

January 6, 2006

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item I: Deferred Acquisitions  
January 24-25, 2006 OWEB Board Meeting**

### **I. Introduction**

This staff report updates the Board on the status of three land acquisition grant applications that were deferred at previous Board meetings.

### **II. Background**

Land acquisition grant applications often require more time to fully evaluate and prepare a funding recommendation than is available in the regular 21-week grant cycle. Staff frequently recommend that the Board defer final consideration of land acquisition applications to a future Board meeting. The number one reason for that recommendation is to allow for a complete due diligence review of each proposal.

At the time of writing this staff report, none of the three land acquisition projects deferred at previous Board meetings are ready for consideration at the January 2006 Board Meeting. The description and current status of each project is briefly described below.

### **III. Deferred Acquisition Projects**

#### **A. Luckiamute Conservation Easement (z205-174)**

This application was submitted in October 2004 and originally requested \$400,000 from OWEB out of a total project cost of \$550,500. (Staff expect the applicant to reduce its request in response to the final appraisal.) The Greenbelt Land Trust is requesting funding to purchase a permanent conservation easement on approximately 145 acres of a 183-acre farm along the Luckiamute River in Benton County. The permanent easement will be purchased on 83 acres that are also enrolled in the Conservation Reserve Enhancement Program (CREP) administered by the Farm Services Agency.

The Willamette Basin Regional Review Team concluded that the property encompasses approximately one mile of riparian and floodplain habitat along the mainstem of the Luckiamute River and one-half mile of the lower reach and confluence of Price Creek, which serve as migration and rearing habitat for winter steelhead and both resident and fluvial cutthroat.

Staff and OWEB's attorneys have reviewed the title report and have not identified any impediments to OWEB's interest in the easement. OWEB's attorneys are currently reviewing the most recent draft of the conservation easement, but no issues of concern were identified in the review of the preliminary draft. The fair market value appraisal has taken longer to complete than anticipated, largely because this is the first project to take a 15-year CREP contract and turn it into a permanent conservation easement. The appraisal was submitted to OWEB's independent review appraiser for review on December 13, 2005. This application was submitted prior to the effective date of OWEB's current administrative rules and therefore has not been evaluated by the Board Acquisition Subcommittee. Staff will bring a recommendation to the Board after the appraisal and easement review are complete.

**B. Tenmile Creek Corridor Easement Project (z206-058)**

The McKenzie River Trust submitted an application in April 2005 requesting \$900,000 from OWEB to assist in the purchase of conservation easements on 318 acres in four ownerships in the Tenmile Creek watershed. The conservation easements have been appraised at \$1.8 million and the total project cost is estimated at approximately \$2 million. Tenmile Creek drains directly to the Pacific Ocean in Lane County, roughly ten miles south of the community of Yachats.

The Tenmile Creek Corridor Easement Project is generally viewed favorably by staff, the Board Acquisition Subcommittee, and the North Coast Regional Review Team. During evaluation of the application, all parties became concerned about the implications of two of the ownerships involved in the project. Staff are working with the McKenzie River Trust to revise the application to remove the Pine Tree Conservation Society and National Audubon Society properties and bring in two additional private parcels. Staff are also continuing to review and process due diligence information on the properties involved. Staff will bring a recommendation to the Board when the due diligence review is complete and after consideration by the Board Acquisition Subcommittee.

**C. Crosel Creek Habitat Reserve (z206-059)**

The grant application from the North Coast Land Conservancy (Conservancy) submitted in April 2005 requests \$420,000 from OWEB to assist in the purchase of 121 acres along Crosel Creek, which is a small sub-basin draining directly into the east side of Youngs Bay, roughly 1.5 miles south of the City of Astoria. The total project cost is estimated at \$560,000.

The Crosel Creek Habitat Reserve project has received a high ecological and educational rating from the North Coast Regional Review Team. The application was deferred in September 2005 to allow for staff to complete a due diligence review of the project. The title report and Phase I Environmental Site Assessment have been reviewed and approved. The fair market value appraisal has been reviewed and OWEB's independent review appraiser has identified additional work to be completed in order for the report to be approved. OWEB and the applicant are working to resolve those issues as quickly as possible. Staff will bring a recommendation to the Board when the appraisal has been approved and after consideration by the Board Acquisition Subcommittee.

**IV. Recommendation**

Staff do not recommend funding any of these projects at this time. If the due diligence status changes for any of these projects, staff will update the Board at the January meeting.