Oregon
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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis, Deputy Director
Miriam Hulst, Acquisitions Specialist

SUBJECT: **Agenda Item J: OWEB Land and Water Acquisition Grant Programs – Overview and October 2014 Grant Cycle Awards April 28-29, 2015 OWEB Board Meeting**

I. Introduction

This staff report provides an overview of the October 20, 2014 land acquisition grant cycle process. It also provides an update about the status of the pilot test of the coordinated funder framework for water acquisition grants. Finally, the report outlines staff recommendations for grant awards for the October 2014 land acquisition grant cycle.

II. Land Acquisitions – October 2014 Cycle Background and Summary

A. Applications Submitted

The October 2014 grant cycle is the second of two annual land acquisition grant cycles for the 2013-2015 biennium. The total spending plan amount for land and water acquisitions for this biennium is $8 million. Following Board awards in January 2015, $2.657 million remains in this line item.

Eight land acquisition grant applications, totaling a request of approximately $3.3 million, were received in this grant cycle. The 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 which are included as Attachment B.

Application No. 214-9900 was withdrawn before completion of review because the applicant received other funds for the property purchase. Application No. 215-9905 was withdrawn based on a decision by the applicant to refine the project design and approach based on results of the initial review. Application No. 215-9906 is not recommended for funding.

B. Review Process

The land acquisition applications were reviewed in accordance with the process adopted by the Board at its January 2013 meeting. 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 or chosen by staff from the regular grant program's regional review teams. Each ecological reviewer completed a project evaluation form, and the input of all ecological reviewers was summarized by 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 felt is concerning, but 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 indicated 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 several means, including notices and a public hearing that staff held for each project recommended for funding by the Acquisitions Committee of the Board.

Staff prepared an evaluation of each project that summarizes the review outcomes, identifies yellow and red flags, and provides a score for each project. The scores were calculated from specific sections of the grant application. The process by which projects would be scored was described in advance to applicants. After evaluations were completed, they were provided to the applicants.

C. Overview of Funding Recommendations

Staff recommend five applications for funding, totaling a request of $1,596,775 in OWEB funding that is complemented by $767,754 in Coastal Wetlands funding. The M76 funding request total includes additional funds for project-specific capacity assistance for Applications No. 215-9902, No. 215-9903, and No. 215-9904, and additional funding for a wider upland forest buffer for Application No. 215-9904. All of the additional funds were recommended by the Acquisitions Committee of the Board, for the reasons specified in the project evaluations. Application No. 215-9906 is not recommended for funding.

III. Water Acquisitions – Update about the Pilot Test of the Coordinated Funder Framework

In June 2013, the Board adopted revised administrative rules for OWEB's water acquisition grants. These revised rules created the opportunity for OWEB to coordinate with other funders of water acquisitions to increase efficiency and effectiveness of OWEB's investments in streamflow restoration. Following adoption of the revised rules, staff worked with other funders to draft a coordinated funder framework. This framework outlines a streamlined process for soliciting, reviewing and making funding

recommendations in a way that leverages funders' collective investments and creates a more efficient process for local implementers of water acquisitions.

At its January 2014 meeting, the Board approved the associated water acquisitions guidance, which describes the priorities, principles and process for water acquisition grant-making. The process section of the guidance outlined that the 2013-2015 biennium would be used as a pilot test of the coordinated funder framework. The Board guidance noted that only approved and qualified local entities that have water acquisition programs already in place would be eligible for grants in the 2013-15 biennium. This approach reduces the risk to OWEB of funding an entity with an emerging water acquisition program with little experience in carrying out complex water transactions. OWEB contracted with NFWF to assist with design of the solicitation and review processes for water acquisition grant applications under the pilot test of the framework.

In Winter of 2014, the first solicitation under the pilot test occurred. Grant proposals were submitted to OWEB and NFWF by two entities: the Deschutes River Conservancy (DRC) and The Freshwater Trust (TFT). The total amount of funding requested from OWEB under these proposals was approximately $123,000. Technical and programmatic reviews of these projects were completed and, in April 2014, the Board awarded funding in support of DRC's Annual Water Leasing Program and TFT's Fifteenmile (Creek) Action to Stabilize Temperature Program.

Due to cost savings and leveraging of match funding by both award recipients during the 2014 irrigation season, both organizations are extending the 2014 grant funding to support work under these programs in 2015. For this reason, the Board will not be asked to consider funding requests for 2015 under the pilot test of the coordinated funder framework for water acquisitions. At an upcoming Board meeting, staff will provide the Board with an assessment of and lessons learned from the pilot test of the coordinated funder framework for water acquisitions, and request input from the Board about next steps for the program.

IV. 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. Funding in the amount of $262,119 for Application No. 215-9901 is provided entirely through the National Coastal Wetlands Conservation Grant Program. Funding for Application No. 215-9904 is a combination of $547,500 in Measure 76 Lottery funds and $505,635 in funding from the National Coastal Wetlands Conservation Grant Program, contingent on approval by the U.S. Fish and Wildlife Service of a budget change amendment. (During Agenda Item F at the April 2015 meeting, the Board will be asked to approve receipt of funding from the U.S. Fish and Wildlife Service for National Coastal Wetlands Conservation Grants and delegate authority to the Executive Director to enter into the appropriate agreements to distribute these funds.)

Attachments

A. Summary of Land Acquisition Applications and Recommended Awards, October 2014 Grant Cycle
B. Land Acquisition Project Evaluations
C. Project-specific Conditions (to be provided at the April Board meeting)

ATTACHMENT A

Land Acquisition Applications
October 20, 2014 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°**
215-9901	1	Kilchis Wetlands^	262,119^^	262,119^^	53	
215-9902	1	Tillamook Head-Boneyard^	508,400	524,400^^^	37	Yellow
215-9903	1	Lower Fivemile Creek^	104,375	124,375^^^	45	Yellow-red
215-9904	2	Scholfield Creek^	519,845^^^^	1,053,135^^^^^	46	Yellow-red
215-9907	4	Mill Creek Ridge-Paintbrush Meadows^	400,500	400,500	52	Yellow
215-9900	4	Lower Deschutes River Ranch 2014 - WITHDRAWN	750,000		42	Yellow
215-9905	1	Moss Creek Conservation Easement - WITHDRAWN	480,000		30	Red
215-9906	1	Wesport Slough - DO NOT FUND	900,000		34	Yellow-red
Total Land Acquisition Applications Submitted in the October 2014 Cycle for OWEB Funding			**$3,278,225**			
Total Coastal Wetlands Funding Awarded for Acquisitions by U.S. Fish and Wildlife Service			**$647,014**	**$767,754**		
Total OWEB Funding Recommended				**$1,596,775**		

* 60 Possible Points

° Flags Are Explained in the Project Evaluation:

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

Red: insurmountable in OWEB's granting timeframe

^ Fund as Specified in the Project Evaluation

^^ Funding Provided Entirely through the National Coastal Wetlands Conservation Grant Program

^^^ Includes project specific capacity funding

^^^^ Partial Project Funding Provided through the National Coastal Wetlands Conservation Grant Program

^^^^^ Partial Project Funding Provided through the National Coastal Wetlands Conservation Grant Program; includes project-specific capacity funding and additional funding to increase the upland forested buffer.

