

February 28, 2006

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

**SUBJECT: Agenda Item J: OWEB Grant Award Recommendations
Region 1, North Coast
March 15-16, 2006 OWEB Board Meeting**

I. Background

A total of 35 applications were received from the North Coast, resulting in a total request of \$3,063,399. The breakout by type of grant is shown in an attachment to the Overview Report. The North Coast Regional Review Team (RRT) met at the Yurt Meeting Hall at Beverly Beach State Park north of Newport on January 11, 2006, 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 RRT. The RRT then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

Attachment A shows the *capital* projects and Attachment C shows the *non-capital* projects recommended and ranked for funding by the RRT. The attachments also indicate which projects were recommended for funding with special conditions or at reduced amounts. The shading indicates the projects recommended by staff for funding by the Board.

Remarks pertinent to particular grant types and project applications are noted below.

III. Restoration Projects

Projects of special note include Coal Creek Dam Removal (z206-263); Alder Creek Farm Restoration (z206-272); and Skipanon Floodplain Restoration (z206-274). Tom Shafer, North Coast Regional Program Representative, will briefly highlight these projects at the Board meeting.

Two road-related projects, z206-270, Lobster Creek Watershed Basin Fish Passage Improvement (\$85,247) and z206-271, Elk Creek Culvert Reconnection (\$46,225), have been selected to receive Salmon License Plate funding.

You'll notice two ties in the priority rankings recommended by the RRT. Staff generally eliminate such ties, usually with the help of the RRT, but did not do so this time in anticipation of having enough funding to provide for all the "do fund" projects.

IV. Acquisition Projects

Two land acquisition grant applications were received in this region. The results of the evaluation process described in the Overview Report are described below. Two land acquisition applications received in April 2005 and deferred by the Board in September 2005 are also updated in this staff report.

A. Svensen Island (z206-259)

The grant application was submitted by the Columbia Land Trust (CLT) and requests \$120,000 toward acquisition of 253 acres of diked island habitat within the Columbia River estuary. The acquisition proposal involves several parcels located on the west end of Svensen Island. The project will ultimately restore floodplain connectivity, intertidal marsh and spruce swamp habitat and backwater habitat. The remaining island acreage may be part of a future acquisition and restoration effort.

1. Ecological Benefits

Freshwater emergent marsh, freshwater mudflats, intertidal freshwater wetlands and lowland riparian woodland and shrubland are all priority ecological systems being protected and restored as part of this project. There is potential to restore a Sitka spruce/creek dogwood-Hooker willow tideland habitat community as well. As a result of a breach in the dike, the property is currently reverting back to functional intertidal habitat. The proposed restoration work will ensure that nearly 100 percent of the 253 acres will be composed of priority habitat types.

In addition to the priority plant communities (intertidal marsh), intertidal floodplain habitat within the Columbia River estuary provides significant benefits to all listed stocks of Columbia River salmonids. Juvenile salmonids are able to access the site for rearing, foraging and refugia. Priority fish species include Chinook salmon (fall run), Chum Salmon, Coastal Cutthroat Trout, Coho Salmon, Pacific Lamprey, and Steelhead Trout. The area also provides habitat to a number of other priority avian, mammal and amphibian priority species including White-Tailed Deer and Peregrine Falcon.

The North Coast Regional Review Team concluded that the ecological values of this site were extraordinary. The benefits to wildlife and all of the salmonid species using the lower Columbia River are readily apparent and “exceptionally high” according to the RRT. The reviewers also concluded that the proposal addresses all seven of OWEB’s conservation principles.

2. Capacity to Sustain the Ecological Benefits

A management plan for this site has not been developed yet. Once acquisition is complete, CLT staff will work with the local watershed council, conservation partners and regional experts to identify specific restoration and management goals for the site consistent with their science based stewardship program.

CLT will own the property and be responsible for management of the site. The 501(c)(3) conservancy organization has eight full-time staff members. To date, the CLT has successfully negotiated bringing 6,500 acres of property into conservation, mostly in

intertidal habitat areas. All projects have involved intense local community and landowner collaboration.

