

April 26, 2006

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Lori Warner-Dickason, Policy Specialist

**SUBJECT: Agenda Item D: Deferred Acquisitions  
May 16-17, 2006 OWEB Board Meeting**

### **I. Introduction**

This staff report provides an update on four land acquisition grant applications and requests approval of one application, all of which were previously deferred by the Board.

### **II. Background**

Land acquisition grant applications often require more time to fully evaluate and prepare a funding recommendation than is available in the regular 21-week grant cycle. At the time of writing this staff report, only one of the five land acquisition projects deferred at previous Board meetings will be ready for consideration at the May 2006 Board meeting. The description and current status of each project is briefly described below.

### **III. Status of Previously Deferred Acquisition Projects**

#### **A. Svensen Island (z206-259)**

The grant application was submitted on October 24, 2005, by the Columbia Land Trust and requests \$120,000 toward acquisition of 253 acres of diked island habitat within the Columbia River Estuary. At the March 2006 Board meeting, the Board deferred consideration of this application pending review of due diligence materials. Due diligence materials have not been submitted.

#### **B. Tenmile Creek Corridor Easement Project (z206-058)**

The McKenzie River Trust submitted an application in April 2005 requesting \$900,000 from OWEB to assist in the purchase of conservation easements on 318 acres in four ownerships in the Tenmile Creek Watershed. The application was deferred for consideration by the Board in September 2005, January 2006, and March 2006 pending receipt and review of due diligence materials. At the time of writing this staff report, some of the due diligence materials have been reviewed and approved. Although it is possible that the remaining due diligence materials will be completed by the May 2006 Board meeting, staff and the Board Acquisition Subcommittee recommend that the Board continue to defer consideration of this application to allow for staff and Subcommittee review of the remaining due diligence materials.

### **C. Deer Creek Ranch (z206-277)**

The Southern Oregon University Foundation, in partnership with the Siskiyou Field Institute and Western Rivers Conservancy, is requesting \$500,000 toward purchase of the 873-acre Deer Creek Ranch (DCR) in the Illinois River Watershed. At the March 2006 Board meeting, the Board deferred consideration of this application pending review of due diligence materials. Due diligence materials have not been submitted.

### **D. Pilcher Creek (z206-339)**

The Rocky Mountain Elk Foundation is requesting \$250,000 toward purchase of a conservation easement on a 138-acre parcel on Pilcher Creek in the North Powder River Watershed. At the March 2006 Board meeting, the Board deferred consideration of this application pending review of due diligence materials. Due diligence materials have not been submitted.

### **E. Crosel Creek Habitat Reserve (z206-059)**

The grant application from the North Coast Land Conservancy (Conservancy) requests \$420,000 from OWEB to assist in the purchase of 121 acres along Crosel Creek, which is a small sub-basin draining directly into the east side of Youngs Bay, roughly 1.5 miles south of the City of Astoria.

#### **1. Ecological Benefits**

OWEB priority habitats involved are: Coastal Western Hemlock forest; Sitka spruce forest; lowland riparian woodland and shrubland; and intertidal freshwater wetlands. Priority fish and wildlife species involved are: Great Blue Heron; Band-tailed pigeon; Spotted Owl; Pileated woodpecker; Coastal cutthroat trout; Coho salmon; and Red-legged Frog. The North Coast Regional Review Team (RRT) agreed that the priority habitats, plant communities and fish and wildlife species on the property were of high value and worthy of protection.

The application lists all seven Conservation Principles as applying to the site. The RRT thought that only four of them were important: (1) Protecting large, intact areas; (3) Securing transition areas; (5) Protecting sites with exceptional biodiversity values; and (7) Complementing existing networks. The applicability of and significance in meeting these four principles was sufficient for the RRT's strong endorsement of the application.

The Board Acquisition Subcommittee raised two questions regarding the ecological functions and values of the property, given its size and location adjacent to Oregon Department of Forestry (ODF) lands. Staff solicited input from ODF to address future management of the adjacent lands and consistency of the project with State Forestry management plans. A significant portion of the ODF land surrounding the Crosel Creek property is being managed to reach specific complex stand conditions, including Older Forest Structure and Layered stand types. ODF input also indicated that the "overall the Crosel Creek Habitat Reserve proposal seems complementary to State Forest management plans and presents an excellent opportunity for collaboration and learning about forests and forest management."

