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Oregon

Gene Derfler  
Oregon

Ed Bartlett  
Montana

John Hines  
Montana

August 3, 2004

## MEMORANDUM

**TO:** Council Members

**FROM:** Mark Fritsch

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

On July 15, 2004 the above project implementation action was presented to the Council<sup>1</sup>. During the Council's deliberations several questions were raised regarding the request and the proposed project action was postponed to your August meeting.

On July 22, 2004 the questions and issues raised by the Council members were provided to The Nature Conservancy and Bonneville (see attachment 1), and on July 29, 2004 and August 2, 2004 responses were received from The Nature Conservancy and Bonneville (see attachments 2 and 3, respectively).

At your August meeting The Nature Conservancy and Bonneville will be present to answer any additional questions regarding their request. Council staff will be seeking a recommendation on the request.

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<sup>1</sup> Please see the staff decision document from the July packet that includes the request from The Nature Conservancy and the letter from Bonneville (see attachment 4).

**Attachment 1: Questions and issues, raised by the Council members, as provided to The Nature Conservancy and Bonneville on July 22, 2004.**

From: Marker, Doug  
Sent: Thursday, July 22, 2004 10:38 AM  
To: DELWICHE, GREGORY K; 'cmacdonald@tnc.org'  
Cc: MASLEN, WILLIAM C; HUNT, KAREN A; ROWAN, JOHN H; Linda Craig (Business Fax); Council Members; F&W State Staff; Ogan, John; Fritsch, Mark; O'Toole, Patty; Paquet, Peter  
Subject: Council member questions about the Eugene wetlands proposal

As you know, when we discussed the proposed expansion of funding for Amazon Basin/Eugene Wetlands Phase Two, Project #1992-059-00, the Council raised several issues and questions regarding the proposal. Because of these questions, the decision on the proposal was postponed to the August meeting. After the meeting we asked the Council members to review the list of questions and add any others they need answered for their further consideration of the proposal. These are the questions we've gathered from last week's discussion and more review with the Council members:

- Additional detail is needed regarding the proposed expansion of the project and how it fits with the originally reviewed and approved scope of the project.
- For clarification, of the two parcels what portion is for acquisition (i.e. fee title) and what portion is easement? What is the cost per acre and how do these costs compare to other parcels purchased (i.e. easement and acquisition) for Willamette mitigation as well as other acquisitions and easements outside of the Willamette basin.
- As you know, a number of other recommended acquisitions have not been implemented. Why is the Cuddeback parcel a priority over other recommended acquisition projects?
- Please have the BLM provide an explanation on why they did not fund the Cuddeback acquisition.
- How does the proposal fit with the objectives and proposed strategies of the draft Willamette subbasin plan?
- Provide a specific explanation for the increase in cost from the originally approved \$421,000 to the currently proposed \$450,360.
- How does this proposal fit with Bonneville's current capital policy? Specifically, the consideration of interest costs factored into the originally approved proposal and the expansion to incorporate the Cuddeback parcel.
- What wildlife crediting ratio will be used and what project will this proposal credit against.
- What are the current and anticipated operation and maintenance funds associated with the project and what, if any, ongoing, Bonneville funding is anticipated?

Several of the above issues are covered in the supporting material for the proposal, but we would appreciate your organizing specific answers to this list of questions. We need to prepare our analysis using the answers you provide to these questions by the end of next week (July 30, 2004) so they are in the Council packet for the August meeting.

**Attachment 2: Response from The Nature Conservancy to the questions and issues raised by the Council regarding *Amazon Basin/Eugene Wetlands Phase Two*, Project #1992-059-00.**



The Nature Conservancy in Oregon  
821 SE 14th Avenue  
Portland, OR 97214-2537

tel 503 230-1221

fax 503 230-9639

[nature.org/oregon](http://nature.org/oregon)

July 29, 2004

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

Re: Response to Questions Posed by Council Members Regarding Cuddeback Acquisition,  
199205900: Amazon Basin/Eugene Wetlands Phase Two.

Dear Doug:

Thank you for the opportunity to provide information in response to questions raised by the Council members at the July Northwest Power and Conservation Council meeting. Acquisition of the Cuddeback parcel is a priority because of its strategic location, ability to enhance the existing mitigation area, restoration opportunities, and because the Willamette Basin is currently under mitigated. We have provided information to questions 1-2 and 4-10 raised by Council members.

**1. Additional detail is needed regarding the proposed expansion of the project and how it fits with the originally reviewed and approved scope of the project.**

Acquisition of the Cuddeback Tract was anticipated in our original proposal to the Program submitted in 1992 to establish the Amazon Basin/Willow Creek Wildlife Mitigation Project. In that proposal we defined the boundary of the mitigation site to include approximately 5000 acres located in West Eugene, of which approximately 2000 acres were proposed for eventual acquisition.

