



FINAL Conference Call MINUTES
PRCC Habitat Subcommittee
Friday, July 27, 2007
9:30 am – 10:30 am

PRCC Habitat Subcommittee Members

Chris Fisher, CCT
Carl Merkle, CTUIR
David Morgan, USFWS
Ben Lenz, GPUD
Bob Rose, YN
Dale Bambrick, NMFS
Chris Parsons, WDFW
Denny Rohr, Facilitator

Participants:

Julie Yount, GCPUD
Ben Lenz, GCPUD
David Morgan, NMFS
Chris Fisher, CCT
Denny Rohr, Facilitator

Bob Rose, Yakama Nation
Dale Bambrick, NMFS

Guests:

Jason Paulsen, Methow Conservancy
John Sunderland, Methow Conservancy

Action Items:

- Morgan will obtain the Hardesty Property appraisal and forward it to the group.
- Rohr asked that committee members continue discussion over the next couple days and then get back together for a conference call Friday, August 3, 1:30 pm. Morgan will contact Bambrick to let him know. He will also call Parsons to fill her in.
- Morgan will contact Methow Conservancy to find out if they have pursued other options for funding this purchase, perhaps with Trust for Public Land.
- Fisher will contact ONA to move the Okanogan River restoration presentation to 3:30 pm, Monday, August 13.

Decision Summary:

- Decision on Hardesty property acquisition tabled until further consideration and discussion can occur. Conference call scheduled for late next week to reconsider.
- Meeting Monday August 13 adjusted to accommodate a full HCP Tributary meeting schedule earlier that day. The meeting and ONA presentation will begin at 3:30 pm.

I. Discussion of Hardesty Property Acquisition Proposal

Morgan distributed via email information on this proposal on Wednesday, July 25. The proposal is to assist the Methow Conservancy with the purchase of 16.5 acres on the Twisp River. Rohr asked the group for questions. Morgan indicated he would like to answer some of

the questions that have come up over the last couple of days. Morgan stated that in regard to the issue of restoring habitat taking a good deal of the funding available with limited effects, it is struggle balancing ESU areas with work in other protection watersheds. Fisher stated his concern is that additional habitat acquisition simply avoids additional jeopardy, but does not gain production. Morgan indicated that doing nothing will potentially cause a further backslide.

Bambrick indicated that removal of the house structure on the site would not be necessary at this time and would not be worth the cost. He referred to his email response of yesterday, calculating reducing the offer to deduct the cost of the structure removal, as well as an amount for what the Hardesty's are saving on realtor fees. Morgan indicated that he did not have a problem with making a smaller offer, but stated that the Hardesty's would likely not be amenable to a two-thirds offer. Bambrick stated his numbers proposed yesterday were taking a price from the bottom of the Sunderland's range, then deducted the \$30k for cabin removal, as the cabin is a liability rather than an asset. He then deducted what would be 6-7% realtor fee that would be avoided. Morgan indicated there was an appraisal sent to the group a couple weeks ago that was the basis for the price. Bambrick stated the liability of the house removal was not considered. Morgan stated he had concerns that passing up this property runs the risk that a developer will purchase it. Morgan indicated he was not entirely familiar with the appraisal process, but would forward again the appraisal for review.

Rose stated that the appraisal was utilized to establish fair market value of the property. Lenz confirmed that Grant PUD is bound to make an offer of at least fair market value, with a small percentage allowable for negotiation. Morgan stated that MC had indicated months ago that they estimated the cost to be between \$300 and \$500k. The MC has indicated that they will require the property be free of structures. Morgan indicated he did not believe that refusal to remove the structure would be a deal-breaker.

Rohr asked if the committee would like to see another appraisal to become more comfortable with the price. Fisher indicated that the memo of July 25 from Sunderland indicated that there may not yet be an appraisal. Morgan indicated that this was likely a misunderstanding or unclear language in his response.

Lenz indicated that from Grant PUD's perspective, the deal appears to be fairly straightforward, with Habitat Funds being handed over the MC for administration of the deal. Lenz stated that there is another parcel just downstream that is not as large, and the cost per acre is much higher, with less habitat value, which has been on the market for some time,

Morgan reviewed information he had previously sent, and indicated that the document he thought was an appraisal does not appear to have a total value indicated. He will contact MC to ask for clarification.

Bambrick stated two options would be to deduct \$60,000 from the price to bring it down to the \$350 to 400k range; or to pursue obtaining a new appraisal to see what the true value is. Rose stated that he would like to see itemized line items in the appraisal.

Fisher asked if a conservation easement was another possible option. Fisher inquired if a conservation easement had been proposed to the current owners. Lenz stated that a conservation easement would limit USFS willingness to eventually take over the property. The suggestion was made to get Sunderland on the line to answer some additional questions (how long to get another appraisal, why there is such a big spread between \$25-40K per acre, was a conservation easement an option, etc.) Morgan proceeded to call Sunderland's office.

