

California Tahoe Conservancy
Agenda Item 6
September 15, 2022

EXCHANGE AND TRANSFER OF CONSERVANCY LANDS WITH CITY OF SOUTH LAKE TAHOE

Recommended Action: Adopt resolution 22-09-03 (Attachment 1) authorizing execution of a land exchange (Exchange) to transfer approximately 7.3 acres of California Tahoe Conservancy (Conservancy) land to the City of South Lake Tahoe (City) and receive approximately 180 acres of City-owned land, and conduct all other necessary steps to execute the Exchange.

Executive Summary: The Conservancy and the City are pursuing the Exchange to consolidate property ownership, improve land management efficiencies, and provide public benefits. The Exchange results in the City acquiring approximately 7.3 acres, consisting of public lakefront recreation land next to the City's El Dorado Beach, various parcels with existing City stormwater facilities, and parcels next to City lands. The Exchange also results in the Conservancy acquiring approximately 180 acres of environmentally sensitive land along Trout and Cold Creeks and next to other Conservancy lands.

The Exchange aligns with Conservancy land management purposes that prioritize resource protection and recreation use, provides future planning opportunities for watershed restoration complementing the Upper Truckee River Marsh project, and is consistent with the Conservancy's Land Transfer Guidelines. The Exchange supports Goals 1 and 3 of the Conservancy's Strategic Plan. 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 to provide opportunities for all people to experience and enjoy Lake Tahoe's rivers, wildlife, and mountains. Finally, the Exchange results in a net increase of state-owned land and supports 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.

Upon Board authorization, Conservancy staff will work with City staff to execute the Exchange.

Location: The parcels proposed for the Exchange are all located within the City of South Lake Tahoe and in unincorporated El Dorado County. The parcels are listed below and shown in Attachment 2. One or more parcels, or portions thereof, could be omitted from the final Exchange.

- Trout and Cold Creek Parcels: Approximately 177 acres of City-owned Trout and Cold Creek parcels located at Assessment Numbers (AN) 025-061-037, 025-081-013, 025-091-012, 080-010-013, and 080-020-008;
- Link Road Parcels: Approximately 3.5 acres of City-owned parcels near Link Road located at ANs 031-030-020 and 39;
- Lakefront Parcels: Approximately 1.4 acres of Conservancy-owned parcels near El Dorado Beach located at ANs 027-010-016, 24, and 29;
- Water Quality Parcels: Approximately 1.4 acres of Conservancy-owned parcels near Herbert Avenue, Osgood Avenue, and O'Malley Drive located at ANs 027-073-005, 027-074-006, 027-112-013, 14, 15, 16, 17, 24, 027-134-022, 027-053-014, and 031-173-002 and 4; and
- Management Efficiency Parcels: Approximately 4.6 acres of Conservancy-owned parcels near Lake Tahoe Airport on Melba Drive, Tallac Avenue, and Tahoe Island Drive located at ANs 026-065-016, 032-090-013, and 023-686-016.

Fiscal Summary: Conservancy staff will process the transfers as part of its regular workload. Existing planning budget authorizations cover the Conservancy portion of due diligence costs, including appraisals, land surveys, phase 1 environmental reports, escrow, and title insurance fees. Costs associated with the Conservancy's maintenance and management responsibilities will shift from the parcels the Conservancy intends to transfer, which require storm water infrastructure and recreation facility maintenance, to the newly acquired parcels, which will require vegetation and habitat management maintenance.

Overview

History

Throughout its history, the Conservancy has transferred property or interests in property, primarily to other government agencies, to achieve public benefits. Past transfers include more than twenty transfers to the California Department of Parks and Recreation, the City, public utilities, or other local governments to consolidate property ownership, improve land management efficiencies, and facilitate public access, water quality, or other Lake Tahoe Environmental Improvement Program (EIP) purposes. The Conservancy Board approved these transactions pursuant to the Conservancy's enabling legislation, mission, program guidelines, and funding requirements. Some recent City land exchanges include:

- A land exchange with the City in 2012, in which the Conservancy exchanged two non-sensitive urban parcels for three highly sensitive stream environment zone (SEZ) parcels along the Upper Truckee River and Trout Creek; and

- A three-party land exchange with the City and Lake Tahoe Community College in 2016 to facilitate the Dennis T. Machida Memorial Greenway in South Lake Tahoe.

The Conservancy's Land Transfer Guidelines support transfers that will shift management responsibility to the most suitable public land manager, facilitate delivery of public services, and enhance administrative capabilities or overall management efficiencies. In 2021, City and Conservancy staff began discussing the Exchange to consolidate management of the subject parcels and to best use each agency's respective management expertise.