In the first phase of the project (1992 – 2000) we acquired 331 acres. The approved 2001 proposal to expand the mitigation area included acquisition of three additional parcels totaling 99 acres. The Cuddeback tract is located immediately north of one of those three parcels and includes the downstream reach of Willow Creek which occurs on the existing mitigation properties as well as one of the 2001 proposed acquisitions. In addition it lies due east of lands acquired by the Bureau of Land Management as part of the West Eugene Wetlands. Acquisition of the tract would improve connectivity between the Mitigation Project and the rest of the West Eugene Wetlands managed by the BLM and the City of Eugene for fish and wildlife benefits. As such, it would help to improve the long-term viability of the mitigation site and West Eugene

Wetlands. Acquisition of the Cuddeback tract is consistent with the originally reviewed scope of the project.

2. **For clarification, of the two parcels what portion is for acquisition (i.e. fee title) and what portion is easement? What is the cost per acre and how do these costs compare to other parcels purchased (i.e. easement and acquisition) for Willamette mitigation as well as other acquisitions and easements outside of the Willamette basin.**

Actually there are four parcels (3 approved for acquisition in 2001; and the Cuddeback Tract proposed in 2004). All would be enrolled in the mitigation program through a conservation easement held by Bonneville Power Administration. The Nature Conservancy will hold the underlying fee on all four parcels.

The cost per acre of the conservation easement on the previously approved parcels ranges from \$1,000 to \$8700, the cost per acre on the new proposed parcel is \$18,461. We don't have access to information on the range of per acre costs of other wildlife mitigation projects in the Willamette Valley or outside the basin. However, we recognize that the Cuddeback Tract is expensive relative to other program acquisitions. Land values in the Willamette Basin are generally much higher than land values elsewhere in the state due to higher value agricultural lands, and urban and rural development pressures.

From a mitigation standpoint, the value of a tract of land depends on its context. Acquisition of this parcel enhances value of the existing investment the Northwest Power and Conservation Council has made in the Amazon Basin/Willow Creek Wildlife Mitigation Project through improved connectivity of existing mitigation lands. In turn, the conservation value of the Cuddeback tract is higher as a result of over \$20,000,000 in existing conservation investments made by other agencies and organizations in the West Eugene Wetlands.

To keep the project costs as low as possible, The Nature Conservancy is offering the first three properties for 27% below the easement's appraised fair market value for a savings of \$160,600 and covering all of the costs of due diligence (appraisal, hazardous materials review, NEPA, etc.) an additional savings of \$45,000.

3. As you know, a number of other recommended acquisitions have not been implemented. Why is the Cuddeback parcel a priority over other recommended acquisition projects?

NA

4. Please have the BLM provide an explanation on why they did not fund the Cuddeback acquisition.

For several years, the Cuddeback parcel has been identified by BLM as the highest priority acquisition in the West Eugene Wetlands. Over the years, the Bureau has made several attempts to acquire the property, but the landowner was not interested in selling. In 2003, the Eugene BLM was not successful in securing Land and Water Conservation Funds for the West Eugene Wetlands. However, later that year the Senior Realty Specialist for the BLM nationally, contacted the Eugene BLM regarding the potential availability of Land and Water Funds from a project in another state that they were considering releasing for use on other projects across the country. Due to the importance of the Cuddeback property, the Bureau asked The Nature Conservancy and City of Eugene to assist them in contacting Mr. Cuddeback once again to see if he had any interest in selling. We did, and he finally agreed to sell. Unfortunately, the funds ended up not

being released from the original project and as such the Eugene BLM did not have funds to complete the transaction.

5. How does the proposal fit with the objectives and proposed strategies of the draft Willamette subbasin plan?

The Draft Willamette Subbasin Plan identifies 6 focal habitats and 55 focal species. Among the identified focal habitats and species the Plan identifies habitats and wildlife species associated with valley lowlands and foothill habitats as the highest priority for habitat protection and restoration.

The Willow Creek Mitigation Area includes 4 of the 6 focal habitats identified in the Draft Willamette Subbasin Plan including all of the priority valley lowland & foothill types. These include riparian, wet prairie, upland prairie, and oak woodland habitats support 21 of the identified 55 focal species including 4 listed species. The Cuddeback acquisition includes two of the focal habitat types and 8 of the focal species.

