



STATE OF WASHINGTON

RECREATION AND CONSERVATION OFFICE

March 2008

Item #8: **Conversion Request for Multiple Projects**
Washington Department of Fish and Wildlife
Projects #68-605A, #69-609A, #72-604A, #91-828A, #92-633A

Prepared By: Leslie Ryan-Connelly, Outdoor Grant Manager

Presented By: Leslie Ryan-Connelly, Outdoor Grant Manager

Approved by the Director:

Proposed Action: Discussion and direction

Summary

The Washington Department of Fish and Wildlife (WDFW) wants to convert about 26,185 acres of wildlife area lands acquired with grants awarded by the Recreation and Conservation Funding Board. They are planning a land exchange with the Washington Department of Natural Resources (DNR). The exchange involves converting these properties because they will no longer be used for habitat or recreation purposes.

WDFW has identified parcels for conversion and replacement, and is conducting appraisals of all properties. WDFW expects the land exchange to occur by June 30, 2008, so it is asking the Board to delegate approval of the conversion to the director of the Recreation and Conservation Office (RCO).

Staff Recommendation

Staff has prepared four options for Board consideration on how to proceed with this conversion request.

1. Delegate approval authority to the RCO director;
2. Conduct a special Board meeting when the conversion package is complete;
3. Defer action to the June meeting; or
4. Take no action at this time.



Background

WDFW requests approval of a multi-site conversion at five Board-assisted projects in Okanogan, Kittitas, and Yakima counties. WDFW estimates the total conversion at 26,185 acres, which would be the largest conversion in RCFB history. WDFW is transferring the property to WDNR, which will manage it as trust land, primarily for timber production. Consolidating ownership in these checkerboard areas will improve land management efficiency and minimize conflicts for both WDFW and WDNR.

Most of the properties proposed for conversion are higher-elevation eastern slope forest land. The areas provide habitat for threatened and endangered species, as well as species such as elk and deer. Allowed recreational uses of the properties include hunting, fishing, and wildlife viewing. Table 1 provides the Initial proposed list of property to be converted.

Table 1: Property to be Converted

| Project Number | Project Name | Fund Source | County | Wildlife Area | Acres |
|-----------------------|-----------------------------|---|---------------|-----------------------|------------------|
| #68-605A | Oak Creek – Wenas | State bonds | Yakima | LT Murray | 12.00 |
| #69-609A | LT Murray | Land and Water Conservation Fund | Kittitas | LT Murray | 20,455.27 |
| #72-604A | Colockum Game Range #4 | Land and Water Conservation Fund | Kittitas | Lt Murray - Quilomene | 640.00 |
| #91-828A | Okanogan Sharptailed Grouse | Washington Wildlife and Recreation Program | Okanogan | Scotch Creek | 920.00 |
| #92-633A | East Slope Inholding | Washington Wildlife and Recreation Program – Critical Habitat | Kittitas | LT Murray | 4,157.58 |
| Total Acres | | | | | 26,184.85 |

The land proposed for replacement is DNR trust land that is dominated by lower elevation forest land and shrub steppe habitat. Like the properties proposed for conversion, shrub steppe habitat also is valuable for threatened and endangered species, as well as deer and elk. WDFW would manage the replacement property with

similar species and recreational management goals as exist on the property to be converted. Table 2 summarizes the initial list of replacement properties.

Table 2: Replacement Properties

| Project Number | Acres Converted | County | Replacement Acres | County |
|----------------|------------------|----------|-------------------|------------------|
| #68-605A | 12.00 | Yakima | 77.20 | Kittitas |
| #69-609A | 20,455.27 | Kittitas | 20,625.90 | Kittitas, Yakima |
| #72-604A | 640.00 | Kittitas | 646.10 | Kittitas |
| #91-828A | 920.00 | Okanogan | 1,028.30 | Okanogan |
| #92-633A | 4,157.58 | Kittitas | 4,209.70 | Okanogan |
| Totals | 26,184.85 | | 26,587.20 | |

WDFW and DNR need the conversion to consolidate land ownership and better address specific land management goals. WDFW had previously leased some of the land previously from DNR for recreational use, but the state Legislature dissolved funding for the leasing activities in 2003. The consolidated ownership will assist WDFW is managing its wildlife areas across the landscape, with a reduced threat of development within the managed area.

