



# Oregon

Kate Brown, Governor

## Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

[www.oregon.gov/OWEB](http://www.oregon.gov/OWEB)



## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Eric Williams, Grant Program Manager  
Miriam Hulst, Acquisitions Coordinator

**SUBJECT: Agenda Item E: October 2015 Land Acquisition Grant Cycle Awards  
April 26-27, 2016 OWEB Board Meeting**

### I. Introduction

This staff report provides an overview of the October 20, 2015 land acquisition grant cycle and outlines staff recommendations for grant awards for the cycle.

### II. Land Acquisitions – October 2015 Cycle Background and Summary

#### A. Applications Submitted

The October 2015 grant cycle is the first of two annual land acquisition grant cycles for the 2015-2017 biennium. The total spending plan amount for land and water acquisitions for this biennium is currently \$6.5 million.

Four land acquisition grant applications were received this grant cycle, requesting approximately \$3.1 million. One application was determined to be incomplete, and was not evaluated. The remaining three applications are summarized in Attachment A. Information contained in the attachment is further described in Section II.B of this staff report and in the application evaluations that are included as Attachment B.

Applications 216-9901 and 216-9903 are recommended for funding with conditions. Application 216-9902 was withdrawn by the applicant.

#### B. Review Process

The land acquisition applications were reviewed in accordance with the process adopted by the Board at its January 2013 meeting and refined by the Board in 2015. The process evaluates ecological outcomes, project soundness, organizational capacity, and community benefits and impacts. It also includes submission of public comment by interested parties.

Site visits were conducted by staff and teams of ecological reviewers consisting of subject matter experts selected by the applicant, chosen by staff from Regional Review Teams, and other subject matter experts. Each ecological reviewer completed a project evaluation form, and the input of all ecological reviewers was summarized by a contractor in consultation with staff.

Project soundness reviews were conducted by a team consisting of staff, the land acquisition program's due-diligence technical assistance contractor, and the Oregon Department of Justice. The reviews included identifying project soundness concerns, which were described in terms of yellow and red flags. A yellow-flag concern is a matter that reviewers think is likely resolvable in the 18-month timeframe allowed for closing transactions after the Board awards funding. A red-flag concern is a matter that reviewers think is insurmountable in the granting timeframe.

Staff and the due-diligence contractor reviewed organizational capacity and community benefits and impacts. Public comment was solicited through notices and a public hearing held by staff for each of the complete applications received this cycle.

Staff summarized the review outcomes, including yellow and red flags, and scores for each project, calculated from specific sections of the grant application. The process by which projects were scored was described in advance to applicants. After evaluations were completed, they were provided to the applicants.

Using the revised review process approved by the Board in 2015, the Board Subcommittee for Acquisitions met with staff during the evaluation process for the October 2015 applications, discussed the applications and evaluation information gathered up to the time of the meeting, and asked for additional information to be included in certain evaluations to help the Board make sound funding decisions. The revised review process ensures that meetings comply with public meeting laws, as such, the Board Subcommittee for Acquisitions did not make funding recommendations to staff.

### **III. Staff Funding Recommendations**

Staff recommend the Board award funding for land acquisition grants as specified in Attachment A, with the project-specific conditions detailed in Attachment C. The grants total \$2,342,755.

#### Attachments

- A. Summary of Land Acquisition Applications and Recommended Awards, October 2015 Grant Cycle
- B. Land Acquisition Project Evaluations
- C. Project-specific Conditions (to be provided at the April Board meeting)