Trout and Cold Creek Parcels

The City acquired approximately 177 acres of environmentally sensitive land along Trout and Cold Creeks in 1982 from the USDA Forest Service in anticipation of future restoration needs. Two major water diversion and impoundments historically occurred along Cold Creek. The Globin Ponds site, located above Pioneer Trail, included engineered channels and ponds, providing an early water supply prior to the existence of the South Tahoe Public Utility District. Lake Christopher, located below Pioneer Trail, included a dam and recreation lake as an amenity for the surrounding housing development. In the 1990s and early 2000s, the City completed extensive stream restoration projects on the Lake Christopher site using Conservancy grant funding for a portion of the project costs. The restoration projects included removal of the historical Lake Christopher dam, construction of new creek channels for both Trout and Cold Creeks between Pioneer Trail and Martin Avenue, and floodplain restoration. The restoration projects improved water quality, instream fisheries, and meadow habitat.

Link Road Parcels

The City acquired the Link Road parcels, totaling almost 3.5 acres, in 1990 and 1991 with a Lake Tahoe Acquisitions Bond Act acquisition grant from the Conservancy. The purpose of the grant was to acquire the parcels, obtain land coverage, preserve open space, and provide future recreational opportunities. The Conservancy retained the rights to all existing land coverage and commercial floor area (CFA) banked on the parcels, and the larger parcel (AN 031-030-39) was deed restricted as open space.

Lakefront Parcels

The Conservancy acquired the 0.55-acre Alta Mira parcel in 2014 with Proposition 40, Proposition 84, and Lake Tahoe License Plate funds. The Conservancy also partnered with the State Lands Commission, which bought a portion of the parcel and leased it back to the Conservancy to manage. The sellers demolished an existing building on the parcel as a part of the purchase. The Conservancy has since completed site and slope stabilization work.

The Conservancy acquired the nearby 0.4-acre Connelley and 0.42-acre Freemont parcels with Lake Tahoe Bond Acquisitions Act funds in 1992. The Conservancy acquired all three lakefront parcels for public recreation and access purposes.

Water Quality Parcels

The Conservancy acquired the water quality parcels with Lake Tahoe Acquisition Bond Act or 8g (federal offshore oil and gas lease revenue) funds between 1988 and 1995. The twelve environmentally sensitive parcels are approximately 0.1 acres each. Most of the parcels now contain storm water improvements, which the City maintains pursuant to license agreements with the Conservancy.

Management Efficiency Parcels

The Conservancy acquired the 0.11-acre Pioneer Historic Cemetery parcel in the Al Tahoe neighborhood through a bulk acquisition of nearby land that added to the Upper Truckee River (UTR) Marsh. The Conservancy acquired the 4.19-acre parcel at the end of Melba Drive and the 0.27-acre parcel on Tahoe Island Drive for the protection of environmentally sensitive lands. The Conservancy acquired all the management efficiency parcels with Lake Tahoe Acquisition Bond Act funds.

Detailed Description of Recommended Action

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

Upon authorization, Conservancy staff will continue negotiations and perform the necessary due diligence activities to complete the Exchange, including but not limited to:

- Complete review of parcel preliminary title reports, appraisals, license agreements, phase 1 environmental reports, land surveys, and ownership of related development rights and coverage in the Exchange;
- Complete parcel inspections documenting existing infrastructure and resolve encroachments where feasible;
- Place restrictions on the Conservancy Lakefront Parcels (ANs 027-010-016, 24, and 29) limiting future use to public access and recreation consistent with acquisition funding and purpose;
- Transfer title of the parcels and determine future ownership of associated development rights and coverage;
- Record the Exchange;
- Assign the Conservancy-held lease to the City on land near El Dorado Beach owned by the State Lands Commission to further consolidate City management of land adjacent to El Dorado Beach; and
- Take all other necessary steps consistent with this staff recommendation to complete the Exchange.

2. Overall Context and Benefits

The Exchange provides multiple benefits to the Conservancy, the City, and the public.

Benefits to the Conservancy and the Public

The Conservancy will acquire approximately 180 acres of environmentally sensitive lands, which support a variety of state priorities and Conservancy management objectives. The Conservancy will manage this land for the purposes of protecting wildlife habitat, improving water quality, and preserving open space and public access. The Exchange results in a net increase of state-owned land and supports 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.

Trout and Cold Creek Parcels

The transfer of the Trout and Cold Creek Parcels to the Conservancy results in acquisition of 177 acres of sensitive stream, meadow, SEZ, and wildlife habitat connected to the UTR Marsh. Conservancy staff has extensive experience managing and restoring meadow systems like Trout Creek and Cold Creek. Staff will manage the parcels for equitable access and recreation with the protection of biodiversity and habitat, similar to the UTR Marsh.

