



STATE OF WASHINGTON

RECREATION AND CONSERVATION OFFICE

September 2008

**Item #12: Conversion Request for Multiple Projects,
Washington Department of Fish and Wildlife**

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**Approved by the
Director:**

Proposed Action: Decision

Summary

The Washington Department of Fish and Wildlife (WDFW) proposes to convert about 26,000 acres of wildlife area lands that it acquired with grants awarded by the Recreation and Conservation Funding Board (Board). The conversion is part of a larger land exchange with the Washington Department of Natural Resources (WDNR). WDFW has identified parcels for conversion and replacement, is conducting appraisals, and expects the land exchange to occur by December 31, 2008. Staff is currently reviewing the conversion proposal and will present a complete analysis for final decision at the November Board meeting.

Board policy states that publicly owned lands cannot be used as replacement properties if they were previously managed for habitat conservation. As a result, some of the proposed replacement properties are not eligible. WDFW is asking the Board to waive this policy so that they can move forward on the proposed exchange. The waiver would apply only to the grants awarded with state funds, not the federally-funded grants



through the Land and Water Conservation Fund, which is governed by federal regulations.

The waiver of the policy would make WDNR trust land that WDFW previously leased eligible as replacement property for the state funded grants.

Staff Recommendation

Staff has prepared three options for Board consideration. Staff recommends Option 3.

1. Do not grant the waiver
2. Approve the waiver on a property-by-property basis for each proposed replacement property
3. Approve the waiver collectively for all of proposed DNR replacement properties that are part of the larger proposed land exchange, with conditions

Background

WDFW is working with WDNR to consolidate land ownership across the state, particularly on the eastern slopes of the Cascade Mountains. Consolidating ownership in these checkerboard areas will improve land management efficiency and minimize management conflicts for both WDFW and WDNR. The Legislature provided \$1 million for appraisals and related administrative costs in support of the land exchange.

As part of the exchange, WDFW proposes to convert about 26,000 acres of wildlife lands that it acquired with Washington Wildlife and Recreation Program (WWRP) and Land and Water Conservation Fund (LWCF) grants. This would be the largest conversion in RCO and LWCF history. WDFW intends to transfer the converted property to WDNR, which will manage it as trust land, primarily for timber production.

Property Descriptions

A preliminary list of the properties to be converted, along with proposed replacement properties, was provided to the Board at its March, 2008 meeting. Most of the properties proposed for conversion are higher-elevation eastern slope forest land. The areas provide habitat for threatened and endangered species, and other species such as elk and deer. Allowed recreational uses of the properties include hunting, fishing, and wildlife viewing. The total appraised value of the property to be converted is approximately \$25 million.

The land proposed for replacement is WDNR trust land that is dominated by lower elevation forest land and shrub steppe habitat. Shrub steppe habitat also is valuable for

threatened and endangered species, as well as deer and elk. WDFW management goals for the replacement property would be similar to those of the converted property.

WDFW leased some of the proposed replacement land from WDNR for habitat management purposes, but the state Legislature discontinued funding for the leasing activities in 2003. However, because the land was publicly managed for habitat purposes in the past, it is not eligible as replacement property under current Board policy (Attachment A).

There are about 6,100 acres proposed for conversion funded with state money. The appraised value of this property is approximately \$4.6 million. The request to waive Board policy would only apply to these conversions and allow about 7,500 acres of WDNR land to be eligible as replacement property valued at \$4.6 million.

Board and Federal Approval Considerations

WDFW is continuing to develop the conversion package for consideration by the Board at its November meeting. Policy requires Board approval for conversion of WWRP funded projects. For Land and Water Conservation Fund projects, the Board's approval is a recommendation, with final approval required by the National Park Service.

Timeframe and Effects of Board Action

WDFW is seeking to complete the land exchange by December 31, 2008. The purchase and sale agreement between the two agencies expires January 31, 2009. Appraisal work on the properties is ongoing, and WDFW has stated that RCO's conversion valuation requirements will be satisfied. WDFW cannot make a final determination about the size of the conversion proposal and the final list of appropriate replacement properties until it knows whether the Board will grant a waiver of policy for the WWRP replacement lands. Pending that decision, final parcel identification and valuation will be available before the November meeting.

Due to the short timeframe, WDFW is asking the Board to consider and take action to waive its policy regarding replacement parcels previously managed for habitat purposes at the September meeting. The Board's decision will significantly influence the final conversion package and the overall scope of the WDFW-WDNR land exchange. Once the Board takes action on the waiver, the agencies can begin the SEPA and NEPA process and prepare the final conversion package for the November meeting.

Analysis

Staff has prepared three options for Board consideration regarding the request to waive RCFB policy.

Option 1

Do not approve the request to waive RCO policy.

