

DEPARTMENT OF FISH AND GAME

WILDLIFE CONSERVATION BOARD

1807 13TH STREET, SUITE 103
SACRAMENTO, CALIFORNIA 95811
(916) 445-8448
FAX (916) 323-0280
www.wcb.ca.gov

NOTICE OF MEETING

WILDLIFE CONSERVATION BOARD

July 26, 2011

2:00 PM

1/ State Capitol, Room 112*
Sacramento, California 95814

AGENDA

1. Roll Call

WILDLIFE CONSERVATION BOARD MEMBERS

John McCamman, Chairman
Director, Department of Fish and Game

Ana Matosantos, Member
Director, Department of Finance

Jim Kellogg, Member
President, Fish and Game Commission

JOINT LEGISLATIVE ADVISORY COMMITTEE

Senator Jean Fuller
Senator Fran Pavley
Senator Lois Wolk

Assembly Member Michael Allen
Assembly Member Richard Gordon
Assembly Member Jared Huffman

EXECUTIVE DIRECTOR

John P. Donnelly

1/ These facilities are accessible to persons with disabilities

*Room subject to change

2. Usal Forest Conservation Easement \$19,540,000.00
Mendocino County

This proposal is to consider the allocation for a grant to The Conservation Fund (TCF) to acquire a forest conservation easement (Easement) over 49,576± acres of land to conserve and protect an economically sustainable working forest, oak woodlands, grasslands and important habitat for native fish, wildlife and plants. This project was first considered by the Wildlife Conservation Board (Board/WCB) at its February 24, 2011, meeting. At that time the Board determined that the proposed funding allocation and size of the project warranted additional public disclosure and review of the property appraisal. The Board deferred consideration of the project and directed staff to obtain an independent appraisal review and make the independent appraisal review available to the public 30 days in advance of any future consideration by the Board. The Board requested staff to present the project to the Board at the earliest opportunity following the disclosure period.

The independent appraisal review has been completed by an independent licensed professional appraiser who is a Member of the Appraisal Institute (MAI) and the American Society of Appraisers. The review included reading the appraisal report to determine its reasonableness, the consistency of the data, the quality of the analysis, and the reasonableness of the concluded value. The independent review concluded the “before value” conclusion and the “after value” conclusion for the Usal Forest property was well supported and thoroughly analyzed. This conclusion supports the approval by the Department of General Services (DGS) of the original appraisal. The independent appraisal review and the minutes of the February 24, 2011 meeting related to the proposed project were posted on the WCB’s internet home page on June 1, 2011 and June 3, 2011, respectively for public disclosure and review. The proposed allocation has also risen by \$5,000.00 from \$19,535,000.00 to \$19,540,000.00 to cover project-related costs associated with additional appraisal review and project disclosure.

LOCATION AND SURROUNDING USES

The property is located east of Highway 101 and the community of Leggett in the northwest corner of Mendocino County. It is bounded on the west side by the Sinkyone Wilderness State Park and the Pacific Ocean. Several major fish-bearing creeks located on the property flow into the south fork of the Eel River, which runs along most of the property’s eastern boundary. The project area is accessible from an established network of State, county, and private roads. There is a well-developed system of internal roads with all mainline roads in place.

PROJECT DESCRIPTION

This proposal is a part of a larger 50,000± acre conservation transaction involving the Redwood Forest Foundation, Inc., Save-the-Redwoods League, State Coastal Conservancy, TCF and WCB and is known as the Usal Redwood Forest Conservation Project (URFCP). The URFCP, if completed, will include the sale of the conservation easement contemplated herein, and fee-title purchase by Save-the-Redwoods League of approximately 957 acres known as the Shady Dell Creek Tract located in the coastal portion of the Usal Forest and directly abutting the Sinkyone Wilderness State Park. The fee acquisition will enable the potential development of 1.5 miles of the coastal trail off the county road, and will also provide potential sites for relocation of camping areas out of the floodplain of Usal Creek. Funding to complete the fee acquisition will be provided by State Coastal Conservancy (approved January 2011) and Save-the-Redwoods League.

The Easement property contains a diversity of natural communities, representative of the redwood forest ecoregion, including mixed coniferous forest, mixed evergreen forest and oak woodlands. The property supports habitat for a variety of associated rare or sensitive species such as the northern spotted owl, south torrent salamander and coastal tailed frog. The property also contains the entirety of several important streams and tributaries to the South Fork Eel River and Usal Creek drainages, which are identified as high priorities for restoration and management in the California Coho Recovery Strategy. These streams throughout the property provide valuable freshwater habitat for several species of fish including coho salmon, Chinook salmon, steelhead, prickly sculpin and Pacific lamprey. Permanent prevention of fragmentation and conversion is essential to ensuring watershed integrity for fish and wildlife. The California Coho Recovery Strategy recommends that the Department of Fish and Game (DFG) "explore opportunities to acquire conservation easements with conditions that provide benefits to coho salmon" within the South Fork of the Eel River Hydrologic Area.

