

California Tahoe Conservancy  
Agenda Item 8a  
June 18, 2015

**FISCAL YEAR 2015/16 WORK PROGRAM AND BUDGET**

**Summary:** Overview and update of the 2015/16 fiscal year Tahoe Conservancy work program and budget.

**Fiscal Summary:** The proposed 2015/16 fiscal year budget includes:

- \$22,466,000 in new capital outlay and local assistance funding for the California Tahoe Conservancy's various programmatic priorities and support of the Environmental Improvement Program for the Lake Tahoe Basin. This would include:
  - \$13,950,000 in new bond (Prop 1) funds available to the Conservancy;
  - \$1,021,000 in special funds dedicated to the Conservancy;
  - \$3,695,000 in existing bond funds available to the Conservancy;
  - \$3,500,000 in reimbursement authority for the acceptance and use of grants; and
  - \$300,000 pursuant to Senate Bill 630.Along with \$4,255,000 in existing, "carryover" capital outlay funding, this budget includes a total of \$26,721,000 for new projects as of July 1, 2015.
  
- \$6,362,000 and 39.0 personnel years for ongoing support. This includes continuing "baseline" funding from various bonds, special funds and revenue sources dedicated to the Conservancy, such as the Environmental License Plate Fund, Propositions 1/12/40/50/84, Habitat Conservation Fund, Lake Tahoe license plate revenues, and other revenues and reimbursements to the Tahoe Conservancy Fund. It also includes authority to access up to \$771,000 in federal, capital outlay, and other reimbursements for staff activities directly related to the implementation of capital projects.

**Recommended Action:** Informational; no recommended action.

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## **Background**

Staff submitted a proposed 2015/16 fiscal year (FY2015/16) budget and related materials to both the California Natural Resources Agency (CNRA) and the Department of Finance (DOF) during the fall of 2014. These proposals were included in the January Governor's Budget, and are currently being reviewed by the Legislature. At this time, staff anticipates the Conservancy's budget will be approved substantially as submitted, and will become available in the new fiscal year, starting July 1, 2015.

## **Work Program and Strategic Plan Goals**

Conservancy expenditures in FY2015/16 will continue to be guided by state and regional priorities, the 2012 Strategic Plan, and the FY2015/16 Work Program, as described below.

Strategic Plan Goals:

*Strategy I – Lead California's Efforts on Sustainability, Climate Change, and other Basin-wide Initiatives*

FY2014/15 Accomplishments:

- Participated in the development of a comprehensive update to the *Lake Tahoe Basin Multi-Jurisdictional Fuel Reduction and Wildfire Prevention Strategy*.
- Submitted a \$913,000 North Shore Forest Health and Biomass Project Proposal to CalFire on behalf of several agencies to leverage \$10 million in funding.
- Secured dedicated long-term funding for Aquatic Invasive Species (AIS), near-shore, and public access projects through Senate Bill 630 (SB630).
- Through the first allocation of SB630 funding, in coordination with a stakeholder group, completed the development of a comprehensive AIS implementation plan.
- Completed large-scale exchange and property management agreement with State Parks.
- Contributed to the development of the updated Tahoe Sierra Integrated Regional Watershed Management Plan.

FY2015/16 Major Priorities

- Develop a comprehensive Stormwater Resource Plan, as required by Senate Bill 985 (SB985), in coordination with the Lahontan Water Board, the Tahoe RCD, and other partners.

- Develop tools and methodologies to support cap and trade proposals for high priority forestry, wetland, and sustainable communities projects and programs.
- Participate in interagency and stakeholder EIP committees.

Strategy II – Invest in High Priority Conservation and Recreation (EIP) Projects and Programs

The Conservancy will continue to work with its Federal, state, and local partners to invest in and help complete high priority EIP projects and programs.

