

**EXCHANGE AND TRANSFER OF CONSERVANCY LANDS WITH
TAHOE CITY PUBLIC UTILITY DISTRICT**

Recommended Action: Adopt Resolution 22-06-04 (Attachment 1) authorizing: 1) execution of a land exchange (Exchange) and transfer of approximately 18 acres of California Tahoe Conservancy (Conservancy) land near the Tahoe Cedars neighborhood in Tahoma and in the Highlands neighborhood east of Tahoe City, in return for approximately 107 acres of land owned by the Tahoe City Public Utility District (TCPUD), located in the Homewood Quail Lake area (Attachment 2), and 2) all other necessary steps to execute the Exchange. Resolution 22-06-04 also provides the appropriate California Environmental Quality Act (CEQA) determination for the Exchange, which includes adopting CEQA findings and a Mitigation Monitoring and Reporting Program (MMRP).

Executive Summary: The Conservancy and TCPUD are pursuing the Exchange to consolidate property ownership, improve land management efficiencies, and allow for development of a new cross-country ski lodge. The Exchange results in the TCPUD acquiring approximately 18 acres of mostly non-environmentally sensitive lands, near the Tahoe Cedars and Highlands neighborhoods (Attachments 3 and 4). The Exchange also results in the Conservancy acquiring approximately 107 acres of environmentally sensitive land adjacent to other Conservancy property near Quail Lake in Homewood (Attachment 5).

This acquisition aligns with Conservancy management purposes that prioritize resource protection and passive recreation use. The acquisition also supports California's biodiversity, land conservation, and public access goals. The Exchange supports the TCPUD's objectives to manage water infrastructure and to facilitate relocation of the Tahoe Cross-Country Ski Area Lodge as evaluated under the Tahoe Cross-Country Lodge Replacement and Expansion Project (Lodge Project) Environmental Impact Report (EIR). The EIR analyzes the Exchange as a component of the Lodge Project. The Lodge Project improves recreational operations and access to public lands in all seasons.

The Exchange is consistent with Goals 1 and 3 of the Conservancy's Strategic Plan. These goals aim to increase the Conservancy's and partners' abilities and capacities to manage lands and recreational facilities, and to provide opportunities for all people to experience and enjoy Lake Tahoe's rivers, wildlife, and mountains. Upon Board authorization, Conservancy staff will work with the TCPUD to execute the Exchange.

Location: The parcels proposed for the Exchange are located in both El Dorado and Placer counties.

- El Dorado County:
 - Conservancy-owned Assessment Number (AN) 014-304-061 and a portion of Conservancy-owned AN 014-021-071 totaling approximately 3 acres near Tahoma (Tahoe Cedars Properties).
- Placer County:
 - Conservancy-owned ANs 093-160-028, 58, 64 totaling approximately 15 acres near Tahoe City (Highlands Properties); and
 - TCPUD-owned ANs 097-050-025, 26, 28, 29, 30, 93, 95 totaling approximately 107 acres in Homewood (Quail Properties).

Fiscal Summary: The Conservancy will incur incidental staff and management costs. The TCPUD will pay for all filing fees and closing costs. To date, the TCPUD has paid for all surveys, appraisals, mapping, and environmental documentation necessary to support the Exchange.

Overview

History

The Conservancy and TCPUD have a long history of working together to enhance recreation, protect sensitive land, consolidate land ownership, and enhance water quality and supply. Previously, the two agencies have completed acquisitions, projects, land use agreements, and a land exchange for similar purposes in the vicinity of where the Exchange will occur.

Tahoe Cedars Properties

The Conservancy acquired the Tahoe Cedars Properties in 1986 and 1988 using Lake Tahoe Acquisition Bond Act funds. The TCPUD has a license agreement with the Conservancy to maintain an existing water tank and a water main located on land spanning portions of the properties.

Highlands Properties

The Conservancy acquired the Highlands Properties in 1988 and 1989 using Lake Tahoe Acquisition Bond Act funds. The Highlands Properties border 45 acres of undeveloped recreational open-space land owned by the TCPUD, called Highlands Park, which includes popular cross-country skiing, hiking, and biking trails. Several of these trails also cross the Highlands Properties.