The CLT has established a stewardship fund and endowment to finance long term maintenance activities on all of their projects. An estimate of the stewardship fund has not been complete yet for this project, however, based on similar projects it is expected that the fund amount will be between \$50,000 and \$75,000. The CLT anticipated that the total fund amount will exceed \$1,000,000 by the end of 2005. Once baseline information is produced for the site and specific restoration actions have been identified, the CLT will work with project partners to develop a restoration budget and fundraising plan.

3. Educational Benefits

There are no current plans to incorporate education into the project. However, the site is well suited for education: there is good road access, a variety of habitat types, and a large study area. CLT is working with the Astoria High School aquatics lab for monitoring on the Waluski River project (Youngs Bay) and has worked with other schools on other projects. The CLT will allow, but restrict access to the site.

The RRT discussed the education potential of the site and concluded that there is good potential for education. However, careful consideration must be given to the restricting access in the conservation easement language and subsequent management plan in order to preserve the exceptional ecological values.

4. Partners, Project Support, and Community Effects

The property is currently zoned rural residential and is maintained in a farm land special assessment use. The Clatsop County property tax for the 253 acres for the 2004-2005 tax year was \$1,118. Given the 501(c)(3) status of the CLT, there is an option to remove the property from the tax rolls. In many cases CLT has opted to retain the tax status of acquired properties to address local concerns regarding loss of revenue. To date no decision has been made regarding the future tax status of this site.

The following organizations have provided letters of support for this project: Nicolai-Wickiup Watershed Council, Columbia River Estuary Study Taskforce, Lower Columbia River Estuary Partnership, and The Wetlands Conservancy.

Acquisition of the site will permanently remove the property from agricultural and residential uses. It is not anticipated that this will cause any significant impact to the local economy or residential market. The land has not been actively managed for agriculture for several years. One of the existing houses on the site is in significant disrepair and the other remains vacant.

5. Legal and Financial Terms

OWEB funds are requested for 14 percent of the \$875,380 anticipated purchase price of the property which is based on an estimated value of \$3,460 per acre. The applicants have secured additional funding (\$334,000) from the Lower Columbia River Estuary Partnership (LCREP), to be spent by October 2006, and are seeking additional funding (\$418,000) from the U.S. Fish and Wildlife Service North American Wetland conservation Act (NACWA).

6. Conclusion

The Svensen Island acquisition project is viewed favorably by staff, the Board Acquisition Subcommittee, and the RRT. On November 10, 2005, the Board Subcommittee recommended to proceed with due diligence. Due diligence activities will be completed in 2006. The Board Subcommittee and staff recommend that the Board defer consideration of this application pending completion of due diligence.

B. Westwind (z206-260)

The Westwind Stewardship Group (WSG) requests \$1,500,000 toward the purchase of 508 acres located at the mouth of the Salmon River Estuary. The property is located on the south side of the Salmon River across from Cascade Head and is within the Cascade Head Scenic Area. The site has been operated as a secluded YWCA summer camp (Camp Westwind) for the past 70 years. WSG proposes to preserve a portion of the property for its natural resource attributes and maintain the portion that is occupied by Camp Westwind to enhance its role in providing environmental education and research.

1. Ecological Benefits

Of the 508 acres, 425 acres are in pristine condition. Priority ecological systems present on the site include Sitka spruce forest, floodplain/outwash lowland riparian, linear, wetlands, and lowland riparian woodland and shrubland. Nearly 65 percent of the 508 acres are represented by these priority ecological systems. Other ecological systems are present adjacent to the property. Of particular interest is the large intertidal salt marsh (1260 acres) adjacent to the north of the parcel.

Many priority species have been documented on the site including the Peregrine falcon and bald eagle. Habitat for many other species exists and it is likely that marbled murrelet, red-legged frog, southern torrent salamander and black oystercatcher are also present on the property. A myriad of other priority plants, birds, mammals, and amphibians inhabit the surrounding Cascade Head Scenic Research area. Winter steelhead, Coho salmon and Chum salmon are known to be present in the Salmon River estuary which borders the property to the north.

The North Coast Regional Review Team confirmed the high ecological value of the site. Because of its size and location at the mouth of the estuary, the property is a key component in conserving and protecting a host of important ecological values in the watershed.

