



# Oregon

Theodore R. Kulongoski, Governor

## Oregon Watershed Enhancement Board

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May 1, 2008

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Ken Bierly, Deputy Director

**SUBJECT:** **Agenda Item G: Deferred Acquisitions  
May 20-21, 2008 OWEB Board Meeting**

### **I. Introduction**

This staff report provides an update on the status of the 12 land acquisition grant applications currently pending and requests Board approval for the Wychus Creek Discovery Outpost acquisition application (#206-059).

### **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. At the time of writing this staff report, only one of the 12 land acquisition applications deferred at previous Board meetings will be ready for consideration at the May 2008 Board Meeting.

### **III. Status of Previously Deferred Acquisition Projects**

Attachment A depicts the status of the 11 previously deferred land acquisition applications, which are not ready for Board action. Of the 11, ten are pending because OWEB has not received or reviewed a complete set of due diligence materials. The eleventh, #207-301, Newton Creek Wetlands, is being deferred until the applicant demonstrates adequate capacity to purchase and maintain the property. OWEB staff and the Board Acquisition Subcommittee (Subcommittee) recommend that the Board continue to defer consideration of the 11 applications to allow for staff and the Subcommittee to complete review of the due diligence materials and the capacity development for the Newton Creek Wetlands application.

One of the 12 deferred land acquisition applications is ready for Board consideration. The section below describes the results of the evaluation process for this application.

#### **A. Wychus Creek Discovery Outpost (206-059)**

The grant application from WolfTree, Inc. submitted in October 2007, requests \$500,000 from OWEB to assist in the purchase of 58 acres of biologically diverse habitat along Wychus Creek, near Sisters, Oregon in the Deschutes Basin.

##### **1. Ecological Benefits**

The OWEB priority habitats involved are 15 acres of Aspen forest and wetland, approximately 30 acres of foothill and lower montane riparian woodland, and the

remaining 13 acres of Western juniper woodland (mature trees). The priority fish and wildlife species involved are steelhead trout, Chinook salmon, Redband trout, Golden eagle(s), Townsend's Solitaire, and Western gray squirrel. The Region 4 Regional Review Team (RRT) agreed that the priority habitats, plant communities, and fish and wildlife species on the property were of high value and worthy of protection.

The application lists six Conservation Principles as applying to the site. The RRT thought the project met five of the six conservation principles listed in the application, including securing a transition area, protecting it from development, requiring active restoration that would not occur without a change in ownership, protecting a site with exceptional biodiversity, improving connectivity of habitat, and complementing an existing network of sites in the basin.

## **2. Capacity to Sustain the Ecological Benefits**

Although Wolfree is mainly a science education organization, they have extensive experience in managing programs and facilities on their 600-acre Cascade Streamwatch Education Site in Welches, Oregon. They have raised over \$75,000 annually for the last seven years to support the core programs and facilities at this site. Their staff and Board of Directors are comprised of scientists, resource professionals and educators with decades of experience in resource management, business operations, fund and program development, and education. They have over 100 professional biologists, resource managers, and educators serving as mentors in their education programs. Wolfree is represented by a real estate attorney from the Sisters area with over 40 years of experience real estate and land-use law.

The Wychus Creek Discovery Outpost land acquisition capital fund raising campaign is directly linked to a stewardship endowment fund project that is designed to increase the fiscal development capacity of the Board of Directors while providing funds to grow an endowment fund for future restoration and education for the Wychus Discovery Outpost acquisition project. Although the costs for managing this site are expected to be low, the stewardship endowment fund will ensure that funds are available for management of this site as well as restoration and education projects in the Upper Deschutes Watershed for future years.

## **3. Educational Benefits**

Improving public understanding of river and forest ecosystems, and the complex issues regarding the management of natural resources is a common goal held by Wolfree partners. Wolfree immerses students in rigorous inquiry-driven studies of aquatic and forest systems and provides opportunities for advanced students to pursue authentic research and management projects in local watersheds. Over 40 public and private partners are directly involved in the development and delivery of this program. Wolfree currently serves annually over 5,000 students and teachers representing 51 schools and organizations in Oregon and Southwest Washington.

The following are the two major educational program goals for the Wychus Creek Discovery Outpost acquisition. Public access to the property will be limited to planned programs for public watershed education.

- Goal 1: Increase the science literacy of students, by providing hands-on, science-inquiry based classroom and field activities led by Wolfree staff, local scientists, naturalists, and educators.
- Goal 2: Students demonstrate a basic understanding of watershed (ecosystem) composition, structure, and processes while helping to develop a culture of watershed stewardship in their community.

The RRT concluded that the site could serve as an excellent example of a variety of habitats and features that benefit fish and wildlife. The RRT noted the applicant has excellent capacity for conservation education; however, they raised concerns about how this project would collaborate with existing educational programs on the nearby Rimrock Ranch and Camp Polk acquisitions. The RRT questioned the need for additional conservation education programs in this area of Wychus Creek. Due to this concern, the RRT ranked the educational benefits of this project as low.

Wolfree has been conducting watershed science education in the Deschutes since 1996. Wolfree is providing education opportunities for schools visiting the Camp Polk site as well as eight other sites in the Deschutes watershed. The Wychus Creek Discovery Outpost is in many ways of greater educational value than any other sites because of the property's unique physiographic position in the upper reaches of the watershed. Several local resource specialists have indicated the Wychus Creek property has exceptional, unique terrestrial and aquatic components that offer outstanding educational values when incorporated into Wolfree's watershed science educational programs.