Redwood/Douglas fir forests are among the most productive in the world. Timber harvests in the redwood region account for a significant portion of California's total annual harvest value. The timber productivity for the forest is average for the region, with the majority of the property considered at or above average productivity. Fifty-six percent of the forest currently consists of second and third growth coniferous forest. The conifer component supports a total volume of approximately 245 million board feet. Douglas fir is the predominant species and contributes fifty-four percent of the total conifer volume. Redwood is the second most common species and represents forty-five percent of the total volume, with the remaining volume containing whitewoods, grand fir and Western hemlock.

The principal purposes of the Easement are to:

- Conserve, manage and protect a productive and relatively natural coastal California forest ecosystem, including the fish and wildlife habitat associated with this ecosystem, in particular the redwood/Douglas-fir forest, oak (*Quercus*) woodland, grassland, mixed hardwood, springs, seeps, wetlands and riparian habitats and spawning habitat for coho salmon, Chinook salmon and steelhead trout;
- Maintain the capacity of the property for productive forest management, including the long-term sustainable harvest of high quality forest products, contributing to the economic vitality of the State and region, in a manner that does not materially impair, degrade or damage the conservation values.

To fulfill these purposes, the Easement requires that the property attain and maintain certification as a “well-managed” forest under the Forest Stewardship Council (FSC) standard. FSC standards exceed currently applicable forestry laws and regulations and, unless incorporated into the Easement, would be strictly voluntary. Under the Easement and the required FSC standards, the landowner must demonstrate adherence to a variety of best management practices relating to forestry, biodiversity, ecosystem conservation including stream buffers and community relations. Once the certification is awarded, the forest receives an annual “surveillance audit” and a complete re-audit every five years.

The Easement prohibits subdivision, conversion to non-forest uses such as farming or agriculture, and most mining or other extractive activities. The Easement restricts annual harvest levels to 2.9% of inventory and prohibits even-aged management except where necessary to transition forest stands dominated by Tan oak to a more desired ecological condition of mixed conifers and hardwoods and to meet the landowner’s other community development objectives, including natural and ecological, open space, cultural, recreational and educational benefits.

Furthermore, the Easement requires management of roads according to the Handbook for Forest and Ranch Roads, a Best Management Practices road manual prepared by Weaver and Hagans of Pacific Watershed Associates. This is the standard reference guide used by the DFG, other regulatory agencies, and many timber companies to protect water quality and aquatic resources when managing and maintaining roads for forestry, ranching and rural land use, and for conducting watershed restoration projects. These same authors were also the principal authors of Chapter 11 of the California Salmonid Stream Habitat Restoration Manual -

Upslope Erosion Inventory and Sediment Control Guidance. Following these guidelines and implementing these practices provides immediate benefits to stream and aquatic habitat and measurably diminishes the impacts of road related erosion on the biological productivity of watershed streams.

If the Easement is acquired, it will constitute the largest contiguous block of permanently protected coastal redwood forest in Mendocino County and one of the largest permanently protected working forests in California. Permanent protection of the forest will also complement extensive protected lands in the immediate vicinity. To the west, the forest borders the 11,000- acre Sinkyone Wilderness, which is permanently protected by California State Parks and the Sinkyone Intertribal Council. The Sinkyone Wilderness, in turn, is adjacent to Bureau of Land Management's 60,000-acre King Range National Conservation Area to the north. Consequently, the purchase of the Easement will enhance the protection of these very large adjacent tracts of public land.

The project fulfills a number of statewide management goals and approaches to protecting large important ecosystems, reducing habitat fragmentation and maintaining wildlife corridors by seeking to match private lands protected with conservation easements with those areas protected in fee. Within the State, a significant number of wildlife species occupy and rely on undeveloped private lands. It is logistically impossible to protect all these important habitat areas in fee; however, by linking conservation easements on private lands with areas protected in fee, the State can achieve management goals and expand protection at a significantly lower cost than if it were to try and accomplish the same conservation and protection through fee acquisitions only.

WCB PROGRAM

This project funding proposal was submitted to the WCB through its Forest Conservation Program (Program). The Program seeks to preserve and restore productive managed forest lands, forest reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitat for native fish and wildlife and plants found on these lands. One of the primary objectives of the Program is the protection and conservation of working forests and productive managed forestlands. Selected projects promote the restoration and/or the maintenance of the ecological integrity and economic stability of the property in the context of the surrounding landscape and regional economy.

