

AGENDA
San Juan County Conservation Land Bank Commission

**Members of the public may participate in person at San Juan County Parks and Fair
Office, 846 Argyle Ave, Friday Harbor, WA 98250
or join virtually by [CLICKING HERE](#).**

July 15, 2022

- | | |
|---------|---|
| 8:30 am | Convene |
| 8:30 | General Public Comments |
| 8:40 | Approve June 17, 2022 Meeting Minutes |
| 8:45 | Chair and Commissioners Reports |
| 8:55 | County Council Update – Christine Minney |
| 9:05 | 2 nd Quarter Financial Update |
| 9:20 | Director’s Report – <ul style="list-style-type: none">○ Acquisitions Update<ul style="list-style-type: none">▪ San Juan<ul style="list-style-type: none">- Hauschka Cady Mountain |
| 9:30 | Break |
| 9:35 | Discussion: Glenwood Inn acquisition <ul style="list-style-type: none">○ Statement from the Chair○ Commission discussion |
| 10:35 | Break |
| 10:45 | Public comments re Glenwood Inn acquisition |
| 11:00 | Stewardship Report <ul style="list-style-type: none">○ Coffelt Farm lease proposal recommendation |
| 11:10 | Outreach and Volunteer Report |
| 11:20 | Future Agenda Items |
| 11:30 | Adjourn |

*The Land Bank Commission May Add or Delete Agenda Items and Projects for Discussion. The Agenda Order is Subject to Change.
You are invited to call the Land Bank office at 360-378-4402 for more details prior to the meeting.*

SJC Code 2.116.070 “All meetings and actions of advisory bodies and their subcommittees shall be open to the public, even where such meetings are not within the purview of the Open Public Meetings Act, Chapter 42.30 RCW, except where the meeting is properly closed for executive session, as provided in RCW 42.30.110”

Memorandum

TO: San Juan County Conservation Land Bank Commission
San Juan County Council
FR: Lincoln Bormann, Land Bank Director
RE: Glenwood Inn Project Timeline and Director's Comments

As there has been some confusion and controversy over this project stemming from the June 14th County Council meeting and Angela Anderson's statement on behalf of the San Juan Preservation Trust (SJPT) at the June 17th monthly Land Bank Commission meeting, this memo endeavors to lay out how it unfolded from my perspective step-by-step.

The Land Bank began looking at this property over a year ago, recognizing it as one of the last significant shoreline access opportunities on Orcas. Together with the San Juan Preservation Trust (SJPT), we engaged the estate trustee over perhaps nine months, leading ultimately to a successful contract for \$6.35M.

This project required considerable work to look at alternative ideas, explore funding possibilities, and create a workable structure; all under the intense pressure of the estate putting the property on the market (and competing once listing actually occurred). Among alternative ideas considered were: 1) Affordable housing. SJPT consulted with OPAL, but it didn't fit for them as they had undeveloped property already and concluded that the water resource wasn't there for a rural cluster; 2) Tribal acquisition. The Lummi Tribal Council visited the property, but couldn't move forward due to lack of available funds; 3) Orcas Island Parks and Rec had interest, but ultimately had to stick with their primary focus on athletic fields. We arrived back at our tried-and-true formula; the Land Bank would take fee ownership of the property with SJPT holding a conservation easement (CE). This is the structure that was proposed in the Land Bank's project summary (attached) for the Land Bank budget, approved by the Land Bank Commission and the County Council.

This dual ownership structure has worked well for the Land Bank and SJPT for over 15 years (Turtleback, Coffelt Farm, President Channel, Mt. Grant, Zylstra Lake, Beaverton Marsh, Watmough Bay, forthcoming on Cady Mountain-Buck, Lopez Hill Addition, Cady Mountain-Hauschka), and now Glenwood. Occasionally, the formula has been reversed (Springmeyer, Blakely, W. Sundstrom, Ihiya). These arrangements have succeeded because the Land Bank's and SJPT's organizational goals are largely aligned around the core concept of conservation, and

because in each of these cases, neither organization had the resources to actually pull off the projects on their own.¹

For the Glenwood project, the arrangement was further that each organization would pay 50% of the purchase costs, assuming the CE appraised for at least half the purchase price. SJPT began to look for donors as the Land Bank Commission considered various approaches to raising its share of the funds.

Prior to the property being listed for sale, SJPT preemptively made an offer of \$5M in the fall of 2021, despite SJPT not having raised a significant amount for the project at that point. However, the offer was rejected. Still, we continued to work on possible funding structures. In November 2021 the Council approved a Land Bank Commission budget where \$3M would be borrowed from the stewardship fund and another \$1.5M dedicated from the Conservation Area Fund, all toward a purchase potential purchase price of \$6M. SJPT secured a line of credit for \$1.5M to cover their initial contribution.

The property was listed for sale in February of 2022 at \$7.9M. SJPT and the Land Bank re-submitted our \$5M offer, but a full price offer was received, and we figured this was the end of the story. However, that offer fell through and we were invited to re-submit against other back-up offers. This process continued. In April offered \$6M. He hesitated for some time before rejecting it.

As time went on our great concern was that we were coming into the nicer part of the year and it seemed likely that if the property were relisted it would sell above our \$6M offer price, perhaps significantly. In the end, the Seller finally countered at \$6.5M and, after another appraisal (which came in at \$6M) we negotiated to \$6.35M with the feasibility period ending on May 20th.

I forwarded the purchase and sale agreement (PSA), and PSA assignment and cooperative agreement with SJPT to Randy Gaylord for his review on May 10th and again on May 12th and 13th. On May 13th he passed this on to Derek Little, outside Counsel for the County, for his review. On Sunday May 15th, Derek provided suggested edits. These were made to the assignment and cooperative agreement prior to execution.

On May 17th, the seller agreed to the \$6.35M price. Closing was set for June 21st.

On May 18th the PSA was assigned to the Land Bank and the cooperative agreement executed.

I then verified Council agreement on the change in price in executive session at a special meeting on May 20th, hours before the Feasibility contingency expired. At this point, Council Member Wolf restated an idea for creating county worker housing. However, we would have needed something quite concrete by this point, with a feasibility study, and committed funding at a minimum. As it stood we were too close to closing and my primary focus had to be on not defaulting on the purchase and sale agreement and losing the property back onto the open market. The project description in the budget amendment remained the same as the original, with

¹ In partnering with SJPT and other entities on conservation land acquisitions around the county, the Land Bank has helped raise nearly \$50M from outside sources.

no mention of partitioning the property or accommodating county worker housing. In hindsight I should have called out this situation, but as we were contractually committed I was extremely hesitant to create a scenario where it was possible the entire transaction would fall apart.

The state of the project was discussed briefly at the May 20th LBC meeting as part of a necessary budget amendment, but this meeting was absorbed by other presentations and issues. The next week unfortunately I was ill for several days from a COVID booster. I had to depart Friday the 27th for a pre-planned family trip to the east coast to see my son and aging mother from May 28-June 7th. I was unable to do much more than respond to email periodically during that trip.

I first saw the Puget Sound Action and Recovery (PSAR) Fund project summary on my return on June 8th. It did in fact say that the PSAR funding was limited to the shoreline area, though continuing, it also stated that 10 of 11 development units would be eliminated by the broader (non-PSAR-funded) conservation easement. This was a definite point of confusion for me given that the barn and main house were excluded from the PSAR area to avoid required demolition. In any case, the \$3.3M proposal clearly commits both the Land Bank and SJPT to shoreline protection and reduction of development as the primary emphasis of the project. Closing was looming less than two weeks away.

I provided a draft resolution/deed to Randy on June 8th asking if I should work on it with Derek Little. Derek and I were able to provide presumably a final draft to Randy on June 10th in advance of the June 14th Council meeting to accept the deed. I provided the draft to Randy again on the 11th and Monday the 13th (by that point I was figuring we would have no choice but to ask the seller for an extension which I viewed as quite risky).

It was at that point that Randy directed me to work with Amy Vira to finalize the resolution. Unfortunately, she had questions over the cooperative agreement to resell a conservation easement to the Trust. Note that we have used this approach in multiple transactions involving the Trust, in some cases without having even the cooperative agreement in place.² In any case, we weren't able to come up with final language and decided we'd need to do it at the Council meeting the next day.

At the hearing, I attempted to respond to the numerous questions as they came and may not have gotten everything right. I admit to being unsure on the development right question. However, there had never been an actual proposal to subdivide the property and so this was excluded from the resolution. I do have to admit to being caught off guard, particularly without any legal representation there for the Land Bank. I apologize for any confusion created, and for the project not being structured as something that satisfies everyone's objectives.

The acquisition closed on June 24th. I have to add though that the project is far from complete as SJPT has outstanding grant applications and is actively soliciting private donations. They have taken a big risk, including taking out a loan, because of the importance of the property.

² For example, the 2021 resolution for the acquisition of the Lopez Hill addition and the 2019 resolution to purchase the Taylor property merely state that the Land Bank will sell a conservation easement to SJPT for a set amount.

This is a spectacular property in so many ways, and I never thought we'd be able to save it. I hope, once all is said and done, the citizens of Orcas and the County will see it as fitting testimony to our community's commitment to the environment and to one another.

PROJECT SUMMARY

PROJECT TITLE: MCPEAKE (GLENWOOD INN)

PROPOSED ACQUISITION: ACQUISITION OF FEE TITLE INTEREST

OWNER: ESTATE OF DAVID AND LINA MCPEAKE

PROPERTY DESCRIPTION

Location: North Shore, Orcas Island

General Description: This roughly 58-acre property on the north shore has extensive high bluff and beach with an access road. The upland is largely forested with approximately six acres cleared. There are also a number of older structures formerly utilized for accommodating guests at the Inn.

CONSERVATION VALUES OF THE PROPERTY

The Glenwood Inn parcel features roughly 1/3 mile of shoreline, largely backed by high bluffs.

This shoreform and location are high protection priorities for salmon recovery.

Aesthetically, the site offers unparalleled views of Patos, Sucia, and Matia Islands, with the Canadian Gulf islands to the northwest. Mount Baker is visible as well to the far east southeast. Directly east are the cliffs of Point Doughty.

This is the largest parcel remaining in the immediate Eastsound area with the exception of Camp Orkila which is just to the south. Left unprotected, the site could be developed into as many as 11 homesites along the shoreline.

The upland area has significant cultural resources, being close to the approximate location of the historic Coast Salish village of T'qwa:leqs.

The site offers tremendous potential for access to one of the most dramatic beaches in the archipelago. In addition to the 1/3 mile on the property, there is tideland access to the Point Doughty Natural Area Preserve, managed by the Washington Department of Natural Resources. This area is currently only accessible from the water. Together, these properties would roughly double the amount of shore available for public access on the island. A County road connects directly to the south property line.

In addition, the site offers the possibility of serving as a base for kayakers overnighing to the outer islands.

PARTNERS

The Land Bank would partner with the San Juan Preservation Trust (SJPT) on the proposed purchase, with each paying 50% and the Trust retaining a conservation easement on the property. The Preservation Trust would also work to secure stewardship funding for the project.

COSTS

- A. Acquisition Costs: The purchase price for this acquisition is anticipated to be roughly \$6,350,000.

The Land Bank would make the initial purchase with the Preservation Trust purchasing a conservation easement within 3 years under a contractual agreement.

- B. Management Costs: There would be significant cost associated with removal of the derelict structures on site, potentially in the \$250,000 range. Further site stabilization to allow public access (parking, trail enhancement, etc.), might approach an additional \$85,000. With this in mind, the Preservation Trust is applying for a Puget Sound Action and Recovery Fund grant which will include money for demolition and removal of structures on the shoreline.

MANAGEMENT PLAN

The Land Bank will initiate a management plan process in the first year of ownership. Given the level of interest in public access, an interim plan may be the best course, to allow some limited use while working through the details of the full plan.

