

August 26, 2005

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Roger Wood, Grant Program Manager

**SUBJECT: Agenda Item K: OWEB Grant Award Recommendations  
Region 4, Central Oregon  
September 13-14, 2005 OWEB Board Meeting**

### **I. Background**

Seventeen restoration applications and one acquisition application were received from Central Oregon seeking a total of \$2,451,596. The Central Oregon Regional Review Team met at the ODOT office in Bend on July 6, 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 Central Oregon Regional Review Team (RRT) recommended 10 restoration projects totaling \$886,278 for funding. One project was recommended for funding at a lesser amount than requested. Special conditions were suggested for six of the projects. The Review Team found that the Rimrock Ranch Conservation Easement proposal had significant ecological merit.

### **III. Acquisition Proposals**

#### **A. Rimrock Ranch Conservation Easement (z206-106)**

The grant application from the Deschutes Basin Land Trust (Trust) requests \$800,000 from OWEB to assist in the purchase of a conservation easement on 1,123 acres along Squaw Creek downstream of Sisters in Deschutes and Jefferson Counties. The property contains 1.6 miles of creek and borders the Crooked River National Grasslands and the Bureau of Land Management's Northwest Recreation Area.

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

The OWEB priority ecological systems involved are: Freshwater emergent marsh (22 acres), Lowland riparian woodland and shrubland (94 acres), and Western juniper woodland (old growth, 147 acres). The rare or at-risk plant community involved is Bitterbrush/Idaho Fescue (272 acres). Priority fish and wildlife species involved are: Inland Rainbow (redband) Trout, Mid-Columbia Steelhead (historic), Mid-Columbia Spring Chinook (historic), Bull Trout (downstream of property), Ash-Throated Flycatcher, Golden Eagle (nest sites), Lewis's Woodpecker, Pinyon Jay, Townsend's

Solitaire, Yellow-headed Blackbird, Pygmy Rabbit, Spotted Bat, Western Gray Squirrel, Striped Whipsnake, Western Toad, and Peck's Penstemon. The Central Oregon Regional Review Team (RRT) concluded that the priority habitats described in the application are important and freshwater emergent marsh in this basin is rare.

The application lists the following Conservation Principles as applying to the site: (1) Protecting large, intact areas; (3) Securing transition areas; (5) Protecting sites with exceptional biodiversity values; (6) Improving connectivity and; (7) Complementing existing networks. RRT members agreed to the importance of keeping the land intact, preserving the functionality of existing habitats, and the value of the property as a "bridge" between public lands and developed lands.

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

The Deschutes Basin Land Trust will hold title to the conservation easement and will be responsible for monitoring and enforcing the easement's provisions. The Trust has conserved over 5,503 acres of wildlife habitat, open space, and agricultural lands over the past 10 years. The Trust has three staff, an Executive Director, Project Manager, and Land Steward, who will be responsible for monitoring and managing the conservation easement, including any restoration and educational components. By policy, the Trust secures a monitoring and enforcement endowment prior to closing, which is managed by the Oregon Community Foundation. For this project, the Trust expects the endowment to be approximately \$15,000 and be funded by the landowner.

The framework for management of the property includes the conservation easement, the Trust's Stewardship Policy, and property baseline documentation. Restoration isn't part of the proposal, but the easement secures the right of the Trust to conduct restoration and enhancement activities on the property.

This project is expected to be subject to more intensive ecological monitoring than other easements because of the reintroduction of steelhead and Chinook salmon under the Pelton-Round Butte Relicensing Settlement. The easement secures continued access to the property for scientific monitoring and studies associated with salmon and steelhead reintroduction.

## **3. Educational Benefits**

The conservation easement gives the Trust and its education partners the right to use the property for educational purposes for a minimum of 30 days per year. This may include formal and informal tours, ecology and restoration courses, and volunteer restoration and management activities. The Central Oregon RRT felt that the project has educational merit and would like to see more information about educational use in the management plan.

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

The property will have no direct effect on the local property tax base as the property will continue to be privately owned and likely remain in farm deferral. The 2004 property taxes were \$1,360 for Deschutes County and \$6 for Jefferson County.

The project is supported by the following: Jefferson County Commission; Deschutes County Commission; Upper Deschutes Watershed Council; Oregon Department of Fish and Wildlife; Portland General Electric; Deschutes National Forest/Sisters Ranger District; Wolfree; the Confederated Tribes of the Warm Springs Reservation of Oregon; and the Deschutes Soil and Water Conservation District.

The applicants feel that this project will have social and community benefits because of its educational access provisions and its support of livability in Central Oregon. The Trust has found that its educational and interpretive programs at its other properties draw visitors from all over Oregon. The Trust also feels that protecting Rimrock Ranch helps maintain a productive agricultural base in the region.

