

## FEE TITLE DONEE RECOMMENDATION LAKE SPAULDING PLANNING UNIT

### EXECUTIVE SUMMARY

The Stewardship Council was created to oversee Pacific Gas and Electric's (PG&E) Land Conservation Commitment, as set forth in the Settlement and Stipulation,<sup>1</sup> to protect over 140,000 acres of land and to preserve and enhance, on an overall basis, the following six beneficial public values (BPVs): protection of the natural habitat of fish, wildlife, and plants; preservation of open space; outdoor recreation by the general public; sustainable forestry<sup>2</sup>; agricultural uses; and historic values. The Stewardship Council is responsible for developing a land conservation plan and recommending qualified organizations to become involved in the future stewardship of these lands.

The Lake Spaulding planning unit, located in Nevada and Placer counties, consists of 32 parcels encompassing approximately 8,241 acres of land. Approximately 4,481 acres have been identified by PG&E as lands outside of Federal Energy Regulatory Commission (FERC) project boundaries and not necessary for current and future utility operations. Therefore, these lands have been made available for fee title donation, with the remaining approximately 3,760 acres to be retained by PG&E. The Stewardship Council received land stewardship proposals (LSPs) from three organizations interested in receiving a donation of fee title to the parcel subject to this recommendation: California Department of Forestry and Fire Protection (CAL FIRE), the San Joaquin County Office of Education (SJCOE), and the USDA Forest Service (USFS) - Tahoe National Forest. The Watershed Planning Committee (Planning Committee) makes the following recommendation to the Stewardship Council Board (Board)

**San Joaquin County Office of Education (SJCOE)** to become the prospective recipient of fee title to approximately 40 acres available for donation within parcel 813.

If this recommendation is endorsed by the Board, Stewardship Council staff would work with the prospective donee on the development of a funding agreement. In addition, SJCOE and the recommended conservation easement holder organization would negotiate the conservation easement that would be established for these watershed lands. Following the Stewardship Council's review of the proposed conservation easement, the conservation easement would be incorporated into a Land Conservation and Conveyance Plan (LCCP). The draft LCCP will be made available for public review and comment before it is reviewed and approved by the Planning Committee and the Board. Adoption of the LCCP by the Board would be the final step in the Stewardship Council's process.

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<sup>1</sup> California Public Utilities Commission Decision 03-12-035, December 18, 2003 (the "Settlement") and the Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "Stipulation").

<sup>2</sup> The Stewardship Council has adopted the following definition of "Sustainable Forestry": The practice of managing dynamic forest ecosystems to provide ecological, economic, social, and cultural benefits for present and future generations.

## I. INTRODUCTION AND BACKGROUND

### a. *Planning Unit Description*

The Lake Spaulding planning unit is located 26 miles from Nevada City and 19 miles from Truckee at an elevation range of between 5,200 and 7,000 feet. It is composed of many scenic lakes in the high elevation mountains of the Sierra Nevada. The planning unit is located in Placer and Nevada counties and lands in the planning unit contribute to the source water supply of the Placer County Water Agency and Nevada Irrigation District (NID). Lands within the planning unit are primarily surrounded by Tahoe National Forest and private lands.

The Lake Spaulding planning unit offers a variety of habitat for both plants and wildlife. Several special status plant and wildlife species have been surveyed in the vicinity of the planning unit. Many parcels in the planning unit abut USFS California spotted owl Protected Activity Centers (PACs), which protect this species in late successional forest habitats. Throughout the planning unit, there are key winter and summer deer ranges, fawning areas, and major deer migration corridors.

The Lake Spaulding planning unit is a popular recreation destination that provides many recreation facilities, including campgrounds, day use areas, boat launches, fishing access sites, and trails. The planning unit, which covers all or a portion of 12 lakes, provide opportunities for boating (motorized and non-motorized), camping, angling, hiking, mountain biking, horseback riding, off-highway vehicle (OHV) riding, cross-country skiing, and whitewater boating. There are two leases in the planning unit consisting of one home site lease located south of Lake Spaulding and a recreation lease for a Camp and Conference center at Lake Valley Reservoir.