Morgan stated that to clarify, he checked through his computer and found he had previously sent the title search document, rather than the appraisal. Jason Paulsen and John Sunderland with Methow Conservancy joined the call at this time.

Bambrick asked if a value was attached to the structure on the property in the appraisal. Sunderland stated it was treated as a benign structure, with no value added or deducted. Bambrick indicated that remediation for removal of the structure would be recommended in order to make the property serviceable. Sunderland stated this is something he can look into, but would not necessarily be a common real estate practice. He did confirm that the appraisal of \$425K was within the market range of the area. Bambrick stated that concerns with the remote location, the flood plain issues and limited buildability appear to be factors that may not have been considered fully. Sunderland indicated that because of the limited number of riverfront properties available in the basin, he did feel this price was fair.

Fisher asked how much of the 16 acres is developable. Sunderland stated about one acre. Fisher asked if the Hardesty's would consider a conservation easement. Sunderland stated he discussed this option with the Hardesty's briefly, but they were interested in leaving the location, not staying with such an easement. Fisher clarified having a conservation easement restriction on the sale. Sunderland stated if MC takes on the property, conservation would be required.

Sunderland stated that if the HSC does not commit to pursuing purchase of this property, the Hardesty's will likely put the parcel on the market within days. There are so very few riverfront parcels available, that prices are just simply off the scale.

Rose asked what MC would plan to do with the house if they obtain the property. Sunderland stated it would be removed, and there is a line item in the proposal to fund this aspect. He would hope this could be accomplished this fall before spring high waters. Rose asked about the likely outcome if a private individual were to purchase the land. Sunderland indicated that it would be very likely that dykes and bank stabilization measures would be taken, and it was very likely an owner could get JARPA approval as soon as high flows caused concern to a home built on the site. Questions regarding bank stabilization on the effect of side channels and the beaver ponds behind the current house were discussed. There is not a current septic system, but there may be a well.

Morgan asked how the relationship between the Hardesty's and the MC would be affected if this sale does not go through. Sunderland stated they have made an offer on a home in town with contingency on the sale of this site, which ends on August 8. MC has tried to keep expectations low, but the Hardesty's remain very hopeful that this will work.

If another appraisal was requested, it would likely take 6-8 weeks minimum.

Rose questioned the specific asking price by the Hardesty's. Sunderland stated there was not a stated price, but it was explained to them that an offer would be based on an approved appraisal. They have been advised the appraisal came in at \$425k and they have appeared receptive to that amount.

Jason stated that MC would be willing to pursue some other alternate funds to remove the structure on the property, or pursue volunteer labor, etc. Jason stated that having a contingency in place to have the HSC cover the costs of removal if that funding fell through would be preferred. Lenz stated having contingency language would slow the agreement process within Grant PUD.

Rohr asked if committee members were ready for a vote. Rose stated that he would be comfortable with a \$425k offer. He did state that there is a need to perhaps make a decision regarding a direction for this type of property acquisition vs. other types of habitat projects. Bambrick stated he had a concern that acquisitions such as this with such a high cost have a limited effect on recovery, rather only preventing additional jeopardy. Bambrick indicated at this time, he is not supportive. Lenz asked if there is potential for reconnection of some of the ponds and portions of the floodplain to create additional off channel

habitat. Morgan confirmed this is the case. This would be additional cost above the property acquisition. Rose asked if Bambrick would be supportive if the property was put on the market for a period of time to see what the price does. Bambrick stated he has concern over the cost for a parcel with such limited buildability, though Morgan indicated that this may very well be a loan and a very special opportunity. Fisher asked if the USFS would consider doing the building removal if they were to take over the land in a year or two. This may be an option, if the structure does not fall into the river prior to that time.

Rohr asked that committee members continue discussion over the next couple days and then get back together for a conference call early next week. Morgan will contact MC to find out if they have pursued other options, perhaps with Trust for Public Land. Rose suggested a conference call Friday, August 3, at 1:30, with the 1st or 2nd as alternate dates. Morgan will contact Bambrick to let him know. He will also call Parsons to fill her in.

LiDAR Update:

Rose indicated that USGS is having some issue with the reporting requirements in the agreement language. Lenz stated that USGS sent revisions yesterday and Grant PUD's legal counsel will be contacting USGS to attempt to iron out the language glitches today.

II. Discussion of Next Meeting (Denny)

Rohr indicated the next meeting was set for Monday, August 13, in Wenatchee at 1:00 pm, but this may conflict with the HCP Habitat meeting set for earlier in the day. Rohr has received information that the HCP has a full agenda and will likely run until 3:00. Fisher asked what the agenda for the Habitat SC would entail, other than the ONA presentation. Suggested having the ONA Okanagan River restoration presentation begin at 3:30. Fisher will contact them to make this change.