**Land Acquisition Applications  
October 20, 2015 Grant Cycle**

Staff Do-Fund Recommendations to the Board are Highlighted in Gray

Application #	Region	Project Name	Total OWEB Request	Total Amount Recommended	Score*	Flags <sup>o</sup>
216-9901	2	Rogue River Preserve <sup>^</sup>	1,385,255	1,385,255	56	yellow
216-9903	2	Mountcrest Working Forest Conservation Easement <sup>^</sup>	957,500	957,500	53	yellow
216-9902	6	Canyon Ranch Conservation Easement - WITHDRAWN	713,608			
<b>Total Land Acquisition Applications Submitted in the October 2015 Cycle for OWEB Funding</b>			<b>\$3,056,363</b>			
<b>Total OWEB Funding Recommended</b>			<b>\$2,342,755</b>	<b>\$2,342,755</b>		

\* 60 Possible Points

<sup>o</sup> Flags Are Explained in the Project Evaluation:

Yellow: concerning but likely resolvable in OWEB's granting timeframe

Red: insurmountable in OWEB's granting timeframe

<sup>^</sup> Fund as Specified in the Project Evaluation

## October 2015 OWEB Grant Cycle Land Acquisition Application

<b>Application No.:</b>	216-9901		
<b>Project Name:</b>	Rogue River Preserve		
<b>Applicant:</b>	Southern Oregon Land Conservancy	<b>Region:</b>	Southwest Oregon
<b>Basin:</b>	Rogue	<b>County:</b>	Jackson
<b>OWEB Request:</b>	\$1,385,255.00	<b>Total Cost:</b>	<b>\$2,508,255.00</b>

---

### Application Description

Southern Oregon Land Conservancy (SOLC) is requesting funds for the purchase of a 352-acre property on the Rogue River in Jackson County, at river mile 139, downstream of Shady Cove. The property spans approximately 1.5 miles of one bank of the Rogue River, and includes a large island in the river. The property contains rare and threatened habitats, including a 140-acre floodplain gallery forest; an active, hydrologically-connected floodplain; 40 acres of vernal pool habitats; 88 acres of oak woodland; and 25 acres of chaparral. The property has been minimally used for many years, despite a road and several buildings on the property. Due to the low level of use of the property, its habitats are relatively intact and connected. SOLC proposes to protect and steward the property's conservation values, and allow the property to be used for structured educational activities and limited recreation that is consistent with protection of the property's resources.

## REVIEW

### Project Soundness

Reviewers felt that the project is sound, with a high likelihood that the project can be completed within OWEB's granting timeframe, which is eighteen months from the award date to closing. Specifically, reviewers noted that SOLC has invested significant work in building momentum for the project, including developing a diverse fundraising strategy for purchase and stewardship funds, and mobilizing supporters for assistance with purchase preparations. SOLC has obtained an appraisal and an option for the property that includes a significant donation of the property's value by the seller. SOLC has conducted extensive surveys of the property to confirm its resources and their condition.

In addition to standard due diligence actions that will be necessary, confirmation of project soundness would entail a number of steps, including but not limited to, evaluating the compatibility of the property's title encumbrances with the ecological goals of the project. The encumbrances include several easements, federal deed reservations and a State-reserved mineral interest. Also, clarification will be needed regarding boundary matters such as possible fence and driveway encroachments in the northern portion of the Property. Finally, SOLC will need to coordinate with OWEB if any relocation obligations result from OWEB's involvement in the project.

### Ecological Outcomes

The reviewers agreed that the proposed acquisition is an excellent opportunity to protect a large property with significant biodiversity and some of the best functioning and connected habitat left along this reach of the Rogue River. Reviewers felt that protection of the property would augment current and future conservation efforts in the area. The reviewers also agreed that the imminent

threats to the property, described in the application, are primarily posed by potential subdivision and development. The county's population is growing and there is a high demand for Rogue River property.

The property includes widely varying at-risk habitats, including floodplain gallery forest and associated sloughs, wetlands, streams, and springs; prairie and oak savanna and woodland; and chaparral. Reviewers felt that the size and quality of these systems are very impressive.

