

California Tahoe Conservancy
Agenda Item 5
January 20, 2011

EXECUTIVE DIRECTOR'S REPORT

A. Budget

2010-11 FY: In October 2010, the 2010 Budget Act was passed by the Legislature and signed by Governor Schwarzenegger. For the Conservancy, a total of \$6,475,000 is included for capital outlay and local assistance. This will allow continued funding of projects to meet resource and public access needs under the Environmental Improvement Program (EIP) for the Lake Tahoe Basin. Funding includes \$1,475,000 from various State sources dedicated to the Conservancy, along with \$5,000,000 in Federal grant authority. The support budget totals \$6,788,000 and 48.4 PY (personnel years). This amount will be adjusted to reflect cost savings in employee compensation under recently-approved bargaining agreements between the State and various employee unions. However, it will maintain ongoing support at current levels.

2011-12 FY: Earlier this month, Governor Brown introduced the proposed Governor's Budget for the 2011-12 fiscal year. For the Conservancy, a total of \$15,756,000 is included for capital outlay and local assistance. This would allow continued funding of projects to meet resource and public access needs under the EIP. Proposed funding includes \$5,756,000 from various State sources dedicated to the Conservancy, along with \$10,000,000 in Federal grant authority. The extension of several older appropriations affected by the bond freeze is also being requested. On the support side, a request for \$6,640,000 and 48.4 PY was submitted. Of note, this includes replacement of \$427,000 in expiring bond-funded program delivery allocations with \$409,000 in (one-time) funding from land bank proceeds to substantially maintain support baseline funding in the 2011-12 fiscal year. These proposals will now be considered by the Legislature for inclusion in the 2011 Budget Act.

1. Bond Fund Freeze

In December 2008, because of the State's inability to sell sufficient bonds to meet its cash flow needs, the Department of Finance (DOF) imposed a freeze on new encumbrances and expenditures of most bond appropriations. Since that time, the State Treasurer's Office has completed three sets of bond sales (in March and April of 2009, in October 2009, and in March 2010) that provide sufficient cash to cover: 1) existing bills as of December 2008; 2) cash needs under existing grants and contracts through the 2008-09, 2009-10, and much of the 2010-11 fiscal years; and 3) staff and support costs through the 2008-09, 2009-10, and much of the 2010-11 fiscal years. As part of the March 2010 sale, cash is now available to allow the authorization of new project activity. Proceeds from a fourth set of bond sales, completed in November 2010, have not yet been allocated, but are anticipated to cover cash flow needs through the remainder of the 2010-11 fiscal year.

The Conservancy received \$19,200,000 from the March and April 2009 sale. This was sufficient to complete the payment of unpaid bills for work done prior to the freeze and to allow a limited restart of previously-authorized bond-funded projects. An additional \$7,300,000 has since been allocated from the October 2009 sale, as well as another \$2,300,000 from the March 2010 sale. This level of cash availability is enough to cover anticipated costs of restarting existing projects through the 2009-10 fiscal year, as well as over 60% of the estimated need in the current 2010-11 fiscal year (it will also cover anticipated staff and related support costs at a similar level). Because this is less than the full amount of the Conservancy's contracted obligations, possibly not all projects can be restarted and some restarts will have limitations. Staff has worked with its grantees and contractors to identify a scenario that best allocates and utilizes these funds for the most beneficial mix of restarted projects. It should be noted that an additional \$1,600,000 is needed to fulfill the remaining estimated 2010-11 cash needs; it is anticipated that this funding can be provided through the recently completed fall 2010 bond sale.

The success of the March 2010 bond sale also allowed the allocation of bond cash for new project activities. The Conservancy is being allocated \$16,582,000 for new projects. This will allow the funding of three projects that the Board has conditionally approved for a total of

\$11,500,000 (Lakeview Commons at \$6,000,000, the Lakeside Trail at \$2,500,000, and Blackwood Creek at \$3,000,000), as well as additional projects.

These allocations for new projects still fall short of covering the available balances in the Conservancy's existing bond appropriations. Another \$10,300,000 in cash is needed to fully fund the remaining appropriation authority. It is anticipated that much of this cash will be allocated pursuant to the recently completed fall 2010 bond sales. In the future, pursuant to Budget Letter 10-9 issued on April 27, 2010, DOF expects to be able to meet the State's overall bond cash flow needs through twice annual bond sales, to be held in the spring and fall. The amount of the sales will be based on the cumulative total of up-front cash flow estimates for individual projects or program activities to be provided by each department. Conservancy staff will work with its grantees and contractors to ensure that its cash flow estimates are accurate and adequate and allow projects and grants to be approved in a timely manner, that project work can be confidently scheduled, and that costs and billings incurred can be fully covered and paid in a timely manner.

B. Major Conservancy Projects Recently Completed or in Progress, El Dorado County

1. Public Access and Recreation

Sawmill I Bike Trail: There have been no changes to this project since the September 2010 Board meeting. The Conservancy has awarded, since December 2000, a total of \$2,944,500 to El Dorado County for the Sawmill I Class 1 Bike Path. This bike path connects with the Pat Lowe Memorial Bike Trail in Meyers and extends to the intersection of Sawmill Road and U.S. Highway 50. Construction was completed during the summer of 2009. Post construction monitoring reports are currently being prepared for this project.

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

path and erosion control improvements. This bike path, adjacent to Sawmill Road and running from U.S. Highway 50 to Lake Tahoe Boulevard, is consistent with the Lake Tahoe Bicycle and Pedestrian Plan. The project is being designed and evaluated in collaboration with the Conservancy's and County's Erosion Control Programs and, in addition to the bike path, will address the erosion and stormwater management problems along the entire stretch of Sawmill Road and the Echo View Estates subdivision.

