

Biannual Report to the California Public Utilities Commission

February 2021



Pacific Forest and Watershed Lands Stewardship Council

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Background and Mission

The Stewardship Council was formed as the result of a PG&E Settlement Agreement (D.03-12-035) with the California Public Utilities Commission (“CPUC”) in 2003 and the Stipulation Resolving Issues Regarding the Land Conservation Commitment (“Stipulation”). The Stewardship Council’s mission is to protect and enhance watershed lands and uses and invest in efforts to improve the lives of young Californians through connections with the outdoors.

As part of the 2003 PG&E Settlement Agreement and Stipulation, a Land Conservation Commitment was established to permanently protect PG&E watershed lands (“Watershed Lands”). Located across more than 20 counties, the land encompasses some of California's most beautiful wilderness landscapes. The parcels, almost 1,000 in total, stretch from Shasta County in the north to Kern County in the south, and from the Sierra Nevada and Cascade ranges in the east to the Eel River watershed in Mendocino and Lake Counties in the west. For purposes of implementing the Land Conservation Commitment, the Stewardship Council grouped the parcels into 47 planning units.

The Settlement Agreement establishes that 140,000 acres of PG&E’s Watershed Lands will be conserved in perpetuity for outdoor recreation, sustainable forestry, agriculture, natural resource protection, open space preservation, and protection of historic and cultural resources. The permanent protection, preservation, and enhancement of these Beneficial Public Values (“BPVs”) is achieved through the donation of a portion of the Watershed Lands to qualified entities, establishment and funding of conservation easements on the Watershed Lands, promotion of new collaborative partnerships, and grant funding of a variety of enhancement projects.

The Settlement Agreement required PG&E to establish the Stewardship Council and provide \$100 million toward land conservation and youth engagement; \$70 million for the land conservation program and \$30 million for a program to connect underserved youth to the outdoors. PG&E was authorized to recover these costs through retail rates. As of December 31, 2020, the Stewardship Council had approximately \$23 million in remaining assets, which are invested in conservative financial instruments and almost entirely allocated or restricted for specific purposes to implement this program.

Update on Implementation of PG&E’s Land Conservation Commitment

The Stewardship Council recently reached several important completion milestones with the Board’s approval of the remaining final Land Conservation and Conveyance Plans (“LCCPs”) on December 9, 2020 and significant donations to the San Joaquin County Office of Education and Fall River Resource Conservation District closing at the end of 2020. The Board continues to review the timeline for the completion of all land donation and conservation easement transactions and forecasted expenditures of the \$70 million which was provided for the land conservation program. The timeline includes dates for completion of specific deliverables,

including anticipated regulatory approvals and dates of anticipated escrow closings for the 35 remaining land transactions. The transaction schedule anticipates completion of land transactions in late 2022 to early 2023, however this is highly variable. The transaction schedule will influence enhancement project projections, grant funding release dates and totals, and budget projections through mission completion and dissolution of the Stewardship Council.

In prior years the Stewardship Council's Biannual Reports to the CPUC have provided extensive background information and detail about our work. This February 2021 report provides an update to the August 2020 report on the progress to date to oversee and implement the Land Conservation Commitment. At the end of this report are a series of eight exhibits providing additional detail on the topics addressed in this report.

Land Conservation and Conveyance Plans Adopted by the Stewardship Council

As of its December 9, 2020 meeting, the Board has approved all 96 LCCPs for fee donations and/or conservation easement or conservation covenant transactions. The LCCPs describe how the proposed transactions satisfy the requirements of the Settlement Agreement and Stipulation. After the Board approves a LCCP, PG&E seeks regulatory approval of the transaction from the CPUC, and from the Federal Energy Regulatory Commission ("FERC"), if applicable. All LCCPs are available online at stewardshipcouncil.org arranged by planning unit.

The Board has approved all LCCPs proposed for fee title donation properties totaling approximately 38,724 acres and also approved approximately 100,583 acres that will be retained in ownership by PG&E. These transactions are shown in *Exhibit 2 Transaction Status and Acreages*.

PG&E's Regulatory Filings

As of February 1, 2021, PG&E filed 36 applications with FERC for approval of conservation easements, and FERC has approved 35 of those applications. Since August, one application has been filed with FERC. PG&E has filed 67 advice letters with the CPUC for approval of conservation easements, conservation covenants, and fee donation transactions. Since the August 2020 Biannual Report, four applications were filed with CPUC, all of which the CPUC has approved. An application for the Lower Drum – Folsom transaction is anticipated to be submitted next.

PG&E will submit approximately 29 additional advice letters to the CPUC and 16 additional submittals to FERC to effectuate the recommended fee and/or conservation easement transactions.

Completed Land Transactions

In 2020, 12 transactions closed escrow. Sky Mountain Camp and 62 acres on the shore of Lake Valley Reservoir in Placer County were transferred to the San Joaquin County Office of Education ("SJCOE"). The camp, now known as the Sky Mountain Outdoor Education Center,

will provide their more than 148,000 Central Valley youth with a unique outdoor education experience. Please see *Exhibit 1, Stewardship Council celebrates PG&E transfer of sierra camp to create a new hub for outdoor education*. Additionally, at the end of 2020, two donations in Shasta County totaling 897 acres were completed with the Fall River Resource Conservation District (“RCD”) that include the Hat Creek Rifle and Pistol Club and important agricultural lands near Fall River Lake.

As of February 2021, a total of 61 transactions have closed escrow, out of a total of 96. *Exhibit 2 Transaction Status and Acreages* details each transaction that has closed, as well as those transactions that have been approved by the Board and are still in the final negotiation process.

Following regulatory approvals for PG&E retained Watershed Lands, 36 conservation easements were recorded on approximately 35,192 acres at the following planning units: Doyle Springs, Kern River, Narrows, Middle Fork Stanislaus, Lower Bear, Iron Canyon Reservoir, Fordyce, Merced River, Lower Drum, Kilarc, Wishon Reservoir, Lake Spaulding, Blue Lakes, McArthur Swamp, Chili Bar, Mountain Meadows, Lake McCloud, Willow Creek, Kerckhoff Lake, Lyons Reservoir, Cow Creek, Battle Creek, Kings River, Manzanita Lake, Butte Creek, Philbrook Reservoir, Auberry planning units, Butt Valley Reservoir, and North Fork Feather River.

Fee title has been conveyed for 25 land donations encompassing approximately 15,197 acres, with completed conservation easements or conservation covenants. PG&E has transferred fee title of lands to the following organizations: University of California, Tuolumne County, Placer County, the Auburn Area Recreation and Park District, the Fall River Valley Community Services District, the Potter Valley Tribe, Maidu Summit Consortium, CAL FIRE, Madera County, San Joaquin County Office of Education, and the Fall River RCD. For lands conveyed to the U.S. Forest Service (“USFS”) with concurrent recordation of conservation covenants, planning units include Battle Creek, Deer Creek, Wishon Reservoir, North Fork Mokelumne River, Lower Bear Area, Blue Lakes, Fordyce (White Rock) Lake, and Lyons Reservoir.

Conservation Easements and Conservation Covenants

The BPVs associated with PG&E’s Watershed Lands will be protected in perpetuity by conservation easements, or in the case of lands donated to the USFS, by conservation covenants held by the Sierra Nevada Conservancy. The conservation easement and conservation covenant holders will monitor ongoing uses of the lands on a regular basis to ensure compliance with the conservation easement or covenant terms and will take enforcement action if necessary. See *Exhibit 3* for a map of Conservation Easement and Conservation Covenant Holders. The Stewardship Council is providing funding to the conservation easement and conservation covenant holders to fund the long-term cost of monitoring, easement administration, and legal defense and enforcement of the easements.

The conservation easements are held by non-profit organizations (primarily local land trusts) and public agencies with expertise and experience holding conservation easements. The Board has approved all 86 conservation easements and 10 conservation covenants for the Watershed Lands.

The Sierra Nevada Conservancy will hold the conservation covenants over approximately 4,529 acres donated to the USFS. Fee title to eight of the ten properties that will be donated to the USFS has already been transferred, along with the conveyance of conservation covenants.