As confirmed by the RRT, the following Conservation Principles apply to the project: protecting large intact areas, securing a transition area, protecting a site with exceptional biodiversity value, complete or complement an existing network of sites in the basin or region and improving connectivity.

2. Capacity to Sustain the Ecological Benefits

WSG proposes to establish two management zones on the site: "Active Human Use Corridors" (83 acres) and "Conservation Areas with Occasional Human Visitation (425 acres). OWEB and the applicant are developing conservation easement language to manage both zones with an overlay for preservation of existing habitat and ecological

values. Both the Board Subcommittee and the RRT indicated a need to carefully evaluate the forthcoming management plan in relation to continued public use.

WSG will hold title to the property. WSG is a nonprofit organization led by a seven person board. Management of the site will be overseen by a site steward and two staff to maintain and operate the camp facility. A Natural Resource Advisory Group, comprised of government and nonprofit conservation professionals, will oversee development of a conservation plan, collaborate with other entities in the watershed and provide advice related to ongoing management and restoration activities.

Revenues generated from the camp facility are estimated at \$500,000 per year, which will be designated for use by WSG to carry out its mission of stewardship and education at Westwind. WSG will also establish a Stewardship Fund at the time of purchase. The fund will have a beginning endowment of \$300,000 to be supplemented over time by revenues associated with camp management and fundraising.

No specific restoration projects are contemplated as part of this acquisition project. However, the Natural Resource Advisory Group will continually advise WSG on restoration project needs and opportunities.

3. Educational Benefits

Westwind has provided an outdoor classroom for environmental education of youth and adults since 1973. WSG will continue this tradition and improve delivery of its programs by incorporating a sustainability component to the facility. In addition, WSG will concentrate on strengthening local partnerships to further integrate the facility into the natural resource community and build upon the work of others in the estuary.

Under WSG management, the YWCA will to use the camp during the summer so that it may continue its programming for children and families focused on discovering the natural environment of Westwind. The Northwest Outdoor Science School, which emphasizes ecological literacy and responsible citizenship, may also continue to use Westwind. Other diverse groups will have access to Westwind as a result of this acquisition.

The RRT remarked that the expected continued use of the property by the YWCA and other groups would ensure that the educational values of the property would be fully explored. The property is unique in its ability to provide the types of educational opportunities that will continue with this purchase. The RRT expressed a concern about balancing access and use of the property with protection of the habitats and how the management plan would address these competing interests. Also of particular concern to the RRT was the possibility of losing this valuable educational asset if this acquisition was not accomplished and access to the property was lost. The RRT confirmed that the education value of this acquisition is high.

4. Partners, Project Support, and Community Effects

The project is supported by Lincoln County Commissioners, the Portland Chapter of the YWCA, U.S. Forest Service, NOAA Fisheries, Oregon Sea Grant, The Nature

Conservancy, Wetlands Joint Venture, Wetlands Conservancy, Northwest Outdoor Science School, and the Mid-Coast Watersheds Council.

The seller of the property (YWCA) is a non-profit organization and as such has not paid property taxes on the property. WSG does not intend to pay taxes or in-lieu-of-payments. As a result, there will be no change to existing tax base revenues by this acquisition.

The applicants propose that acquisition will likely increase local revenue by bringing a more diverse, fee-based clientele to the site who is interested in its rare natural values for research, education and eco-based recreation.

5. Legal and Financial Terms

OWEB funds are requested for 42 percent of the \$3.55 million purchase price of the property. The applicants have applied for additional funding from the National Fish and Wildlife Federation (\$400,000), Meyer Memorial Trust (\$300,000) and Spirit Mountain Community Trust (\$300,000). In addition \$1,500,000 has been secured from the WSG itself.

The legal review of the title report and exceptions and the option agreement resulted in no identification of concerns or issues.

Staff and the applicants are working on the final language of a conservation easement to protect OWEB's proposed investment in the property. Language in the conservation easement requires the development of a management plan to address issues such as forestry management, equestrian use, trail management and any expansion of camp facilities.

An appraisal of the property was completed on January 16, 2006, by Dee Staple of McMinnville, Oregon. The appraisal concluded a fair-market value of \$3,625,000. OWEB's independent review appraiser has concluded that the report complies with the USPAP standard and the market value is supported.