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

OWEB funds are requested for 40 percent of the \$2,000,000 purchase price of the conservation easement. The applicants have secured additional funding from the National Fish and Wildlife Foundation, Natural Resources Conservation Service Farm and Ranchland Protection Program, and landowner bargain sale and are seeking additional match from the ODFW Landowner Incentive Program and other sources.

The legal review of the title report and exceptions and the option agreement did not show any potential conflict with OWEB's interest in a conservation easement. The legal review of the easement identified some suggested minor language changes to clarify intent and enforceability. Staff is working with the Trust to make those changes and we anticipate agreement on a final draft by the September Board meeting. OWEB's attorneys and the Board Acquisition Subcommittee both felt that this is a well constructed conservation easement.

An appraisal of the property was conducted in March 2005 by Marlo T. Dill, ARA in Prineville. The appraisal concluded that the easement has a fair-market value of \$3,600,000. OWEB's independent review appraiser has concluded that the report complies with the 2005 Uniform Standards of Professional Appraisal Practice (USPAP) standard and the appraiser's market value conclusion is reasonable and supported.

A Phase I Environmental Site Assessment (ESA) of the property was conducted in June 2005 by Hydro-Logics LLC in Sisters. 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.

### **6. Conclusion**

This property will conserve the most intact low gradient stream reach in the Squaw Creek sub-basin and is part of the Trust's Back to Home Waters program, a landscape-scale conservation effort that supports the reintroduction of salmon and steelhead runs in the Deschutes Basin. OWEB's attorney and the Central Oregon RRT both asked about the existing water right and small push-up dam on the property, which aren't part of the proposal. Staff discussions with the applicant have indicated that the Trust is in discussions with the landowner to change the point of diversion and dedicate water instream.

Staff and Board Acquisition Subcommittee feel that there are ecological and educational values to be protected and managed in the Rimrock Ranch Conservation Easement project. The Trust has the capacity to manage the property and the project has appropriate community support and partnerships. The title report, appraisal, Phase I ESA, and draft conservation easement (with minor edits) have all been approved for the proposal. The Board Acquisition Subcommittee and staff recommend that the Board approve \$800,000 in funding for the Rimrock Ranch Conservation Easement project

#### **IV. 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 items total \$886,278 of which \$879,978 is *capital* funds and \$6,300 is *non-capital*. Staff also recommend funding the Rimrock Ranch Conservation Easement proposal using \$800,000 of *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 4 – Central Oregon**  
**Restoration Projects Recommended for Funding by the Review Team**  
**April 25, 2005 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

**Restoration Projects**

<b>Project #</b>	<b>Project Name</b>	<b>Non-Capital Funds</b>	<b>Capital Funds</b>	<b>Total Amount</b>	<b>Priority</b>
z206-113	South Fork Beaver Cr Watershed Riparian Restoration	0	341,155	341,155	1
z206-117	Odell and Maklaks Cr Culvert Replacement**	1,800	130,160	131,960	2
z206-112	Upper McKay Cr Riparian Restoration **	4,500	33,150	37,650	3
z206-118	Endersby Culvert Replacement	0	66,200	66,200	4
z206-108	Central Canal Pipeline Middle Phase Completion**	0	100,000	100,000	5
z206-123	Grass Valley, Pine Hollow/Jackknife & North Sherman Conservation**	0	81,660	81,660	6
z206-119	Wagner Mountain Conservation Exclusion**	0	20,577	20,577	7
z206-114	Rock Cr Diversion/Irrigation*/**	0	28,325	28,325	8
z206-115	Wingwatchers Dike Restoration	0	28,222	28,222	9
z206-122	Dry Cr Gully Erosion Control	0	50,529	50,529	10
<b>Total Capital Projects Recommended for Funding to Staff by the RRT</b>		<b>\$6,300</b>	<b>\$879,978</b>	<b>\$886,278</b>	
<b>Total Capital Projects Recommended for Funding by Staff to the Board</b>		<b>\$6,300</b>	<b>\$879,978</b>	<b>\$886,278</b>	

\*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**

<b>Project #</b>	<b>Project Name</b>	<b>Amount</b>
z206-106	Rimrock Ranch Conservation Easement	\$800,000

**Region 4 – Central Oregon  
Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff  
April 25, 2005 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Amount Requested</b>
z206-107	Watkins Sprague River Channel & Wetland Restoration	43,000
z206-109	Winding Sprague River Channel & Wetland Restoration	137,278
z206-110	Mike Love Sprague River Channel & Wetland Restoration	40,562
z206-111	Cottonwood Cr Restoration Phase I	139,300
z206-116	Yamsi Ranch Irrigation Improvements	28,685
z206-120	Forest Cr Ditch Piping	217,040
z206-121	Water and Economics and Optimization◇	115,728

◇ Ineligible— Not a Capital Improvement Project