



Oregon

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Wendy Hudson, Willamette Basin Regional Program Representative
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item H: OWEB Grant Award Recommendations
Region 3, Willamette Basin
September 16-17, 2008 OWEB Board Meeting**

I. Introduction

This staff report describes the Willamette Basin Regional Review Team recommendations, land acquisition grant applications, and staff recommendations for funding.

II. Background and Summary

Applicants submitted 33 applications for a total request of \$4,535,441, including \$2.3 million for two Acquisition applications. The Regional Review Team (RRT) recommended 23 Restoration, Technical Assistance and Assessment applications for approximately \$1.9 million, and favorably reviewed the two Acquisition applications.

Staff recommend 19 applications for a total award of \$1,570,909: \$1,242,588 for Restoration; \$278,381 for Technical Assistance; and \$49,940 for Assessment. In addition, staff recommend that one of the Restoration applications, 209-3023 South Meadow Floodplain Enhancement, should be funded through the Willamette Special Investment Partnership.

III. Regional Review Team

The Willamette Basin Regional Review Team (RRT) met in Salem on July 10, 2008, to review applications. The RRT reviewed all Restoration, Technical Assistance, and Assessment applications for technical merit and gave a “do fund” or “no fund” recommendation to each. The RRT then prioritized the applications recommended for funding.

Metro Parks and Greenspaces had the top-ranked Restoration application (209-3021). The Sandy River Wild and Scenic Area is threatened by the invasion of English ivy, traveler’s clematis, and English holly. These non-natives invade trees and the forest floor, resulting in a loss of native biodiversity. The applicant proposes to protect the ecological integrity of the 3,800-acre area by treating the invasive species from Dodge Park to Oxbow Park. Treatment in this area is considered “early intervention” and will be entirely completed with this project. Region 3 reviewers appreciated the applicant’s proactive commitment to early detection and

rapid response for such a substantial land area. Due to its proximity to the Portland metro area, the project offers excellent education potential.

The RRT recommended a significant reduction for 209-3000 (Lower Beaver Creek Area 3). Application 209-3000 proposes to restore five acres of riparian habitat on lower Beaver Creek near the confluence of the Sandy River, by removing invasive vegetation, planting native trees and shrubs, adding large wood, and designing an alcove. The RRT supported the removal of invasives and riparian planting, but did not think the application provided enough detail to support the large wood and alcove. Staff concur with this recommendation, which reduced the recommended award from \$51,079 to \$24,805, a reduction of \$26,274.

IV. Acquisitions

OWEB received two land acquisition applications in Region 3. Amazon Creek (209-103) is not recommended for funding, while Cardwell Hills (209-104) is recommended for deferral. None of the previously deferred Willamette Basin applications are ready for Board consideration at this time; however, staff recommend that one previously deferred application, Newton Creek (207-301) not be funded.

A. Amazon Creek Acquisition (209-103)

The City of Eugene requests \$1,900,000 from OWEB to purchase a 39.9 acre undeveloped parcel located on the west flank of the South Hills that includes three streams, riparian forest, broad-leaf forested wetland, and upland mixed-fir forest attributes. With a \$3.8 million total purchase price, the proposed acquisition of the property seeks to benefit multiple functions, including passive recreation, preservation of water quality, stormwater retention, and habitat preservation. The property is located in the headwaters of Amazon Creek, which is a tributary of the Long Tom River.

1. Ecological Benefits

The application states that the proposed acquisition contains OWEB priority ecological systems, including coniferous forested wetlands, depressional wetland broadleaf forests, oak woodland, and riparian forests and shrublands. Priority plant communities include grand fir-big leaf maple/vine maple-hazelnut, white oak/snowberry/sword fern, white oak-black oak/poison oak, and Oregon ash/spreading rush. Habitats on the property support priority species including the Wayside aster, Northern Red-legged frog, Townsend's big-eared bat, and Western Gray Squirrel. The application claims that the proposed acquisition will support four of OWEB's conservation principles, including protecting a large, intact area, stabilizing an area "on the brink" of ecological collapse, securing a transition area, protecting it from development, and completing or complementing an existing network of sites in the basin or region.

