



# Oregon

Theodore R. Kulongoski, Governor

## Oregon Watershed Enhancement Board

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March 6, 2009

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Lauri Aunan, Grant Program Manager  
Rick Craiger, Central Oregon Regional Program Representative  
Miriam Hulst, Acquisitions Specialist

**SUBJECT:** Agenda Item G: OWEB Grant Award Recommendations  
Region 4, Central Oregon  
**March 18-19, 2009 OWEB Board Meeting**

### I. Introduction

This staff report describes the Central Oregon Regional Review Team recommendations, special issues, and staff recommendations for funding.

### II. Background and Summary

Applicants submitted 46 applications for a total request of \$9,302,316 including \$1,225,000 for three acquisitions and \$3,922,352 for 209-4034, the Pilot Butte Piping Project. Application 209-4034 was pulled from consideration in this cycle, and has been part of the flow restoration needs, opportunities and priorities discussions by an OWEB Water Conservation Advisory Committee.

The Regional Review Team (RRT) recommended 26 applications for approximately \$2.5 million and reviewed the three acquisition applications and the Pilot Butte Piping Project application. Staff recommends 17 applications for a total award of \$1,676,908: \$1,292,732 for Restoration; \$66,341 for Education/Outreach; \$179,377 for Monitoring; and \$138,458 for Technical Assistance. Staff also recommend funding one acquisition application for \$325,000.

### III. Regional Review Team Recommendations

The Central Oregon Regional Review Team (RRT) met in Redmond in January 2009 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.

The RRT suggested special conditions for 10 of the Restoration applications and one Education/Outreach application. Staff concur with these conditions. The RRT recommended a moderate reduction for one Restoration application, and staff agrees with the reduction.

Two Restoration applications received extremely large budget reduction recommendations from the RRT: 209-4045 and 209-4056. Application 209-4045, Tumalo Creek Fish Passage and

Habitat Enhancement, requested \$420,000 to refurbish and stabilize the Tumalo Irrigation District's (TID) 1913 diversion structure, allowing gravel to remain instream and providing for fish passage. The project as proposed would have included construction of new headgates. The RRT wanted to see more of an investment by the TID, and recommended that OWEB only provide \$212,000 to fund acceptable fish passage and the new telemetry equipped stream gauging station. OWEB staff has worked with the TID and determined that it is most effective and efficient to renovate the entire structure at the same time, including the headgates. The TID has agreed to supply labor for the project at a cost of \$150,000. Accordingly, OWEB staff recommend OWEB provide funding in the amount of \$320,000.

Application 209-4056, Evans Creek-Hutson Drive Culvert Replacement, proposes to replace two existing culverts with an arch culvert. The RRT recommended that OWEB fund only the bottomless arch culvert, reducing OWEB funding by \$340,000. OWEB staff do not agree with this reduction, because it would mean that the project could not go forward. The culverts are a partial fish passage barrier for winter steelhead, cutthroat trout, and coho salmon. The project would provide access to 1.3 miles of additional spawning habitat. Accordingly, OWEB staff recommend full funding at \$450,000. OWEB staff; however; recommend a special condition for this application to ensure that no funds are released without written evidence that any right of way issue has been resolved.

#### **IV. Special Issues**

The number one-ranked Education/Outreach project is 209-4049, Deschutes County Rural Living Handbook. The Education/Outreach Review Team and the RRT raised issues about how the handbook would be distributed and how the applicant would evaluate how landowners respond to the handbook. Staff recommend a special condition for this grant agreement. Before OWEB releases funds, the applicant should provide OWEB with a distribution plan, a description of how the applicant will determine how many handbooks have been distributed, and a description of how the applicant will evaluate how landowners have responded to the handbook.

