

**TAHOE VALLEY STORMWATER AND GREENBELT IMPROVEMENT PROJECT
LICENSE AGREEMENT AMENDMENT AND IMPLEMENTATION GRANT**

Recommended Actions: Adopt Resolution 23-06-04 (Attachment 1) making the appropriate California Environmental Quality Act (CEQA) determination and authorizing: (1) a grant to the City of South Lake Tahoe (City) for up to \$1,000,000 in additional funding to construct the Tahoe Valley Stormwater and Greenbelt Improvement Project (Project); and (2) an amendment to the existing Project long-term license agreement to add California Tahoe Conservancy (Conservancy) parcel El Dorado County Assessment Number (AN) 023-241-022 (Urgent Care Parcel), and to reflect changes to the Project on Conservancy parcel AN 023-241-023 (Smoke Shop Parcel).

Executive Summary: The Project, which the City approved in 2019 and began to construct in 2022, improves and expands storm water treatment areas and infrastructure, stream environment zones (SEZ), wildlife habitat, recreational amenities, and connectivity to local trails. Specifically, the Project includes new and improved shared-use trails from commercial areas to adjacent neighborhoods, prioritizing disadvantaged community access and links to public transportation. The Project also includes restoring and expanding SEZs and storm water basins to improve biodiversity and treat storm water runoff that drains into the Upper Truckee River and Lake Tahoe (Attachment 2).

The City began Project construction using Proposition 1 funds from the State Water Resources Control Board and the Conservancy, in addition to funds from the Tahoe Regional Planning Agency (TRPA), USDA Forest Service, and matching City resources. The City is now applying for supplemental funding from the Conservancy and other entities to complete the entire Project by 2025. Additional funding will allow the City to implement important Project elements, keeping this multiyear Project moving while the City continues to fundraise. If approved, the proposed Conservancy grant further positions the City to secure the remaining funds needed.

The City also requested an amendment to the existing license agreement to expand and enhance Project benefits on the Conservancy's Urgent Care and Smoke Shop Parcels (see the City's 30 percent plans in Attachment 3A).

Location: The 320-acre Project area (Attachment 2) is in the southwest portion of the City, partially within the Tahoe Valley Area Plan footprint. U.S. Highway 50

bisects the Project area, which extends from approximately Julie Lane to Tahoe Keys Boulevard.

Fiscal Summary: Staff seeks authorization to award up to \$1,000,000 of General Fund to the City to implement the Project. The proposed license agreement amendment does not involve receipt of funds by the Conservancy and will result in incidental staff costs to prepare and process the amendment.

Overview

History

The City adopted the Tahoe Valley Area Plan in 2015 to foster a more sustainable community with smaller, safer, pedestrian-friendly commerce districts, while improving water quality, wildlife habitat, and trails. The City approved this Project, which is the centerpiece of the Area Plan, in 2019.

The Conservancy Board (Board) has awarded two Project grants. In 2020, the Board authorized a \$375,000 Proposition 68 grant for Project engineering and pre-acquisition activities. In 2022, the Board authorized a \$550,000 Proposition 1 grant for Project construction, which helped the City move the project forward and positioned the City for other funding opportunities.

Conservancy staff is working closely with the City to maximize Project benefits on Conservancy lands within the Project area. In 2020, the Board authorized the existing license agreement, which staff executed in 2022, to construct Project features on 20 Conservancy parcels within the Project area.

The City now requests a license agreement amendment to allow additional Project improvements on the Urgent Care and Smoke Shop Parcels. The City proposes to construct and maintain a large storm water basin, pathways, and seating areas on these properties. The Conservancy acquired the Smoke Shop Parcel in 2014 and the Urgent Care Parcel in 2021 and removed development from both parcels. These were important acquisitions, because they complement the Project and include historical SEZs that past development eliminated. The City will partially restore these areas when they implement the Project.

Detailed Description of Recommended Action

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

Conservancy staff recommends the Board authorize a grant of up to \$1,000,000 to the City for Project construction. The City will continue implementing the Project in 2024 and 2025 with this funding. Meanwhile, the City is pursuing additional funding to cover

the remaining Project costs. The Project includes new trail connections, restored and expanded SEZs, and new storm water treatment basins.

Conservancy staff also recommends the Board authorize an amendment to the existing 20-year license agreement to construct a basin, pathways, and seating areas on the Urgent Care and Smoke Shop Parcels (Attachment 2). The basin will treat high volumes of storm water that would have otherwise bypassed the SEZ through underground drainpipes. By daylighting this storm water, the City will also restore SEZ vegetation and wildlife habitat. If authorized, staff will execute the grant agreement and the amendment to the license agreement with the City.

2. Overall Context and Benefits

The recommended implementation grant and the license agreement amendment will help the City complete this high-priority and multiple-benefit project. The Project will result in improvements to water quality, recreation, and community sustainability, as well as increased resilience to climate change impacts on Conservancy and other public lands. Project features will allow the City to treat and infiltrate storm water runoff, reducing pollutant loading to Lake Tahoe. The storm water basin will provide SEZ and wildlife habitat enhancements. Shared-use trails will improve community access to open space and reduce greenhouse gas emissions. These trails will also help connect people with future sections of the Dennis T. Machida Memorial Greenway.