Parcels Not Being Encumbered by a Conservation Easement

The PG&E Settlement Agreement and Stipulation contemplated the possibility that some parcels of Watershed Lands would not have a significant public interest value and not need to be protected by a conservation easement.¹ The Stewardship Council developed a robust process for evaluating the public interest value of each of the candidate parcels. The process consists of: (1) the establishment and application of a set of considerations for evaluating the public interest value of each parcel, focusing on the BPVs associated with the parcels; (2) the assessment of the physical condition of each parcel through review of existing information, satellite imagery, and site visits; (3) consultation with the entity that would hold any conservation easement established on the subject parcel; and (4) the review of applicable databases with historical information pertaining to biological and cultural resources that may be present on or in the immediate vicinity of each parcel.

The Board has made findings that approximately 115 acres in 35 separate parcels (detailed in *Exhibit 4*) do not have significant public interest value (NSPIV) and therefore do not need to be protected by a conservation easement. The most recent NSPIV finding occurred at the December 9, 2020 Board meeting, for eight acres within the Bear River planning unit. These eight acres currently exist as a State public highway as well as a designated Scenic Byway, and were historically intended to be deeded to CalTrans. No substantive public comments were received regarding the December 9, 2020 NSPIV finding.

Stewardship Council Board Recommendations for Fee Title Donations

In June 2019, the Stewardship Council Board made its final recommendations for which entities would hold fee title and which land trusts would hold the conservation easements. Initially, the Board selected a diverse set of entities to receive fee title to approximately 47,000 acres of Watershed Lands. Due to a variety of reasons more fully detailed in prior Biannual Reports submitted to the CPUC, some fee title donees withdrew from recommended donations. The Stewardship Council anticipates that a total of 38,724 acres of Watershed Lands will be transferred in 40 separate transactions to public agencies, nonprofit organizations, and recognized tribes as further shown on Exhibit 2.

Status of Fee Title Donations to State Agencies

The Stewardship Council has recommended 11 distinct fee title donations to CAL FIRE, California State Parks, and University of California, Berkeley Forests (UC).

CAL FIRE was selected to receive approximately 15,278 acres for the purpose of expanding the Demonstration State Forest system. The first donation to CAL FIRE at the North Fork

¹ I.02-04-026, Appendix E, at 38; Stipulation Resolving Issues Regarding the Land Conservation Commitment.

Mokelumne River planning unit closed and title was transferred at the end of 2019, totaling 1,052 acres. The remaining donations to CAL FIRE have issues that PG&E and the State of California have been working through including securing access rights and ensuring that transfers of any existing leases to CAL FIRE honor the existing agreements for economic use as required by the Settlement Agreement and Stipulation. It is anticipated that the CAL FIRE transactions will begin to be submitted to the CPUC in late 2021.

California State Parks was selected for a donation of 119 acres at the Lake Britton planning unit in Shasta County, which is anticipated to be submitted to the CPUC in spring 2021. The location is near Burney Falls State Park, a major recreation area in the region that offers camping and hiking, and other local amenities around Lake Britton in the PG&E retained area, popular for fishing, boating and picnicking.

Donations to UC in the Narrows and Lake Spaulding planning units total 1,500 acres and closed in 2015 and 2016 respectively. The remaining donation to UC of 3,203 acres in the Pit River planning unit is anticipated to be submitted to the CPUC in spring 2021 for regulatory approval.

Status of Fee Title Donations to Native American Entities

The Stewardship Council has encouraged collaboration and dialogue among stakeholders resulting in groundbreaking partnerships between nonprofit conservation organizations, public entities, and Native American tribal entities. To date, the Stewardship Council has approved ten recommendations to donate fee title to almost 8,200 acres of land to three tribal entities including the Potter Valley Tribe, Pit River Tribe, and the Maidu Summit Consortium (*Exhibit 5*). These lands hold significant historic and cultural value as the ancestral homelands to our partnering tribal entities, while also having important biological habitat and recreational values.

The first of these historic donations to tribal entities closed escrow in 2019 with 879 acres of land donated to the Potter Valley Tribe in the Eel River planning unit.

The Board has approved LCCPs for three donations to the Pit River Tribe totaling approximately 4,384 acres. The first donation of 830 acres at the Hat Creek planning unit was approved in January 2019 and is anticipated to be submitted to the CPUC in spring 2021. Two additional LCCPs for approximately 3,554 acres in the Hat Creek, Lake Britton, and Fall River Mills planning units were approved by the Board at the September and December 2020 Board meetings and are anticipated to be submitted to the CPUC in late 2021.

The Board has approved five LCCPs for fee donations to the Maidu Summit Consortium ("MSC") at the Lake Almanor and Humbug Valley planning units, totaling 2,935 acres. The 2,325-acre property at Humbug Valley, also known as Tàsmam Kojòm in Maidu, closed in September 2019 with a celebration MSC hosted. Two properties at Lake Almanor planning unit, the 8-acre Maidu Trail property and 164-acre Maidu Forest property, have also closed escrow and transferred to MSC. The Maidu Wetlands transaction at Lake Almanor is

anticipated to close within the next few months, and Maidu Cemetery at Lake Almanor is anticipated to be submitted to the CPUC for approval by the middle of 2021.

In addition, as previously reported, Stewardship Council staff has actively reached out and worked with other tribal entities across the Watershed Lands to facilitate introductions and relationships between those entities and recommended fee donees of other properties. Tribal entities and fee donees are developing conservation partnerships for the properties. For example, in the case of the donation of lands at Manzanita Lake to Madera County, the North Fork Rancheria of Mono Indians of California and the County have developed a Memorandum of Understanding for the property and will jointly partner on future management of the BPVs. The Stewardship Council strongly encourages these types of conservation partnerships for transactions across the Watershed Lands. In August 2019, the Stewardship Council prepared an update to our summary of efforts that support Native American interests on PG&E Watershed Lands, available under separate cover, and titled, “Stewardship Council Native American Outreach and Engagement Efforts.”

Property Tax Neutrality

The Settlement Agreement and Stipulation that established the Land Conservation Commitment require that the Land Conservation Plan being developed by the Stewardship Council provide property tax revenue so that the totality of dispositions in each affected county will be “tax neutral” for each county. Since many of the potential fee donees expressed concern about their ability to make in lieu payments to counties for lost property taxes, the Stewardship Council agreed to use its funding to make in lieu property tax payments. The CPUC has approved in lieu property tax payments by the Stewardship Council using a portion of the \$70 million provided for the Land Conservation Program.

After notice to the public was provided, the Property Tax Neutrality Methodology was amended at the November 15, 2017 Board meeting to formalize a lump-sum payment as the sole and standard payment process when lands are transferred to organizations that are exempt from paying property taxes. (Before the Board’s action in November 2017, counties were provided with the option of choosing a lump sum payment, an annual payment, or annual installment payments totaling the lump-sum amount for a maximum of five years). The revised methodology is included as *Exhibit 6*. In fulfillment of the Tax Neutrality obligation, a county will receive a one-time lump sum payment in satisfaction of property tax neutrality after close of escrow for each land transaction. The lump-sum payment is calculated using a discounted cash flow analysis for perpetual payment streams, otherwise known as a Capitalization Rate (Cap Rate) detailed in the Property Tax Neutrality Methodology (*Exhibit 6*).

Environmental Enhancement Program

Since launching the Enhancement Program in 2012, the Stewardship Council has made \$11.3 million in grants shown in *Exhibit 7*. Overall, the Stewardship Council has budgeted approximately \$12.7 million for projects that enhance the BPVs of the Watershed Lands and promote productive partnerships involving landowners, conservation easement holders, local

communities, youth, and other stakeholders. Examples of enhancement projects include habitat restoration, recreational trails and facilities, cultural resource protection and interpretation, forest research, management plans, planning and feasibility studies, cultural surveys, and biological surveys.

The Sky Mountain Camp transfer at the end of 2020 was a key project for the Stewardship Council to achieve synergy between land conservation efforts and connections with underserved youth. For the Sky Mountain Outdoor Education Center transfer, the Stewardship Council funded the purchase of the buildings and equipment from the previous camp owner



Photo: Cabins at Sky Mountain Outdoor Education Center, 2020

and operator that had leased the land from PG&E. As part of a larger enhancement grant, the Stewardship Council also funded necessary camp upgrades that the San Joaquin County Office of Education ("SJCOE") is planning. The SJCOE intends to use the camp as an outdoor education center to connect youth to the natural world through a curriculum that aligns with the Next Generation Science Standards and California's Environmental Principles and Concepts.