The proposed Pilot Butte Piping Project (209-4034) requested approximately \$3.9 million to pipe 2.25 miles of the Central Oregon Irrigation District's Pilot Butte canal north of Bend. It would result in 19.6 cfs of senior water right being converted to an instream water right in the Middle Deschutes River. Due to the amount of the request, OWEB staff determined that a better understanding of OWEB's role in flow restoration was necessary, and pulled the application from the traditional review process to be part of the needs and opportunities discussion with an OWEB Water Conservation Advisory Committee. The advisory committee encouraged the RRT to review the ecological significance of the increased flow.

The RRT determined that 19.6 cfs is a significant, measurable contribution to the Middle Deschutes River, and recommended that the application move forward under a separate review process. The RRT did not rank the application for funding this cycle. Staff recommend the application be deferred and continue to be considered as part of OWEB's review of statewide flow restoration issues and opportunities.

## **V. Acquisitions**

Three land acquisition applications were received from Region 4 this grant cycle. Only one is recommended for funding. One of the Oregon Rangeland Trust applications was withdrawn; the other is not recommended for funding.

### **A. Maxwell Easement Acquisition (209-108)**

Oregon Rangeland Trust (ORT) requested \$700,000 to purchase a conservation easement on the entirety of a 3,600-acre working cattle ranch on the northern edge of the Goose Lake Basin, in Lake County, near Lakeview. In November 2008, the Acquisitions Subcommittee decided not to proceed with a due diligence review because it felt that the project does not propose activities or management that will significantly benefit OWEB priority ecosystems or species. The RRT then determined that the project has medium-low ecological merit. OWEB staff have been discussing the proposed acquisition project with ORT, and expect ORT to revise and resubmit their application in April.

### **B. Albertson Ranch Conservation Easement (209-109)**

Oregon Rangeland Trust (ORT) requested \$200,000 to purchase a 730-acre conservation easement on a working cattle ranch in the Drew's Creek Watershed, in Lake County, near Lakeview. In November 2008, the Acquisitions Subcommittee decided not to proceed with a diligence review because the property's resources are primarily artificial and thus not an OWEB priority for acquisition. ORT subsequently withdrew the application.

### **C. Coffey Ranch Conservation Easement (209-114)**

Deschutes Land Trust (DLT) requests \$325,000 to purchase an easement on a 492-acre parcel that is part of the 2,000-acre Coffey Ranch property near Prineville in Crook County. Although the long-term management goal for the parcel is to maintain its ranch use, the owners bought the land as an investment and have considered subdividing it into 160-acre parcels. The draft conservation easement limits agricultural activities to defined agricultural areas, totaling approximately 80 acres of the 492 acres proposed for easement acquisition.

This project was first submitted by DLT in October 2007 (application 208-105). The Board declined to fund the project at the March 2008 Board meeting because the Acquisitions Subcommittee did not feel that the project would result in significant ecological benefits. The revised application constitutes an increase in the easement acreage and a decrease in the funding amount sought from OWEB.

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

The application states that the proposed acquisition contains 22 acres of freshwater emergent marsh, 23 acres of lowland riparian woodland and shrubland, and one mile of Mill Creek (both sides). The application also states that the proposed acquisition contains seven acres of basin wildrye bottomlands, 104 acres of bitterbrush/Idaho fescue, and three acres of old-growth western juniper within the bitterbrush/Idaho fescue. The application further states that although the proposed easement includes 114 acres of land that are not OWEB acquisition priorities, protection for the entire 492-acre parcel is the only feasible way to protect the one-mile segment of Mill Creek and other OWEB priority systems contained in the parcel. If the proposed easement parcel were to be divided, the resource values would be significantly impacted by additional fences

bisecting the creek, wetland conversion to pasture, new points of water diversion, potentially inappropriate grazing management, and increased residential noise. These impacts could impede the recovery of Mill Creek that has come about as the result of extensive restoration efforts. The application also states that an easement limited to the riparian area and wetlands offers insufficient financial incentive to the landowner.