The County has procured the necessary funding for the first phase of bike trail construction, currently scheduled for summer 2011. The first phase will start at the intersection of Lake Tahoe Boulevard and Sawmill Road and extend eastward toward Echo View Drive. Ninety-percent-level design plans were submitted for Project Development Team review and comment in November 2010. The Conservancy granted an easement over a Conservancy owned parcel to El Dorado County in July 2010 to facilitate construction of this first phase. The project needs additional easement acquisition and capital funding to continue eastward to connect to the Bike Bridge over the Upper Truckee River.

South Tahoe Greenway Shared-Use Trail: The revised South Tahoe Greenway Shared-Use Trail project will provide the backbone of the bicycle network in the core of South Lake Tahoe. The 3.5 miles of proposed new trail will link Sierra Tract with Van Sickle Bi-State Park and will incorporate a section of existing bike path at the South Tahoe Ball fields. The original Greenway project plans incorporated a section of trail extending south from Sierra Tract to Meyers. Alternatives for this portion of the trail will now be considered in a future project pending funding availability. Planning for the revised Greenway project will move forward in order to both preserve public investment and allow the highest priority sections of the full connection to receive construction funding as quickly as possible. Staff expects to bring an Initial Study/Mitigated Negative Declaration evaluating the 3.5 miles of trail to the Board for consideration in early 2011. The Regional grant application submitted in August 2010 that included construction funds for the revised Greenway project for TIGER II funding was unsuccessful. Staff continues to refine estimates of construction costs and seek funding opportunities.

Lake Tahoe Boulevard Enhancement: There have been no changes to this project since the May 2010 Board meeting. The Conservancy recently extended the term of the grant agreement to June 2011. The Conservancy has awarded, since May 2005, a total of \$355,000 to El Dorado County for planning activities related to evaluating the potential for SEZ restoration, erosion control, and stormwater management improvements on Lake Tahoe Boulevard. The award includes \$122,000 from Public Access and Recreation, \$130,000 from Watershed and SEZ Restoration, and \$103,000 from Erosion Control. Planning activities also include evaluating the potential for providing a Class 1 bike path connecting to the existing Class 2 bike lanes at Boulder Mountain Drive to D Street and Viking Road (South Tahoe High School) in South Lake Tahoe.

2. Soil Erosion Control

The Conservancy has awarded El Dorado County \$21,025,938 in Conservancy grants for active erosion control projects. These projects address sediment sources and capture and treat stormwater from public rights-of-way, and result in improved water quality by reducing the amount of sediment and nutrients delivered to Lake Tahoe. The bond freeze in 2008 caused delays in project schedules, but most projects are progressing. The following is a list of projects that are in progress or recently completed:

Montgomery Estates Erosion Control Project:

There have been no changes to this project since the May 2010 Board meeting. The Board has authorized a total of \$369,000 in grant funds for this project. In May 2010, the Board authorized a long-term license agreement for erosion control improvements on Conservancy parcels for the Area 1 project implementation which will occur the summer of 2011 through 2012. Design for Area 1 continues with final plans expected in early spring 2011. Planning continues for Areas 2 and 3. The County has adopted and completed Area 1's CEQA environmental documentation.

Lake Tahoe Boulevard Enhancement Project:

There have been no changes to this project since the July 2010 Board meeting. The Board has authorized erosion control grant funds totaling \$103,000 for this project. The County has performed some preliminary survey work. The project is coordinated in conjunction with a bike trail and an SEZ restoration project in the same area. Project planning is expected to be completed by the end of summer 2011.

Sawmill II Erosion Control Project:

The Board has authorized erosion control grant funds totaling \$361,000 for this project. The project is coordinated in concert with a bike trail project along Sawmill Road. Currently, the County is proposing to implement the Sawmill portion of the project in two phases, beginning in the summer of 2011 with Phase A (Sawmill Rd. to Echo View Estates), followed by Phase B (Echo View Estates to HWY 50) in the summer of 2012. Implementation of the Echo View portion of the project is scheduled to begin during the summer of 2011. The County is close to completing all permit applications. Conservancy staff is presently reviewing 90% plans for Sawmill II Phase A.

Christmas Valley Erosion Control Project: The Board has authorized grant funds totaling \$2,685,626 for this project. In 2007, the County completed Phase 1 of this project along Grass Lake Road, in the Meyers area, in conjunction with an SEZ component of the project. The County completed construction of Phase 2A along Cornelian and Shakori Roads in fall 2009. Construction of Phase B was completed during the late summer/fall of 2010, and implementation of Phase C is scheduled for completion in the summer of 2011.

Apalachee Erosion Control Project (Completed): All phases of the project are complete including monitoring work, and the contract will be closed out after final invoicing. The Board has authorized a total of \$11,031,500 for this project. Runoff from this project area, a large neighborhood near Pioneer Trail, drains directly to the Upper Truckee River and to a Trout Creek tributary. The County completed Phase 3B of this multi-phased project in

October 2008. The County has completed post-construction monitoring for Phase 3A and Phase 3B. The County has completed Apalachee Erosion Control Project Phase 3B.1, addressing a short section of Pioneer Trail between Washoan Blvd and Susquehana Drive, as well as a portion of the end of Ibache Street.

Angora 3 Erosion Control Project (Completed): This project is nearing close-out as the County's only remaining task is to complete the project monitoring. The Board has authorized grant funds totaling \$4,836,312 for this project. The County constructed a portion of this project in 2007 in response to the Angora Fire, with the remaining portions constructed in the summer and fall of 2008. County and Conservancy staff continued monitoring and adaptive management efforts in 2010 to improve the project's performance and identify any additional needs. High groundwater in the area after the fire, due to a lack of vegetation, resulted in several challenges in the project area that the County has been addressing.