The Conservancy has supported recreational activities near the Highlands neighborhood for several decades. In 1989, the Board authorized a \$500,000 grant to the TCPUD to acquire nine undeveloped parcels in the Highlands neighborhood. These acquisitions expanded the cross-country skiing and hiking trail network and included several parcels near and adjacent to the Highlands Properties. Also in 1989, the Conservancy acquired the 940-acre “Dollar Property,” north of the Highlands Properties. This large acquisition had several purposes including expanding active and passive recreation in this area. Starting in 1990, the Conservancy has granted annual license agreements to the TCPUD for wintertime cross-country trail grooming on the Dollar Property and Highlands Properties.

Quail Properties

The TCPUD owns and manages the Quail Properties for open space, passive recreation, and water supply purposes. In 2015, the Conservancy and the TCPUD completed a separate land exchange, which resulted in the Conservancy taking ownership of a 7-acre environmentally sensitive open-space parcel (AN 097-050-097) adjacent to the Quail Properties. The 2015 exchange resulted in the TCPUD acquiring a high-capability parcel for a new water treatment plant near Chambers Landing.

In 2017, the TCPUD approached the Conservancy and proposed the Exchange to consolidate lands, align these lands with management expertise, improve TCPUD access for water tank management and maintenance, and support the Lodge Project. The Exchange is a necessary component of the Lodge Project, and as such, the TCPUD prepared the EIR for the Lodge Project to comply with CEQA. The EIR analyzes the potential environmental impacts of the Lodge Project and includes analysis of the Exchange. As a responsible agency for the Lodge Project EIR, Conservancy staff reviewed and provided input to the TCPUD on the Draft EIR. The TCPUD’s Board of Directors certified the Final EIR on February 25, 2021.

Detailed Description of Recommended Action

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

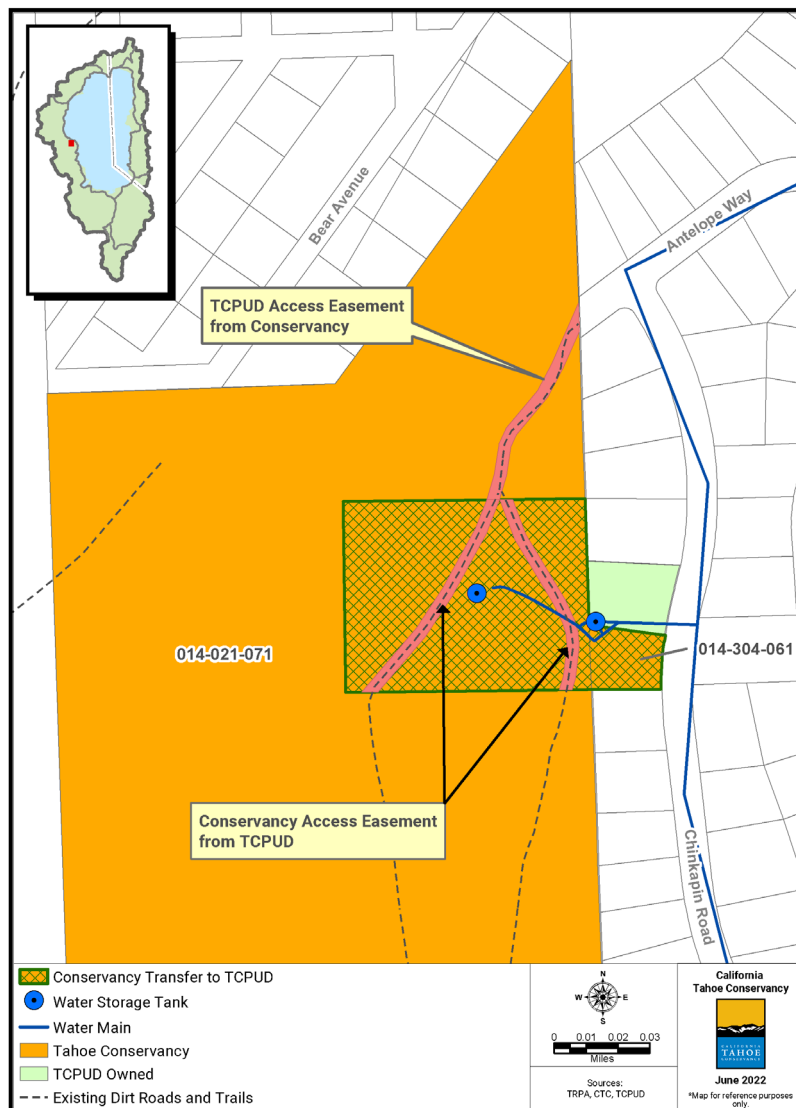
Conservancy staff will work with the TCPUD to execute the Exchange, which includes completing agreements and easements resolving public access issues on one of the properties, and the recording of documents to finalize the transfer of the properties. The two parties will work together to submit the required documents to the Tahoe Regional Planning Agency and record the necessary documents with Placer and El Dorado counties.

