

August 21, 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 L: OWEB Grant Award Recommendations  
Region 1, North Coast  
September 15-16, 2009 OWEB Board Meeting**

### **I. Introduction**

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

### **II. Background and Summary**

Applicants submitted 22 applications for a total request of about \$2.1 million, including \$53,000 for one Acquisition. The North Coast Regional Review Team (RRT) recommended 16 applications for approximately \$1.4 million, and favorably reviewed the one Acquisition application. Staff recommend 11 applications for a total award of \$1,184,628: \$896,536 for Restoration; \$138,092 for Technical Assistance; and \$150,000 for one previously deferred Acquisition.

### **III. Regional Review Team Recommendations**

The North Coast RRT met in Newport on July 9, 2009, to review the applications received in this grant cycle. Restoration and Technical Assistance applications were reviewed for technical merit and given a “do fund” or “no fund” recommendation. The RRT then prioritized the applications recommended for funding.

The RRT recommended reduced budgets for two applications recommended by staff for funding, 210-1009 and 210-1010. Staff concur with these reductions. Restoration application 210-1009 (Elk Creek Phase II Fish Passage) would open 3.6 miles of habitat to coho and other salmonids. The applicant reduced the budget by nearly \$53,000 based on reviewers’ comments and suggestions during the site visit, which resulted in the county engineer realigning the new culvert placement to better meet the upstream channel configuration.

Restoration application 210-1010 (Walker Creek Stream Enhancement) proposes to improve instream and riparian function and habitat for a stream with high intrinsic potential where spawner counts indicate a relative high use by coho. Project components include placing large wood and streamside conifer plantings that involve girdling some existing alders. The reviewers

recommended expanding the large wood placement to increase stream complexity, increasing that part of the budget. However, the reviewers were concerned about under-planting and girdling alders, and recommended not funding the riparian planting, suggesting that the applicant resubmit an application that addressed their concerns. As a result, the overall award is reduced by about \$16,000. Staff concur with these recommendations.

The RRT also recommended funding conditions for several of the applications, as shown on Attachment A. Staff concur with these conditions.

#### **IV. Acquisitions**

One land acquisition application was received from Region 1 this grant cycle; it is not recommended for funding. One previously deferred acquisition is ready for funding.

##### **A. Miami River Conservation Easement (210-101)**

The Central Coast Land Conservancy, Inc. (CCLC) requests \$53,450 to purchase an 18-acre conservation easement on a property adjacent to the Miami River in Tillamook County, approximately 0.5 miles upriver from Tillamook Bay. The conservation easement is intended to protect the property's existing habitat values and the outcomes of a large restoration project that is scheduled to begin in 2010.

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

The application states that the property contains the following OWEB priority systems: floodplain/outwash lowland riparian, linear, wetlands; freshwater marsh and aquatic beds; lowland riparian woodland and shrubland; lowland non-linear forested wetlands (swamps); and 0.4 miles of channel habitats. No acreage information is provided for the priority systems.

The application states that the plant communities on the property include species such as red alder, red elderberry, piggy-back plant, and cow parsnip. These are not OWEB priority species. The application does not indicate that there are OWEB priority plant communities on the property.

The application states that the project will benefit the following OWEB priority species: chum salmon, coho salmon, and steelhead. The application states that Coast Range fawn lily, an OWEB priority species, possibly occurs on the property. Finally, the application states that the project is consistent with one of OWEB's conservation principles for land acquisition: stabilizing an area on the brink of ecological collapse.

The RRT felt that the lower Miami River system is threatened by development, and that the pressure to build condominiums could become a distinct possibility when the real estate market rebounds. The landowner indicated that the property proposed for an easement cannot be subdivided, but that it could be used for agriculture that would degrade its conservation values.

The RRT felt that although the property is small, it's important because it is located in the Miami River's marine-freshwater interface, an important rearing area for significant numbers of chum salmon, coho salmon, and Chinook salmon. The RRT also pointed out that the property contains low-gradient channels and is located at the confluence of the

Miami River and Illingsworth Creek; both characteristics are OWEB-preferred stream conditions for projects intended to benefit native fish.

At the time of the RRT site visit, the landowners told the RRT that they intend to allow the Miami River to naturally change course. If a conservation easement is placed on the property, the owners will not rip-rap the bank or otherwise prevent the river from moving toward their property. The RRT placed high value on this commitment, and felt that allowing the river unfettered movement on the property would provide fish with beneficial off-channel habitat. Further, the RRT felt that acquisition of the conservation easement would ensure that the planned large-scale restoration project would have lasting effects at the property.