A Phase I Environmental Site Assessment (ESA) of the property was completed on December 15, 2005 by Hahn and Associates. Review by the Oregon Department of Environmental Quality (DEQ) indicated that the report meets the ASTM Standard. DEQ agrees with the conclusion that the ESA has not revealed evidence of recognized environmental conditions as identified by the ASTM Practice. DEQ concurs with the recommendations suggested by Hahn and Associates to remove the small amount (de minimis) of petroleum contaminated soil and to perform a complete asbestos survey of property structures.

6. Conclusion

This acquisition project clearly meets the evaluation criteria for high ecological value according to the "OWEB Ecological Priorities for Land Acquisition by Basin." The applicant has proposed steps to ensure this new organization has the capacity to sustain the ecological benefits: development of the Natural Resource Advisory Group, the proposed site management staffing and proposal to establish the Stewardship Fund. The educational benefits of the property will be maintained and enhanced through acquisition

of this property. The project has received substantial support from the local community, other natural resource organizations and government agencies and will have a positive effect on the local and regional community. Due diligence materials have been reviewed and approved by staff and legal counsel.

The Board Subcommittee and the RRT have expressed unanimous support for the project. Staff and the Board Subcommittee recommend that the Board award \$1,500,000 in funds toward the Westwind acquisition project.

C. Deferred Acquisition -- 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 conservation easements have been appraised at \$1.8 million and the total project cost is estimated at approximately \$2 million. Tenmile Creek drains directly to the Pacific Ocean in Lane County, roughly ten miles south of the community of Yachats.

The Tenmile Creek Corridor Easement Project is generally viewed favorably by staff, the Board Acquisition Subcommittee, and the North Coast RRT. During evaluation of the application, all parties became concerned about the implications of two of the ownerships involved in the project. Staff are working with the McKenzie River Trust to revise the application to remove the Pine Tree Conservation Society and National Audubon Society properties and bring in two additional private parcels. Staff are also continuing to review and process due diligence information on the properties involved. Staff will bring a recommendation to the Board when the due diligence review is complete and after consideration by the Board Acquisition Subcommittee.

D. Deferred Acquisition -- Crosel Creek Habitat Reserve (z206-059)

The grant application from the North Coast Land Conservancy (Conservancy) submitted in April 2005 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. The total project cost is estimated at \$560,000.

The Crosel Creek Habitat Reserve project has received a high ecological and educational rating from the North Coast RRT. The application was deferred in September 2005 to allow for staff to complete a due diligence review of the project. The title report and Phase I Environmental Site Assessment have been reviewed and approved. The fair market value appraisal has been reviewed and OWEB's independent review appraiser has identified additional work to be completed in order for the report to be approved. OWEB and the applicant are working to resolve those issues as quickly as possible. Staff will bring a recommendation to the Board when the appraisal has been approved and after consideration by the Board Acquisition Subcommittee.

V. Education Projects

The RRT recommended funding for all four of its Education applications, and was particularly pleased to have four high quality applications totaling less than \$60,000.

VI. Monitoring Projects

The RRT recommended funding for seven monitoring projects, six of which are ongoing projects. Staff recommend funding six of the seven projects.

VII. Staff Recommendations for Project Funding

Attachments A and C show the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the RRT. The tables also indicate, 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. In Attachment A, the table shows that in some cases, the “Total Amount” for a restoration project is comprised of both *capital* and *non-capital* funds.

Attachments B and D show those applications not recommended for funding at this time by either the RRT or by OWEB staff.