October 20, 2014 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**215-9901**		
Project Name:	Kilchis Wetlands		
Applicant:	The Nature Conservancy	**Region:**	North Coast
Basin:	North Coast	**County:**	Tillamook
OWEB Request:	**$262,119.00***	**Total Cost:**	**$262,119.00**

*Funds requested from U.S. Fish and Wildlife Service's Coastal Wetlands program, to be matched by previous purchase

Application Description

The Nature Conservancy (TNC) is requesting funds for the purchase of a 61-acre property adjacent to the Kilchis River in Tillamook County. The property is former tidal wetlands, which are diked for use as dairy pastureland. TNC plans to restore the tidal wetlands, along with 66 acres of adjacent land which TNC previously purchased using OWEB funds (Grant Agreement No. 212-107). The application states that protection and restoration of the property proposed for acquisition will provide important wetland habitat for native fish species including coho, Chinook and chum salmon, steelhead, and cutthroat trout, and a variety of other sensitive species including red-legged frog.

The funds being requested by TNC are in anticipation of an award to OWEB from the National Coastal Wetlands Conservation Grant program (Coastal Wetlands), which is administered by the U.S. Fish and Wildlife Service (USFWS). OWEB applied for the Coastal Wetlands funds specifically for TNC's use. OWEB staff were notified in January 2015 that USFWS awarded the funds. Using the newly established process for Coastal Wetland grants, funds will be accepted only if the Board formally approves both the project and receipt of the Coastal Wetlands funds.

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 between award date and closing. In addition to standard due diligence actions that will be necessary, final confirmation of project soundness would entail a number of steps, including but not limited to: an updated title report and confirmation of vested ownership; confirmation of legal authority to access the adjacent state highway and to cross the railroad right-of-way; an assessment of whether the blanket utility easement will hinder restoration and protection of the property's conservation values; and satisfactory resolution of matters related to the small in-holding on the property.

Ecological Outcomes

Reviewers felt that the project is an excellent opportunity to augment TNC's restoration efforts in the Lower Kilchis River. They pointed out that the property shares a boundary with TNC's existing holding, and that acquiring the property will double the size of TNC's restoration area, to more than 125 acres. In addition to having a shared boundary, the two properties share sloughs and tidal channels, which when jointly restored will result in much better function than if only TNC's currently owned property is restored. Reviewers felt that not only will the restoration increase tidally influenced Sitka spruce wetlands, a critically imperiled habitat, it will result in much-needed

water quality improvements in the Kilchis River. One reviewer pointed out that the lower Kilchis River has been proposed for dredging and stockpiling spoils, and that acquiring the property will eliminate this threat.

Although reviewers were very supportive of the project, they stated that they would have liked more information about benefits for priority species, and questioned whether there would be benefits for winter steelhead as stated in the application. Reviewers would have also appreciated more information about the condition of the property and its infrastructure, for a better understanding of what restoration will entail. Reviewers pointed out that the property is not intact in its currently diked state, and that restoration is critically important for full ecological function. They felt that in addition to dike breaching and other hydrological improvements, restoring native vegetation and replacing introduced pasture grasses will be necessary for successful restoration outcomes, and weed management will require persistence over many years.

- Needs and Opportunities: 14 points out of 15 possible points.
- Results and Benefits: 22 points out of 25 possible points.
- Condition and Function: 7 points out of 10 possible points.

Community Benefits and Impacts

TNC anticipates that the property will be open to the public for bank fishing during fishing season and for wildlife viewing year-round. The application states that the property will also be available for educational activities. The application states that fishermen, fishing guides, and environmental educators support the project. Property taxes will not be paid once TNC acquires the property. This is potentially a cause of concern for the county, and there may be benefit in further exploring the issue with TNC. The application also states that although the Tillamook Creamery Cooperative has a “no net loss of farmland” policy, the property contains only 34 acres of pastureland, which have not been fully utilized in several years.

Organizational Capacity

Reviewers felt that the application clearly demonstrates TNC’s qualifications and capacity to acquire and manage the property. Further, reviewers felt that TNC’s conservation focus in the Tillamook Basin, including TNC’s ownership of adjacent conservation property, provides sufficient justification for TNC to be considered the right organization to acquire the property and restore and steward it for the long term. TNC is seeking Coastal Wetlands and OWEB funds to accomplish the restoration.

Reviewers noted that TNC anticipates having the property open to the public and does not have staff based in the community, but has a track record of effective stewardship of its properties. The management plan developed for the property should have, among other required contents, a clear demonstration of processes and staffing capacity – paid or volunteer – for ensuring that the property is routinely monitored for issues such as litter and vandalism, and that public use is consistent with protection of the property’s conservation values.

- 10 points awarded out of 10 possible points.

Public Review

OWEB staff conducted a public hearing upon the Board Acquisition Committee's recommendation of funding for the project. 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

The hearing participants noted that this project could have waterfowl hunting benefits, if TNC were to offer hunting opportunities.

Project Questions or Concerns

The hearing participants were concerned that the project will reduce property tax revenue and the amount of farmland in Tillamook County, and that farmland should remain available for agricultural use to ensure the economic vitality of the county. The participants were also concerned that restoration of the property might flood lands other than TNC-owned land, and attract more geese, and that the geese would degrade water quality and be a nuisance to the neighbors. The hearing participants suggested that OWEB consider more reasonable options for altering ecosystem function, such as dredging the Kilchis River, and that restoration of the adjacent TNC-owned property needs to be completed and assessed for success before further grant funds are awarded.

Summary

Total Score: 53 points out of 60 points possible. Reviewers did not feel that the project poses any yellow flags (concerning but likely resolvable in OWEB's granting timeframe) or red flags (insurmountable in OWEB's granting timeframe).

Staff Recommendation

Staff recommend the Board award $262,119.00 in Coastal Wetlands funds, contingent on an award from U.S. Fish and Wildlife Service, to The Nature Conservancy for the Kilchis Wetlands project, in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with TNC to finalize project-specific conditions. The conditions will be provided to the Board at its April 2015 meeting.