FY2014/15 Major Accomplishments

- Acquired and began to restore several properties through the Tahoe Livable Communities (TLC) Strategy, including Alta Mira, Tahoe Valley Commercial Property, and South “Y” Lodge.
- Announced the recommended preferred design for the Upper Truckee River and Marsh Project.
- Launched public process to construct the Kings Beach Pier and awarded \$525,000 to State Parks for the environmental analysis and update to its General Plan for Kings Beach State Recreation Area.
- Submitted a \$1,928,000 Active Transportation Grant application for the Greenway Shared Use Trail, Phases 1b and 2 with Lake Tahoe Community College as a funding partner.
- Developed conceptual options to improve public access at the former Alta Mira site.
- Developed and finalized Prop 1 Grant Guidelines.
- Secured 319h grant funding for pre-project monitoring for the Upper Truckee River and Marsh project.
- Contracted with Sierra Business Council for Lake Tahoe Water Trail efforts.
- Completion of more than three projects by grantees involving Conservancy funding, including Bijou and Golden Bear Erosion Control Projects.

FY2015/16 Priorities

- Continue to invest in key acquisitions under the TLC Strategy to facilitate implementation of the Regional Plan and state priorities.
- Implement Prop 1 grant solicitation and funding process.
- Construct the Greenway Shared Use Trail Phase 1a.
- Approve Upper Truckee River/Marsh (UTR/Marsh) environmental documentation and preferred alternative.

- Enter into a cost-share agreement with the US Army Corps of Engineers for design and construction of the UTR/Marsh.
- Continue to expand UTR Strategy to include emerging knowledge on ecosystem services and carbon sequestration benefits.
- Complete additional stabilization activities at the former Alta Mira site.
- Obtain Public Works Board approval for Tahoe Pines Campground Restoration and Access project and complete final design, specifications and bid package.
- Develop comprehensive landscape-scale restoration proposal for Tahoe's west and north shores in coordination with the United States Forest Service (USFS), the National Forest Foundation, and other partners.

### Strategy III – Effectively Manage Land and Assets

The Conservancy owns over 6,000 acres of land, mostly comprised of smaller urban lots. The primary focus of on-going land management activities includes inspecting parcels, responding to citizen complaints, removing hazard trees, and other activities related to managing and restoring parcels for conservation and recreation purposes.

#### FY2014/15 Major Accomplishments

- Inspected more than 2,300 properties.
- Installed Conservancy signage on over 1,000 parcels.
- Completed 33 small-scale restoration projects and 65 maintenance projects, including Panorama SEZ restoration.
- Addressed 96 citizen reports, and removed 65 hazard trees.
- Developed a comprehensive Property Data Management System (PDMS), a database of all Conservancy land and property interests.
- Implemented forest health projects on 175 acres.
- Participated in two working groups implementing changes to Tahoe Regional Planning Agency (TRPA) development rights.
- Surveyed nine parcels to address encroachment and management issues.
- Conducted public outreach meeting with State Parks on the Rubicon and Dollar property transfers.

#### FY2015/16 Major Priorities

- Continue bi-annual parcel inspections, address citizen complaints, and remove hazard trees.
- Install 1,500 property signs.

- Maintain properties and implement restoration projects including restoring over 15,000 SF of SEZ at the Tahoe Valley Commercial Property.
- Implement forest health projects on 165 acres of Conservancy land.
- Partner with Tahoe RCD and El Dorado County on a stabilization project in the Montgomery Estates neighborhood.
- Expand the historical data in the PDMS.
- Complete the matrix phase of the Land Management Plan.
- Implement TRPA development right changes through conversion or sale of rights under new pilot programs.
- Complete transfer of Cascade parcel road right of way to Caltrans.
- Adopt environmental documentation for forest health partner projects on north and west shore.

#### Strategy IV – Strengthening Conservancy Operations

The work program and budget includes investments in personnel and technology to improve the performance and accountability of Conservancy operations.

