

COASTAL CONSERVANCY

Staff Recommendation
December 4, 2014

BLUE CREEK ACQUISITION

Project No. 14-024-01
Project Manager: Karyn Gear

RECOMMENDED ACTION: Authorization to disburse up to \$2,000,000 to the Western Rivers Conservancy to acquire approximately 4,063 acres of land in and around the Blue Creek watershed for the purposes of preserving and enhancing fish and wildlife habitat.

LOCATION: Lower Klamath River Watershed, Del Norte and Humboldt Counties

PROGRAM CATEGORY: Reservation of Significant Coastal Resource Areas

EXHIBITS

Exhibit 1: [Project Location Maps & Photos](#)

Exhibit 2: [Humboldt and Del Norte County Assessor Parcel Numbers](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31350 et seq. of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to two million dollars (\$2,000,000) to the Western Rivers Conservancy (“WRC”) to acquire approximately 4,063 acres of real property in and around the Blue Creek watershed in unincorporated Humboldt and Del Norte Counties (Humboldt County Assessor Parcel Nos. and Del Norte County Assessor Parcel Nos. as listed in Exhibit 2 to the accompanying staff recommendation) for purposes of protection, restoration and enhancement of natural resources and open space, and compatible public access. Title to the property may vest in WRC or Western Rivers Forestry Inc. (“WRF”). This authorization is subject to the following conditions:

1. Prior to disbursement of any Conservancy funds, WRC shall:
 - a. Submit for review and approval of the Executive Officer of the Conservancy (“Executive Officer”) all relevant acquisition documents, including but not limited to the appraisal, escrow instructions and documents of title.
 - b. Secure all other funds necessary to complete the acquisition.

- c. Enter into a revenue sharing agreement acceptable to the Executive Officer of the Conservancy.
 - d. Submit a plan for the acknowledgement of Conservancy funding through installation of a sign or signs and other appropriate means.
 - e. Obtain a resolution of support for the project from the Del Norte County Board of Supervisors.
2. WRC shall pay no more than fair market value for the property, as established in an approved appraisal.
3. The property shall be permanently dedicated, in a manner acceptable to the Executive Officer, for purposes of protecting, restoring and enhancing natural resources and open space, including, without limitation, protecting, restoring and enhancing water quality and salmonid habitat; preventing fragmentation of forestlands; potential carbon sequestration and creation of carbon credits to help address climate change; and compatible public access.
4. WRC or WRF may transfer the property to the Yurok Tribe if the Yurok Tribe has entered into an agreement with the Conservancy sufficient to protect the public interest and including: a) a waiver of sovereign immunity and b) a requirement that before the property is transferred to the federal government to be held in trust for the Tribe, the federal government shall enter into an agreement with the Conservancy sufficient to protect the public interest in the property.
5. Within one year of this authorization, WRC or WRF shall submit a management plan for the property for review and approval to the Executive Officer of the Conservancy. The management plan shall provide for protection, restoration and enhancement of natural resources and open space, shall provide recommendations to enhance anadromous fish and other wildlife habitat, and identify opportunities for compatible public access.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 8 of Division 21 of the Public Resources Code, regarding reservation of significant coastal resource areas.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
3. The Western Rivers Conservancy and Western Rivers Forestry are nonprofit organizations existing under section 501(c)(3) of the U.S. Internal Revenue Code, and whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

Staff is recommending that the Conservancy authorize the disbursement of up to \$2,000,000 to the Western Rivers Conservancy (“WRC”) to acquire approximately 4,063 acres of forested and riparian habitat lands in and around the lower Blue Creek watershed in Del Norte and Humboldt Counties (the “property” or “Blue Creek property”), in order to protect key salmonid habitat in the Lower Klamath River Watershed (see Exhibit 1). The property includes a segment of Blue Creek, which is a tributary to the Lower Klamath River, and is connected to other protected lands. Most of the property is within the Blue Creek Watershed; the portion outside of the watershed consists of approximately 265 acres with small tributaries that flow directly to the Klamath River. The property is currently managed as industrial timberland.