Also in 2020, the Stewardship Council provided an enhancement grant to Spring Rivers Foundation (SRF) for a second relocation of endangered Shasta Crayfish to the restored creek habitat created by SRF with a previous Stewardship Council grant. 43 Shasta Crayfish were added in August 2020, boosting the population and genetic diversity from the 29 that were released in 2019. Snorkel surveys by SRF indicate that the Shasta Crayfish are thriving in their new habitat and SRF has plans to do a third relocation in 2021 with funding from the US Fish and Wildlife Service.



Photo: Shasta Crayfish reintroduction, Spring Rivers Foundation, 2020

Project delivery is continuing with four enhancement projects in Shasta, Lassen, and Plumas counties at Fall River Lake, Indian Ole Dam at Mountain Meadows Reservoir, McArthur Swamp, and Tasmam Kojom (Humboldt Valley). PG&E is preparing the trail easement for the Fall River Lake Trail project, which Fall River Valley Community Services District and Lomakatsi

Restoration Project hope to construct this year. CEQA and surveying work for the trail and facilities at Indian Ole have been completed and Mountain Meadows Conservancy anticipates the trail easement will be submitted to the CPUC in the near future. At McArthur Swamp, the Fall River RCD is wrapping up the completion of a management plan that will guide investments for restoration, protection, and adaptive management of the site. The Fall River RCD intends to pursue recommended projects with funding the Stewardship Council has granted for the planning unit. At Tàsmam Kojòm, the MSC continues to plan and implement campground improvements and visitor interpretation elements of the new Tribal Cultural Park to utilize the enhancement grant made in 2019.

The Stewardship Council launched a new competitive solicitation for Enhancement Grants in January 2020 with an estimate of up to an additional \$3 million in available funding. However, exact funding and the timing of availability is still unknown and depends on meeting key milestones including progress with the remaining transactions. After the concept proposal round with original requests totaling \$7 million, applicants were prioritized and the Stewardship Council eventually received eight full applications which were again ranked based on the scoring criteria used by the Enhancement Review Committee and Staff. Due to considerations regarding funding availability, project readiness, and priorities, the Board has not yet made a recommendation for funding any of the eight projects, but anticipates some awards being made in 2021.

Youth Investment Program

The Settlement Agreement augments the \$70 million allocated to land conservation program activities with \$30 million for the implementation of a program to connect underserved youth in the PG&E service area to the outdoors. In approving funding for the youth program, the CPUC stated its expectation that a portion of the \$30 million would be used to provide seed money that would establish a permanent program for young people who are least likely to enjoy the wonder of California's natural beauty.

Youth Outside

In 2005, the Stewardship Council established a Youth Investment Program to support outdoor and environmental programming for youth. Five years later, the Stewardship Council created the Foundation for Youth Investment ("FYI") to sustain this important work beyond the life of the Stewardship Council. In 2013, the Stewardship Council awarded a \$10.76 million grant ("Major Grant Agreement") to FYI to connect underserved youth in the PG&E service area to the outdoors. FYI later changed its name to Youth Outside to reflect the heart of their work. Since its creation, Youth Outside has become a recognized leader in the field to ensure all youth have equitable access to meaningful outdoor experiences and the opportunity to be stewards of our natural resources long after the Stewardship Council has completed its work. By the time the Stewardship Council dissolves, it is anticipated that the remaining funds subject to the Major Grant Agreement will be expended.

Youth Outside continues to make substantial progress developing sustainable funding beyond the life of the Stewardship Council. Youth Outside's 2020 strategic priorities included 1) advancing long-term financial sustainability and internal capacity to fulfill Youth Outside's mission; 2) supporting the cultural relevancy movement through grantee capacity building, program delivery, and trainings to increase awareness in addressing critical barriers and 3) expanding external presence and brand visibility as the leading organization driving racial equity and justice in the outdoors.



Photo above: Indigenous youth build outdoor skills and leadership, Youth Outside, 2020

In 2020, Youth Outside awarded grants to 37 organizations (35 multi-year grants and 2 one-year grants) totaling \$662,000. These grants serve youth in several regions of PG&E's service area, providing transformational outdoor experiences to thousands of youth. Below is a sampling:

- A Youth Outside award to Insight Garden Program supports programs ensuring that youth and young adults in California prisons can engage with and learn from the natural world, and return home from prison as health equity leaders, environmental stewards, urban organic gardeners, greening community educators, and advocates for environmental justice and food sovereignty.
- A Youth Outside award to Movimiento supports work developing young people's leadership and life skills via outdoor adventure, counseling and therapy, cultural exchange, service-learning, farming, and indigenous youth events. Movimiento's focus is to synthesize outdoor-based learning experiences with mental health.
- A Youth Outside award to Seven Tepees Youth Program supports work with urban youth on day and overnight wilderness trips to foster the skills they need to make lifelong positive choices, and to give them the skills and values that will enable them to achieve college or career readiness by their senior year in high school.
- A Youth Outside award to Tolowa Dunes Stewards supports environmental education, protection and stewardship works, focused on the unique coast, dunes, and wetlands of the Lake Earl Wildlife Area and Tolowa Dunes State Park, including the sacred cultural sites of the indigenous first people of these lands, the Tolowa Dee-ni'.
- A Youth Outside award to Warrior Institute provides holistic, innovative solutions to organize and build indigenous leadership in the northern California region by forging new generations of young leaders with balanced "ki:maw" - minds, bodies, and spirits who are empowered to create health, economic equality, and environmental justice for the next seven generations and beyond through outdoor experiences and environmental education.

With additional funds secured through the Hewlett Packard Foundation, Youth Outside recently released their 2021 Liberated Paths grantmaking program cohort. This new program is working

to create a more just and sustainable outdoor and environmental movement and aims to shift resources to and build power with Black, Indigenous, and communities of color, through financial support, capacity-building resources, and networking opportunities. More information on the latest grantee cohort announcement can be found on Youth Outside's website here: <https://youthoutside.org/grantmaking/liberated-paths-grantmaking-program/>.

Watershed Grantmaking Program

The Stewardship Council partnered in a collaborative effort with Youth Outside, the California Council of Land Trusts (CCLT) and PG&E to create a Watershed Grant Program. The goal of this endeavor is to create a model and best practices for partnerships between youth program providers and land trusts on PG&E Watershed Lands and to enable experiences that contribute to the development of the next generation of diverse outdoor and conservation stewards. 2020 marked the third year of this planned three-year program where two groups of youth program providers and land trusts created innovative youth programs on PG&E Watershed Lands. In 2020, due to COVID-19, only the Sierra Institute and Feather River Land Trust group were able to complete their program. The participants were able to follow quarantine and distancing protocols that enabled them to meet for the summer program and complete the habitat restoration projects scheduled.

The Stewardship Council has approximately \$21,000 of youth program funds remaining.

Financial Update

The Stewardship Council is funded through a \$100 million commitment (\$70 million dedicated to the Land Conservation Program and \$30 million dedicated to the Youth Investment Program), which was paid fully in ten \$10 million installments by PG&E from 2003 to 2013. As of December 31, 2020, the Stewardship Council had approximately \$23 million in remaining assets, invested in conservative financial instruments; most of which have been allocated or restricted for specific purposes to implement this program.

As part of its efforts to ensure sound stewardship of ratepayer funds, the Stewardship Council engages an independent accounting firm to perform an annual audit of its financial statements and an independent investment advisor. The Stewardship Council has received clean audit opinions for each of its years of operation, starting in 2004. Complete Financial Statements are available on the Stewardship Council's website.

Exhibit 8 includes the Stewardship Council's 2021 budget totaling almost \$10 million, and shows forecasted expenditures through dissolution and an accounting of enhancement-related grants.