Angora Fire Emergency Rehabilitation Project (Completed): Conservancy staff has approved and sent the County a partial release of retention funds, as the County's only remaining task is to complete its monitoring of the project. The Board has authorized grant funds totaling \$600,000 to the County for improvements and monitoring associated with Angora Fire response. The County completed this project in early November 2007. Monitoring and maintenance of facilities continue, and additional revegetation work may occur.

Rubicon 5 Erosion Control Project (Completed): The Board has authorized grant funds totaling \$295,000 for this project. The project was constructed in the fall of 2010. The contract will be closed out this spring after final invoicing.

Pollutant Load Reduction Strategy: There have been no changes to this project since the September 2009 Board meeting. The Board has authorized \$187,500 in Conservancy grant funds to the County to identify outfalls, map contributing watersheds, and develop a prioritization list for future projects based on estimated pollutant loading at each outfall. The County delivered the final report to the Conservancy and the Lahontan Regional Water

Quality Control Board in May 2009. The County plans to further refine their results to assist in developing a County baseline load.

Comprehensive Facility Erosion Control Project: The Board has authorized \$450,000 to the South Tahoe Public Utility District (STPUD) to plan improvements and develop SEZ restoration components within El Dorado County. This project will help control sediment sources and treat stormwater runoff at 18 different STPUD facilities. The STPUD incorporated the BMP Toolbox, a collection of techniques and strategies to be used to restore and address runoff from multiple STPUD facility sites, into the Draft Alternatives Analysis for Technical Advisory Committee (TAC) review. Staff recently reviewed and commented on the 90% plans for the Cold Creek Filter Plant BMP and SEZ Restoration and the 30% plans for the Ralph Tank Removal SEZ Restoration. Final plans are expected early in the spring with implementation to begin in summer 2011.

3. Natural Resources

Upper Truckee River Sunset Stables Reach: The Administrative Draft of the environmental document has been released for review by responsible agencies. Both Conservancy and U.S. Forest Service, Lake Tahoe Basin Management Unit (LTBMU) staff are providing comments on this draft to the consultant. The public draft is scheduled for release in early 2011. A final draft of the document is scheduled to be completed in February 2011, and staff currently plans to bring the document to the Board for approval in March 2011.

The Conservancy is implementing this project in partnership with the LTBMU. The project is to be carried out on both state and federal land. 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.

In 1999, the project began with the acquisition of the 189-acre Sunset Stables property. To date, the Board has authorized \$2,479,728 for planning activities. The project will restore natural

river processes. The restored river will enhance SEZs, improve wildlife habitat and fisheries, and improve water quality in the 254 acre planning area.

The Conservancy and LTBMU jointly submitted a request for funding to the Southern Nevada Public Lands Management Act (SNPLMA) Round 10 funding cycle in December 2008 for \$4.5 million to fund construction of Reach 5. The entire \$4.5 million request was approved in September 2009. The LTBMU awarded a contract for Reach 5 final design in October 2009. The final designs for Reach 5 are scheduled for completion in January 2011 and construction is anticipated to begin with excavation of the new channel in August 2011.

An agreement with USACE was approved by the Board and provides up to \$5 million for final design and construction of Reach 6. Appropriation of the funding to fulfill the terms of this agreement is being sought by the USACE.

The Lahontan Regional Water Quality Control Board (Lahontan) approved a grant of up to \$400,000 in Tahoe Keys Mitigation funds for final design work on Reach 6. Lahontan staff has sent a letter to the Secretary of Natural Resources Agency requesting approval of the disbursement of the Tahoe Keys Mitigation funds. After receiving approval by Lahontan, as well as approval by the Board, staff will contact TRPA staff to arrange transfer of these funds to the Conservancy.

The Conservancy has received partial reimbursement in the amount of \$81,500 for project expenses from the LTBMU under the Wyden agreement approved by the Board in 2008. These funds are being held in a federal trust account for use in completing the final project designs for Reach 6. Requests for approximately \$30,000 in remaining reimbursements will be submitted to the LTBMU over the next six months. This will provide approximately \$111,500 in funds for final project design.

Upper Truckee Golf Course Reach: The draft environmental document was released to the public in October 2010. The deadline for comments on the public draft was November 8, 2010. The

release of the response to comments and hearing on the final document at the TRPA Board is scheduled for spring 2011.

The Board has authorized a total of \$377,750 to State Parks for planning activities. 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 State Park and Conservancy properties, and includes the Lake Valley State Recreation Area and a portion of Washoe Meadows State Park.

The project will restore natural river processes, resulting in enhanced SEZs, improved wildlife habitat and fisheries, and improved water quality. State Parks has completed a number of tasks, including vegetation mapping, land capability verification, spotted owl and raptor surveys, installation of groundwater elevation monitoring wells, vegetation monitoring transects, first year monitoring, and conceptual bridge type.

Angora Fisheries and SEZ Enhancement Project: The Board approved a planning grant to the County in May 2005 for \$268,500, and a site improvement grant in July 2007 for \$998,100. The project is located at the Lake Tahoe Boulevard crossing of Angora Creek between Meyers and South Lake Tahoe. The County replaced existing culverts, eliminating a barrier to fish passage so that now fish can access spawning habitat in the upper watershed. The project also restored the adjacent SEZ. In 2009, the TAC suggested changes in stream approach, channel design, placement of the existing sheet pile panels downstream, and removal of an earthen berm in the Angora SEZ area. The County used these suggestions to make adjustments to the proposed original design. The County completed construction of the project in October 2010.