Blue Creek has been identified as essential for coho salmon recovery in a number of conservation planning efforts, including the California Department of Fish and Wildlife’s 2004 *Recovery Strategy for California Coho Salmon*, and the National Marine Fisheries Service’s 2014 *Final Southern Oregon Northern California Coho Recovery Plan* (“SONCCRP”). The SONCCRP identifies the upper Blue Creek watershed, which is within National Forest lands designated as wilderness or Late Successional Reserve, as containing the highest quality habitat and riparian conditions of all the Lower Klamath River tributaries. However the lower Blue Creek watershed, the subject of this authorization, has been managed as industrial forest land and is in need of restoration and protection in order to maximize its fish and wildlife habitat potential.

WRC, working with its cooperating nonprofit Western Rivers Forestry (“WRF”) intends to acquire the property, along with an adjacent approximately 2,416 acres in the Bear Creek watershed, from Green Diamond Resources Inc. at a cost of \$9,900,000 for the total 6,479 acres (the “WRC project”). The Bear Creek acres will be added to the Yurok Tribe Community Working Forest, and managed as working forest lands subject to deed restrictions from the California Wildlife Conservation Board, which is also contributing funding to this acquisition. The Blue Creek property (i.e., the 4,063 acres mostly within the lower Blue Creek watershed and the small adjacent Klamath River drainages) will be managed as a salmon sanctuary. The Conservancy’s funds will be directed to the property rather than the total WRC project because the property best fits the Conservancy’s priority in this area to protect and restore significant fish and wildlife habitat.

WRC and WRF intend to designate the property, along with 4,669 acres acquired in early 2014 as the Blue Creek Preserve. The Blue Creek Preserve will be managed to restore the complexity, diversity and ecological values of late-successional forests for improved fish and wildlife habitat, water quality protection, and carbon sequestration. Management priorities for the preserve include 1) protecting threatened, endangered and sensitive species; 2) protecting existing late-successional forest stands; 3) restoring late-successional habitat elements to young second-growth forests; 4) restoring historic meadow and grassland habitats; 5) protecting thermal refugia for fish; and 6) expanding road decommissioning, habitat restoration and water quality control efforts to enhance aquatic habitat and restore watershed integrity.

WRC has been involved in the protection of lower Klamath River forestlands since 2008, when it entered into an agreement with the Yurok Tribe to work together to acquire property from Green

Diamond Resources Company within the ancestral territory of the Tribe. Acquisition of the 6,479 acres is part of a multi-year acquisition strategy by WRC and the Yurok Tribe to acquire working forest and habitat preserve lands in the lower Klamath watershed, with the ultimate goal of Yurok tribal ownership and management of more than 47,000 acres. To date, 30,983 acres (66% of the goal) have been acquired. With the successful completion of the WRC project, WRC and the Yurok will attain 80% of their goal, and will continue their fundraising efforts from other sources to acquire the remaining 9,900 acres, 6,475 of which are needed to complete the Blue Creek Preserve.

In addition to the Conservancy's contribution, funding for the WRC project will come from the Wildlife Conservation Board, the Wyss Foundation, and private funds in the form of a New Market Tax Credit ("NMTC") investment by US Bank. The New Market Tax Credit program was contained in the federal Community Renewal and Tax Relief Act of 2000. This program provides a tax credit for investment in projects that create jobs in low-income areas. Use of NMTC investments requires a special structure for the transaction: the land must be held by a special purpose non-profit organization (in this case WRF) for seven years. At the end of the seven year period, the credits are exhausted, and it is the intention of WRF and WRC to transfer the property to the Yurok Tribe at that time. In order to approve the transfer of the property to the Yurok Tribe, the Conservancy would require an agreement with the Tribe sufficient to protect the public interest in the acquisition.

During the seven year ownership by WRF, the property will be managed by the Yurok Tribe. The Yurok Tribe has stated that its goal will be to maintain and enhance the ability of Blue Creek to continue its vital ecological role of attenuating Klamath River temperatures and providing exceptional refugia habitat for salmonids. To this end, the Tribe indicated that it intends to eliminate clear cut harvesting and the use of herbicides, expand protective riparian stream buffers, decommission excess roads, sequester forest carbon, and implement watershed, fisheries, and habitat restoration projects. Over time, the Blue Creek watershed will transition from its current even-aged forest stands to an old growth preserve, using light-touch timber harvesting to accelerate the development of a late successional forest. This will eliminate clear-cutting impacts to anadromous fish habitats and reduce sources of fine sediment discharges. The remaining acquisition area (lands outside the Blue Creek watershed) will remain as working forest lands and will be sustainably managed for long-term water quality and cultural resource protection while fostering the economic development of the Tribe and community members.