October 20, 2014 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**215-9902**		
Project Name:	Tillamook Head (Boneyard)		
Applicant:	North Coast Land Conservancy	**Region:**	North Coast
Basin:	North Coast	**County:**	Clatsop
OWEB Request:	**$524,400.00**	**Total Cost:**	**$1,878,800.00**

Application Description

North Coast Land Conservancy (NCLC) is requesting funds for the purchase of a 360-acre industrial timberland property located between NCLC's Circle Creek Reserve and Ecola State Park, in Clatsop County. The application states that purchase of the property would result in a 3,500-acre contiguous block of conserved land. The application also states that protection of the property is essential to alter historic timber harvest and place the property on a restoration trajectory to functioning late-seral temperate rainforest. The application states that conserving the property will protect two miles of streams, including the entire watershed of Boneyard Creek, for the benefit of sensitive species such as coho salmon, cutthroat trout, and red-legged frog.

REVIEW

Project Soundness

Reviewers felt that the transactional aspects of the project are relatively sound, but felt that NCLC will need the help of outside expertise (see Organizational Capacity below) to ensure project completion within OWEB's granting timeframe, which is eighteen months between award date and closing. Consistent with this recommendation, reviewers felt that NCLC should use the OWEB-approved purchase and sale agreement (PSA) template to ensure that transaction matters are effectively addressed in a timely manner. In addition to standard due diligence actions that will be necessary, final confirmation of project soundness will entail a number of steps, including but not limited to: confirmation of an acceptable PSA including appropriate representations and warranties as to unrecorded leases, permits and licenses; appraisal approval; an updated title report and vested ownership confirmation; an assessment of the validity of title exceptions and, as to valid encumbrances, a determination that the encumbrances will not hinder protection of the property's conservation values; and removal of all financial liens affecting the property. Additionally, reviewers were particularly concerned about the need to confirm the legal basis of access to the property, and map the access. Finally, reviewers noted that it may be difficult for NCLC to raise the additional funds that will be required to purchase the property.

Ecological Outcomes

Reviewers stated that industrial timberland is not a typical conservation property, but also noted that with only a small amount of intact late-seral forest left on the north coast, long-term conservation targets may sometimes be met by taking forests out of timber production and setting them on a trajectory to ecologically functioning ecosystems. Protecting the property would conserve the entire watershed of Boneyard Creek, and form an important conservation link between Tillamook Head and the Necanicum River estuary, benefitting critically imperiled species on 3,500 protected acres.

The property's location is outstanding for restoring ecological connectivity, and for ease of management by NCLC, whose Circle Creek Reserve is immediately adjacent.

The application states that approximately half of the property contains trees between 45 and 55 years old, and that the remainder of the property contains trees that are between 10 and 22 years old. The application states that a recent timber cruise indicated that the trees are a mix of Sitka spruce and western hemlock, with alder in the riparian areas. Grand fir occupies an unclear but likely relatively small area, and is probably the result of a planting error by the timber company. The property also contains a small area of forested wetlands, and four streams, three of which are salmon-bearing, according to NCLC observations. The property's logging roads appear to be in good condition, and are located at the tops of ridges. The application states that NCLC recently partnered with other organizations to decommission a road on the property, which included removal of two culverts to improve fish habitat. Invasive species appear to be present at relatively low levels, which is uncommon for industrial timberland, and presents a valuable property management advantage.

Although reviewers were supportive of the project, they felt that the property is not in intact condition, and generally disagreed with the application's statement that no immediate restoration should occur. Further, they felt that some of the priority species listed in the application, such as chum salmon, are not on the property and will not directly benefit from the project. Reviewers felt that with immediate, active management based on a sound long-term vision for the property, the property could support late seral forest habitats in 50 years. Reviewers stated that without active long-term management, it would take the property much longer to reach late seral conditions, and that some of the priority species the project is targeting likely cannot sustain a longer wait for restored habitat. The reviewers emphasized that some of the priority species listed in the application, such as marbled murrelet, will not benefit from the property before the late seral conditions are reached. Therefore, reviewers stated that it is essential that NCLC engage professional foresters to work further on a comprehensive plan for the property that most likely should entail immediate and thorough thinning for improved structural diversity and understory conditions, and removal of the grand fir. Reviewers stated that NCLC should commit to a schedule for implementing necessary restoration actions. Reviewers stated that delaying the restoration, and therefore allowing the densely stocked trees to grow older, will make restoration a more difficult and expensive process. They noted that this was experienced by Oregon Parks and Recreation Department (OPRD) at Ecola State Park. Reviewers recommended that when developing a restoration strategy with professional foresters, NCLC should engage OPRD and other landowners with experience restoring similar properties, to benefit from their lessons learned. Reviewers further suggested that NCLC form a partnership with OPRD to plan and coordinate stewardship activities.

- Needs and Opportunities: 9 points out of 15 possible points.
- Results and Benefits: 15 points out of 25 possible points.
- Condition and Function: 6 points out of 10 possible points.

Community Benefits and Impacts

The application states that NCLC will not pay taxes on the property, but will make it available to the public for hiking and hunting. Recreational uses have the potential to hinder protection of a property's conservation values, and require careful planning and monitoring, and improvements such as signage. The management plan developed for the property needs to contain specific actions with concrete timeframes, supported by adequate staffing, to ensure that any public use of the

property is protective of its conservation values. Reviewers felt that NCLC's first priority should be restoration, with recreation to follow as time and funding allow. Reviewers agreed with the application's statement that the property's existing roads should be used as hiking trails to avoid disturbances associated with the construction of new trails.

Organizational Capacity

Reviewers appreciated NCLC's 30 years of operations and its long record of conservation transactions. Reviewers noted, however, NCLC's existing portfolio of transactions and management planning, and suggested that if OWEB opts to fund the project, it consider providing targeted, project-specific assistance to NCLC to accomplish strong outcomes in an efficient manner. Reviewer recommendations included contractor assistance with legal and mapping matters pertaining to the transaction, contractor assistance with management planning, regularly scheduled check-ins with OWEB staff, and a process for OWEB approval of documents prior to their execution. Reviewers suggested that if the project is a funding priority from an ecological standpoint, the Board consider financial assistance to NCLC for contracted help that will facilitate a smooth and timely closing.

- 7 points awarded out of 10 possible points.

