

Lahontan decides how to spend Northstar's fine

By Kathryn Reed

What was the largest penalty issued by the Lahontan Regional Water Quality Control Board – \$2.75 million – was cut by about \$1 million when East West Partners emerged from bankruptcy.

This week the water board decided in part how to spend the remaining funds now that the company is solvent and the bankruptcy of 2010 is in the past.



Jack Clarke of the Lahontan board makes a point April 14.

Photo/Kathryn Reed

East West is the parent company of Northstar Mountain Properties', the entity that faced the stormwater violation fines. The fines were for 11 projects that encompassed 325 acres, including work at the Village at Northstar, employee housing and trailside townhomes. Work at the Ritz-Carlton was also part of the fine, though some documents call it Highlands Resort Hotel.

The settlement agreement was entered into in February 2009. A

year later East West filed for bankruptcy and all payments ceased. The settlement was brought into the court proceedings, emerging with \$901,769.77 owed to Lahontan.

With some of the money having been paid prior to bankruptcy, the board on April 14 was presented with three ways to spend the \$1,040,259.57.

After much discussion and comments from a few people, the board decided essentially to fund the projects that were approved in the supplemental environmental project. The SEP calls for fuel reduction projects for forest and riparian health, a watershed handbook, and a forestry handbook.

It was a yes or no vote at the time to approve the SEP, with no revisions possible, according to board Chairman Jack Clarke.

Even though Waddle Ranch watershed improvements are included in the option that was approved, staff recommends waiting to see what type of water quality projects would be beneficial to that area on the east side of Highway 267 before throwing money at it. Waddle Ranch is the 1,462-acre former cattle ranch that is now open to the public.

One option that was rejected was to turn the money over to the state water board to have it go into the cleanup and abatement account. Although it's possible the regional board could have benefitted from this, there was not guarantee.

Comments from board members indicated they preferred keeping the money local and going toward the site where the fines originated.

"This is very tough for me. I did not like the SEP process when we first adopted it," board member Amy Horne said. "I would like the money to be spent to provide high quality water to people in California, which may be a conflict to keep the money local. But I'm sympathetic to keep it local."

The third option was to start all over. This would have required the most amount of staff time as well as the potential for work to be done years from now instead of this summer.

However, starting from scratch is exactly what Lisa Wallace, executive director of the Truckee River Watershed Council, lobbied for.

“Why is the fine going to benefit Northstar Mountain Properties?” she asked the board. “Allow the remaining SEP money to go to more meaningful projects.”

In the end her plea was dismissed.