



Oregon

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Oregon Watershed Enhancement Board

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative
Ken Bierly, Deputy Director

SUBJECT: Agenda Item H: OWEB Grant Award Recommendations
Region 1, North Coast
September 16-17, 2008 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 \$6,453,184 including \$5,064,960 for Acquisitions. The Regional Review Team (RRT) recommended 14 applications for approximately \$994,062, and favorably reviewed the two Acquisition applications. Staff recommend 14 applications for a total award of \$1,274,062: \$820,399 for Restoration; \$59,180 for Assessment; \$114,483 for Technical Assistance; and \$280,000 for Acquisition.

III. Regional Review Team Recommendations

The North Coast Regional Review Team (RRT) met in Newport on July 1, 2008, to review the applications received in this grant cycle. Restoration, Assessment and Technical Assistance applications were reviewed for technical merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The RRT recommended reduced funding for two applications, 209-1003 and 209-1018. Technical Assistance application 209-1003 (Lower Columbia-Clatskanie Habitat Assessment) included funding for monitoring. The RRT recommended funding only the Aquatic Habitat Inventory portion of the application, and did not support funding snorkel surveys. Eliminating the snorkel surveys reduced the recommended award by \$3,533.

Restoration application 209-1018 (Westwind Aquatic Organism Passage and Estuary Sediment Reduction Project) proposed repair and reconditioning of the dirt access road to the property, including replacing undersized, failing culverts and hardening the road with crushed asphalt and gravel. The RRT recommended funding only the costs associated with the replacement of the

culverts, reducing the cost from \$106,585 to \$70,491. Staff concur with this reduction of \$35,644.

IV. Acquisitions

Two land acquisition applications were received from Region 1 this grant cycle, but neither is ready for Board action at this time. Two previously deferred land acquisition applications are ready for Board consideration. The sections below summarize the status of these four applications and describe the staff recommendations.

A. Shangrila Creek Wetlands Acquisition (208-103)

The North Coast Land Conservancy (NCLC) requested \$180,000 (\$253,000 total project cost) in April of 2007 to purchase 60 acres along Shangrila Creek in Seaside. This fee title acquisition would add to previous purchases of the Neawanna Wetland Reserve, a planned effort begun by the community in 1992 aimed at protecting the Necanicum Estuary. To date, over 100 acres in the estuary system and tributary streams have been acquired and protected.

1. Ecological Benefits

This proposed acquisition includes roughly one mile of stream interface of Shangrila Creek, one of the largest tributaries to the Neawanna Creek watershed, itself a tributary to the Necanicum River estuary. The Neawanna is a relatively small system, flowing south to north as it drains the low hills just east of the City of Seaside, joining the Necanicum only a short distance from the ocean. While Shangrila Creek is in the upper reaches of the Neawanna, much of the reach of Shangrila Creek included in this acquisition is tidally influenced. As a result, the property includes several Basin Ecological Priority Habitats, including intertidal salt marsh (10 acres); tidally influenced wetlands (16 acres); freshwater marsh (10 acres); Sitka Spruce forested wetlands (20 acres); and upland forest (4 acres). Priority species documented in the sub-basin include Coho Salmon, Red-Legged Frogs, Rufous Hummingbirds and Willow Flycatchers.

The lower reach of Shangrila Creek is connected to a diverse array of tidal channels considered critical to maintaining a direct linkage to freshwater wetlands and the upland waterways of the system. The biodiversity of the area is high, with 160 species of birds listed for the site, including a large number of neo-tropical migrants (22 species); at least 20 species of butterflies; 11 species of fish; 15 species of dragonflies; and 4 species of amphibians.

This proposed acquisition will continue to build the vision of a protected estuary-wetland system. Conservation goals include securing and restoring (1) the hydrological connections of the Neawanna Estuary and its freshwater wetland system; (2) the tidal and freshwater marshes of the Neawanna Estuary and its freshwater system; and (3) the ecological systems of the associated wetland and upland forest. Partners in the Neawanna Wetland Reserve to date include OWEB, U.S. Fish and Wildlife Service (USFWS), City of Seaside, and the NCLC.