The RRT felt that the habitat on the property is fairly intact and that development of the property would have the most impact on soil erosion and sedimentation of Amazon Creek. There was general agreement that protecting headwaters is important, but the RRT questioned the significance of protecting this property given the level of impacts on Amazon Creek. The property does appear to provide wildlife habitat connectivity to other parcels within the Ridgeline Open Space area and the location of the property adds

value, but the RRT felt that this value was greater for parks and human use instead of ecological or habitat benefits.

The RRT concluded that the property does contain priority habitats, is locally significant and important for the Eugene community, and has ecological significance for that community. However, they also concluded that the ecological and habitat values are not regionally significant, especially compared with other pending acquisition applications in the Willamette Basin. As a result the RRT concluded that the property has low ecological significance.

2. Capacity to Sustain the Ecological Benefits

The City of Eugene would hold title to the property and it would be managed within the Parks and Open Space Division of the Public Works Department, which currently manages over 1,200 acres of Ridgeline Open Space and (in partnership) 3,000 acres of West Eugene Wetlands. OWEB invested \$1.4 million in acquisition projects in the West Eugene Wetlands in 2001 and 2002.

3. Educational Benefits

The application describes how a passive recreation trail is proposed for the site, and that there are opportunities for both informal and programmed educational activities. In evaluating educational value, the RRT concluded that the property has potential value, but that in Eugene there are other properties better suited to educational use than this site. The RRT didn't feel that the application laid out any specific educational plans, although the RRT was impressed with the involvement and support from the two educational community organizations (Willamette Resources and Education Network and Nearby Nature).

4. Partners, Project Support and Community Effects

The property is currently zoned for residential development. The current owner proposed a development with 113 home sites that was rejected by the planning commission on a technicality. Future development proposals will be subject to a Goal 5 natural resource zone overlay, which requires riparian buffers on Amazon Creek and one tributary. The current property tax is \$9,000 per year out of a \$360 million county tax base.

Partners in the acquisition project include The Nature Conservancy, McKenzie River Trust, Lane County Parks, Willamalane Parks and Recreation District, Bureau of Land Management, and the Long Tom Watershed Council. Funds from OWEB would be matched by Oregon Parks and Recreation Department and the City of Eugene.

5. Legal and Financial Terms

OWEB funds are requested for 50 percent of the \$3.8 million purchase price of the property. The applicants have secured additional funding from the landowner (bargain sale) and the City, and are seeking additional match from Oregon Parks and Recreation Department's Local Government Grant Program.

6. Conclusion

In May of 2008, the Board Subcommittee did not recommend proceeding with a due diligence review because they were concerned that the ecological systems, plant

communities, and species on the property were not significant and the integrity of the systems that exist on the property were at risk because of the adjacent development. The Subcommittee was also not convinced that acquisition of this property is the best match for OWEB's program. The Willamette RRT concluded that the property has low ecological value and medium education value. The RRT evaluation did not change the Subcommittee's evaluation of the application. Therefore staff do not recommend funding for the Amazon Headwaters application.

B. Cardwell Hills Conservation Easements (209-104)

Benton County requests \$385,230 to acquire conservation easements over portions of five properties totaling 65.5 acres in the Cardwell Hills area outside of Philomath in Benton County. These sites contain riparian forest and western Oregon upland prairie priority ecological systems and support one of the largest known populations of the endangered Fender's blue butterfly and threatened Kincaid's lupine (approximately 60 percent of the habitat) in Benton County. The area proposed for conservation easements also includes Roemer's fescue valley prairie and California oatgrass valley grassland priority plant communities for the Willamette Basin.

The RRT felt that the proposed acquisition had high ecological value largely because it provides a significant benefit to Kincaid's Lupine and Fender's Blue Butterfly. The easement will also protect the riparian area along the Marys River, which is significant habitat for western pond turtles because it lies between the river and recently restored and/or created ponds.

In May of 2008, the Board Subcommittee did not recommend proceeding with the due diligence review because the Subcommittee was concerned about legal and policy issues related to the use of mitigation fee funds to manage these properties, and was concerned about long-term management of the properties. Staff will work over the next few months on the policy questions surrounding OWEB participation in "mitigation" projects and would like to have that resolved before proceeding with the Cardwell Hills application. Staff and the Board Subcommittee recommend the Board defer consideration of the application pending resolution of this policy issue and receipt and review of the due diligence materials.

