

March 1, 2007

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director
Mark Grenbemer, Southwest Oregon Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
March 14-15, 2007 OWEB Board Meeting**

I. Introduction

This staff report describes the Southwest Oregon Regional Review Team recommendations, water acquisition grant application, and staff recommendation for funding.

II. Background

The table attached to the Overview report shows the numbers and types of applications received and dollar amounts requested. The Southwest Oregon Regional Review Team (RRT) met at the DEQ Regional offices in Medford on February 1, 2007, to review the applications received in this grant cycle. All applications were reviewed for technical merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

III. Regional Review Team Recommendations

The Region 2 RRT recommended for funding seven Technical Assistance applications for \$227,936, six Education/Outreach applications for \$154,821, seven Monitoring applications for \$477,236, and eighteen Restoration applications totaling \$1,516,450. The RRT gave the water acquisition application (207-274) a positive rating for ecological merit. A reduction is recommended for one Education application.

IV. Evans Creek Water Acquisition (207-274)

This is the first water right acquisition application that OWEB has processed under Division 46 of OWEB’s administrative rules. The Oregon Water Trust (OWT) originally requested \$18,825 for a 30 year lease of 25.1 acres of a 1902 water right to be initiated in the 2007 irrigation season. The application was revised to include a 29-year lease to begin in the 2011 irrigation season. The project will improve instream flow and aquatic habitat in Evans Creek near Wimer in the Rogue Basin. The landowner is planting the irrigated pasture to trees through Oregon Department of Forestry’s (ODF) Forest Resource Trust program.

A. Ecological Benefits

The ecological value of a proposed instream water lease or transfer project is evaluated based on a project's ability to increase instream flow to address the conservation needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. Projects to address the conservation needs of priority habitat and species are evaluated in part by reference to the Oregon Plan Streamflow Restoration Priorities (2001) and by evaluation by the appropriate RRT.

The project is located in a high priority area in the Oregon Plan Streamflow Restoration Priorities. The creek often goes completely dry when water rights are exercised for irrigation. With the water right transfer, the stream will have water throughout the summer in good water years and extend the available habitat into the summer in dry years.

The transfer would occur at the original point of diversion, which is upstream from the confluence with Pleasant Creek. The flow benefits would occur through a reach extending below the mouth of Pleasant Creek. This would allow juvenile fish the opportunity to move freely between the two streams during the low flow summer months. Juvenile coho salmon, steelhead and other native fish species such as Chinook salmon, cutthroat trout and Pacific lamprey are expected to benefit from the instream transfer. The RRT confirmed benefit to these species, although they commented that this is a relatively small amount of water in a large system.

Evans Creek is listed as water quality limited for temperature and bacteria on the Oregon Department of Environmental Quality's 303(d) list. The application indicated that the transfer may reduce water temperature, dilute fecal coliform and decrease turbidity modestly. The RRT also confirmed the project's value for water quality improvement.

The Oregon Water Resources Department (WRD) provided a review of the reliability of the transfer to provide instream benefits. According to WRD, the water rights proposed for this transfer are generally available throughout the irrigation season, although in some low water years, only a portion of the rights may be met. This portion of the stream has been regulated by WRD back to the 1902 water right in the past 3 out of 5 years. Water would need to be shared between other water rights with 1902 priority dates in this portion of Evans Creek in low to below average water years. Regulation of junior water users and coordination between other users with the 1902 priority date would be necessary.

The water rights will be held in trust for the people of Oregon by WRD. WRD will be enforcing the instream right as part of the existing Streamwalker program. The routine measurement location is at Wimer. The RRT stated that WRD is planning to install an automatic monitoring station near the diversion. WRD will make additional measurements for enforcement purposes, as necessary.

B. Financial Partners and Project Support

OWEB funds are requested for 75 percent of the cost of the purchase of the water rights. The Ann and Bill Swindells Charitable Trust is providing \$6,275 in match for the acquisition and additional funding for project management costs associated with the water right transfer process.

A letter of support was received from the Oregon Department of Fish and Wildlife. According to the application, the project is also supported by WRD and ODF. WRD submitted a letter saying that a transfer is likely to be approved pending application submittal and review by WRD.

C. Effect on Local and Regional Community

The property is currently used for irrigated hay pasture mixed with timber and rural housing. Adjacent properties are also rural residential with small pasture and tree lots. The property is zoned Exclusive Farm Use and will be enrolled in the Forest Resource Trust program. According to the applicant, the transfer of the water rights should not have any effect on the local tax base (forest deferral being the same as agricultural deferral for the property).

