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July 6, 2004

MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Mark Fritsch

SUBJECT: Project Implementation Action: Within year budget increase for *Amazon Basin/Eugene Wetlands Phase Two*, Project 1992-059-00

Action

On June 16, 2004 Council staff received a letter from The Nature Conservancy (Conservancy) seeking Council approval for a change in scope and an additional \$1,200,000 in capital funding to acquire a 65-acre property adjacent to another Council recommended acquisition, providing additional wildlife credits for mitigation for the Willamette projects and expanding the viability of the wildlife protection area west of Eugene, Oregon (see attachment 1). In addition, a letter was also received from Bonneville on July 1, 2004 seeking concurrence with their support for a fiscal year 2004 within year budget increase of \$1.2 million for the *Amazon Basin/Eugene Wetlands Phase Two* Project. This would be added to the current project budget of \$450,360 for a total of \$1,650,360 in capital costs (see attachment 2). At your July meeting Council staff will review the request and seek a recommendation.

Recommendation

Council staff recommends that the Council recommend to Bonneville this scope change and purchase of the Cuddeback Tract. This recommendation is made with the understanding that the additional \$1,200,000 for this purchase comes from the Fiscal Year 2004 capital budget.

Background

In Fiscal Year 2000, the Conservancy proposed a 134-acre expansion on an existing 330 acre Bonneville funded wildlife mitigation tract (Project 1992-059-00) just west of the city of Eugene, Oregon. At the time, the Conservancy proposal would have cost \$2,376,020. Budget constraints caused CBFWA to recommend only funding O&M for the existing parcel and the Council

concluded in not supporting the proposed expansion of the project in 2000, despite a positive ISRP recommendation.

By Fiscal year 2001, the CBFWA recommended purchasing a conservation easement on 99 acres for three parcels of Project 1992-059-00, currently owned by the Conservancy, for approximately \$421,000. ISRP supported the proposal and the Council concurred with the CBFWA recommended funding level. Negotiations between Bonneville and the Nature Conservancy on the transfer of the conservation easement for these parcels have not concluded and the project has lain dormant since 2001, largely a result of the Bonneville land acquisition crediting issue, the financial crisis in 2003 and the capitalization policy. Currently, the Council has a recommended budget of \$450,360 in the Fiscal Year 2004 capital budget to complete the transfer of these conservation easements.

The Conservancy has recently received the opportunity to acquire the Cuddeback property, a 65-acre parcel adjacent to the Fiscal Year 2001 Council recommended expansion of the *Amazon Basin/Eugene Wetlands Phase Two* property (see attachment 1). Although the specific tract involved in this request was not reviewed by the ISRP during the Lower Columbia/Estuary provincial review, the Panel provided a fundable recommendation to the proposed expansion of Project 1992-059-00 during that provincial review. The proposed tract is adjacent to properties proposed for expansion in the Lower Columbia/Estuary provincial review, contiguous to property held by the Bureau of Land Management and provides a link between the Willow Creek Mitigation project (completed through another funding source) and the Bonneville-funded *Amazon Basin/Eugene Wetlands Phase Two* Project.

Analysis

The proposed acquisition and expansion of Project 1992-059-00 is a change in scope for this particular project. Expansion of the *Amazon Basin/Eugene Wetlands Phase Two* Project has always been an objective of Conservancy and they have proposed two expansions since acquiring the initial 330-acre tract in 1993. ISRP has provided fundable recommendations to both proposed expansions.

The Council has supported expanding the project by acquiring the 99-acre conservation easement in 2001. That particular expansion has not moved forward, a victim of timing, and the wildlife crediting issue, the funding crisis of 2003 and the capitalization for land acquisitions. The Council has continued to recommend funding for that particular piece of the project and has budgeted for that acquisition in Fiscal Year 2004.

Expanding the scope of the project to include the Cuddeback property would allow the project to total over \$1 million (actually \$1.65 million) to qualify for capital funding. Council staff does not believe that allowing the project to top the \$1 million figure, alone, would be a sufficient reason to support the project. The Council has supported 2001 recommended acquisitions for this project and believes that Bonneville could complete those acquisitions with capital funds.

