

COASTAL CONSERVANCY

Staff Recommendation  
June 1, 2023

**PINE CREEK TRACT ACQUISITION**

Project No. 23-021-01  
Project Manager: Joel Gerwein

**RECOMMENDED ACTION:** Authorization to disburse up to \$4,500,000 to the Hoopa Valley Tribe to acquire approximately 10,300 acres of real property known as the Pine Creek Tract, in the Klamath River watershed, to protect and restore water quality, anadromous fish habitat, wildlife habitat, wildlife connectivity, and forest health, and for tribal and public access compatible with natural resource protection.

**LOCATION:** Lower Klamath River Watershed, Humboldt County

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EXHIBITS

- Exhibit 1: [Project Location and Site Maps](#)
  - Exhibit 2: [Humboldt County Assessor Parcel Numbers](#)
  - Exhibit 3: [Project Photos](#)
  - Exhibit 4: [Project Letters](#)
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**RESOLUTION AND FINDINGS**

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed four million five hundred thousand dollars (\$4,500,000) to the Hoopa Valley Tribe (the “grantee”) to acquire approximately 10,300 acres of real property known as the Pine Creek Tract, Humboldt County Assessor Parcels Numbers that are shown on Exhibit 2 to the accompanying staff recommendation, subject to the following conditions:

1. Prior to the disbursement of funds for the acquisition, the grantee shall submit for the review and approval of the Executive Officer of the Conservancy (Executive Officer):

- a. All relevant acquisition documents for the acquisition including, without limitation, the appraisal, purchase and sale agreement, deed, escrow instructions, environmental or hazardous materials assessment, and title report;
  - b. A baseline conditions report; and
  - c. Evidence that sufficient funds are available to complete the acquisition.
2. The grantee shall pay no more than fair market value for the property, as established in an appraisal approved by the Executive Officer.
  3. The property acquired under this authorization shall be managed and operated to protect and restore water quality, anadromous fish habitat, wildlife habitat, wildlife connectivity, and forest health, and for tribal and public access compatible with natural resource protection. The property shall be permanently dedicated to those purposes by an appropriate instrument approved by the Executive Officer.
  4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property or in a nearby publicly viewable area, the design and location of which are to be approved by the Executive Officer.

Findings:

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

1. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resources protection.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.

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## **STAFF RECOMMENDATION**

### **PROJECT SUMMARY:**

Staff recommends the Conservancy authorize \$4,500,000 to the Hoopa Valley Tribe to acquire the approximately 10,300-acre real property known as the Pine Creek Tract (the “property”) located within the Klamath River watershed in Humboldt County (the “project”) to protect and restore water quality, anadromous fish habitat, wildlife habitat, wildlife connectivity, and forest health, and for tribal and public access compatible with natural resource protection (see Exhibits 1 and 2). The proposed project will protect and maintain in perpetuity the conservation values of the property, including cultural resources, native fish and wildlife habitat, and watershed riparian resources and water quality. The project will enable the Hoopa Valley Tribe to regain aboriginal territory and manage the cultural and natural resources of the land based on traditional and sustainable management practices. The Hoopa Valley Tribe plans to enhance and restore habitat for species of concern on the property, including listed salmonids, northern spotted owl, Pacific fisher, and potentially Roosevelt elk. If protected, the property will enhance habitat connectivity for over 240,000 acres of contiguous protected lands (Redwood National Park, Hoopa Valley Reservation, and US Bureau of Land Management’s (BLM) Lacks

Creek Management Area) to facilitate plant and wildlife species climate adaptation. The acquisition also provides an opportunity to develop a future hiking trail connection linking BLM's Lacks Creek Management Area to Redwood National Park.

