STATE OF CALIFORNIA
COBCP - Narrative
DF-151 (REV 07/21)

Fiscal Year	Business Unit	Department	Priority No.
2026/27	3125	California Tahoe Conservancy	2

Budget Request Name	Capital Outlay Program ID	Capital Outlay Project ID
3125-078-COBCP-2026-MR	2345	0015715

Project Title
Upper Truckee Marsh South Project

Project Status and Type
Status: ☒ New ☐ Continuing Type: ☒Major ☐ Minor

Project Category *(Select one)*

☐CRI *(Critical Infrastructure)*	☐WSD *(Workload Space Deficiencies)*	☐ECP *(Enrollment Caseload Population)*	☐SM *(Seismic)*
☐FLS *(Fire Life Safety)*	☐FM *(Facility Modernization)*	☐PAR *(Public Access Recreation)*	☒RC *(Resource Conservation)*

Total Request (in thousands)	Phase(s) to be Funded	Total Project Cost (in thousands)
$ 500	Study	$ 20,000

Budget Request Summary

The California Tahoe Conservancy (Conservancy) requests a supplemental appropriation of $500,000 in reimbursements to the Environmental License Plate Fund for the study phase of the Upper Truckee Marsh South Project (Project). This funding would supplement existing Proposition 68 authority for the Project and would authorize the Conservancy to use recently awarded grant to study restoration and recreation opportunities and complete environmental review for the Project. The grant is federally funded but will be passing through a local jurisdiction to the Conservancy.

Requires Legislation	Code Section(s) to be Added/Amended/Repealed	CCCI
☐ Yes ☒ No		

Requires Provisional Language	Budget Package Status
☐ Yes ☒ No	☐ Needed ☒ Not Needed ☐ Existing

Impact on Support Budget

One-Time Costs	☐ Yes	☒ No	Swing Space Needed	☐ Yes	☒ No
Future Savings	☐ Yes	☒ No	Generate Surplus Property	☐ Yes	☒ No
Future Costs	☒ Yes	☐ No			

If proposal affects another department, does other department concur with proposal? ☐ Yes ☒ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Matt Whalen		Brent Coe	
Department Director	**Date**	**Agency Secretary**	**Date**
Jason Vasques		Amanda Martin	

Department of Finance Use Only

Principal Program Budget Analyst	Date submitted to the Legislature
Michael McGinness	**5/14/2026**

A. COBCP Abstract

The California Tahoe Conservancy (Conservancy) requests $500,000 in reimbursement authority for the study phase of the Upper Truckee Marsh South Project (Project). The Project complements and extends restoration work the Conservancy recently completed in the Upper Truckee Marsh (Marsh) and will enhance ecological values, biodiversity, carbon sequestration, climate resilience, aquatic and terrestrial habitats, and improve water quality entering Lake Tahoe. It will also provide wildfire protection for surrounding communities and recreation infrastructure to provide access for all. As part of this study phase, the Conservancy will evaluate restoration and recreation needs in the vicinity of the Conservancy's recently acquired 31-acre Knox Johnson and former Motel 6 Property, which includes mountain meadow, upland, and the site of a former motel. Additionally, this study phase will include environmental review for the Project. The Project is in early stages of development and cost estimates are preliminary, and the Conservancy will refine the project scope and cost estimates during this study phase. The Conservancy estimates the total Project costs at approximately $15-20 million, including Project study ($1,000,000), preliminary plans ($700,000), working drawings ($900,000), and construction (~$18,000,000). The Conservancy anticipates implementing the Project in phases. The Conservancy will complete the Project study phase in 2027 and will begin work on Preliminary Plans later in 2027. The Conservancy will initiate working drawings in 2028 and Construction in 2029 or 2030.

B. Purpose of the Project:

The Upper Truckee River is Lake Tahoe's largest inflowing stream and is a major source of sediment and nutrients to Lake Tahoe. Logging, grazing, roads, stream channelization, urban development, recreation, and an airport have extensively degraded the lower portion of the watershed, resulting in impairments that reduce habitat value, water quality, and climate resilience. In the Marsh, the Upper Truckee River was channelized into a deep and oversized channel and does not frequently inundate the floodplain during typical snowmelt flows.

The Conservancy acquired approximately 513 acres of the Marsh through two acquisitions in 1988 and 2000. These acquisitions provided the opportunity to restore, protect and enhance public access to the area. The property includes approximately 13 acres of upland and 500 acres of marsh, wetlands, lagoons, and river channels. Residents and visitors to Tahoe recreate in the Marsh to experience the natural environment.

In 2022, the Conservancy completed the Upper Truckee Marsh Restoration Project, which was a significant step to comprehensively restore the Marsh. This project included constructing pilot channels that reconnect the Upper Truckee River to the middle of the Marsh, restoring wet meadows, and constructing an ADA accessible pedestrian trail to Lake Tahoe.