The reviewers noted that protection of the property would benefit a wide range of priority species and plant communities. SOLC has identified 22 special-status species on the property, including OWEB priority species such as coho salmon, Chinook salmon, Lewis's woodpecker, blue-gray gnatcatcher, oak titmouse, and northwestern pond turtle. The application states that the property's significant chaparral component, which has been mostly removed from the Rogue Valley floor elsewhere, provides critically important habitat for shrub-dependent species. Reviewers noted that the property's extensive network of floodplain channels is likely to serve as rearing habitat for juvenile salmonids. The application also states that the property's vernal pools are suitable habitat for three species listed under the Endangered Species Act.

The reviewers concluded that the management approach described in the application is appropriate for maintaining ecological processes and enhancing habitat conditions on the property. The application adequately describes the proposed future conditions for each of the major habitats on the property. Invasive species control, such as targeting exotic annual grasses and yellow starthistle, and post-control restoration of the plant communities will be critical to achieve desired ecological outcomes. Reviewers felt that managing access and minimizing trespass from the river corridor and upland areas will also be important for conserving the property's habitats. The reviewers noted that there is a need to establish adequate funding and staffing to ensure that the property's conservation values are preserved and restored over the long-term.

- Needs and opportunities: 15 out of 15 points possible
- Results and Benefits: 24 out of 25 points possible
- Conditions and Function: 9 out of 10 points possible

### **Community Benefits and Impacts**

The application states that a variety of non-profits groups, such as The Freshwater Trust and the Rogue Valley Audubon Society are already using, or wish to use, the property for scientific study to further the community's understanding of ecology and conservation. With the property seller's permission, SOLC has begun arranging for studies such as butterfly surveys, western pond turtle surveys, and fire ecology assessments. The information gathered at the property will inform conservation efforts throughout the region. The application states that SOLC is exploring the potential for holding special events in the property's historic home, including youth and adult education classes. The application states that such use of the property would be carefully implemented, monitored and adapted to give the community opportunities to enjoy the property in a manner that is consistent with SOLC's primary objective of enhancing and protecting the property's conservation values.

SOLC has built a strong base of support for the project, including a project campaign called Heart of the Rogue Council which raises funds and project awareness. SOLC has held neighbor meetings and garnered the support of more than 20 organizations including the US Fish and Wildlife Service,

the Jackson Soil and Water Conservation District, and the Cow Creek Tribe. SOLC has committed to keeping the property on the tax rolls to minimize the fiscal impact to Jackson County.

### **Organizational Capacity**

The application states that SOLC is accredited by the Land Trust Alliance (LTA), and has been in operation since 1978. SOLC holds conservation easements on nearly 10,000 acres, and owns one property in fee simple. SOLC's Vision 2020 initiative includes the goal of conserving 20,000 acres in primary focus areas, including the area where the property is located, by the year 2020. SOLC has four conservation easements within a three-mile radius of the property, and is well versed in the conservation and social issues of the area. The application states that SOLC has an adequate endowment to ensure perpetual stewardship of the property interests it holds, and hires an independent accounting firm every year to audits its financial records, which have been found to be in compliance with established standards.

Reviewers felt that the SOLC's application demonstrates SOLC's qualifications and capacity to acquire and manage the property. Reviewers noted SOLC's in-house acquisition and stewardship expertise, which includes a staff attorney and an experienced land steward. Further, reviewers believed that SOLC's conservation focus in the Rogue River Valley, including its role monitoring and enforcing a large portfolio of conservation easements, provides sufficient justification for SOLC to be considered the right organization to acquire the property and restore and steward it for the long term.

Reviewers noted that SOLC owns and manages only one 30-acre fee property, with the addition of another 352 fee acres, possibly stressing the organization's capacity to perform. However, reviewers also noted that SOLC's existing stewardship staff has proven to be adept and efficient at understanding the property's resources through extensive surveys, and making sound plans for management and enhancement of the resources. Further, reviewers appreciated that SOLC has committed to hiring additional stewardship staff, and felt that this should sufficiently address the concern.