Public Review

OWEB staff conducted a public hearing upon the Board Acquisition Committee's recommendation of funding for the project. 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

The hearing participants stated that the project's potential benefits include viewshed protection; good stewardship by NCLC; interpretive sites, educational opportunities, and non-motorized recreational opportunities; connectivity between lands that have already been protected, and connectivity for salmon; protection of Tillamook Head and Sitka spruce; potential economic benefits to local businesses from expanding natural areas; and tribal and cultural values.

Project Questions or Concerns

Some hearing participants stated that the property is used for bow and rifle hunting, and that walk-in hunting on the property should be allowed to continue. Participants pointed out the challenges of managing a mix of recreational uses on a property, and varying public perceptions about what should be allowed on conservation lands. Some hearing participants encouraged NCLC to find a way to balance hunting and other uses of the property. Other participants felt that OWEB should focus its resources on watershed council capacity and restoration instead of on acquisition.

Summary

Total Score: 37 points out of 60 points possible. This project's primary yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) include: (i) NCLC securing additional funds necessary to purchase the property; (ii) NCLC accessing the assistance recommended by reviewers; (iii) approval of the appraisal; (iv) completion of a purchase and sale agreement; (v) resolution of title and access issues; and (vi) completion of an environmental site assessment.

Staff Recommendation

Staff recommend the Board award $508,400.00, plus $16,000.00 for project-specific capacity assistance, for a total of $524,400.00 to North Coast Land Conservancy for the Tillamook Head project, in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with NCLC to finalize project-specific conditions. The conditions and additional funding request will be provided to the Board for approval at its April 2015 meeting.

October 20, 2014 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**215-9903**		
Project Name:	Lower Fivemile Creek		
Applicant:	McKenzie River Trust	**Region:**	North Coast
Basin:	North Coast	**County:**	Douglas
OWEB Request:	**$124,375.00**	**Total Cost:**	**$167,366.00**

Application Description

McKenzie River Trust (MRT) is requesting funds for the purchase of a 125-acre forested property upstream of Tahkenitch Lake in Douglas County. The property contains riparian bottomland and forested wetlands and uplands. The application states that the property contains approximately two miles of Fivemile Creek and approximately six additional miles of side channels adjacent to the creek. MRT would immediately transfer the property to the Confederated Tribes of Siletz Indians (CTSI), which would manage the property for the protection of its natural resources. The application states that Fivemile Creek has the second-highest adult return and spawning use by coho salmon in Oregon. The application states that CTSI ownership of the property will enable restoration of additional stream function, although the property already functions relatively well. Protection and management of the property will benefit, in addition to native fish, a variety of priority species including bald eagle, band-tailed pigeon, and olive-sided flycatcher.

REVIEW

Project Soundness

Reviewers felt that the transactional aspects of the project are relatively sound, but felt that MRT will need the help of outside expertise (see Organizational Capacity below) to ensure project completion within OWEB's granting timeframe, which is eighteen months between award date and closing. In addition to standard due diligence actions that will be necessary, final confirmation of project soundness would entail a number of steps, including but not limited to: an updated title report and confirmation of vested ownership; confirmation and approval of a binding purchase and sale agreement; an assessment of whether remaining title encumbrances are valid or will hinder protection of the property's conservation values, with particular attention necessary for easements and split-estate matters associated with the property; and confirmation that the seller is warranting against unrecorded easements, permits and licenses.

Reviewers felt that it would be prudent for OWEB to require that the transfer of the property from MRT to CTSI be in accordance with a conveyance agreement similar to the agreement required for other projects in which a grantee transfers an OWEB-funded property interest to a governmental entity. The agreement would provide OWEB's statutorily required transfer approval and acknowledge CTSI's understanding that it is accepting the Property subject to the OWEB conservation easement.

Reviewers noted that MRT considers the property to be in need of conservation protection despite it being owned by Ecotrust Forest Management (EFM), a B Corporation (social benefits corporation). Reviewers were uncomfortable with this potential contradiction, but nonetheless felt that CTSI

assuming ownership of the property is logical because CTSI owns and manages land immediately adjacent to the property.

Ecological Outcomes

Reviewers were supportive of the project, stating that the property is located in a watershed that is highly productive for coho salmon and that the property has relatively good ecological function. Reviewers also stated that conserving and restoring the property will build on significant conservation investments made upstream at the Fivemile-Bell Landscape Management Project (FBLMP) site, by a partnership of organizations including OWEB. The application states that coho smolts exiting the Tahkenitch Lake system are significantly larger than their counterparts from other Oregon coastal watersheds, and that this may confer a survival advantage in the ocean, which in turn explains the 250-500 adult fish per mile that have been documented in Fivemile Creek. The application states that protection of the property will increase the area of the FBLMP to approximately 800 acres.

Reviewers would have liked more information about whether the property is characterized as spruce swamp, a particularly rare wetland type. Reviewers would also have appreciated information about any marbled murrelet habitat on the property. Reviewers recommended a thorough analysis of historic channel alterations and road crossings on the property, and development of associated restoration actions if the analysis indicates that restoration would meaningfully improve ecological functions and habitat values. (This would, however, be a project larger in scope that the minor enhancements cited in the application.) Reviewers also recommended an inventory of the property's woody debris and snags, and if they are found to be deficient, management actions to improve them. Finally, reviewers recommended that the management plan include actions for improving marbled murrelet habitat on the property.

- Needs and Opportunities: 12 points out of 15 possible points.
- Results and Benefits: 18 points out of 25 possible points.
- Condition and Function: 8 points out of 10 possible points.

Community Benefits and Impacts

The application states that the project will benefit local communities and nearby landowners by safeguarding the property and its ecological values, thus further protecting more of the Tahkenitch Lake basin, an important public recreation amenity of coast-wide significance. The application also states that a robust management planning process will address public recreation in a thoughtful and deliberate way, thereby addressing the current situation of unmanaged recreation and its associated effects. Further, the application states that CTSI anticipates that its ownership of the property will enable CTSI members to harvest culturally important plants, where appropriate, from the property. Reviewers stated that the management plan developed for the property will need to address such uses, among other required contents, to ensure the uses are carried out in a manner that is consistent with protection of the property's conservation values. The application states that CTSI will pay taxes on the property.