WDFW expects to complete the land exchange by June 30, 2008.

Conversion Policy

Existing program policies, administrative rule, and statutory language state that Board-funded land and facilities must be used only for the purposes for which funding was granted. Manual #7: *Funded Projects: Policies and the Project Agreement* states:

It is the policy of the RCFB/SRFB, consistent with state law that interests in real property, structures, and facilities acquired, developed, enhanced, or restored with RCFB funds are not to be changed, either in part or in whole, nor converted to uses other than those for which the funds were originally approved.

Statute, administrative rule, and federal law further clarify that the Board will approve a conversion only under conditions that ensure that the substituted property has (1) fair market value at the time of conversion that is at least equal to the funded project site, and (2) nearly equivalent usefulness and location.

Analysis

WDFW has submitted maps, an initial list of properties to be converted, and an initial list of replacement properties. WDFW is continuing to complete the conversion package. Appraisal work on the properties involved is ongoing, based on negotiations with DNR. WDFW has stated that it will ensure that the RCO's valuation requirements will be satisfied, and that if needed, they will adjust the exchange proposal after appraisals are completed. Final parcel identification and valuation should be available in May.

RCO staff is working with WDFW to ensure that they comply with the conversion requirements for federal Land and Water Conservation Fund (LWCF) grants. Additional work will include compliance with the National Environmental Policy Act and the Historic Preservation Act. The National Park Service has stated that a full environmental impact statement will be required for this scale of a conversion. All parties are investigating whether a Memorandum of Agreement can be executed to address cultural resource issues. It is unlikely that WDFW can comply with all federal requirements by the June 30, 2008 target date.

Board policy requires project sponsors to seek Board approval of conversions that affect funded projects. For Land and Water Conservation Fund projects, the Board's approval is considered interim, pending final approval from the National Park Service. After the National Park Service approves the conversion, project sponsors may proceed with the conversion.

WDFW is seeking to move forward as quickly as possible with this conversion process in an effort to meet their June 30, 2008 deadline. Due to the short timeframe available, staff offers the following options for the Board's consideration.

Option 1. Delegate Approval Authority to the RCO Director

The RCO director has authority to approve conversions valued at \$75,000 or less. There is currently no value estimate for this conversion, but it will be more than the authority currently afforded the director.

The Board could waive the limit on director's authority to approve the conversion. The director would provide interim approval prior to forwarding the conversion to the National Park Service (NPS) for consideration. Upon NPS approval, the director would grant final approval for the converting properties that were acquired with state funds.

The advantage of this approach is that it allows the conversion package to move forward with director approval. The disadvantage is that the delegation of authority to the director for this large-scale conversion could set precedent. Further, the Board would not be involved in reviewing and approving the conversion package.

Option 2. Conduct a Special Board Meeting when the Conversion Package is Complete

Staff do not know when the conversion package will be complete. If materials are available before the next Board meeting in June, the Board could conduct a special meeting (in person or via conference call) to consider this action item.

The advantage to this approach is that it would retain the Board's authority on this conversion. It also would provide the opportunity for the Board to review the complete package, ensure WDFW has completed all federal conversion requirements, and make a formal recommendation to the National Park Service. It also would allow the conversion to move forward without waiting for the next scheduled Board meeting. The disadvantage to this approach is the time commitment of the Board to meet for one agenda item.

Option 3. Defer Action to the June Meeting

The Board could defer any action until the June 2008 Board meeting. Staff would provide an update on the proposed conversion and replacement properties and progress toward meeting the federal requirements. There may be sufficient information available in June to take action on the properties purchased with state funds.

The advantage to this approach is that it defers action until specific information is available, including the final properties to be converted, the final replacement properties, and the appraised value of those lands. Without the appraised value of the converted property and the replacement properties, staff cannot determine whether the proposal will meet the equal value requirements. The disadvantage from this approach is that it delays any action until one week before WDFW's projected date for completing the land exchange.

Option 4. Take No Action At This Time

The Board also could take no action at the March meeting. Staff would continue to work with WDFW on the conversion requirements, prepare a conversion package, and present it to the Board when complete. Staff could work toward phasing the conversion based on funding sources. The property proposed for conversion that was acquired with state funds likely would be available sooner, and would constitute the first phase of the conversion. The second phase, related to the conversion of property acquired with federal funds, would take longer and would be presented at a later date.