Combined with existing Conservancy ownership at the UTR Marsh, the Trout and Cold Creek Parcels support a future comprehensive watershed-scale planning and restoration effort. This watershed-scale effort could include adaptive management activities on the City's previous Trout and Cold Creek restoration projects, as well as restoration of the historical Globin Ponds site, and could achieve over 1,200 acres of wetland restoration, 11 miles of stream enhancement, and hazardous fuels reduction and forestry benefits. Such an effort would benefit the public by improving wildlife viewing and water quality and enhancing equitable access and recreation opportunities throughout these natural areas.

Link Road Parcels

The Exchange of the Link Road parcels provides the Conservancy additional environmentally sensitive land adjacent to the UTR Marsh below U.S. Highway 50. Ownership of these parcels gives the Conservancy the potential opportunity to complete future SEZ restoration.

Benefits to the City and the Public

The City would acquire approximately 7.3 acres, with public access opportunities and existing and potential water quality improvements. Transferring the Conservancy-owned properties enables the City to consolidate and improve operations and maintenance of existing stormwater infrastructure and publicly owned recreation lands. The City's ownership of the underlying land also alleviates the administrative burden of seeking and processing license agreements from the Conservancy for managing and operating the City's infrastructure.

Lakefront Parcels

The City would acquire several Conservancy parcels next to El Dorado Beach and across U.S. Highway 50 from the 56 Acre recreation area, including the former Alta Mira office and residential parcel, and the Connelley Beach and Fremont parcels. City ownership will improve overall management of publicly owned recreation lands along the lakefront near El Dorado Beach and support the 56 Acre Master Plan, completed in January 2022. All three parcels will be subject to deed restrictions to ensure they continue to be used for public recreation and access purposes following the transfer.

Water Quality Parcels

The City would acquire a number of parcels that have existing storm water facilities and are adjacent to City-owned property. Transferring these lands from the Conservancy to the City allows City staff to better operate and maintain the storm water facilities and more quickly respond to urgent needs for repairs, such as from flooding.

Management Efficiency Parcels

The City would acquire three parcels in this category. There are confirmed gravesites on the parcel abutting the City-owned cemetery and the City and a nonprofit partner, Daughters of the American Revolution, intend to partner on the maintenance and oversight of the cemetery and related historic or cultural resources. The Melba Drive parcel is located adjacent to Lake Tahoe Airport, entirely within the airport fencing, and is more efficient for the City to manage consistent with its airport goals. The Tahoe Island Drive parcel is next to a City-owned parcel and provides buffer area around the City's existing storm water facilities.

3. Schedule for the Recommended Action

The City and Conservancy expect to complete the proposed Exchange in 2023.

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 proposed Exchange is consistent with the Conservancy's Land Transfer Guidelines for government-to-government transfers because it facilitates the Conservancy's capacity for management of natural resources and recreation along Trout Creek and Cold Creek and the UTR Marsh. The proposed Exchange also facilitates the City's capacity for active public lakefront recreation near El Dorado Beach, which the City already manages. Specifically, consistent with the objectives in the Guidelines, the Exchange:

- Shifts management responsibility to the most suitable public land managers to provide for continued land management in a manner consistent with acquisition funding source requirements and purposes;
- Helps deliver public recreation and access services; and
- Enhances administrative capabilities or overall management efficiencies.

Consistency with External Authorities

The Exchange is consistent with California's Pathways to 30x30 Strategy and the Governor Gavin Newsom's Executive Order N-82-20 because it results in a net increase of approximately 173 acres 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 it allows the Conservancy to manage the upper reaches of Trout Creek and Cold Creek for multiple benefits including wildfire protection, carbon storage, habitat connectivity, and passive recreational access.

Compliance with the California Environmental Quality Act

The Exchange is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to sections 15325 and 15301 of the CEQA Guidelines. Section 15325 exempts transfers of ownership in land to preserve open space, habitat, or historical resources, and includes transfers that will preserve or restore natural conditions and preserve lands for park purposes. Section 15301 exempts the operation and maintenance of existing public or private structures, facilities, and topographical features involving negligible or no expansion of use, and includes maintenance of existing landscaping, native growth, and water supply reservoirs. As discussed above, the Exchange will allow the Conservancy and City to more efficiently manage the parcels for open space and recreation purposes, operate the existing storm water

facilities, and manage historic or cultural resources. Finally, the Exchange is a change in ownership of real property that does not involve any new construction or change in the existing uses. Because it can be seen with certainty that there is no possibility that the Exchange may have a significant effect on the environment, it is exempt from CEQA pursuant to the “common sense” exemption in section 15061(b)(3) of the CEQA Guidelines. If a development project is proposed on any of the parcels included in the Exchange in the future, the individual project would be subject to environmental review under CEQA once the scope of the project has been identified. If the Board authorizes the Exchange, staff will file a notice of exemption (Attachment 3).

List of Attachments

Attachment 1 – Resolution 22-09-03

Attachment 2 – Land Exchange Location Map

Attachment 3 – Notice of Exemption

- Exhibit A – Location Map

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