Staff supports this proposed expansion, however, for the opportunity that it presents to further wildlife mitigation for the Willamette hydroprojects and the unique ability to connect vital wildlife habitats with other protected properties adjacent to this proposed expansion. Restoration

of these properties would provide crucial habitat units for several species identified in the Willamette loss assessments.

The Council staff has concerns that wildlife mitigation in other under-mitigated areas, the Intermountain province, for example, has not moved forward since the Council recommended funding in 2001, largely due to the same circumstances that have delayed the acquisitions under *Amazon Basin/Eugene Wetlands Phase Two* Project. We are aware that some new acquisitions in the Intermountain area might occur this year, but others are on track for Fiscal Year 2005.

The Council staff believes, however, that the proposed expansion of Project 1992-059-00 presents a critical and unique opportunity to advance wildlife mitigation for the Willamette hydroprojects in a year when capital funds will be readily available. As of June 30, 2004, capital spending for Fiscal Year 2004 stands at \$8,371,135 of a \$36 million dollar budget.

Bonneville's letter of support (see attachment 2) further bolsters the opinion of the staff that the project is of high priority to Bonneville and the sponsor and that negotiations to complete the purchase and transfer of the easements to these properties should proceed apace and complete in Fiscal Year 2004.

Attachment 1: Letter received from The Nature Conservancy regarding a within-year request for increased capital funding for the Amazon Basin/Eugene Wetlands Phase Two, Project 1992-059-00.

June 16, 2004

Greg Delwiche
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

VIA US MAIL

Doug Marker
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204

VIA US MAIL

Rod Sando
Columbia Basin Fish and Wildlife Authority
2501 SW First Ave., Suite 200
Portland, Oregon 97201

VIA E-MAIL AND US MAIL

Re: # 199205900: Amazon Basin/Eugene Wetlands Phase Two

To Messrs. Delwiche, Marker, and Sando:

As a result of discussions with Karl Weist and Patty O'Toole of NWPPC and with the support of Charlie Craig at BPA, attached please find The Nature Conservancy's Within-Year Request for increased capital funding for the Amazon Basin/Eugene Wetlands Phase II Project. The Conservancy requests the increase in order to meet draft BPA Fish and Wildlife Capitalization Policy requirements and complete a project approved in 2000 but delayed since January 2002. In addition, granting the request will further wildlife mitigation objectives in the Willamette Basin by seizing the opportunity to acquire additional mitigation habitat

The proposed acquisition is contiguous with the Mitigation Project and has been identified as the highest priority acquisition by the West Eugene Wetlands Partnership, a community-led model wetlands partnership of public agencies and nonprofit organizations. The tract would secure 65 acres of a focal habitat type identified in the Draft Willamette Subbasin Plan benefiting 3 focal species. It provides an essential link between the Willow Creek Mitigation Project and the remainder of the West Eugene Wetlands and is an excellent opportunity to restore the main stem of Willow Creek to its natural channel. Restoration would improve habitat for northwestern pond turtles, red-legged frogs other aquatic species of interest, and improve hydrologic conditions in the wet prairie. Lastly, the proposed acquisition has documented occurrences of two species listed under the Endangered Species Act, Bradshaw's lomatium and Willamette

daisy and would contribute to the recovery of two additional species, the Fender's blue butterfly and Kincaid's lupine.

The Conservancy is currently budgeted to receive \$450,360 from the FY04 capital budget. We are requesting a within-year increase of \$1,200,000 in order to accomplish multiple objectives. Granting the Conservancy's Within-Year Request offers a precedent-setting example of acquiring land under Bonneville's new Fish and Wildlife Capitalization Policy. In addition, and perhaps more importantly, acquisition of these tracts provides a key opportunity to further the objectives of the Willamette Basin Wildlife Mitigation program by securing wildlife credits for both the 99-acre conservation easement acquisition approved by the NWPCC and BPA in September 2000 and additional wildlife credits for the 65-acre property.