The advantage to this approach is that it would retain the Board's authority on this conversion. It also would provide the opportunity for the Board to review the complete package, ensure that WDFW met all all federal conversion requirements, and make a formal recommendation to the National Park Service. The disadvantage is that it delays Board action until each phase of the conversion package is complete, which may not meet WDFW's schedule for the land exchange.

Next Steps

Based upon Board direction, staff is prepared to continue to work with WDFW on meeting the conversion requirements for the state and federal fund sources.

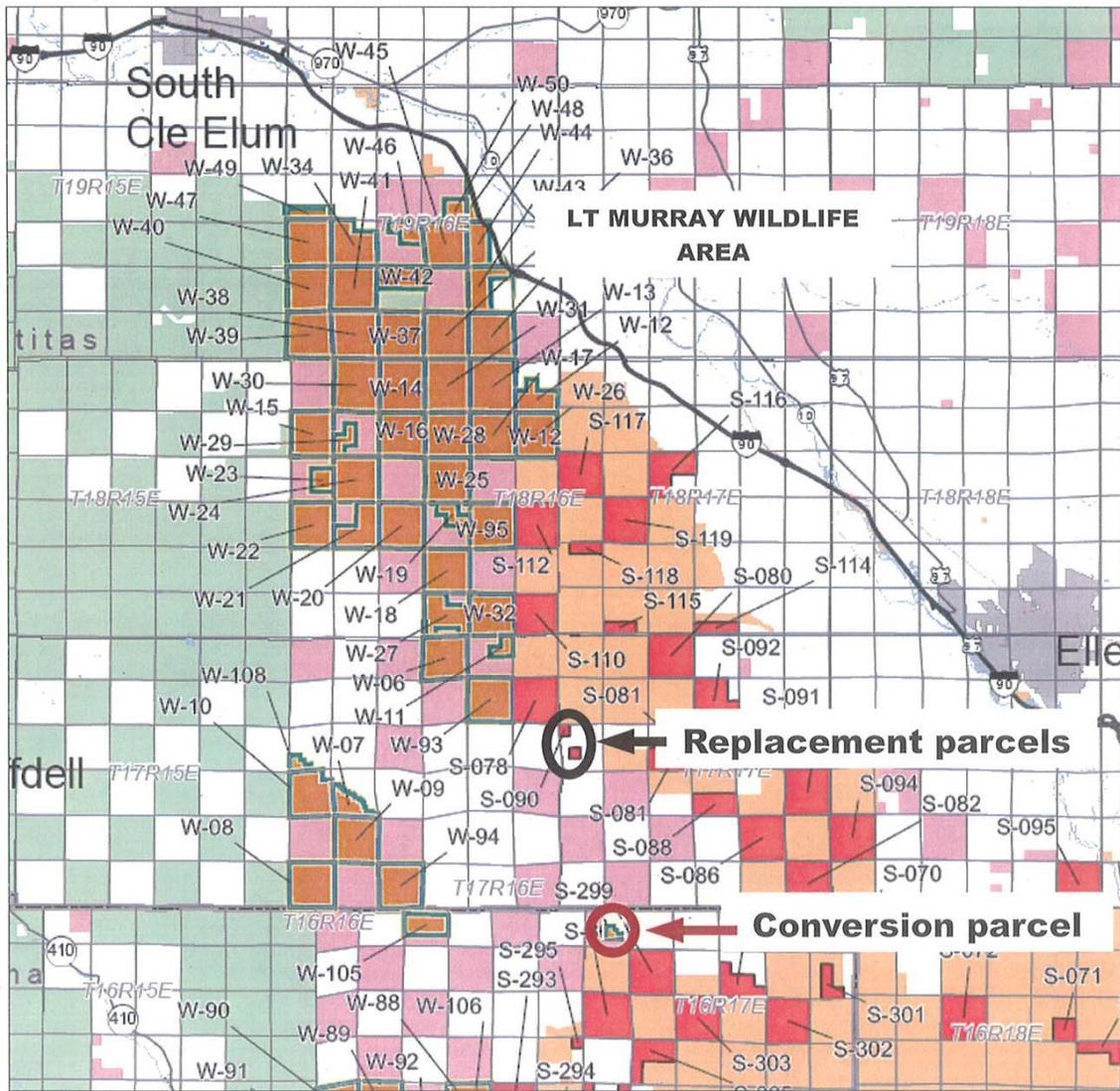
Attachments

A. Maps

- i. Initial Proposed Conversion and Replacement Map - Project #68-605A
- ii. Initial Proposed Conversion and Replacement Map - Project #69-609A
- iii. Initial Proposed Conversion and Replacement Map - Project #72-604A
- iv. Initial Proposed Conversion and Replacement Map - Project #91-828A
- v. Initial Proposed Conversion and Replacement Map - Project #92-633A