The RRT was familiar with the Neawanna Wetland Reserve program and appreciated the fact the Shangrila Creek site would provide another link in the chain of properties already protected by the program. They recognized the value of the important habitat types included in the property (salt marsh, tidally influenced wetlands, freshwater marsh, Sitka

Spruce forested wetlands and upland forest) and the number of fish and wildlife species that utilize the site and would benefit from its protection. They also recognized the value of the property for storage and filtration of floodwater. The RRT discussed the potential threat to the property if it wasn't acquired and protected and they all agreed the threat of development was very real, since the site is well within the City of Seaside, only one block east of Highway 101. They also understood that Shangrila Creek is one of the largest producers of Coho in the Neawanna system and that the habitat was in good enough shape to not require a great deal of restoration work.

The RRT agreed that the acquisition addressed the ecological system priority of freshwater swamp and provides habitat for listed and focal species. The RRT also recognized that the proposed acquisition met the conservation principles of a site with exceptional biodiversity, that it improves connectivity of habitat, and builds on an existing network of sites.

2. Capacity to Sustain the Ecological Benefits

The NCLC will hold fee title to the property. A conservation easement, using OWEB's template will be recorded at closing. The NCLC has been a land trust in Clatsop and Tillamook counties for 20 years and currently holds 26 resource properties managed for ecological and cultural values. They have recently established a full time land steward position.

The NCLC has a policy to establish an endowment for its new acquisitions. The source of the endowment for this project is a combination of a proposed donation from the seller (\$20,000) and fundraising. The site is in excellent ecological condition and the NCLC does not anticipate a need for money to conduct restoration activities.

3. Educational Benefits

Direct public access is not planned at this time. However, the property will be incorporated into the network of natural history education opportunities in the community, related to the estuary resources. The RRT concluded that the project has high educational merit.

4. Partners, Project Support and Community Effects

The project is supported by the City of Seaside, Coastal Natural History Center, Necanicum Watershed Council (who will provide support for habitat protection, restoration and fundraising), and the Columbia River Estuary Study Taskforce (who will provide technical support to the NCLC). Letters of support were received from Celeta Research Associates, North Coast Watershed Association, City of Seaside, and the Necanicum Watershed Council.

The property is zoned Lake and Wetland. Land uses in the surrounding area include forestry, light industrial, commercial and natural areas. The property is within the city limits of the City of Seaside.

The application suggests that taxes for comparable wetland areas are about \$365 per year. The NCLC does not anticipate paying in-lieu of taxes. Support by the City of Seaside for the conservation acquisition shows the project is well received in the local community.

5. Legal and Financial Terms

OWEB funds are requested for approximately 82 percent of the \$220,000 purchase price of the property. The applicant has some secured match and is seeking match from The Nature Conservancy.

The legal review of the title report and exceptions and the option agreement shows no conflict or concerns about title exceptions or easement provisions.

An appraisal of the property was conducted on June 20, 2008, by Real Valuation and Research Services, LLC in McMinnville. The appraisal concluded a fair-market value of \$220,000. OWEB's independent review appraiser has concluded that the report complies with the Uniform Standards of Professional Appraisal Practice (USPAP) standard and the market value is supported.

A Phase I Environmental Site Assessment (ESA) of the property was conducted in August 1, 2007, by Amy Horstman of the U.S. Fish and Wildlife Service. Review by the Oregon Department of Environmental Quality (DEQ) indicated that the report conforms to the American Society for Testing and Materials (ASTM) practice. DEQ agrees with the conclusion that the ESA has not revealed evidence of recognized environmental conditions as identified by the ASTM practice and that no further action is needed at the site.

6. Conclusion

The proposed fee acquisition project meets the evaluation criteria, is strongly supported by the RRT and complements previous acquisitions made by the Board in the Neawanna River system. The Board Subcommittee and staff recommend the application be funded.

B. Coal Creek Swamp Acquisition (208-106)

The North Coast Land Conservancy (NCLC) submitted an application in October of 2007 requesting \$100,000 (total project cost of \$145,750) to purchase 80 acres of tidally influenced lowland forested wetlands adjacent to the lower Nehalem River in Tillamook County.