The Draft Plan identified habitat loss and fragmentation as the key limiting factor for most of the terrestrial focal species identified in for the Willamette and proposed the following key strategies for addressing these limiting factors (in bold and italics):

**Conserve and restore biological communities**

- *Protect existing high quality habitats and consider restoration by:*
  - *Investigating potential for lands identified in Priority Conservation Areas of the Nature Conservancy, or Conservation – Restoration Opportunity Areas of the Pacific Northwest Ecosystem Consortium.*

The Cuddeback Tract was identified by both The Nature Conservancy and the Pacific Northwest Ecosystem Consortium.

**Restore physical habitats**

- *Increase extent and distribution of focal habitats*
- *Improve extent and composition of riparian areas*

Acquisition of the Cuddeback Tract would increase the extent of focal habitats including the extent and composition of riparian areas. 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.

**Connect Favorable Habitats**

- *Expand the habitat value of refuge areas. Lands adjacent to established refuge areas should be managed with increased attention to conservation practices.*

The Cuddeback tract is adjacent to an established “refuge” properties. 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.

6. Provide a specific explanation for the increase in cost from the originally approved \$421,000 to the currently proposed \$450,360.

The Nature Conservancy has a no net profit rule and passes all land acquisition savings on to public entities when lands are conveyed. We do however include our interest costs in our basis for determining net profit. As such the cost of the property to TNC increased from \$421,000 to \$450,000 from 2001 – 2003 due to increases in TNC's interest costs only. Staff costs associated with the properties could have been, but were not included in the revised cost.

The current fair market value of the conservation easements on the three previously approved parcels is \$610,600. The bottomline is that the easements are valued at \$610,600 and being offered to BPA for \$450,360 a savings of \$160,140.

7. How does this proposal fit with Bonneville's current capital policy? Specifically, the consideration of interest costs factored into the originally approved proposal and the expansion to incorporate the Cuddeback parcel.

(BPA to answer)

8. What wildlife crediting ratio will be used and what project will this proposal credit against.

Crediting will be 1:1 although it should be noted that TNC takes no position on crediting. The acquisition will be credited against Lookout Point Project.

9. What are the current and anticipated operation and maintenance funds associated with the project and what, if any, ongoing, Bonneville funding is anticipated?

The current Operations and Maintenance and Monitoring and Evaluation budget for the Willow Creek Mitigation Project is approximately \$61,000. We projected a \$7,000 increase in our budget for the addition of the 3 tracts approved for acquisition in 2001 and estimate an additional increase of \$5000 per year as a result of the Cuddeback acquisition.

The Nature Conservancy engages volunteers and works with partners to minimize additional operation and maintenance funding associated with acquisition of the Cuddeback parcel.

Thank you for the opportunity to comment and thank you for your assistance preserving this important property. If you have additional questions please don't hesitate to contact me.

Sincerely,

/s/

Catherine Macdonald  
Director of Conservation Programs

**Attachment 3: Response from Bonneville to the questions and issues raised by the Council regarding *Amazon Basin/Eugene Wetlands Phase Two*, Project #1992-059-00.**



**Department of Energy**

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

ENVIRONMENT, FISH AND W

August 2, 2004

In reply refer to: KEW-4

Mr. Doug Marker, Director  
Fish and Wildlife Division  
Northwest Power and Conservation Council  
851 SW Sixth Avenue, Suite 1100  
Portland, OR 97204

Dear Mr. Marker:

The following responses are in addition to those that you received recently from The Nature Conservancy (TNC) relative to Project No. 1992-059-00, Amazon Basin/Eugene Wetlands Phase Two. This information is intended for Northwest Power and Conservation Council (Council) use as it formulates a recommendation for Bonneville Power Administration (BPA) Fiscal Year 2004 (FY04) funding for this project.

**Additional detail is needed regarding the proposed expansion of the project and how it fits with the originally reviewed and approved scope of the project.**

Detail regarding TNC's Amazon Basin/Eugene Wetlands Phase Two proposal can be found in BPA's June 29, 2004, letter to the Council. The proposed acquisition of conservation easements by BPA within the boundary of the West Eugene Wetlands is consistent with the original proposal as submitted by the TNC in 1991.

In August 1991, TNC submitted an Implementation Planning Process Preliminary Project Proposal Form to the Wildlife Scoping Group under the Council's Wildlife Mitigation Rule. TNC was seeking BPA funds for use in 1992. The Proposal identified four tracts (see answer to question 3) that would later be identified as the Willow Creek area. The Proposal states, "The subject tracts are designated '1st Priority' (to be acquired in the next 1-3 years) in the West Eugene Plan."