Home to the Hoopa Valley Tribe, the 92,000-acre Hoopa Valley Reservation includes elevations ranging from 5,000 feet on steep and forested mountains to 300 feet throughout the six-mile, fertile Hoopa Valley. The Reservation was established in 1864, and while it is one of the few places in California where indigenous inhabitants were not forced off the entirety of their land, it represents only 1/3 of the Tribe's aboriginal territory. The Hoopa Valley Reservation is in the Trinity River watershed, the largest tributary of the Klamath River Basin. The adjacent Pine Creek Tract drains directly into the Klamath River immediately west of the confluence of the Trinity and Klamath Rivers (Exhibit 1). Anadromous fish such as Chinook and coho salmon and steelhead trout have sustained Native American tribes in the Trinity and Klamath watersheds for thousands of years. Since European arrival in the 1800s, mining, logging, dam construction, water extraction, and overharvesting of forest and aquatic resources have degraded the ecological health of the rivers and watersheds. Because the Hoopa Valley Tribe's identity and culture is interwoven with the natural resources of the land, this degradation has had a profoundly negative effect on the physical, mental, and social well-being of the Tribe.

The 10,300-acre Pine Creek Tract borders the western boundary of the Hoopa Valley Reservation and links BLM's Lacks Creek Management Area and Redwood National Park (Exhibit 1). The property is privately owned by New Forest, which acquired it from the Soper-Wheeler Company in 2018. The property has been managed for industrial timber production since the 1940s. Past silvicultural practices include clearcuts, commercial thins, selection harvests, and rehabilitations of hardwood dominated stands with hack and squirt herbicide applications. In 2018, New Forest developed an Improved Forest Management project for the sale of carbon offsets on 8,005 acres of the property (Exhibit 1). The carbon offset project was approved by the California Air Resources Board under its Compliance Offset U.S. Forest Projects Protocol on June 26, 2019. Most portions of the property that are not included in the carbon offset project are either not forested (grasslands) or have low tree density and size.

The headwaters of Pine Creek, a salmon-bearing tributary to the Lower Klamath River, are located within the Pine Creek Tract. The property has recently become available for sale, and the Hoopa Valley Tribe is seeking funding partners to help regain this large contiguous block of its aboriginal territory and incorporate it into the Hoopa Valley Reservation. If acquired, the Tribe will apply its robust land management and conservation programs based on Indigenous Science to improve the property's habitats. The Lower Klamath River is listed as a core priority recovery area by the National Marine Fisheries Service (NMFS) for coho salmon, and Pine Creek contains some of the highest intrinsic potential habitat for this population in the Lower Klamath. In addition to threatened fish species such as coho and Chinook salmon, the Pine Creek Tract includes habitat for sensitive wildlife species such as pacific fisher, northern spotted owl, marbled murrelet, and California condor. The property contains sacred areas that have been inaccessible to the Tribe for over 100 years.

The Tribe has an outstanding record of natural resource management of the Reservation lands by its Tribal Forestry, Tribal Fisheries, and Tribal Environmental Protection departments. The

Tribe will extend the following programs to the Pine Creek Tract if acquired: the nation's preeminent wildlife tracking program for the endangered Pacific fisher; a new program to study the Humboldt marten, an endangered species recently rediscovered in the adjacent Redwood National Park; and a program to locate and track the population of the threatened northern spotted owl within Hoopa territory. In addition, the Tribe will explore converting recently logged portions of the property to meadow habitats beneficial to Roosevelt Elk and the recently reintroduced endangered California Condor. The Tribal Fisheries Department will coordinate the restoration of the property's watershed and riparian habitats. The Tribal Fisheries Department recently completed the *Pine Creek Watershed Assessment and Erosion Prevention Planning Project* (2019), a watershed plan with recommendations for treatments to improve sediment transport and channel structure in the Pine Creek watershed on Hoopa Valley Reservation land. The Tribe intends to expand its forest health program to the Pine Creek Tract to ensure the property is managed in a way that sustains forest health, which includes wildfire resiliency. Wildfire resiliency is needed to buffer against catastrophic wildfires that could imperil the region's critical wildlife habitat. Finally, the Tribe will study the feasibility of extending the public hiking trail from BLM's Lack Creek Management Area across the Pine Creek Tract to link with Redwood National Park trails. (Exhibit 1) This extension would add a rich diversity of habitats to the wilderness experience of hikers in this remote area of the state.