AERIAL MAP OF THE MCKPEAKE (GLENWOOD) PROPERTY



ASSIGNMENT OF RESIDENTIAL PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT OF RESIDENTIAL PURCHASE AND SALE AGREEMENT ("Assignment") is made and entered into as of this 16th day of May, 2022 ("Effective Date") by and between THE SAN JUAN PRESERVATION TRUST, a Washington nonprofit corporation ("Assignor"), and SAN JUAN COUNTY, a political subdivision of the State of Washington, acting by and through the SAN JUAN COUNTY LAND BANK ("Assignee") (collectively, "Parties").

RECITALS

WHEREAS, Assignor has entered into that certain RESIDENTIAL PURCHASE AND SALE AGREEMENT, by and between THE SAN JUAN PRESERVATION TRUST AND/OR ASSIGNS and STEPHEN E. NICOL, AS PERSONAL REPRESENTATIVE OF THE ESTATE OF DAVID T. MCPeAKE, DECEASED, UNDER SKAGIT COUNTY PROBATE NO. 20-4-00334-29, and STEPHEN E. NICOL, AS ADMINISTRATOR OF THE ESTATE OF LINA MAY MCPeAKE, DECEASED, UNDER SKAGIT COUNTY PROBATE NO. 18-4-00407-29 ("Seller"), dated April 4, 2022 ("Purchase Agreement"), in which Assignor is the Buyer and Stephen E. Nicol, in his capacity as Personal Representative and Administrator, is the Seller; and

WHEREAS, pursuant to the Purchase Agreement, Assignor has acquired the right to purchase that certain real property located on Orcas Island in San Juan County, Washington, as described at **Exhibit A** attached hereto and incorporated herein by this reference ("Property"); and

WHEREAS, a copy of the Purchase Agreement is attached to this Assignment as **Exhibit B**, which is incorporated herein by this reference; and

WHEREAS, Paragraph n. of the General Terms of Form 21 to the Purchase Agreement and Paragraph 5(b) of the SJPT Specific Addendum A to the Purchase Agreement provide that the Buyer may assign the Purchase Agreement to Assignee at Assignor's discretion and without Seller's prior written consent; and

WHEREAS, Assignee wants to purchase the Property for the benefit of the citizens of San Juan County and, in consideration of this Assignment and other consideration, Assignee intends to sell to Assignor a conservation easement ("Conservation Easement") on and over the Property in order to permanently protect the Property's open space and conservation values; and

WHEREAS, Assignee's agreement to sell to Assignor, and Assignor's agreement to purchase from Assignee, the Conservation Easement is set forth more particularly in that certain GLENWOOD INN PROPERTY COOPERATIVE AGREEMENT ("Cooperative Agreement") attached hereto as **Exhibit C**, which is incorporated herein by this reference; and

WHEREAS, Assignor wants to assign all of its rights and obligations under the Purchase Agreement to Assignee, and Assignee wants to assume said rights and obligations from Assignor.

NOW, THEREFORE in consideration of the Recitals set forth above and the covenants, conditions, and promises contained in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. ***Assignment and Assumption.*** Assignor hereby assigns all of its rights and obligations under the Purchase Agreement to Assignee, and Assignee hereby assumes said rights and obligations under the Purchase Agreement such that, as of the Effective Date of this Assignment, Assignee will solely constitute the Buyer under the Purchase Agreement, and Assignor shall have no further rights or obligations thereunder.
2. ***Terms.***
 - 2.1 Cooperative Agreement for Conservation Easement. Assignor's agreement to assign its rights and obligations under the Purchase Agreement to Assignee is conditioned upon Assignee's willingness to sell the Conservation Easement on and over the Property to Assignor after Assignee purchases the Property from Seller. The terms of Assignor's purchase of the Conservation Easement from Assignee, and Assignee's sale of the Conservation Easement to Assignor, are set forth in the Cooperative Agreement, attached hereto as Exhibit C.
 - 2.2 Earnest Money. The Parties agree that Assignor's Earnest Money shall remain in escrow with the Title Company and shall be applied initially to the Purchase Price of the Property and subsequently credited towards Assignor's purchase of the Conservation Easement from Assignee pursuant to the terms of the Cooperative Agreement.
3. ***Definitions.*** Capitalized words and terms in this Assignment, unless a definition is expressly provided for herein, have the same meaning as set forth under the Purchase Agreement.
4. ***Status of Agreement.*** Assignor represents and warrants that, as of the Effective Date of this Assignment, the Purchase Agreement is in full force and effect and that Assignor has not received any notice or other information indicating that there has been a breach of any of the terms or conditions of the Purchase Agreement.
5. ***Documents and Investigation.***
 - 5.1. Documents. Assignor represents that, as of the Effective Date hereof, Assignor has provided Assignee true and complete copies of the following: (a) that certain Title Commitment issued by Chicago Title of Washington, Order No. 245450083, with an effective date of April 5, 2022, and back up documents described therein;

(b) Buyer's title letter to Seller dated April 21, 2022; and (c) all notices, certificates, and/or other documents that were provided by Seller to Assignor, or by Assignor to Seller, prior to the Effective Date hereof.

- 5.2. Investigation. Assignee acknowledges that, prior to the Effective Date hereof, Assignee: (a) has reviewed the Purchase Agreement and understands the terms and conditions therein; (b) had the opportunity to inspect and approve the documents described in Section 5.1 of this Assignment; (c) conducted such inspections and environmental assessments of the Property as it desired; and (d) conducted such review of the condition of title to the Property as it desired.
6. **Authority**. Assignor and Assignee represent and warrant to each other that each of them has the full power and authority to enter into this Assignment, and that the person signing this Assignment on behalf of each party has the power and authority to do so and to bind such party to this Assignment.
7. **General**.
- 7.1. Any covenants, agreements, representations, and warranties made in this Assignment shall survive the Closing unimpaired and shall not merge into the Conservation Easement.
- 7.2. This Assignment and its exhibits contain the entire integrated agreement of the Parties, including all of the covenants and conditions between the Parties with respect to the subject matter of this Assignment, and supersede all prior correspondence, agreements, and understandings, both oral and written. No addition or modification of any term or provision of this Assignment shall be effective unless set forth in writing and signed by the Parties.
- 7.3. The Parties do not intend to confer any benefit under this Assignment to any person, firm, entity, government, public agency, or corporation other than the Parties. Notwithstanding the foregoing, this Section 7.3 shall not be interpreted to limit, negate, or modify any provision hereunder providing an agreement to release, indemnify, defend, or hold harmless any person, firm, entity, or corporation that is not a party to this Assignment.
- 7.4. No waiver of any breach of any covenant or provision in this Assignment shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision in this Assignment. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.
- 7.5. The captions hereof are solely for the convenience of the Parties and are not a part of this Assignment. This Assignment shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties had prepared it. The Recitals and Exhibits are incorporated into this Assignment by this reference.

- 7.6. The terms, conditions, and covenants contained in this Assignment shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.
- 7.7. This Assignment and the rights of the Parties shall be governed by the laws of the State of Washington..
- 7.8. This Assignment may be executed in counterparts, each of which shall be deemed to be an original instrument. All such counterparts together shall constitute a fully executed original Assignment. Facsimile or electronic transmission of any signed original document, and retransmission of any signed facsimile or electronic transmission, shall be the same as delivery of an original. At the request of either party, or the Closing Agent, the Parties will confirm facsimile and electronically transmitted signatures by signing an original document.

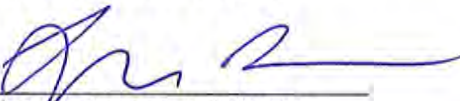
{SIGNATURE PAGE TO FOLLOW}

THE SAN JUAN PRESERVATION TRUST, Assignor

By: 
Angela Anderson, Executive Director

Date: May 16, 2022

SAN JUAN COUNTY, by and through the San Juan
County Land Bank, Assignee

By: 
Lincoln Bormann, Director

Date: 5-18-22

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Government Lot 2, Section 10, Township 37 North, Range 2 West, W.M., in San Juan County, Washington;

EXCEPT the East 405 feet measured on the South line thereof;

TOGETHER WITH second class tidelands as heretofore conveyed by State of Washington by Deed recorded Volume 19 of Deeds, page 218, records of San Juan County, described as situated in front of, adjacent to or abutting the East one-half of Government Lot 2;

EXCEPT those tidelands adjoining the East 405 feet of said Government Lot 2 as measured on the South line thereof;

ALSO Government Lot 3, Section 10, Township 37 North, Range 2 West, W.M., in San Juan County, Washington;

EXCEPT the West 565 feet measured on the South line thereof.

EXHIBIT B
COPY OF PURCHASE AGREEMENT

*Copy of the Residential Purchase and Sale Agreement dated April 4, 2022
is attached following this cover page.*

EXHIBIT C
COOPERATIVE AGREEMENT

Glenwood Inn Property Cooperative Agreement between Assignor and Assignee
is attached following this cover page.

GLENWOOD INN PROPERTY COOPERATIVE AGREEMENT

This Glenwood Inn Property Cooperative Agreement (the “Agreement”) is made and entered into on this 16th day of May, 2022 (the “Effective Date”) by and between The San Juan Preservation Trust, a Washington nonprofit corporation (the “Preservation Trust”) and San Juan County, a political subdivision of the State of Washington, acting by and through the San Juan County Land Bank (the “Land Bank”). The Preservation Trust and the Land Bank are collectively referred to as the “Parties” and are sometimes individually referred to as a “Party.”

RECITALS

WHEREAS, the Preservation Trust has entered into a Residential Purchase and Sale Agreement (the “Purchase Agreement”) dated April 4, 2022, with Stephen E. Nicol, as Personal Representative of the Estate of David T. McPeake, and Stephen E. Nicol, as Administrator of the Estate of Lina May McPeake. The Purchase Agreement pertains to certain real property (the “Property”) situated on Orcas Island in San Juan County, State of Washington, more particularly described in **Exhibit 1**, attached hereto and made part of this Agreement by reference.

WHEREAS, the Property is located on the northwest shore of Orcas Island. The Land Bank’s acquisition of the Property would put approximately 58 acres of land, including approximately 1850 feet of waterfront, into public ownership.

WHEREAS, the Parties wish to cooperate to achieve lasting conservation of the Property through the Preservation Trust’s assignment of its interest under the Purchase Agreement to the Land Bank, the Land Bank’s acquisition of the Property, and the placement of a perpetual conservation easement on the Property, which the Land Bank agrees to convey to the Preservation Trust and the Preservation Trust agrees to hold, all as set forth more particularly below.

WHEREAS, the Parties have used this or similar cooperative conservation models on previous conservation projects, including Turtleback Mountain, the Mount Grant Preserve, and the Beaverton Marsh Preserve, and the Parties understand from these experiences that this cooperative conservation model is an effective means of conserving land for public benefit.

WHEREAS, the Parties are entering this Agreement in order to define and memorialize their respective responsibilities in their efforts to acquire the Property and permanently protect the Property’s open space and conservation values with a conservation easement.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants, terms, conditions and restrictions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Assignment. The Parties have entered into an Assignment of Residential Purchase and Sale Agreement (“Assignment”) by which the Preservation Trust agreed to assign all of its rights and obligations as Buyer under the Purchase Agreement to the Land Bank, and the Land Bank agreed to assume all of the Preservation Trust’s rights obligations as Buyer under the Purchase Agreement. This Agreement is attached to that Assignment because the Parties’ agreement to assign and assume the Purchase Agreement is directly related to, and interconnected with, the Parties’ agreement to purchase and sell a conservation easement on the Property, as set forth more particularly in the terms of this Agreement, below.
2. Contribution to Purchase of Property and Preliminary Payment on CE Purchase Price. The Preservation Trust agrees to contribute \$1,500,000.00 towards the Land Bank’s acquisition of the Property for conservation purposes (“SJPT Acquisition Contribution”). The SJPT Acquisition Contribution shall include the \$100,000.00 in Earnest Money that the Preservation Trust deposited with the Closing Agent. The Preservation Trust will deposit the remaining \$1,400,000.00 of the SJPT Acquisition Contribution with the Closing Agent on or before the Closing Date, including any extensions thereof. The SJPT Acquisition Contribution will be credited toward the CE Purchase Price, as set forth in Paragraph 4, below.
3. Conveyance of Conservation Easement to the Preservation Trust. On or before the CE Closing Date, including any extensions thereof, the Land Bank agrees to sell to the Preservation Trust, and the Preservation Trust agrees to purchase from the Land Bank, a perpetual conservation easement on and over the Property to ensure the protection of the Property’s open space and conservation values (the “Conservation Easement”). The Conservation Easement will be recorded in the official records of San Juan County no later than the CE Closing Date, including any extensions thereof. The Preservation Trust shall prepare the Conservation Easement in a form that meets the Preservation Trust’s conservation easement standards and that is acceptable to the Land Bank, which acceptance shall not be unreasonably withheld, conditioned, or delayed.
4. Conservation Easement Purchase Price. The purchase price of the Conservation Easement (the “CE Purchase Price”) will be determined as follows:
 - a) the lower of (i) fifty percent (50%) of the Purchase Price for the Property, as defined in the Purchase Agreement and any amendments thereto, plus fifty percent (50%) of the closing costs that the Land Bank pays in connection with its purchase of the Property as shown on the Land Bank’s final, signed settlement statement, including but not limited to the escrow fee; recording fees; the premium for the Land Bank’s title policy, and any real estate excise taxes that the Land Bank is required to pay; or (ii) the appraised fair market value of the Conservation Easement as determined by the Preservation Trust’s appraisal,
 - b) *less* the SJPT Acquisition Contribution.