- 8 points awarded out of 10 possible points

### **Public Review**

OWEB staff conducted a public hearing regarding the proposed acquisition on January 21, 2016 at the Medford City Hall complex. The hearing was well-attended with approximately 50 people in attendance, and focused on the public's view of the project's benefits, and questions and concerns about the project, summarized as follows:

#### **Project Benefits**

- Unique bio-diverse property, which has been preserved in its natural state for 75-100 years.
- Prevents residential development on privately owned property, which would likely cut off river access, while maintaining working lands.
- The Jackson SWCD Board wishes to work with SOLC to keep the property as a working site for:
  - Science based research and land management demonstration;
  - Youth/ adult education; and
  - The annual envirothon contest.

- Provides a key opportunity for conservation adjacent to the city, creating a legacy in an urban setting, particularly for youth.
- Property includes riparian land in good condition, which can serve as a benchmark for restoration.
- This is the best example of riparian land on the Rogue River.
- Provides connectivity between uplands and the river, providing a network of conservation property.
- SOLC has the capacity to manage the project and has competent staff.
- The project is compatible with private property rights and enhances the value of nearby properties.
- OWEB funding is less than half the purchase price.
- Structured public access to the Rogue River is needed and will be allowed on this project, supporting the important Rogue River fishery as a local economic resource.

### **Project Questions or Concerns**

- Local residents have a more realistic view of land management than outside groups or government agencies.
- Project should not be thought of as a stepping stone for additional public lands; should keep from becoming a wild and scenic river or receiving a wilderness designation.
- Land is a source of wealth and should not be preserved as a park, which limits the ability to sell the property.
- All property is unique, and this one is no more deserving of government funds than any other.
- A recent dam removal caused the loss of 10 cottonwoods on private land due to water level drop, and there was no help from the conservation community to restore the property.
- Keep private property in private ownership; the desired ecological values of this property existed under private ownership.
- Generally opposed to public funds for private land.

### **Summary**

Total Score: 56 points out of 60 points possible. The proposed project presents an excellent opportunity to achieve significant ecological outcomes. The project appears to be sound from a transactional standpoint. Reviewers identified yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) regarding the property's title and potential boundary encroachments. Reviewers noted that the title report included with the application is relatively old, and that encumbrances will need to be mapped, further evaluated, and where necessary, resolved. Reviewers also noted the possibility of fence and driveway encroachments in the northern portion of the property. The encroachments need to be confirmed and, if necessary, resolved. Reviewers felt that the matters do not constitute significant yellow flags, and that SOLC appears to have the capacity to address the matters to OWEB's satisfaction within OWEB's granting timeframe.

### **Staff Recommendation**

Staff recommends the Board award SOLC \$1,385,255.00 in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with SOLC to finalize project-specific conditions. The conditions will be provided to the Board at its April 2016 meeting.

## **October 2015 OWEB Grant Cycle Land Acquisition Application**

<b>Application No.:</b>	216-9903		
<b>Project Name:</b>	Mountcrest Working Forest Conservation Easement		
<b>Applicant:</b>	Pacific Forest Trust	<b>Region:</b>	Southwest Oregon
<b>Basin:</b>	Rogue	<b>County:</b>	Jackson
<b>OWEB Request:</b>	\$957,500.00	<b>Total Cost:</b>	<b>\$3,567,500.00</b>

---

### **Application Description**

Pacific Forest Trust is requesting funds for the purchase of a working lands conservation easement on a 2,065-acre commercial forest property known as the Mountcrest Property located on the east slope of Mount Ashland, straddling the Siskiyou Crest divide between the Rogue River and Klamath River watersheds. The property is also at the interface of the Klamath Mountains and Cascade Range, and is adjacent to the Cascade-Siskiyou National Monument and a national forest Late Successional Reserve. The property contains a range of diverse habitats: hardwood, mixed deciduous, and riparian forests; meadows; wetlands; and streams. The property includes the headwaters of Neil Creek, a tributary of Bear Creek that supports coho salmon and steelhead downstream.