The Conservancy and TCPUD will grant each other the necessary easements on the three Exchange areas to maintain each agency’s ability to access adjacent properties and existing infrastructure. Attachments 3, 4, and 5 identify the approximate location of each easement.

Tahoe Cedars Properties

Through the Exchange, the Conservancy will transfer to the TCPUD approximately 3 acres near Tahoma, where a TCPUD water tank and water main are currently located on Conservancy lands. The Exchange therefore provides the TCPUD permanent rights for these facilities, as the TCPUD currently operates these facilities under a temporary license agreement with the Conservancy. The Conservancy will transfer properties where water infrastructure currently exists, resulting in the Conservancy transferring AN 014-304-061 and a new approximately 2.9-acre parcel carved from AN 014-021-071 to the TCPUD. The Conservancy will retain the fee interest in the remainder of AN 014-021-071.

Tahoe Cedars Properties (Attachment 3)

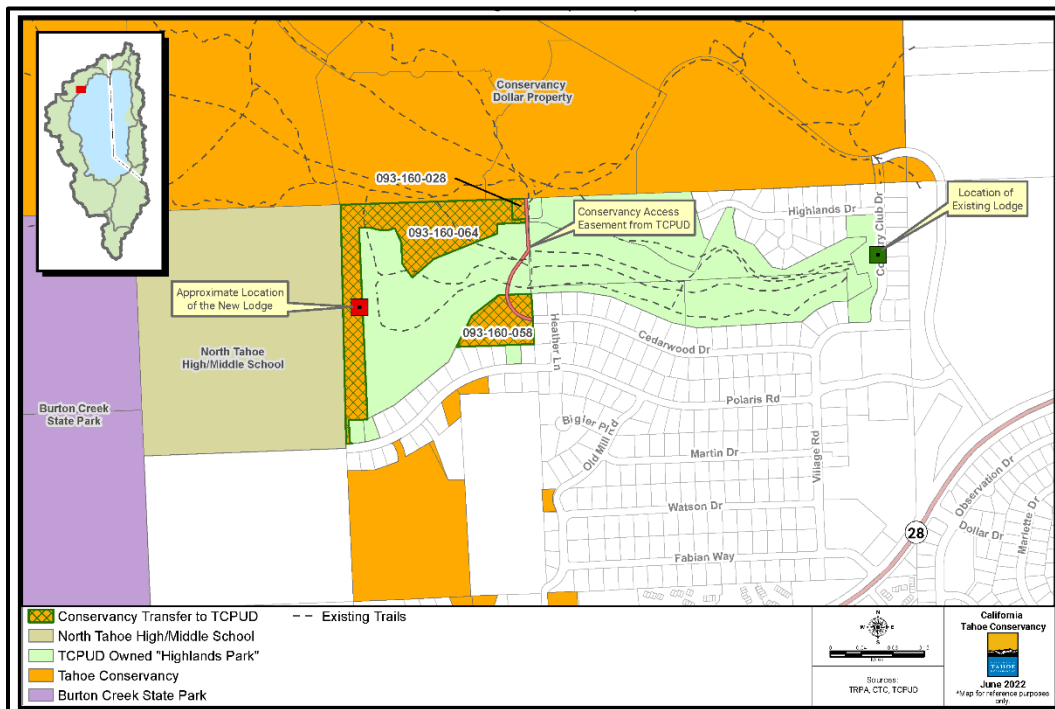


Highlands Properties

Through the Exchange, the Conservancy will transfer to the TCPUD approximately 15 acres of undeveloped, non-environmentally sensitive land in the Highlands subdivision near North Lake Tahoe High School. Transferring the Highlands Properties to the TCPUD enables the TCPUD to own and manage over 60 acres of contiguous property in this area as part of its Highlands Park.

