

**ENVIRONMENTALLY SENSITIVE LAND ACQUISITION – MOTEL 6 AND KNOX
JOHNSON PARCELS**

Recommended Action: Adopt Resolution 21-11-06 (Attachment 1) authorizing up to \$10 million for the acquisition of El Dorado County Assessment Number (AN) 031-290-037 and AN 031-290-039 or portions thereof, the subsequent demolition of the existing structures, and site stabilization.

Executive Summary: The California Tahoe Conservancy (Conservancy) recommends the acquisition of two adjacent parcels comprising up to 31.2 acres of environmentally sensitive land next to the Upper Truckee River (UTR) and the Conservancy's Upper Truckee Marsh (UTM) property in the City of South Lake Tahoe (City). The parcels comprise one of the highest priority environmentally sensitive land acquisitions in the Tahoe Regional Planning Agency's (TRPA) Regional Plan.

The first parcel, AN 031-290-039, consists of four acres on a former floodplain (Motel 6 parcel). The Motel 6 parcel sits on eight feet of fill and has an existing motel, restaurant building, and parking area adjacent to the UTR. Under the recommended action, the Conservancy will remove existing structures, stabilize the site, and retire or transfer the development rights and coverage for future use on town center development. The second parcel, AN 031-290-037, consists of 27 acres and includes 23 acres of mountain meadow and wetlands adjacent to the UTM (Knox Johnson parcel). On the Knox Johnson parcel, the Conservancy will preserve the mountain meadow and wetlands.

The recommended action supports the Conservancy's Strategic Plan Goal 4, which includes advancing multiple-benefit water quality protections by acquiring and restoring aging developed properties on environmentally sensitive lands, and either retiring or transferring the associated development rights to town centers. Upon authorization, Conservancy staff will continue negotiations, perform the necessary due diligence activities to acquire the parcels, and demolish and stabilize the Motel 6 parcel.

Location: The Motel 6 parcel (AN 031-290-037) is located at 2375 Lake Tahoe Boulevard in the City. The Knox Johnson parcel (AN 031-290-037) is located at 940 Sunset Drive in the City. (Attachments 2 and 3).

Fiscal Summary: Staff seek up to \$10 million to acquire the Motel 6 and Knox Johnson parcels, or portions thereof, which includes administrative, due diligence, and closing costs. The \$10 million expenditure will also cover demolition of the existing structures and site stabilization work on the Motel 6 parcel. The purchase price of the parcels will not exceed fair market value as approved by the California Department of General Services (DGS). The acquisition and associated costs will be funded by Proposition 68, TRPA Excess Coverage Mitigation funds, General funds, and other potential matching grants.

Overview

History

The acquisition and removal of aging developed properties and subsequent restoration of the environmentally sensitive lands is a priority of the Conservancy's Tahoe Livable Communities Program. As part of this Program, the Conservancy has acquired and restored several environmentally sensitive properties in the City and banked the coverage and development rights for future transfer to town center projects.

For over 30 years, the Conservancy has sought to acquire this site. The Motel 6 and Knox Johnson parcels are adjacent to the UTR and UTM, the largest wetland and watershed in the Lake Tahoe Basin. These parcels are a priority for acquisition because of the significant degradation by development. The UTR and marshland have been constricted with significant fill that is impacting the functionality and water quality of the UTR and marshland. This acquisition will protect the UTR and UTM by preventing further degradation from development, and will secure the opportunity for future restoration efforts on the parcels. It also contributes to the Conservancy's ongoing efforts to restore the UTR watershed with multiple partners, and complements the Conservancy's Upper Truckee River and Marsh Restoration Project, to meet regional and statewide water quality, wildlife, and land conservation goals.

This acquisition requires two approvals from the California Public Works Board (PWB), in addition to Conservancy Board approval. The PWB, in concurrence with a recommendation from the California Department of Finance (DOF) and DGS, granted its first approval, site selection, in September 2021. The second PWB approval, for acquisition, will come after all the final purchase documents are prepared and an environmental site assessment is completed.

Detailed Description of Recommended Action

1. Major Elements and/or Steps of the Recommended Action

The recommended action will allow the Conservancy to acquire up to 31.2 acres of environmentally sensitive land adjacent to the UTR and UTM. Upon Board approval, Conservancy staff will continue to work with the landowners to finalize negotiations and complete the transaction, including completing environmental site assessments, property surveys, and title report reviews. If applicable, the seller must pay any encumbrances such as taxes, judgments, liens, or deeds of trust and resolve any other

title issues prior to escrow closure. The Conservancy pays for escrow fees, title insurance, and other related closing costs. Conservancy staff has obtained and reviewed a title report and will update the report prior to closure.

If the recommended action is approved, Conservancy staff will complete and submit TRPA land coverage and development right verifications for the acquisition. Conservancy staff will also continue to work with the landowners and PWB, DOF, and DGS to finalize negotiations and purchase documents, and receive final PWB acquisition approval to allow escrow to close next year. After escrow closes and TRPA verifies the final coverage amount, staff can retire or transfer the development rights and coverage rights to town centers. The Conservancy will then demolish the existing structures and stabilize the Motel 6 parcel. On the Knox Johnson parcel, Conservancy staff will maintain and preserve the mountain meadow and wetland.