## **REVIEW**

### **Project Soundness**

The reviewers felt that the project is sound, with a high likelihood that the project can be completed within OWEB's granting timeframe, which is eighteen months from the award date to closing. Specifically, reviewers noted that the draft conservation easement submitted with the application appears reasonably sound overall, with a clear purpose, clear protections for conservation values, and clear remedies in the case of a conflict. Reviewers also noted that PFT has conducted good initial research into the property's title and reasonably asserted that the title does not appear to present significant risks to a conservation investment.

In addition to standard due diligence actions that will be necessary (e.g., appraisal approval, environmental site assessment approval, etc.), confirmation of project soundness would entail a number of steps, including, but not limited to: (i) further evaluating the compatibility of numerous easements and rights-of-way that encumber the property; (ii) confirming legal and sufficient access to various parts of the property; and (iii) agreeing on the final-form conservation easement that will be granted by the property owner, including but not limited to language regarding the owner's reservation of carbon storage and sequestration rights, and performance goals for minimizing the impact of invasive plants and animals in accordance with the ecological outcomes review, below.

### **Ecological Outcomes**

The reviewers agreed that the Mountcrest Property is one of the largest remaining intact holdings in a region of significant biodiversity and in an area with potential to provide connectivity between federal lands such as national forest Late Successional Reserve and other protected lands. The reviewers also agreed that the property as a whole has been well managed since the 1970s to include wildlife and sustainable forest values. The property's size, good condition, diversity of habitat types, and strategic location at the interface of the Cascade and Klamath Ecoregions support the

property's high conservation values. The reviewers thought that the property's connectivity to important habitat on adjacent properties, along with current and proposed future management of the property for conservation values, make it a highly significant conservation opportunity. The reviewers felt that the federal and private forestlands adjacent to the property are managed for uneven-aged stands and in a manner that reduces fire risks and maintains wildlife habitat connectivity.

The reviewers also noted that the property is important because it protects high-priority habitats cited in the Oregon Conservation Strategy. Protection of the property would secure the opportunity to continue responsible forest stewardship and contribute to the recovery of northern spotted owl, provide important habitat for fisher, and protect headwaters for coho salmon and cutthroat trout.

The reviewers felt that the property's risk of development and its current conservation values were well documented in the application. Short-term threats include changes in the logging practices that could harm water and biological resources. The primary long-term threat is potential rezoning and subdivision of the property to develop the area for recreational home sites, particularly with a change in ownership. The property is located near a major tourist community and on the road to Mt. Ashland Ski Area.

The reviewers were supportive of the working lands conservation easement in concept. The reviewers felt that the conservation values described in the conservation easement are consistent with the habitat protections and ecological outcomes they identified in their review. The purpose of the conservation easement was determined to be in alignment with the reviewers' expectation that protection of conservation values will prevail over economic activities in the event of a conflict between the two, and that ecological outcomes will be achieved and sustained over time. Reviewers concluded that for the most part, the proposed conservation easement's restrictions on timber harvest and the performance goals for the property overall, including the special habitat management zones, will ensure that the resource values are protected and ecological functions and habitats are sustained over time. Furthermore, reviewers concluded that the current and future timber harvest management and other activities outlined in the easement, including fire management, are appropriate for maintaining and promoting healthy forest stand characteristics and ecological functions while reducing the risk of catastrophic wildfires. However, the reviewers identified the potential for wildfire risks associated with recreational, trespass, and road uses. Reviewers also identified the need for performance goals for minimizing the impact of invasive plants and animals.

- Needs and opportunities: 14 out of 15 points possible
- Results and Benefits: 22 out of 25 points possible
- Conditions and Function: 9 out of 10 points possible

### **Community Benefits and Impacts**

The application states that purchase of the conservation easement will ensure that the current benefits provided to the public by the Mountcrest Property will be preserved, including its aesthetic value, contribution to the tax rolls, input of sustainably harvested commercial timber to the market, and contribution of clean water to the Rogue and Klamath River systems. Further, continuing the current approach of managing the property will help to control wildfire risk in the community and store carbon to aid in climate stabilization.