LIST of ATTACHED EXHIBITS

1	News Release: Stewardship Council celebrates PG&E transfer of sierra camp to create a new hub for outdoor education
2	Transaction Status and Acreages
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FOR IMMEDIATE RELEASE
CONTACT: Heidi Krolick
PHONE: 916.297.6660
EMAIL: hkrolick@stewardshipcouncil.org



STEWARDSHIP COUNCIL CELEBRATES PG&E TRANSFER OF SIERRA CAMP TO CREATE A NEW HUB FOR OUTDOOR EDUCATION

Camp purchase and upgrades make it possible for students to learn about California's forests and snowcapped mountains

Roseville, Calif., January 2021 – The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) today announced the transfer of a youth camp in the Sierras to the San Joaquin County Office of Education (SJCOE), the culmination of a multi-year effort involving the Wildlife Heritage Foundation (WHF), Pacific Gas and Electric Company (PG&E), and the California Public Utilities Commission (CPUC), thanks to a 2003 agreement with the State of California. The camp, now known as the Sky Mountain Outdoor Education Center, will provide Central Valley youth with a unique outdoor education experience.

On December 22, 2020, following approval by the CPUC, PG&E donated 62 acres of Watershed Lands that encompass the camp on the shores of Lake Valley Reservoir in Placer County to the SJCOE as part of PG&E's Land Conservation Commitment. The donation of this Outdoor Education Center, as well as the earlier creation of the Stewardship Council itself, is part of a large package of public benefits that was ordered as part of the CPUC's review of PG&E's 2003 bankruptcy settlement that required PG&E to permanently conserve approximately 140,000 acres of PG&E Watershed Lands across the Sierra Nevada, southern Cascade, and Coastal mountain ranges. Over the past 17 years, the Stewardship Council has developed and approved plans to provide permanent public benefit, stewardship and conservation for lands held by PG&E for most of the last century.

"Making sure the people of California can forever enjoy these beautiful Watershed Lands has been a key objective of this entire process," said Marybel Batjer, President of the CPUC. "The Sky Mountain Center will be an ongoing public benefit for nearby communities. The CPUC is pleased to finally see the execution of this land donation occur after years of planning."

For the Sky Mountain Outdoor Education Center transfer, the Stewardship Council funded the purchase of the buildings and equipment from the previous camp owner and operator that had leased the land from PG&E. As part of a larger enhancement grant, the Stewardship Council also funded necessary camp upgrades. The SJCOE intends to use the camp as an outdoor education center to connect youth to the natural world through a curriculum that aligns with the Next Generation Science Standards and California's Environmental Principles and Concepts. The Sky Mountain Outdoor Education Center will also provide an ideal location for professional development for educational staff and offer community groups a natural setting for team building and outdoor recreation.

In addition to helping to facilitate nearly 100 different land transactions conserving PG&E's Watershed Lands, a major goal of the Stewardship Council is achieving synergy between land conservation efforts and connections with underserved youth on these properties. "Sky Mountain Outdoor Education Center is a legacy project that will make the Sierra Nevada available to youth at

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CONTACT: Heidi Krolick
PHONE: 916.297.6660
EMAIL: hkrolick@stewardshipcouncil.org



a time when meaningful connections with nature are more important than ever," said Heidi Krolick, Executive Director of the Stewardship Council. Sky Mountain Outdoor Education Center can accommodate up to 200 people and the property is contiguous with other PG&E Watershed Lands being conserved near Yuba Gap off Interstate 80 in Placer County, adjacent to Lake Valley Reservoir.

The SJCOE is an innovative organization providing unique educational experiences for students. "The San Joaquin County Office of Education is very excited for all the new learning opportunities the Sky Mountain Outdoor Education Center will provide students. The Sierra region is different from what our students experience living in the San Joaquin Valley. Sky Mountain will give them a chance to explore the High Sierras with its unique animal and plant life," said James Mousalimas, San Joaquin County Superintendent of Schools. "With more than 60 percent of our students in San Joaquin County living in some level of poverty, it can be difficult for families to provide outdoor experiences for children. At the Sky Mountain Outdoor Education Center, we will seek to inspire a lifelong curiosity and wonder of nature and develop a new generation of innovative, ecologically literate community stewards and leaders."



Photo credit: Sky Mountain Christian Camp

Despite their proximity to the mountains, many San Joaquin County public school children have never been to the snow. The SJCOE aims to change that with the new Sky Mountain Outdoor Education Center, which will offer critical outdoor education programs that stimulate learning and exploration for all students. Because of the proximity to the Bay Area and Sacramento, as well as other rural and suburban communities in Northern California, the camp will become a hub to promote youth programming and outdoor education.

“Students will learn about different ecosystems and how watersheds are connected. Snow is connected to rivers, rivers are connected to the Delta in San Joaquin County, and the Delta is connected to the ocean,” SJCOE STEM Programs Director Annie Cunial said. “And year-round activities will range from canoeing and archery in the summer to snowshoeing in the winter,” she said. “These activities will enhance students’ experiences as they learn about the history of the land from the Native American tribes to early California explorers, as well as flora, hydroelectric dams, conifer forests, wildlife, industries, and careers.”

Outdoor education is a priority for the SJCOE due to the positive impacts on students’ academic success and the development of their personal and social skills. Studies show students who attend outdoor schools significantly raise their science scores, are more likely to engage in positive



environmental behaviors like recycling, and exhibit increases in confidence and self-esteem, positive relationships among peers, and reduced behavioral problems. For English Learners, a significant population in San Joaquin County at 19 percent, experiences at outdoor schools lead to gains in cooperation, leadership, relationships with peers, and a greater motivation to learn.

"My most treasured memories are probably going to be of science camp. It was so exciting and will always be remembered in my life."

- Shannon, Claudia Landeen School

Photo credit: Stewardship Council

PG&E’s Watershed Lands encompass a diverse array of landscapes including forests, meadows and wetlands supporting a variety of habitats in 22 California counties. “At PG&E, we take the quality and protection of the region’s water, land and other natural resources to heart. As part of this commitment, we work with the Stewardship Council to permanently protect the beneficial public values on the more than 140,000 acres of Watershed Lands associated with the PG&E hydroelectric system. Protecting these lands benefits current and future Californians,” said Mike Schonherr, a director in PG&E’s Power Generation department and member of the Stewardship Council board.

The Stewardship Council was charged with the protection of a diverse range of beneficial public values through the conveyance of conservation easements. The conservation easement over the Sky Mountain property is held by the Wildlife Heritage Foundation, a conservation organization protecting approximately 100,000 acres of outdoor space and wildlife habitat throughout the state of

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CONTACT: Heidi Krolick

PHONE: 916.297.6660

EMAIL: hkrolick@stewardshipcouncil.org



California. “The Sky Mountain Outdoor Education Center preserves an iconic area of the Sierra landscape and ensures that youth will continue to learn and enjoy the outdoors in perpetuity. WHF is thrilled to be part of this partnership which forwards our dual mission of conserving land and connecting youth to natural spaces,” said Dr. Darla Guenzler, WHF Executive Director. “We congratulate our colleagues at the Stewardship Council, PG&E and SJCOE for creating this enduring legacy in the Sierra Nevada.”

Learn more about the organizations involved at:

- Stewardship Council - stewardshipcouncil.org
- SJCOE - sjcoe.org
- WHF – wildlifeheritage.org
- CPUC - www.cpuc.ca.gov
- PG&E – pge.com

Transaction Status and Acreages

Closed Acres	50,389	Approved Acres	88,918
Closed Transactions	61	Board Approved Transactions	35
		Total Acres	139,307
		Total Transactions	96