The Project supports the Conservancy's Strategic Plan Goals 2, 3, and 4 (restore watershed resilience, provide public access for all, and foster sustainable communities), and several other plans and priorities. These include the California Water Action Plan, the California Sustainable Communities Strategy, the California Outdoors for All initiative, the California Strategic Growth Council vision, the Lake Tahoe Regional Transportation Plan, and the Lake Tahoe Environmental Improvement Program (EIP). For example, the City will address climate change issues with the Project by increasing flood protection and improving water quality and supply through infiltration of storm water runoff. Project improvements also include enhanced pedestrian and bicycle connectivity to commercial areas, neighborhoods, social gathering spaces, and recreational sites, which will reduce greenhouse gas emissions and support equitable access goals.

3. Schedule for the Recommended Action

Task	Completion Date
Grant Agreement	Summer 2023
License Agreement Amendment	Summer 2023
Construction	2024 - 2025
Monitoring	2025 - 2027

The recommended grant requires the City to monitor the Project for two years and operate and maintain the Project for twenty years after construction. The City will finance long-term Project management with other funding sources.

Financing

The recommended action will authorize expending up to \$1,000,000 of General Fund for Project construction. These Conservancy funds will better position the City to secure the remaining funding needed to complete the Project, because the funds will demonstrate continued Conservancy support while also reducing the Project funding deficit.

The table below presents funding the City has secured to date to implement the Project, along with the total cost and funding deficit.

Funding Source	Amount
State Water Resources Control Board	\$6,922,904
Conservancy (Proposition 1 grant)	\$550,000
City of South Lake Tahoe	\$1,898,344
Tahoe Regional Planning Agency	\$990,935
USDA Forest Service	\$725,000
Total secured	\$11,087,183
Project implementation estimated total	\$15,136,116
<i>Funding deficit (before Conservancy grant)</i>	<i>\$4,048,933</i>

Recommended Action Funding:

Proposed Conservancy grant	\$1,000,000
<i>Funding deficit (after Conservancy grant)</i>	<i>\$3,048,933</i>

Authority

Consistency with the Conservancy’s Enabling Legislation

The recommended action is consistent with the Conservancy’s enabling Legislation. Specifically, Government Code section 66907.7 authorizes the Conservancy to award grants to local public agencies for purposes consistent with its mission. Government Code section 66907.8 authorizes the Conservancy to lease or otherwise transfer any real property interest to fulfill the purposes of its enabling legislation and to promote the State’s planning priorities. Government Code section 66907.9 authorizes the Conservancy to initiate, negotiate, and participate in agreements for the management of land under its ownership or control with local public agencies.

Consistency with the Conservancy's Strategic Plan

The Conservancy intends to advance Goal 2, Strategy B, by advancing multiple-benefit improvements that creatively combine water quality and recreation improvements; Goal 3, Strategy A by providing signature opportunities on Conservancy lands for all people to experience and enjoy Lake Tahoe; and Goal 4, Strategy A, by integrating climate change resilience and adaptation planning and investment decision making.

Consistency with the Conservancy's Program Guidelines

The recommended action is consistent with the Conservancy's Grant Guidelines, because staff will award and manage the grant pursuant to those guidelines.

Consistency with External Authorities

The recommended action is consistent with the EIP, because it supports EIP Project #01.01.01.0012. The recommended action also advances several important state mandates, such as the Sustainable Communities Act and Safeguarding California (the State's Climate Adaptation Strategy). The recommended grant is also consistent with General Fund requirements.

Compliance with the California Environmental Quality Act

The City, acting as the lead agency, prepared an initial study/mitigated negative declaration (IS/MND) and mitigation monitoring plan (MMP) for the Project to comply with CEQA. The City adopted the MND and MMP on May 9, 2019, and filed a notice of determination (NOD) on May 13, 2019. The City's MND is available at [the City's website: https://www.cityofslt.us/DocumentCenter/View/13339/TahoeValleyGreenbeltCEQA_Document?bidId=](https://www.cityofslt.us/DocumentCenter/View/13339/TahoeValleyGreenbeltCEQA_Document?bidId=).

On March 12, 2020, the Conservancy reviewed and considered the Project MND and adopted its own MMP to comply with CEQA, pursuant to Conservancy Resolution 20-03-06.

Now, due to minor technical changes to the Project that have arisen since the Conservancy's original consideration of the MND, the Conservancy, acting as a responsible agency, has prepared an addendum (Conservancy Addendum) to the MND (Attachment 3). The Conservancy Addendum addresses these minor technical changes to the Project that are specific to the Urgent Care and Smoke Shop Parcels. The mitigation measures contained in the previously adopted MMP apply to the minor technical changes proposed for the Project. A copy of the Conservancy Addendum is included with this staff recommendation (Attachment 3).

Staff recommends the Board review and consider the MND and the Conservancy Addendum; make the findings as set forth in the attached Resolution 23-06-04; and authorize the grant and license agreement amendment. If the Board authorizes the

grant and license agreement amendment, staff will file an NOD with the State Clearinghouse pursuant to CEQA guidelines, section 15096 (Attachment 4).

List of Attachments

Attachment 1 – Resolution 23-06-04

Attachment 2 – Project Location Map

Attachment 3 – Conservancy Addendum

Exhibit 3A – City 30 Percent Plans for Urgent Care and Smoke Shop Parcels

Attachment 4 – Notice of Determination

Exhibit 4A – Project Location Map

Exhibit 4B – California Department of Fish and Wildlife Filing Fee Receipt

Conservancy Staff Contact

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