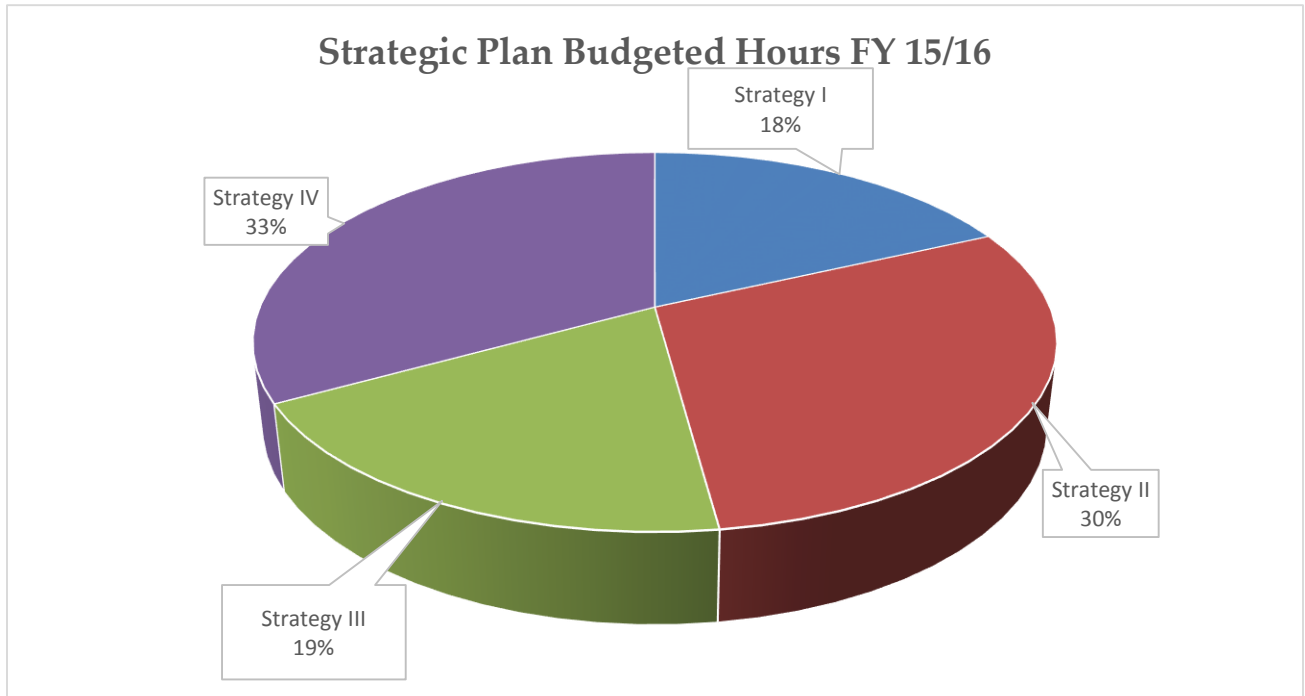
#### FY2014/15 Major Accomplishments

- Deployed Fi\$cal, an enterprise resource planning software platform for budgeting, accounting and business processes.
- Initiated development of a new time tracking system.
- Developed a shared resource agreement for State Parks Ranger patrol at the Upper Truckee Marsh.
- Replaced the Conservancy analog phone system with voice over internet.
- Decommissioned and migrated information system servers.
- Refined yearly budget and work program development with significant input from staff (bottom up approach).
- Received Cal HR delegated authority for hiring employees.
- Completed access to CalPERS, allowing for internal benefit and retirement administration.

#### FY2015/16 Major Priorities

- Work with CNRA and Dept. of Finance on FY2016/17 budget and longer term funding strategies.
- Continue rollout of Fi\$cal with wave 3 implementation features.
- Improve internal accounting functions and discontinue use of Contracted Fiscal Services.
- Integrate the timesheet system with State Controller's Office and Fi\$cal.
- Deploy project management software.

- Secure additional Federal or state grants.
- Develop an agency-wide training program.
- Implement the Governor’s budget directives on limited term appointments, employment classifications, and 6 month vacancies.



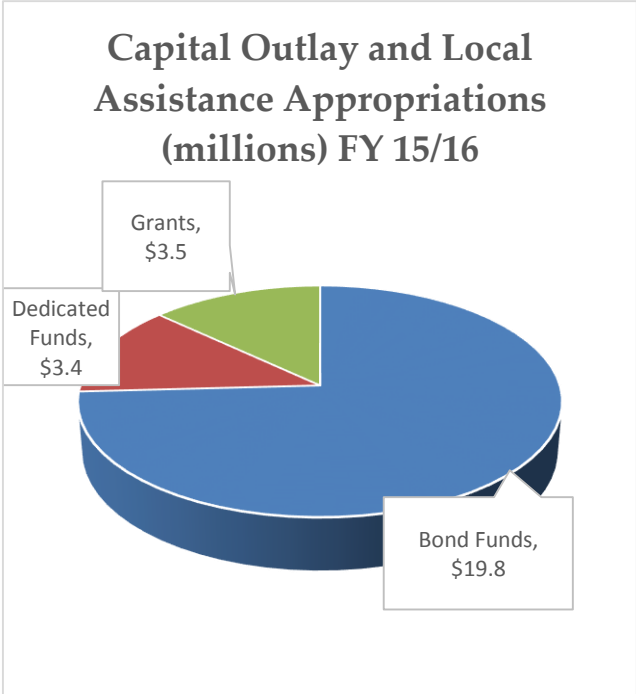
### **Capital Outlay and Local Assistance Budget**