Forest resources within the Lake Spaulding planning unit consist of 4,880 acres of second-growth mixed conifer forests within 14 Timber Management Units (TMUs). The majority of the TMUs are managed under a Multiple-Use management prescription, which promotes sustained timber production, balanced with the goal of protecting and using other resources and facilities in the TMU, which may preclude timber harvesting as the primary focus. In 2001, the catastrophic Gap Fire destroyed the majority of mature forests on planning unit lands north and west of Lake Valley Reservoir. Since the fire, PG&E has restocked the area with seedlings to promote revegetation.

The Maidu, Washoe, and Nisenan-Southern Maidu groups once lived in the area around the Lake Spaulding planning unit. At the time of drafting the Land Conservation Plan (LCP), sixteen historic and/or prehistoric sites had been identified within the planning unit. However, only limited portions of the planning unit have been inventoried for cultural resources.

### **Parcel 813**

This legal parcel consists of 1,325 acres, of which 455 acres are within FERC Project boundaries and will be retained by PG&E for operational use. The remaining 870 acres of this legal parcel are available for fee title donation. In December 2015, the Planning Committee recommended approximately 657 acres within parcel 813 for fee title donation to CAL FIRE. The 657 acres are separate and do not conflict with the 40 acres being considered in this recommendation. The Board has not yet acted on the CAL FIRE recommendation, but given recent progress may make the recommendation in Spring 2018.

Parcel 813 is bordered by USFS and private lands on most sides, with Parcels 798 and 799 to the west and Parcels 811 and 812 to the northeast. This parcel includes all of Lake Valley Reservoir as well as the southern portion of Kelly Lake. The dry land portions of the parcel are generally forested with timber stands that have been managed for many years. Numerous timber harvest access routes, skid roads, and spurs traverse the parcel. Most of the terrain at Lake Valley Reservoir slopes steeply upward from around the immediate reservoir shoreline, with some areas of more useable terrain at the east and west ends of the reservoir. The headwaters of the North Fork of the North Fork American River are located at the east end of the reservoir, which is generally undeveloped except for unimproved timber access roads.

PG&E's Summit-Spaulding 60 kV electric transmission line runs generally east-west along the south side of Kelly Lake and there is an electric distribution line in the southwest portion of the parcel.

PG&E leases approximately 40 acres of land on the south side of the reservoir to a private operator. The lease has been in place for several decades and extensive building and infrastructure improvements have been funded and constructed by the lessee, including a main lodge, residence cabins, gymnasium, well and water system, propane, electric and communication infrastructure, landscaping, and paved roads, among other things. The facility operates year-round. Access to Lake Valley Reservoir is via Lake Valley Road off of I-80 at the Yuba Gap exit. Lake Valley Road ends at USFS road 19, which runs east-west along the north side of the reservoir. From that intersection, a private PG&E road continues to land leased by a private operator.

**b. Donee Evaluation Process**

The Stewardship Council received statements of qualifications (SOQs) from nine organizations interested in acquiring fee title to lands available for donation within this planning unit. A list of organizations that submitted an SOQ is attached. Of these organizations, the following five organizations submitted LSPs for the Lake Spaulding planning unit:

- University of California, Center for Forestry (UC)
- California Department of Forestry and Fire Protection (CAL FIRE)
- Bear Yuba Land Trust (BYLT)
- San Joaquin County Office of Education (SJCOE)
- USFS – Tahoe National Forest (not being considered for the acres subject to this recommendation).

In evaluating each of the LSPs, the following factors were considered:

- An evaluation of the potential donees' programmatic, financial, and legal capacity to maintain the property interest so as to preserve and/or enhance the BPVs of the planning unit;
- Anticipated funding needs of the potential donees;

- The management objectives for the Lake Spaulding planning unit as set forth in Volume II of the Land Conservation Plan;
- Public comments received regarding the desired qualifications of potential donees and the future stewardship of the planning unit;
- The requirements of the Settlement and Stipulation; and,
- Other relevant policies, procedures, and goals adopted by the Stewardship Council.

## II. EVALUATION

SJCOE is being recommended to receive a donation of fee title to lands within the planning unit as follows:

**SJCOE** to become the prospective recipient of fee title to approximately 40 acres available for donation within parcel 813.

Staff's recommendation is based on the following: (1) a determination that SJCOE appears to have sufficient financial and organizational capacity to hold and maintain fee title interests on these lands; and (2) the fee donation of these lands to the SJCOE would result in the preservation and/or enhancement of the BPVs and would further the Stewardship Council's mission relating to connecting youth to the outdoors. Staff's evaluation of SJCOE and its LSP is further described below.