5. Financial Commitments. The Preservation Trust agrees to pursue a fundraising campaign and use best efforts to raise an amount of money equal to (a) the CE Purchase Price plus (b) an amount sufficient to cover the Preservation Trust's stewardship expenses, to be held by the Preservation Trust to support the Preservation Trust's long-term administration and enforcement of the conservation easements that it holds. To assist the Preservation Trust in raising the funds described in this Paragraph 5, the Parties agree to work together on joint grant applications.

The Preservation Trust shall be obligated to transmit the CE Purchase Price to the Land Bank only after the following conditions are met: (a) the Preservation Trust is successful in raising funds in the amount of the CE Purchase Price; (b) the Preservation Trust receives corporate approval from its Board of Directors for the acceptance of the Conservation Easement; and (c) the Land Bank is prepared and committed to execute and convey to the Preservation Trust the Conservation Easement. The Preservation Trust agrees to complete its fundraising campaign no later than the CE Closing Date, including any extensions thereof.

6. Title Company and Escrow. The Parties agree that Chicago Title Company of Washington (the "Escrow Company") will provide title services for the transaction contemplated by this Agreement and handle escrow at its offices in Friday Harbor, Washington.
7. Closing and Closing Date. The "Closing" is the delivery and acceptance of all monies and executed documents and the filing and recording of all executed documents that are required to be filed and recorded in government offices, sufficient to complete the purchase and sale of the Conservation Easement described in this Agreement. Closing of the transaction contemplated by this Agreement shall occur on **June 30, 2025**, or on an earlier date to which the Parties mutually agree in writing (the "CE Closing Date"). The Parties may mutually agree to extend the CE Closing Date through a written modification of this Agreement signed by the Parties, as provided in Paragraph 12, below.
8. Closing Costs. The costs associated with the Closing of the conservation easement transaction contemplated by this Agreement shall be divided equally between the Land Bank and the Preservation Trust, including without limitation, escrow fees, real estate excise taxes (if any), recording fees, and any premium for title insurance requested by the Preservation Trust in such amount as the Preservation Trust shall determine.
9. Out-of-Pocket Transaction Costs. The Land Bank and the Preservation Trust shall each be responsible for covering their own out-of-pocket costs associated with the acquisition of the Property and the purchase and sale of the Conservation Easement.
10. Remedies. Each Party understands, and explicitly acknowledges, that the other Party intends to rely upon the promises made in this Agreement, and that such reliance will make such promises enforceable through specific performance, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies.

In addition, either Party shall be reimbursed by the other Party for any costs it incurs that is the responsibility of the other party under this Agreement. The Parties' remedy described in this section shall be in addition to all other applicable remedies now or hereafter existing at law or in equity.

11. Definitions. Capitalized words and terms in this Agreement, unless a definition is expressly provided for herein, have the same meaning as set forth under the Purchase Agreement.
12. Entire Agreement, Modifications, and Termination. This Agreement, together with the Assignment to which it is attached, contains the entire integrated agreement of the Parties, including all of the covenants and conditions between the Parties with respect to the transaction described in this Agreement, and supersedes all prior correspondence, agreements, and understandings, both oral and written. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in a written instrument signed by the Parties. The Parties may mutually agree to terminate this Agreement through a written instrument signed by both Parties.
13. Conflicting Terms. Prior to the Land Bank's acquisition of the Property, in the event of a conflict between the terms of this Agreement and the terms of the Assignment, the terms of the Assignment shall govern. After the Land Bank's acquisition of the Property, in event of a conflict between the terms of the Assignment and the terms of this Agreement, the terms of this Agreement shall govern.
14. Waiver. No waiver of any breach of any covenant or provision in this Agreement shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision in this Agreement. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.
15. Headings. The captions, headings, and titles hereof are solely for the convenience of the Parties and are not a part of this Agreement. The Recitals are incorporated into this Agreement by this reference.
16. Successors. The terms, conditions, and covenants contained in this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties. Neither Party may assign this Agreement, in whole or in part, without the written consent of the non-assigning Party.
17. Applicable Law and Venue. This Agreement and the rights of the Parties shall be governed by the laws of the State of Washington. San Juan County shall be the venue for any action arising out of this Agreement.
18. Authority. Each of the Parties to this Agreement represents and warrants to the other that it has the full power and authority to enter into this Agreement, and that the person

signing this Agreement on its behalf has the power and authority to do so and to bind such Party to this Agreement.

19. Notices. Any notices under this Agreement shall be in writing and shall be considered given upon personal service, upon email transmission, or upon receipt after deposit in the United States first class mail. Notices shall be addressed to the Parties at the addresses below:

San Juan County Land Bank
350 Court Street No. 6
Friday Harbor, WA 98250
Attn: Lincoln Bormann, Director
lincolnb@sjclandbank.org

The San Juan Preservation Trust
P.O. Box 759
Friday Harbor, WA 98250
Attn: Angela Anderson, Executive Director
angela@sjpt.org

20. Counterparts; Facsimile Signature. This Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument. All such counterparts together shall constitute a fully executed original Agreement. Facsimile or electronic transmission of any signed original document, and retransmission of any signed facsimile or electronic transmission, shall be the same as delivery of an original. At the request of either party, or the Escrow Company, the Parties will confirm facsimile and electronically transmitted signatures by signing an original document.
21. Memorandum of Agreement. At the request of either Party, the Parties agree to prepare, execute and acknowledge an appropriate memorandum of this Agreement for public recordation purposes.
22. Effective Date. This Agreement shall be in full force and effect and binding upon its execution by both Parties, which is the Effective Date noted on the first page of this Agreement.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement.

{SIGNATURE PAGE TO FOLLOW}

THE SAN JUAN PRESERVATION TRUST

By: Angela Anderson
Angela Anderson, Executive Director

Date: May 16, 2022

SAN JUAN COUNTY, by and through the San Juan
County Land Bank

By: Lincoln Bormann
Lincoln Bormann, Director

Date: 5-18-22

EXHIBIT 1
LEGAL DESCRIPTION OF PROPERTY

Government Lot 2, Section 10, Township 37 North, Range 2 West, W.M., in San Juan County, Washington;

EXCEPT the East 405 feet measured on the South line thereof;

TOGETHER WITH second class tidelands as heretofore conveyed by State of Washington by Deed recorded Volume 19 of Deeds, page 218, records of San Juan County, described as situated in front of, adjacent to or abutting the East one-half of Government Lot 2;

EXCEPT those tidelands adjoining the East 405 feet of said Government Lot 2 as measured on the South line thereof;

ALSO Government Lot 3, Section 10, Township 37 North, Range 2 West, W.M., in San Juan County, Washington;

EXCEPT the West 565 feet measured on the South line thereof.

PROJECT: 22-1439 ACQ, NORTH SHORE CONSERVATION EASEMENT

Sponsor: San Juan Preservation Trust Program: PSAR Large Capital Projects Status: Application Resubmitted

Parties to the Agreement

PRIMARY SPONSOR

San Juan Preservation Trust

Address Box 759

City Friday Harbor State WA Zip 98250

Org Type Non-Gov-Nonprofit

Vendor # SWV0112024-00

UBI 601078625

Date Org created

Org Notes

[link to Organization profile](#)☐ Org data updated

QUESTIONS - PRIMARY SPONSOR

#1: Do your organizational documents (charter, bylaws, or articles of incorporation) include the authority for the protection or enhancement of natural resources or related activities?

Yes

#2: Do your organizational documents (charter, bylaws, or articles of incorporation) provide for an equivalent successor organization in case the nonprofit dissolves?

Yes

#3: Is your organization registered as a non-profit with the Washington Secretary of State?

Yes

#3a: Please confirm the Unified Business Identifier (UBI) shown above is correct or provide if blank.

#4: What date was your organization created?

#5: How long has your organization been involved in salmon and habitat conservation?

SECONDARY SPONSORS

San Juan County Land Bank

Address 350 Court St #6

City Friday Harbor State WA Zip 98250

Org Type County-Open Space/Nat Resources

Vendor # SWV0011414-05

UBI

Date Org created

Org Notes

[link to Organization profile](#)☐ Org data updated

MANAGING AGENCY

Recreation and Conservation Office

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LEAD ENTITY

San Juan Co LE Salmon Recovery

QUESTIONS

#1: List project partners and their role and contribution to the project.

San Juan Preservation Trust: Fiscal agent, lead organization for all aspects of the acq.
San Juan County Land Bank: Long-term landowner & financial partner for the fee title acq. of the Glenwood Inn/N. Shore property & grantor of the North Shore CE.
Northern Trust: \$1.5 million line of credit to the Preservation Trust as a pre-payment of the North Shore CE to the Land Bank for the fee-title acq.
Private Donors: \$488,250 to Preservation Trust for the PSAR shoreline portion of the North Shore CE acq.

External Systems

SPONSOR ASSIGNED INFO

Sponsor-Assigned Project Number

Sponsor-Assigned Regions

EXTERNAL SYSTEM REFERENCE

Source	Project Number	Submitter
HWS	22-1439	SWhitridge

Project Contacts

Contact Name Primary Org	Project Role	Work Phone	Work Email
<u>Kat Moore</u> Rec. and Conserv. Office	Project Manager	(360) 867-8426	kathryn.moore@rco.wa.gov
<u>Vickie Edwards</u>	Project Contact	(360) 317-3231	vickie@sjpt.org
<u>Kathleen Foley</u> San Juan Preservation Trust	Alt Project Contact	(360) 298-1856	kathleen@sjpt.org
<u>Sam Whitridge</u> San Juan Co LE Salmon Recovery	Lead Entity Contact	(360) 317-3242	samw@sanjuanco.com
<u>Lincoln Bormann</u> San Juan County Land Bank	Secondary Sponsor Contact	(360) 378-4402	lincolnb@sjclandbank.org

Worksites & Properties

Worksite Name

#1 North Shore Conservation Easement - Orcas Island

Acquisition	Property Name
✓	North Shore Conservation Easement

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Worksite Map & Description

Worksite #1: North Shore Conservation Easement - Orcas Island

WORKSITE ADDRESS

Street Address 546 Glenwood Inn Road
City, State, Zip Eastsound WA 98245

Worksite Details

Worksite #1: North Shore Conservation Easement - Orcas Island

SITE ACCESS DIRECTIONS

From the Orcas Island Ferry Terminal, travel NE on Orcas Ferry Access Road toward Orcas Road; turn left at the 1st cross street onto Orcas Road; remain on Orcas Road until reaching Lover's Lane; continue straight onto Lover's Lane; turn left onto Mt. Baker Road; turn right onto Glenwood Inn Road. The road transitions into the driveway for the North Shore Conservation Easement - Orcas Island property.