The applicant states that the transfer presents an opportunity to demonstrate the value of a partnership with the Forest Resource Trust program. This is an innovative way to improve stream flow and keep the land productive. This project could serve as a model for similar partnerships across the state.

D. Legal and Financial Terms

According to the option agreement between OWT and the landowner, OWT will apply for the transfer when funding is secured. The final order from OWRD, approving the transfer, is expected by October 2007. Because the landowner might need to water his newly planted trees, the lease will not start until the 2011 irrigation season. The option agreement also included a requirement that an access easement be granted to OWT for the first 10 years of the instream lease for monitoring purposes. This monitoring is in addition to the monitoring that will be conducted by OWRD.

Because the cost of an appraisal is \$5,000 to \$10,000 and it would depend largely on comparables provided by OWT, the applicant proposed an alternative method of valuation. Valuation was based on the average cost of water rights in the Rogue Basin purchased in the past 10 years, adjusted for inflation. The cost per acre is \$1,000. This approach was found to be sufficient by OWEB's review appraiser.

The title report was reviewed and approved for legal sufficiency. OWEB's attorneys recommend that a title report be produced for OWEB inspection prior to closing.

E. Conclusion

The RRT concluded that the project would increase stream flow to address the conservation needs of priority habitat and species and improve water quality in a water quality limited stream reach. A due diligence review was conducted and approved. Staff recommends that the Board award OWT \$18,825 toward the 29-year lease of a water right for instream transfer.

V. Staff Recommendation

Staff recommend funding for four of the seven RRT recommended Technical Assistance applications. The highest priority Technical Assistance application will implement estuarine restoration in the Umpqua Basin. This emphasis on estuarine portions of the landscape can greatly assist the recovery of coho and chinook salmon. Staff only recommend four because of

the limitation of non-capital funds. The three applications not recommended each have significant merit and could result in Restoration projects in the future.

Staff recommend funding for five of the seven Monitoring applications and for five of the six Education/Outreach applications. The highest priority Monitoring application is a continuation of a monitoring effort on tide gates that may be able to provide significant information about the effect of tidegates on coho productivity.

Staff recommend funding for all RRT recommended Restoration applications, except the application from Douglas SWCD (207-297). The applicant has had significant funds advanced on other OWEB grants and has not been able to document expenditures or comply with reporting requirements. OWEB staff has worked with the Douglas SWCD to get their billings current. At the time of the staff report the district has 14 open grants with OWEB and eight have had no fiscal activity even though some projects date back to October of 2005. Staff have worked with the applicant to address these matters over a protracted time, and the outstanding issues have not been resolved. Therefore, staff do not believe it would be prudent to add to their workload until issues related to open projects are resolved.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended for funding to OWEB staff by the RRT. The table also indicates, by means of shaded entries, the OWEB staff “do fund” recommendations to the Board. For some projects, the amount shown in the table may be the staff funding recommendation rather than the RRT recommendation.

Attachment B shows those applications not recommended for funding at this time by the RRT or OWEB staff.

Staff recommend the Board approve the staff funding recommendation as contained in Attachment A to this report.

Attachments

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

Region 2 – Southwest Oregon
Technical Assistance Projects Recommended for Funding by the RRT
October 16, 2006 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
207-157	Tidal Wetlands Project Development	49,907	1
207-156	Buck Cr Wetland Habitat Improvement	21,535	2
207-155	Watts Topping Fish Ladder Phase I	10,474	3
207-158	South Slough Reserve Action Plan for WS Mgmt, Restoration and Research	47,929	4
207-160	Isthmus Slough Road Sediment Reduction Project	39,815	5
207-159	Rogue Basin Fish Passage Action Planning	25,793	6
207-161	Applegate Landowner Recruitment Project	32,483	7
Total Technical Assistance Projects Recommended for Funding to Staff by the RRT		\$227,936	
Total Technical Assistance Projects Recommended for Funding by Staff to the Board		\$129,845	

**Region 2 – Southwest Oregon
Education Projects Recommended for Funding by the RRT
October 16, 2006 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
207-200	Southern Oregon Storm Water Education Program	11,222	1
207-197	Wild Rivers Coast Education & Outreach	52,825	2
207-199	Bear Creek Regional Education Project	23,155	3
207-198	Applegate Salmon-Safe Education Project	21,835	4
207-195	URWA Education/Outreach Newsletter Project *	8,747	5
207-201	Upper Rogue Basin Education Project	37,037	6
Total Education Projects Recommended for Funding to Staff by the RRT		\$154,821	
Total Education Projects Recommended for Funding by Staff to the Board		\$117,784	