A small area of the property contains a portion of the Pacific Crest Trail (PCT), an outstanding recreational resource that is a benefit to the community and broader public. The application states that the owner of the property is considering conveying the portion of the property that contains the PCT to the U.S. Bureau of Land Management (BLM) before selling the conservation easement on the remainder of the property. The sale to BLM, which would not entail the use of any OWEB funds, would help ensure that the trail is owned and managed appropriately for the public, and would not diminish the conservation objectives of the project. The conservation easement's restrictions on timber harvest will ensure that hikers have a scenic view from the applicable portion of the trail.

### **Organizational Capacity**

The application states that PFT is accredited by the Land Trust Alliance (LTA), has 23 years of experience in forestland conservation, and has been a leader in the development of the working forest conservation easement as a tool to conserve managed forestland for multiple public benefits. Reviewers felt that PFT has the demonstrated qualifications and capacity to complete the proposed acquisition and manage the conservation easement over time. PFT's in-house staff has negotiated the acquisition of over 100 forestland conservation easements, including Pacific Northwest conservation easements totaling over 85,000 acres managed by PFT. The PFT staff is guided by an accomplished board including conservation faculty at Duke University and the University of Washington.

Reviewers also agreed with PFT's opinion that the proposed easement would be a logical extension of its ten-year old Klamath-Cascade Conservation Initiative, which entails work in Northern California and Southern Oregon. PFT has worked closely with BLM for ten years to facilitate the addition of more than 5,000 acres to the Cascade-Siskiyou National Monument.

PFT has received and managed grant agreements for more than \$20 million in public funding to accomplish conservation work. The application states that PFT has LTA-recommended policies and procedures in place to ensure that each conservation easement it purchases has a succession plan, and adequate funding for stewardship, monitoring, and enforcement. The funds are maintained in restricted accounts, and have been independently audited, with PFT's other financial records, for 20 years.

8 points awarded out of 10 possible points

### **Public Review**

OWEB staff conducted a public hearing regarding the proposed acquisition on January 21, 2016 at Ashland City Council Chambers. The hearing focused on the public's view of the project's benefits, and questions and concerns about the project, summarized as follows:

#### **Project Benefits**

- Connects with the 13,000-acre Cascade-Siskiyou National Monument; BLM has identified connectivity as a top priority for the monument since 2008.
- Enhanced trail protection for the PCT.
- Improved fire prevention in key locations.
- Protection of Rogue/ Klamath headwaters in this unique watershed divide.

- Good example of combining ecological and economic benefits. Private, non-industrial ownership is undervalued; this is a great example of forest management by a private, non-industrial entity.
- Prevents fragmentation into small ownerships, which often present management challenges.

#### **Project Questions or Concerns**

- Management is complicated by both ecological and social issues, particularly with regard to fire.
- Timing is important to keep large ownerships intact.
- Jackson and Josephine counties have the greatest fire management challenges.

#### **Summary**

Total Score: 53 points out of 60 points possible. The proposed project presents an excellent opportunity to achieve significant ecological outcomes. The project appears to be sound from a transactional standpoint. Reviewers identified several yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) including: (i) numerous title exceptions that will need to be mapped, further reevaluated, and where necessary, resolved; and (ii) the need for PFT to negotiate final conservation easement language that is acceptable to OWEB and other parties to the easement. Reviewers felt that the issues do not present significant concerns because PFT appears to have the capacity to complete the title work, and because the conservation easement included with the application is a good initial draft.

#### **Staff Recommendation**

Staff recommends the Board award PFT \$957,500.00 in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with PFT to finalize project-specific conditions. The conditions will be provided to the Board at its April 2016 meeting.