



Oregon

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Oregon Watershed Enhancement Board

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March 6, 2009

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative
Miriam Hulst, Acquisitions Specialist

SUBJECT: Agenda Item G: OWEB Grant Award Recommendations
Region 1, North Coast
March 18-19, 2009 OWEB Board Meeting

I. Introduction

This staff report describes the North Coast Regional Review Team recommendations, acquisitions, and staff recommendations for funding.

II. Background and Summary

Applicants submitted 34 applications for a total request of \$4,729,578 including \$2,616,462 for Acquisitions. The Regional Review Team (RRT) recommended 23 applications for approximately \$1,751,511, and favorably reviewed the three Acquisition applications. Staff recommend 18 applications for a total award of \$1,617,252: \$1,153,929 for Restoration; \$53,769 for Education/Outreach; \$263,532 for Monitoring; and \$146,022 for Technical Assistance. Staff also recommend one Acquisition application for a total of \$301,000.

III. Regional Review Team Recommendations

The North Coast Regional Review Team (RRT) met in Newport in January 2009 to review the applications received in this grant cycle. Restoration, Education/Outreach, Monitoring and Technical Assistance applications were reviewed for technical merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The RRT recommended reduced funding for two applications, 209-1043 and 209-1020. After staff discussions with the applicant, staff recommend reducing funding for Monitoring application 209-1043 (Upper Nehalem Rapid Bio-Assessment) by a little more than \$2,000. Restoration application 209-1020 (Cedar Creek Large Wood Debris Placement) requested nearly \$34,000 for effectiveness monitoring. The RRT recommended funding only the AQI, stream temperature, and lamprey monitoring components of the effectiveness monitoring, reducing the recommended award by \$14,750. Staff concur with this recommended reduction.

IV. Acquisitions

Three land acquisition applications were received from Region 1 this grant cycle. None of these are ready for funding at this time and all are recommended for deferral. One previously deferred acquisition is ready for funding. A second previously deferred acquisition (Big Creek) is ready, but staff are recommending the Board defer consideration until the June meeting.

A. North Nehalem Bay Wetlands Conservation Project – October 08 Cycle (209-106)

The Lower Nehalem Community Trust (LNCT) requests \$466,462 to purchase seven parcels totaling 16 acres at the northern edge of Nehalem Bay in Tillamook County. LNCT proposes to use the OWEB funds to match \$583,077 in Coastal Wetlands Conservation Grant Program funds recently awarded to OWEB by the U.S. Fish and Wildlife Service for acquisition of the parcels. The parcels contain freshwater wetlands, tidally influenced wetlands, forested uplands, and two small streams. The project is the first phase of a two-phase effort to permanently protect wetlands that link land owned by LNCT to Nehalem Bay State Park. At the direction of the Acquisitions Subcommittee, staff requested due diligence materials in November 2008. The RRT felt that the project has medium-high ecological value and high educational value. The requested due diligence materials have not been received. Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the North Nehalem Bay Wetlands project until due diligence materials have been received and reviewed.

B. Ecola Creek Forest Reserve Addition – October 08 Cycle (209-112)

The City of Cannon Beach requests \$1,400,000 to purchase an 805-acre property currently owned by the Oregon Department of Forestry (ODF). The property is adjacent to the city's forest reserve, a previous OWEB funded acquisition. The property contains extensive high-quality wetlands and riparian woodlands. At the direction of the Acquisitions Subcommittee, staff requested due diligence materials in November 2008. The RRT felt that the project has very high ecological and educational values. The requested due diligence materials have not been received. Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the Ecola Creek Forest Reserve Addition project until due diligence materials have been received and reviewed.

C. Siuslaw Estuary Duncan Island Ranch Conservation Project – October 08 Cycle (209-116)

McKenzie River Trust (MRT) requests \$750,000 to purchase an 83-acre conservation easement on a 108-acre property on Duncan Island in the Siuslaw River estuary. The property contains tidally influenced freshwater wetlands that are in good condition. At the direction of the Acquisitions Subcommittee, staff requested due diligence materials in November 2008. The RRT made a conditional project determination of high ecological value, stating that the project's value hinges on revisions to the draft conservation easement and the development and implementation of a high-quality management plan. The RRT felt that the project has high educational value. Due diligence review is not complete. MRT is currently working to resolve issues pertaining to the title. When the Acquisitions Subcommittee met to discuss with staff the RRT evaluation of the project and the results of due diligence review to date, the Acquisitions Subcommittee recommended that the project be deferred for due diligence, and be considered for funding in the future only if MRT finds additional partners to reduce the amount requested from OWEB.

Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the Siuslaw Estuary Duncan Island Ranch Conservation Project until due diligence review is complete, MRT has fully resolved the title issues and RRT's concerns about the draft conservation easement, and MRT has revised the funding request to not more than \$450,000.

