated she was in opposition, and wanted the public to understand that the stimulation of economy relies on an ability to engage in environmental innovation projects. Ms. Santiago noted that a business in Rancho Cordova had received a \$30,000,000 grant for the manufacture of equipment to sequester carbon. She acknowledged that such developments will create many jobs and help the State meet its targets. She also cited the portion of the Lake Tahoe Basin Prosperity Plan that discusses economic prosperity through environmental redevelopment as a way to stimulate the economy. She urged that voters vote "no" on Proposition 23.

Ms. Suter stated that she will miss Ms. Lovell, Ms. Marceron, and Mr. Gussman, and congratulated and thanked them for their service.

Mr. Lacey informed the Board that the next meeting will be held on Thursday, January 20, 2011, at a location to be determined.

14. Anniversary Celebration

Mr. Sevison announced a recess from the meeting at 12:20 p.m. The meeting reconvened at 12:40 p.m. at Commons Beach in Tahoe City for the Conservancy's 25th Anniversary Celebration.

15. Adjournment

Mr. Sevison declared the meeting adjourned at 1:45 p.m.

California Tahoe Conservancy

Resolution

Adopted: January 20, 2011

APPROVAL OF MINUTES

I hereby certify that the foregoing is a true and correct copy of the minutes of the September 16, 2010 meeting of the California Tahoe Conservancy adopted on January 20, 2011.

IN WITNESS THEREOF, I have hereunto set my hand this 20th day of January, 2011.

Patrick Wright

Executive Director