TARGETED ESU SPECIES

Species by ESU	Egg Present	Juvenile Present	Adult Present	Population Trend
Chinook-Puget Sound, Threatened		✓	✓	Declining
Pink-unidentified		✓	✓	Stable
Chum-Puget Sound/Strait of Georgia, Not Warranted		✓	✓	Stable

Reference or source used

Friends of the San Juans. 2017. Strategic Salmon Recovery Planning in the San Juan Islands. Nearshore Marine Habitat Restoration and Protection Project Prioritization. PIAT II. 110 Pp. WRIA 2 (San Juan Islands) Salmon Recovery Chapter Update and Multi-Species Conservation Plan. 2022. 42 Pp. Beamer, E. and K. Fresh, April 2012. Juvenile Salmon and Forage Fish Presence and Abundance in Shoreline Habitats of the San Juan Islands, 2008-2009: Map Applications for Selected Fish Species.

TARGETED NON-ESU SPECIES

Species by Non-ESU	Notes
Forage fish	Forage fish includes surf smelt, sand lance, and Pacific herring. Surveys have not been conducted on the property for forage fish spawning, but the property includes high quality eelgrass meadows that would benefit spawning Pacific herring, whose eggs attach on the eelgrass, sea kelps, and rocks in the intertidal zone. In addition, nearby survey efforts by Friends of the San Juans have documented sand lance spawning at Camp Orkila (see Vicinity Map).

Questions

#1: Give street address or road name and mile post for this worksite if available.

546 Glenwood Inn Road, Eastsound, WA 98245

Project Location

RELATED PROJECTS

Project Application Report - 22-1439

Projects in PRISM

PRISM Number	Project Name	Current Status	Relationship Type	Notes
No related project selected				

Projects not in PRISM

Project Number	Project Name	Current Status	Relationship Type	Project Funder
N/A	Glenwood Inn/North Shore Fee Acquisit	In Progress	Current Phase	The San Juan Preservation Trust (\$1,500,000 line of credit with Northern Trust) San Juan County Land Bank (Cash and interfund loan from their Stewardship Fund)

Related Project Notes

The Glenwood Inn/North Shore Fee Acquisition project is the 1st phase in protecting the 58.42-acre North Shore Conservation Easement (CE) parcel & the 0.54 acres of private tidelands. (The North Shore CE is Phase 2 of the larger project.) As part of Phase 1, the Preservation Trust secured a purchase agreement to acquire the Glenwood Inn/North Shore property and recently assigned the agreement to the Land Bank. The Land Bank renegotiated the terms to close on June 21, 2022, for \$6,350,000. The property is on the market and multiple bids were submitted for its acquisition. To purchase & protect the property, the 2 organizations will leverage their resources to contribute funds to the acquisition. The result is the Land Bank owning the property, with the Preservation Trust providing a pre-payment for the forthcoming Phase 2 North Shore CE which it will hold. Both organizations have secured loans to complete Phase 1. Phase 1 is not feasible without the completion of Phase 2.

Questions

#1: Project location. Describe the geographic location, water bodies, and the location of the project in the watershed, i.e. nearshore, tributary, main-stem, off-channel, etc.

The proposed North Shore Conservation Easement is a 58.34-acre parcel with 0.54 acres of private tidelands located on the northwestern shoreline of Orcas Island in the San Juan Islands, just to the east of the northern entrance of President's Channel, and to the west of Parker Reef. The property encompasses upland and nearshore habitats located within the North Shore Orcas Watershed. The property also is part of the Waldron-President's Channel High Priority Fish Use Region as identified in PIAT II (2017).
The Preservation Trust is requesting PSAR funding to help protect the 12.74 acres of riparian, wetland, and tideland habitats within 200' of the shoreline area that is most beneficial and critical to salmon recovery. The conservation easement would include the entire parcel; however, the PSAR funding request only is for the shoreline portion of the easement, which currently has substantial ecological impacts from residential development.

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#2: How does this project fit within your regional recovery plan and/or local lead entity's strategy to restore or protect salmonid habitat? Cite section and page number.

The North Shore Conservation Easement will address several near-term goals stated in the WRIA2 (San Juan Islands) Salmon Recovery Chapter Update & Species Conservation Plan (Feb, 2022; pp 8-10, 13, 15, 37). This document has stated that "Protecting intact nearshore habitat is the top priority recovery strategy in the San Juan Islands." This property has been identified as a Tier II Priority Nearshore Protection Parcel. This primary goal of protection is further broken down into quantifiable goals that include the following: permanent protection of 31.5 miles overall of intact beaches in high priority fish-use shoreforms (of which this project will protect .34 miles), and permanent protection of 7 miles overall of priority intact feeder bluffs; of which this project will protect approximately 300 linear feet. Additionally, one of the stated goals for this project is to remove all six of the cabins entirely within the shoreline areas and restore marine riparian vegetation as necessary. According to Tina Whitman (Friends of the San Juans, pers. comm) should this happen, this parcel would then be reclassified as Tier 1 Priority Protection. It should be noted that although this beach has not been surveyed for forage fish (Pacific sand lance and surf smelt) it is within potential forage fish habitat and both species have been documented spawning nearby. Additionally, this parcel has ownership of private tidelands on the eastern 250' of the shoreline and there are eelgrass beds offshore of this parcel (though not in an area currently identified as supporting herring spawning, eelgrass meadows provide refugia for juvenile salmon and forage fish).

#3: Is this project part of a larger overall project?

Yes

#3a: How does this project fit into the sequencing of the larger project?

The North Shore Conservation Easement is Phase 2 of a larger project between the Preservation Trust and Land Bank, hereafter described as Phase 1. Phase 1 includes the fee title acquisition of the 58.42-acre Glenwood Inn/North Shore property & 0.54 acres of private tidelands from the McPeake Estate on or before June 21, 2022. The Preservation Trust secured a purchase & sale agreement with the Estate and recently transferred it to the Land Bank. Phase 2, the North Shore Conservation Easement, would occur within 2-3 years of the Land Bank acquiring the property. The final result is the Land Bank owning the fee title; the Preservation Trust holding a CE on the land, 10 development rights relinquished, no subdivision, and 6 cabins removed within 200' of the shoreline. Phase 1 could not occur without knowing Phase 2 will be completed once all the funding is secured. Both organizations will need to pay off the debt they incurred to purchase the parcel in Phase 1.

#4: Is the project on State Owned Aquatic Lands? Please contact the Washington State Department of Natural Resources to make a determination. [Aquatic Districts and Managers](#)

No

N/A

Property Details

Property: North Shore Conservation Easement (Worksite #1: North Shore Conservation Easement - Orcas Island)

✓ Acquisition Planned Acquisition Date 12/31/2024

LANDOWNER

Name San Juan County Land Bank
Address 350 Court St #6
City Friday Harbor

OWNERSHIP

Instrument Type Easement - Permanent
Purchase Type Less than fee - perpetuity
Term Length Perpetuity

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State WA Zip 98250
Type Local

Yrs
Expiration Date
Note

The San Juan County Land Bank (hereafter 'Land Bank') will acquire the property on or before June 21, 2022. The San Juan Preservation Trust (hereafter 'Preservation Trust') and the Land Bank submitted a Waiver of Retroactivity packet on May 26, 2022.

Questions

#1: Provide a detailed description of the property. Describe the habitat types, size, and quality on site (forested riparian, floodplain, wetlands, tributary, main-stem, off-channel, bluff-backed beach, barrier beach, open coastal inlet, estuarine delta, pocket estuary, uplands, etc.), critical areas on site, and any other features that make the site unique.

The North Shore Conservation Easement will protect 58.96 acres, 1,857 feet of natural shoreline, including approximately 300' of feeder bluff, 12.2 acres of marine riparian vegetation and 0.54 acres of private tidelands. The Preservation Trust is requesting funding from the PSAR program to protect the shoreline portion of the larger North Shore Conservation Easement, totaling 12.74 acres (see Riparian Zone and Private Tidelands in the Project Site Map) and including the above-mentioned critical characteristics and habitats for salmon recovery. Although not included in the PSAR funded area, the protected uplands provide ancillary benefits to the conservation of the shoreline habitat. The property gently slopes downwards towards the north; the highest point is 250' in the SW corner. It was formerly the site of a shoreline vacation resort ("Glenwood Inn") though has not been utilized as such for some time. The beaches to the west and the east of the feeder bluff are sand and gravel cobble and have been identified as Transition Zones (Beamer and Fresh, 2012). The backbeach areas, with the exception of the cabin areas nearest the shoreline, contain natural marine riparian vegetation that are a mix of conifer and deciduous trees in the canopy and a healthy shrub layer in the understory; the vegetation is overhanging and provides adequate shade to the beach for much of its length. Freshwater resources in the shoreline area include two non-tidal wetland areas near the northeast shoreline; though there is no perennial or seasonal stream on the property, there is some ephemeral freshwater seepage that drains from the upland slope, as evidenced by small channels cut through the bluff. Three of the 6 cabins are located in these low banks, near wetland areas and upon removal would improve habitat quality and function of the site. The other 3 cabins within 200' of the shoreline sit atop the feeder bluff and also will be removed.

#2: Describe adjacent land uses. Describe the property's proximity to publicly owned or protected properties in the vicinity. Attach a map or aerial photo in PRISM that illustrates this relationship.

This Property is directly north of, and adjacent to, a 5-acre private property protected with a conservation easement through the Preservation Trust. It is .01 miles to the northeast of another private 14.65-acre property protected with a conservation easement with the Preservation Trust, 0.1 miles east of the 50.66-acre Pt. Doughty, owned and managed by the Washington State Department of Natural Resources, and 2.5 miles north of the 273-acre Camp Orkila, owned and managed by the YMCA of Greater Seattle. Overall, conservation of this property will add to the growing matrix of conserved lands, all located within a square mile of the Pt. Doughty Natural Area on Northwest Orcas Island (see Context Map).

#3: Is the property in need of restoration?
Yes

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#3a: Describe the restoration needs, planned timeframe, and funding plan for implementation.

Approximately 75% of the shoreline is in a natural vegetated state with overhanging vegetation in the lower bank areas, and the remaining 25% in the existing shoreline cabin sites. Once the 6 cabins are removed and these areas restored, the entirety of the shoreline will be restored to natural vegetation to the 200' setback. The Land Bank anticipate starting the demolition and subsequent restoration in Spring 2024. Some weed management and any invasive plant species eradication will occur from the summer of 2022 onward. In particular, invasive weed management of English ivy along a portion of the high bank will need addressed immediately. Funding for the demolition of the 6 structures is requested as part of this PSAR grant application. Restoration and weed management funds are not requested as part of the proposal. The Preservation Trust and Land Bank anticipate contributing from each of the organizations and seeking funding from other undetermined grant sources at this time.

#4: What is the current use and zoning for the property?

The owners of the parcel passed away a few years ago & the estate is selling the property. It currently is on the market & the Land Bank has a PSA in place to acquire it. It previously was the Glenwood Inn, with cabins & rooms providing a resort-like experience. There are 6 cabins located within the 200' shoreline area. The property is zoned 1:5, with 11 residences permitted on 58.42-acres of the parcel. The North Shore CE would eliminate 10 development rights & the opportunity for subdivision.

#5: What is the property's Shoreline Master Plan designation?

The SMP designation is Rural & includes the area with the 6 cabins along the shoreline, and Rural Farm Forest on the remainder of the parcel. Rural designation within 200' of the shoreline allows for flexibility in developing the site if not conserved. A legislative directive of the SMP is to "encourage reasonable & orderly development..." not to eliminate it. The only path to No-Net-Loss (SMP goal) is by acquisition & structure removal, which this PSAR application is proposing.

#6: What portion of the property is within the 100-year floodplain and/or designated floodway?

None of the property is located in the 100-year floodplain. However, the lower bank shoreline with its 3 cabins is located within the AE and VE FEMA Flood Zones, 0.98 and 1.07 acres, respectively (see Aerial and Updated Structures Map).

#7: Why are federal, state, and local regulations insufficient to protect this property from degradation?