The Yurok Tribe, with nearly 6,000 enrolled members, is the largest tribe in California. The Klamath River is the heart of the Yurok Tribe's ancestral territory, which stretched from south of Trinidad Head in Humboldt County to miles north of the mouth of the Klamath River in Del Norte County. The Tribe is excited about the opportunity to regain some of the lands within its ancestral territory and manage them to enhance their natural and cultural resource values. The Tribe has a well respected fisheries restoration program that has implemented a number of habitat restoration projects in the Klamath River watershed. The Tribe's Forestry Department has integrated two forest carbon sequestration projects into its sustainable forest management practices. The Tribe's Watershed Restoration Department works with the Tribe's Forestry and Fisheries Departments to identify and decommission problem roads and to restore aquatic habitat conditions within tributaries. The Tribe's Cultural Department ensures the continued protection and enhancement of culturally significant areas. This acquisition will restore ecological integrity to the lower Klamath basin and help reinvigorate the culture and economy of the Tribe through

job creation in forestry, fisheries, habitat restoration and road decommissioning efforts, watershed management, and ecotourism.

The Tribe has indicated that its goal is to acquire the Blue Creek Preserve from WRF and transfer it to the federal government to be held in trust for the Tribe. If this were to occur, the land would be managed by the Tribe, subject to certain federal restrictions and the land would not be subject to state or local laws. However, the Tribe has indicated that it is willing to enter into an agreement with the Conservancy for protection of the property and to waive its sovereign immunity for purposes of enforcement of the agreement.

WRC intends to verify the WRC project as an “improved forest management project” under the U.S. Forest Project Protocol adopted by the California Air Resources Board in 2011. Funds generated through the sale of carbon credits, and any other revenues generated from the property, will be used for management and enhancement of the Blue Creek Preserve. As a condition of the proposed Conservancy authorization, WRC and WRF will be required to enter into a revenue sharing agreement with the Conservancy. The agreement will require sharing of any property revenues after property management expenses are covered. If WRF transfers the property to the Yurok Tribe in the future, the Tribe will be required to enter into similar agreement with the Conservancy. The revenue agreement is further described in the “Project Financing” section below.

Site Description: At over 81,000 acres (120 square miles) the Blue Creek watershed is the largest Lower Klamath River tributary watershed and contains the most diverse anadromous salmonid assemblage in the Klamath/Trinity system. Elevations in the watershed range between 40 and 5,685 feet, and the terrain is moderate to steep. Blue Creek is the only large tributary to the Klamath River below the Klamath/Trinity River confluence to retain year-round surface flow connectivity to the Klamath. Eighty percent of the watershed is owned by the U.S. Forest Service, and managed as a portion of the Siskiyou Wilderness, and a Late Successional Reserve – a federal designation which resulted from the Northwest Forest Plan that sets the management objective to protect and enhance conditions of late successional and old growth forest ecosystems which serve as habitat for late successional and old growth forest related species including the northern spotted owl. Blue Creek supports the highest salmonid species and life history diversity in the Klamath/Trinity system, including Chinook and coho salmon, steelhead trout, resident rainbow trout, resident coastal and anadromous cutthroat trout, and chum salmon.

The portion of the watershed to be acquired pursuant to the proposed authorization lies in the lower Blue Creek watershed. The property is currently owned by Green Diamond Resources, and has been used for the production of timber resources since the 1950s. The majority of the timber stands are twenty to fifty years old, though there are some residual old growth trees found on the property. Development is limited to a network of roads related to timber harvest.

The property that will make up the Blue Creek Preserve represents the interior extent of the distribution of coast redwood, which historically dominated the site. The Blue Creek Preserve area supports over 30 different natural communities, with Mixed Evergreen Forest being the dominant community, followed by Coastal Redwood Forest. Despite the heavy logging activities of the past century, Blue Creek remains the most pristine tributary in the lower Klamath River basin, flowing cold and clear from the Siskiyou Wilderness.