Donated Transaction Status

Closed			Board Approved LCCPs		
USFS	Deer Creek	151	USFS	Eel River	907
USFS	Lower Bear	907	USFS	Lake Britton	250
Tuolumne County	Kennedy Meadows	240	Maidu Summit Consortium	Lake Almanor (Cemetery)	142
UC	Narrows	41	UC	Pit River	3,203
USFS	Blue Lakes	410	CAL FIRE	Pit River/Tunnel Reservoir	7,016
Auburn Recreation District	Lower Drum (CV)	16	Pit River Tribe	Hat Creek #1	830
USFS	Wishon Reservoir	167	Maidu Summit Consortium	Lake Almanor (Wetlands)	296
UC	Lake Spaulding	1,459	Cal State Parks	Lake Britton	119
USFS	North Fork Mokelumne	98	CAL FIRE	Lake Spaulding	1,151
Fall River RCD	McArthur Swamp	4,491	CAL FIRE	Bear River (BYLT)	269
Placer County	Lower Drum	10	CAL FIRE	Bear River (PLT)	1,238
USFS	Fordyce (White Rock)	77	CAL FIRE	Cow Creek	2,246
USFS	Lyons Reservoir	628	CAL FIRE	Battle Creek	2,306
Fall River Valley CSD	Fall River Mills	34	Pit River Tribe	Hat Creek #2/Lk Britton	1,728
Potter Valley Tribe	Eel River	678	Pit River Tribe	Fall River Mills	1,826
Potter Valley Tribe - Alder	Eel River	201			
Maidu Summit Consortium	Humbug Valley	2,325			
Maidu Summit Consortium	Lake Almanor (Trail)	8			
CAL FIRE	North Fork Mokelumne	1,052			
Madera County	Manzanita Lake	146			
Maidu Summit Consortium	Lake Almanor (Forest)	164			
USFS	Battle Creek	934			
SJCOE	Lake Spaulding	63			
Fall River RCD	Fall River Mills	463			
Fall River RCD	Fall River Mills Gun Club	434			
Total Acres		15,197			23,527
Total Transactions		25			15
			Total Donated Acres		38,724
			Total Donated Transactions		40

PG&E Retained Transaction Status

Closed			Board Approved LCCPs		
Doyle Springs	SRT	43	Lake Spaulding (Rucker)	BYLT	3,165
Kern River	SRT	700	Eel River	MLT	5,620
Narrows	BYLT	23	Lower Drum-Wise Forebay	PLT	16
Middle Fork Stanislaus	MLLT	515	Oroville	NCRLT	1,333
Lower Bear (Upper Bear)	MLLT	899	Deer Creek-Nevada, NID	BYLT	782
Iron Canyon Reservoir	WSRCD	386	Fall River Valley	DU	236
Fordyce (Sterling)	BYLT	1,741	NF Mokelumne	MLLT	859
Fordyce (Meadow Lake)	BYLT	196	Bucks Lake	FRLT	2,164
Merced River	SFC	21	Lower Drum (Folsom)	WHF	12
Fordyce (Kidd/Cascade)	PLT	248	Tunnel Reservoir	SLT	757
Lower Drum (Old Airport)	PLT	200	Lake Spaulding	PLT	827
Lower Drum (Upper Pinecroft)	PLT	50	Pit River	SLT	4,444
Kilarc	WSRCD	112	Fall River Mills	SLT	2,393
Lower Drum (Rock Creek)	PLT	191	Bear River	PLT	2,438
Lower Drum (Halsey)	PLT	546	Bear River	BYLT	2,276

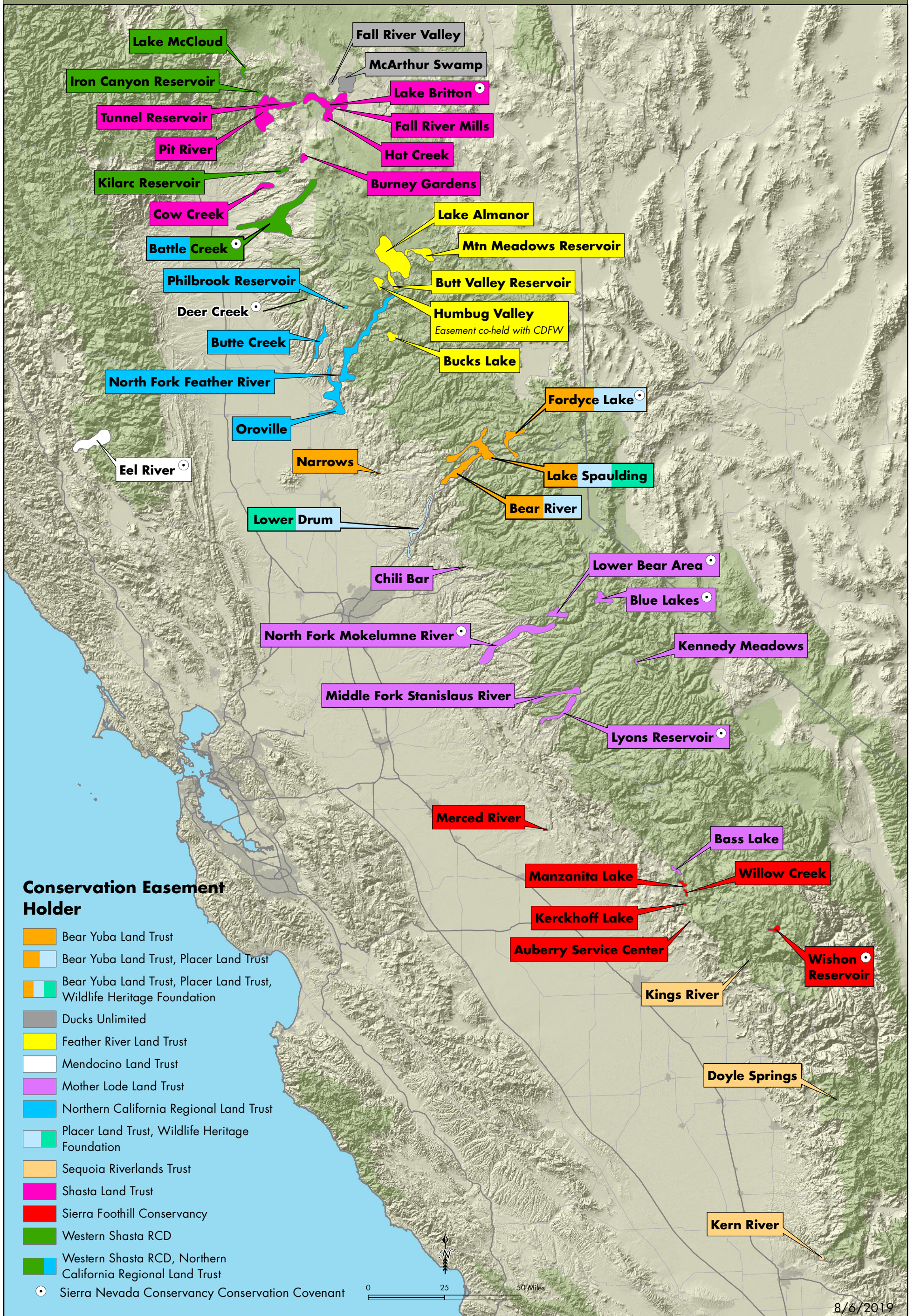
Wishon Reservoir	SFC	1,190	Hat Creek	SLT	1,820
Lake Spaulding (Lindsey Lakes)	BYLT	857	Lake Britton	SLT	4,621
McArthur Swamp	DU	3,168	Bass Lake	MLLT	1,086
Blue Lakes	MLLT	1,447	Battle Creek	WSRCD	1,485
Chili Bar	MLLT	205	Lake Almanor	FRLT	29,057
Lake McCloud	WSRCD	833			
Mountain Meadows Reservoir	FRLT	7,058			
Kerckhoff Lake	SFC	325			
Willow Creek	SFC	241			
Lyons	MLLT	460			
Battle Creek	NCRLT	2,335			
Cow Creek	SLT	66			
Fordyce-White Rock Lake	BYLT	40			
Lower Drum (Bell)	PLT	28			
Auberry	SFC	29			
Kings River	SRT	100			
Manzanita Lake	SFC	330			
Butte Creek	NCRLT	2,192			
Philbrook Reservoir	NCRLT	277			
Butt Valley Reservoir	FRLT	2,472			
North Fork Feather River	NCRLT	5,668			
Total Acres		35,192			65,391
Total Transactions		36			20
				Total Ret. Acres	100,583
				Total Ret. Transactions	56

