



Oregon

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Oregon Watershed Enhancement Board

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Miriam Hulst, Acquisitions Specialist
Ken Bierly, Deputy Director

**SUBJECT: Agenda Item N: Coastal Wetlands Grants
March 18-19, 2009 OWEB Board Meeting**

I. Introduction

This staff report provides an update on the 2008 Coastal Wetlands projects and the recent 2009 Coastal Wetlands Grant awards of approximately \$1.5 million to OWEB from the U.S. Fish and Wildlife Service (USFWS) to fund two coastal wetlands projects. Staff will also request Board authorization to enter into the appropriate grant agreements for the 2009 Coastal Wetlands Grant awards and to request legislative approval to submit 2010 Coastal Wetlands Grant applications to the USFWS.

II. Background

The National Coastal Wetlands Conservation Grant (Coastal Wetlands Grant) Program was established by Title III of P.L. 101-646, Coastal Wetlands Planning, Protection and Restoration Act of 1990. Under the program, the USFWS provides matching grants to states for acquisition, restoration, management, or enhancement of coastal wetlands. To date, about \$220 million in grants has been awarded to coastal states and territories for the protection, restoration, and enhancement of approximately 258,000 acres of habitat. Typically, between \$13 million and \$17 million in grants are awarded annually through a nationwide competitive process. Funding for the program comes from excise taxes on fishing equipment and motorboat and small engine fuels.

The Coastal Wetlands Grant Program offers a significant partnership investment opportunity to restore and protect wetland and estuary ecological values, promote strong partnerships, and provide a two-to-one match of OWEB funds. To date, OWEB has been awarded more than \$7.5 million in federal funds for coastal wetland acquisition and restoration projects in Oregon:

- **1998:**
 - Neawanna Wetland Acquisition, Seaside (\$170,000)
- **1999:**
 - Coos-Coquille Wetland Acquisition and Restoration (\$820,000)
 - Tillamook Wetland Acquisition (\$750,000)
 - Smith River Estuary Restoration (\$138,875)

- **2003:**
 - Yaquina River Estuary Acquisition (\$952,214)
 - Circle Creek Wetland Acquisition, Seaside (\$750,000)
- **2008:**
 - Salmon River Estuary Restoration (\$754,800)
 - Lint Slough (Alsea River Estuary) Restoration (\$310,000)
 - Yaquina River Estuary Acquisition (\$95,725)
 - Alsea Bay Acquisition (\$997,350)

In June of 2008, OWEB submitted two applications on behalf of our coastal partners for project funding under the Coastal Wetlands Grant Program. On December 17, 2008, the Secretary of the Interior announced the 2009 awards that included both applications submitted by OWEB. Combined, the two federal grants total approximately \$1.6 million and require a total state match of \$868,462.

III. 2008 Coastal Wetlands Grants

The following sections describe the status of the 2008 Coastal Wetlands Grant awards to Oregon.

A. Salmon River Estuary Restoration

Good progress has been made on the Tamara Quays portion of the project. The culverts on Rowdy Creek have been replaced with culverts that pass anadromous fish. All infrastructure materials have been removed or disassembled. The dike and fill will be removed to expose the former marsh surface in summer 2009. Work will also commence on the Pixieland site this summer.

B. Lint Slough (Alsea River Estuary) Restoration

The first phase of the project, removal of remnants of the fish hatchery, was completed with OWEB funds in summer 2008. On February 27, 2009, USFWS notified OWEB staff that it has completed the compliance review for the Lint Slough Restoration Project and will issue the grant agreement to OWEB soon. Replacement of the City of Waldport water line and removal of the dike blocking tidal inundation will be completed this summer.

C. Alsea Bay Acquisition (208-116)

The Alsea Bay Acquisition Project is ready for a Board funding decision. See Agenda Item G, Region 1.

D. Yaquina River Estuary Acquisition (208-117)

The Yaquina River Estuary Acquisition project is held up by due diligence issues and thus is not ready for Board action at this time. Staff recommend the OWEB match application be deferred.

IV. 2009 Coastal Wetlands Grants

The following sections describe the 2009 Coastal Wetlands Grant awards to Oregon, including the review process used and the current status of the projects.

A. North Nehalem Bay Wetlands Acquisition (209-106)

The federal grant for the North Nehalem Bay project is \$629,665 with OWEB match of \$466,462.

1. Project Description

The Lower Nehalem Community Trust (LNCT) plans to purchase seven parcels totaling 16 acres at the northern edge of Nehalem Bay in Tillamook County. The parcels contain freshwater wetlands, tidally influenced wetlands, forested uplands, and two small streams. The land is currently zoned for residential development, and offers highly desirable ocean views. Development on adjacent properties has resulted in substantial loss of wetlands that abut Nehalem Bay. The project is the first phase of a two-phase effort to permanently protect wetlands that link land owned by LNCT to Nehalem Bay State Park. LNCT intends to manage the properties for habitat values and environmental education.

