

February 28, 2006

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

**SUBJECT: Agenda Item J: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
March 15-16, 2006 OWEB Board Meeting**

I. Background

A total of 40 applications were received from Southwest Oregon, resulting in a total request of \$3,765,093. The breakout by type of grant is shown in an attachment to the Overview Report. The Southwest Oregon Regional Review Team (RRT) met at Myrtle Point on January 10, 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 the *non-capital* projects recommended and ranked for funding by the RRT. They 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 Diamond Lake Restoration (z206-289) and Gold Hill Dam Removal and Restoration (z206-290). Mark Grenbemer, Southwest Oregon Regional Program Representative, will briefly highlight these projects at the Board meeting. An unusual feature of this set of recommendations is the \$4,000 for the Coos Watershed 2006 Projects (206-082). The Board funded this proposal at its September 2005 meeting, but staff inadvertently listed (and the Board approved) an amount that was \$4,000 less than intended. This staff report recommends that the Board now allocate the additional \$4,000 to make up for the staff error and fully fund this worthy project.

One road-related project, z206-286, the Umpqua Fish Passage 2006 project, has been selected to receive \$100,071 in Salmon License Plate funds to contribute toward the total OWEB capital award of \$194,789.

IV. Acquisition Projects

A. Deer Creek Ranch (z206-277)

The Southern Oregon University (SOU) Foundation, in partnership with the Siskiyou Field Institute (SFI) and Western Rivers Conservancy (WRC), is requesting \$500,000 toward purchase of the 873 acre Deer Creek Ranch (DCR) in the Illinois River Watershed. The project also involves wetland and grassland restoration of an irrigated hay field, transfer of existing water rights to improve in-stream flows of Deer Creek and Squaw Creek, and removal of a push up dam and concrete dam.

1. Ecological Benefits

DCR is surrounded by large tracts of public lands managed by the Rogue Siskiyou National Forest, Bureau of Land Management, and the State of Oregon. Deer Creek, which runs through the property, is one of the major tributaries to the Wild and Scenic Illinois River. The property also contains almost all the privately owned frontage of Squaw Creek, a tributary to Deer Creek.

Approximately 425 acres of the 873-acre property are represented as priority ecological systems, including lowland riparian woodland and shrubland, oak woodland, Ponderosa pine woodland and Serpentine barrens. Some of the priority fish and wildlife species that would benefit from the project include: Coho Salmon, Fall Chinook Salmon, Bullock's Oriole, Lewis's Woodpecker, *Lomatium cookii*, Common Kingsnake, White-breasted titmouse, Western Pond Turtle and Yellow-legged frog.

The project meets three of OWEB's conservation principles: Stabilize an area "on the brink" of ecological collapse, require active restoration to achieve its conservation purpose that would not occur without a change in ownership, and protect a site with exceptional biodiversity value. Restoration activities, including transfer of water rights, removal of diversions and dams, and restoration of previous wetland prairie are unlikely to occur under current ownership.

In its review of the application, the Southwest Oregon Regional Review Team confirmed the consistency of the project with the conservation principles and determined the project has strong ecological values.

2. Capacity to Sustain the Ecological Benefits

The SOU Foundation is working to establish a Limited Liability Corporation (LLC) in partnership with SFI to develop a Klamath-Siskiyou Education and Research Station at DCR. Other potential partners include Rogue Community College, Humboldt State College and the WRC. The WRC will hold title to the property through 2006 or until the LLC is functional and ready to accept ownership.

The applicants are proposing to manage the ranch for conservation of rare and endemic species and protection of the riparian and forested areas, while providing a biological field station and environmental education center. There is currently no management plan for the site. The facility partners will spend the first couple of years conducting assessments to determine the appropriate management goals and restoration projects for the site. Once determined, SFI staff and SOU faculty will write grant proposals to get

these projects funded. SFI anticipates that they will work with the Forest Service, watershed council, and school district to offer volunteer and service learning opportunities related to future restoration activities.

The Kendela Fund, a donor advised fund from an anonymous donor, has contributed \$800,000 toward an endowment to ensure the property will be well managed. The applicant's intention is to increase this endowment to \$2,000,000 over the next ten years.

SOU possesses the academic resources to contribute to the programs of the field station. SOU also has administrative experience to lend to management of the physical facilities and fiscal expertise to manage the fundraising and endowments. The SFI has broad experience in environmental education and are made up of faculty from many western universities. The SOU Foundation and SFI have developed a fundraising plan for each of the three stages of this project: acquisition, construction and program. Faculty involved with research and education will secure research grants to support field study.

3. Educational Benefits

There is a very significant education component associated with this acquisition project. The field station will provide a unique opportunity for education and research on the site and in the watershed. SFI will offer science based recreation opportunities to the general public and schools. The various restoration projects will provide an exceptional outdoor classroom. SOU will utilize the facility for courses and graduate student research.

The RRT felt that there is added value to the acquisition by the strong education and outreach potential of the property and the partners involved.

4. Partners, Project Support, and Community Effects

Letters of support for the acquisition project were received by the SFI, Rogue Community College, Illinois Valley Community Development Organization, and the Three Rivers School District.

Taxes assessed for the property for 2004/2005 totaled \$7,281. Since WRC is a nonprofit organization, tax exempt status will be applicable to the majority of the real property and buildings. It is estimated that the taxes assessed on the property will be reduced by about 30 percent.

The development of a University affiliated research station and a facility to host science based tours to the public promises to provide a much-needed economic stimulus to the area. The project will establish the first university-related facility in Josephine County history. This will provide economic opportunity and easier access to higher education for Illinois Valley residents.