The Tribe has entered into a purchase and sale agreement with the landowner to purchase the property for \$14,100,000 by December 31, 2023. An appraisal is underway but has not been completed. However, valuation of timber that could still be harvested under the carbon offset project, and the potential to sell additional carbon offsets as the forest grows indicates that this price is significantly below fair market value. If the appraisal determines that the price in the purchase and sale agreement is above the fair market value, the Tribe and landowner understand that Conservancy funds cannot be used for an acquisition at greater than fair market value. Additional costs associated with pre-acquisition studies, due diligence, and transaction costs are estimated at \$90,000. The Tribe has secured \$5,100,000 from private funders and is seeking additional funding from CalFire, the California Natural Resources Agency, and other funders. If necessary, the Tribe may secure a loan from the Indian Land Capital Company, a Native-owned, Certified Native Community Development Financial Institution which provides alternative loan options to Native Nations for tribal land acquisition and economic development projects.

**Site Description:** The Pine Creek Tract comprises approximately 10,300 acres of river valley and mountainous terrain along the western boundary of the 92,000-acre Hoopa Valley Reservation. The area is 300 miles north of San Francisco, 64 miles northeast of Eureka, and 90 miles south of the Oregon border. The property is primarily mixed conifer forest, dominated by Douglas fir and tanoak, with Canyon live oak and Pacific madrone as minor components. Portions of the property are mixed hardwood conifer forest, with a mix of high canopy layers and open areas. The property has historically been managed for industrial timber production, resulting in stands no older than 50 years with a majority being 35-50 years old. Pine Creek traverses the property and empties into the Lower Klamath River Basin. The Lower Klamath subwatershed is characterized by rugged, steep forestland with highly erodible soils. The Klamath is the most important North American river south of the Columbia River for anadromous fish migration.

The river's once abundant salmon, steelhead, and rainbow trout were a major source of food and remain culturally significant for Native Americans, who have inhabited the basin for at least 7,000 years. In addition to anadromous fish species, the property contains habitats for several sensitive species including northern spotted owl, marbled murrelet, pacific fisher, Humboldt marten, and California condor. The property contains sacred areas that the Hoopa Valley Tribe has not been able to access for over 100 years.

Water quality issues in the Lower Klamath sub-basin are related to the salmonid habitat qualities of the mainstem river and the effects on the tributaries of silvicultural activities on both federal and private lands. These issues include high summertime water temperatures, sedimentation, erosion, mass wasting and stream modifications that affect salmonid habitats, and forestland herbicide applications that threaten domestic water supplies. Major land uses in the watershed include timber harvesting, grazing, dairies, and agriculture; gravel mining occurs in the river just outside the coastal zone. In the middle to lower watershed, historic and current timber harvesting is a source of increased sedimentation. Past land management activities and naturally occurring landslides in the Pine Creek watershed have resulted in many failed road systems which have altered stream and riparian areas and negatively impacted spawning and rearing habitat. The Klamath River, including its delta and estuary, is listed as impaired on the current (2016) Clean Water Act 303(d) list and is designated as a Critical Coastal Area under the State's Nonpoint Source Pollution Control Program.

**Grant Applicant Qualifications:** The Hoopa Valley Tribe is one of the few tribes in the nation with developed Tribal Business Codes, was the first Tribe in California granted treatment as a State under the Federal Clean Water Act, and is a Tribal Nation on the forefront in the areas of forestry management and education. As part of its identity and culture, the Tribe practices sustainable management of the reservation's 92,000 acres. The Tribe has fisheries and forest management departments and an environmental protection agency; it follows a forest management plan certified by the Forest Stewardship Council and a water quality control plan. The Tribe has worked in coordination with CalFire on its forest health program and with the U.S. Fish and Wildlife Service to monitor several listed and sensitive species including the Pacific Fisher, the Humboldt Marten, the Northern Spotted Owl, and Chinook and Coho salmon.