D. Alsea Bay Acquisition – Previously Deferred (208-116)

The Wetlands Conservancy (TWC) requests \$301,000 to purchase two properties totaling approximately 235 acres in the Alsea estuary northeast of Waldport. OWEB funds will match \$997,350 awarded from the U.S. Fish and Wildlife Service's National Coastal Wetlands Conservation Grant program.

1. Ecological Benefits

The Wetlands Conservancy says that the project will protect approximately 88 acres of estuarine wetlands, an OWEB priority ecosystem. The project will also protect approximately 128 acres of forested uplands. The application states that the project will benefit OWEB priority species, including brown pelican, coho salmon, marbled murrelet, peregrine falcon, steelhead, bald eagle, rufous hummingbird, and Pacific-slope flycatcher. The application also states that the project is consistent with two of OWEB's priorities for land acquisition: restoring function to an area that requires active restoration to achieve its conservation purpose and improving connectivity of habitat. The RRT indicated that the property is a desirable acquisition because it will allow for subsequent restoration of tidal marsh, an important part of the Alsea estuary.

2. Capacity to Sustain the Ecological Benefits

The application states that the title to the properties will be held by TWC, assuring that the properties will be protected in perpetuity and restored. The application also states that management and monitoring plans for the properties will be prepared by TWC and the Central Coast Land Conservancy. The Wetlands Conservancy owns and manages over 1,200 acres of land in Oregon, including OWEB-funded acquisitions.

3. Education Benefits

The application states that the Alsea Middle School might be able use the sites for field study and monitoring, and the MidCoast Watersheds Council will use the sites for educational outreach. The application also states that TWC will work closely with the Port of Alsea, Lincoln County, Oregon Department of Fish and Wildlife, and Portland Audubon Society to promote the importance of the Alsea Bay, ongoing restoration and stewardship activities, and opportunities for community development.

4. Partners, Project Support, and Community Effects

According to the application, the MidCoast Watersheds Council, Lincoln County, and Lincoln Soil and Water Conservation District are partners in the project. The application states that the type and level of recreation and public use of the property will be evaluated during development of site management plans. The application also states that TWC will work with Lincoln County to determine if the properties will remain on the tax rolls or if instead in-lieu payments will be made.

5. Legal and Financial Terms

The application states that the project is a fee title acquisition that will protect watershed function, tidal marsh, coniferous forest, and riparian areas for OWEB priority species. OWEB funds are requested for 21 percent of the purchase price of the properties. The rest of the purchase price will be paid using funds from the Coastal Wetlands Grant program and the Duke Foundation.

The legal review of the purchase and sale agreements did not raise any concerns for OWEB. The legal review of the title reports identified several title exceptions, such as a drainage ditch easement, which would conflict with OWEB's conservation interest in the property. TWC agreed to a combination of modifying and removing exceptions to OWEB's satisfaction. This process is nearly complete. Staff do not anticipate encountering problems in the remaining title work.

Appraisals of the properties were conducted by Duncan and Brown, Inc. OWEB's independent review appraiser determined that the appraisal reports are in conformance with Uniform Standards of Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), the value conclusions are adequately supported, and the proper appraisal methodology was used.

Phase 1 Environmental Site Assessments (ESAs) were conducted for the properties by Hahn and Associates, Inc. A review of the ESAs by the Oregon Department of Environmental Quality determined that the reports conform to the American Society for Testing and Materials (ASTM) standard required by OWEB and that further investigation is not necessary. However, one of the properties contains a septic system and well that must be decommissioned according to applicable regulations.

6. Conclusion

In June 2008, the Acquisitions Subcommittee decided to proceed with due diligence review because, once acquired by TWC, the properties present significant potential for tidal marsh restoration. The RRT concluded that the project has high ecological value but only modest educational value. Resolution of the due diligence issues is nearly complete. Within several weeks, TWC will finish the removal of a title exception and the alteration of another, and staff do not anticipate any problems with this process. Public hearings will be scheduled within several weeks. Staff and the Acquisition Subcommittee recommend funding for the Alsea Bay Acquisition application, contingent on resolution of the title issues to staff's satisfaction and submission of proof that the well and septic decommissioning has been done in accordance with all laws and regulations.

E. Big Creek Forest – Previously Deferred (209-105)

The Nature Conservancy (TNC) requests \$2 million to purchase 193 acres located on the Oregon Coast in Lane County, adjacent to Siuslaw National Forest and Washburne Memorial State Park.