Stewardship Council

Conservation Easements by Organization



Stewardship
Council



No Significant Public Interest Value Findings

Planning Unit	Parcels	Acres	Date of Board Approval
Doyle Springs	1077	3	9.11.13
Bass Lake	1033	0.3	10.16.15
Fordyce (Kidd/Cascade) Lake	790	0.2	1.21.16
Eel River	Portion of 748	23.9	6.27.16
Willow Creek	1053, 1054	4.7	1.25.17
Auberry	Portion of 1061	12.7	1.25.17
Lower Drum (Rollins Reservoir, Rock Cr Yard, Wise Forebay, Wise Forebay Powerhouse, Folsom Lake)	877, 878, 880, 898-900, 905-907, 908-911, 912-915	39	5.3.17
Bear River	852, 867, 868	2	9.20.17
Bass Lake	1039	0.06	9.20.17
Oroville	679	6	1.24.18
Hat Creek	193	9	1.24.18
Fall River Mills	133	2	1.24.18
North Fork Feather River	667, 668	3	1.24.18
North Fork Mokelumne River	991	1.4	5.2.18
Bear River retained BYLT	Portion of 840	7.3	12.9.20
Total:	35	114.6	

**Exhibit 4
NSPIV Findings**

Planning Unit	Parcels	Acres	Date of Board Approval	Notes
Bear River	Port. 840	7.3	12.9.20	State Hwy 20 Caltrans right-of-way, 230' wide; designated scenic byway; no substantive public comments; no significant resources or BPV's
Auberry	Port. 1061	12.7	1.25.17 amended 9.20.17	Paved and encumbered by the Auberry service yard. Used as staging area for maintenance ops, work sheds, heliport, laydown area, storage for heavy machinery. -Fenced, no public access -Land surrounding service center protected by CE -no public comment
Bass Lake	1033	0.3	11.19.2015	Encumbered by back yard fence, shed, and landscaping. -Only accessible through private adjacent property, no public access - extremely small (.03 acres) - lot line adjustment planned for parcel to address encroachment
Bass Lake	1039	0.06	9.20.2017	Mostly paved parcel - extremely small (less than .06 acres) - encumbered by private driveway and landscaping from immediate landowner. - Though its on county road no public access, surrounded by private residences.
Bear River	867, 868	2	9.20.2017	Both parcels are Paved and encumbered by PG&E operations service yard and large office buildings - surrounded by private residences, and public road, but parcels are fenced and not accessible to the public.
Eel River	Port. 748	23.9	6.27.2016	This finding is based on a discrepancy concerning the ownership of the 23.9 acre area based on an incorrect property boundary survey that was conducted and recorded with Mendocino County in 1973. This discrepancy was discovered in 2015. As a result of this discrepancy, the 23.9 acre area cannot readily be encumbered with a conservation easement. Quitclaim completed.
Lower Drum	877, 878	2	5.3.2017	Parcels are located on a small strip of land between river and canal which are paved and are entirely encumbered by hydro facilities associated with Rollins Reservoir dam - safety concerns for outside easement holder to be monitoring these parcels which contain dam operations infrastructure and are in an inundation zone -no public access, not visible or accessible from public road.
Lower Drum	880	1	5.3.2017	Paved, narrow canal - isolated from rest of Bear River parcels -entirely encumbered by the canal - no public access, fenced for safety concern
Lower Drum	899-900	13	5.3.2017	Entirely Paved and encumbered by industrial PG&E service yard - includes operations buildings, trailers, storage facilities, parking lot and number of vehicles - both parcels are fenced and inaccessible to the public, surrounded by private residential and industrial properties
Lower Drum	905-906	2	5.3.2017	Small, narrow parcels, mostly paved - Encumbered by the Wise Canal and the Wise Penstock intake structures - fenced and inaccessible to the public, safety concerns with access
Lower Drum	908	2	5.3.2017	Paved - Encumbered by Wise power house and associated electrical facilities and a paved parking lot -Fenced and inaccessible to public - significant safety concerns with access.

Exhibit 4
NSPIV Findings

Lower Drum	912, 914, 915	3	5.3.2017	Paved, encumbered by a Newcastle Penstock, South Canal, and associated facilities, paved access road and parking area - fenced and inaccessible to public
North Fork Mokelumne River	991	1.4	5.2.2018	Mostly paved, located in Pine Acres subdivision, entirely encumbered by backyards of multiple landowners, fences, driveways, landscaping. Significant impacts from subdivision and no access. Not visible or accessible from public road.
Doyle Springs	1077	3	9.11.2013	Encumbered by transmission line corridor, steep topography, thin, isolated- visible but not accessible from road. Doyle springs transaction has closed.
Bear River	852	0.06	9.20.2017	Extremely small (.06 acres) and extremely isolated - encumbered by large communications microwave tower - consistently cleared to maintain tower - surrounded by private forest land inaccessible to the public - extremely difficult to physically access, requires hiking through private property
Fordyce (Kidd/Cascade) Lake	790	0.2	1.21.2016	Very small and isolated parcel, impacted by highway and adjacent industrial facilities. This transaction has closed.
Lower Drum	898	1	5.3.2017	Partially unpaved - contains about 1 acre of grassland the rest of the parcel is impacted by Wise Canal, adjacent facilities, fence and access road - ongoing problems with unauthorized camping and dumping of debris on parcel
Lower Drum	909	1	5.3.2017	Parcel is small and bisected by busy Wise Road. The section of the parcel south of Wise Road contains facilities associated with the Wise Powerhouse including a paved switchyard and parking area. Section of parcel to the north of road is open sloped grassland impacted by busy road, adjacent private driveway, and an underground gas line - while it is visible from the road it is not accessible from the road because of its steep incline - no public access or use opportunity
North Fork Feather River	667	1	1.24.2018	Partially encumbered by reflective microwave tower - surrounding vegetation consistently cleared to maintain communications tower - Remote and difficult to access, requires hiking uphill through private property - entirely surrounded by private forested land
Fall River Mills	133	2	1.24.2018	While it is located on the Fall River, it is a small inaccessible strip, surrounded by private residences and private agricultural land- parcel is legally described as 100 ft buffer between private land and the Fall River, meaning boundaries change with change in water line - A use agreement with the adjacent landowner exists for access through parcel to water livestock. Not visible or accessible from public road. -entirely surrounded by private land, no opportunity for public access or enhancement.
North Fork Feather River	668	2	1.24.2018	Small, isolated parcel -Partially paved, encumbered by a dirt access road, a helipad, and a microwave station that is served by a 12 kilovolt (kV) electric distribution line that ends on the parcel. -Surrounded by private property and is only accessible to authorized visitors on a private dirt road.
Lower Drum	913	3	5.3.2017	Inaccessible to the public, can only be accessed through parcels 914 and 915 - Primarily open grassland, though the eastern section contains encroachment by adjacent private homes, backyard fences, and mobile home - Large section of parcel falls within FERC boundary

**Exhibit 4
NSPIV Findings**

Lower Drum	910-911	4	5.3.2017	Parcels are immediately adjacent to and impacted by Wise Powerhouse - 910 contains some open grassland across the street from powerhouse, impacted by busy road and neighbor's paved driveway. 911 contains small portion of Auburn Ravine that is impacted by the powerhouse and associated improvements to the ravine, not visible from the road because of dense brush. Both parcels are inaccessible to the public because of steep topography and fences. Parcels lie within FERC boundary.
Willow Creek	1053, 1054	4.7	1.25.2017	Two parcels, dispersed by about 1 mile. 1053 not paved but encumbered by encroachment from adjacent autobody shop, multiple occurrences of trespassing, unauthorized building, and debris dumping . An unauthorized structure was built and partially torn-down on the north-eastern portion of the parcel. 1054 is partially paved, encumbered by canal hydro infrastructure. 1054 is not visible or accessible from public road.
Lower Drum	907	6	5.3.2017	Partially encumbered by Wise Penstock pipeline and dirt access road that runs through the parcel. -Contains sloped grassland and dense brush cover that is not accessible. -Impact from adjacent Mount Vernon Road and surrounding private residences. -Not accessible by the public- accessed regularly by PG&E for maintenance of the pipeline.
Oroville	679	6	1.24.2018	Extremely thin, inaccessible strip, dense shrub, impossible for a CE holder to monitor through dense brush, surrounded by over 20 land owners many of which have impacted or fenced off portions of the parcel . Not visible or accessible from public road. Too thin for significant development. No public access or visibility from public road- entirely surrounded by private property.
Hat Creek	193	9	1.24.2018	Transmission line corridor - cleared of trees for operation and maintenance of PG&E-owned 230 kV electric transmission lines -the power lines and required clearing area surrounding power lines encumber the entire parcel. Impact/enroachment by adjacent landowners on southern portion - no opportunity for public access or use - In FERC boundary
Total:		35	114.6	

Acres for Donation to Native American Entities	
Potter Valley Tribe	
	Acres
Eel River Trout	678
Eel River Alder	201
Total	879
Maidu Summit Consortium	
Lake Almanor (Cemetery)	142
Lake Almanor (Forest)	164
Lake Almanor (Trail)	8
Lake Almanor (Wetlands)	296
Humbug Valley	2,325
Total	2,935
Pit River Tribe	
Hat Creek #1	830
Hat Creek #2	579
Lake Britton	1,149
Fall River Mills	1,826
Total	4,384
Total Acres	8,198

As of January 2021

PROPERTY TAX NEUTRALITY METHODOLOGY

INTRODUCTION

The Settlement Agreement¹ and Stipulation² that established the Land Conservation Commitment require that the Land Conservation Plan being developed by the Stewardship Council provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county will be “tax neutral” for each county. Section 4.3 of Volume I of the Land Conservation Plan (LCP) adopted by the Stewardship Council in November 2007 described the Stewardship Council’s potential strategies and anticipated approach to achieving property tax neutrality at a programmatic level.