The RRT also felt that the project has a strong water quality component. Some members of the team said that it's likely that the property would be grazed in the future if it is not protected by a conservation easement. Those members further stated that although the Miami River currently does not meet the Oregon Department of Environmental Quality (DEQ) standard for bacteria, it has recently improved and is close to compliance. The RRT felt that if the property is not protected and is grazed as a result, it could become a source of bacteria and sediment input to the river and undercut progress toward attaining the DEQ bacteria standard. The RRT also felt that the property's trees help to cool the Miami River, and if not protected, the trees could be removed to the detriment of water temperatures. One RRT member expressed concern that the draft conservation easement's allowed pesticide use could degrade water quality.

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

CCLC, an all-volunteer land trust, will hold and enforce the conservation easement. CCLC holds and manages two conservation easements, owns two small tidal marshes, and has assisted other organizations in the protection of properties in Lincoln County. CCLC provided a financial statement that indicates the organization has \$28,653 in cash assets. The application states that CCLC is of the opinion that the cost for on-going management of the property will be minimal.

## **3. Educational Benefits**

The easement area is visible from Highway 101 and a county road. The application states that signage can be placed to make passersby aware of the project. The application further states that no regular public access will be provided, but that the landowner is amenable to occasional fieldtrips.

The RRT felt that because the property is close to Highway 101, it is in a prime location for education. At the time of the RRT site visit, the landowners told the RRT that they routinely invite school children to the property to learn about fish, water quality, and cultural resources, and that they will continue to offer learning opportunities.

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

The acquisition is a partnership between CCLC and the landowner; the application does not state that there are other parties involved. Other conservation organizations intend to later be involved in the proposed restoration project at the property. The proposed restoration work is not part of the acquisition application.

The application states that the property is currently being used for a small amount of farming activity. It further states that the project will have no effect on the tax base because the property will remain on the tax rolls and continue to be farmed. The application states that this project will provide an example of farm use that is compatible with habitat conservation and restoration, and thus the conservation easement may “set an example and provide a positive social effect.” The RRT felt the project is a good opportunity to demonstrate to Tillamook County landowners that agriculture can be compatible with conservation acquisitions. The project has the support of two of Tillamook County’s three county commissioners.

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

An appraisal conducted in December 2008 valued the conservation easement at \$65,000. The landowner is proposing to donate approximately 18% of the value of the easement. The application states there is no option or purchase agreement.

The application includes a draft conservation easement that seems to intend zones such as a farm zone and a cabin zone, but neither the easement nor the application specifies where the zones are located, or how large each zone is. The easement’s allowed and prohibited uses are vague. The easement reserves the right of the landowner to expand existing buildings and related infrastructure, build trails, and use the property for non-specific commercial and agricultural purposes. The property is the site of an elder care business; the conservation easement seems to preserve the right for disabled users to access the riparian area and wetlands in motorized vehicles. The easement does not contain OWEB’s mandatory language, which grants OWEB the right to enforce the easement to protect the property’s conservation values.

An above-ground power line currently traverses the property’s wetlands. Although the anticipated restoration project entails moving the power line from the property and burying it in road rights of way, funding for the restoration project is not assured. If OWEB invests in the conservation easement without the power line being relocated and the Miami River moves into the property, the power company could rip rap the power poles or otherwise undertake pole protection measures that would likely adversely affect the property’s conservation values.

## **6. Conclusion**

In April 2009, the Acquisition Subcommittee decided not to proceed with due diligence review because it felt that the property’s small size, neighboring agricultural land uses, and vague conservation easement make the project a low priority for OWEB funding. The Acquisition Subcommittee also felt that because future restoration of the property is not assured, and thus the power line might not be removed from the property, the power line could threaten OWEB’s conservation investment. The Acquisition Subcommittee considered the RRT’s opinion that the project has high ecological and educational merits, and as a result, feels that the project might be an appropriate OWEB investment after it is restored, or at least after the power line has been relocated. At this time, however, staff and the Acquisition Subcommittee do not recommend funding for the Miami River Conservation Easement application.

## **B. North Nehalem Bay Wetlands Conservation Project - Previously Deferred (209-106)**

The Lower Nehalem Community Trust (LNCT) requests \$150,000 to purchase four parcels totaling approximately nine acres at the northern edge of Nehalem Bay in Tillamook County. The parcels are four of seven that LNCT intends to purchase as the first phase of its effort to permanently protect wetlands that link land owned by LNCT to Nehalem Bay State Park. The Board awarded funding for two of the seven parcels at the June 2009 Board meeting. The funds now being requested by LNCT will match Coastal Wetlands Conservation Grant Program (Coastal Wetlands) funds awarded to OWEB for acquisition of the seven parcels.