2. Partners and Community Support

LNCT has formed an advisory group for assistance with the development of stewardship plans for the acquired parcels. The advisory group is a diverse assemblage of natural resources entities, including 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.

The project has extensive community support, including the unanimous approval of the Tillamook County Commissioners and the mayor of Nehalem. LNCT gathered more than 450 signatures from local residents who support the project.

3. Process and Status

In October 2008, LNCT submitted an OWEB land acquisition application (209-106) for state match, as described and recommended for deferral in the Region 1 staff report (Agenda Item G). At the direction of the Acquisitions Subcommittee, staff requested due diligence materials in November 2008. Materials have not yet been received. The Region 1 Regional Review Team (RRT) reviewed the application for its ecological and educational merits in January 2009. The RRT felt that although the parcels proposed for acquisition 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 must be conserved to save the last remaining bayside wetlands and maintain habitat linkages. The RRT also felt that the project offers a good opportunity to restore hydrology, and thus wintering refuge for fish, on several of the parcels. The RRT felt that LNCT's current educational programs are outstanding and expressed confidence that LNCT would implement high-quality educational programs at the site.

Staff recommend the Board authorize staff to enter into the federal grant agreement for this project, so that LNCT can proceed with OWEB's due diligence requirements. When the due diligence materials have been submitted and reviewed, staff will return to the Board with a recommendation for the state match funds.

B. Bott's Marsh Acquisition

The federal grant for the Bott's Marsh project is \$950,000 with OWEB match of \$402,000.

1. Project Description

The Trust for Public Lands (TPL) has an option to purchase a 36 acre site that is partially tidal wetlands and partially filled uplands in the City of Nehalem. The site has been subject to land use controversy for more than 30 years. The tidal marsh and channels are important for juvenile salmon during their downstream migration and are used by estuarine and marine aquatic species as well. The tidal flats and waters are important for shore birds and other coastal species. The site provides an excellent opportunity for conservation education. The TPL has discussed final transfer of title to the North Coast Land Conservancy (NCLC) for management and protection.

The project has extensive community support, including the unanimous approval of the Tillamook County Commissioners and the mayor of Nehalem.

2. Partners and Community Support

NCLC has not yet developed a management plan for the property but is prepared to engage both agency and citizen partners to develop a stewardship and education plan for the property.

3. Process and Status

TPL has not submitted a land acquisition application to OWEB for state match. When TPL finalizes the purchase contract with the landowner, it will apply for OWEB funds.

Staff recommend the Board authorize staff to enter into the federal grant agreement for this project, so that TPL can proceed with OWEB's due diligence requirements. When the OWEB grant application and due diligence materials have been submitted and reviewed, staff will return to the Board with a recommendation for the state match funds.

V. 2010 Coastal Wetlands Grant Applications

In January 2009, the USFWS requested applications for the 2010 Coastal Wetlands Grant Program. Staff sent a memo to coastal land conservation groups to solicit project concepts in a more formal manner than previously used. The project concepts will be reviewed by the Acquisitions Subcommittee, the applicable RRT, and staff. The Subcommittee and staff, considering RRT input, will select for submission to USFWS the projects determined to be most consistent with the Coastal Wetlands Grant funding criteria, OWEB's Ecological Priorities for Land Acquisition, and other appropriate criteria. The local partners, with guidance from staff, will develop the Coastal Wetlands Grant applications according to USFWS criteria. Applications are due to USFWS by June 26, 2009.

Local partners' project concepts were due to staff by February 23, 2009. Staff received four project concepts, all from Region 1. The Region 1 RRT is currently reviewing the project concepts for ecological merit. The Acquisitions Subcommittee will meet in late March 2009 to select projects for submission to USFWS. The final amount of total funding requested of USFWS and the required state match will depend on the outcome of this review and further development of each project by the local sponsor, but the estimated cost of the four project concepts is \$2.1 million from USFWS and \$1.3 million from OWEB.

OWEB will also need to seek legislative approval to apply for the federal grant prior to the June 2009 Board meeting. Staff recommend the Board authorize the Director to request approval from the 2009 Legislature to submit Coastal Wetlands Grant applications to USFWS for the projects recommended by the Acquisitions Subcommittee. Staff will report on the status of the 2010 Coastal Wetlands Grant applications at the June meeting.

VI. Staff Recommendation

Staff recommend the Board:

- A. Defer the Yaquina River Estuary Acquisition application (208-117);
- B. Delegate to the Director the authority to enter into the appropriate grant agreements for the U.S. Fish and Wildlife Service 2009 Coastal Wetlands Grant funds: \$629,665 for the North Nehalem Bay Wetlands Acquisition project and \$950,000 for the Bott's Marsh Acquisition project, to accomplish the two projects as identified in the federal grant applications; and
- C. Authorize the Director to request legislative approval to submit 2010 Coastal Wetlands Grant applications to USFWS.