Organizational Capacity

Reviewers felt that the project is relatively sound, but were concerned about the time it will take to resolve complicated title matters, including split-estate issues associated with the project. Further, reviewers noted that since the time of the application submission, MRT's capacity has been reduced by the departure of a key employee, and that OWEB and MRT will want to acknowledge the time it may take for a new employee to take on the highly technical matters this project entails. Reviewers

also noted that MRT will need to coordinate with CTSI regarding the expectations associated with OWEB's standard form conservation easement and other project requirements. The standard form conservation easement template is an important part of the process for efficiently closing transactions under the revised program. Notwithstanding this approach, alterations may be necessary because the Property will be transferred to a tribal entity, as discussed below. MRT will need to play an active role in the conservation easement discussions, and will grant the conservation easement to OWEB. Given the complex nature of this project, reviewers recommend that MRT contract with an expert so a focused effort can bring the project to closure in OWEB's granting timeframe. Accordingly, reviewers suggested that if the project is a funding priority from an ecological standpoint, the Board consider financial assistance to MRT for the contracted services of an acquisitions expert to assist with due diligence for this project.

- 7 points awarded out of 10 possible points.

Public Review

OWEB staff conducted a public hearing upon the Board Acquisition Committee's recommendation of funding for the project. 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

The hearing participants stated that the project would have fisheries benefits, including helping to sustain good fish production in the Tahkenitch Lake system.

Project Questions or Concerns

Concern was raised about conservation ownership of the property possibly curtailing the use of herbicide by neighbors. MRT and CTSI stated that an OWEB acquisition grant would require CTSI to protect the property, but this does not mean the grant would require neighbors to stop using herbicide.

Summary

Total Score: 45 points out of 60 points possible. The split-estates issues are the project's primary yellow flag (concerning, but likely resolvable in OWEB's granting timeframe), which borders on a red flag (insurmountable in OWEB's granting timeframe), due to the time and level of expertise and effort typically necessary to resolve such issues. Other yellow flags include: (i) title encumbrances more generally; (ii) lack of a signed option and the statement in the application that the option price is a moving target as to the timber value; and (iii) tribal ownership variables that will affect the project.

Staff Recommendation

Staff recommend the Board award $104,375.00 plus $20,000.00 for project-specific capacity assistance, for a total of $124,375.00 to McKenzie River Trust for the Lower Fivemile Creek project, in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with MRT to finalize project-specific conditions and determine appropriate capacity assistance including a funding amount. The conditions and additional funding request will be provided to the Board at its April 2015 meeting.

October 20, 2014 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**215-9904**		
Project Name:	Scholfield Creek		
Applicant:	McKenzie River Trust	**Region:**	Southwest
Basin:	Umpqua	**County:**	Douglas
OWEB Request:	**$187,500.00***	**Total Cost:**	**$603,264.00****

*Plus additional purchase funds in an amount to be determined and used only if a wider forested upland buffer is purchased
**Match funds requested from U.S. Fish and Wildlife Service's Coastal Wetlands program

Application Description

McKenzie River Trust (MRT) is requesting funds for the purchase of 168 acres of wetlands and 47 acres of upland buffer in the Umpqua River estuary in Douglas County. The properties, which consist of eight sites held by a total of four owners, are upstream of the City of Reedsport and contain relatively undisturbed emergent, scrub-shrub, and forested tidal wetlands and tidal channels, and forested upland buffer. The application states that if the project is successful, it will be the first-ever conservation acquisition in the Umpqua River estuary by a non-governmental organization. MRT intends to manage the properties for the protection of wetland resources and the benefit of sensitive species such as coho salmon, red-legged frog, Bullock's oriole, and rufous hummingbird.

The match funds indicated by MRT are in anticipation of an award to OWEB from the National Coastal Wetlands Conservation Grant program (Coastal Wetlands), which is administered by the U.S. Fish and Wildlife Service (USFWS). OWEB applied for the Coastal Wetlands funds specifically for MRT's use. OWEB staff were notified in January of 2015 that USFWS awarded the funds. Using the newly established process for Coastal Wetland grants, funds will be accepted only if the Board formally approves both the project and receipt of the Coastal Wetlands funds.

REVIEW

Project Soundness

Reviewers noted that this project is highly complex and its soundness is uncertain, with many details yet to be worked out. Among other things, success will require four separate purchase agreements (two private and two public owners) with supporting appraisals; several lot-line adjustments, with likely survey and cost complications; resolution of very significant split-estate issues and yet-to-be determined complexities associated with a fee strip of railroad property that transects several of the parcels proposed for purchase; and potentially, resolution of impacts pertaining to an adjacent landfill. While the reviewers would normally be inclined to recommend withdrawal of the application until such time as the complexities are more thoroughly understood, the significant ecological outcomes associated with the project (see below) justify consideration of the project now, rather than later.

If the grant is awarded, project success will require a high level of transactional expertise and sustained focus for the project to be completed within OWEB's granting timeframe, which is eighteen months between award date and closing (see Organizational Capacity).

In addition to standard due diligence actions, final confirmation of project soundness would entail a number of steps, including but not limited to: updated title reports and confirmation of vested ownership as to the four ownerships; confirmation of executed purchase and sale agreements, with the agreements to include seller representations and warranties as to unrecorded leases, permits and licenses; an assessment of whether title encumbrances are valid or will hinder protection of the properties' conservation values, with particular attention to be paid to satisfactory resolution of the very broad split-estate reservations that affect a portion of the project area; a thorough review of environmental concerns, if any, that are associated with the historic landfill located adjacent to the project area; a thorough review of access and environmental issues, if any, that are associated with the active railroad right-of-way that transects the project area; removal of all financial liens affecting the properties; and satisfactory completion of necessary lot-line adjustments.

Ecological Outcomes

The application states that a tidal wetland prioritization for the Umpqua River estuary determined that two of the project's eight sites are a high priority for conservation, three sites are a medium-high priority from conservation, two sites are a medium priority for conservation, and one site is a medium-low priority for conservation. In aggregate, the sites would form a relatively large area of diverse habitats: conserved wetlands, nearly three miles of Scholfield Creek, and approximately 19 miles of tidal channels. This collection of habitats possibly results in an ecological benefit that is greater than the sum of the individual parts. The application states that MRT will partner with the Partnership for the Umpqua River (PUR) to enhance the wetlands with strategic placement of spruce logs that will diversify habitat structure over time.

Reviewers were supportive of the project, stating that the properties contain high-functioning wetland habitat for a variety of priority species, and that protecting the properties may be one of the most cost-effective ways to increase salmon populations. Reviewers noted that some of the properties are within the City of Reedsport's urban growth boundary, and therefore shoreline development is a threat to the properties. Reviewers pointed out that the wetlands themselves are somewhat protected by existing regulations, and that the main threat to the wetlands is from activities on adjacent land. Following from those observations, reviewers recommended that MRT consider increasing its purchase of forested upland buffer, from 50 feet stated in the application to 300 feet, to more assuredly protect wetland resources.