The Hoopa Valley Tribe has a long history of successful federal, state, and private grant funding management. The Tribe administers over \$100 million in grant funds. Specifically, the Tribe administers over \$3 million in grant funding for stream and river restoration annually. The Tribe has successfully managed a 2021 Conservancy grant for wildfire resilience.

**CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:**

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

## Selection Criteria

### **1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.**

See the “Consistency with Conservancy’s Strategic Plan” section below.

### **2. Project is a good investment of state resources.**

The proposed project to acquire the 10,300 acre property in the Klamath River watershed is a good investment of state resources because (1) it will contribute to meeting the state’s natural and working lands conservation goals and engage a California Native Tribe as required by the Governor’s 30 x 30 Executive Order; (2) it will advance state and regional water quality improvement goals; and (3) it will help protect and enhance the biodiversity of habitats for state and federal threatened and sensitive species.

### **3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.**

Acquisition of the Pine Creek Tract will assist the Hoopa Valley Tribe in regaining over 10,300 acres of its aboriginal land. Once returned, the Tribe will manage the cultural and natural resources of the land based on traditional and sustainable management practices. The Hoopa Valley Tribe has interwoven the identity, culture, and health of its people with the stewardship of the adjacent 92,000 acres and will extend these management practices to the Pine Creek Tract.

The Tribe will practice place-based management to address the anthropogenic factors such as mining, logging, and overharvesting of resources that have had detrimental impacts on the Pine Creek Tract. Indigenous Science uses millenia of observations and interactions with nature to create “place-based” alternatives for both research and management policies in contemporary cross-cultural settings.

### **4. Project benefits will be sustainable or resilient over the project lifespan.**

Acquisition of the Pine Creek Tract by the Hoopa Valley Tribe will shift current management practices to long-term sustainable management for forest health. Land management may include prescribed burning to reduce fuel loads, prevent catastrophic wildfires, and promote healthier animal and plant life. Restoration of Pine Creek will improve aquatic habitat resiliency for Chinook and coho salmon. Project management will seek to restore ecosystem processes such as riparian sediment transport and forest disturbance regimes that will promote long-term, sustainable improvements in fish and wildlife habitat and water quality.

### **5. Project delivers multiple benefits and significant positive impact.**

The proposed project will (1) return approximately 10,300 acres of aboriginal land to the Hoopa Valley Tribe; whose cultural identity and well-being depends on management of the natural resources of its ancestral lands; (2) benefit a severely disadvantaged community; (3) provide an opportunity to restore up to 3 miles of Pine Creek, a salmon-spawning tributary to the Klamath River with essential habitat for critically endangered coho and Chinook salmon; (4) provide an

opportunity to extend the Tribe’s efforts in conjunction with federal and state agencies to study and enhance habitat for the following listed species: pacific fisher, Humboldt marten, Northern Spotted Owl, marbled murrelet, and California Condor; (5) prevent habitat fragmentation and preserve landscape scale connectivity to over 240,000 acres of contiguous protected lands to facilitate plant and wildlife species climate adaptation; and (6) reduce fire risk by enabling management for wildfire resiliency in a particularly fire-prone landscape.

**PROJECT FINANCING**

<b>Coastal Conservancy</b>	<b>\$4,500,000</b>
Private funding (secured)	\$5,100,000
Anticipated Additional Funding (TBD)	\$4,590,000
<b>Project Total</b>	<b>\$14,190,000</b>

Conservancy funds are anticipated to come from the FY 2022/23 appropriation from the General Fund to the Conservancy for the purpose of climate resilience (The Budget Act of 2022, SB 154). These funds are available as described in Section 52 of Chapter 258 of the Statutes of 2021, which sets forth a detailed description of the purposes of the climate resilience funds, including projects that protect coastal watersheds and increase the resilience of coastal ecosystems to climate change impacts. The proposed project is consistent with this funding source because it will permanently protect 10,300 acres of a coastal watershed including an important wildlife corridor, and it contains diverse habitat types that will facilitate climate migration of native species.