#### **4. Partners, Project Support and Community Effects**

The current owner paid \$3,400 in taxes last year. Wolfree is a 501(c)(3) non-profit and is exempt from property taxes, thus the county will no longer collect these taxes. In the fall of 2007, Wolfree Board members met with the Deschutes County Planning and Zoning Department to discuss the proposed acquisition. In an email communication shared with OWEB, Paul Blikstad, a Deschutes County planner, stated the county was familiar with the project and very supportive of protecting this area, and that they were not concerned about the loss of a small amount of property tax revenue estimated to be about \$3,000 per year.

Partners identified in the application include the USDA Forest Service, Upper Deschutes Watershed Council, Aspen Lakes Golf Course, and approximately 100 small businesses and individuals in central Oregon (volunteers and donors). Letters of support for the project were written by Ryan Houston, Executive Director of the Upper Deschutes Watershed Council, and Nate Dachtler, Fish Biologist, with the Deschutes National Forest.

The application has attracted support from private landowners who have historically been opposed to these activities in the Upper Deschutes watershed. Because Wolfree is a science-based education organization that is backed by both conservative and liberal organizations, they have found common ground in the areas of education, which has translated into support for their work. This project has appeared in recent articles published in the local Sisters, Oregon newspaper, and local residents have been leading conservation tours for local community members. In addition to the community based conservation tours, a variety of local fund raising events have occurred and are planned,

including an October 2007 fundraising dinner at the Aspen Lakes Golf Course (one the local project partners).

## **5. Legal and Financial Terms**

OWEB funds are requested for 53 percent of the \$950,000 purchase price of the property. The balance of the funds will be provided by the Friends of Wolfree and the Laird Norton Foundation.

The legal review of the title report and exceptions is currently underway. Currently two exceptions listed in the title report have been identified as concerns. One is for gas and mineral rights held by a previous owner of the property; the other is for rights of way for ditch, canal, and reservoir sites. OWEB staff are currently working with Department of Justice and the applicant to learn more about these exceptions and potentially have these exceptions removed from the title before Board action or funding is released. Language in the OWEB held conservation easement will require Wolfree to develop a management plan to address preservation, active restoration and passive restoration activities.

A Phase I Environmental Site Assessment (ESA) of the property was completed on December 19, 2007 by David Evans and Associates of Bend, Oregon. Review by the Oregon Department of Environmental Quality (DEQ) indicated that the report conforms to the American Society for Testing and Materials (ASTM) practice. DEQ agrees with the conclusion that the ESA has not revealed evidence of recognized environmental conditions as identified by the ASTM practice and that no further action is needed at the site.

An appraisal of the property was completed on January 29, 2008, by H&S Appraisals LLC of Bend, Oregon. The appraisal concluded a fair-market value of \$950,000. OWEB's independent review appraiser has concluded that the report complies with the Uniform Standards of Professional Appraisal Practice (USPAP) and the market value is supported.

## **6. Conclusion**

The Wychus Creek Discovery Outpost acquisition received a high ecological and low educational rating from the Region 4 RRT. The application has received support from the local community through local community tours, articles in local newspapers, and fund raising events. The timing of the due diligence review and staff report deadlines came between regularly scheduled Board Subcommittee meetings, therefore the Subcommittee is not scheduled to discuss this acquisition application until May 6, 2008. Staff will update the Board on the results of that meeting at the May Board meeting. However, based on previous Subcommittee discussions about this application, staff do recommend that the Board award up to \$500,000 in funds toward the Wychus Creek Discovery Outpost acquisition application.

## **IV. Recommendation**

Staff recommend the Board award up to \$500,000 in funds toward the Wychus Creek Discovery Outpost acquisition project.

Attachment

- A. OWEB Pending Acquisitions

### OWEB Pending Acquisitions

App Number	Applicant	Project Name	Date Received	OWEB Funds Requested	Status
206-339	Rocky Mountain Elk Foundation	Pilcher Creek	10/24/2005	\$250,000	Pending Due Diligence
207-301	Mary's Peak Natural Resources Newton Creek Wetlands	Newton Creek Wetlands Acq.	10/16/2006	\$750,000	Applicant needs to demonstrate capacity
207-324	Wallowa Basin Land Trust	Lostine River CE	10/16/2006	\$516,000	Received Title Report and Phase I ESA, Pending Appraisal
208-103	North Coast Land Conservancy	Shangrila Wetlands Acq.	4/23/2007	\$180,000	Pending Due Diligence
208-106	North Coast Land Conservancy	Coal Creek Swamp Acq.	10/22/2007	\$100,000	Received Appraisal and Title Report, Pending Phase I ESA
208-109	The Nature Conservancy	Pocket Ranch CE	10/22/2007	\$550,000	Pending Due Diligence
208-111	Greenbelt Land Trust	Luckiamute Meadows/ Maxfield Creek CE	10/22/2007	\$200,000	Pending Due Diligence
208-112	Greenbelt Land Trust	Luckiamute/Willamette Confluence CE	10/22/2007	\$600,000	Pending Due Diligence
208-113	Greenbelt Land Trust	Willamette Floodplain- Upland CE	10/22/2007	\$600,000	Pending Due Diligence
208-114	Greenbelt Land Trust	Evergreen Creek CE	10/22/2007	\$500,000	Pending Due Diligence
208-115	City of Eugene	South Eugene Hills Acq.	10/22/2007	\$1,205,330	Pending Due Diligence

CE = Conservation Easement

**Total    \$5,451,330**