### **1. Ecological Benefits**

The application states that the property proposed for acquisition contains OWEB priority ecological systems, including freshwater marsh and aquatic beds, intertidal salt marsh, and lowland non-linear forested wetlands. Protection of the parcels will conserve OWEB priority species, including coho salmon, steelhead, chum salmon, red-legged frog, band-tailed pigeon, bald eagle, great-blue heron, pacific-slope flycatcher, rufous hummingbird, marbled murrelet, and peregrine falcon. The application states that the proposed acquisition is consistent with five of OWEB's conservation principles: protecting a large, intact area; securing a transition area; protecting a site with exceptional biodiversity; improving the connectivity of habitat; and complementing an existing network of conservation sites.

The RRT felt that although the parcels are small and not highly ecologically valuable in and of themselves, the property forms a very important habitat link between Nehalem Bay State Park and other protected areas. The RRT was of the opinion that these parcels should be conserved to save the last remaining bayside wetlands and maintain habitat linkages.

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

LNCT was founded in 2002 and currently owns three properties totaling 65 acres. LNCT is in the process of purchasing the properties for which the Board awarded funding in June 2009.

LNCT has demonstrated success in obtaining OWEB, U.S. Fish and Wildlife Service, and Natural Resources Conservation Service grants and raising private funds for the purchase and maintenance of conservation lands. LNCT also successfully engages North Coast residents in the care and understanding of coastal ecosystems.

### **3. Educational Benefits**

LNCT currently conducts frequent educational activities at its Alder Creek Farm conservation site, near the parcels proposed for purchase. LNCT leads a wide variety of workshops, provides free education programs to more than 400 children per year, and trains and maintains a team of natural resources research and monitoring volunteers. If this project is funded, LNCT will expand its educational offerings to include on-site learning at the newly acquired parcels.

The RRT felt that LNCT's current educational programs are outstanding and expressed confidence that the LNCT would implement that same high-quality community education programs at the proposed parcels as it does at Alder Creek Farm.

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

LNCT has received commitments from the following entities for in-kind assistance with the development of stewardships plans for the acquired parcels: Oregon Department of Fish and Wildlife, North Coast Land Conservancy, The Nature Conservancy, a private consultant, Urban Greenspaces Institute, Audubon Society, and Oregon Parks and Recreation Department. LNCT gathered more than 450 signatures from local residents who support the project.

Annual property taxes total approximately \$675 for the parcels for which LNCT is currently seeking funding. If the parcels are acquired for conservation, the taxes would no longer be paid. Despite this, the project has received unanimous support from the Tillamook County Board of Commissioners and is also supported by the Mayor of Nehalem. LNCT and many members of the community feel that the loss of property taxes will be offset by the project's educational and ecological benefits.

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

An appraisal determined that the fair market value of the parcels is \$546,500. LNCT has an option to purchase the parcels for \$150,000. The landowner will donate the remaining value. The purchase will be made using OWEB funds, which are the state match for the Coastal Wetlands grant used to purchase the properties approved by the Board in June 2009.

The legal review of the options did not raise any concerns for OWEB. The legal review of the title reports identified several minor title exceptions, which LNCT and staff have addressed.

An appraisal of the properties was conducted by Zell and Associates. OWEB's independent review appraiser determined that the appraisal report was initially insufficient for OWEB's purposes. With guidance from OWEB's review appraiser, Zell and Associates amended the report. OWEB's review appraiser subsequently determined that the report is 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.

A Phase 1 Environmental Site Assessment (ESA) was conducted for the parcels by Hahn and Associates, Inc. A review of the ESA by the Oregon Department of Environmental Quality determined that the report conforms to the American Society for Testing and Materials (ASTM) standard required by OWEB and no further investigation is needed.

#### **6. Conclusion**

In November 2008, the Acquisition Subcommittee decided to proceed with due diligence for the project because the members felt that the acquisition of the parcels, despite the expense, is advisable because the parcels are the last remaining wetlands link between ecologically significant, protected areas. The Subcommittee also felt that the project has strong educational merit and outstanding community support. The RRT felt that the project has medium ecological merit and high educational merit. Staff and the Acquisition Subcommittee recommend funding for the project.

## V. Staff Recommendation

### A. Capital Applications

- *Restoration.* Staff recommend funding seven of the 10 Restoration applications recommended by the RRT, with reduced funding for applications 210-1009 and 210-1010 as discussed in Section III of this report.
- *Acquisition.* Staff recommend funding for North Nehalem Bay Wetlands Conservation Project (209-106). Staff do not recommend proceeding with further consideration of the Miami River Conservation Easement (210-101).