1. Ecological Benefits

The Coal Creek Swamp is a large-intact Sitka spruce tidally influenced wetland with a fringe of forested upland. This 80-acre parcel is located on the North Fork Nehalem at River Mile 1 and is the largest intact-forested wetland site in the Nehalem estuary. The proposed fee acquisition will protect a key ecological site in the lower Nehalem estuary. With direct exposure to the main stem N. Fork Nehalem River and encompassing large tidal channels, this site is critical as refuge for salmon and steelhead at different stages of their life cycle. Based on preliminary review and site visits, this land will be managed as a natural area with the major management focus on protecting the boundary from invasive species.

The property contains 73.8 acres of priority ecological systems, encompassing over 92 percent of the property including 50.2 acres of Sitka spruce forest (forested wetland), 4.3 acres of tidally influenced freshwater wetlands, 19.3 acres of lowland non-linear forested

wetlands, and 3,000 feet of N. Fork Nehalem River frontage and riparian area, including both sides of a large tidal channel, approximately 2,000 feet in length. The applicant identified the following conservation principles as applying to the project: protect a large intact area, secure a transition area, protect a site with exceptional biodiversity values, improve habitat connectivity and complement an existing network of sites in the basin.

The RRT noted that this is an exceptional piece of property with complex tidally influenced forested habitats that are critical to off-channel rearing opportunities for salmonids. The RRT felt this acquisition could be used as a building block for future conservation land acquisition projects in this area. They noted that tidally influenced, forested wetlands and estuary habitats are becoming rare along the North Coast, and felt the threat of development for this area is high. The RRT rated the overall ecological benefits as high and thought the project met all five of the conservation principles listed in the application.

2. Capacity to Sustain the Ecological Benefits

The North Coast Land Conservancy will hold title and manage this site. NCLC owns and manages over 1,500 acres of coastal habitat and currently two other key resource properties in the Nehalem estuary. An endowment fund will be established to ensure a level of income for management. NCLC has requested a landowner contribution to the endowment, which is proposed to be \$20,000.

3. Educational Benefits

Due to the location and nature of the habitat, this site has limited use as an education site that would include direct access. But, the story of this habitat type and secondary communications about it can be developed and shared with a number of audiences, including the local community and its various interest groups. The greatest potential for this site is use by researchers to better understand the functions of this system and use that information to inform a wide variety of audiences at the local and regional level. This site also has the potential to develop a film product that could be used in local schools and in other coastal communities to appreciate and understand how the Sitka spruce wetland forest fits into the larger Oregon coastal estuary system.

The RRT evaluated the educational benefits of the project and rated the educational benefits as high. They concluded that the site could serve as an excellent example of a variety of habitats and features that benefit fish and wildlife. The RRT noted that this project could offer outstanding opportunities as a reference research site that could assist in guiding restoration projects and provide valuable information pertaining to refuge and rearing.

4. Partners, Project Support and Community Effects

The Lower Nehalem Community Trust has been involved in the proposed acquisition from the beginning and has been supportive; the proposed acquisition is a high priority for the Trust as well. The adjoining landowners have been involved in the discussion of this acquisition and have cooperated in a land swap with the current owner of the Coal Creek site to include more of the forested wetland in the acquisition. The current owner of the property under consideration has been very cooperative in the effort to protect this

site and has been an active participant in designing the sale to protect its conservation values.

Putting this property into conservation status will have little effect on the local economy. While the North Coast Land Conservancy is tax exempt and thus will not be paying property taxes on the parcel, the most recent records show the current landowner paid only \$307.37 for taxes on the property in 2006.

The proposed acquisition is zoned F-1 farm use by the Tillamook County Planning Department. Land use on the property will not change. The property is not farmed and has not been logged, so putting it into conservation ownership will have no negative effect on the regional economy or the agriculture/forestry infrastructure.

5. Legal and Financial Terms

OWEB funds are requested for 80 percent of the \$125,000 purchase price of the property. The applicants have secured additional funding from the USFWS.