Attachment A: Maps

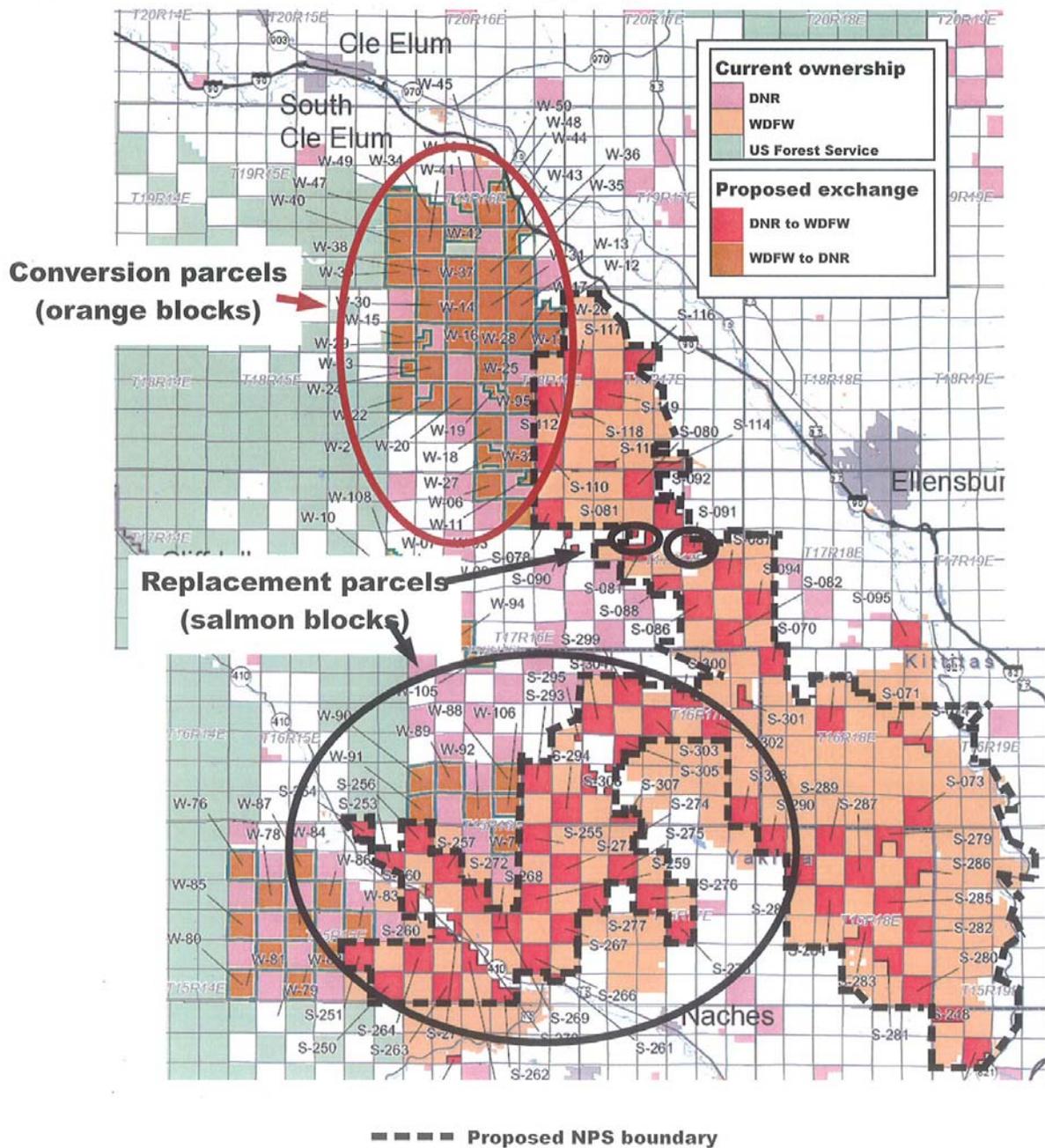
i. Initial Proposed Conversion and Replacement Map - Project #68-605A