The capital outlay and local assistance budget will provide funding for the Conservancy to meet the State of California’s commitment and responsibilities under the EIP and fulfill programmatic priorities as outlined in the Strategic Plan. As of July 1, 2015, the Conservancy will have a total available balance of \$26,721,000 in capital outlay and local assistance appropriations available for new projects. As shown in Table I, this includes \$22,466,000 in new funding authority in the 2015 Budget Act, as well as an estimated \$4,255,000 in “carryover” authority from existing appropriations. Additional detail on these authorities follows:

<b>Table I</b>			
<b>Capital Outlay and Local Assistance Funding</b>			
<b>Fiscal Year 2015-16</b>			
	<b>Appropriations</b>	<b>Carryover</b>	<b>Total</b>
<b>Conservancy Funds</b>			
Lake Tahoe Conservancy Fund	\$ 100,000	\$ 200,000	\$ 300,000
Tahoe Conservancy Fund	440,000	880,000	1,320,000
Habitat Conservation Fund	481,000	926,000	1,407,000
Lake Tahoe Science & Imprvmnt. (SB 630)	300,000	-	300,000
<b>Conservancy Bond Allocations</b>			
Prop.1	13,950,000		13,950,000
Prop. 12	814,000	269,000	1,083,000
Prop. 40	738,000	296,000	1,034,000
Prop. 50	119,000	575,000	694,000
Prop. 84	2,024,000	1,000,000	3,024,000
LTABA		109,000	109,000
<b>Other Funding Sources</b>			
Federal Trust Fund	3,500,000		3,500,000
<b>Total</b>	<b>\$ 22,466,000</b>	<b>\$ 4,255,000</b>	<b>\$26,721,000</b>

Proposition 1 Bond:

Proposition 1, approved in November 2014, provides \$15 million to the Conservancy to fund multi-benefit water quality, water supply, watershed protection and restoration projects. The entire \$13.95 million available for capital funding will be appropriated to the Conservancy in FY2015/16. This will fund competitive grants through the new Conservancy Grant Guidelines. (\$750,000 in “program delivery” funding will be appropriated to support over FY2015/16 through FY2019/20 and the remaining \$300,000 will be used to cover statewide bond carrying costs.)



Dedicated Conservancy Funds: These funding sources involve revenue streams that have been set up in separate special funds specifically for use by the Conservancy. New appropriations in the 2015 Budget Act will include:

- \$481,000 from the Habitat Conservation Fund (HCF)
- \$100,000 from the Lake Tahoe Conservancy Account (LTCA)
- \$440,000 from the Tahoe Conservancy Fund (TCF)
- \$300,000 from the Lake Tahoe Science and Lake Improvement Account (SB630)

Habitat Conservation Fund (HCF): Proposition 117 of 1990 established the HCF. The measure mandates annual appropriations totaling \$30 million statewide for wildlife and wildlife habitat projects through FY2019/20. The Conservancy's annual allocation is \$500,000 (\$481,000 for capital outlay, with the remaining \$19,000 proposed for the support budget). There will also be an estimated \$926,000 in carryover funding. Staff has worked with the DOF to have these funds provided to the Conservancy on a continuous basis rather than through an annual appropriation process. This will help to ensure the receipt of the regularly scheduled annual allocations. It will also simplify the process and expedite the timeline in which the Conservancy can reuse funds from the federal government as reimbursement for prior HCF-funded project activities.

Lake Tahoe Conservancy Account (LTCA): Senate Bill 648 was passed in 1993, establishing the Lake Tahoe license plate. Proceeds from the plates are deposited into the LTCA. Over the years the revenues have been used for preservation and restoration projects, and to construct trails and other forms of non-motorized public access at Lake Tahoe. In the FY2015/16 budget \$100,000 will be appropriated for capital outlay purposes (an additional \$1,086,000 is in the support budget for staff efforts for these purposes).

