

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the use of additional funding under the existing Memorandum of Agreement to support the **McKenzie River Trust** in the **Acquisition and Management of an additional 644-acres adjacent to the existing Finn Rock Reach Conservation Area.**

Board Meeting Date: June 4, 2024
Project Name/Contract #: Acquisition and Management of Quartz Creek Property / 21-052-A
Manager: Mike Masters Ext. 7549
Primary Contact: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$1.5 million (Board approved April 6, 2021)
Additional \$ Previously Approved: NA
Spend over last approval: NA
Amount this Request: \$400,000
% Increase over last approval: 26.7%
Resulting Cumulative Total: **\$1.9 million**

Contracting Method:

Method of Solicitation: Grant to Facilitate Property Acquisition
If applicable, basis for exemption: Exemption - EWEB Rule 6-0110
Term of Agreement: April 2021 – December 2026
Option to Renew? No
Approval for purchases “as needed”: Yes No
Proposals/Bids Received (Range): NA
Selection Basis: Direct Negotiation – Memorandum of Agreement (MOA)

Narrative:

Operational Requirement and Alignment with Strategic Plan

The McKenzie River is the sole source of drinking water for more than 200,000 people in Eugene and surrounding communities. In 2001, EWEB implemented a comprehensive drinking water source protection program to safeguard this critical water resource for current and future generations. On July 5, 2022, in an executive session, the Board discussed financial support for stewardship and restoration of the 644-acre Finn Rock Phase 2 property. The current agreement 21-052-A with MRT is to cost share \$3 million at 50% for each entity for floodway property acquisitions on both sides of the McKenzie River after the Holiday Farm Fire, this is to restore and improve the riparian floodplain natural resource values. To date, \$1,232,000 of the \$1,500,000 of the Agreement has been expended; therefore, the Board is being asked to approve an additional amount of \$400,000 to add to the remaining funds to complete this purchase with McKenzie River Trust. This purchase is focused on floodway acquisitions of destroyed homesites and presents an opportunity to expand stewardship and restoration of the Finn Rock Reach conservation area located near Blue River.

The McKenzie River Trust (MRT) appears successful in its bid for the 644-acre property through an unsolicited offer to the current landowner, **which is scheduled to close on June 28, 2024.** This property contains floodplain

forest with extensive wetlands in Quartz and Ennis Creek confluence areas, braided side channels, upland forest, and the mainstem McKenzie River flowing through portions of it. The acquisition also includes burned upland forests that can be converted from industrial timber use to conservation forest management to sequester carbon in partnership with the University of Oregon. This section of the McKenzie River provides spawning habitat for Chinook salmon, foraging habitat for Bull trout, and is a stronghold for native *Redside* rainbow trout. Interior forests are diverse and include impressive stands of cottonwood, Big-leaf maple, and cedar. By acquiring the property, the Trust will remove 2 residences located on the McKenzie and bring two other homes under conservation ownership. Adding these parcels to the current Finn Rock Reach conservation area will facilitate floodplain restoration work in Quartz and Ennis Creek confluence areas and helps ensure both significant fish and wildlife habitat conservation and protection of Eugene’s drinking water source.

Contracted Goods or Services

The McKenzie River Trust will own and manage this additional 644-acres as part of the expanded Finn Rock Reach conservation area. EWEB will work with MRT on the potential to develop a carbon sequestration project, which if successful will be captured under a separate agreement for future Board approval.

Purchasing Process

Under the existing Agreement with MRT, nine floodway tax lots associated with destroyed homesites have been acquired to date resulting in removal of foundations, septic systems, driveways and other infrastructure to allow for restoration of the floodplain. MRT matches EWEB investments dollar for dollar. In the Finn Rock Reach Phase 2 acquisition, EWEB’s \$650,000 is being matched by \$1.42 million in other funding.

Bonneville Power Administration: \$1,180,000

Land Trust Alliance: \$167,000

McKenzie River Trust: \$73,000

EWEB: \$650,000

ACTION REQUESTED:

Management requests the Board approve the use of additional funding under the current MRT Agreement for acquisition of 644-acres to expand the Finn Rock Reach conservation area. Approximately \$650,000 was planned for this purchase in the Watershed Recovery/Department 378 2024 budget of \$2.32 million. Variances will be managed within the budget process and Board policy.