C. Newton Creek Wetlands (207-301)

The Mary's Peak Natural Resources Interpretive Center (MPNRIC) originally requested \$1,500,000 (total project cost of \$2,531,000) in October of 2006 to purchase fee title on 124 acres of wetland and upland along Newton Creek, in Philomath. The proposal was adjusted to eliminate some of the partially developed lots on the parcel with a revised request of \$750,000.

1. Ecological Benefits

The application lists autumnal freshwater mudflats, depressional wetland broadleaf forest, depressional wetland shrublands, freshwater emergent marsh, oak woodland, riparian forests and shrublands, vernal pools, and western Oregon wet prairie as priority ecological systems that will be protected or restored on the site. Approximately 60 acres of these priority ecological systems currently exist on the site with a potential to restore

more acres. The RRT confirmed the existence and importance of preserving these priority ecological systems.

Tufted hairgrass-California oatgrass exists on the site: The site has small remnants of rare or at-risk plant communities and has a high potential for enhancement. There is potential to restore common *Downingia* vernal pools, coyote thistle-low gumweed vernal pools, creeping spikerush-one sided sedge marsh, dense sedge-tufted hairgrass prairie, pacific willow/stinging nettle, and white oak/poison oak/blue wild rye plant communities.

The following priority species are known to exist on the site or on adjacent properties: Cutthroat trout, Oregon chub, Pacific lamprey, Acorn woodpecker, American Bittern, Hooded merganser, Oregon vesper sparrow, red-legged frog, Western pond turtle, and Western gray squirrel. The RRT confirmed these species and emphasized the importance of this site for Western pond turtle and Cutthroat trout.

The RRT thought the project met the majority of the conservation principles, particularly, “protect a large intact area” and “stabilize an area ‘on the brink’ of ecological collapse.”

The parcel was used as a veneer mill that closed 20 years ago and was heavily disturbed through the creation of log ponds and associated berms. This has resulted in the creation of diverse hydrological regimes and a high degree of habitat complexity that would not otherwise exist. The site is bordered on the northwest by Lupine Meadows, another OWEB-funded acquisition, and on the northeast by the Boy Scout Lodge. The Board Subcommittee was concerned about the potential of the property to be affected by future development of adjacent lands that are zoned Industrial Park land.

2. Capacity to Sustain the Ecological Benefits

MPNRIC is an educational non-profit organization and would hold title to the property. MPNRIC was formed in 2004 and operates with an 8-member board. A technical management team will advise MPNRIC on the development and implementation of the management plan. MRNRIC plans to fund a director through development and capacity building grants and program revenue. MPNRIC intends to establish a stewardship endowment of \$500,000 through private grants and donations.

3. Educational Benefits

The MPNRIC has conducted educational programs on the site, including “Science, Music and Marshmallows,” teacher workshops, high school student research projects and public tours. In 2006, the RRT confirmed the extensive educational activities currently being conducted on the site and anticipate a continued educational benefit from the acquisition.

4. Partners, Project Support and Community Effects

The following organizations agreed to participate in the technical management team: Mary’s River Watershed Council (MRWC), U.S. Fish and Wildlife Service, Institute for Applied Technology, Pacific Wildlife Research, Oregon Department of Fish and Wildlife, Benton Soil and Water Conservation District, Oregon State University, Greenbelt Land Trust, and the Philomath School District. Benton County will provide GIS support and one of the Benton County Commissioners is on the MRNRIC board.

The City of Philomath will assist with permitting. The MRWC will participate in future educational programs.

The MRNRIC is planning to finance the balance of the project through grants and community donations. At the time of application there were no other established funding partners.