Reviewers felt that the application did not contain adequate species status and occurrence information, but nonetheless agreed that the wetlands are important rearing habitat for priority fish species. Reviewers also felt that the application's discussion about the properties' relationship to other conservation sites was lacking, and that perhaps the strongest conservation link is to the work completed in the upper portion of Scholfield Creek. Reviewers were uncertain of the level of threat posed by the railroad, and stated that invasive species management issues posed by the railroad and other sources should be addressed in a management plan and in MRT's approach to working with the railroad.

- Needs and Opportunities: 11 points out of 15 possible points.
- Results and Benefits: 19 points out of 25 possible points.
- Condition and Function: 9 points out of 10 possible points.

Community Benefits and Impacts

The application states that MRT will pay taxes for the properties. The application points out that one of the properties is currently tax-exempt because it is owned by the City of Reedsport;

therefore, tax revenue will actually increase as a result of MRT's purchase. The application also states that community reaction to the project has been overwhelmingly positive, and that MRT and PUR will continue to build public support for the project. Reviewers stated that the wetlands are highly valuable nursery areas for fish, and that protecting fish habitat protects the local economy. Reviewers stated that public use of the properties should have been more thoroughly addressed in the application, and that careful consideration of public access should be part of the management planning process in order to ensure the protection of the properties' conservation values.

Organizational Capacity

Reviewers stated that this is one of the most complicated projects reviewed by OWEB in recent years. Reviewers were concerned that, since the time that the application was submitted, MRT's capacity has been reduced by the departure of a key employee, and that OWEB and MRT will want to acknowledge the time it may take for a new employee to take on the highly technical matters this project entails. Given the complex nature of this project, reviewers recommend that MRT contract with an expert so a focused effort can bring the project to closure in OWEB's granting timeframe. Accordingly, reviewers suggested that if the project is a funding priority from an ecological standpoint, the Board consider financial assistance to MRT for the contracted services of an acquisitions expert to assist with due diligence for this project.

- 7 points awarded out of 10 possible points.

Public Review

OWEB staff conducted a public hearing upon the Board Acquisition Committee's recommendation of funding for the project. 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

The hearing participants stated that the project's potential benefits include increased fish habitat (although fishing opportunities would be precluded due to the immediate area being closed to fishing) and possible recreational opportunities such as kayaking trails (although the participants noted the area already is utilized by kayakers).

Project Questions or Concerns

The hearing participants stated that the properties are already protected because of wetland regulations. They felt that the area is not degraded, and that it takes care of itself and should be left alone. The participants further stated that the work of the project proposers (MRT and PUR) is worthy, but that this project would spend public funds to do what nature is already doing. The participants stated that the funds could be better spent on property that is facing higher development pressure. Other participants were concerned about transferring public land into private ownership, and expressed general concern about conservation projects. Some participants stated that the project may put pasture areas at risk due to potential flooding, and could impact natural resources industries including logging on adjacent lands. Some participants stated that the properties are already being used for water-based recreation, and were concerned that the project might result in the loss of hunting opportunities.

Summary

Total Score: 46 points out of 60 points possible. Reviewers felt that, if not closely monitored and managed, some of the yellow flag (concerning, but likely resolvable in OWEB's granting timeframe) items could quickly become red flags (insurmountable in OWEB's granting timeframe). These include transactional issues such as lot-line adjustments and purchase agreements, title issues

such as the split-estate matters, and the railroad. Unforeseen delaying factors are yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) bordering on red flags, and include the need for lengthy option periods. Other yellow flags include appraisals, access, and whether an environmental site assessment will reveal hazardous materials associated with the adjacent landfill.

Staff Recommendation

Staff recommend the Board award $134,950.00 plus $57,500.00 for project-specific capacity assistance, and additional purchase funds in an amount to be determined and used only if a wider forested upland buffer is purchased, to McKenzie River Trust for the Scholfield Creek project, in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with MRT to finalize project-specific conditions and determine additional purchase funds, if any. The conditions and additional funding request will be provided to the Board at its April 2015 meeting.

October 21, 2013 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**214-9907**		
Project Name:	Mill Creek Ridge - Paintbrush Meadows		
Applicant:	Columbia Land Trust	**Region:**	Central Oregon
Basin:	Deschutes	**County:**	Wasco
OWEB Request:	**$400,500.00**	**Total Cost:**	**$531,669.00**

Application Description

Columbia Land Trust (CLT) is requesting funds to purchase two properties totaling 125 acres on Mill Creek Ridge near The Dalles in Wasco County. The two properties are adjacent to each other, and are part of CLT's ongoing effort to protect a conservation corridor of more than 1,000 acres from the Columbia Gorge Scenic Area to Mount Hood National Forest. The properties are adjacent to land OWEB previously granted funds to help CLT purchase (Grant #214-9902). Conserving the two properties will bring CLT's total conserved lands to over 400 acres on Mill Creek Ridge. The properties contain significant botanical diversity, in grassland and oak and pine woodland. The application states that conserving the properties, which are threatened by residential development, will benefit native plant assemblages and sensitive species such as Lewis's woodpecker and western gray squirrel.

REVIEW

Project Soundness

Reviewers were of the opinion that the project's structure appears to be straightforward, without apparent complicating factors, and that the project is sound. Reviewers felt that the project has a high likelihood of closing within OWEB's granting timeframe, which is 18 months between award date and closing. In addition to other standard due-diligence actions that will be necessary, final confirmation of project soundness will entail a number of steps, including but not limited to: review of executed purchase and sale agreements, which include acceptable seller's representation and warranties as to unrecorded easements, permits and licenses; updated title reports and vested ownership confirmations; and removal of unacceptable title report exceptions in the updated reports. Reviewers suggested that CLT develop a more effective and timely due-diligence review process by: developing a more effective working relationship with its title company; ensuring the completeness and accuracy of due-diligence materials before submitting them to OWEB for review; and, if title or transaction problems are identified during the process, proposing an approach to resolving the matters when forwarding materials to OWEB for its consideration.

Ecological Outcomes

The application states that purchase of the two properties will complete Phase 1 of CLT's Mill Creek Ridge Conservation Area, bringing the total protected habitat to 400 acres. Mill Creek Ridge is identified as an oak and grassland conservation opportunity area in the Oregon Conservation Strategy developed by the Oregon Department of Fish and Wildlife. The application states that Oregon white-oak dominates the north-facing slopes of the properties, and that the south-facing slopes are covered in balsamroot, lupine, paintbrush, and over 90 other species of forbs and native

grasses. The application also states that Lewis' woodpecker, ash-throated flycatcher, western meadowlark, western bluebird, and western gray squirrel are present on the properties.