1. Ecological Benefits

The application states that 97 percent of the property proposed for acquisition contains OWEB priority ecosystems, plant communities, and species. Specifically, the application claims that the property contains 19.7 acres of chaparral and north coast shrublands; 16.5

acres of floodplain/outwash lowland riparian, linear, wetlands; 6.8 acres of lowland riparian woodland and shrubland; 140.8 acres of Sitka spruce forest; and 4.5 acres of Western Oregon upland prairie. The application also states that the property contains Pacific reedgrass-blue wildrye, an OWEB priority plant community.

The following OWEB priority species have been documented on the property: coho salmon; steelhead; bald eagle; red-legged frog; Oregon silverspot butterfly; band-tailed pigeon; olive-sided flycatcher; Pacific-slope flycatcher; ruffed grouse; and rufous hummingbird. The property contains 132 acres of federally designated critical habitat for Oregon silverspot butterfly, a threatened species. The property also contains 0.65 miles of federally designated critical habitat for coho salmon, a threatened species.

The Big Creek application states that acquisition of the property is consistent with five of the conservation principles contained in OWEB's Basin Ecological Priorities: securing a transition area, restoring function to an area that requires active restoration to achieve its conservation purpose, protecting a site with exceptional biodiversity, improving connectivity of habitat, and completing an existing network of conservation sites.

The RRT felt that this site is a critically important conservation opportunity. The RRT identified Big Creek as a key watershed and the proposed property as a chance to conserve both aquatic and terrestrial species of significance.

2. Capacity to Sustain the Ecological Benefits

TNC hopes that Oregon Parks and Recreation Department (OPRD) will assume ownership of the property. (See *Legal and Financial Terms*, below). It is not possible to fully assess the capacity to sustain the ecological benefits of the project because the long-term titleholder has not yet been formally identified. However, because TNC anticipates that it will manage the property in a cooperative manner with OPRD, the U.S. Forest Service (USFS), the U.S. Fish and Wildlife Service (USFWS), and other partners, the ecological benefits of the project are likely to be sustained.

TNC has been highly involved in Oregon silverspot butterfly conservation work on the coast for many years. OPRD staff recently told OWEB staff that if OPRD accepts ownership of the property, it will be managed for habitat values, with infrastructure not to exceed one trail through the property. Washburne Memorial State Park, located just south of the Big Creek property, is currently managed by OPRD in part for protection of natural systems such as beaches and dunes. The application states that long-term management of the Big Creek property will be financed through a combination of OPRD, USFS, TNC, and USFWS operations budgets.

3. Education Benefits

The application states that the property will be open to the public for "light, day-use recreation" and publicized on the OPRD web site. The RRT did not feel that the project constitutes a significant opportunity for public education.

4. Partners, Project Support, and Community Effects

As described above in *Capacity to Sustain Ecological Benefits*, TNC is working with OPRD, U.S. Forest Service, and other project partners to develop a framework for

collaborative management of the property. TNC anticipates having a cooperative management framework in place by March 2009.

TNC is seeking project funding from the National Oceanic and Atmospheric Administration (NOAA), USFWS, and private sources to match the funds requested from OWEB. Funding decisions are expected to be made by other funders not later than March of 2009.

5. Legal and Financial Terms

TNC has engaged OPRD in negotiations regarding ownership of the property. Although a formal agreement has not been reached, OPRD has expressed interest in holding title to the property.

The Big Creek property's zoning currently allows for development of a 150-unit destination resort and up to 11 additional units. The current owners have drafted building plans and obtained development permits. TNC recently entered into an agreement with the owners to purchase the property for the appraised value of \$4.07 million.

6. Conclusion

Both the Acquisitions Subcommittee and the RRT felt that this project constitutes a very important conservation opportunity. The due diligence review is complete. The property's final title holder is expected to be OPRD, but a formal OPRD commitment has not yet been made. TNC anticipates cooperatively managing the property with OPRD, other state agencies, and federal and local conservation entities.

Staff and the Acquisitions Subcommittee initially planned to recommend funding for the Big Creek project at the March Board meeting, contingent on formal commitment from TNC or OPRD to long-term ownership of the property and development of a cooperative agreement regarding the purposes for which the property will be managed and the roles of the managing partners. However, in recent days, TNC has determined that the need to complete the Table Rocks transaction (Region 2, 209-113) is more pressing than the Big Creek transaction. Therefore, staff recommend deferring a funding decision for the Big Creek project and proceeding with a funding decision for the Table Rocks project.

V. Staff Recommendation

Staff recommend funding for three of the five Education/Outreach applications, four of the five Monitoring applications, and four of the five Technical Assistance applications. Staff recommend seven of the eight Restoration applications for funding.

Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the three Acquisition applications submitted in October 2008. One acquisition project previously submitted and deferred by the Board, Alsea Bay (application 208-116) is recommended for funding at this time.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. The table also indicates, by means of shaded entries, the OWEB staff "do fund" recommendations to the Board. For some "do fund"

projects, the amount shown in the table may be the staff funding recommendation rather than the RRT recommendation.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as contained in Attachment A to this report.