Project History: In 2008, WRC and the Yurok Tribe entered into an agreement to work together to acquire title to the Blue Creek property owned by Green Diamond Resource Company within the ancestral territory of the tribe. In 2009, WRC entered into a contract with the Green Diamond Resource Company to acquire 47,064 acres in the lower Klamath watershed. The first phase of acquisition was completed in 2011, when WRC and the Yurok Tribe partnered with the State Water Resources Control Board to acquire 22,237 acres in three lower Klamath watersheds: Pecwan, Ke’pel and Weitchpec. These properties are now owned and managed as a unit of the Yurok Tribal Community Forest under a management plan approved by the U.S. Bureau of Indian Affairs.

The second phase of acquisition, completed in early 2014, entailed the purchase of 8,489 acres of working forest and Blue Creek Preserve lands with a loan from the Packard Foundation, funding from New Market Tax Credits and an anonymous philanthropic organization. In a similar structure to that proposed for Conservancy funding under this authorization, WRF took title to the lands, and entered into a management agreement with the Yurok. The Packard Foundation loan will be repaid with proceeds from carbon credits and timber sale revenues from the working forest portion of the property.

WRC TOTAL PROJECT FINANCING

Coastal Conservancy	\$2,000,000
Wildlife Conservation Board	\$5,000,000
Wyss Foundation	\$1,000,000
New Market Tax Credits	\$1,900,000
WRC Project Total	\$9,900,000

The anticipated source of the Conservancy's funds is the fiscal year 2014/2015 appropriation to the Conservancy pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (“Proposition 50,”), Water Code section 79500 *et seq.* Proposition 50 authorizes the use of funds for the purpose of protecting coastal watersheds through projects to acquire, protect and restore land and water resources that are undertaken pursuant to the Conservancy’s enabling legislation. The proposed acquisition is consistent with the Conservancy’s enabling legislation as discussed below, and will protect a coastal watershed through acquisition and preservation of the lower Blue Creek watershed, which drains to the Klamath River. Proposition 50 requires that “watershed protection activities” must be consistent with the applicable adopted local watershed management plan and the applicable regional water quality control plan adopted by the regional water quality control board. No local watershed management plan has been adopted for the lower Blue Creek watershed. However, the proposed acquisition is consistent with the North Coast Regional Water Quality Control Board Basin Plan (“Basin Plan”). The Basin Plan calls for the protection and enhancement of coldwater fisheries as a “beneficial use.” The proposed project will advance the goals and objectives of the Basin Plan by protecting 4,063 acres of watershed lands through acquisition from a timber company, thereby removing the threat of commercial timber harvest with its associated adverse impacts to Blue Creek and the Klamath River.

As a requirement of the Conservancy's grant, WRC will enter into a revenue sharing agreement with the Conservancy. As discussed in the "Project Summary" section above, WRC will seek to register the property as an improved forest management project under the U.S. Forest Protocol adopted by the California Air Resources Board ("CARB") in 2011. WRC, WRF, and the Yurok Tribe intend for the property to be used to generate revenue from the sale of carbon offsets. Funds could also be generated from the sale of timber harvested from the property for the purpose of accelerating the restoration of old growth forest characteristics. Proceeds will first be used to cover management costs and habitat restoration on the property. If there are additional funds generated over those needed for management and restoration of the project, the Conservancy would share in those revenues, proportional to the Conservancy's investment in the project. Net revenues are not guaranteed to arise; actual revenues will depend on a number of factors, including the project proponent's ability to successfully register the project under the CARB program, the market price of carbon offsets and wood products from year-to-year, and the cost of land management and regulatory compliance.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This proposed funding authorization implements Chapter 8 (Sections 31350-31356), regarding reservation of significant coastal resources, and Section 31113, regarding climate change, of the Conservancy's enabling legislation, Division 21 of the Public Resources Code.

Section 31350 states the intent of the Legislature to vest in the Conservancy authority to protect key coastal resource lands that otherwise would be lost to public use. Section 31351 directs the Conservancy to cooperate with nonprofit organizations in ensuring the acquisition and protection of real property for purposes of Division 21 as well as for fish and wildlife habitat required to meet the policies and objectives of the California Coastal Act or certified local coastal programs. Under Section 31352(a), the Conservancy may award a grant to a nonprofit organization that is unable, due to limited financial resources, to protect an interest in real property for a purpose provided in Section 31351.