Unfortunately, with current regulatory and enforcement measures in place, we continue to lose critical habitat for salmon recovery. As per SJC Code 18.50.600: Shoreline Developments, Uses, Structures & Activities by Designation, and other SJC codes, developers with the appropriate permits & financing could buildout the North Shore property to the extent identified in the Potential Buildout Map scenario. The 6 homes within 200' of the shoreline are grandfather-in and can be replaced and expanded. Each of the 3 within the beach area would require armoring. As mentioned, the SMP does not eliminate development and activities within the shoreline, especially areas designated Rural with landowners that have the finances to move projects forward.

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#8: Has the applicant requested and/or received a "waiver of retroactivity" from the RCO for the property in question? If yes, what was the sellers name, the approval date, and waiver number?

Yes

The Preservation Trust and Land Bank submitted the waiver of retroactivity packet on May 26, 2022, to Allison Dellwo the RCO Grants Manager--it is pending review and approval. Stephen E. Nicol signed the Voluntary Acquisition Notice and is the Executor of the Estates for Lina May McPeake and David McPeake, the deceased property owners. The closing date for the Land Bank to acquire the property is on or before June 21, 2022.

#9: Does the applicant hold an option or purchase and sale agreement for the property? If yes, what date will it expire?

Yes

On May 16, 2022, the Preservation Trust assigned the original purchase and sale agreement for the fee-title acquisition of the property to the Land Bank. The Land Bank renegotiated the acquisition price and closing date to \$6,350,000 and June 21, 2022, respectively. The Preservation Trust & Land Bank also signed a Cooperative Agreement for the future bargain-sale of North Shore Conservation Easement and a financial commitment from the Trust to help the Land Bank acquire the fee-title.

Project Proposal

Project Description

The North Shore Conservation Easement (CE) acquisition includes a 58.42-acre parcel with 0.54 acres of private tidelands located on the northwestern shoreline of Orcas Island in the San Juan Islands. The property encompasses upland and nearshore habitats located within the North Shore Orcas Watershed that benefit juvenile and adult Chinook salmon and forage fish. The property also is part of the Waldron-President's Channel High Priority Fish Use Region and is identified as a Tier II Priority Protection Parcel (PIAT II 2017). The San Juan Preservation Trust, in partnership with the SJC Land Bank, are requesting PSAR funds to help protect the 12.74 acres of riparian, wetland, and tideland habitats within 200' of the shoreline area that are most beneficial and critical to salmon recovery. The CE would include the entire parcel; however, the PSAR funding request is only for the shoreline portion of the CE, which currently has substantial ecological impacts from residential development and the threat of additional development if not protected. There are 6 cabins located within 200' of the shoreline area that would be removed and the associated backbeach habitats restored. The North Shore CE would eliminate 10 development rights and the opportunity for subdivision of the parcel. In addition, the CE will allow public access to the shoreline and private tidelands that connect with much more expansive public tidelands further west to Point Doughty Natural Area Preserve.

Project Questions

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#1: Problem statement. What are the problems your project seeks to address? Include the source and scale of each problem. Describe the site, reach, and watershed conditions. Describe how those conditions impact salmon populations. Include current and historic factors important to understand the problems.

This project, through permanent conservation of the uplands and shoreline, extinguishment of 10 development rights and the opportunity to subdivide the parcel into 11 piano key-like lots along the shoreline, as well as the removal of 6 beachfront residences and subsequent restoration, will address a number of problems that are major threats to salmon populations in the San Juan Islands. The nearshore habitat of the San Juans are important feeding and rearing environments for juvenile salmon (at least 20 stocks of federally endangered Puget Sound Chinook as well as other salmon from British Columbia, (Chamberlain, et. al. 2017). Permanent habitat protection has been identified by the WRIA2 Salmon Recovery Update and Species Conservation Plan (2022) as the highest priority action that can be taken to reduce the impacts of the major nearshore problems which include shoreline infrastructure (armoring, overwater structures, and backshore roads or driveways, (Whitman et.al., 2012). This property was identified as a priority area for nearshore protection via the PIAT II, 2017 prioritization process. By protecting, through a conservation easement, the 1,857 linear feet of nearshore habitat and eliminating man-made modifications that could harm natural shoreline processes, we are ensuring that the feeder bluff will remain a source for sedimentation that provides substrate to the beach in front of the property, as well as other nearby beaches beyond the transitional zones. Further, the loss of marine riparian vegetation in many developed shoreline areas has greatly reduced quality forage fish spawning areas by exposing eggs to desiccation. Protection of this property ensures that the marine riparian vegetation will be kept intact, and in some areas improved, providing the necessary shading as well as serve as refugia for invertebrates that provide needed prey for spawning and juvenile fish. Eelgrass beds are in serious decline throughout the San Juan Islands and only a few areas remain where herring, another ecologically valuable forage fish, are spawning (FOSJ, PIAT II, 2017). By the use of a conservation easement as a tool, which will protect the uplands, nearshore, and the eastern 250' of private tidelands and the elimination of 10 development rights, activities and uses that may adversely impact the eelgrass offshore will be eliminated or restricted, ensuring that if herring populations expand, quality eelgrass (and kelp) beds remain intact to serve as nurseries. Finally, included in the scope of this project is the intent to remove all but 1 structure (barn/garage outside PSAR portion of CE) on the property. Removal of the 6 shoreline cabins, all currently sited within 200' of the OHWM, will allow for restoration activities that will renew any previously impacted areas and enhance the overall habitat value and function of the nearshore.

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#2: Describe the limiting factors, and/or ecological concerns, and limiting life stages (by fish species) that your project expects to address.

Juvenile Chinook and other salmonids: The significant loss of eelgrass beds throughout the islands has resulted in a loss of structure for juvenile salmon to find cover and avoid predation, and to feed on crab larvae and marine invertebrates. Eelgrass can be stressed or limited by disease, anchoring disturbance, and overwater structures such as docks (WRIA2 Salmon Recovery Update 2022). Protection of the uplands, shoreline, and the eastern 250' of privately-owned tidelands will allow land managers to control these uses and ensure that nearshore processes remain undisturbed and that there are not actions that adversely impact eelgrass meadows offshore of the property, thereby ensuring the integrity of juvenile chinook and other salmonid rearing habitat. Forage fish provide important prey for juvenile salmon, and recent scientific studies have shown that forage fish contribute to higher growth rates and survival for Chinook salmon in nearshore habitats (Pearsall et .al., 2021). Further, protection of uplands and backbeach areas provides habitat for invertebrates that can be washed down into the intertidal areas, providing additional food sources for juvenile salmon.

Pacific herring: High quality eelgrass meadows also benefit spawning Pacific herring, whose eggs attach on the eelgrass, sea kelps, and rocks in the intertidal zone. The spawning areas are currently restricted to just a few areas around the San Juan Islands. Herring, arguably the "lynchpin" forage fish species, provide an important food source for growing and out-migrating salmonids, and protection of the uplands, nearshore and intertidal areas will help ensure the stressors from upland and over-water activities are minimized or eliminated altogether.

Pacific sand lance and surf smelt: These species, which spawn on gravel and sand beaches in the upper intertidal, are subject to extensive loss of beach habitat due to armoring (which destroys beach processes and limits available substrate) and removal of overhanging marine riparian vegetation which exposes the eggs to drying and desiccation. Permanent protection and restoration of the nearshore habitat of this property will ensure that beach processes provide high quality habitat function and allow for safe spawning areas.

#3: What are the project goals? The goal of the project should be to solve identified problems by addressing the root causes. Then clearly state the desired future condition. Include which species and life stages will benefit from the outcome, and the time of year the benefits will be realized. **Example Goals and Objectives**

The project goals include the following:

- 1) Permanently protecting a Tier 2 Protection Parcel (PIAT II) of high-quality upland, nearshore, & intertidal marine habitats with a perpetual conservation easement will eliminate the opportunity for residential development & subdivision for 10 homes. Permanent protection will allow land managers to ensure that nearshore processes remain undisturbed & that there are no actions that adversely impact potential spawning habitat for surf smelt & Pacific sand lance, as well as the eelgrass meadows offshore of the property, thereby ensuring the integrity of juvenile chinook & other salmonid rearing habitat.
- 2) Removal of the existing 6 cabins located within 200' of the shoreline. These structures & associated septs negatively affect natural shoreline processes, water quality, & native riparian vegetation essential to salmon recovery. Once the cabins are removed, the parcel (according to FOSJ) would be considered a Tier I Protection Parcel. After removal, native vegetation will be planted as necessary to restore the building sites back to a natural condition, & invasive plant species eradicated or brought under control, ensuring that the habitat function of the impacted backbeach areas is restored.
- 3) Expanding the existing conservation footprint in the geographic area, provide passive public access, & use this project as a platform to garner additional awareness & support from the community & broader public to promote salmon recovery.

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#4: What are the project objectives? Objectives support and refine biological goals, breaking them down into smaller steps. Objectives are specific, quantifiable actions the project will complete to achieve the stated goal. Each objective should be SMART (Specific, Measurable, Achievable, Relevant, and Time-bound). [Example Goals and Objectives](#)

Objective 1: Purchase property & acquire a perpetual conservation easement on the 58.96-acre parcel and private tidelands to eliminate the opportunity for 10 residences, 10 guesthouses & subdivision (see Potential Buildout Map as 1 scenario). The acquisition of the fee-title would occur by June 2022 (pending Waiver of Retroactivity) and the acquisition of the conservation easement would occur by Dec. 2024.

Objective 2: Demolition of 6 cabins within 200' of the shoreline and restoring impacted sites to natural marine shoreline conditions and processes. Removal of cabins would occur in the Spring of 2024; restoration would begin immediately thereafter.

Objective 3: Planning, permitting and public access implementation to ensure public safety and enjoyment (while ensuring protection of the ecological values). This process will be conducted by the Land Bank, with Preservation Trust input, and will involve extensive public participation. This objective is anticipated to take 2-3 years (2022-2024).

Objective 4: Public education of the importance of salmon recovery. Land managers would utilize this project to educate the public on the importance of shoreline protection to support the entire Salish Sea food web. This educational component will be co-created by the Land Bank and Preservation Trust. We anticipate having these plans in place sometime in 2025.

Objective 5: Secure funding from the PSAR Fund to successfully complete the project by December 31, 2024.

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#5: Scope of work and deliverables. Provide a detailed description of each project task/element. With each task/element, identify who will be responsible for each, what the deliverables will be, and the schedule for completion.

Scope of work includes the following project deliverables, tasks, responsibilities, and timeline.

As needed throughout the process, the SJ Preservation Trust (Trust) & the SJC Land Bank (SJCLB) will coordinate with the PSAR Program Manager, the RCO Grants Manager, and the Environmental Resource Coordinator with SJC.

1. Waiver of Retroactivity: Pending RCO approval - the Trust & SJCLB submitted the waiver packet in May 2022.
2. Fee-title Acquisition: The Trust & SJCLB will partner to acquire the property on June 21, 2022. The Trust will provide the SJCLB an advance of \$1.5 million for the forthcoming purchase of a perpetual conservation easement to assist the SJCLB in acquiring the property. The Trust & the SJCLB signed a Cooperative Agreement in May 2022 regarding the cash advance and requirement of the SJCLB to complete the North Shore Conservation Easement (CE). The document also is considered a PSA. If the PSAR request is fully funded, the target closing date is December 29, 2024.
3. Cultural Assessment: The SJCLB will contract to conduct a cultural assessment of the property along with all necessary permitting requirements. Fall- Winter, 2022.
4. Conservation Easement: The Trust will draft the CE and negotiate the terms with the SJCLB. January–December 2023.
5. Interim Management Plan: The SJCLB will draft and implement the Plan that includes proposed uses and management actions for the interim period. The property will be closed during the interim period; however, guided tours will be provided periodically. August 2022–December 2024.
6. Baseline Conditions Report: The Trust will document current conditions of the property and draft the Report. Staff will incorporate information from the Cultural Assessment. December 2023.
7. Stewardship Plan: The Trust staff will compile the Plan. Fall 2023-2024.
8. Appraisal: The Trust will request an appraisal of the PSAR funded portion of the North Shore CE. October 2023.
9. Appraisal Review: The Trust will hire an appraiser to review the appraisal of the PSAR funded portion of the North Shore CE. March 2024.
10. Demolition of 6 Cabins within 200' of the Shoreline: The SJCLB will contract for removal of the cabins and draining and filing of the septic systems. Spring 2024.
11. Invasive weed removal and management: SJCLB, Spring 2024.
12. Restoration of expanded cabin footprints: SJCLB, Spring 2024.
13. Site assessment, land management and evaluation, planning, and permitting by the SJCLB will be ongoing from the summer of 2022 - December 2024, along with coordination with the Trust.
14. Final Management Plan: The SJCLB will go through an extensive public process to complete the Plan that will balance the protection of the ecological values with passive public access opportunities. The SJCLB will install permanent educational signage before the property is open to the public. Summer 2024.
15. CE acquisition: The Trust will purchase the North Shore CE from the SJCLB, Dec. 2024.