* Listed Amount Reflects Recommended Reduction

**Region 2 – Southwest Oregon
Monitoring Projects Recommended for Funding by the RRT
October 16, 2006 Grant Cycle**

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
207-238	Coos Watershed Tide Gate Replacement Project Effectiveness Monitoring - Phase II	170,642	1
207-235	Umpqua Basin Stream Flow Monitoring Project	72,788	2
207-231	Coos Watershed Hydrological and Meteorological Monitoring 2007-2008	20,184	3
207-234	Upper South Umpqua Life Cycle Monitoring	12,540	4
207-233	Umpqua Basin Stream Gage Monitoring	77,198	5
207-236	Coquille Watershed Monitoring 2007	53,100	6
207-232	Rogue Basin Stream Flow Monitoring Project	70,784	7
Total Monitoring Projects Recommended for Funding to Staff by the RRT		\$477,236	
Total Monitoring Projects Recommended for Funding by Staff to the Board		\$353,352	

Region 2 – Southwest Oregon
Restoration Projects Recommended for Funding by the RRT
October 16, 2006 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
207-291	Elk Creek Wood Placement Phase III		71,997	71,997	1
207-295	Curry Sediment Abatement 2007	1,200	143,070	144,270	2
207-276	S. Sisters Structure Placement II		80,590	80,590	3
207-298	Allen WQ Restoration Project		21,764	21,764	4
207-292	Dellwood Mainline Road Sediment Reduction Phase 3	550	49,646	50,196	5
207-293	Mixed Ownerhsip 0500 Road Upgrade	325	47,829	48,154	6
207-284	Myrtle Creek Instream Project		77,649	77,649	7
207-299	Buck Creek Habitat Restoration Project		88,225	88,225	8
207-281	Falcon Creek Instream Restoration		98,000	98,000	9
207-277	Little Butte Creek Restoration		69,714	69,714	10
207-282	Brownie Creek Instream Restoration Project		82,350	82,350	11
207-294	Sullivan Creek 3000 Road Stormproofing Upgrades	325	28,534	28,859	12
207-278	Bryant Elder Push Up Dam Removal		35,179	35,179	13
207-300	West Fork Williams Creek Instream Restoration Project.	1,900	87,846	89,746	14
207-283	Jordan/Alder Creek Fish Passage Project		407,442	407,442	15
207-297	Elkhead Oak Woodland and Riparian Restoration	1,820	39,276	41,096	16
207-280	Lower Yale Creek Fish Passage Improvement Project	500	71,230	71,730	17
207-296	Larson Creek Riparian Restoration		9,489	9,489	18
Total Restoration Projects Recommended for Funding to Staff by the RRT		\$6,620	\$1,509,830	\$1,516,450	
Total Restoration Projects Recommended for Funding by Staff to the Board		\$4,800	\$1,470,554	\$1,475,354	

Region 2 – Southwest Oregon
Acquisition Project Receiving a Positive Rating for Ecological Merit by the RRT

Project #	Project Name	Amount
207-274	Evans Creek at Wimer Flow Enhancement	18,825

Region 2 – Southwest Oregon
Projects Not Recommended for Funding by the RRT and OWEB Staff
October 16, 2006 Grant Cycle

Project #	Project Type	Project Name	Amount Requested
207-154	Technical Assistance	Bank Erosion Design - Rieves	12,700
207-196	Education	Full Circle Schools Restoration Ecology Program Partnership	49,495
207-237	Monitoring	Lower Umpqua Basin WQ Monitoring Program	32,450
207-250	Assessment	Wagner Creek Assessment	45,365
207-275	Restoration	Garrison Lake Restoration Package	150,500
207-279	Restoration	Little Butte Creek Restoration Project - 2007	79,565
207-285	Restoration	Applegate Riparian Restoration	64,428
207-286	Restoration	Coquille Instream 2007	99,150
207-287	Restoration	Brummit Creek Instream Log Placement	39,052
207-288	Restoration	Johnson Creek Fish Passage	195,000
207-289	Restoration	Beaver Slough Tidegates	119,090
207-290	Restoration	Coquille Fish Passage 2007	48,600