In addition, it should be noted that beginning in the FY2014/15 fiscal year, State Parks is receiving a direct appropriation of \$120,000 in LTCA monies to fund management activities on Conservancy-owned beaches on the north shore. This arrangement will continue in FY2015/16.

Tahoe Conservancy Fund (TCF): The Conservancy's enabling legislation establishes the TCF. Monies in the fund are available for the purposes of the enabling legislation when appropriated by the Legislature. Deposits into the fund include land bank proceeds, special use fees, lease and license revenues, asset land sales, and other miscellaneous revenues. In FY2015/16 \$440,000 will be appropriated for capital outlay purposes (an additional \$696,000 will be included in the support budget).



Lake Tahoe Science and Lake Improvement Account (SB630): In 2013, the Legislature and Governor approved Senate Bill 630 establishing the Lake Tahoe Science and Lake Improvement Account. The funds deposited into the account come from rental income collected by the State Lands Commission for surface uses on Lake Tahoe. These funds are to be expended for establishing a bi-state science-based advisory council, for near-shore aquatic invasive species projects or public access projects, and for near-shore water quality monitoring. Funding for near-shore monitoring must be matched by the Lahontan Regional Water Quality Control Board (or another public agency), and funding for near-shore projects must be matched by the Conservancy or another public entity. In the FY2015/16 budget \$300,000 will be appropriated to the Conservancy.

Other Funding Sources: The Conservancy will receive Federal reimbursement authority of up to \$3,500,000 in FY2015/16. This reimbursement authority will provide an accounting mechanism to apply and receive federal domestic assistance monies.

### **Support Budget**

The Conservancy's 2015-16 support budget includes a baseline budget of \$6,362,000 and 39.0 positions for the Conservancy's support function (i.e., staff services, office operations, and management of acquired lands). This involves \$5,591,000 from various state sources. In addition, the Budget Act provides authority to cover up to \$771,000 in staff and related support costs directly necessary for the implementation of capital outlay projects from federal, capital outlay, and other reimbursements.

	Positions		Expenditures	
	2014-15	2015-16	2014-15	2015-16
	Estimated	Proposed	Estimated	Proposed
Total Positions, Wages	39.0	39.0	\$3,809,000	\$3,812,000
Operating Expenses and Equipment			<u>2,710,000</u>	<u>2,550,000</u>
Totals, Positions and Expenditures, All Programs			6,519,000	6,362,000
Conservancy Funds				
Environmental License Plate Fund			3,532,000	3,582,000
Lake Tahoe Conservancy Account			1,072,000	1,086,000
Tahoe Conservancy Fund			705,000	696,000
Habitat Conservation Fund			26,000	19,000
Conservancy Bond Allocations				
Prop. 12			2,000	2,000
Prop. 50			6,000	6,000
Prop. 84			4,000	-
Prop. 1			-	200,000
Other Funding Sources				
Federal Trust Fund			230,000	229,000
Reimbursements			942,000	542,000
Totals, Expenditures, All Funds			<u>\$ 6,519,000</u>	<u>\$ 6,362,000</u>