The application states that the project is consistent with four of OWEB's priorities for land acquisition: protecting a large intact area; securing a transition area; protecting a site with exceptional biodiversity; and improving connectivity of habitat. The application also states that the project will benefit the following OWEB priority species: redband trout; golden eagle; yellow-headed blackbird; ash-throated flycatcher; long-eared owl; spotted bat; Townsend's big-eared bat; pallid bat; Columbia spotted frog; western toad; striped whipsnake; and possibly steelhead (application states "historical, potential").

A large majority of the RRT expressed positive opinions about the Coffey Ranch project. The RRT noted that the landowner has done extensive restoration and fencing and that the project would exemplify the compatibility of good conservation and well-managed agricultural enterprise. The RRT also expressed positive thoughts about Mill Creek as a whole. RRT members pointed out that approximately 80 percent of the private lands on Mill Creek have been restored; Mill Creek has made a good comeback and is powerful demonstration of the positive effects of restoration. The RRT also agreed that residential development is a threat in the Mill Creek area.

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

The application states that Deschutes Land Trust has conserved more than 7,000 acres of wildlife habitat and agricultural lands. Projects are developed with careful planning and with the support of an experienced and strong network of volunteers, partners, and consultants. DLT's operation funding is stable; most of it comes from more than 1,800 contributing households. In 2007, grants made up only 4 percent of DLT's operational funding.

## **3. Education Benefits**

DLT will reserve the right to conduct tours and educational programs on the easement. The goal of the tours would be to educate landowners and others about private lands conservation, particularly conservation easements. The RRT acknowledged that DLT has an active tour and outreach program and concluded a medium educational benefit.

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

The application states that DLT is solely responsible for the acquisition of the conservation easement, but that the Crooked River Watershed Council and the Oregon Department of Fish and Wildlife have assisted with the project assessment and design. Funding assistance has been received from NRCS and a private foundation.

DLT has been in contact with the Crook Soil and Water Conservation District and the Crooked River Watershed Council regarding the project. Crook County is generally supportive of the work of DLT. The landowners in the vicinity of the property are aware of the project and have expressed no concerns about it.

The application states that protecting properties such as the one proposed helps to draw tourists, new residents, and businesses to Central Oregon. It also states that keeping the proposed easement land and its prime agricultural soils undeveloped will maintain a productive agricultural land base that adds to economic and cultural diversity, demonstrate that agriculture and habitat protection can co-exist, and help gain the support of agricultural landowners in Crook County.

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

OWEB funds are requested for 50 percent of the purchase price of the conservation easement. DLT has secured additional funding from the Farm and Ranch Land Protection Program administered by the NRCS.

The legal review of the option agreement did not raise any concerns for OWEB. The legal review of the title report identified several title exceptions, such as mineral rights and oil and gas leases, which would conflict with OWEB's conservation interest in the property. DLT subsequently removed from the title several of the problematic exceptions, and is currently in the process of removing the remaining exceptions identified by OWEB as incompatible with its conservation interests in the property. DLT is working closely with staff to complete the removal of the title exceptions. The effort is progressing smoothly. Staff expects that DLT will complete the title work soon and without problems.

An appraisal of the property was conducted by Appraisal Group of Central Oregon, LLC. OWEB's independent review appraiser determined that the appraisal report is in conformance with Uniform Standards of Professional Appraisal Practice (USPAP) and Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), the value conclusions are adequately supported, and the proper appraisal methodology was used.

A Phase 1 Environmental Site Assessment (ESA) was conducted for the property by Hydro-Logics, LLC. A review of the ESA by the Oregon Department of Environmental Quality determined that the report conforms to the American Society for Testing and Materials (ASTM) standard required by OWEB and no further investigation is needed.

## **6. Conclusion**

In November 2008, the Acquisitions Subcommittee decided to proceed with a due diligence review because it felt that the project will adequately protect the property's aquatic resources, and is a good opportunity to maintain the restoration investments that have been made in Mill Creek. After a lively discussion, the RRT settled on a determination of medium ecological and educational merit. The due diligence review is complete. Several title exceptions have yet to be removed from the title, but the process is progressing smoothly and DLT expects to complete the title work soon and without problems. DLT is working closely with OWEB staff to refine the draft conservation easement. Therefore, staff and the Acquisitions Subcommittee recommend funding for the project, contingent on completion of a conservation easement that is acceptable to staff and resolution of the title issues to staff's satisfaction.