In early 2024, an opportunity arose to expand Conservancy ownership in the Marsh and continue priority restoration in this area. The Conservancy acquired the Knox Johnson and Motel 6 Property to restore this area of the Marsh and build upon the 2022 restoration project. This acquisition includes 25 acres of mountain meadow and wetlands, a two-acre single-family homesite, and four acres of former floodplain. The four acres of former floodplain is now occupied by eight to ten feet of fill placed for the former motel that the Conservancy demolished in 2025.

This recent acquisition is part of the Marsh and presents significant opportunities to continue and expand restoration of this important area while providing public access for all. The Upper Truckee River runs through the property but is impaired in this area due to ongoing erosion and downcutting. The floodplain on the property is dried out and approximately four acres of former floodplain is built over with existing development. The Conservancy desires to restore the wetlands while providing public access and recreation opportunities.

The Conservancy is now pursuing the Project to complement the 2022 project and continue restoring the Marsh. The Conservancy will use this study phase to advance the Project after the Conservancy completed work under an existing 2024 Legislative Budget Act authorization - the Motel 6 demolition project. The study phase will advance Project alternatives and determine the preferred alternative, estimate Project costs, and complete environmental documentation. The Project likely includes stabilizing riverbanks, installing native vegetation, lowering floodplains, removing fill and conifers from the floodplain, and providing public access to the Marsh.

C. Relationship to the Strategic Plan:

The Conservancy was established in 1984 for the purposes of protecting and restoring Lake Tahoe's natural environment, including water quality, air quality, and wildlife habitat; acquiring, restoring, and managing lands; preserving the scenic beauty and recreational opportunities of the region; and providing public access. The Conservancy's 2024-2029 Strategic Plan (Strategic Plan) outlines the goals and strategies for how the Conservancy will fulfill its mission to lead California's efforts to restore and enhance the extraordinary natural and recreational resources of the Lake Tahoe Basin (Basin).

The Project helps achieve Strategic Plan Goals for Access (Provide Recreational Opportunities and Access for All), Protection (Safeguard the Basin's Environmental, Tribal, Cultural, and Recreational Attributes for Future Generations), and Restoration (Restore the Basin's Social and Ecological Resilience). The Project will advance strategies to enhance equitable and sustainable access, protect forests and reduce wildfire risk, and integrate and scale up restoration. In addition, the Washoe Tribe of Nevada and California (Washoe Tribe) has demonstrated a significant interest in working with the Conservancy on the Project. The Conservancy will explore and apply various methods to work with the Washoe Tribe during Project planning and implementation, while supporting Tribal priorities wherever possible.

The Project is also consistent with the Lake Tahoe Basin Environmental Improvement Program (EIP) and is EIP project number 01.02.01.0027. The EIP is the Basin's strategy for protecting and restoring ecosystems and watersheds. In 1997, the State of California joined the State of Nevada, the federal government, the Tahoe Regional Planning Agency, and other partners in a commitment to fund and implement the EIP. The request for Project funding is consistent with continuation of this commitment. Under the Strategic Plan, the Conservancy continues to lead California's involvement in the EIP, secure the State's share of funding, and develop and implement high priority EIP projects. Additionally, the Project is part of the Tahoe Climate Resilience Action Strategy and is a key part of the multiple-agency Greater Upper Truckee River Watershed Restoration document.

In addition to the Strategic Plan and other regional plans and programs, the Project supports multiple State greenhouse gas reduction, climate change, biodiversity, and sustainability initiatives. The Project will contribute to the State's goal of conserving 30 percent of California

by 2030 by restoring critical habitat. This water quality Project is consistent with the California Water Action Plan. The California Water Action Plan emphasizes multiple-benefit projects, restoring mountain meadow habitat areas, and implementing Integrated Regional Water Management Plans. The Project will also advance Executive Order N-82-20, because it will include nature-based solutions to address climate change, protect biodiversity, and provide access to all Californians to the state's precious natural areas.

D. Alternatives:

Throughout 2025, and as part of the Project feasibility phase, the Conservancy worked with the Department of General Services (DGS), partners, the Washoe Tribe, and the public, to investigate various project alternatives. The Conservancy will confirm the preferred alternative during the study phase but anticipates that it will be a moderate option that provides the best cost benefit related to project objectives.

The recommended funding and project delivery alternative is to move forward using California State Bond and grant funds to complete the study phase as described in this request. The Conservancy recently executed a grant for $500,000 of federal funding, but the grant is administered by a partner agency, requiring state reimbursement budget authority. The Conservancy will continue to pursue additional grant funding for future Project phases.

An alternative to this approach would be to advance the study phase with only Conservancy funding, but this approach would use more state resources and forego an important opportunity to apply grant funds to the Project.

No Action- The Conservancy could also not advance the Project to the study phase during 2026/27 fiscal year.