The Blue Creek property is a key coastal resource land. It contains a portion of Blue Creek, a tributary to the Klamath River that provides critical cold water refugia for anadromous fish traveling through the lower Klamath River. Protection of Blue Creek is important to the health of the Klamath, which is listed as impaired due to sediment and temperature under Section 303(d) of the federal Clean Water Act. The property also provides an important connection between coastal forest and 65,000 acres of protected interior wilderness lands in the upper Blue Creek watershed. Acquisition of the Blue Creek property will protect it for public use by eliminating commercial timber harvest and enabling improved forest management.

The proposed acquisition will help meet the objectives of several chapters of Division 21, including:

- Chapter 5.5 Integrated Coastal and Marine Resources Protection (Section 31220), which authorizes grants for projects that protect fish and wildlife habitat within coastal watersheds, manage sediment to protect or restore fish and wildlife habitat, reduce unnatural erosion and sedimentation, protect riparian areas and other sensitive watershed lands.

- Chapter 6 – Coastal Resource Enhancement (Section 31251 et seq.), which authorizes grants for acquisition of land in coastal resource enhancement areas to improve resource management, and for other corrective measures to enhance the natural and scenic character of affected areas (Section 31251).

The acquisition also implements Coastal Act policy in Public Resources Code Section 30231, which requires maintenance of the biological productivity and quality of coastal waters and streams appropriate to maintain optimum populations of marine organisms and for protection of human health. Acquisition of the Blue Creek property will enable improved forest and watershed management and remove the threat of commercial timber harvest, thereby contributing to the attainment of water quality objectives in the Lower Klamath River. Although the Blue Creek property lies outside the coastal zone, its protection will help improve the biological productivity and quality of the Klamath River, which drains to the Pacific Ocean.

The acquisition will also protect fish and wildlife habitat consistent with relevant portions of the Humboldt and Del Norte County Local Coastal Plans, and would further support the goals and/or policies of the California Department of Fish and Game's *Recovery Strategy for Coho Salmon*, and the Yurok Tribe's *Lower Klamath River Sub-Basin Watershed Restoration Plan*.

WRC and WRF are both nonprofit organizations existing under Section 501(c)(3) of the U.S. Internal Revenue Code; while WRC has coordinated significant financial contributions from other funding sources towards the acquisition, the acquisition cannot occur without the Conservancy's support due to the magnitude of the project. Thus, the proposed funding authorization is consistent with Chapter 8 because it protects a key coastal watershed that otherwise would be lost to public use through cooperation with two nonprofit organizations to acquire and protect real property for purposes of Division 21 as well as for fish and wildlife habitat required to meet the policies and objectives of the California Coastal Act and certified local coastal programs.

Under Section 31113 (a), in implementing Division 21, the Conservancy is authorized to address the impacts and potential impacts of climate change on resources within its jurisdiction, and is further authorized to undertake projects that reduce greenhouse gas emissions. It is well understood by scientists that the rapidly warming climate will have profound effects on the ability of many species to persist. A 2012 Resources Legacy Fund report, *Ecosystem Adaptation to Climate Change In California – Nine Guiding Principles*, prepared by an expert panel, recommended (a) conservation of the variety of ecological settings that will continue to support California's biodiversity and ecosystems as they shift in response to the changing climate, and (b) conservation and restoration of landscape linkages and connectivity areas that will allow diverse species to move to new locations and will enhance overall species persistence. The protection of the Blue Creek watershed, with its important salmonid habitat, large size and its adjacency to other protected lands furthers these guiding principles and recommendations. The project provides a range of elevations and habitats, prevents habitat fragmentation, and ensures significant linkages to allow for the migration of species adjusting to changing conditions due to climate change. Acquisition of the property and improved forest management will also allow for increased carbon sequestration. Under Section 31113(b), the Conservancy may award grants to nonprofit organizations for activities authorized in 31113(a). In awarding the grants the Conservancy is directed to prioritize projects that maximize public benefits, including reducing emissions of greenhouse gases, preserving natural lands and conserving biodiversity. The

proposed project, through improved forest management, will reduce greenhouse gases, and will maintain a large contiguous block of habitat, connecting with over 25,000 acres of protected working forests, and 65,000 acres of federal wilderness lands.