Reviewers felt that it is important to protect a corridor in the area, which has been recognized for its extraordinary biodiversity. Reviewers stated that the project has strong ecological value, stemming from the properties' high biodiversity and relatively intact condition. Reviewers stated that the ecological value of the properties is even more significant than it first appears, because the beneficial effects of protecting the properties are amplified by the adjacent parcels that have already been protected.

Reviewers felt that the properties are highly threatened by residential development, and noted early development on one of the properties. Reviewers stated that invasive plant management, tree health, and public access including trespass control are important long-term management needs for the properties, and that ownership by CLT can assure the proper management. Reviewers stated that maintaining the properties' good ecological condition will require diligent attention over time, and that the application should have identified fire as the most important and controversial tool for maintenance of ecological functions. Reviewers stated that it is important for CLT to explore how to facilitate fire on a more regular basis. Reviewers also stated that quickly getting weeds under control is paramount to maintaining ecological function over time. Reviewers made several management planning recommendations for fire, fences, and control of conifer encroachment.

- Needs and Opportunities: 13 points out of 15 possible points.
- Results and Benefits: 21 points out of 25 possible points.
- Condition and Function: 9 points out of 10 possible points.

Community Benefits and Impacts

The application states that although human use of the properties will be restricted for the protection of natural resources, CLT envisions using the properties for educational tours, hikes, and other low-impact visits that will engage local and regional citizenry in appreciation of the landscape. The application states that although Mount Hood National Forest offers recreational areas, the national forest is relatively far from The Dalles. Mill Creek Ridge will provide opportunities for the residents of The Dalles to hike or enjoy natural open spaces closer to the city. The smaller of the properties abuts a public road, and would allow relatively easy access for public use and CLT's management work.

CLT will explore ways in which the properties could be used for low-impact recreation, such as hiking, that is consistent with protection of the conservation values. Reviewers felt that an opportunity for such recreation could have an especially positive effect on the community. The application states that Wasco County supports CLT's Mill Creek Ridge conservation efforts, and would like to see public access. The County has had concerns about removing properties from the tax rolls, which the application states CLT has addressed by seeking an open space tax assessment for other properties it owns on Mill Creek Ridge. The application states that CLT will not pay taxes for the properties currently proposed for purchase. However, CLT staff subsequently decided that CLT will pay taxes for the properties for at least five years.

Organizational Capacity

Reviewers felt that the CLT acquisition staff who are leading this project and the consulting attorney for the project are experienced and well qualified for the transaction as proposed, which is straightforward without apparent complicating factors, and that CLT's local, knowledgeable

stewardship staff will be able to quickly begin managing the properties' weeds. Reviewers noted that the stewardship staff have already conducted weed mapping for the larger of the two properties, and have pursued grants for weed management. Reviewers noted that there is room for improvement in dealing with some aspects of due diligence, described in Project Soundness, above.

- 9 points awarded out of 10 possible points.

Public Review

OWEB staff conducted a public hearing upon the Board Acquisition Committee's recommendation of funding for the project. 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

The hearing participants noted that the properties are rare and exceptionally strong examples of intact botanical communities, and expressed the importance of protecting the properties from potentially degrading effects of residential development and grazing. It was also expressed that setting aside the properties for conservation would build on previous conservation investments, and have the associated benefit of conserving water. The hearing participants further stated that the properties pose exciting opportunities for pollinator and other wildlife conservation, and educational and recreational uses.

Project Questions or Concerns

The hearing participants stated that it would be important for CLT to understand the properties' natural limits on public access, and control access for the protection of the properties' resources. They stated that active management is critical, and suggested signage, adequate and properly located fencing, trail improvements, and seasonal restrictions for trail use. Participants noted that there are a lot of deer in the area and that perhaps they need to be managed, but expressed concern about the potential effects of any unregulated hunting in close proximity to surrounding homes. The hearing participants also felt it would be important for CLT to use pesticides in a careful manner to avoid runoff, and to pay taxes to avoid aggravating the county's budget challenges.

Summary

Total Score: 52 points out of 60 possible points. Reviewers identified several yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) for the project, including a lack of a signed option for both properties, and the chance that appraisal outcomes, if unexpected, might hinder CLT's ability to secure options in a timely manner. Further, an environmental site assessment remains outstanding for both properties, but is not likely to reveal any problems because environmental review for the adjacent properties was uncomplicated.

Staff Recommendation

Staff recommend the Board award $400,500.00 to Columbia Land Trust for the Mill Creek Ridge – Paintbrush Meadows project, in accordance with OWEB's standard grant agreement for land acquisition, including project-specific conditions specified in the grant agreement. Staff will consult with CLT to finalize project-specific conditions. The conditions will be provided to the Board at its April 2015 meeting.

October 20, 2014 OWEB Grant Cycle
Land Acquisition Application

Application No.:	**215-9906**		
Project Name:	Westport Slough		
Applicant:	Columbia Land Trust	**Region:**	North Coast
Basin:	Lower Columbia	**County:**	Columbia
OWEB Request:	**$900,000.00**	**Total Cost:**	**$3,600,000.00**

Application Description

Columbia Land Trust (CLT) is requesting funds for the purchase of a 980-acre diked former agricultural property adjacent to the Columbia River in Columbia County. The property contains a population of federally listed endangered Columbian white-tailed deer. The property would be managed primarily for the benefit of the deer, and may lead to a down-listing or delisting of the species. The application states that such management will benefit a variety of species, most significantly waterfowl and other birds which use the property's diked wetlands. CLT does not intend to remove the dikes to restore the property to tidal wetlands, because such restoration would not be beneficial for the deer.

REVIEW

Project Soundness

Reviewers noted that the numerous and very complicated title issues associated with the project make it highly unlikely that the project can be completed with sound ecological outcomes. Additionally, it is highly unlikely that the complicated title matters can be resolved within OWEB's granting timeframe, which is 18 months between award date and closing. Title complications that result in this determination include: the existence of multiple sellers; the ambiguous status of probate matters affecting the property; restoration complications likely to be associated with the encumbering Westland Improvement Drainage District regulations and easements and the federal levee easement; split-estate issues; a required lot-line adjustment; complications that may be associated with a 0.5 acre parking and moorage area easement; a local improvement district waiver of remonstrance; various third-party easements of unknown consequence; reserved hunting rights; a remnant tree farm agreement; an ambiguous water agreement; and the unknown impact of existing log rafting rights.