More recently, on September 17, 2009, the Stewardship Council adopted a funding policy. This policy further clarified the Stewardship Council’s approach to property tax neutrality and identified several potential vehicles to achieving this requirement. On March 30, 2011, the Stewardship Council adopted a set of guidelines which describe scenarios in which the Stewardship Council will make property tax payments to affected counties and further defined a set of overarching assumptions regarding property tax neutrality payments.

Table 1 in Appendix A lists the estimated acreage and estimated annual property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation. The estimated total tax liability that would be subject to tax neutrality will depend upon the total acreage actually transferred, and the types of organizations receiving fee title to the lands. No PG&E watershed lands will be recommended for donation in counties that are not listed in Table 1.

PURPOSE OF PROPOSED METHODOLOGY

The purpose of this methodology is to establish a standard payment process when lands are transferred to organizations that are exempt from paying property taxes. The following methodology will be applied to all counties which experience a loss in property tax revenues due to a recommended donation of fee title as part of the Stewardship Council’s Land Conservation Commitment.

DETERMINING TAX NEUTRALITY PAYMENT AMOUNT

Following the Stewardship Council approval of a fee-title donation, the Stewardship Council will work with the affected county to calculate the payment amount for inclusion in the Stewardship Council’s Land Conservation and Conveyance Plan (LCCP).

1. Using the legal description and/or survey of lands identified for transfer to an organization which is exempt from paying property taxes, the Stewardship Council and PG&E will prepare an estimate of the annual taxes on lands to be donated. If assessed values on the lands recommended for donation change prior to the transfer of land, the

¹ *Opinion Modifying the Proposed Settlement Agreement of Pacific Gas & Electric Company, PG&E Corporation and the Commission Staff, and Approving the Modified Settlement Agreement*, December 18, 2003:

http://www.stewardshipcouncil.org/documents/Settlement_Agreement.pdf

² *Stipulation Resolving Issues Regarding the Land Conservation Commitment*, September 25, 2003:

http://www.stewardshipcouncil.org/documents/Stipulation_Agreement.pdf

Stewardship Council will revise the payment calculation included in the proposed tax neutrality funding agreement prior to its execution by the parties.

2. The reduction in annual taxes caused by the donation of acres to organizations exempt from property tax will constitute the “Annual Base Value” for the funding calculation.
3. The County will receive a one-time lump sum payment The Stewardship Council will provide a draft funding agreement for county review and approval using the Annual Base Value and payment option. The draft funding agreement is expected to include, among other items, the following acknowledgements by the county:
 - a. Payment by the Stewardship Council satisfies the tax neutrality requirement as specified in the Settlement and Stipulation for the subject fee-title donation.
 - b. The county has issued (or will not reasonably withhold) a Welfare Tax Exemption for the new landowner, if required.
 - c. The county will agree to distribute the lump-sum payment to the applicable special districts as dictated in the relevant Tax Rate Area at the time of payment. In consideration for the additional administrative responsibility of the county to set up the process to allocate payments to special districts, the Stewardship Council will make a \$3,000 payment to the county for county’s anticipated costs to perform such activities for the first fee title donation of lands in the county. Said payment will be made at the time the Stewardship Council makes its lump-sum tax neutrality payment. For subsequent fee title donations, if a county expects to incur more than \$3,000 in costs to perform such activities, then it shall make a request to the Stewardship Council for increased funding no later than 60 days following the recording of the grant deed for each additional fee title donation or the execution of a tax neutrality funding agreement, whichever comes later. The Stewardship Council will review each funding request and provide the county with sufficient funds to cover all reasonable anticipated costs.
4. The Stewardship Council will fund the settlement amount according to the terms of the tax neutrality funding agreement as described in number 3 above no later than 60 days following the recording of the grant deed for the fee title donation or the execution of a tax neutrality funding agreement, whichever comes later.

Lump-sum payment

Lump-sum payments in satisfaction of property tax neutrality would be calculated based upon the net present value of the Annual Base Value at the time that lands are removed from the property tax rolls. The lump-sum payment will be calculated using a discounted cash flows analysis for perpetual payment streams, otherwise known as a Capitalization Rate (Cap Rate).

The Cap Rate calculation requires an assumption of a long-term rate of return on comparable investments, and a long-term inflation rate. In order to develop a Cap Rate for a lump-sum payment, the Stewardship Council considered multiple long-term inputs, including long term equity and fixed income returns (Dow Jones Industrial Average, S&P 500, U.S. Treasury,

CalPERS), weighted average borrowing costs for subject counties, and discount rate assumptions for pension and other post-employment benefits.

Based upon the analysis described above, **the Stewardship Council is offering counties a Cap Rate of 4.0%** to be used in the calculation of a lump-sum payment in satisfaction of property tax neutrality. The calculation for arriving at a lump-sum payment is as follows:

$$\text{Lump Sum Value} = \text{Annual Base Value} \div 4.0\%$$

The following table provides an example of the application of the Cap Rate to various Annual Base Values:

Annual Base Value	\$500	\$1,000	\$5,000	\$10,000
Lump Sum at 4.0%	\$12,500	\$25,000	\$125,000	\$250,000

Lump-sum payments would be allocated based upon the applicable Tax Rate Area at the time of payment. The Stewardship Council envisions making these lump-sum payments as unrestricted payments in lieu of property taxes, subject to the distribution method described in section 4.c above. Counties and special districts would be free to determine the best use of the funds pursuant to the needs of the county or special district, including, if desired investment in a shared investment pool of the county's choosing.

Appendix A

Estimated acreage and property taxes associated with PG&E watershed lands which have been recommended by the Stewardship Council Board of Directors for donation.

Table 1

Table 1 – Estimated Property Taxes From Land Available for Donation³

County	Lands Available for Donation	Total Taxes (Annual)	Total Taxes (Lump)
Alpine	410	2,948	\$73,691
Amador	2,040	\$8,577	\$214,431
Butte	N/A	\$0	\$0
Calaveras	60	\$53	\$1,320
El Dorado	N/A	\$0	\$0
Fresno	267	\$2,413	\$60,334
Kern	N/A	\$0	\$0
Lake	986	\$31,844	\$796,090
Lassen	N/A	\$0	\$0
Madera	220	\$10,271	\$256,770
Mariposa	N/A	\$0	\$0
Mendocino	797	\$17,011	\$425,289

Exhibit 6

Adopted 06/27/2012
 Amended 06/24/2015
 Amended 01/21/2016
 Amended 11/15/2017

Merced	N/A	\$0	\$0
Nevada	1,867	\$13,150	\$328,758
Placer	2,683	\$46,794	\$1,169,882
Plumas	3,278	\$40,873	\$1,021,828
San Luis Obispo	N/A	\$0	\$0
Shasta	23,386	\$89,727	\$2,243,172
Tehama	151	\$45	\$1,125
Tulare	N/A	\$0	\$0
Tuolumne	868	\$360	\$9,900
Yuba	41	\$530	\$13,256
Total	37,054	\$264,597	\$6,615,846