Cold Creek Fisheries Enhancement Project: The Board approved a planning grant to the County in May 2005 for \$355,000. The project is located at the Pioneer Trail crossing of Cold Creek just south of the South Lake Tahoe city limits. The project will modify existing culverts that form a barrier to fish passage, providing access to habitat in the upper watershed. The County selected a preferred alternative in December 2008. The County has collected velocity and stage measurements in the culvert and

topographic information for design plans. The County will next complete the environmental documents, prepare final plans, and determine construction specifics. Construction is anticipated to be completed using the County's crews in the summer of 2011.

Erie Circle SEZ Project: This project encompasses a severe eroding slope within an SEZ on Conservancy owned properties. To date, the Conservancy has expended \$44,080 through a retainer contract for an existing conditions analysis and plan development. Conservancy staff finalized design with the consultant in summer 2010. Staff plans to complete environmental documents, with potential construction in 2011 or 2012 depending on the findings of the environmental documents and the availability of funding. Minor slope stabilization work occurred this fall using Conservancy crews and will continue in the summer 2011. The work will be monitored for effectiveness.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on preserving, enhancing and restoring forested habitats on Conservancy property. These projects are designed to improve habitat, reduce fire threat, and promote natural processes. Staff is currently working with the Lake Valley Fire Protection District, the Meeks Bay Fire Protection District, and the Fallen Leaf Lake Fire Protection District to plan and implement the Conservancy's forestry activities for the 2011 field season. Additional funding authority for forestry activities is proposed for authorization by the Board at this meeting.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and Cal Fire established a series of permanent forest inventory plots across Conservancy ownership. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue the effort over the next several summers. Monitoring of songbird populations within current and planned project areas was initiated in 2009, and a second round of surveys was conducted in June and July 2010. In 2009, the Conservancy established

permanent monitoring transects on 14 acres of quaking aspen stands in El Dorado County. The Conservancy will re-visit these transects periodically after the removal of encroaching conifers to measure the success of such treatments.

The Conservancy continues post-fire restoration work on 80 acres of Conservancy land within the Angora Fire area. 2010 activities included planting conifer seedlings, subsequent irrigation as needed, and maintenance of soil erosion BMPs installed after the fire. In addition, the Conservancy, in collaboration with the University of California Cooperative Extension, is monitoring vegetation recovery, soil erosion, soil compaction, and fuel loads to assess the effectiveness of the post-fire restoration. A report on the findings to date is in progress and can be expected later in 2011. The restoration and monitoring work is funded by a grant from the U.S. Army Corps of Engineers (USACE).

According to current estimates, a total of 90 acres of Conservancy land was treated for fuels reduction in El Dorado County during the 2010 field season. Projects were carried out by the Lake Valley Fire Protection District, as well as directly by the Conservancy. Cal Fire provided professional forester support to many of these projects.

Meeks Bay Fire Protection District Projects: Meeks Bay Urban Fuel reduction is currently being planned for 2011 and will consist of approximately 15 acres of urban lots utilizing hand crews, pile burning, and tract chipper. As of fall 2010, the Conservancy has completed 10 acres of pile burning within the Meeks Bay Fire Protection District.

Lake Valley Fire Protection District Projects: The Lake Valley Fire Protection District funded treatment on 42 acres of Conservancy land in the Meyers 5 Project area. The treatment was a combination of mechanical and hand thinning.

Conservancy Projects: In addition to the projects listed above, the Conservancy treated approximately 48 acres in the County through direct Conservancy funding. Treatments included hand thinning followed by either the creation of burn piles or chipping and broadcasting the thinned vegetation. Aspen/wildlife

enhancement project sites were also treated with both hand thinning and mechanical operations. The California Conservation Corps (CCC) and the Conservancy forestry crew implemented many of the treatments. The project areas included Southern Pines Aspen, Meyers 5, and North Upper Truckee management areas.

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

1. Public Access and Recreation

Homewood Bike Path: The Conservancy awarded funding to the Tahoe City Public Utility District (TCPUD) in May 2008 to finalize the design and procure the necessary permits for the bike path. TCPUD also received \$165,000 from the North Lake Tahoe Resort Association (NLTRA) to plan and permit the path. Since award of this grant, TCPUD reconsidered the originally proposed 'highway alignment.' The District had a special Board meeting on August 11, 2010 to affirm its intent to move forward with project planning and evaluation of the highway alignment. The previously completed CEQA documentation will need to be updated to reflect project proposal changes. This grant agreement will expire in June 2011 unless the term is extended.

Lakeside Bike Trail (Phases V through VII): At the March 2010 Conservancy Board meeting, the Board authorized \$2,500,000, 9,300 square feet of SEZ Restoration Credit, and 2,100 square feet of Class 5 coverage to TCPUD to complete Phases V through VII of the Lakeside Bike Trail through Tahoe City. Phases V, VI and VII have been designed and approved by TRPA. Construction of Phase VII began during the 2010 summer season and will be completed in early summer 2011. Construction of Phases V and VI may begin in 2011, depending upon available funding and private property easement acquisition.

Tahoe City Transit Center Bike Trail: Placer County began constructing the Tahoe City Transit Center in summer 2010. Facility operation is anticipated in 2011. The remaining bike trail elements will be some of the last project components constructed.

North Tahoe Bike Trail (NTBT): The 2010 planning grant authorization to Placer County has resulted in a signed Grant Agreement for \$435,000. A site walk conducted prior to snowfall kicked off the initial evaluation portion of the contract.

North Tahoe Beach Pavilion Rentals and Visitor Information Station: NLTRA continued operating the Visitor Information Station at North Tahoe Beach during the 2010 season. The North Tahoe Public Utility District (the District) managed the Pavilion rental under their maintenance contract for the site. Yet even with the lifting of the Saturday rental restriction, only two parties reserved and rented the facility during the 2010 season. Conservancy and District staffs are discussing options for the 2011 season.