2. Overall Context and Benefits

The recommended action supports the Conservancy's Strategic Plan Goal 4, which includes advancing multiple-benefit water quality protections by acquiring and removing aging developed properties, restoring the environmentally sensitive lands, and either retiring or transferring the associated development rights to town centers. The recommended action allows the Conservancy to remove aging structures on former floodplain and prevent further development of the flood plain. It also allows for preservation of mountain meadow and wetland land next to the UTR and UTM, an area of importance for its environmental qualities. The acquisition will also preserve the opportunity for future fill removal and restoration efforts. Additionally, the recommended action has the following benefits:

1. Supports the TRPA's goal under the Lake Tahoe Environmental Improvement Program (EIP) to acquire high priority environmentally sensitive land;
2. Advances the TRPA's Regional Plan and Sustainable Communities Strategy by removing aging development from sensitive land and retiring or transferring development rights for town center development;
3. Advances Executive Order N-82-20 by helping to meet the goal of conserving 30 percent of California's natural lands by 2030;
4. Protects unique habitats that serve as international flyways for migratory birds;
5. Meets various regional and statewide water quality, wildlife, and land conservation goals, including the TRPA Stream Environment Zone Threshold;
6. Provides the future opportunity to restore additional acres of the UTR and UTM, the largest wetland and watershed in the Basin; and
7. Ensures contiguous public ownership of the UTR watershed and allows for the Conservancy and the adjacent public landowner partners, such as the Tahoe Resource Conservation District and the USDA Forest Service, Lake Tahoe Basin Management Unit, to closely coordinate management efforts.

3. Schedule for the Recommended Action

Upon Board authorization, Conservancy staff will complete due diligence activities and negotiations and anticipates the close of escrow in fall 2022. Staff plans to proceed with demolition and site stabilization in summer 2023-2024, depending on weather and seasonal restrictions.

Financing

Staff seeks up to \$10 million for the acquisition of the two parcels, including administrative and closing costs; the subsequent demolition of existing structures; and site stabilization work. The purchase price of the parcels or portions acquired, will not exceed fair market value, as approved by DGS. The Conservancy will use Proposition 68, TRPA Excess Coverage Mitigation, General funds, and other potential matching grant funds for the expenditure.

Authority

Consistency with the Conservancy's Enabling Legislation

This acquisition is consistent with the Conservancy's enabling legislation. Specifically, Government Code section 66907 authorizes the Conservancy to select and acquire real property for the purposes of protecting the natural environment, providing public access or public recreational facilities, preserving wildlife habitat areas, or providing access to or management of acquired lands. Additionally, Government Code section 66907.10 authorizes the Conservancy to improve and develop acquired lands for a variety of purposes, including protection of the natural environment. Under Government Code section 66907.9, the Conservancy is authorized to initiate, negotiate, and participate in agreements for the management of land under its ownership and control with local public agencies, state agencies, federal agencies, nonprofit organizations, individuals, corporate entities, or partnerships.

Consistency with the Conservancy's Strategic Plan

This acquisition is consistent with the Conservancy's Strategic Plan Goal 4 (Foster Basinwide Climate Change Adaptation and Sustainable Communities).

Consistency with the Conservancy's Program Guidelines

The recommended action is consistent with the Conservancy's Land Acquisition Program Guidelines. The Motel 6 parcel is located in the City and currently has aging structures. Acquisition would allow the Conservancy to demolish the existing structures and retire or bank the associated coverage and development rights for use in town centers.

Consistency with External Authorities

The recommended action is consistent with the EIP because it helps implement EIP project #01.02.04.0001 – Acquiring Environmentally Sensitive Land.

Compliance with the California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), certain classes of activities are statutorily exempt from CEQA or are exempt because they have been determined by the Secretary of the California Natural Resources Agency to have no significant effect on the environment. Pursuant to Public Resources Code sections 21001(f) and 21082, the Conservancy has also adopted regulations to implement, interpret, and make specific the provisions of CEQA. (Cal. Code Regs., tit. 14, § 12100 et seq.) Staff has evaluated this action and has found it to be categorically exempt under CEQA Guidelines sections 15301 (Existing Facilities) and 15325 (Transfers of Ownership in Land to Preserve Existing Natural Conditions and Historical Resources). The action is exempt under CEQA Guidelines section 15301 because it involves demolishing an existing structure, which involves no expansion of use. The action is exempt under CEQA Guidelines section 15325 because it involves the acquisition of land to allow for restoration of natural conditions and prevent encroachment of development into flood plains. Staff prepared a notice of exemption (NOE) for this acquisition (Attachment 4). If the Board approves the acquisition, staff will file the NOE with the State Clearinghouse pursuant to CEQA Guidelines, section 15062.

List of Attachments

- Attachment 1 – Resolution 21-11-06
- Attachment 2 – Acquisition Location Map
- Attachment 3 – Acquisition Project Map
- Attachment 4 – NOE
 - Exhibit A – NOE Map

Conservancy Staff Contact

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