The legal review of the title report and exceptions and the option agreement shows no conflict or concerns about title exceptions or easement provisions. The option agreement expires in December; the applicant would like to close on the property by this deadline rather than negotiating an extension.

An appraisal of the property was originally conducted by Capital Valuation Services Group, Ltd. OWEB's independent review appraiser has identified problems with the analysis in the appraisal report that cannot be resolved by that appraiser. NCLC is contracting for another appraiser to complete a review of the original appraisal and develop a report that complies with the Uniform Standards of Professional Appraisal Practice (USPAP) standard. NCLC and staff hope to have the new appraisal reviewed by the Board meeting and will provide an update at that time. Staff do not anticipate that the new appraisal will reduce the property's value or affect the negotiated purchase price.

A Phase I Environmental Site Assessment (ESA) of the property was conducted on August 1, 2007 by Amy Horstman of the U.S. Fish and Wildlife Service in Portland. Review by the Oregon Department of Environmental Quality (DEQ) indicated that the report conforms to the American Society for Testing and Materials (ASTM) practice. DEQ agrees with the conclusion that the ESA has not revealed evidence of recognized environmental conditions as identified by the ASTM practice and that no further action is needed at the site.

6. Conclusion

The Coal Creek Swamp acquisition project has high ecological and educational benefits and meets five of OWEB's conservation principles. The project complements both previous conservation acquisitions by OWEB and provides a critical link in the protected habitats proposed for federal funding. The Board Subcommittee has recommended funding for the application. Staff also recommend funding at this time contingent upon resolution of the appraisal.

C. Necanicum Riparian Corridor Acquisition (209-101)

The North Coast Land Conservancy (NCLC) has an option to purchase three properties along the Necanicum River. They are requesting \$1,314,960 to acquire 212 acres of land from three landowners. The total cost of the acquisition is estimated at \$1,590,000. Two of the properties are contiguous and abut the Necanicum River. The third parcel is on an adjacent tributary near the Necanicum properties.

The proposed acquisition links to a number of conservation properties in the watershed. The NCLC manages a series of properties along the Necanicum from Circle Creek (RM 3.75) to the mouth. The NCLC's predominant properties are flood plain and wetland properties within the estuarine reach of the Necanicum. This proposed acquisition includes a significant portion of the intact freshwater riparian forested area within the Necanicum low gradient floodplain. The river reach within the proposed acquisition is high intrinsic potential coho habitat. The Regional Review Team identified high ecological and educational value of the property.

The Board Subcommittee recommended proceeding with a due diligence review in May of 2008. The due diligence materials have not been submitted or reviewed, therefore staff recommend the application be deferred.

D. Big Creek Headland and Forest Acquisition (209-105)

The Nature Conservancy (TNC) has an option to purchase 193 acres of land along Big Creek in Lane County. The property, bounded to the west by Hwy 101, is located 10.5 miles south of Yachats. The total cost of the acquisition is estimated at \$5,000,000. TNC is requesting \$3,750,000 from OWEB for the fee simple purchase.

The proposed acquisition protects a coastal headland prairie and shrubland that is critical for the recovery of Oregon silverspot butterfly. The property includes a significant reach of low gradient complex channel floodplain forest and stream. The property also includes a mature conifer forest element that may support Marbled Murrelet nesting. The application identified salmon and steelhead, red-legged frog, rufous hummingbird, band tailed pigeon, olive-sided flycatcher, and pacific-slope flycatcher along with Oregon silverspot butterfly as priority species. The property is central to the southern population of the Oregon silverspot butterfly and a critical site for the recovery of the species. The RRT recognized that the property had high ecological and educational value.

In May of 2008, the Board Subcommittee had questions about the project cost and long-term ownership and management of the property, and did not recommend proceeding with the due diligence review. TNC will be reducing its request and is in discussion with Oregon State Parks to be the long-term owner of the property. Given the RRT evaluation of the ecological and educational benefits and the willingness of TNC to address OWEB's concerns, the Subcommittee recommended proceeding with a due diligence review in July of 2008. At this time the due diligence materials have not been received and the review is not complete, therefore staff recommend the application be deferred.