Thank you for your consideration.

Sincerely,

/s/

Catherine A. Macdonald

CC:

Charlie Craig – BPA (via e-mail)
Joe DeHerrera – BPA (via e-mail)
Mark Fritsch – NWPCC (via e-mail)
Lydia Grimm - BPA (via e-mail)
Val Lefler – BPA (via e-mail)
Patty O'Toole – NWPCC (via e-mail)
Greg Sieglitz – ODFW (via e-mail)
Karl Weist – NWPCC (via e-mail)

Attachment 2: Letter received from Bonneville on July 1, 2004 regarding a within year budget increase for Amazon Basin/Eugene Wetlands Phase Two, Project # 199205900.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENVIRONMENT, FISH AND WILDLIFE

June 29, 2004

In reply refer to: KEW-4

Mr. Doug Marker
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204

Subject: Within Year Budget Increase for BPA Project # 199205900:
Amazon Basin/Eugene Wetlands Phase Two

Dear Mr. Marker:

I write in support of the request from The Nature Conservancy to obtain a fiscal year 2004 within year budget increase of \$1.2 million for the Amazon Basin/Eugene Wetlands Phase Two project. This would be added to the current project budget of \$450,360 for a total of \$1,650,360 in capital costs. The primary purpose of this increase is to acquire a conservation easement across an additional parcel of land, called the Cuddeback Tract at the Willow Creek Wildlife Mitigation Project in the West Eugene Wetlands area of the Willamette Basin.

The Cuddeback acquisition would be combined with the acquisition of conservation easements across three parcels known as Willow Creek II, also at the Willow Creek Mitigation Project. The Willow Creek II acquisitions were previously recommended by the Northwest Power & Conservation Council (Council) and approved for funding by Bonneville Power Administration (BPA). Enclosure 1 is a map showing prior acquisitions, as well as the Willow Creek II parcels (2001 Wildlife Mitigation Easement) and the additional Cuddeback Tract. Enclosure 2 is a map of the area, showing the relationship of the Willow Creek Wildlife Mitigation Project and the Cuddeback Tract to other areas of the West Eugene Wetlands.

The Cuddeback Tract was not initially planned as a Fish & Wildlife Program-funded acquisition because the landowner was not willing to sell the property. The landowner has since agreed to a sale at fair market value. The Nature Conservancy was seeking funding from the Bureau of Land Management to acquire the property, but was ultimately unsuccessful in obtaining that funding. Enclosure 3 shows the location of the Cuddeback Tract in relationship to existing

Bureau of Land Management and City of Eugene lands, as well as the Willow Creek Wildlife Mitigation Project.

Without support from the Council and BPA for the acquisition, this excellent wildlife habitat is at risk for development. Bonneville supports The Nature Conservancy's request for a within year adjustment of the Council-recommended budget for this Project for the following reasons:

1. Excellent wildlife mitigation opportunity

The 65-acre Cuddeback Tract is part of the Amazon Basin/Eugene Wetlands Wildlife Mitigation Project area. The Nature Conservancy has identified beaver, black-capped chickadee, red tail hawk, western meadowlark, yellow warbler, and western pond turtles as mitigation targets for the Project area. Willow Creek supports a mix of riparian, prairie, and oak woodland habitats, all of which were identified as focal habitats in the draft Willamette Subbasin Plan. These habitats support the following identified focal species: chipping sparrow, common yellowthroat, green heron, northern harrier, olive-sided flycatcher, pileated woodpecker, red-legged frogs, vaux's swift, vesper sparrow, western meadowlark, western bluebird, western pond turtle, western wood-peewee, white-breasted nuthatch, willow flycatcher, wood duck, and yellow warbler. The Project area is an important site for the recovery of several species listed under the Endangered Species Act including: Fender's blue butterfly (Endangered), Willamette Daisy (Endangered), Bradshaw's lomatium (Threatened), and Kincaid's lupine (Threatened). The Project area is also an important site for migratory birds in the Pacific Flyway.