## **V. Staff Recommendation**

Staff recommend funding for 11 of the 15 Restoration applications; two of the five Education/Outreach applications; one Monitoring application; and three of the five Technical Assistance applications recommended by the RRT.

Staff recommend funding one Acquisition application.

Staff recommend deferral of the Pilot Butte Piping Project application, 209-4034.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” 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 “do fund” projects, the amount shown in the table is the staff funding recommendation rather than the RRT’s recommendation.

Attachment B shows those applications not recommended for funding at this time by the RRT or by 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 4 - Central Oregon**  
**Acquisition Application Receiving a Positive Rating for Ecological Merit by the RRT**  
**And Recommended for Funding by OWEB Staff**  
**October 20, 2008 Grant Cycle**

Project #	Project Name	Total Amount
209-114	Coffer Ranch Conservation Easement *	325,000
<b>Total</b>		<b>\$325,000</b>

\* Fund with conditions

**Region 4 - Central Oregon**  
**Restoration Applications Recommended for Funding by the RRT**  
**October 20, 2008 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
209-4024	Neal Creek Riparian Restoration Project	49,940		49,940	1
209-4045	Tumalo Creek Fish Passage and Habitat Enhancement */**	320,000	7,500	327,500	2
209-4019	MFID Emil Creek Water Quality Improvement Project	113,493		113,493	3
209-4017	Upper Chewaucan Habitat Enhancement **/Effectiveness Monitoring \$9,100	91,770	1,250	93,020	4
209-4038	Dry Creek Road Impact Reduction *	5,810		5,810	5
209-4050	Crooked Creek Streambank Stabilization and Habitat Enhancement **	16,500		16,500	6
209-4056	Evans Creek - Hutson Drive Culvert Replacement **	450,000		450,000	7
209-4025	Upland Management Practices for Improved Rangeland Ecosystems **	116,886		116,886	8
209-4039	Lower Deschutes Subbasin Juniper Thinning Demonstration	48,899		48,899	9
209-4048	Stonier's Snake Creek Riparian Protection **	37,684		37,684	10
209-4041	Shady Pine Wetland Restoration **	33,000		33,000	11
209-4018	Upper Lytle Creek Whole Watershed Restoration */**	465,092	3,000	468,092	12
209-4021	Glaze Riparian Restoration Project **	70,480	3,750	74,230	13
209-4028	Badger Spring Reconnection and Wetlands **	55,065		55,065	14
209-4059	Flymon Stewardship Project	78,440	2,500	80,940	15
<b>Total Restoration Projects Recommended for Funding to Staff by RRT</b>		<b>\$1,953,059</b>	<b>\$18,000</b>	<b>\$1,971,059</b>	
<b>Total Restoration Projects Recommended for Funding by Staff to Board</b>		<b>\$1,283,982</b>	<b>\$8,750</b>	<b>\$1,292,732</b>	

\* Listed Amount Reflects Recommended Reduction    □ Listed Amount Reflects Recommended Increase    \*\* Fund with Conditions

**Region 4 - Central Oregon**  
**Restoration Application Receiving a Positive Review by the RRT**  
**And Recommended for Deferral by OWEB Staff**  
**October 20, 2008 Grant Cycle**

Project #	Project Name	Total Amount
209-4034	Central Oregon Irrigation District - Pilot Butte Project	3,922,352
<b>Total</b>		<b>\$3,922,352</b>