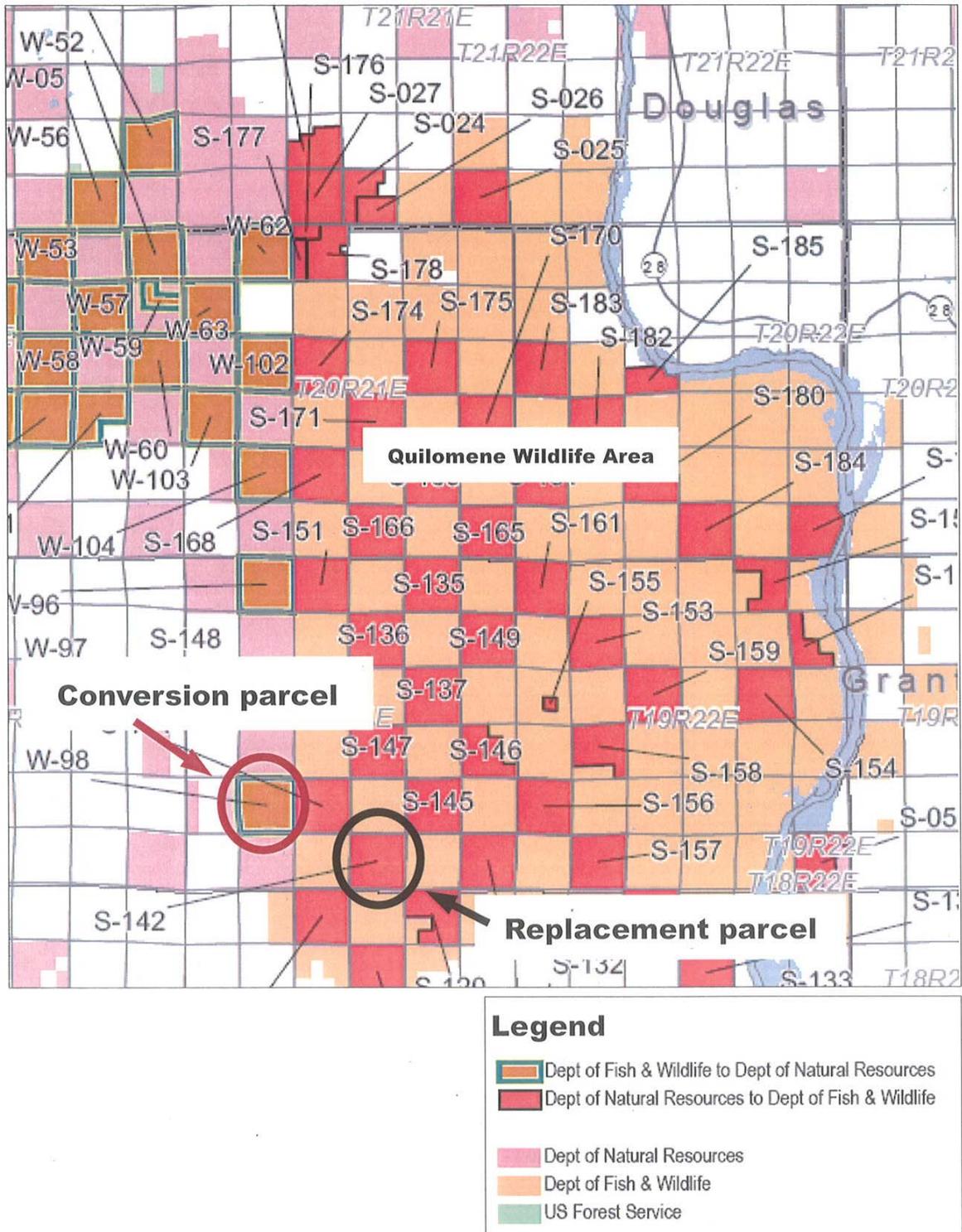
Legend

- Dept of Fish & Wildlife to Dept of Natural Resources
- Dept of Natural Resources to Dept of Fish & Wildlife
- Dept of Natural Resources
- Dept of Fish & Wildlife
- US Forest Service