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#6: What are the assumptions and physical constraints that could impact whether you achieve your objectives?

Assumptions and constraints are external conditions that are not under the direct control of the project, but directly impact the outcome of the project. These may include ecological and geomorphic factors, land use constraints, public acceptance of the project, delays, or other factors. How will you address these issues if they arise?

We do not anticipate encountering any issues or constraints with the acquisition of the Glenwood Inn/North Shore property. The Preservation Trust recently assigned the purchase and sale agreement to the Land Bank. The Land Bank then renegotiated the acquisition price and extended the closing date to on or before June 21, 2022. Nothing is guaranteed with real estate transactions until the legal documents are signed and recorded; however, the Preservation Trust and Land Bank have conducted extensive due diligence regarding the acquisition, including an environmental assessment, inspection and estimates of the structures and demolition costs, and public outreach and communications. The public outreach includes multiple public meetings held by the SJC Land Bank Commission discussing the project. Finally, the Preservation Trust and the Land Bank have a proven track record of successfully leveraging private and public funding needed to complete projects of this size and complexity.

The Land Bank and Preservation Trust will conduct additional outreach with neighboring landowners to ensure that when the public access component of the project is implemented, it is developed in a manner to minimize conflict and concerns with neighboring private lands.

The only substantive obstacle is if we are not able to secure the funding with PSAR—it is the last portion of funding needed for a shovel-ready project to be completed on or before December 29, 2024. If the funding is not secured, the Preservation Trust would need to dramatically extend the timeline and closing date and would have to seek alternative funding sources that may not offer as much stringent habitat protection requirements as funding from the PSAR Program.

#7: How have lessons learned from completed projects or monitoring studies informed this project?

Numerous, complex fee-title and conservation easement project successes have helped the Preservation Trust secure private funding and a line of credit to support the acquisition of the Glenwood Inn/North Shore property and proposed North Shore Conservation Easement. In addition, the Preservation Trust has worked extensively with the Land Bank on collaborative partner projects that leverage the different but complementary resources each entity can bring to such a complex project. The Preservation Trust is able to be more nimble than a government entity and move more quickly as a private non-profit to compete for real estate opportunities. This strengthens our negotiating power in being able to negotiate highly competitive land acquisitions in an extremely challenging and dynamic real estate market. This nimbleness is why the Preservation Trust negotiated the purchase and sale agreement and then recently assigned the agreement to the Land Bank. Other successful collaborative conservation projects between the two organizations include Turtleback Mountain on Orcas Island, Mount Grant and Beaverton Marsh on San Juan Island, and Watmough Bay on Lopez Island. All of these projects also balance passive public access opportunities with the protection of other conservation values.

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#8: Describe the alternatives considered and why the preferred was chosen.

Since the planning and negotiations for the Glenwood Inn/North Shore acquisition have taken a year and the project costs are so great, the Preservation Trust and Land Bank discussed shifting our capacity, funding, and efforts elsewhere. In addition, we explored bringing in other partners and organizations who had strong community values, but whose values and financial means ultimately did not align with the full protection & restoration of the habitats that are so critical for salmon recovery and ecological processes of the Salish Sea. Some of the partnerships considered included subdividing a portion of the property for affordable housing, creating a community space for agricultural production, providing extensive housing for natural resource and educational staff, and others. However, properties like this do not come on the market very often--if we miss our chance now, we may never have the opportunity again to protect and restore such a critical, intact parcel by eliminating shoreline residences and extensive development commercial opportunities. The parcel is one of the largest unprotected, privately owned shoreline parcels on Orcas Island accessible via a public rd. Public shoreline access on the Island is extremely limited, & this project would provide passive recreational access to the beach and Pt. Doughty. Overall, this parcel provides exceptional habitat and connectivity to an extensive conservation footprint for salmon, other wildlife, and people within a resilient landscape in the wake of climate change effects. It also will provide an opportunity to conduct restoration activities that will improve natural processes for salmon recovery. We decided that giving up was NOT an option. The Preservation Trust currently is updating its Strategic Conservation Plan, & viewed through updated metrics, the North Shore Conservation Easement property is an extremely high priority for acquisition and protection for the Preservation Trust and similarly, the Land Bank.

#9: How were stakeholders consulted in the development of this project? Identify the stakeholders, their concerns or feedback, and how those concerns were addressed.

Similar work on Orcas Island by the Preservation Trust and Land Bank has garnered very positive feedback from the public. Information regarding the project has been shared and discussed at multiple SJC Land bank Commission public meetings. In addition, the Preservation Trust and Land Bank published two press releases in the local newspaper and featured articles on the Trust's website regarding the offer for acquisition. The Trust also provided information regarding the project at their May 2022 annual meeting. In addition, the Preservation Trust received letters of support from the following individuals and organizations supporting our PSAR Large Capital Proposal for the North Shore Conservation Easement project: Senator Liz Lovelett, 40th Legislative District; Representative Debra Lekanoff, 40th Legislative District; the Environmental Action Team of the Orcas Women's Coalition; Stephanie Solien, Advisory Board Member of the Salish Sea Institute, former Puget Sound Partnership Leadership Council member and former Co-Chair of Governor Inslee's Southern Resident Orca Task Force; Christina Koons, member of the Citizens Advisory Committee for Salmon Recovery and chair of the San Juan County Marine Resources Committee, and James L. McIntire; Dr. Drew Harvell, Professor, Emerita, Cornell University; and Chris Guidotti, San Juan Area Manager, Washington State Parks (see 7 Letters of Support in Attachments.)

#10: Does your project address or accommodate the anticipated effects of climate change?

Yes

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#10a: How will your project be climate resilient given future conditions?

This project is located on a parcel that has been classified as "Mostly Resilient" based on The Nature Conservancy's Land Mapping Tool (2022). Though this tool is fairly coarse-grained in nature, this classification is due to the relatively intact shoreline and backbeach areas that can withstand and absorb changes in sea level and would allow for inland migration of nearshore habitat. In the uplands, there is mild topographic variation which could provide some refugia for certain terrestrial species, and several different soil types whose diversity will support variations in vegetation over time. This same mapping tool reveals that property is located in an area that could provide channeled, concentrated flow of terrestrial species. These concentrated flow areas are areas currently identified as allowing for species to move freely through the property as habitat conditions change; removing upland barriers to these flows (structures, roads, etc.) allows species to move more freely.

#10b: How will your project increase habitat and species adaptability?

Conservation easements are meant to protect conservation values in perpetuity. The protection of the uplands, nearshore, and intertidal areas of this property through extinguishment of 10 development rights as well as restrictions on uses, will ensure that as sea level rises as a result of changes in climate, that there is adequate space, for inward migration of the shoreline in the low-bank areas (in particular, the NE part of shoreline). This will allow spawning areas to expand while maintaining their overall form, without confronting shoreline armoring that can result in what is referred to as the "coastal squeeze" (Coastal Geologic Services, 2012). Protection of the feeder bluff will allow for natural erosion processes and ensure that sources of sedimentation needed to rebuild diminishing beaches remain. On a temporal scale, the doctrine of perpetuity ensures that there is refuge for species, whether it be terrestrial or marine, to adapt at their own pace.

#11: Describe the sponsor's experience managing this type of project. Describe other projects where the sponsor has successfully used a similar approach.

The Preservation Trust has a long-standing history managing and stewarding more than 350 conservation easements, fee-title preserves, and other conservation lands in the San Juan Islands, including multiple completed and ongoing projects funded through the SRFB grant program. In addition, the Preservation Trust has worked extensively with the Land Bank on collaborative partner projects that leverage the different but complementary resources each entity can bring to such a complex project. Other successful collaborative conservation projects between the two organizations include Turtleback Mountain on Orcas Island, Mount Grant and Beaverton Marsh on San Juan Island, and Watmough Bay on Lopez Island. All of these projects also balance passive public access opportunities with the protection of the other conservation values.

#12: Will veterans (including the veterans conservation corps) be involved in the project? If yes, please describe.

No

Acquisition Supplemental

#1: Do you plan to restrict or limit general public availability or use of the site in any way? If yes, describe the type of restriction, the portion of the project area that will be restricted (an illustrative map may be requested), and the reason(s) the public will be restricted.

No

The property will be managed for passive, low-impact public access opportunities. Other specific details regarding the public use are yet to be determined. Since the Land Bank is a public entity, the public is invited to have input into its management planning process. All restoration efforts, public uses, and management of ecologically and culturally sensitive areas will be guided by the Final Stewardship & Management Plan that is developed similarly for each property that the Land Bank owns.

#2: Is this a reach-scale or geographic envelope project?

No

#3: Describe the long-term stewardship and maintenance obligations for the acquisition project.

The Preservation Trust will monitor the North Shore CE annually in perpetuity to ensure compliance with the terms of the conservation easement. The Preservation Trust has completed more than 350 conservation easements and fee title acquisitions since its inception 43 years ago. The Preservation Trust is an accredited land trust—our organization's staff stewards these properties by following stringent policies and procedures to ensure compliance and protection of the ecological and conservation values.

The Land Bank will be responsible for the management of the property, including managing and maintaining public access and limited facilities located outside the conservation easement area supported by PSAR funds. The Land Bank plans to assess the safety and historic values of the structures (#s 7-12) in the uplands identified in the Aerial and Updated Structures Map. Staff anticipates removing most of the structures except for the barn, which may be used for storage and office space.

Acquisition Metrics

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Property: North Shore Conservation Easement (Worksite #1: North Shore Conservation Easement - Orcas Island)

REAL PROPERTY ACQUISITION

Miles of Streambank and/or Shoreline Protected by Land or Easement Acquisition	0.34
Note: Shoreline miles = 0.34	

Easement

Total cost for Easement	\$3,258,000
Note: CE estimate (\$4,250,000), Incidental Costs (\$244,250), and Administrative Costs (\$80,000) = \$4,574,250	

Easement type	Habitat Conservation
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Acres by Acreage Type (easement)	Acres
Lake	0
Riparian	11.64
Tidelands	0.54
Uplands	0
Wetlands	0.56
Total	12.74
Note: The private tidelands that will be encumbered by the conservation easement encompass 0.54 acres, which connects with public tidelands that currently are accessible only from the water. Completion of the North Shore Conservation Easement will allow for public access from the parcel that will connect west with other public tidelands to Point Doughty, a publicly protected DNR Nature Reserve that currently is accessible only from the water.	

Easement Acres zoned as agricultural land	0
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INCIDENTALS

Appraisal

Total cost for appraisal	\$18,000
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Appraisal Review

Total cost for appraisal review	\$10,000
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Baseline Documentation

Total cost for baseline documentation	\$4,000
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Closing, Recording, Taxes, Title

Total cost for Closing, Recording, Taxes, Title	\$73,250
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Cultural resources (Acq)

Total cost for Cultural resources(Acq)	\$30,000
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Restoration or development plans (yes/no)	Yes
Note: Restoration of native vegetation and weed management after the demolition of the 6 cabins within 200' of the shoreline.	