2. Soil Erosion Control

The Board has authorized \$16,201,473 in grant funds to Placer County for currently active erosion control projects. These projects address sources of sediment, and capture and treat stormwater runoff from public rights-of-way. The projects improve water quality by reducing the amount of sediment and nutrients delivered to Lake Tahoe. The bond freeze caused delays in the schedules of some projects, but all projects progressed. The following is a list of projects currently in progress or recently completed:

Homewood Erosion Control Project: The Board has authorized \$580,000 to fund the planning effort. Planning activities for Phase 1 of this project resumed in the spring of 2010. A preferred alternative for Phase 1 was selected in July 2010, and the TAC met in December 2010 to review the associated 50% engineered design. The environmental document is scheduled to be reviewed in winter 2011. Construction of Phase 1 is scheduled for 2011.

Tahoe Pines Erosion Control Project: The Board has authorized \$1,825,000 for this project for Areas A, B, and C. The County has constructed project improvements in Areas B and

C. The County began implementation of Area A in October 2009 by constructing improvements at the Grand Avenue boat launch. Construction for other parts of Area A is scheduled to resume in the summer of 2011. The next phase of construction will restore and protect a stream environment zone that traverses the project area.

Brockway Erosion Control Project: The Board has authorized \$670,000 in planning and \$683,940 in acquisition funds for this project. Final design is complete, and the County anticipates beginning construction in the summer of 2011 if an additional \$358,200 in construction funding can be obtained. Stormwater from public lands in Nevada and from the Tahoe Biltmore Casino (now owned by Boulder Bay, LLC) commingles with California runoff, necessitating a joint treatment and cost-sharing agreement between Placer County, Boulder Bay, Washoe County, and the States of Nevada and California. The Conservancy is currently in discussions with the State Attorney General's Office to determine if this can be addressed through Boulder Bay's Community Enhancement Project permit pending with TRPA. Pending resolution of the comingled runoff agreements, staff may request Board authorization for site improvement funding to construct and monitor the project.

Kings Beach Commercial Core and Water Quality and SEZ Improvement Projects: The Board has authorized \$600,000 to plan the Commercial Core Project and \$933,000 to plan the Water Quality and SEZ Improvement Project. Additionally, a \$190,000 acquisition grant was awarded at the September 2010 Board meeting to purchase easements needed for construction. The County completed environmental documentation, and pre-acquisition activities are underway for the entire project area. Given current funding opportunities, the County split this project into numerous phases in order to construct portions of the project as funding becomes available. Design of some phases is progressing more rapidly than others as a result of this strategy. Construction of the first phase was completed in 2010 using funding from the America Recovery and Reinvestment Act (ARRA). The first phase included installation of the Fox Street

Clean Water Pipe and improvements to stormwater conveyances and treatment basins along Fox Street and intersecting streets.

Lake Forest Erosion Control Project: The Board has authorized \$4,216,976 for this project. The County constructed Area A improvements in the summer of 2008. The County completed the environmental documentation for Area B, and final design for the erosion control components is rapidly progressing. The 75% design plans were completed in the fall of 2010, and construction is scheduled to begin in 2011. The County completed construction of the SEZ and Wildlife portion of Area B in the fall of 2010, which will provide a polishing treatment for stormwater from the upper watershed. The County will resume planning for Area C when Area B nears completion.

Tahoe City Residential Erosion Control Project: The Board has authorized \$700,000 for this project. The County has selected a preferred alternative, completed the environmental documentation, and is nearing completion of the engineered design. The Conservancy and the County have coordinated with the TRCD on private property BMP outreach efforts so as to maximize project effectiveness. The County plans to construct this project using LTBMU funds in 2011.

Conservancy staff is planning a restoration project on a large Conservancy-owned parcel that contributes sediment to the project area. Conservancy staff initiated archeological investigations as required to prepare the environmental documentation, but the contract was terminated due to budget constraints. Conservancy staff plans to complete the restoration using Conservancy crews once the environmental documentation is complete.

Tahoe Estates Erosion Control Project (completed): There have been no changes to the project since the September 2009 Board meeting. The Board has authorized \$1,934,200 for this project. The County constructed the project in the summer of 2008, and post-construction qualitative monitoring was completed in the fall of 2010. Laurel Avenue, which is paved with pervious concrete, is a privately maintained road, and the snow removal contractor does

an excellent job of avoiding damage to this somewhat experimental road surfacing material.

West Sunnyside Erosion Control Project: 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 subsequent phases is underway and funding for construction will be sought as the design progresses.

Unpaved Access Roads and Trails Erosion Control Project: There have been no changes since the May 2010 Board meeting. In addition to the grants awarded to Placer County, the Board authorized \$150,000 to NTPUD to address water quality issues associated with unpaved roads and trails that access NTPUD facilities. NTPUD is focusing current efforts on completing cultural and biological resource assessments needed to complete environmental documentation. Once the environmental documentation is complete, NTPUD will finalize the engineered designs and construct the improvements. Construction will begin in 2011 or 2012, pending the availability of funding.

3. Natural Resources

Lower Blackwood Creek Restoration Project: This project is being implemented by the Conservancy on Conservancy owned lands. The project is located along Blackwood Creek and includes Eagle Rock on the west shore of Lake Tahoe, north ofTahoma. The project will enhance aquatic and riparian habitat conditions and provide water quality benefits by reducing sediment sources in the watershed that contribute more fine sediment per acre than any other watershed in the Basin.

In 2005, the Board authorized \$500,000 for preliminary planning. The Board authorized an additional \$500,000 to complete planning in 2007. With assistance of consultants hired through DGS, the Conservancy developed preliminary plans and a draft Mitigated Negative Declaration that was available for public review from January 11 to February 9, 2010. In March 2010, the Board adopted a Mitigated Negative Declaration for the project, and authorized \$3,250,000 for final design and implementation. In April 2010, the

State Public Works Board approved preliminary plans for the project, and the project is now in final design. Staff expects to have final plans and permits over the winter, and will bid construction of the project in early spring 2011.