On one of the Highlands Properties (AN 093-160-064), the TCPUD will allow the Tahoe Cross-Country Ski Education Association (TCCSEA) to design, permit, and construct the Lodge Project. The Lodge Project improves operational efficiencies, enhances public trail access and connectivity, increases parking capacity to reduce neighborhood impacts, and maximizes base elevation to facilitate a more reliable snowpack. The TCPUD will continue managing the other two Highlands Properties for open space and passive recreation, consistent with existing uses.

Highlands Properties (Attachment 4)



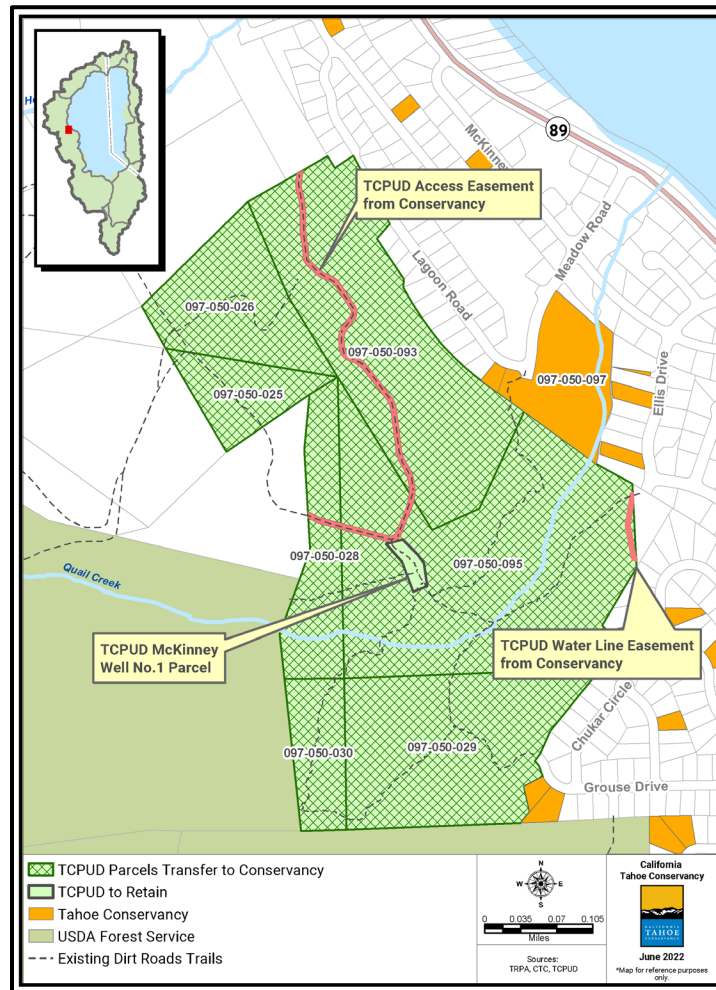
Quail Properties

Through the Exchange, the TCPUD will transfer to the Conservancy approximately 107 acres of environmentally sensitive, open space land near Quail Lake. The Quail Properties include Quail Creek, which runs from Quail Lake to Lake Tahoe, hiking trails, and more than 34 acres of verified Class 1a (steep slopes) and 1b (stream environment zone) sensitive land. The Conservancy will manage the Quail Properties for wildlife habitat, passive recreation, and open space purposes consistent with existing uses.

The TCPUD will retain fee title ownership of a 0.3-acre parcel containing the existing McKinney Well No. 1 located in the middle of AN 097-050-095.

A public access issue exists on one of the Quail Properties (AN 097-050-095), as a user-created trail currently crosses private property. The Conservancy and TCPUD are working together to resolve the issue prior to completing the Exchange.

Quail Properties (Attachment 5)



2. Overall Context and Benefits

The Exchange of the Quail Properties to the Conservancy provides multiple benefits to both the Conservancy and the public. The Conservancy will acquire approximately 107 acres of environmentally sensitive lands, which support a variety of state priorities and Conservancy management objectives. The Conservancy will manage this land for the primary purposes of protecting wildlife habitat, improving water quality, and preserving open space and public access. The Exchange is consistent with California’s Pathways to 30x30 strategy because it results in a net increase of state-owned land that the Conservancy will manage primarily to protect wildlife habitat, biodiversity, open space,

and public access. In addition, this land is adjacent to USDA Forest Service land, connecting public user trails, wildlife corridors, and stream environment zones.