**Region 4 - Central Oregon**  
**Education Applications Recommended for Funding by the RRT**  
**October 20, 2008 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
209-4049	Deschutes County Rural Living Handbook **	17,028	1
209-4023	Outdoor Science Education Camps 2009	49,313	2
209-4037	The Crooked River Student Proposal Project *	24,755	3
209-4022	Klamath Basin Watershed Education Program	29,704	4
209-4026	Resources and People Camp	16,147	5
<b>Total Education Projects Recommended for Funding to Staff by RRT</b>		<b>\$136,947</b>	
<b>Total Education Projects Recommended for Funding by Staff to Board</b>		<b>\$66,341</b>	

\* Listed Amount Reflects Recommended Reduction      \*\* Fund with Conditions

**Region 4 - Central Oregon**  
**Monitoring Applications Recommended for Funding by the RRT**  
**October 20, 2008 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
209-4040	Williamson River Delta Post Restoration Water Quality Monitoring Year 3-4Δ	179,377	1
<b>Total Monitoring Projects Recommended for Funding to Staff by RRT</b>		<b>\$179,377</b>	
<b>Total Monitoring Projects Recommended for Funding by Staff to Board</b>		<b>\$179,377</b>	

Δ Fund with Capital

**Region 4 - Central Oregon**  
**Technical Assistance Applications Recommended for Funding by the RRT**  
**October 20, 2008 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Gray

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount</b>	<b>Priority</b>
209-4042	Crooked River Watershed Council Shared Hydrologist	50,000	1
209-4020	Irrigation Lateral 58-11 in Trout Creek Watershed	49,980	2
209-4052	Establishment of a Water Transaction Program for Upper Klamath Lake	38,478	3
209-4054	Lake Ewauna Shoreline Restoration	16,000	4
209-4044	TTDC Point of Diversion Feasibility Analysis	30,000	5
<b>Total Technical Assistance Projects Recommended for Funding to Staff by RRT</b>		<b>\$184,458</b>	
<b>Total Technical Assistance Projects Recommended for Funding by Staff to Board</b>		<b>\$138,458</b>	

**Region 4 - Central Oregon  
Education Applications NOT Recommended for Funding by the RRT  
October 20, 2008 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount Requested</b>
209-4027	Student Stewardship Project	36,600
209-4036	Klamath Working Group Education and Outreach Project	49,997
209-4058	Teen Experts Engaged in Nature	49,577

**Region 4 - Central Oregon  
Monitoring Applications NOT Recommended for Funding by the RRT  
October 20, 2008 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount Requested</b>
209-4035	Klamath Basin Volunteer Water Quality Monitoring Program	80,615
209-4055	Water Quality of Northern Great Basin Vernal Pools	77,198

**Region 4 - Central Oregon  
Acquisition Application NOT Receiving a Positive Rating for Ecological Merit by the RRT  
And Withdrawn by the Applicant  
October 20, 2008 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount</b>
209-109	Albertson Ranch Conservation Easement	200,000

**Region 4 - Central Oregon**  
**Acquisition Application Receiving a Medium-Low Rating for Ecological Merit by the RRT**  
**And Withdrawn by the Applicant**  
**October 20, 2008 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount</b>
209-108	Maxwell Easement Acquisition	700,000

**Region 4 - Central Oregon**  
**Restoration Applications NOT Recommended for Funding by the RRT**  
**October 20, 2008 Grant Cycle**

<b>Project #</b>	<b>Project Name</b>	<b>Total Amount Requested</b>
209-4029	Simon Springcreek and Wetland Restoration	55,065
209-4030	Woodway Ducklore/Farris	71,297
209-4031	Murtha Ranch Habitat Restoration	500,000
209-4032	Haycreek Water Quality/Irrigation Efficiency	163,302
209-4033	Abel's Riparian Management	23,522
209-4043	Lonerock Basin Juniper Abatement Project	258,871
209-4046	Walter's Sprague River Wetland/Riparian Protection	11,585
209-4047	Kirby Upland Restoration Project	14,331
209-4051	Cabral Riparian Restoration	41,550
209-4053	Backwater Habitat Restoration Along the Sprague River at Dusty Lane	28,870
209-4057	Tule Smoke Wetland Restoration	83,940