

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

**SUBJECT: Agenda Item K: OWEB Grant Award Recommendations
Region 3, Willamette Basin
September 13-14, 2005 OWEB Board Meeting**

I. Background

Fourteen restoration applications and one acquisition application were received from the Willamette Basin seeking a total of \$1,831,130. The Willamette Basin Regional Review Team met at the State Lands Building in Salem on July 8, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Willamette Basin Regional Review Team recommended eight restoration projects totaling \$992,857 for funding. Five of the restoration projects were recommended for funding at a lesser amount than requested by the applicants. Special conditions were recommended for four of the projects.

The Regional reviewers found that the Lupine Meadows Conservation Easement had high ecological merit. They had previously found significant ecological merit for both the Big Four Corners and Luckiamute acquisition proposals, which were deferred in the April-September 2004 grant cycle and are revisited by staff recommendations in this cycle.

III. Acquisition Projects April 25, 2005 Grant Cycle

A. Lupine Meadows Conservation Easement (z206-091)

The grant application from Greenbelt Land Trust (Trust) requests \$94,000 from OWEB to assist in the purchase of a conservation easement on 58 acres in Philomath. The site contains 38 acres of high quality, emergent forested and scrub-shrub wetlands and 20 acres of Western Oregon upland prairie. The property is located in western Benton County in an area that has been identified as important for conservation of Western Oregon upland prairie. The Trust had secured \$346,000 of the \$440,000 purchase price for the conservation easement with funds that had to be used by June 30, 2005; therefore the requested funds from OWEB would be used to pay off a note for the remaining value.

1. Ecological Benefits

Two priority habitats are involved in the Lupine Meadows Conservation Easement project: Western Oregon upland prairie and emergent forested and scrub-shrub wetland. (The latter habitat is not on the priority list but is discussed in the Willamette Basin description.) Priority Species including Fender's blue butterfly, Kincaid's lupine, Nelson's checkermallow, Oregon Vesper Sparrows, Bradshaw's lomatium (potential), Willamette Daisy (potential), Taylor's checkerspot butterfly (potential), and Western pond turtle (potential). The Willamette Regional Review Team (RRT) concluded that this area has significant ecological value for several species and habitat type priorities for the Willamette Basin.

The following Conservation Principles apply to the project: (3) Securing transition areas; (4) Restoring function; (5) Protecting sites with exceptional biodiversity values; and (7) Complementing existing networks. The RRT agreed that the project is consistent with and addresses OWEB's Conservation Principles.

2. Capacity to Sustain the Ecological Benefits

The Greenbelt Land Trust will be the holder of the conservation easement and will work in partnership with the U.S. Fish and Wildlife Service (USFWS), the Institute for Applied Ecology, and local educational institutions on long term management of the property. The Trust has a 15 year history of success in land protection and restoration in the Willamette Valley. The Trust has carried out management on the property for the past two years. Management will be financed through a combination of federal and state grants, partner agreements with USFWS, private fundraising, volunteers, and grants. Grants totaling \$63,000 have already been secured for maintenance/enhancement and for management planning. They have also raised \$15,000 from private donors.

The primary objective of the project is to protect and enhance the existing populations of Kincaid's lupine, Fender's blue butterfly, Nelson's checkermallow, and many of the nectar plants that are present on the site. A secondary objective is to reintroduce Willamette daisy and Bradshaw's lomatium to the site. Utilization of the property for educational outreach to the local community, due to its proximity to Corvallis and Philomath, is also a goal of the project.

3. Educational Benefits

The Trust is working with the Institute for Applied Ecology to work with botany students from Philomath High School to conduct plant surveys and grow out plant species to enhance and reintroduce those species. The property is located close enough to the high school that students can ride bikes to the site. The Trust has offered tours of the property to the community and Philomath is interested in establishing a natural resource interpretive center on adjacent property. The property can also be used in outreach to other landowners with upland prairie habitat on their properties to show how to incorporate habitat restoration into their land management. The Willamette RRT felt that this site would offer excellent educational opportunities for local schools, community members and groups. The Team was concerned about the potential impacts from increased public access, but felt that access could be controlled and restricted by establishing designated trails that avoid sensitive areas.

4. Partners, Project Support and Community Effects

The property is located within the Urban Growth Boundary of Philomath and is zoned industrial. The property taxes for 2004 were \$279. Under the easement, payment of these taxes will continue.