The Conservancy signed an agreement with USACE to provide up to \$3,250,000 in federal funds to reimburse project related expenses. To date, USACE has provided \$2,100,000 to reimburse a portion of planning and implementation costs. USACE has tentatively committed an additional \$500,000 in fiscal year 2011 funds to cover implementation costs.

The Conservancy has also applied for Proposition 84 funded CCC crews to assist with portions of the project. If this application is successful, CCC crews will implement the trail relocation portions of the project, reducing the amount of Conservancy funds needed to implement the project.

Project construction is scheduled to occur between May and November 2011, with irrigation and plant establishment activities to continue through fall 2013.

Lake Forest SEZ and Wildlife Enhancement Phase of the Lake Forest Erosion Control Project Area B: The Lake Forest Stream Environment Zone and Wildlife Enhancement Phase (SEZ and Wildlife 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 property. The SEZ and Wildlife Phase will restore a stream that has been placed in a culvert. The project enhances adjacent meadow, riparian, and aquatic habitats. The Conservancy signed an agreement with USACE to provide \$2,075,000 in federal funds to reimburse implementation costs. This USACE funding was granted to the County at the May 2009 Board meeting. The County began construction in the fall of 2009 and completed the majority of the project this past fall. Next summer the new channel will be connected and the subsurface culvert abandoned.

Ward Creek Watershed Assessment and Restoration:

The Conservancy is implementing this project in coordination with LTBMU, the California Department of Parks and Recreation, Placer County, and Alpine Meadows Ski Resort (Alpine Meadows), among other entities. The project was initiated by the Conservancy in 2004, and the Board has authorized \$1,115,000 through four different annual Planning Authorizations for planning activities. The project area encompasses the entire 9.74 square mile watershed located on the west shore of Lake Tahoe, south of Tahoe City. The goal of the project is to assess the condition of the watershed and develop projects that will improve wildlife and fish habitat, SEZ health, and water quality within the watershed. Staff, with the assistance of consultants hired through DGS, completed the assessment and identified 24 potential sub-projects, in addition to the Ward Creek Dam Removal Project which was completed in 2006. The Board authorized \$18,000 in 2002 for an easement and \$375,000 in 2006 for construction of the Dam Removal Project, which has been completed.

In 2007, the Conservancy began implementing the sub-projects located at least partially on Conservancy owned lands. With encouragement from Conservancy staff, Alpine Meadows has made a significant effort to stop unauthorized off highway vehicle (OHV) use on unpaved ski resort roads located on Conservancy owned land. Additionally, Alpine Meadows will decommission unnecessary ski resort roads located on Conservancy owned land, stabilize necessary roads to reduce erosion, and restore SEZs impacted by OHVs.

In 2010, construction began on a collection of sub-projects located on Conservancy owned land in the area where Stanford Rock Road crosses Ward Creek. Significant progress was made in 2010, and improvements are anticipated in 2011. Monitoring and adaptive management will continue for at least three years following the completion of construction. Planning, construction, and monitoring are being performed by Conservancy staff and crews, with assistance from consultants through DGS as needed. The Stanford Rock Road project will restore proper hydrologic function to a wet meadow and wetland system that was significantly impacted by logging activities in the 1960s and 1970s.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on preserving, enhancing and restoring forested habitats on Conservancy property. These projects are designed to improve habitat, reduce fire threat, and promote natural processes. Staff is currently working with the North Tahoe Fire Protection District, private contractors and Cal Fire to plan the forestry activities for the 2011 field season. Additional funding authority for forestry activities is proposed for authorization by the Board at this meeting.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and Cal Fire established a series of permanent forest inventory plots across Conservancy ownership. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue this effort over the next several summers. Monitoring of songbird populations within current and planned project areas was initiated in 2009, and a second round of surveys was conducted in June and July 2010. In 2009, the Conservancy established permanent monitoring transects on 11 acres of quaking aspen stands in Placer County. The Conservancy will re-visit these transects periodically after the removal of encroaching conifers to measure the success of such treatments.

Approximately 220 acres of Conservancy land in Placer County were treated for fuels reduction during the 2010 field season. Projects were carried out by the North Tahoe Fire Protection District, as well as directly by the Conservancy. Cal Fire provided professional forester support to many of these projects.

North Tahoe Fire Protection District Projects: The North Tahoe Fire Protection District treated 220 acres of Conservancy land on the north and west shores. The treatment consisted of hand thinning; followed by burn piles and mechanical, cut-to-length treatment; followed by mastication of the remaining slash. The District will soon begin mastication of some brush fields in the Carnelian project area.

Conservancy Projects: In 2011, the Conservancy is planning to treat approximately 140 acres in the Blackwood, McKinney Creek, Tahoe Pines, and Regency Way project areas. Treatments may include mechanical, cut-to-length treatment, mastication, hand crews, and pile burn. One or more of these projects will be funded through a Southern Nevada Public Land Management Act (SNPLMA) Round 8 grant. Depending upon the outcome of a Federal Emergency Management Agency (FEMA) grant proposal, first year implementation of urban lot fuel treatment of approximately 100 acres may begin.

D. 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: The Conservancy has awarded, since July 2002, \$645,000 to the City for planning, construction, acquisition negotiations, and completion of the environmental review for the project. A Technical Advisory Committee (TAC) meeting to review and comment on the 90% construction plans and Administrative Draft CEQA document occurred in June 2010. The TAC is awaiting the revisions born from this review. Bike path easements, in addition to capital funds, are actively being pursued by both City and Conservancy staff. This grant will expire in June 2011 unless the term and associated funding is extended.