### **a. Donee Organizational Capacity**

SJCOE has provided educational programs and services in San Joaquin County for over 160 years. SJCOE provides leadership and essential services to 14 local school districts and one community college district.

SJCOE has operated San Joaquin Outdoor Education (SJOE), an outdoor school program in the Santa Cruz Mountains, for nearly 60 years. SJCOE currently leases the school facility from YMCA Camp Jones Gulch. SJOE serves over 4,400 fifth- and sixth-grade students, and nearly 500 high school cabin leaders annually, from 12 of the 14 local school districts, for 33 weeks each year. By establishing its own outdoor school site on the 40 acres at the Lake Spaulding planning unit, SJOE would be able to: serve more students from San Joaquin and neighboring counties; enhance its programs; develop and offer new specialized programs; apply for American Camp Association accreditation; partner with other public agencies, local educational agencies, local business, and institutions of higher education on various projects; and increase revenue to offset the cost of camp operations by making the campground available for public use. Currently students spend five days and four nights at Camp Jones Gulch exploring the outdoors, developing a broader awareness of the world around them, and learning their role as environmental stewards of all living things. SJOE is fully certified through the California Department of Education by the California Outdoor School Association, Residential Outdoor Science School Certification program. The school has also received Commendations of Excellence from the State Superintendent of Public Instruction. Having served over 370,000

elementary students since its inception, the program has gained a reputation as one of the oldest, largest, and most successful programs in the State.

In 1993, SJCOE acquired a Federal Naval Reserve Training Facility, located in the city of Stockton, consisting of approximately four acres. Located on the Sacramento-San Joaquin River Delta, along Stockton's deep-water channel with a working dock, the site now houses San Joaquin Building Futures Academy, an SJCOE-operated charter school that serves at-risk urban youth ages 16 to 24.

In 1997, SJCOE acquired the California State Durham Ferry Park, located near the city of Manteca, consisting of 290 acres. The site was converted for educational use and now houses Durham Ferry, an academy of Venture Academy Family of Schools, also an SJCOE-operated charter school, which serves students in grades 5 to 12 with a focus on agriculture, natural resources, and outdoor education.

In 2008, SJCOE acquired the United States Federal Building and Post Office, a 62,000 square foot building listed on the National Register of Historic Places and a Stockton Historical Landmark. SJCOE has converted the building for educational use and it currently houses the Business Leadership Academy, a high school serving at-risk urban youth. The Business Leadership Academy partners with local businesses that lease portions of the building, at minimal costs, that in turn provides students with work experience opportunities and internships.

**b. Donee Financial Capacity**

The financial capacity of SJCOE was evaluated based on the review of audit reports submitted for 2013, 2014, and 2015 as well as the LSP submitted by SJCOE. With strong fiscal management, reserves, clean audits, significant working capital and a track record of managing various land and property, SJCOE appears to possess the financial capacity to own and manage lands being recommended for donation in the planning unit.

**c. Management Objectives**

Volume II of the LCP established certain management objectives for the planning unit (see Volume II Planning Unit Report with attachments). As described below, SJCOE is seeking fee title to lands within the planning unit to achieve a number of proposed management activities, which are consistent with the established management objectives.

Protection of the Natural Habitat of Fish, Wildlife and Plants:

SJCOE understands that there is great diversity of flora and fauna in the Lake Spaulding Planning Unit. SJCOE will review the initial survey to identify the biological resources on the requested 40 acres in order to enable their protection. In addition, SJCOE will research biological resource studies conducted on the area for the FERC relicensing. Since the requested land is directly adjacent and abuts the FERC boundaries, it is likely that the land contains similar resources. SJCOE will work with the easement holder to develop a noxious weed management plan. SJCOE will identify and collaborate with local agencies, youth corps

programs and institutes of higher education for habitat enhancement, restoration, and protection activities. SJCOE will also support future efforts of the Yuba-Bear River Watershed programs to preserve water quality, water supply, and the environment of the watershed land.

#### Outdoor Recreation by the General Public:

SJCOE's main use of the existing camp facilities will be to operate an outdoor school. The outdoor school will offer activities for urban youth from San Joaquin and neighboring counties, such as outdoor education, hiking, fishing, kayaking, leadership, and team building. SJCOE is interested in the potential for increasing or expanding the trails on the land.