Letters of support for the project have been obtained from the Institute for Applied Ecology, The Nature Conservancy, Oregon Habitat Joint Venture, USFWS, Benton Soil and Water Conservation District, Marys River Watershed Council, City of Philomath, and Philomath High School.

Although the property is zoned industrial, this site is not needed for industrial development. The application states that there is an adequate supply of industrial land in Benton County to accommodate projected growth, the site does not have sewer or water connections, and the high quality wetlands present would make development less likely. The surrounding properties are being developed with residential, light industrial, or commercial activities. The Trust is working with the City of Philomath and local Economic Development Partnership to accomplish both conservation and economic development in the Newton Creek watershed. This site was chosen as a site for protection due to the habitat and species present.

5. Legal and Financial Terms

OWEB funds are requested for 21 percent of the \$440,000 purchase price of the conservation easement. The applicants have secured funding from the USFWS North American Wetlands Conservation Act and Landowner Incentive Program to purchase the easement.

An appraisal of the property was conducted on June 29, 2004, by Glen R. Crouch of Real Property Consultants in Salem. The appraisal concluded a fair-market value of the property unencumbered by the easement of \$490,000 with the value of the property encumbered by the easement at \$30,000. The U.S. Department of Interior Appraisal Services Directorate has approved the report and its review appraiser concluded that the valuation analysis, opinions and conclusion are appropriate and reasonable.

A Phase I Environmental Site Assessment (ESA) of the property was conducted in June 2005 by OMNICON Environmental Management in Elmira. Review by the Oregon Department of Environmental Quality agrees with the conclusion of the ESA that there are no potential environmental concerns present on the property.

The legal review of the title report and exceptions and the option agreement did not identify any impediments to OWEB's interest in the conservation easement. The legal review of the proposed conservation did not identify any concerns and all of OWEB's required language was included.

6. Conclusion

Given that the residual value of the property is only \$30,000, the Board Acquisition Subcommittee requested that staff ask the Trust whether purchase of fee simple title to the property is possible. Staff from the Trust explained that both parties are interested in

the Trust purchasing the property, but the match funding available could only be used to purchase a conservation easement. The Trust is exploring ways in which it can make arrangements to purchase the property without its current interest in the conservation easement, which was recorded in June 2005, merging with a fee simple title interest. At the time of writing this staff report, the Trust's staff is researching how to implement that type of arrangement. The Trust's Board is interested, but expects that it will require some time to determine a course of action and finalize a new organizational structure.

This staff report has focused on the project elements related to purchase of the conservation easement, not purchase of fee simple title. Staff and subcommittee feel that there are ecological and educational values to be protected and managed under either scenario. The capacity of the Trust to manage the property does not change as they will undertake the same management regardless of ownership. The community support and partnerships do not change either. The title report, appraisal and Phase I ESA have all been approved for the property and apply regardless of the scenario.

The one due diligence change relates to the conservation easement. The version of the conservation easement the Trust recorded in June only contained a placeholder for OWEB's third party right of enforcement language. For due diligence review, the Trust submitted an updated copy that included OWEB's required language. If the Board approves funding to assist in the purchase of the easement, an updated version with OWEB's language would be recorded as a condition of funding. If the Board funds the purchase of fee simple title, OWEB's attorneys recommend that either OWEB take its own separate easement or enter into an agreement that the existing easement will continue despite the merger of interests.

The Board Acquisition Subcommittee and staff recommend that the Board approve up to \$124,000 in funding for the Lupine Meadows project. The increase in the grant allows the Trust to purchase fee simple title when appropriate arrangements are complete, which would be better for the long term management of these important habitats and species and therefore better in the long run for the Trust, landowner, and OWEB. Due to timing issues with the Trust's reorganization to allow them to purchase the underlying fee title, staff recommend that original \$94,000 request be released when the conservation easement is rerecorded with OWEB's third party right of enforcement, with the remaining \$30,000 to be released for the purchase of fee simple title at the time when the appropriate legal arrangements have been determined.

IV. Deferred Land Acquisition Grant Applications

The following projects were solicited and evaluated under OWEB's old administrative rules and application forms; therefore some of the material discussed in the new applications is not available or was never applied as evaluation criteria. For example, these projects were not part of the Board Acquisition Subcommittee review and recommendation process.