Advantages	Disadvantages
Does not set a precedent of waiving the policy regarding land previously managed for habitat purposes.	WDFW would need to identify different replacement property, delaying the exchange and expanding its geographic scope, or reduce the overall scope of the exchange.
	The policy was intended to ensure a no-net-loss of protected habitat land by prohibiting acquisition of land that is already protected. It does not recognize the uniqueness of this situation in which leases have expired and the Legislature will no longer fund such leases. In this situation, if the properties are not acquired, there will be a loss of habitat. The policy also does not recognize the value of consolidating checkerboard ownership on either trust land management or wildlife area management.

Option 2

Approve the waiver parcel-by-parcel for a specific set of proposed replacement properties.

Advantages	Disadvantages
Provides the Board with the opportunity to evaluate the consequences of a waiver for each proposed parcel.	Adequate information is not yet available to do this in September. The agencies need to know whether the Board will waive the policy in order to finalize the proposal and begin the SEPA and NEPA process.
Recognizes that the current policy was not intended to apply to this circumstance.	
Recognizes the Legislature's support for funding the appraisal work to conduct the land exchange.	
Recognizes the uniqueness of this request, due to the large scope of the land exchange and resulting benefits to the agencies and the fish and wildlife they manage; it should not set a precedent for individual parcels seeking such waivers in the future.	

Option 3

Approve the waiver collectively for all of the proposed WDNR replacement properties that are within the larger proposed land exchange and applied to the WWRP conversions. The waiver would be applied on the condition that the waiver would apply only to parcels that had been managed temporarily for habitat purposes and were not originally acquired or permanently protected for such uses.

Advantages	Disadvantages
Gives the agencies the flexibility to move forward in the exchange process with certainty that replacement parcels would be eligible to be considered in the Board's conversion process.	If, at its November meeting, the Board decides that the conditions of the waiver have not been met on one or more of the replacement parcels, the agencies would have to find additional replacement properties or reduce the scope of their land exchange.
Recognizes that the current policy was not intended to apply to this circumstance.	
Recognizes the Legislature's support for funding the appraisal work to conduct the land exchange.	
Recognizes the uniqueness of this request, due to the large scope of the land exchange and resulting benefits to the agencies and the fish and wildlife they manage; it should not set a precedent for individual parcels seeking such waivers in the future.	
The Board will have a chance at the November meeting to ensure that each proposed replacement property is consistent with the intent of the conditional waiver approval.	

Next Steps

Resolution 2008-046 is presented for Board consideration.

Attachments

Resolution 2008-046

- A. Eligibility of Public Land, Manual 3

RESOLUTION #2008-046

Waiver of Recreation and Conservation Funding Board Policy Regarding the Eligibility of Publicly Owned Land as a Replacement for Converted Property

WHEREAS, the Washington Department of Fish and Wildlife (WDFW), as part of a land exchange with the Washington Department of Natural Resources (WDNR), wishes to convert properties acquired with Recreation and Conservation Funding Board (Board) grants and replace those with properties owned by the WDNR; and

WHEREAS, some of these replacement lands were at one time leased by WDFW for conservation purposes; and

WHEREAS, the Board adopted a policy that grant funds cannot be used to acquire public lands that have been managed for habitat conservation (Manual 3, page 10); and

WHEREAS, the intent of this policy is to prohibit the use of grant funds to protect lands that are already protected; and

WHEREAS, although the proposed replacement properties are not in compliance with the policy, they meet the intent of the policy due to the transient nature of the prior conservation leases; and

WHEREAS, the Board has adopted objectives and strategies to evaluate its policies to ensure that its investments meet the state's recreation and conservation needs, be efficient, and adapt its management to meet changing needs;

NOW, THEREFORE BE IT RESOLVED, that, for WWRP projects to be converted as part of the proposed WDFW and WDNR land exchange, the Board hereby waives the policy in Manual 3, page 10, that prohibits acquisition of public lands that have been publicly managed for conservation purposes; and

BE IT FURTHER RESOLVED, that the waiver applies only to parcels that were temporarily managed for conservation and recreation purposes, and not to parcels that were acquired specifically for conservation or recreation purposes and protected in perpetuity.

Resolution moved by: _____

Resolution seconded by: _____

Adopted/Defeated/Deferred (underline one)

Date: _____

**Attachment A: Manual #3: *Acquiring Land*, “Acquiring Publicly Owned Land”
(page 10):**

Publicly owned lands are eligible for IAC-SRFB acquisition grants only under the following circumstances:

- State law requires that the agency owning the land must receive compensation *and*
- The land was not originally acquired by the agency for habitat conservation (for habitat conservation proposals), salmon habitat recovery (for salmon habitat recovery proposals), or recreation use (for outdoor recreation proposals) *and*
- The land has never been publicly managed for habitat conservation (for habitat conservation proposals), salmon habitat recovery (for salmon habitat recovery proposals), or recreation (for outdoor recreation proposals).