Upon completion of the Exchange, the Quail Properties will connect to an environmentally sensitive 7-acre, Conservancy-owned parcel just northeast of the Quail Properties, resulting in land management efficiencies for the Conservancy. Ownership of this property will allow the Conservancy to consider future restoration and passive recreation opportunities.

Conservancy ownership and management of the Quail Properties is consistent with California's Pathways to 30x30 and the Natural and Working Lands Climate Smart Strategy, which seek to maximize carbon sequestration, provide public access, and enhance biodiversity.

Transferring the Highlands Properties to the TCPUD consolidates the TCPUD's ownership to form more than 60 acres of contiguous property for recreational purposes in the Highlands neighborhood.

The Exchange also supports the TCPUD in authorizing TCCSEA to plan and construct the Lodge Project on AN 093-160-064. TCCSEA will implement the Lodge Project to enhance summer and winter recreation on public lands by shortening the distance and steepness between the new lodge and existing trail network (as compared to the location of the existing lodge), improving snowpack reliability by siting the new lodge at a higher elevation than the existing lodge, and reducing neighborhood parking impacts by increasing the number of parking spaces available. The new lodge will be large enough to host community events and public meetings. Similar to the existing lodge, the new lodge will serve as a major trailhead for cross-country skiers, snowshoers, hikers, and mountain bikers who travel from the lodge to trails located on the TCPUD's Highlands Park, the Conservancy's Dollar Property, Burton Creek State Park, and USDA Forest Service lands.

Transferring the Tahoe Cedars Properties to the TCPUD enables the TCPUD to better operate and maintain existing water supply infrastructure. The TCPUD's ownership of the underlying land alleviates the administrative burden of seeking and processing a special-use permit from the Conservancy for managing and operating the TCPUD's infrastructure. In addition, the TCPUD's ownership also helps it to manage the infrastructure more efficiently during emergencies, such as wildfire, and more quickly respond to urgent repairs, such as from wind damage.

3. Schedule for the Recommended Action

The TCPUD and Conservancy expect to complete the Exchange by the first half of 2023. The TCCSEA is hoping to begin construction of the Lodge Project in 2023 and finish the project in 2025.

Authority

Consistency with the Conservancy's Enabling Legislation

The Exchange is consistent with the Conservancy's enabling legislation. Specifically, Government Code section 66907 authorizes the Conservancy to select and acquire real property or interests therein in the name of and on behalf of the State, 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, pursuant to Government Code section 66907.1, the Conservancy may acquire interests in land by means of land exchanges. Finally, pursuant to Government Code Section 66907.8, the Conservancy may exchange, or otherwise transfer any real property or interest therein, to local public agencies, state agencies, federal agencies, nonprofit organizations, individuals, corporate entities or partnerships for management purposes pursuant to terms and conditions approved by the Conservancy.

Consistency with the Conservancy's Strategic Plan

The Exchange helps achieve the Conservancy's Strategic Plan Goals 1 and 3. Goal 1 tasks the Conservancy with implementing and developing innovative interagency agreements that increase the Conservancy's and partners' ability and capacity to manage lands and maintain recreational facilities. Goal 3 tasks the Conservancy with providing opportunities for all people to experience and enjoy Lake Tahoe's rivers, wildlife, and mountains.

Consistency with the Conservancy's Program Guidelines

The Exchange is consistent with the Conservancy's Land Transfer Guidelines for government-to-government transfers because:

- The Exchange enhances land management efficiencies for both the Conservancy and TCPUD by consolidating land ownership adjacent to existing Conservancy lands (Quail Properties) and adjacent to existing TCPUD lands (Highlands Properties).
- The Exchange also supports the delivery of public services, including but not limited to recreational use, public access, and water supply, by enabling both the Conservancy and TCPUD to own and manage lands that are respectively aligned with each agency's mission and management purposes. Specifically, the Conservancy will own the Quail Properties and manage them for wildlife habitat, open space, and passive recreation; and the TCPUD will own lands for water supply, water reliability, and recreational purposes.