Several regional, State and local planning processes identify the ecological importance of the URFCP, including California's Coho Recovery Strategy mentioned above under the Project Description. The

Mendocino County General Plan Land Use Element states that “The County shall protect and maintain commercial timberland.” The *Mendocino County Coastal Conservation Plan* (2003), prepared by the Mendocino Land Trust with funding support from the State Coastal Conservancy, recommends the “purchase ... of working forest easements from willing landowners to provide for large areas of connected, sustainable working forests on highly productive soils.” Finally, *The Changing California, Forest and Range 2003 Assessment Summary October* (2003), prepared by the California Department of Forestry and Fire Protection, encourages State policies and actions that “recognize the continued importance of large scale un-fragmented ownerships in the working landscape...”

MANAGEMENT OBJECTIVES AND NEEDS

TCF will hold, manage and be responsible for the monitoring of the Easement in perpetuity per the terms of the WCB Grant Agreement. TCF has experience managing productive timber land and currently holds title to the 24,000-acre Garcia River Forest, a productive and sustainable working forest. The subject property will be managed under a similar approach, with the goal of maintaining economic sustainability with less intensive harvesting, while at the same time maintaining core conservation values by protecting streams, natural landscapes and other natural habitat values with the intent of creating a community forest. A Baseline Conditions Report must be completed by TCF and the landowner and approved by the staff of WCB prior to funding.

The Easement allows access to the subject property by both TCF and WCB for monitoring purposes. Although the Easement does not require that public access be allowed to the property, the Easement does not preclude the landowner from allowing public access to the property. In fact, the Easement contemplates and includes language describing how public access can be developed and provided, and the Redwood Forest Foundation has indicated its intent to provide future public access to the property. In addition, the proposed Shady Dell property, which adjoins and is being acquired in conjunction with the Easement, will provide public access, use and interpretive opportunities that will in part relate to the operations and natural resources found within the Easement.

TERMS

The landowner has agreed to sell the Easement to TCF for the DGS-approved fair market value of \$20,000,000.00. The appraisal and the fair market value determination were made according to the Uniform Standards of Professional Appraisal Practice and have been reviewed and approved by the DGS and by a second independent licensed appraiser retained by the WCB. The timber valuation portion included in the original appraisal has also been reviewed and supported by a registered

professional forester. The terms and conditions of the Grant Agreement provide that staff of the WCB must review and approve all acquisition-related documents prior to disbursement of grant funds directly into the escrow account established for the acquisition. In the event of a breach of the grant terms, the WCB can seek specific performance of the agreement or require TCF to convey its interest in the conservation easement to WCB or, at the election of WCB, another entity or organization authorized by California law to acquire and hold conservation easements and which is willing and financially able to assume all of the obligations and responsibilities of TCF.

PROJECT FUNDING

The proposed funding breakdown for the URFCP is as follows:

Shady Dell portion	
State Coastal Conservancy	\$3,000,000.00
Save-the-Redwoods League	\$2,500,000.00
The Easement	
Wildlife Conservation Board	\$19,500,000.00
The Conservation Fund	500,000.00
TOTAL	\$25,500,000.00
Other project-related costs	\$ 40,000.00
Total WCB Allocation	\$19,540, 000.00

It is estimated that an additional \$40,000.00 will be needed to cover project-related expenses, including appraisal, timber harvest appraisal review and DGS review costs.

The \$5,500,000.00 provided by the State Coastal Conservancy and Save-the-Redwoods League will be used to acquire the fee portion referred to above in the project description as the Shady Dell 957± acre fee acquisition. The WCB funding will be used to acquire the 49,576± acre Easement. The Shady Dell tract and the Easement will be acquired in a single simultaneous transaction. TCF will then transfer the Shady Dell tract to Save-the-Redwoods League.

FUNDING SOURCE

The proposed funding source for this acquisition is the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84), Public Resources Code Section 75055(a). This fund source promotes ecological integrity and economic stability of California's diverse native forests and promotes the conservation and protection of productive managed forest lands, forest

reserve areas, redwood forests and other forest types, including the conservation of water resources and natural habitat for native fish, wildlife and plants found on these lands and is consistent with the objectives of this project.

ENVIRONMENTAL COMPLIANCE AND STATE RECOMMENDATION

The acquisition has been reviewed for compliance with the California Environmental Quality Act (CEQA) requirements and is proposed as exempt under CEQA Guidelines Section 15313, Class 13, as an acquisition of lands for fish and wildlife conservation purposes, and Section 15325, Class 25, as a transfer of ownership interests in land to preserve existing natural conditions, including open space and habitats. Subject to authorization by the WCB, a Notice of Exemption will be filed with the State Clearinghouse. The project has been reviewed under the WCB's Forest Conservation Program and has been recommended for approval.

STAFF RECOMMENDATION

Staff recommends that the Wildlife Conservation Board approve this project as proposed; allocate \$19,540,000.00 from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Proposition 84), Public Resources Code Section 75055(a) to cover the grant amount and internal project-related expenses; authorize staff to enter into appropriate agreements necessary to accomplish this project; and authorize staff and the Department of Fish and Game to proceed substantially as planned.

3. Adjourn