Attachments

- A. Projects Recommended for Funding
- B. Projects Not Recommended for Funding

Region 1 - North Coast
Deferred Acquisition Application Recommended for Funding by OWEB Staff

Project #	Project Name	Total Amount Requested
208-116	Alsea Bay Acquisition ** (FFY 08 National Coastal Wetlands Grant) (March 2008 Board Agenda Item J, May 2008 Agenda Item L, Sept. 2008 Agenda Items K-J)	301,000
Total		\$301,000

** Fund with conditions

Region 1 - North Coast
Acquisition Applications Receiving a Positive Rating for Ecological Merit by the RRT
And Recommended for Deferral by OWEB Staff
October 20, 2008 Grant Cycle

Project #	Project Name	Total Amount Requested
209-106	North Nehalem Bay Wetlands Conservation Project	466,462
209-112	Ecola Creek Forest Reserve Addition	1,400,000
209-116	Siuslaw Estuary Duncan Island Ranch Conservation Project	750,000

Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
209-1020	Cedar Cr LWD Placement */Effectiveness Monitoring \$19,200	364,780		364,780	1
209-1049	Little Nestucca River Restoration	232,554		232,554	2
209-1040	Bummer Creek Restoration	158,370		158,370	3
209-1042	Cougar Valley Habitat Restoration	34,607	500	35,107	4
209-1031	Vosburg Creek Dam Removal and Stream Enhancement	37,332	600	37,932	5
209-1041	Tweedle Lane Fish Passage Improvement	305,080		305,080	6
209-1030	Neitzel Farm Restoration - Riparian/Floodplain Planting and Tree Release	20,106		20,106	7
209-1028	Necanicum Estuary Riparian Enhancement	25,461	4,050	29,511	8
Total Restoration Projects Recommended for Funding to Staff by RRT		1,178,290	5,150	\$1,183,440	
Total Restoration Projects Recommended for Funding by Staff to Board		1,152,829	1,100	1,153,929	

* Listed Amount Reflects Recommended Reduction

Region 1 - North Coast
Education Applications Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
209-1027	Siuslaw Middle School Stream Team	13,279	1
209-1021	Stream Team Extension III	10,978	2
209-1039	Lower Columbia River Watershed Stewardship Project	29,512	3
209-1034	Siuslaw Watershed Exploration Camps 2009	18,397	4
209-1046	MidCoast Watersheds Council Education Program	40,000	5
Total Education Projects Recommended for Funding to Staff by RRT		\$112,166	
Total Education Projects Recommended for Funding by Staff to Board		\$53,769	

Region 1 - North Coast
Monitoring Applications Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
209-1026	Yachats Water Quality Monitoring Project	9,006	1
209-1022	Salmon Drift Creek Watersheds Water Quality Monitoring 2009-2010	29,063	2
209-1047	Mid Coast Monitoring Project	114,426	3
209-1043	Upper Nehalem Rapid Bio-Assessment *	111,037	4
209-1033	Siuslaw Volunteer Water Quality Monitoring Program 2009-2010 (VWQMP)	8,118	5
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$271,650	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$263,532	

* Listed Amount Reflects Recommended Reduction

Region 1 - North Coast
Technical Assistance Applications Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
209-1050	Fall Creek Channel Restoration Design	15,970	1
209-1037	Upper Fawcett Creek Fish Passage Engineering	45,680	2
209-1044	Upper Nehalem Limiting Factors Analysis (3 6th fields)	49,492	3
209-1045	Bummer Creek Habitat Design	34,880	4
209-1024	Nehalem Watershed Conservation Planning	38,233	5
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$184,255	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$146,022	

Region 1 - North Coast
Education Applications NOT Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Project #	Project Name	Total Amount Requested
209-1025	North Coast Watershed Education and Outreach Program	50,000
209-1036	Wilson-Trask Wetlands Education Project	10,446

Region 1 - North Coast
Monitoring Applications NOT Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Project #	Project Name	Total Amount Requested
209-1029	Necanicum Alcove Monitoring	54,890
209-1048	Netarts Bay Spawning Surveys	59,390

Region 1 - North Coast
Technical Assistance Applications NOT Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Project #	Project Name	Total Amount Requested
209-1023	Siletz Estuary Dike Removal	26,480
209-1038	NF Beaver Creek Tributary Restoration Design	30,225

Region 1 - North Coast
Restoration Applications NOT Recommended for Funding by the RRT
October 20, 2008 Grant Cycle

Project #	Project Name	Total Amount Requested
209-1032	Boykin Creek Enhancement	45,391
209-1035	Swamp Creek Restoration	67,435