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 4, Objective A** of the Conservancy's 2013-2018 Strategic Plan, the proposed project will protect a significant watershed resource property.

Consistent with **Goal 4, Objective C**, the proposed project will protect a fish and wildlife corridor (the lower Blue Creek watershed) that connects to interior protected forests and upper watershed lands.

Consistent with **Goal 5, Objective G**, the proposed project will eliminate commercial timber harvest of the land resulting in improved water quality of the lower Blue Creek watershed and the lower Klamath River watershed, thereby benefiting coastal and ocean resources.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Promotion and implementation of state plans and policies:** The proposed acquisition is consistent with the recommendations and policies of the following state plans:
 - *CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan* (July 2014) –The proposed project is consistent with recommendations in this plan related to forestry and water in that it will lead to increased forest resilience, protect water resources for an important ecosystem and lead to rehabilitation of a watershed area, providing more natural floodplain features.
 - *California State Water Plan* – the proposed project furthers the objectives of this plan in that it will protect and restore an important coastal ecosystem.
 - *California Wildlife Action Plan* – The proposed project is supported by Statewide Conservation Strategy D of this plan: "the state should partner with ... land trusts and conservancies to prioritize and secure through purchase...important habitat linkages." Consistent with this recommendation the Blue Creek watershed was identified by the *California Essential Habitat Connectivity Project* as a priority linkage.

- The proposed project will support the recovery of several federally-listed endangered species, furthering the goals of the federal Recovery Plans for the marbled murrelet, the northern spotted owl, and the Southern Oregon Northern California Coast (SONCC) Coho. Blue Creek is crucial to the survival of several species of salmonids, is within a Key Watershed in the *Aquatic Conservation Strategy of the Northwest Forest Plan*, and has been listed as an important cold water refugia in the *Klamath River Total Maximum Daily Load (TMDL) Action Plan*, prepared by the USEPA in 2010.
 - The California Department of Fish and Game's *2004 Recovery Strategy for California Coho Salmon* acknowledges the importance of the Blue Creek watershed tributaries as key thermal refugia for salmon, and recommends that riparian habitat be protected and restored, and that upslope stabilization and restoration activities continue.
 - The *North Coast Integrated Regional Water Management Plan* (NCIRWMP 2007) identifies the lower Klamath basin as a restoration priority.
4. **Support of the public:** The proposed project is supported by the Yurok Tribe, Senator Noreen Evans, Assemblyman Wes Chesbro and others. Letters of support can be found in Exhibit 3.
 5. **Location:** The property is located outside of the coastal zone in the lower Klamath River watershed, and provides critical habitat for anadromous fish, an important coastal resource.
 6. **Need:** WRC has developed a creative funding strategy, matching private investment dollars through the federal New Market Tax Credit program with state and philanthropic funding, but absent Conservancy participation, the acquisition will not proceed.
 7. **Greater-than-local interest:** As discussed in this staff report, the Blue Creek watershed is the key watershed in the Lower Klamath for protection of salmonids. The creek itself provides important habitat, and the cool water it provides to the Klamath River system at its confluence with the mainstem is vital to the health of the salmon stocks that migrate up the Klamath to other tributaries to spawn.
 8. **Sea level rise vulnerability:** Blue Creek enters the Klamath River approximately 16 river miles from the coast, and is therefore not vulnerable to future sea level rise under scenarios for the years 2050 and 2100.

Additional Criteria

9. **Leverage:** See the "Project Financing" section above.
10. **Conflict resolution:** Acquisition of the Blue Creek property and management as a salmon sanctuary will resolve the inherent conflict between management of industrial timberland with its impacts to the land, and preservation of fish and wildlife habitat.
11. **Innovation:** This acquisition uses an innovative funding strategy – the use of federal NMTC investments to match public and private foundation funding.