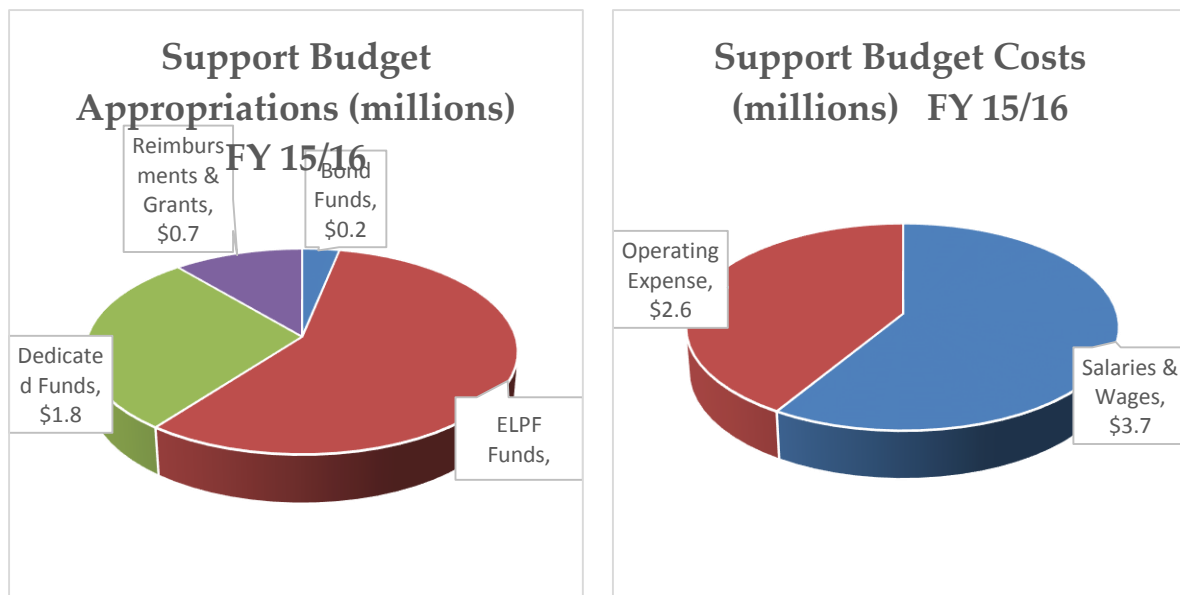
The reduction in overall funding from prior fiscal year is attributable to a \$400,000 reduction in reimbursement authority from capital outlay and a \$200,000 increase from Prop. 1 program delivery.

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

- \$3,582,000 from the Environmental License Plate Fund;
- \$1,086,000 from the Lake Tahoe Conservancy Account (Tahoe license plate proceeds);
- \$696,000 from the Tahoe Conservancy Fund (mainly lease revenues and land bank proceeds);
- \$19,000 from the Habitat Conservation Fund;
- \$208,000 in bond funds from Propositions 1, 12, and 50;
- \$229,000 in reimbursement authority from the Federal Trust Fund
- \$542,000 in capital outlay and other reimbursements; and
- \$104,000 in estimated carryover funding from the Beverly Charter Trust Fund

The proposed support budget reflects the Conservancy's continued efforts to realign support functions, as discussed in the 2012 Strategic Plan, and maintain an appropriate level of service to the public and other agencies. The current baseline support budget includes funding for 39.0 positions, which is unchanged from FY2014/15.

Statewide, revenues to the Environmental License Plate Fund (ELPF) are likely to fall short of budgeted projections by as much as \$3.0 million dollars in each of the 2014/15 and 2015/16 fiscal years. This shortfall requires adjustments in both fiscal years to assure ELPF funded programs do not outspend available cash. CNRA has assigned the Conservancy savings targets of \$200,000 in the FY2014/15 and potentially \$250,000 in FY2015/16.



Conservancy staff have launched several initiatives to broaden and diversify the Conservancy's support funding sources. For example:

- Conservancy staff proposed a shift of a \$250,000 portion of Tahoe Conservancy Fund capital outlay appropriation to state operations in FY2015/16. This would have helped to offset the anticipated shortfall in ELPF revenues in the FY2015/16, and ensure the Conservancy's support capabilities, especially with respect to its ability to provide an appropriate level of management for its inventory of acquired lands, and as it ramps up its project activities with the onset of Proposition 1 funding. This request was denied, but we hope to work with CNRA and Finance on alternative solutions.

- The support budget includes a provision allowing the Conservancy to fund support activities directly linked to the implementation of capital outlay projects from capital outlay funds. In FY2015/16 staff anticipates that it will be able to cover an estimated \$480,000 in support activities from funding provided by capital outlay. The level of support activities to be covered by capital funds in future years will, of course, be dependent on a replenishment of capital outlay funds over time.
- Staff is seeking federal and other grants to help fund project activities. A portion of these grant funds can be applied to related staff support. The current revenue forecast for FY2015/16 is \$229,000 in federal support reimbursements. Again, the level of support activities to be covered by grant funds in future years will be dependent on the level at which the Conservancy can successfully continue to win grant awards.
- Staff is also seeking avenues for the establishment or enhancement of other revenue streams. This includes marketing activities for the Lake Tahoe license plate, it also involves the deposit of increased lease revenues on Conservancy lands, or the proceeds of asset land sales, where appropriate, into the Tahoe Conservancy Fund (TCF).

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