The draft sub-basin plan identified habitat loss and fragmentation as a key limiting factor for many of the focal and other listed species identified. Protection of the Cuddeback Tract would directly address these factors. Acquisition of the tract would greatly improve the connectivity of the Willow Creek Mitigation Project area with the rest of the West Eugene Wetland System, adding to the overall wildlife values of the Project and the West Eugene Wetlands by better linking upland and lowland habitats at the site. The Cuddeback Tract also provides an opportunity to restore a 0.35 mile section of Willow Creek used by Western pond turtles, and would connect the 2 miles of riparian habitat on the existing Project area to its confluence with Amazon Creek. The Cuddeback Tract is located adjacent to properties that have already been protected by The Nature Conservancy, the City of Eugene, and the Bureau of Land Management, so its acquisition would provide further synergistic conservation benefits to the Willamette Basin.

2. Good value for the nature of the acreage

The 65-acre parcel is valued at approximately \$1.2 million (roughly \$18,000 per acre), reflecting the higher cost of land in the Willamette Basin. Nonetheless, The Nature Conservancy's packaging of the four acquisitions in total (the three Willow Creek II parcels and the Cuddeback Tract) allows for purchase of conservation easements on 164-acres at an average cost of \$10,000 per acre. In addition, The Nature Conservancy has taken steps to reduce the overall costs to Bonneville and the Council's Fish and Wildlife Program by securing the opportunity for a bargain sale and by separating the improvements on the Willow Creek II properties from the easement area. This has resulted in a \$250,000 savings and lowered long-term operation and maintenance costs.

3. Excellent cost-share opportunities

The Willow Creek II and Cuddeback Tract acquisitions fit into an overall network of acquisition and restoration efforts undertaken by The City of Eugene, Bureau of Land Management, Army Corp of Engineers, and The Nature Conservancy, which have invested over \$20,000,000 in the broader West Eugene Wetlands area since 1994. Because of these associated efforts, ongoing staff and volunteer commitments are available for the BPA acquisitions and are expected to limit the operation and maintenance costs to the Fish and Wildlife Program, and to provide opportunities for cost-share and volunteer services to accomplish habitat protection and enhancement activities. Because of The Nature Conservancy's efforts here, BPA has an excellent opportunity to acquire wildlife habitat units in the under-mitigated Willamette Basin on a very cost-effective basis.

4. Supported by key interests

Acquisition of the Cuddeback Tract has been the highest priority for the West Eugene Wetlands partnership for several years. The Partnership includes state and federal agencies, the City of Eugene, and local nonprofit organizations. We understand that these entities and the Governor of Oregon are all eager to see the Cuddeback Tract protected and added to the Wildlife Mitigation area. Letters of support from Governor Kulongoski, the City of Eugene, the Bureau of Land Management, and the US Fish and Wildlife Service are expected to be submitted by the project sponsors.

5. Capital Budget has room to accommodate the increase

We think it is unlikely that the Fish and Wildlife Program will be able to spend up to the \$36 million in capital budgeted for Fiscal Year 2004. We do not believe that allowing a \$1.2 million increase in capital for this year would present any difficulties for any other projects, and it would allow a significant accomplishment for wildlife habitat mitigation this year.

In sum, the Cuddeback Tract, in combination with the other three Willow Creek II parcels already recommended by the Council, make a superb addition to our wildlife mitigation efforts in the Willamette Basin. We hope the Council will join us in supporting The Nature Conservancy's request.

Sincerely,

Bill Maslen

Bill Maslen
Director, Fish & Wildlife

Enclosures

cc:

Mark Fritsch, Northwest Power & Conservation Council
Karl Weist, Northwest Power & Conservation Council
Rod Sando, Columbia Basin Fish & Wildlife Authority
Cathy Macdonald, The Nature Conservancy
Greg Sieglitz, Oregon Department of Fish & Wildlife

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