El Dorado Beach Lakefront Enhancement (Phase 2 of Lakeview Commons Project): The Conservancy awarded a \$6,000,000 Site Improvement grant in January 2010, subject to the availability of bond funds. The City held a groundbreaking ceremony on August 4, 2010. The construction contract for this project was found to be null and void by the El Dorado County Superior Court. The City is considering its options to recommence construction in the spring of 2011 and should be able to complete the project by the fall; however, a short second season of construction (2012) may be necessary.

Van Sickle State Park: Nevada Division of State Parks (NDSP) initiated construction activities in September 2009. Required easements were finalized with the Edgewood Water Company and Sierra Pacific Power Company consistent with the Board's March 2010 authorization.

NDSP's contractor completed most of the Phase I construction. A recommendation regarding a California day-use area and other improvements is included in this Board package.

2. Soil Erosion Control

The Board has authorized \$19,941,187 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. The bond freeze caused delays in project schedules, but all projects are now progressing. The following is a list of projects in progress, or projects which have recently been completed:

Sierra Tract Erosion Control Project: The Board authorized \$4,717,884 for this multi-phase project. The City constructed Phase 2 in 2005, and project close-out for this phase is complete. The City constructed Phase 1A in 2007 and completed construction of Phase 1B in November 2010, using ARRA funding.

Results of an analysis of the alternatives for Phases 3 and 4 using the recently developed Pollutant Load Reduction Model for the TMDL were presented to the technical advisory team (TAC) in fall 2010. At this time, the City plans to complete design and preparation of environmental documents and permits in 2011, with construction of a revised Phase 3 and Phase 4 anticipated in 2011 or 2012 depending on the availability of funding. Phase 5 will be pursued in the future as construction of improvements for Areas 3 and 4 progresses and as funding allows.

Rocky Point 3 and 4 Erosion Control Project (completed): There have been no major changes to this project since the January 2010 Board meeting. The Board authorized \$7,151,750 for this large multi-phased project. Phases 1 and 2 are complete. The

City is continuing with post-construction monitoring for Phases 3 and 4. The City created a TAC in October 2009 to investigate adaptive management measures to increase the effectiveness of Phases 3 and 4 of this project. The City received preliminary plans for these measures from their consultant, but due to City staffing constraints has delayed presenting them to the TAC.

Al Tahoe Erosion Control: Project 1 of this project is funded entirely through LTBMU and the American Recovery and Reinvestment Act of 2009 (ARRA) grant money. Conservancy parcels are being used in the support of construction activities. The City completed construction of Project 1 in 2010.

Final design for Project 2 is progressing. Environmental documentation is being prepared and as of December 23, 2010, has been available for review. Project 2 is scheduled for construction in 2011, and authorization for site improvement funding from the Conservancy is expected to be brought to the Board in spring 2011.

Bijou Erosion Control Project: The Board has authorized a total of \$1,600,000 for planning of the City's Bijou Erosion Control project. The proposed Phase 1 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 project team is currently working with these various public and private parties to develop and implement a shared funding strategy. The City has contracted for services with a financial planning firm to explore all options for potential agreements with private property owners who choose to "buy-in" to the treatment system. Property owners who choose to participate in the treatment system will receive a TRPA BMP compliance certificate in exchange for their involvement in this important shared water quality facility.

A detailed feasibility study has been prepared for Phase 1 of the project, and this initial phase will likely be constructed in the fall of 2012. The City has accepted \$4.7 million from Caltrans for Phase 1, and additional construction funds have been awarded to this project from the SNPLMA program. The City is currently working

with several property owners to secure the necessary easements. The City is also currently working on the environmental document and preliminary design plans for Phase 1. Due to the complexities of the project, Conservancy senior management and the City Council are informed of all developments as they occur.

In addition to continuing the planning for Phase 1 of the erosion control project, the City is also pursuing the Bijou Culvert Replacement Project. This additional project proposes to replace the old and undersized pipes currently under the Bijou commercial core with properly sized infrastructure to improve conveyance and stabilize the existing deteriorating pipe system. The Bijou Culvert Replacement Project has been prioritized for funding through the State Water Resources Control Board's State Revolving Fund (SRF) program, although construction funding has not yet been awarded to the City. The project team is actively working with various stakeholders to permit and construct this project in the fall of 2011, pending availability of SRF funding.

East Pioneer Erosion Control Project: There have been no major changes to this project since the May 2010 Board meeting. The Board has authorized \$1,020,977 authorized for this project. Water quality monitoring is complete in the Keller Canyon portion of the project. The monitoring report will be released by the City in early 2011, and development and evaluation of alternatives to address the findings of the pre-construction monitoring will follow.

Pollutant Load Reduction Strategy: There have been no changes to this project since the September 2009 Board meeting. The Board has authorized \$196,000 to the City to develop a pollutant load reduction strategy (PLR) by identifying outfalls and contributing watersheds. The Conservancy and the Lahontan Regional Water Quality Control Board received final deliverables in May 2009. The City plans to refine their results using a recently released TMDL tool called the Pollutant Load Reduction Model (PLRM). Existing planning grant funds will be used to fund this effort in active project areas. Remaining funding in the PLRS grant will be used to run PLRM in catchments that are outside of active project areas.

3. Natural Resources

Upper Truckee River Airport Reach: There have been no major changes to this project since the September 2010 Board meeting. The Board has authorized planning grants to the City for \$600,000 in September 2003 and \$799,500 in December 2004. The Board authorized a site improvement grant in the amount of \$4,500,000 to the City in May 2008. The City also received a grant of \$2,000,000 from BOR. The Conservancy has received funds from USACE to reimburse up to \$1,500,000 in planning, monitoring, and construction management costs.