^a This acreage
 includes lands within
 parcels that cross
 county boundaries

Enhancement Project and Capacity Building Grants Awarded to Date

1/19/2021

Organization	Planning Unit	Grant Date	Description	Grant Amount	Paid To Date	Project Status
Project Grants						
Auburn Area Recreation and Park District	Lower Drum	6/23/2015	Development of concept plan for initial planning and design of future enhancements to support CEQA analysis	\$24,520	\$24,520	Completed
Auburn Area Recreation and Park District	Lower Drum	11/30/2012	Topographic and biological surveys	\$16,200	\$16,200	Completed
Auburn Area Recreation and Park District	Lower Drum	7/15/2014	Study to identify potential enhancement opportunities	\$14,100	\$14,100	Completed
CAL Trout	Hat Creek	8/6/2015	Habitat restoration, cultural resource protection, recreational improvement,and youth involvement	\$1,389,533	\$1,389,533	Completed
Fall River Resource Conservation District	McArthur Swamp	4/14/2014	Enhancement development and assessment	\$14,000	\$14,000	Completed
Maidu Summit Consortium	Humbug Valley	10/13/2011	Enhancement proposal development	\$5,000	\$5,000	Completed
Maidu Summit Consortium	Humbug Valley	5/7/2012	Installation of fencing to protect cultural resources and preliminary design of interpretive kiosk	\$45,200	\$45,200	Completed
Maidu Summit Consortium	Humbug Valley	6/30/2015	Ethnographic survey	\$23,670	\$23,670	Completed
Maidu Summit Consortium	Humbug Valley	12/2/2015	Land management plan	\$350,000	\$350,000	Completed
Placer Land Trust	Lower Drum	10/15/2013	Land management plan	\$5,750	\$5,750	Completed
Plumas County	Bucks Lake	4/10/2013	Feasibility study for potential new trail	\$8,659	\$8,659	Completed
San Joaquin County Office of Education	Lake Spaulding	3/29/2016	Assessment of Sierra Camp	\$40,000	\$40,000	Completed
Sierra Camp	Lake Spaulding	11/10/2015	Appraisal of Sierra Camp	\$2,500	\$2,500	Completed
Spring Rivers Foundation	Hat Creek	10/21/2015	Habitat restoration, youth involvement	\$673,795	\$673,795	Completed
Tuolumne County	Kennedy Meadows	11/13/2013	Employee Housing Impacts Study, Manure Management Study	\$75,500	\$75,500	Completed
University of California	Lake Spaulding	5/21/2015	Future enhancement and restoration project field research	\$49,800	\$49,800	Completed
Sierra Foothill Conservancy	Merced River	10/21/2015	Merced River Riparian Enhancement feasibility study	\$10,000	\$10,000	Completed
Sierra Foothill Conservancy	Merced River	6/2/2016	Merced River Riparian Enhancement	\$130,000	\$74,671	Maintenance and monitoring
Fall River Valley CSD	Fall River Mills	3/1/2018	Fall River Mills Community Center Park Enhancement	\$56,112	\$56,112	Completed
Fall River Resource Conservation District	McArthur Swamp	1/1/2018	Range Manager Position	\$149,500	\$149,500	On-going; 5 year grant
Fal River Valley CSD	Fall River Mills	6/27/2018	Fall River lake Trail Improvement and Ecocultural Enhancement	\$299,230	\$151,194	Active
Mountain Meadows Conservancy	Mountain Meadows	6/27/2018	Indian Ole Dam Public Access Improvements	\$130,000	\$40,000	Active
Bear Yuba Land Trust	Lake Spaulding	7/16/2018	Pines to Mines Trail Planning and Feasibility	\$25,000	\$20,208	Active
Far Western Anthropological Research Group, Inc	Burney Gardens	8/1/2019	Burney Gardens cultural survey	\$50,000	\$49,946	Completed
Maidu Summit Consortium	Humbug Valley	10/29/2019	Tasmam Kojom: Maidu Cultural Park enhancement grant	\$178,700	\$25,000	Active
Madera County	Manzanita	12/3/2019	Manzanita Lake Planning Unit, North Fork Regional Trail Enhancement Project	\$502,882	\$0	Active
San Joaquin County Office of Education	Lake Spaulding	1/17/2020	Enhancement grant for the purchase and renovation of Sky Mountain Camp	\$5,000,000	\$2,589,950	Active
Fall River Resource Conservation District	McArthur Swamp	3/27/2018	Board approval of allocation of funds to be completed in phases	\$1,017,750	\$549,900	Active
Subtotal				\$10,287,401	\$6,454,708	
Capacity Building Grants						
Maidu Summit Consortium	Humbug Valley	7/1/2014	Phase 1: Organizational development	\$127,520	\$127,520	Completed
Maidu Summit Consortium	Humbug Valley	11/13/2015	Phase 2: Organizational development	\$350,293	\$350,293	Completed
Maidu Summit Consortium	Humbug Valley	3/10/2017	Phase 3: Organizational development	\$268,695	\$268,695	Completed
Mother Lode Land Trust	Multiple	7/20/2015	Capacity building for multiple planning units	\$50,000	\$50,000	Completed
Mother Lode Land Trust	Multiple	4/27/2016	Capacity building for organizational mgmt	\$25,000	\$25,000	Completed
Mother Lode Land Trust	Multiple	8/18/2016	Capacity building Organization Mgmt (Final)	\$200,000	\$200,000	Completed
Subtotal				\$1,021,508	\$1,021,508	
Grand Total				\$11,308,909	\$7,476,216	

Exhibit 8
Budget and Expenditures

**STEWARDSHIP COUNCIL 2020
BUDGET TO ACTUAL**

	Budget	*Actual
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 1,119,627	\$ 969,434
CONTRACTUAL EXPENSES	\$ 744,104	\$ 500,540
PROGRAM EXPENSES	\$ 11,883,101	\$ 6,013,628
TOTAL EXPENSES	\$ 11,883,101	\$ 6,013,628

*COSTS AS OF 1/15/21

STEWARDSHIP COUNCIL 2021 BUDGET

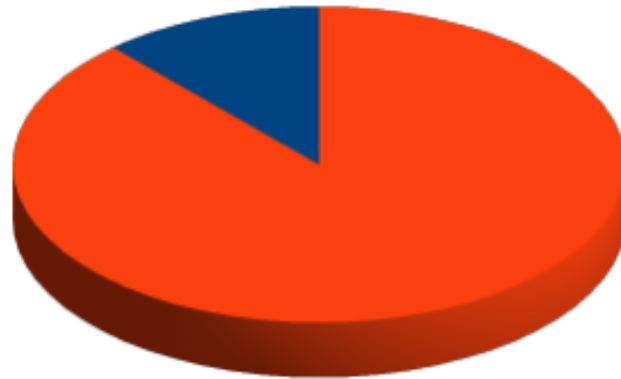
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 952,302
CONTRACTUAL EXPENSES	\$ 452,150
PROGRAM EXPENSES	\$ 8,364,270
CONTINGENCY	\$ 143,975
TOTAL BUDGETED	\$ 9,912,697



Funding Snapshot: \$100 Million from PG&E

Source of Funds
2004 through 2020

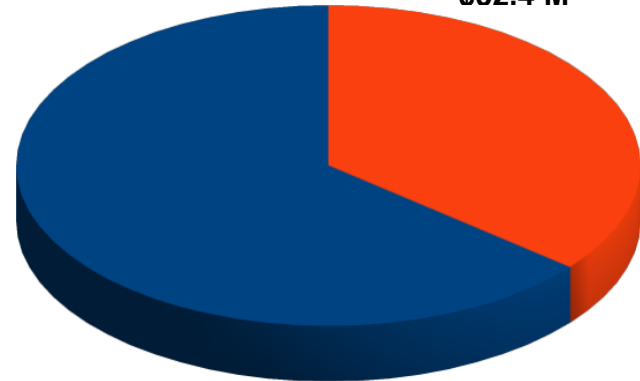
Investment Interest
\$13.3 M



PG&E
\$100 M

Use of Funds
2004 through 2020
\$90.1 M

Youth Funds
\$32.4 M



Land Funds
\$57.7 M



Land Program Expenses Forecasted Through Dissolution