The property is located in an Industrial Park zone. In 2002, the property was annexed into the City of Philomath and utilities were extended to the site in preparation of a small industrial park. Because of the cost of mitigating for the wetlands on the site, the landowner abandoned the project and entered into an option agreement with the MPNRIC. The Board Subcommittee wondered what effect this project may have on the City's industrial land base. In a letter to the applicant dated December 12, 2006, the City of Philomath confirmed its support for the preservation of the wetlands portion of the parcel but stated its need for the remainder of the parcel to be retained for industrial development. In response, the applicant submitted a revised proposal to limit the acquisition project to the wetland areas and small portion of upland for the interpretive center. The remainder of the partially developed lots would be used to construct a resource related "green campus" of light industry.

Taxes for 2005-2006 totaled \$10,055. The MRNRIC will apply for tax exempt status. The City is aware that it may need to accept the deferral of property taxes on portions of the subject property. Given the potential economic benefits of this site as a regional attraction, the city continues to support the project and has included the interpretive center in Philomath's Strategic Plan. A letter of support was received from the Benton County Board of Commissioners.

5. Legal and Financial Terms

OWEB funds were originally requested for 75 percent of the purchase price of the property. The revised request is for \$750,000 and it is not clear what percent of the purchase price this represents because the appraisal has not been conducted.

6. Conclusion

The Willamette Basin RRT concluded that the project has high ecological and educational benefit and meets five of OWEB's conservation principles. The Board Subcommittee raised questions related to the capacity of MPNRIC to own and manage the site, the lack of other funding partners and the potential for incompatible uses adjacent to the site.

This application was officially deferred by the Board at the March, May, and September 2007, and March 2008 meetings. The Board Acquisition Subcommittee has recommended to staff that the applicant make more progress toward developing the capacity to own and manage the site and develop other funding partners for the project before requesting due diligence materials. The applicant applied for other funding, but has not secured other funding partners. Staff and the Subcommittee do not believe the applicant has the capacity to purchase and manage the property at this time and therefore recommends that the application not be funded.

V. Staff Recommendations for Project Funding

A. Capital Applications

- *Acquisition.* Staff recommend deferral for 209-104, Cardwell Hills. Staff do not recommend proceeding with further consideration of 209-103, East Fork Amazon Headwaters, or 207-301, Newton Creek Wetlands.
- *Restoration.* Staff recommend funding 10 of the 11 applications recommended by the RRT through the regular grant program, with a reduction for application 209-3000 as described in Section III of this report. For the application not recommended for funding, 209-3023 South Meadow Floodplain Enhancement Phase III, staff recommend that it be funded through the Willamette SIP.

As shown Attachment A, staff recommend funding application 209-3019 (Spring Creek/Mattoon Road Fish Habitat Restoration Project) with salmon license plate funds. This application proposes a modular bridge to replace two culverts – one a complete barrier to fish passage – in the Clear Creek subbasin of the Clackamas watershed. Clear Creek subbasin is identified within the Clackamas Basin Action Plan as the highest priority of Clackamas tributaries for recovery of Endangered Species Act-listed Coho and steelhead.

B. Non-Capital Applications

- *Technical Assistance.* Staff recommend funding eight of the 11 applications recommended by the RRT, with a moderate budget change to one application (208-3030) in order to fund further down the list. As shown on Attachment A, staff recommend funding the ninth ranked application, 208-3030, instead of the eight ranked application, 209-3028. Both applications are from the Coast Fork Willamette Watershed Council, and both are for Mosby Creek, one of the largest free-flowing tributaries of the Coast Fork Willamette River. Application 208-3030, recommended by staff for reduced funding, will recruit landowners for future restoration projects. 208-3028 proposes to develop designs for instream habitat structures. Both OWEB staff and the applicant believe that without enough funding for both applications, the landowner recruitment is more important at this time, both to continue momentum and to identify specific landowners willing to work on restoration projects on their land.
- *Assessment.* Staff concur with the RRT recommendation to fund one Assessment application for the Abernethy and Beaver/Parrot Creeks Watershed.

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 recommendation as contained in Attachment A to this report.