Reviewers also noted that the application states that CLT might consider a bridge loan for closing purposes, but felt this would be unlikely if CLT is not confident that all grant funds will be approved for the estimated $3.5 million purchase price, of which approximately $818,000 is being requested of OWEB. CLT anticipates using federal funds for the project, but the application is not clear about the timeframe CLT anticipates for meeting the requirements necessary to obtain the federal funding.

Reviewers were also concerned that the costs associated with managing such a highly altered property will pose a significant challenge over time. Reviewers appreciated that CLT has a

demonstrated stewardship focus, with experienced stewardship staff and a $5 million stewardship fund. However, even at a good rate of return, the stewardship fund would contribute only about $200,000 per year for stewardship activities across all CLT-owned properties, which total nearly 15,000 acres. The property's stewardship needs, discussed in Ecological Outcomes below, appear to exceed CLT's available funds. Further, CLT would be responsible for paying levies of the local diking district as part of the property's tax bill, which is more than $14,000 per year. Accordingly, CLT may need to find another source of dedicated stewardship funds to address the long-term costs associated with ownership of the property.

Reviewers also stated that since the property is adjacent to a portion of the U.S. Fish and Wildlife Service (USFWS) refuge system, which serves the same primary purpose as CLT's proposed acquisition (i.e., protection and possible de-listing of the Columbian white-tailed deer), it seems reasonable for USFWS to purchase the property directly, or for CLT to arrange for USFWS to accept ongoing ownership and management responsibilities for the property through an after-acquisition transfer of title. The application states that USFWS tried to purchase the property in the 1990s, but was not successful in its negotiations. Reviewers suggested that the timing may be reasonable for USFWS to again explore purchase.

In total, reviewers felt that the soundness of the project is questionable, that it has little chance of closing in the granting timeframe, and that USFWS is a more appropriate entity than CLT to acquire the property.

Ecological Outcomes

The property is diked, and was previously used for agriculture. The property was also used as a poplar plantation, with remnants of the plantation remaining on the property. The property has not been farmed for more than a decade, and is currently used for waterfowl hunting and other recreation. The application states that the property contains 754 acres of disconnected freshwater forest, scrub-shrub, and emergent wetlands within the dikes, and that there are 75 acres of tidal wetlands outside the dikes. The application further states that the property contains approximately 12.5 miles of sloughs inside the dikes. The application states that the water quality in the sloughs is poor, especially in terms of temperature, because of the dikes and loss of riparian vegetation.

The application states that the property's dikes will not be removed, in part because removal would be detrimental to Columbian white-tailed deer. CLT will consider altering interior roads and culverts for better water flow within the property's interior, and that it might later consider altering tide gates and using pump stations to better flush the property's interior, possibly benefitting fish, but that deer management will take priority.

The ecological review produced an enthusiastic endorsement of the property's benefits for Columbian white-tailed deer. Comments included that the property is home to a sustainable subpopulation of deer, and that acquiring the property would likely play into a final delisting decision for the species. Review indicated that if the property is not acquired, delisting might still occur, but will take longer. The property also seemed to be well regarded with respect to waterfowl, but no explanations were provided for the support.

Although reviewers were supportive of the project's deer and waterfowl benefits, many concerns were raised in the course of review. The primary concern was that the property will not be restored, but instead maintained in a highly altered state that is in conflict with the natural processes of the area and benefits far fewer species than a naturally functioning area. Reviewers disagreed with the

application's statements that the property is intact and that the project will restore function, and felt that the property is of low value to OWEB priority species other than the deer. Reviewers noted that the portion of the property outside the dikes is of minimal value to fish, and consists of narrow strips of trees along levees. Reviewers thought that acquiring the property and attempting to maintain it in its highly altered state would be an expensive effort that is inconsistent with OWEB's acquisition principles of protecting and restoring natural, resilient systems. Further, reviewers noted that the property's interior appears to contain a high level of invasive species, and that the invasive species, in addition to the property's dikes, constitute a formidable stewardship burden that would outweigh ecological benefits. Reviewers felt that CLT's plan for and commitment to management of the property for diverse ecological benefits were vague, other than the commitment to maintain the property in a diked state. Reviewers disagreed with the application's information about Nelson's checkermallow, noting that the species is not extirpated from Oregon, and that because its natural habitat is typically Willamette Valley wet prairie instead of diked wetlands with forested and scrub-shrub vegetation, there is little chance that the project will benefit the species.

- Needs and Opportunities: 8 points out of 15 possible points.
- Results and Benefits: 15 points out of 25 possible points.
- Condition and Function: 3 points out of 10 possible points.

Community Benefits and Impacts

The application states that CLT's vision for the lower Columbia River estuary as a whole is a series of intact conservation lands hosting a wide diversity of healthy wildlife communities, interspersed with thriving human communities. While reviewers appreciated this vision, they felt that maintaining the proposed property in its highly altered state does not advance the vision. They also disagreed with the application's statement that the project will benefit the communities of Clatskanie and Westport by improving water quality, because the property's dikes will not be removed, and therefore significant changes in the property's poor water quality are not realistic to expect. Reviewers noted that the property has been used for waterfowl hunting, and will continue to be used for hunting under CLT's ownership. Reviewers were uncomfortable with this, since, other than deer benefits, the property seems to serve primarily as a waterfowl refuge. Any reserved right of the seller to hunt waterfowl should be revocable by CLT if CLT were to determine that the hunting is substantially decreasing waterfowl numbers.

Organizational Capacity

The application noted that, overall, CLT's acquisition and stewardship staff are experienced and appear well qualified, and that CLT as an organization has a good track record of conservation purchases. Reviewers were concerned, however, that for a project of this scale and level of complexity, CLT would be challenged to accomplish the transaction in OWEB's granting timeframe. Reviewers were also concerned that CLT would be challenged to adequately fund the stewardship the property needs.

- 8 points awarded out of 10 possible points.

Public Review

Review will be conducted with a public hearing, if the Board Acquisitions Committee recommends the project for funding.

Summary

Total Score: 34 points out of 60 points possible. The project's yellow flags (concerning, but likely resolvable in OWEB's granting timeframe) border on red flags (insurmountable in OWEB's

granting timeframe) and include the very complicated title issues and transactional circumstances noted above. The project's yellow flags include: (i) potential purchase price complexities resulting from reserved rights and a lot-line adjustment; (ii) the potential for an environmental site assessment to reveal hazardous materials associated with past agricultural use of the property or its Columbia River shoreline; and (iii) significant delays caused by the complicated title matters, as well as significant closing delays resulting from challenges in securing the other funds needed for the project and meeting the requirements of any federal funders involved.

Staff Recommendation

Staff recommend the Board not award funding for the Westport Slough project.