The project is located on the Upper Truckee River on City property adjacent to the South Lake Tahoe Airport. The project restores natural river processes, resulting in enhanced SEZs, improved terrestrial and aquatic habitat, and improved water quality.

The project team has met and decided that vegetation needs another season to better establish. Accordingly, construction has been postponed until summer 2011, when the old channel will be filled and the new channel will be connected to the river. Irrigation and revegetation continued this year in order to allow construction to move forward next season.

Upper Truckee River, Middle Reaches 1 and 2, SEZ and Wildlife Enhancement Project: There have been no changes to this project since the September 2010 Board meeting. This project has been temporarily placed on hold due to the recent discussions with the owners to pursue full fee acquisition of this meadow SEZ property. Conservancy acquisition of the property would improve the restoration and public access opportunities onsite, and it 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 Airport, upstream of 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 and project construction may be implemented

through the acquisition of a river restoration easement if the full fee acquisition is not completed. The project aims to improve water quality by filling a highly erosive gully channel in the meadow that formed during the flood of 1997. The project also includes bank stabilization treatments and habitat improvements along the main channel of the river. Depending on the outcome of the acquisition discussions, additional restoration and public access features may be incorporated into the project design as appropriate.

Upper Truckee Marsh Restoration: To date, the Board has authorized \$6,500,000 for project planning and design, and \$10,500,000 for the implementation of the first phase of the project, the Lower West Side Project. This project is located at the mouth of the Upper Truckee Marsh on the south end of Lake Tahoe and is being implemented by the Conservancy on primarily Conservancy owned lands. The objectives of the project include enhancing sensitive wetland habitat, restoring natural hydrologic processes, improving water quality, and providing interpretive facilities. 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 improved clarity of Lake Tahoe.

The Conservancy, with assistance from consultants hired by DGS, has developed four alternatives and all are under environmental review. An administrative draft EIR/EIS has been completed and release of a public draft of the document is scheduled for early in 2011. In September 2010, the Board authorized the expenditure of an additional \$562,000 and the acceptance of up to \$1,162,000 in federal reimbursements from the U.S. Bureau of Reclamation to fund the completion of preliminary plans and environmental review.

4. Forest Habitat Enhancement

The Forest Habitat Enhancement Program focuses on restoring forested habitats on Conservancy property. Projects are designed to improve habitat, reduce fire threat, and promote natural processes. Staff is currently working with the South Lake Tahoe Fire Department

to plan and implement the forestry activities on 90 acres for the 2011 field season. At their October 20, 2009 and January 12, 2010 City Council meetings, the Council approved an implementation agreement and a Memorandum of Understanding (respectively) between the South Lake Tahoe Fire Department and the Conservancy. These agreements will allow the Department to conduct fuels treatments on Conservancy land within the City.

Additional funding authority for forestry activities is proposed for authorization by the Board at this meeting.

The Conservancy is engaged in various monitoring projects to determine the effectiveness of program activities. Between 2002 and 2006, the Conservancy and CalFire established a series of permanent forest inventory plots across Conservancy ownership, including Conservancy lands in the City. The Conservancy will use information derived from the inventory to aid in the development of management objectives and strategies. The Conservancy initiated a second round of data collection on these plots in 2009 and will continue the effort over the next several summers. Monitoring of songbird populations within current and planned project areas was initiated in 2009, and a second round of surveys was conducted in June and July 2010.

City of South Lake Tahoe Projects: The City of South Lake Tahoe funded treatment on 76 acres of Conservancy land in the Homestead and Springwood III Project areas. The treatment involved a combination of mechanical and hand thinning.

Conservancy Projects:

The Conservancy treated 27 acres for fuels reduction in the City of South Lake Tahoe during the 2010 field season, in the Keys/Tahoe Island Project area. Treatments consisted of hand thinning followed by chipping and broadcasting of the thinned vegetation. Work was carried out by the CCCs and the Conservancy Forestry crew. CalFire provided professional forester support to these projects.

E. Urban Land Management Program

1. Special Use Requests

Staff continues to respond to citizen reports, as well as plan projects for the 2011 field season.

F. Biomass Utilization Strategy

Fire protection agencies and land managers in the Basin have recognized the need to develop a strategy to utilize biomass resulting from forest health and hazardous fuels treatment activities. As a result, representatives from these organizations, as well as from regulatory agencies and other organizations with expertise in biomass utilization, formed a Biomass Working Group. The Conservancy and the Nevada Fire Safe Council (NVFSC) provided funding to hire consultants to convene meetings of the Biomass Working Group and to develop an initial draft of a Biomass Utilization Strategy (Strategy).

The Biomass Working Group met several times during the first half of 2010 with the consultants to provide data on past fuels and forest treatments, and to provide information on planned future fuels and forest treatments and their potential for generating recoverable biomass. The consultants, with support from NVFSC and Conservancy staff, prepared an initial draft of the Strategy. Conservancy and NVFSC staff, with limited support from the consultants, incorporated initial comments received from the Biomass Working Group into the draft Strategy. The Biomass working group conducted a second review of the draft Strategy in early Fall 2010. Conservancy staff incorporated additional comments received from the Biomass Working Group into a draft final Strategy. After review by Basin executives from agencies involved in fuel reduction projects, the Strategy will be finalized. Conservancy staff expects to finalize the Strategy in early 2011.

G. Website Update

As presented to the Board in September, staff is redesigning the website to improve its look, feel and functionality. Key features include project profiles, quick links to the Tahoe License Plate, and highlights of the Conservancy's signature projects. A "What's New" section will provide

the viewer with current information regarding events, public hearings, environmental documents, RFPs, etc. Since September, the website has been going through extensive testing. It is expected to go 'live' in January 2011.