## **2. Capacity to Sustain the Ecological Benefits**

The North Coast Land Conservancy will hold title and manage to the property. The Conservancy has been a land trust in Clatsop and Tillamook counties for twenty years and currently holds 26 resource properties managed for ecological and cultural values. The Conservancy was awarded the 2004 Community Conservation Partnership award by The Nature Conservancy.

The management goals of the project include protecting existing conditions and ensuring ecological progression, retaining and protecting the downed wood component of the site, insuring absorption and slow release of water on site, removing invasive species, and developing a comprehensive management plan within two years of acquisition.

The Conservancy has a policy to establish an endowment for its new acquisitions. The applicants have secured \$30,000 to cover the estimated annual management costs. The Conservancy will need to seek additional resources for any future restoration activities.

## **3. Educational Benefits**

Public access to the property will be targeted to planned programs for public watershed education. The Conservancy uses the PLACE (People Learning About Communities and Ecosystems) model to meet its public education goals, which includes using place-based education to teach ecological principles such as watershed function. The Crosel Creek property will also provide a field site for research for the Applied Science Center at Astoria High School, as the property is located less than five minutes away from the school. The RRT rated this project as having excellent educational values due to its proximity to the school and knowledge that students have already been involved in assessing the property for its fish and wildlife values.

## **4. Partners, Project Support and Community Effects**

The property taxes in 2004 were \$594.25. The Conservancy is currently in discussion with the landowner about whether taxes or payment in-lieu will continue to be paid after acquisition. On other properties, the applicants are making in-lieu payments.

Letters of support for the project were written by Scott Stonum, Lewis and Clark National Historic Park; Dr. Douglas Deur, PNW Cooperative Ecosystem Studies Unit at the University of Washington; Youngs Bay Watershed Council; and the Clatsop Soil and Water Conservation District. Other local, regional, state, and national organizations and entities are partners of the Conservancy.

Protection of the Crosel Creek property is described in the application as having no effect on the overall economic and social conditions of the area, but the RRT felt that the project, in addition to the educational benefits described above, also offers opportunities for ecological and economic discussions with neighboring landowners.

## **5. Legal and Financial Terms**

OWEB funds are requested for 75 percent of the \$560,000 purchase price of the property. Staff understand that this purchase price may represent a bargain sale on the part of the landowner, thereby increasing the amount of eligible match for the project. The applicants are also seeking additional funding through local fundraising.

The legal review of the title report and exceptions and the option agreement identified no concerns or issues. The draft conservation easement has been reviewed and approved for legal sufficiency by the Department of Justice to protect OWEB's proposed investment in the property. Language in the conservation easement requires the development of a management plan to address preservation, active restoration and passive restoration activities.

A Phase I Environmental Site Assessment (ESA) of the property was completed on September 28, 2005, by Amy Horston of the U.S. Fish and Wildlife Service. Review by the Oregon Department of Environmental Quality (DEQ) indicated that the report conforms to the American Society for Testing and Materials (ASTM) standard. DEQ agrees with the conclusion that the ESA has not revealed evidence of recognized environmental conditions as identified by the ASTM standard.

An appraisal was completed in January 2006, but failed to meet the standards according to our review appraiser. A revised appraisal is being conducted by Dee Staple and is near completion. At the time of writing this staff report, the revised appraisal is anticipated to be completed and reviewed before the May Board meeting. Staff will update the Board on the status of the appraisal review at the Board meeting.

## **6. Conclusion**

The Crosel Creek Habitat Reserve project received a high ecological and educational rating from the North Coast Regional Review Team. The project has received substantial support from the local community and other natural resource agencies. The Board Subcommittee and the RRT have expressed unanimous support for the project. All of the due diligence materials have been reviewed and approved, with the exception of the final appraisal. Staff and the Board subcommittee recommend that the Board award funding for the Crosel Creek Habitat Reserve project provided the appraisal review is complete by the May Board meeting.

## **IV. Recommendation**

Staff recommend the Board:

1. Defer consideration of the Svensen Island, Tenmile Creek, Deer Creek Ranch, and Pilcher Creek applications until the due diligence items are submitted and reviewed; and
2. Award up to \$420,000 in capital funds toward the Crosel Creek Habitat Reserve provided approval of the final appraisal is complete by the Board meeting. Staff will update its recommendation at the Board meeting once the appraisal review is complete.