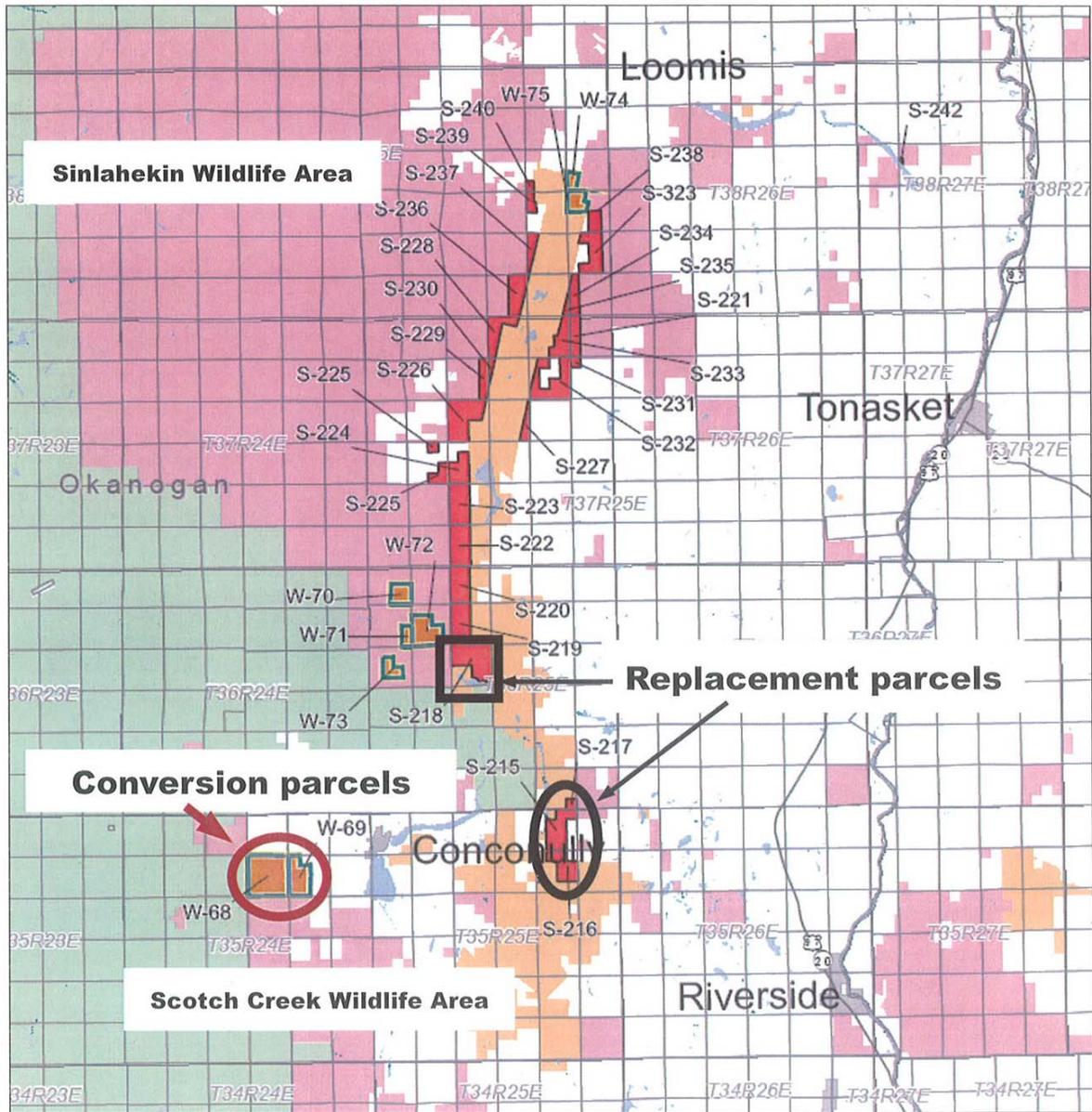
ii. Initial Proposed Conversion and Replacement Map - Project #69-609A



ii. Initial Proposed Conversion and Replacement Map - Project #72-604A



iv. Initial Proposed Conversion and Replacement Map - Project #91-828A



v. Initial Proposed Conversion and Replacement Map - Project #92-633A