V. Staff Recommendation

A. Capital Applications

- *Restoration.* Staff recommend funding all 10 of the Restoration applications recommended by the RRT, with reduced funding for application 209-1018 as discussed in Section III of this report.

B. Non-Capital Applications

- *Technical Assistance.* Staff recommend funding all three of the Technical Assistance applications recommended by the RRT, with reduced funding for application 209-1003 as discussed in Section III of this report. As shown on the funding table attached to this report, staff recommend funding application 209-1004 (East Devil's Lake Road Preliminary Evaluation and Investigation) with salmon license plate funds. Rock Creek is the major tributary to East Devil's Lake and supports a genetically unique population of coho salmon. This application proposes development of pre-engineering designs for fixing the sinking East Devil's Lake Road in order to minimize wetland impacts, improve salmon rearing habitat, and eliminate road flooding issues.
- *Assessment.* Staff recommend funding the one Assessment application 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
Assessment Projects Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
209-1006	Necanicum Estuary and Neacoxie Watershed Assessment	59,180	1
Total Assessment Projects Recommended for Funding to Staff by RRT		\$59,180	
Total Assessment Projects Recommended for Funding by Staff to Board		\$59,180	

Region 1 - North Coast
Technical Assistance Projects Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
209-1004	East Devils Lake Road Preliminary Evaluation and Investigation◊	50,000	1
209-1008	Yaquina Estuary (35th Street) Tidal Culvert Design	21,628	2
209-1003	Lower Columbia-Clatskanie Habitat Assessment*	42,855	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$114,483	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$114,483	

*Listed Amount Reflects Recommended Reduction ◊Fund using Salmon Plate funds

Region 1 - North Coast
Deferred Acquisition Projects Recommended for Funding by OWEB Staff

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount
208-103	Shangrila Creek Wetlands (April 2007 Grant Cycle)	180,000
208-106	Coal Creek Swamp Acquisition (October 2007 Grant Cycle)^	100,000
Total		\$280,000

^Fund with Conditions

Region 1 - North Coast
Acquisition Project Receiving a Positive Rating for Ecological Merit by the RRT
And Recommended for Deferral by OWEB Staff
April 21, 2008 Grant Cycle

Project #	Project Name	Total Amount
209-101	Necanicum Forest	1,314,960
209-105	Big Creek	3,750,000
Total		\$5,064,960

Region 1 - North Coast
Restoration Projects Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
209-1012	Tillamook Estuaries Cooperative Log Salvage Fund	36,040	0	36,040	1
209-1011	Sampson-Drift Cr LWD Placement	172,390	0	172,390	2
209-1002	Wilson River Restoration Project	34,579	0	34,579	3
209-1001	North Coast Watershed Association Log Salvage Fund	41,550	0	41,550	4
209-1013	Filosi Fencing/Planting Project	35,415	0	35,415	5
209-1016	Upper Circle Creek - Storm/Floodplain Restoration & Fish Passage Improvement	192,360	0	192,360	6
209-1019	Salmon Creek Stream Restoration	61,234	0	61,234	7
209-1005	Jewell Meadows Riparian Restoration Phase III	32,582	500	33,082	8
209-1018	Westwind Aquatic Organism Passage and Estuary Sediment Reduction Project*	70,941	0	70,941	9
209-1015	Hawk Creek Fishway	142,808	0	142,808	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$819,899	\$500	\$820,399	
Total Restoration Projects Recommended for Funding by Staff to Board		\$819,899	\$500	\$820,399	

*Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 1 - North Coast
Technical Assistance Projects NOT Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Attachment B

Project #	Project name	Total Amount Requested
209-1000	Yaquina Estuary Conservation Plan	32,341
209-1007	Tillamook Project Exodus Pre-Design	50,000
209-1010	Kerry Island Restoration Design	34,000
209-1014	Sand Lake Limiting Factors Analysis	21,076
209-1017	Necanicum Storm Assessment	49,600

Region 1 - North Coast
Restoration Projects NOT Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Project #	Project name	Total Amount Requested
209-1009	Bummer Cr/Addressing Limiting Factor Prescriptions	167,968