Attachments

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

Region 3 - Willamette Basin
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
209-3004	Abernethy and Beaver/Parrot Creeks Watershed Assessment	49,940	1
Total Assessment Projects Recommended for Funding to Staff by RRT		\$49,940	
Total Assessment Projects Recommended for Funding by Staff to Board		\$49,940	

Region 3 - Willamette Basin
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
209-3013	Middle Calapooia River Reach 3 Conservation and Restoration Project Design	50,000	1
209-3003	Huckleberry Mountain Side Channel Restoration Project Design	20,932	2
209-3012	Baker Creek Fish Habitat Enhancement Project	34,485	3
209-3024	Salmon River Landowner Recruitment	32,983	4
209-3001	North Santiam Tributary Restoration	50,000	5
209-3005	Upper Luckiamute WS Landowner Recruitment and Stream Restoration Design	48,990	6
209-3020	TumTum River TA - Fish Habitat Enhancement	18,991	7
209-3028	Mosby Creek Salmonid Habitat Enhancement	50,000	8
209-3030	Mosby Creek Collaborative Restoration Planning*	22,000	9
209-3027	Jordan Creek Fish Passage and Off-Channel Irrigation Design	19,812	10
209-3029	Coast Fork Fish Passage Prioritization	12,127	11
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$368,703	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$278,381	

*Listed Amount Reflects Recommended Reduction

Region 3 - Willamette Basin
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
209-104	Cardwell Hill Land Acquisition	385,230
Total		\$385,230

Region 3 - Willamette Basin
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
209-3021	Sandy River Wild and Scenic	92,455	3,682	96,137	1
209-3010	Green Island Restoration	232,717	0	232,717	2
209-3019	Spring Creek/Mattoon Road Fish Habitat Restoration Project◊	112,151	3,262	115,413	3
209-3015	McKenzie Watershed Riparian Enhancement	77,140	0	77,140	4
209-3007	Delta Ponds Habitat Restoration Project	204,368	0	204,368	5
209-3026	Wild Iris Ridge Upland Prairie & Oak Savanna Restoration Phase 3	88,217	2,270	90,487	6
209-3014	Munger Riparian & Wetland Restoration	77,229	5,800	83,029	7
209-3011	Gooseneck Creek Confluence Restoration Project	93,951	450	94,401	8
209-3016	Lower Middle Fork Willamette False-brome Treatment & Habitat Restoration Project	224,091	0	224,091	9
209-3023	South Meadow Floodplain Enhancement Phase III■	266,972	6,500	273,472	10
209-3000	Lower Beaver Creek Area 3*	19,555	5,250	24,805	11
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,488,846	\$27,214	\$1,516,060	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,221,874	\$20,714	\$1,242,588	

* Listed Amount Reflects Recommended Reduction ◊Fund using Salmon Plate funds ■Staff Recommends Willamette SIP funding

Region 3 - Willamette Basin
Restoration Projects Withdrawn by Applicant
April 21, 2008 Grant Cycle

Project #	Project name	Total Amount Requested
209-3006	Johnson Creek Riparian Rehabilitation Program - Phase II	11,154

Region 3 - Willamette Basin
Restoration Projects found Ineligible during review
April 21, 2008 Grant Cycle

Project #	Project name	Total Amount Requested
209-3022	Millrace Stream Bank Restoration	20,000

Region 3 - Willamette Basin
Technical Assistance Projects NOT Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Project #	Project name	Total Amount Requested
209-3002	Salemtowne Fish Passage and Water Quality Improvement Project	36,526
209-3008	Pringle Creek Salmon Restoration Project	50,000
209-3009	Conservation Reserve Enhancement Program (CREP)	49,725
209-3017	Deep Creek Fish Passage Engineering	37,503
209-3025	School District Recruitment, Restoration Design, and Stormwater Management	49,650

Region 3 - Willamette Basin
Restoration Projects NOT Recommended for Funding by the RRT
April 21, 2008 Grant Cycle

Project #	Project name	Total Amount Requested
209-3018	Deep Creek Riparian Planting	31,334

Region 3 - Willamette Basin
Acquisition Project Receiving a Positive Rating for Ecological Merit by the RRT
And NOT Recommended for Funding by OWEB Staff

Project #	Project Name	Total Amount
207-301	Newton Creek Wetlands Acquisition (October 16, 2006 Grant Cycle)	750,000
209-103	East Fork Amazon Headwaters Project (April 21, 2008 Grant Cycle)	1,900,000