Demolition

Total cost for Demolition	\$90,000
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Buildings / structures to be demolished	Structures 1 - 6 identified on the Parcel Map with photos of each attached to the application. Numbers in the jpeg names correspond with numbers on the map. All 6 cabins appear older than 45 years, but their exact years built are uncertain. Note: Structures 9-12 (see the Aerial and Updated Structures Map) are outside of the portion of the conservation easement where PSAR funds would be utilized.
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Signs (Acq)

Total cost for Signs(Acq)	\$35,000
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Number of permanent signs that identify site and funding partners

4

Stewardship plan

Total cost for Stewardship plan	\$10,000
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ADMINISTRATIVE COSTS (ACQ)

Administrative costs (Acq)

Total cost for Administrative costs (Acq)	\$100,000
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Worksite Metrics

Worksite: North Shore Conservation Easement - Orcas Island (#1)

Miles of Stream and/or Shoreline Treated or Protected (C.0.b)	0.34 Note: 0.34 miles of shoreline protected
Project Identified In a Plan or Watershed Assessment (C.0.c)	WRIA2 (San Juan Islands) Salmon Recovery Update & Species Conservation Plan (Feb. 2022) and PIAT II (2017)
Priority in Recovery Plan	The North Shore CE project will address several near-term goals stated in the Plan (pp 8-10, 13, 15, 37). The Plan also states that "Protecting intact nearshore habitat is the top priority recovery strategy in the San Juan Islands." Also, the property has been identified as a Tier II Priority Nearshore Protection Parcel (pp. 15). A more detailed description of the property & its prioritization within the regional recovery plan can be found in Q2 of the "Worksite Details" of this application
Type Of Monitoring (C.0.d.1)	Implementation Monitoring Note: Preservation Trust and SJC Land Bank staff will be on site monitoring the demolition of the 6 cabins proposed for removal. There is no monitoring associated with all other aspects of the North Shore Conservation Easement acquisition.
Monitoring Location (C.0.d.2)	Onsite Note: Preservation Trust and SJC Land Bank staff will be on site monitoring the demolition of the 6 cabins proposed for removal. There is no monitoring associated with all other aspects of the North Shore Conservation Easement acquisition.

Overall Project Metrics

COMPLETION DATE

Projected date of completion	12/31/2024
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PROJECT ACQUISITION

Acquisition Primary Purpose	Forestland Preservation Habitat Conservation Open Space Public Access
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ACQUISITION COST ESTIMATES

Property: North Shore Conservation Easement (Worksite #1: North Shore Conservation Easement - Orcas Island)

Work Type	Estimated Cost	Property Value Determination: Estimate of Value
Appraisal	\$18,000	
Appraisal Review	\$10,000	
Baseline Documentation	\$4,000	
Closing, Recording, Taxes, Title	\$73,250	
Cultural resources (Acq)	\$30,000	
Demolition	\$90,000	
Easement	\$3,258,000	
Signs (Acq)	\$35,000	
Stewardship plan	\$10,000	

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Work Type	Estimated Cost
Subtotal:	\$3,528,250
Administration:	\$100,000
Total Estimate For Property:	\$3,628,250

Summary

Total Estimated Costs	\$3,528,250
Without Admin:	
Total Estimated Admin:	\$100,000
Total Estimated Acquisition	\$3,628,250
Costs:	

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Cost Summary

	Estimated Cost	Project %	Admin/AA&E %
<u>Acquisition Costs</u>			
Land/Incidentals	\$3,528,250		
Admin	\$100,000		2.83 %
SUBTOTAL	\$3,628,250	100.00 %	
Total Cost Estimate	\$3,628,250	100.00 %	

Funding Request and Match

FUNDING PROGRAM

PSAR Large Capital Projects	\$3,050,000	84.062565 %
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SPONSOR MATCH

Other Monetary Funding	Donated Cash	
Amount		\$488,250.00
Funding Organization		San Juan Preservation Trust Donors
Other Monetary Funding	Grant - Local	
Amount		\$15,000.00
Funding Organization		San Juan County Land Bank Note: The San Juan County Land Bank
Grant Program		San Juan County Land Bank REET
Other In-Kind Contributions	Donated Land/Property Interest	
Amount		\$50,000.00
Funding Organization		San Juan County Land Bank
Donated Paid Labor	Sponsor Payroll	
Amount		\$25,000.00
Funding Organization		San Juan Preservation Trust
Match Total:		\$578,25015.937435 %
Total Funding Request (Funding + Match):		\$3,628,250100.000000 %

Questions

#1: Explain how you determined the cost estimates

In San Juan County, our experience is that a conservation easement that reduces development in the range of 90%-100% typically will appraise within 80-85% of the fee title value. We have estimated the value of the easement and the discount bargain sale accordingly. The transaction costs were calculated based upon previous project costs, and closing costs were calculated using a closing and title online calculator by First American Title Company.

Cultural Resources

Worksite #1: North Shore Conservation Easement - Orcas Island

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#1: Provide a description of the project actions at this worksite (acquisition, development and/or restoration activities that will occur as a part of this project)

The Preservation Trust is acquiring a conservation easement from the Land Bank, and as part of the project, the partners are working with a contractor to remove the 6 cabins within 200 feet of the shoreline, and pump and fill the septic for each. No ground disturbance should occur as part of the demolition. The footprints of each structure will be restored with native vegetation, but a restoration request is not a component of the North Shore Conservation Easement application.

#2: Describe all ground disturbing activities (length, width and depth of disturbance and equipment utilized) that will take place in the Area of Potential Effect (APE). Include the location of any construction staging or access roads associated with your project that will involve ground disturbance.

There are no ground disturbing activities associated with the conservation easement acquisition and demolition of the 6 cabins located within 200' of the shoreline. Septic tanks associated with the cabins will be pumped, filled, and left in place.

#3: Describe any planned ground disturbing pre-construction/restoration work. This includes geo-technical investigation, fencing, demolition, decommissioning roads, etc.

There are no ground disturbing activities associated with the conservation easement acquisition and demolition of the 6 cabins located within 200' of the shoreline. The six 1,000 gallon septic tanks associated with the cabins will be pumped, filled, and left in place.

#4: Describe the existing project area conditions. The description should include existing conditions, current and historic land uses and previous excavation/fill (if depths and extent is known, please describe).

The property gently slopes downwards towards the north; the highest point is 250' in the SW corner. It was formerly the site of a shoreline camp/vacation retreat ("Glenwood Inn") though has not been utilized as such for some time. The beaches to the west and the east of the feeder bluff are sand and gravel cobble. The backbeach areas, with the exception of the cabin areas nearest the shoreline, contain natural marine riparian vegetation that are a mix of conifer and deciduous trees in the canopy and a healthy shrub layer in the understory; the vegetation is overhanging and provides adequate shade to the beach for much of its length. Freshwater resources include a .23-acre excavated pond and two non-tidal wetland areas near the northeast shoreline; though there is no perennial or seasonal stream on the property, there is some ephemeral freshwater seepage that drains from the upland slope, as evidenced by small channels cut through the bluff. Three of the six cabins are located in these low bank, possible wetland areas and upon removal would improve habitat quality and function of this site. The other 3 cabins sit atop the feeder bluff and would also be removed. The historic home and unfinished addition are in poor condition. The barn/garage south of the pond is in good condition. Since we are not the landowner yet, we are not aware of any previous excavation/fill.

#5: Will a federal permit be required to complete the scope of work on the project areas located within this worksite?

No

N/A

#6: Are you utilizing Federal Funding to complete the scope of work? This includes funds that are being shown as match or not.

No

N/A

#7: Do you have knowledge of any previous cultural resource review within the project boundaries during the past 10 years?

No

N/A

#8: Is the worksite located within an existing park, wildlife refuge, natural area preserve, or other recreation or habitat site?

No

N/A

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#9: Are there any structures over 45 years of age within this worksite? This includes structures such as buildings, tidegates, dikes, residential structures, bridges, rail grades, park infrastructure, etc.

Yes

#9a: List the structure(s) and the properties that they are located within the project area. Identify which structures will be removed or altered as part of this proposal. Attach at least one photo of each structure. The photo must be labeled so that the structure may be geographically located within your project area.

Please refer to the Aerial and Updated Structures Map and photos for associated #'s and geographic reference. Structures 1-6 are located within the 200' shoreline buffer are proposed for protection utilizing PSAR funding.
Structure 1: Cabin within 200' of shoreline in poor condition – will remove
Structure 2: Cabin within 200' of shoreline in poor condition – will remove
Structure 3: Cabin within 200' of shoreline in poor condition - will remove
Structure 4: FEMA Flood Zone shoreline cabin in poor condition – will remove
Structure 5: FEMA Flood Zone shoreline cabin in poor condition – will remove
Structure 6: FEMA Flood Zone shoreline cabin in poor condition – will remove

Structures 7-12 are outside of the proposed project area for PSAR funding.

Structures 7-11: Historic home (1892) with unfinished addition and storage sheds. The structures are in poor condition. The Land Bank will assess the historic value and safety of the historic home. Staff anticipates removing the structures for safety reasons but will make a final decision after further assessments and evaluations are conducted.

Structure 12: Barn/Garage appears in good condition, but Land Bank staff will assess it more thoroughly once they purchase the property on June 21, 2022. The Land Bank anticipate using the structure for remote office work for Land Bank staff and as a storage space.

#10: Describe any ground disturbing activities that you plan to undertake within the next 5 years (separate from this project).

At this time, the only ground disturbing activities would include restoration of the 6 cabin sites with native vegetation after the cabins are removed. We have not determined any other ground disturbing activities within the next 5 years separate from the North Shore Conservation Easement project. Once the SJC Land Bank owns the property, project planning outside of the conservation easement project will include the following: cultural resources assessment, historic resources assessment, and low-impact recreational use planning. If applicable, any potential ground disturbing activity will be closely evaluated, considered, and permitted accordingly.

Project Permits

Permits and Reviews	Issuing Organization	Applied Date	Received Date	Expiration Date	Permit #
None - No permits Required					

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Attachments

Required Attachments

5 out of 5 done

Applicant Resolution/Authorizations
 Landowner acknowledgement form
 Map: Parcel map
 Photo
 RCO Fiscal Data Collection Sheet

✓
 ✓
 ✓
 ✓
 ✓

PHOTOS (JPG, GIF)

Photos (JPG, GIF)



507642



507643



507950



507951





















507955

PROJECT DOCUMENTS AND PHOTOS

Project Documents and Photos

File Type	Attach Date	Attachment Type	Title	Person	File Name, Number Associations	Shared
	06/03/2022	Project Application Report	Project Application Report, 22-1439A (sub 06/03/22 15:54:14)	VickieE	Project Application Report - 22-1439 (submitted 06-03-2022_15-54-14).pdf, 518282	✓
	06/03/2022	Photo	Kayakers-Public Passive Recreational Opportunity_North Shore	VickieE	Kayakers-Public Passive Recreational Opportunity_North Shore CE_22-1439.jpeg, 518262	✓
	06/03/2022	Letters of Support	7 LOS for the North Shore CE Proposal_22-1439.pdf	VickieE	7 LOS for the North Shore CE Proposal_22-1439.pdf, 518247	✓
	06/02/2022	Video	Virtual Site Visit_North Shore Conservation Easement_22-1439	VickieE	Virtual Site Visit_North Shore Conservation Easement_22-1439.pptx, 518145	✓
	06/02/2022	Application Document	PSAR Supplemental Questions FINAL.pdf	KathleenF	PSAR Supplemental Questions FINAL.pdf, 518139	✓
	06/02/2022	RCO Fiscal Data Collection Sheet	22-1439.FiscalDataCollectionSheet_North Shore CE.pdf	AngelaA	22-1439.FiscalDataCollectionSheet_North Shore CE.pdf, 518101	
	06/02/2022	Letters of Support	WRIA 2 Support Letter North Shore Conservation Easement_22-1	VickieE	WRIA 2 Support Letter North Shore Conservation Easement_22-1439.pdf, 518081	✓
	06/02/2022	Cost Estimate	22-1439 A_PSAR CostEstimate_North Shore CE.6.1.22 (1).xlsx (AngelaA	22-1439 A_PSAR CostEstimate_North Shore CE.6.1.22 (1).xlsx (2).xlsx, 518079	✓
	06/02/2022	Map: Parcel map	Potential Buildout Map_1 Example_North Shore CE_22-1439.pdf	VickieE	Potential Buildout Map_1 Example_North Shore CE_22-1439.pdf, 518053	✓
	06/02/2022	Map: Parcel map	Aerial and Updated Structures Map_North Shore CE_22-1439.pdf	VickieE	Aerial and Updated Structures Map_North Shore CE_22-1439.pdf, 518052	✓
	06/02/2022	Map: Parcel map	Project Site Map_North Shore CE_22-1439.pdf	VickieE	Project Site Map_North Shore CE_22-1439.pdf, 518049	✓
	06/02/2022	Map: Area of Potential Effect (APE)	Context Map_North Shore CE_22-1439.pdf	VickieE	Context Map_North Shore CE_22-1439.pdf, 518048	✓