Unless specifically identified as “Required Match,” the other sources of funding and in-kind contributions described above are estimates. The Conservancy does not typically require matching funds or in-kind services, nor does it require documentation of expenditures from other funders or of in-kind services. Typical grant conditions require grantees to provide any funds needed to complete a project.

**CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:**

The proposed authorization is consistent with the purposes and objectives of Chapter 5.5 of Division 21 of the Public Resources Code, regarding improving and protecting coastal and marine habitats (Section 31220). Section 31220(a) permits the Conservancy to provide grants for coastal watershed resources protection projects, if the projects meet one or more of the objectives detailed in Section 31220(b). Consistent with Section 31220(b), the project will achieve the following objectives: protect fish and wildlife habitat within a coastal watershed (Section 31220(b)(2)); reduce unnatural erosion and sedimentation of a coastal watershed (Section 31220 (b)(4); and acquire coastal watershed lands draining to sensitive coastal or marine areas (Section 31220(b)(6)). The Pine Creek Tract Acquisition project will acquire property interests that will protect 10,300 acres of coastal watershed lands containing critical habitat for northern spotted owl, pacific fisher, marbled murrelet, California condor, and

Chinook and coho salmon and prevent future land uses (industrial timber production) that could contribute to unnatural watershed erosion and sedimentation.

As required by Section 31220(a), staff has consulted with the State Water Resources Control Board for consistency with Public Resources Code Division 20.4, Chapter 3 (the Clean Beaches Program).

**CONSISTENCY WITH CONSERVANCY'S [2023-2027 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 1.2 Return Power to Tribes**, the proposed project would return control of 10,300 acres of ancestral land to the Hoopa Valley Tribe.

Consistent with **Goal 3.1 Conserve Land**, the proposed project would protect 10,300 acres of land identified in regionally led and scientifically based planning efforts to protect high quality resources and increase habitat.

Consistent with **Goal 3.2 Restore or Enhance Habitats**, the proposed project will protect 10,300 acres of a wildlife corridor and may enhance anadromous fish habitat to reduce barriers to migration in the Pine Creek watershed, a tributary to the Klamath River.

**CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/STATE WATER QUALITY CONTROL PLAN:**

Projects undertaken pursuant to Section 31220 of the Public Resources Code must be consistent with the following, if available and relevant: Integrated Watershed Management Programs; local watershed management plans; and water quality control plans, adopted by the state and regional water boards.

The proposed project is consistent with the Lower Klamath River Basin subsection of the North Coast Integrated Regional Water Management Plan. The project would specifically further the Plan's Water Quality Goal 1 to "protect and enhance the salmonid fishery". The project would also help further the Plan's Goal 3 to "maintain recreational opportunities" by providing an opportunity to extend a public trail from the adjacent Redwood National Park.

Conservation of this significant property, including sustainable indigenous management practices and future restoration efforts will help decrease erosive sediment inputs into the river and improve channel structure, as called for by the North Coast Integrated Regional Water Management Plan, resulting in benefits to the Klamath River's salmonid fisheries and water quality (See Project Summary).

The proposed project is consistent with the North Coast Integrated Regional Water Management Plan because it will help protect native salmonid habitat in the Lower Klamath River watershed.

The proposed project is consistent with the Water Quality Control Plan for the North Coast Region because it will prevent an increase in sediment discharge in the Klamath River watershed that would result from continued industrial timber uses.



**CEQA COMPLIANCE:**

The proposed funding authorization is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15313 because this project is an acquisition of land to preserve fish and wildlife habitat; Section 15316, because this project is an acquisition for the purpose of establishing a park where no management plan has been prepared yet; and Section 15325 because the project involves the transfer of ownership interests in land to preserve open space or enhance natural conditions, including plant or animal habitats. The proposed project will preserve the existing natural conditions and habitats of the Property, and a management plan for the Property has not yet been prepared.

Upon approval of the project, Conservancy staff will file a Notice of Exemption.