In a letter dated February 18, 1992, from the Lane Council of Governments to BPA, Steven Gordon, Senior Program Manager, stated "Willow Creek is a valuable part of the overall scheme for tying west Eugene to Fern Ridge Reservoir in our Wetland Plan."

Correspondence dating back to 1993 between BPA and TNC consistently refers to the 7,500-acre West Eugene Wetlands Special Study Area, a joint project of the City of Eugene, Lane County, Bureau of Land Management and the TNC. The Willow Creek conservation easement acquisitions represent approximately 356 acres out of that 7,500-acre Study Area. The Cuddeback property is

within the Study Area as well. Thus, as documented in the prior communications, additional wildlife mitigation properties such as Cuddeback were contemplated by the proposal and could be considered for BPA funding under the Council's Fish and Wildlife Program.

**What is the cost per acre and how do these costs compare to other parcels purchased (i.e. easement and acquisition) for Willamette mitigation as well as other acquisitions and easements outside of the Willamette basin?**

TNC has not yet purchased the Cuddeback property; they are awaiting an appraisal. However, TNC estimates that the purchase price will be about \$1,260,000. TNC also estimates that the purchase price to BPA of a conservation easement on the Cuddeback property from TNC would be about \$1,200,000. In terms of cost comparison, the combined estimated cost per acre of the Willow Creek II parcels plus Cuddeback will be approximately \$10,063 per acre.<sup>2</sup> This is a high cost per acre relative to, for example, wildlife habitat acquisitions on the east side of the Cascades, where the parcels are generally larger and the real estate market values are priced lower, such that the price can be as low as \$224 per acre (e.g., Pine Creek Ranch, for over 24,000 acres).

However, \$10,063 per acre is not unexpected in the Willamette Basin. For example, the City of Canby fee-title acquisition (May 30, 2002) was 23 acres for approximately \$10,860 per acre (fee value was \$40,000 per acre); the Tualatin Oleson Tract 2 (a mix of fee title and conservation easement) was 100 acres for approximately \$8,592 per acre on February 8, 2001. Despite the high price per acre, we think the value offered by the partnership with TNC, including their willingness to provide us a bargain value and willingness to absorb multiple transaction costs, makes this a relatively cost-effective purchase in the Willamette Basin.

**As you know, a number of other recommended acquisitions have not been implemented. Why is the Cuddeback parcel a priority over other recommended acquisition projects?**

We believe we are on track to implement many existing recommended wildlife habitat acquisitions by the close of this fiscal year. The addition of the Cuddeback parcel does not displace any other priority parcels. Rather, the Cuddeback parcel meets our need to acquire biologically valuable wildlife habitat in the less mitigated Willamette Basin. The proposed purchase is consistent with the Council's Program and consistent with our capitalization criteria for wildlife land acquisitions. Other new parcels presented to us with the same characteristics for acquisition in FY04 would have met the same response.

**How does this proposal fit with Bonneville's current capital policy? Specifically, the consideration of interest costs factored into the originally approved proposal and the expansion to incorporate the Cuddeback parcel.**

The proposed addition of the Cuddeback parcel is consistent with our capitalization policy and the specific criteria for wildlife habitat acquisitions. As explained by TNC in their response to question 6, the total cost to BPA of the acquisition of the previously recommended Willow Creek II parcels, although increased from prior budgets, is still below the appraised fair market value of the easements to be acquired. The TNC is willing to provide BPA and the Council with the benefit of a bargain sale. As such, from BPA's perspective, the value of the easements has increased over time, but is still less than the appraised value. As a result, BPA is capitalizing the costs of the value of the conservation easement itself, not the costs to TNC for the acquisition. How TNC chooses to allocate

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<sup>2</sup> This is calculated as follows: purchase price for the Willow Creek II easements on 99 acres is \$450,360; purchase price for the Cuddeback easement on 65 acres is expected to be approximately \$1.2 million; total acquisition package is 164 acres for \$1,650,360, or \$10,063 per acre.



the value paid (whether it be for interest or other costs) is their option and does not have any bearing on what BPA capitalizes in this case.

We hope this information is helpful to the Council in formulating its recommendation to Bonneville Power Administration.

Sincerely,

*/Signed/*

William C. Maslen  
Director for Fish and Wildlife

cc:  
Ms. Catherine Macdonald - The Nature Conservancy

**Attachment 4: Council staff decision document, regarding *Amazon Basin/Eugene Wetlands Phase Two*, Project #1992-059-00, presented to the Fish and Wildlife Committee and the Council at the July meeting.**

JUDI DANIELSON  
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MELINDA S. EDEN  
VICE-CHAIR  
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Gene Derfler  
Oregon

Ed Bartlett  
Montana

John Hines  
Montana

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 concurred 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