Consistency with External Authorities

The Exchange is consistent with California's Pathways to 30x30 strategy because it results in a net increase of state-owned land that the Conservancy will manage primarily to protect wildlife habitat, biodiversity, open space, and public access. The Exchange also supports California's Natural and Working Lands Climate Smart Strategy because

the Exchange allows the Conservancy to manage the Quail Properties for multiple benefits including wildfire protection, carbon storage, habitat connectivity, and recreational access.

Compliance with the California Environmental Quality Act

The TCPUD, acting as the lead agency, prepared an EIR for the Lodge Project to comply with CEQA. The EIR analyzes the Exchange as a component of the Lodge Project. The TCPUD's Board of Directors certified the EIR and adopted CEQA Findings of Fact and an MMRP on February 25, 2021. The TCPUD filed a notice of determination (NOD) on February 25, 2021 with the Placer County Clerk and the State Clearinghouse. A copy of the EIR is available for public review on the [TCPUD's website](https://www.tcpud.org/capital-improvement-projects/tahoe-cross-country-lodge-replacement-and-expansion) at: <https://www.tcpud.org/capital-improvement-projects/tahoe-cross-country-lodge-replacement-and-expansion> (Attachment 6).

As a responsible agency, the Conservancy must review and consider the EIR prepared by the TCPUD and reach its own conclusions on whether and how to approve the Exchange. Staff has reviewed the EIR and believes that the Exchange is adequately analyzed in the EIR. Staff has determined that, based on substantial evidence, the Exchange and Lodge Project, as mitigated, would not cause a significant effect on the environment. The mitigation measures for the Lodge Project are identified in the MMRP (Attachment 1, Exhibit B).

The Conservancy must also make specific findings for each potentially significant effect of the project, pursuant to CEQA Guidelines, section 15091. Staff has reviewed the Findings of Fact adopted by the TCPUD and conducted its own independent analysis. As described in the Conservancy CEQA Findings (Attachment 1, Exhibit A), changes or alterations have been required in, or incorporated into, the Lodge Project that avoid or substantially lessen each potentially significant environmental effect. Further, such changes or alterations are within the responsibility and jurisdiction of another public agency and not the Conservancy, and such changes have been adopted by the other public agency. Staff recommends the Board approve and adopt the Conservancy CEQA Findings.

Finally, the Conservancy must adopt an MMRP to ensure that the mitigation measures in the EIR are fully enforceable. Staff has reviewed the MMRP adopted by the TCPUD, which includes each of the mitigation measures in the EIR, as well as the entities responsible for implementing and enforcing each mitigation measure. Implementation and enforcement of the mitigation measures are within the jurisdiction of the TCPUD and other agencies. As the Conservancy is not proposing any additional mitigation measures, staff recommends that the Board adopt the TCPUD MMRP as its own.

Staff recommends the Board review and consider the EIR; make the appropriate CEQA Findings pursuant to CEQA Guidelines, section 15091 (Attachment 1, Exhibit A); adopt an MMRP pursuant to CEQA Guidelines, section 15097 (Attachment 1, Exhibit B); and

authorize the Exchange with the TCPUD. If the Board authorizes the Exchange, staff will file an NOD with the State Clearinghouse pursuant to CEQA Guidelines, section 15096 (Attachment 7).

List of Attachments

Attachment 1 – Resolution 22-06-04

- Exhibit A – Conservancy CEQA Findings
- Exhibit B – Mitigation Monitoring and Reporting Program

Attachment 2 – Land Exchange Location Map

Attachment 3 – Tahoe Cedars Properties Map

Attachment 4 – Highlands Properties Map

Attachment 5 – Quail Properties Map

Attachment 6 – TCPUD CEQA Documents

- Final Tahoe Cross-Country Lodge Replacement and Expansion Project EIR
- TCPUD’s Notice of Determination
- TCPUD’s Mitigation Monitoring and Reporting Program
- TCPUD’s Findings of Fact

Attachment 7 – Notice of Determination

- Exhibit A – Land Exchange Location Map
- Exhibit B – California Department of Fish and Wildlife Filing Fee Receipt

Conservancy Staff Contact

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