A. Big Four Corners Tract A Acquisition (z205-025)

The Columbia Slough Watershed Council, in conjunction with the City of Portland, submitted a land acquisition grant application in April 2004 requesting \$200,000 from OWEB to assist in the purchase of a 44-acre parcel at the confluence of Big Four Corners. The Big Four Corners Area, where two branches of the Columbia Slough meet, is one of two

core habitat areas in the Columbia Slough Watershed and is identified for protection because of its relatively large size and the diversity of the habitats that it encompasses. This site is considered vital to Columbia Slough watershed recovery and has been identified as a high priority site for protection and restoration in the Columbia Slough Watershed Council's Action plan.

1. Ecological Value

The 44 acre parcel contains the last remnant of previously common Columbia Slough vegetation, including forested wetlands dominated by black cottonwood, Oregon Ash, willow, and Douglas hawthorn. The property also has a historic Oregon white oak grove and several meadow areas. This structurally diverse forest provides resting and nesting habitat for raptors, woodpeckers and neotropical migratory songbirds. The federal and state listed yellow-breasted chat, an uncommon bird along the Columbia Slough, has been observed at this site. Other listed bird species reported on site include the willow flycatcher and the pileated woodpecker. Mammals, including the federal and state listed silver-hair bat and Pacific western big-eared bat, have been reported along with deer, coyote and northern river otter. It is suspected, but not recorded, that the Western pond turtle and the painted turtle have historically used this area.

In July 2004 the Willamette Regional Review Team noted that this area is one of the last sites in the Columbia Slough where habitat can be protected and restored, and the proposed acquisition is adjacent to existing protected land. The Team recognized that the ecological value may not rate high statewide due to its size and limited number of affected species, but concluded that "confluence areas" are very valuable for resource protection and are not often available for purchase.

2. Management

The City of Portland Parks will hold title and manage the Big Four Corners sites. The process to develop a long-term management plan includes creating a stakeholder group, full engagement and participation of the Columbia Slough Watershed Council (Council), coordination between the Council, Portland Parks and the Watershed Revegetation Program (WRP) on a planting plan, testing maintenance methods, and monitoring of the site.

3. Effect on the Local and Regional Community

The acquisition of this property will have a negligible effect on the local tax base, as the 2003-04 property taxes were only \$365.56. This taxation level is in part due to existing zoning restrictions on a majority of the property.

4. Appraisal, Title Report, and Option Agreement

The applicants are seeking \$200,000 in funding from OWEB towards the purchase of the property, which represents 33% of the cost of the purchase price of \$600,000. The applicants have secured match from an anonymous source and the landowner as a bargain sale contribution.

An appraisal of the entire 44-acre property, both the vacant industrial land (approximately 4 acres) and wetlands/open space land (approximately 40 acres), was conducted in December 2004 by Kirk W. Shaeffer of Real Estate Analysis Northwest in

Roseville, California. The appraisal concluded fair-market value estimates of \$250,000 for the vacant industrial land and \$358,000 for the wetlands/open space land for a total of \$608,000. OWEB's independent review appraiser has concluded that the appraisal complies with the Uniform Standards of Professional Appraisal Practice (USPAP) standard.

The due diligence review of the title report in July 2004 identified a number of questions about existing easements and exceptions. After a year of discussions with the applicants, OWEB's attorneys and the title company, all questions about exceptions have been addressed. The property is subject to a large number of easements, mostly utility easements but others related to City of Portland land use reviews and an EPA consent order related to groundwater contamination. An Oregon Department of Environmental Quality review of a Phase I Environmental Site Assessment (ESA) for the property agreed with the conclusion of the ESA that there are no potential environmental concerns present on the property and the groundwater plume is far enough away from the property to not be an issue.

5. Conclusion

The Willamette Regional Review Team concluded that the Big Four Corners Tract A acquisition has ecological value. The potential title, environmental site assessment, and zoning concerns have been resolved. To simplify OWEB's interest in the property, staff and Portland representatives, with concurrence from OWEB's attorney, have agreed that OWEB's contribution, and subsequent conservation easement, exclude a zone along the Columbia River levy and Marine Drive where most of the utility and access exceptions on the title are located. Staff recommend the Board award \$200,000 in funds towards the Big Four Corners Tract A Acquisition.

B. Luckiamute Riparian, Oak Woodland, Savanna and Grassland Conservation Easement (z205-174)

This application was originally submitted in April 2004 (Application No. z205-026). The Greenbelt Land Trust is requesting OWEB funding to purchase a permanent conservation easement on approximately 123 acres of a 183-acre farm along the Luckiamute River in Benton County. The permanent easement will be purchased on 83 acres that are also enrolled in the Conservation Reserve Enhancement Program (CREP) administered by the Farm Services Agency. An additional 40 acres, that contain important habitat values but do not qualify under CREP or the Conservation Reserve Program, will also be permanently protected under the easement.