Attachments

- A. Capital Projects Recommended for Funding
- B. Capital Projects Not Recommended for Funding
- C. Non-Capital Projects Recommended for Funding
- D. Non-Capital Projects Not Recommended for Funding

**Region 1 – North Coast
Restoration Projects Recommended for Funding by the RRT
October 24, 2005 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-271	Elk Cr Culvert Reconnection□	100	46,225	46,325	1◇
z206-272	Alder Cr Farm Restoration Phase II	0	23,096	23,096	1◇
z206-263	Coal Cr Dam Removal & Instream Enhancement	0	54,274	54,274	3
z206-275	Rock Cr-Devils Lake LWD Placement	0	94,270	94,270	4
z206-270	Lobster Cr WS Basin Fish Passage Improvement**/□	150	85,247	85,397	5
z206-267	Elliott Cr Fish Habitat Improvement	0	49,500	49,500	6◇
z206-276	Upper Wildcat Cr Stream Enhancement	0	47,933	47,933	6◇
z206-264	Ag & Backyard Planting Program (ABYPP)- Yr 4**	0	31,000	31,000	8
z206-274	Skipanon Floodplain Restoration	0	60,021	60,021	9
z206-266	Young Cr Fish Passage Improvement**	0	20,509	20,509	10
z206-269	Elk Cr-Salmon Passage/Habitat/Riparian Improvement	0	112,764	112,764	11
Total Restoration Projects Recommended for Funding to Staff by the RRT		\$250	\$624,839	\$625,089	
Total Restoration Projects Recommended for Funding by Staff to the Board		\$250	\$624,839	\$625,089	

** Fund with Conditions ◇ Projects Tied □ Capital Funding from Salmon Plate Money

**Acquisition Project Receiving a Positive Rating for Ecological Merit by the RRT
and Recommended for Funding by OWEB Staff**

Project #	Project Name	Amount
z206-260	Westwind	\$1,500,000

**Acquisition Projects Receiving a Positive Rating for Ecological Merit by the RRT
and Recommended for Deferral by OWEB Staff**

Project #	Project Name	Amount
z206-058	Tenmile Cr Corridor Easement (4-25-05 Grant Cycle)	900,000
z206-059	Crosel Cr Habitat Reserve (4-25-05 Grant Cycle)	420,000
z206-259	Svenson Island Conservation (10-24-05 Grant Cycle)	120,000
Total Acquisition Projects Recommended for Deferral by Staff to the Board		\$1,440,000

Region 1 – North Coast
Restoration Projects Not Recommended for Funding by the RRT and OWEB Staff
October 24, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-261	God's Valley Meadows Restoration Phase 1	57,486
z206-262	Gods Valley LWD IV	17,818
z206-265	Siuslaw Knotweed Control	26,690
z206-268	Gienger Farms Bridge Replacement	69,500
z206-273	Conyers Cr Fish Barrier Removal	86,775

**Region 1 – North Coast
Education Projects Recommended for Funding by the RRT
October 24, 2005 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
z206-197	Siuslaw Middle School Stream Team	5,682	1
z206-199	MidCoast Watersheds Council Education Program	25,000	2
z206-196	Siuslaw Summer Watershed Exploration Camps	14,117	3
z206-198	Watershed Awareness to Action Education 2006-07	15,180	4
Total Education Projects Recommended for Funding to Staff by the RRT		\$59,979	
Total Education Projects Recommended for Funding by Staff to the Board		\$59,979	

**Region 1 – North Coast
Monitoring Projects Recommended for Funding by the RRT/OPMT
October 24, 2005 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority	OPMT Rating
z206-235	Yachats Water Quality Monitoring	5,579	1	M/H
z206-236	Tillamook Bay Rapid Bio-Assessment (RBA)-Year 2	55,500	2	H/H
z206-237	Salmon Drift Cr WS Water Quality Monitoring	24,420	3	H/H
z206-234	MidCoast WS Evaluation & Restoration	103,860	4	H/H
z206-233	Siuslaw Volunteer Water Quality Monitoring	10,690	5	M/M
z206-238	Knowles Cr Life Cycle Monitoring	38,926	6	H/L
z206-240	Siuslaw Basin Rapid Bioassessment	49,665	7	H/H
Total Monitoring Projects Recommended for Funding to Staff by the RRT		\$288,640		
Total Monitoring Projects Recommended for Funding by Staff to the Board		\$249,714		

Benefit to the Oregon Plan/Certainty of Success—H=High, M=Moderate, L=Low

**Region 1 – North Coast
Monitoring Projects Not Recommended for Funding by the RRT/OPMT and OWEB Staff
October 24, 2005 Grant Cycle**

Project #	Project Name	Total Amount
z206-239	Youngs Bay Juvenile Fish Monitoring	42,163