12. **Readiness:** All other funds required for the acquisition have been secured, and WRC is prepared to complete the transaction upon Conservancy approval.
13. **Realization of prior Conservancy goals:** The Conservancy has a history of supporting efforts to protect and restore anadromous fish habitat in the Lower Klamath River, dating back to 1993 with the Conservancy's participation in the Lower Klamath Restoration Partnership. The Partnership was formed to facilitate a coordinated approach to watershed restoration planning and to find innovative solutions to resource management issues between private landowners, Tribal interests and public agencies. In 2003, the Conservancy funded watershed restoration activities by the Yurok Tribe in McGarvey Creek, another salmon-bearing tributary in the Lower Klamath.
14. **Return to Conservancy:** See the "Project Financing" section above.
15. **Cooperation:** The proposed acquisition is a cooperative project of WRC, the Yurok Tribe, the Wildlife Conservation Board and the Conservancy. While title to the property will vest in WRF for the next seven years, the property will be managed by the Yurok Tribe, who will proceed with restoration activities consistent with a management plan to be approved by the Executive Officer of the Conservancy.
16. **Vulnerability from climate change impacts other than sea level rise:** The Blue Creek property provides a connection between coastal and interior forests. The interior forests preserved by the linkage are prone to catastrophic wildfires due to fire suppression and regeneration timber harvest, which have increased fuel load levels. Climate change is expected to further exacerbate this issue. The property is projected to have less severe temperature increases because of its proximity to the coast, providing an important refuge. Blue Creek is especially vital as a cold water refuge for anadromous fish, both today and in light of future climate change. The property is topographically diverse and its large scale supports a multitude of soils and microclimates, features that are important for supporting native species that must shift their ranges in response to climate change.
17. **Minimization of greenhouse gas emissions:** Acquisition of the Blue Creek property will not result in significant greenhouse gas emissions. With improved forest management, and its proposed transition to old-growth forest conditions, the forest will be able to sequester additional carbon, and WRC intends to develop a carbon project for the property and surrounding forest lands.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed acquisition lies outside the coastal zone, but the authorization is consistent with the two certified Local Coastal Programs as follows:

Del Norte County

The proposed project is consistent with the relevant portions of the Del Norte County Local Coastal Program (LCP), which was certified by the Coastal Commission on October 12, 1983.

It is due to the diversity in life history patterns of anadromous fish species that the Del Norte LCP acknowledges the importance of coastal streams and riparian vegetation systems as

Sensitive Coastal Habitat, necessary to both the aquatic life and the quality of water courses. Chapter VI of the Land Use Plan portion of the LCP includes the following provisions:

“The County shall maintain all existing species of fish, wildlife, and vegetation for their economic, intrinsic and ecological values as well as providing adequate protection of rare and endangered species.”

“The County should establish riparian corridors along local streams, creeks, and sloughs to maintain their aesthetic appeal, wildlife habitat, control of erosion. . . .”

“The County encourages programs (*e.g.*, fish hatcheries, habitat rehabilitation) designed to improve the quality of coastal fisheries and other marine resources.”

“All surface and subsurface waters shall be maintained at the highest level of quality to insure the safety of public health and the biological productivity of coastal waters.”

Del Norte County Local Coastal Program, Land Use Plan, Chapter VI, Section B., pages 55-58.

The proposed project will protect and improve anadromous fish habitat by protecting the Blue Creek watershed and improving water quality in the Klamath River and therefore the proposed project is consistent with the LCP.

Humboldt County

The proposed project is consistent with the Humboldt County General Plan Volume II, North Coast Area Plan of the Humboldt County Local Coastal Program (LCP), which was partially certified by the Coastal Commission on January 12, 1982, and amended thereafter on various occasions, and which states:

“Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on such resources shall be allowed within such areas.”

“Marine resources shall be maintained, enhanced, and, where feasible, restored. Special consideration shall be given to areas and species of special biological or economic significance.”

“The biological productivity and the quality of coastal waters, streams, wetlands... appropriate to maintain optimum populations of marine organisms... shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of wastewater discharges and entrainment, controlling runoff... and minimizing alteration of natural streams.”

Humboldt County Local Coastal Program, North Coast Area Plan, Chapter 3, section 3-40(a) and Section G.

COMPLIANCE WITH CEQA:

The proposed funding authorization is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to California Code of Regulations (“CCR”) title 14, sections 15325 and 15313 because the project consists of the acquisition of an

interest in land to preserve open space, natural resources and fish and wildlife habitat. Upon approval of the project, staff will file a CEQA Notice of Exemption.