Because this is the first project to take a 15-year CREP contract and turn it into a permanent conservation easement, the appraisal will set a precedent. OWEB staff, its review appraiser, and the applicant's appraiser are still working to develop a method and an approvable appraisal report. Staff recommend the Board continue to defer this application to allow the appraisal process to continue.

C. Keizer Rapids (z205-173)

In October 2004, Marion County and the City of Keizer requested \$700,000 from OWEB to assist in the purchase of two parcels totaling 34 acres and optioned at \$1,700,000. In March 2005, the City of Keizer revised its acquisition proposal and requested \$195,000 from

OWEB to assist in the purchase of approximately 7.8 acres of riparian forest on the parcel located immediately adjacent to Beardsley Bar State Park on the Willamette River. The City of Keizer has secured the funding necessary to acquire both parcels, therefore on August 26, 2005, the City formally withdrew its land acquisition application for Keizer Rapids Park.

V. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the Review Team. 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 is the staff funding recommendation rather than the Review Team’s. The shaded projects total \$992,857, of which \$960,637 is *capital* and \$32,220 is *non-capital*. Two Acquisition proposals also are recommended for funding totaling \$324,000 in *capital* funds.

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

Attachments

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

**Region 3 – Willamette Basin
Restoration Projects Recommended for Funding by the Review Team
April 25, 2005 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-095	Long Tom Fish Passage & Watershed Restoration	8,150	390,039	398,189	1
z206-101	L Johnson Cr Habitat Enhancement @ Tideman Johnson Nature Park	6,000	77,703	83,703	2
z206-094	South Meadow Floodplain Enhancement-Phase 2 (2006)*	2,400	97,600	100,000	3
z206-096	Johnson Cr Watershed Riparian Corridor Restoration*/**	4,170	77,662	81,832	4
z206-099	Spring Valley Cr Watershed Restoration*/**	1,000	90,800	91,800	5
z206-093	Urban Riparian Private Stewardship Project-Oaks Amusement Park**	2,500	20,038	22,538	6
z206-092	Upper Columbia Slough Riparian & Wetland Enhancement*/**	6,000	144,000	150,000	7
z206-102	Enhancement of Beggars Tick Wildlife Refuge in Johnson Cr*	2,000	62,795	64,795	8
Total Restoration Projects Recommended for Funding to Staff by the RRT		\$32,220	\$960,637	\$992,857	
Total Restoration Projects Recommended for Funding by Staff to the Board		\$32,220	\$960,637	\$992,857	

*Listed Amount Reflects Recommended Reduction

**Fund with Conditions

**Acquisition Projects Receiving a Positive Rating for Ecological Merit by the Regional Review Team
and Recommended for Funding by OWEB Staff**

Project #	Project Name	Amount
z205-025	Big Four Corners Tract A (April 26, 2004 Grant Cycle)	200,000
z206-091	Lupine Meadows Conservation Easement◊/**	124,000
Total Acquisition Projects Recommended for Funding by OWEB Staff		\$324,000

◊Listed Amount Reflects Recommended Increase

**Acquisition Project Receiving a Positive Rating for Ecological Merit by the Regional Review Team
and Recommended for Deferral by OWEB Staff**

Project #	Project Name	Amount
z205-174	Luckiamute Riparian Conservation Easement (October 25, 2004 Grant Cycle)	\$400,000

Region 3 – Willamette Basin
Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff
April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-097	Fitton Green Cr Fish Passage & Habitat Restoration	75,185
z206-098	Molalla River Corridor Enhancement	131,358
z206-100	Crystal Springs Urban Riparian Enhancement @ Eastmoreland Golf	108,027
z206-103	Middle Stephens Cr Riparian Habitat Restoration	37,417
z206-104	Woods Cr Basin Fish Passage Restoration	189,250
z206-105	Urban Riparian & Wetland Habitat Restoration @ Fulton Park	24,789

Acquisition Project Receiving a Positive Rating for Ecological Merit
by the Regional Review Team and Withdrawn by the Applicant

Project #	Project Name	Amount
z205-173	Keizer Rapids (October 25, 2004 Grant Cycle)	\$200,000