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E. Recommended Solution:

1. Which alternative and why?

   As described above, the Conservancy is still developing alternatives for the Project but anticipates selecting an alternative that provides a moderate, reasonable, and cost-effective level of restoration and recreation.

   The preferred alternative to fund and advance the Project is to use State bond and grant funding to conduct the study phase in fiscal years 2025/26 and 2026/27. The Conservancy prefers this approach because it takes advantage of state and grant funding opportunities and speedily advances state interests. Also, not moving forward with the Project study phase would negate or delay the benefits of the existing Legislative authorizations described above. In addition, the community and funding partners have a keen interest in advancing the Project quickly, so these groups are likely to have significant concerns about delaying the Project's study phase.

2. Detailed scope description.

   The Conservancy is working with DGS and others as noted above to develop and refine the Project scope, but the preliminary Project scope includes:

- Removing fill and infrastructure placed during historic development, and lowering floodplain surfaces.
- Stabilizing the riverbank with rock, natural wood, and native vegetation.
- Removing a significant number of encroached conifers from the floodplain.
- Providing public access by maintaining the existing bike trail connection and enhancing site access for all.

The Project study phase will include the Conservancy completing the following tasks:

- Develop and analyze Project alternatives.
- Select a preferred alternative and develop the Project scope.
- Engage with partners, the Tribe, and the public.
- Prepare preliminary engineering and cost estimates for the preferred alternative.
- Conduct hydraulic flood modeling.
- Complete environmental review and documentation.

3. Basis for cost information.

   Conservancy staff developed Project cost estimates in consultation with engineers and practicing partner experts with recent restoration project experience. Staff based their estimates on several comparable projects, bid tabulations, and professional experience. As noted above, the Conservancy expects to implement the Project in phases.

   The Conservancy has been highly successful in securing funding for past projects from federal and state sources and intends to apply for grants to support future Project phases. For example, external grants paid for over half of the 2022 Upper Truckee River and Marsh Restoration Project. Conservancy staff is already in conversations with the U.S. Army Corps of Engineers and other partners related to funding the Project moving forward.

4. Factors/benefits for recommended solution other than the least expensive alternative.

   As described above, the Conservancy will move forward with the alternative that provides the best cost benefit related to project objectives. The Conservancy will also ensure public and partner support of the preferred alternative before advancing it to the preliminary plans phase.

5. Complete description of impact on support budget.

   Engineers will design the restoration elements to be self-sustaining over time, but staff estimates that about $15,000-20,000 is needed annually to cover costs such as monitoring and adaptive management. Staff developed this estimate based on professional experience and comparison with other recent restoration projects. The public access element specifics are not yet clear, but there is potential those Project elements require up to an additional $20,000 annually for ongoing maintenance and management.

6. Identify and explain any project risks.

   Any construction project carries risk of increased scope due to discovery of unknown site conditions throughout the design and construction process that can alter the projected construction cost. These risks can be mitigated or minimized by concurrently developing a prioritized itemization of project features that can be reduced in scope or eliminated without affecting the functionality of the project.

   River restoration projects also present risks for construction impacts to water quality or sensitive biological resources. The Conservancy will minimize these risks by implementing a variety of resource protection measures during construction and by complying with Basin regulations.

7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).

   The Project requires review and approval by the Department of the State Architect and the State Fire Marshall. The State Public Works Board and Department of Finance also review and approve the Project at various stages.

   In addition, the Project will be reviewed and approved by several other agencies, including but not limited to the U.S. Army Corps of Engineers, California Department of Fish and Wildlife, the Lahontan Regional Water Quality Control Board, the Tahoe Regional Planning Agency, and the City of South Lake Tahoe. These agencies have already participated in past Marsh restoration processes and will engage through the Project's design and construction.

F. Consistency with Government Code Section 65041.1:

Does the recommended solution (project) promote infill development by rehabilitating existing infrastructure and how? Explain.

No, this does not apply to the Project. The Project will improve environmental and recreation infrastructure but not in a way that directly promotes infill development.

Does the project improve the protection of environmental and agricultural resources by protecting and preserving the state's most valuable natural resources? Explain.

Yes. The Project will protect and preserve the State's natural resources by restoring the Upper Truckee River and adjacent floodplain. The Project will substantially improve water quality, enhance important river and meadow habitats, and contribute to the State's goal of conserving at least 30 percent of California's land by 2030.

Does the project encourage efficient development patterns by ensuring that infrastructure associated with development, other than infill, supports efficient use of land and is appropriately planned for growth? Explain.

No, this does not apply to the Project. The Project is primarily within a protected area, and the environmental and public access infrastructure will not directly affect adjacent land use or growth. The Conservancy will work with the City of South Lake Tahoe and other partners to ensure that the Project supports and complements efficient land use planning in the area.