5. Legal and Financial Terms

OWEB funds are requested for 20 percent of the \$2,550,000 purchase price of the property. The applicants have secured additional funding for purchase of the property from the Kendeda Foundation (\$2,000,000).

6. Conclusion

The project has strong ecological and educational components and adequately addresses the basin ecological priorities. The applicant and its partners are developing the capacity to sustain the ecological benefits and further partnerships to accomplish the management goals. On February 2, 2006, the Board Subcommittees recommended proceeding with due diligence. For this reason, the Board Subcommittee and staff recommend that the Board defer consideration of this application until the due diligence evaluation is complete.

V. Education Projects

The RRT recommended funding for two of four Education applications.

VI. Monitoring Projects

The RRT recommended funding six applications. Two projects are new proposals and four are to continue ongoing monitoring efforts. Staff recommend funding the ongoing 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 2 – Southwest Oregon
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
z206-289	Diamond Lake Restoration	0	100,000	100,000	1
z206-293	Tenmile Lakes WS Fish Passage & Sediment Abatement Phase III	1,494	318,577	320,071	2
z206-290	Gold Hill Dam Removal & Restoration	0	541,500	541,500	3
z206-292	Elk Cr Wood Placement Phase II	640	71,749	72,389	4
z206-280	Dawson Road Ranch Riparian Restoration**	0	33,182	33,182	5
z206-295	Coquille WS Riparian Enhancement 2006	1,100	152,650	153,750	6
z206-296	Snyder Wetlands Final Phase	450	35,240	35,690	7
z206-291	Lowe Cr Channel & Wetlands Restoration*/**	0	150,000	150,000	8
z206-279	Galetti Wetland Restoration	0	42,723	42,723	9
z206-294	Coquille Instream Habitat Enhancement 2006**	400	56,345	56,745	10
z206-286	Fish Passage 2006-Umpqua Basin*/□	75	194,789	194,864	11
z206-283	Tenmile Lakes Fencing & Sediment Abatement**	1,529	256,263	257,792	12
z206-284	Dodge Canyon/Thompson Cr Supplement**	0	82,106	82,106	13
z206-282	North Myrtle Riparian Restoration**	0	60,194	60,194	14
z206-285	Murphy Cr Habitat Improvement**	0	16,406	16,406	15
z206-288	Ashland Cr Passage	0	19,255	19,255	16
Total Restoration Projects Recommended for Funding to Staff by the RRT		\$5,688	\$2,130,979	\$2,136,667	
Total Restoration Projects Recommended for Funding by Staff to the Board		\$5,688	\$2,130,979	\$2,136,667	

*Listed Amount Reflects Recommended Reduction ** Fund with Conditions □ \$100,071 of Capital Funding from Salmon Plate Money

Additional Project Funding

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount
206-082	Coos WS Association Projects 2006 (4-25-05 Grant Cycle)	0	4,000	\$4,000

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

Project #	Project Name	Amount
z206-277	Klamath-Siskiyou Ed & Research Station –Deer Cr Ranch	500,000
Total Acquisition Projects Recommended for Deferral by Staff to the Board		\$500,000

**Region 2 – Southwest Oregon
Restoration Projects Not Recommended for Funding by the RRT and OWEB Staff
October 24, 2005 Grant Cycle**

Project #	Project Name	Amount Requested
z206-278	Coles Valley Cr Restoration	39,486
z206-281	Fitzpatrick Cr Enhancement	25,109
z206-287	Jones Cr Fish Passage	100,875

**Region 2 – Southwest Oregon
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
z206-200	Bear Cr WS Education Partners-Improving an Urban Watershed	20,500	1
z206-201	South Coast Education**	30,000	2
Total Education Projects Recommended for Funding to Staff by the RRT		\$50,500	
Total Education Projects Recommended for Funding by Staff to the Board		\$50,500	

**Region 2 – Southwest Oregon
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
z206-244	Coos WS Tidegate Replacement Effectiveness Monitoring-Phase 2*/**	80,233	1	H/H
z206-242	Curry WS Project Effectiveness Monitoring & Outreach	49,946	2	H/M
z206-241	Umpqua Basin Fish Production Monitoring**	57,191	3	H/L
z206-245	Coquille WS Monitoring 2006*	53,290	4	H/M
z206-248	Tenmile Lakes WS Quality Assurance Project Plan	97,148	5	M/M
z206-243	Coos WS Hydrological & Meteorological Monitoring 2006-08**	36,684	6	M/M
Total Monitoring Projects Recommended for Funding to Staff by the RRT		\$508,015		
Total Monitoring Projects Recommended for Funding by Staff to the Board		\$280,617		

*Listed Amount Reflects Recommended Reduction **Fund with Conditions
Benefit to the Oregon Plan/Certainty of Success—H=High, M=Moderate, L=Low

Region 2 – Southwest Oregon
Education Projects Not Recommended for Funding by the RRT and OWEB Staff
October 24, 2005 Grant Cycle

Project #	Project Name	Total Amount
z206-202	Lower South Fork Coos Outreach	20,790
z206-203	Youth Natural Science Program, OSU Extension Jackson County	74,829

Region 2 – Southwest Oregon
Monitoring Projects Not Recommended for Funding by the RRT/OPMT and OWEB Staff
October 24, 2005 Grant Cycle

Project #	Project Name	Total Amount
z206-246	Noxious Weed Treatment Monitoring	13,090
z206-247	Lower Umpqua Basin Water Quality Monitoring	26,834