#### Sustainable Forestry:

SJCOE understands that a large percentage of the Lake Spaulding Planning Unit is under the Multiple-Use Timber Management Unit (TMU) category. As such, SJCOE will incorporate the appropriate timber management prescription into its forest management work. To ensure long-term forest health, reduce fuel loading and fire hazard, and ensure fire preparedness, SJCOE will develop a forest and fire/fuels reduction management plan in coordination with adjacent and nearby property owners.

#### Preservation of Historic Values:

SJCOE will work with local Native American entities to establish land conservation partners that could to assist with the integration of Native American history and cultural activities into the outdoor school curriculum, and identification of cultural sites located on the requested land and educational purposes and protection. SJCOE will develop a cultural resources management plan.

### **d. Funding and Financial Costs**

#### *Transaction Costs*

Consistent with the Stewardship Council's Land Conservation Funding Policy, the Stewardship Council may elect to fund certain costs related to the transfer of fee title and/or costs of enhancements to the beneficial public values on watershed lands. Any costs to be funded by the Stewardship Council would be identified in a funding agreement to be developed by the Stewardship Council in coordination with SJCOE, the prospective donee.

#### *Tax Neutrality*

Annual taxes on the parcel being recommended for transfer to SJCOE is approximately \$478. The lump sum payment needed to satisfy property tax neutrality is anticipated to be approximately \$11,962 based upon the method of payment and final reassessment. Staff would work with PG&E and Placer County to determine the final payment methods and amounts necessary to achieve property tax neutrality.



**e. Requirements of the Settlement and Stipulation**

The Stewardship Council's recommendation that SJCOE receive fee title to 40 acres available for donation within this planning unit is subject to compliance with all the requirements of the Land Conservation Commitment. Several of these requirements are highlighted below.

The Stewardship Council would work with PG&E and Placer County to ensure the land conveyance of these parcels achieves property tax neutrality.

A conservation easement will be established on the lands within the planning unit. The conservation easement will include an express reservation of rights for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, and compliance with any FERC license, FERC license renewal, or other regulatory requirements on lands to be retained by PG&E. On lands to be conveyed to SJCOE, the grant deed would reserve to PG&E similar rights for operation and maintenance of hydroelectric facilities and associated water delivery facilities.

**f. Conservation Partners**

The permanent protection of the planning unit and the future preservation and enhancement of the BPVs may benefit from the participation of land conservation partners. For the purposes of this recommendation, land conservation partners are defined as an organization, other than the prospective fee title donee or conservation easement holder, involved in future activities on the donated lands that contribute to the preservation and enhancement of the BPVs. Land conservation partners may be identified in the LSPs submitted by organizations interested in a fee title donation, or during or after the development of the LCCP. Such organizations and activities may be eligible for Stewardship Council funding, depending on the type of organization, proposed activities, availability of funds, and other factors. Staff would work with the prospective organizations recommended for donation of fee title and conservation easements in this planning unit and evaluate opportunities for land conservation partners.

SJCOE identified potential partnerships for land and youth activities with the Greater Valley Conservation Corps, YouthBuild San Joaquin, the National Guard, and CAL FIRE.

**III. PUBLIC COMMENTS**

The Stewardship Council has implemented a public outreach program to engage stakeholders and solicit public input on the development and implementation of the land conservation plan. A summary of key public outreach activities and public comments associated with the planning unit is attached.

**IV. ALTERNATIVES**

Stewardship Council staff considered one alternative to the proposed recommendation:

Retention by PG&E of the 40 acres of land available for donation and recommended for donation to SJCOE.

According to PG&E, its management of the watershed lands is guided by a number of considerations, including optimizing benefits to PG&E customers, shareholders, and the environment. The retention of additional lands available for donation within the planning unit by PG&E would likely result in continuing the current management, at least in the near term, subject to a newly established conservation easement.

#### **V. NEXT STEPS FOLLOWING BOARD RECOMMENDATION**

The Planning Committee has approved this recommendation and it will be brought forward for consideration by the Board at the January 24, 2018 meeting. If that recommendation is adopted by the Board, staff will invite SJCOE to negotiate specific terms of the transactions with PG&E and SJCOE and the recommended conservation easement holder will negotiate the terms of the conservation easement to be established on the subject lands.

The draft LCCP will be made available for public review and comment before it is reviewed and approved by the Planning Committee and the Board. Adoption of the LCCP by the Board would be the final step in the Stewardship Council's process for selecting donees.