### B. Non-Capital Applications

- *Technical Assistance.* Staff recommend funding three of the six Technical Assistance applications recommended by the RRT.

Attachment A shows the applications, funding amounts, conditions (if any), and priority rankings recommended for funding to OWEB staff by the RRT. The table also indicates, by means of shaded entries, the OWEB staff recommendations to the Board. For some applications, the amount shown in the table is the staff or RRT funding recommendation rather than the amount requested in the application.

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 recommendations as contained in Attachment A to this report.

#### Attachments

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

**Region 1 - North Coast**  
**Technical Assistance Projects Recommended for Funding by the RRT**  
**April 20, 2009 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
210-1016	South Fork Necanicum Diversion Technical Assistance	50,000	1
210-1017	Jetty Creek Fish Passage Technical Assistance	49,810	2
210-1006	Oak Ranch Creek - Salmon Passage - Apairy Road Design	38,282	3
210-1014	God's Valley Meadows Technical Assistance	31,833	4
210-1005	Limiting Factors Project Development (5 Rivers/Upper Yaquina)	37,153	5
210-1008	Upper Nehalem - Landowner Outreach = Cooperation	19,772	6
<b>Total Technical Assistance Projects Recommended for Funding to Staff by RRT</b>		<b>\$226,850</b>	
<b>Total Technical Assistance Projects Recommended for Funding by Staff to Board</b>		<b>\$138,092</b>	

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

Staff Recommendations to the Board are Highlighted in Gray		
Project #	Project Name	Total Amount
209-106	North Nehalem Bay Wetlands Conservation Project	150,000
<b>Total</b>		<b>\$150,000</b>

**Region 1 - North Coast**  
**Restoration Projects Recommended for Funding by the RRT**  
**April 20, 2009 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
210-1009	Elk Creek Phase II - Fish Passage Restoration*	438,710	0	438,710	1
210-1002	Lower Fan Creek Culvert Replacement^	255,208	0	255,208	2
210-1018	Boykin Creek Enhancement^	47,497	0	47,497	3
210-1001	Backyard Planting Program (BYPP) Year 7 - Ray Ruby Project	39,615	0	39,615	4
210-1010	Walker Creek Stream Enhancement Project*^	40,250	0	40,250	5
210-1004	Yaquina Bay Estuary (35th Street) Fish Passage Project^	22,506	0	22,506	6
210-1013	South Fork Necanicum Fish Passage and In-stream Habitat Improvement Project^	52,750	0	52,750	7
210-1007	Nehalem - Riparian Restoration - Jewell Meadows - Phase IV*	35,991	0	35,991	8
210-1015	Necanicum Estuary Riparian Enhancement	26,930	4,300	31,230	9
210-1012	Trout Creek Basin Improvements*^	186,794	1,645	188,439	10
<b>Total Restoration Projects Recommended for Funding to Staff by RRT</b>		<b>\$1,146,251</b>	<b>\$5,945</b>	<b>\$1,152,196</b>	
<b>Total Restoration Projects Recommended for Funding by Staff to Board</b>		<b>\$896,536</b>	<b>\$0</b>	<b>\$896,536</b>	

\* Listed Amount Reflects Recommended Reduction    ^Fund with Conditions

**Region 1 - North Coast**  
**Acquisition Project Receiving a Positive Rating for Ecological Merit by the RRT**  
**And Not Recommended for Funding by OWEB Staff**  
**April 20, 2009 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount</b>
210-101	Miami River Conservation Easement	53,450
<b>Total</b>		<b>\$53,450</b>

**Region 1 - North Coast**  
**Technical Assistance Projects NOT Recommended for Funding by the RRT**  
**April 20, 2009 Grant Cycle**

<b>Project #</b>	<b>Project name</b>	<b>Total Amount Requested</b>
210-1000	South Fork Siletz River (Valsetz) Log Crib Removal Impact Assessment	20,650
210-1003	Clatskanie River Hydraulic and Hydrologic Analysis	50,000
210-1011	Canal Creek Restoration Design	27,280

**Region 1 - North Coast**  
**Restoration Projects NOT Recommended for Funding by the RRT**  
**April 20, 2009 Grant Cycle**

<b>Project #</b>	<b>Project name</b>	<b>Total Amount Requested</b>
210-1019	Cook Creek Riparian Enhancement Project	90,550
210-1020	Little Pompey Wetland Restoration	417,500