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File Type	Attach Date	Attachment Type	Title	Person	File Name, Number Associations	Share
	05/26/2022	Application Review Report	Grant Manager Comments, 22-1439A(rtd 05/26/22 16:00)	KatM	Grant Manager Comments Report - 22-1439 (rtd 05-26-2022_16-00-37).pdf, 516971	✓
	05/26/2022	Project Application Report	Project Application Report, 22-1439A (sub 05/26/22 15:56:49)	KatM	Project Application Report - 22-1439 (submitted 05-26-2022_15-56-49).pdf, 516968	✓
	05/26/2022	Landowner acknowledgement form	Landowner Acknowledgement Form_22-1439 North Shore Conservat	VickieE	Landowner Acknowledgement Form_22-1439 North Shore Conservation Easement.pdf, 516923	
	05/25/2022	Project Review Comments	Project Review Comments Report, 22-1439A (05/25/22 18:22:58)	VickieE	Project Review Comments Report - 22-1439 (05-25-2022_18-22-58).pdf, 516818	✓
	05/25/2022	Project Application Report	Project Application Report, 22-1439A (05/25/22 18:22:58)	VickieE	Project Application Report - 22-1439 (05-25-2022_18-22-58).pdf, 516817	✓
	05/16/2022	Project Review Comments	Project Review Comments Report, 22-1439C (05/16/22 09:40:02)	VickieE	Project Review Comments Report - 22-1439 (05-16-2022_09-40-02).pdf, 515392	✓
	05/16/2022	Project Application Report	Project Application Report, 22-1439C (05/16/22 09:40:01)	VickieE	Project Application Report - 22-1439 (05-16-2022_09-40-01).pdf, 515391	✓
	04/15/2022	Project Application Report	Project Application Report, 22-1439A (sub 04/15/22 11:30:42)	VickieE	Project Application Report - 22-1439 (submitted 04-15-2022_11-30-42).pdf, 508204	✓
	04/14/2022	Letters of Support	WRIA 2 LE Alignment Letter North Shore Conservation Easement	VickieE	WRIA 2 LE Alignment Letter North Shore Conservation Easement (002).pdf, 508014	✓
	04/14/2022	Photo	Structure 6_Will Demolish.JPG	VickieE	Structure 6_Will Demolish.jpg, 508010	✓
	04/14/2022	Photo	Structure 5_Will Demolish.JPG	VickieE	Structure 5_Will Demolish.jpg, 508009	✓
	04/14/2022	Photo	Structure 4_Will Demolish.JPG	VickieE	Structure 4_Will Demolish.jpg, 508008	✓
	04/14/2022	Photo	Structure 3_Will Demolish.JPG	VickieE	Structure 3_Will Demolish.jpg, 508006	✓
	04/14/2022	Map: Parcel map	Map_Parcel_Structures_22-1439 North Shore Conservation Easem	VickieE	Map_Parcel_Structures_22-1439 North Shore Conservation Easement.pdf, 508005	✓
	04/13/2022	Photo	Barn-Garage_South of Pond-wetland.jpg	VickieE	Barn-Garage_South of Pond-wetland.jpg, 507956	✓
	04/13/2022	Photo	Historic Home_Unfinished Addition_South of Structures 1 and	VickieE	Historic Home_Unfinished Addition_South of Structures 1 and 2.jpg, 507955	✓
	04/13/2022	Photo	Structure 2_Will Demolish.JPG	VickieE	Structure 2_Will Demolish.jpg, 507951	✓
	04/13/2022	Photo	Structure 1_Will Demolish.JPG	VickieE	Structure 1_Will Demolish.jpg, 507950	✓
	04/13/2022	Map: Area of Potential Effect (APE)	Map_Vicinity_22-1439 North Shore Conservation Easement.pdf	VickieE	Map_Vicinity_22-1439 North Shore Conservation Easement.pdf, 507859	✓
	04/12/2022	Photo	Photo_Portion Shoreline West_22-1439 North Shore Conservatio	VickieE	Photo_Portion Shoreline West_22-1439 North Shore Conservation Easement.jpg, 507643	✓
	04/12/2022	Photo	Photo_Portion Shoreline East_22-1439 North Shore Conservatio	VickieE	Photo_Portion Shoreline East_22-1439 North Shore Conservation Easement.jpg, 507642	✓
	04/12/2022	Applicant Resolution/Authorizations	Resolution_Authorization Form_22-1439 North Shore Conservati	VickieE	Resolution_Authorization Form_22-1439 North Shore Conservation Easement_FULLY EXECUTED.pdf, 507637	✓
	04/05/2022	Project Review Comments	Project Review Comments Report, 22-1439A (04/05/22 14:52:41)	KatM	Project Review Comments Report - 22-1439 (04-05-2022_14-52-41).pdf, 506795	✓
	04/05/2022	Project Application Report	Project Application Report, 22-1439A (04/05/22 14:52:39)	KatM	Project Application Report - 22-1439 (04-05-2022_14-52-39).pdf, 506794	✓

Application Status

Project Application Report - 22-1439

Application Due Date: 06/27/2022

Status Name	Status Date	Submitted By	Submission Notes
Application Resubmitted	06/03/2022	Vickie Edwards	Thank you for the opportunity to apply for funding for the North Shore Conservation Easement through the PSAR Large Capital Funding Program! Best regards, Vickie Edwards
Application Returned	05/26/2022	Kat Moore	
Application Submitted	05/26/2022	Kat Moore	submitting on behalf of sponsor
Preapplication	03/17/2022		

I certify that to the best of my knowledge, the information in this application is true and correct. Further, all application requirements due on the application due date have been fully completed to the best of my ability. I understand that if this application is found to be incomplete, it will be rejected by RCO. I understand that I may be required to submit additional documents before evaluation or approval of this project and I agree to provide them. (Vickie Edwards, 06/03/2022)

Date of last change: 06/03/2022

RESOLUTION NO. 13 - 2022

**A RESOLUTION TO ACQUIRE AND ACCEPT A STATUTORY WARRANTY DEED
ON ORCAS ISLAND FOR THE MCPEAKE PROPERTY**

RECITALS

WHEREAS, RCW 82.46.070 and RCW 36.32.570 authorize the County to acquire property for recreational, historic, agricultural and conservation purposes through the use of excise tax funds dedicated to this purpose;

WHEREAS, Stephen Nicol, the personal representative of the estates of David T. and Lina May McPeake (the "Seller") entered into a Purchase and Sale Agreement to sell certain real property on Orcas Island formerly occupied by the Glenwood Inn (the "Property") to the San Juan Preservation Trust (the "SJPT");

WHEREAS, the SJPT has assigned its right to purchase the Property to San Juan County acting through the Land Bank;

WHEREAS, the purchase price for the Property is \$6,350,000, and the SJPT will be contributing \$1,500,000 toward the purchase price at closing;

WHEREAS the Land Bank has entered into a cooperative agreement to sell a conservation easement to the SJPT on or before June 30, 2025, for the lesser of: (1) 50% of the purchase price and 50% of closing costs or (2) the fair market value of a conservation easement, where this easement purchase price shall be reduced by SJPT's initial contribution of \$1,500,000;

WHEREAS, the Property includes one-third of a mile of shoreline on the north shore of Orcas Island, and has great significance to the Coast Salish peoples;

WHEREAS, the conservation easement will be limited to protection of the shoreline on the north shore only and is expected to restrict development in that area;

WHEREAS, it is the County's intent to retain at least two development areas on the upland portion of the parcel;

WHEREAS, the purchase of the Property was considered before the Land Bank Commission at a public hearing and was approved by the Land Bank Commission on September 17, 2021;

WHEREAS, the purchase of the Property, as recommended by the Land Bank Commission, was included as part of the Land Bank budget in the 2021 budget which was approved by the County Council; and

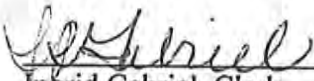
WHEREAS, San Juan County now desires to purchase the Property from the Seller for the sum of \$6,350,000.

NOW, THEREFORE, BE IT RESOLVED by the County Council of San Juan County, state of Washington, as follows:


1. That the County Council accepts a Statutory Warranty Deed substantially in the form of Attachment A from the Seller to San Juan County.
2. That the Director of the Land Bank shall be authorized to execute all documents necessary to effect the purchase of the Property, and any other necessary closing documents.
3. That the Director of the Land Bank is directed to negotiate the conservation easement with the SJPT as reflected above by December 31, 2022.

ADOPTED this 14th day of June, 2022.

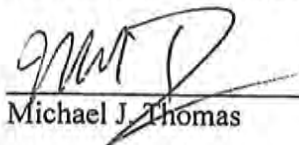
ATTEST: Clerk of the Council


Ingrid Gabriel, Clerk Date 6-14-2022

**COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON**


Christine Minney (Jun 15, 2022 15:20 PDT)
Christine Minney, Chair
District 1

REVIEWED BY COUNTY MANAGER



Michael J. Thomas Date 6/15/22

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

By: 
Date _____

EXCUSED

Cindy Wolf, Vice-Chair
District 2


Jamie Stephens (Jun 15, 2022 19:01 PDT)
Jamie Stephens, Member
District 3

STEWARDSHIP & OUTREACH REPORT

JULY 2022

OVERVIEW

Following a prolonged cool and wet spring, there is a pronounced shift to summer. The sweet smell of cut hay abounds with farmers working all hours to bring in harvest between squalls. As maintenance activities slow, public access swings into high gear along with the annual marathon of noxious weed control, as well as plans for the first “in-person” County fair booth since 2019. A request to collect acorns from a University of Idaho researcher was granted. The researcher is exploring cultivation of European truffles with Garry oaks.

OUTREACH

Staff: Tanja Williamson

The second month of the Summer Farmers Market Series was well attended. On Orcas, Peter was joined by Craig Canine of SJPT (San Juan Preservation Trust), and Land Bank Commissioner, Brian Wiese. (Photo 1).

Tanja has been working with the Stewardship Network helping shape the Green Village for this year’s county fair, August 17-20. In addition to the organization’s individual booths, debuting this year are daily scheduled activities and presentations in a common area under the “big tent,” including a camas presentation and planting demo by Salish Seeds Project nursery assistant, Margo Thorp.

Lastly, San Juan Island stewardship staff is hosting a blitz of volunteer work parties throughout the month of July, spread over four different preserves. Volunteer opportunities abound, from noxious weed removal to trail construction. Anyone interested in joining these conservation efforts can find all details on the [online calendar](#).

SALISH SEEDS NURSERY

Staff: Eliza Habegger, Margo Thorp

Seed harvest is in full swing. So is the potting up of plants that will be sold in September at our fall plant sale. Summer wet and warmth has meant extra weeding, mowing, and tending. Islands Conservation Corps members have completed their internships at the nursery.

DISTRICT 1

Staff: Doug McCutchen, Charlie Behnke, Jacob Wagner, Shauna Barrows

American Camp Trail: The ACT received a good haircut this month in a joint effort from Jacob and Shauna – prolific growth and creeping roses were trimmed along the trail corridor while grass was mowed underfoot. The only casualties were sinuses as a result of the grass's virility.

Beaverton Marsh: Two volunteer parties took place in the last month: one focusing on trail construction and the other continuing Scot's broom control effort initiated by the Islands Conservation Corps. The SJI Youth Conservation Corps helped continue trail and weed control efforts. Cleanup of the cabin site on the Barker property continues. Site development for recreation will ramp up in July and August with a goal of opening the first phase in mid-September. The deadline for the Request for Qualifications for engineering and design support closed with no submittals. Doug will follow-up with firms and explore potential of broadening the request and/or revising the scope of work. Two proposals were received from cultural resource consultants. Island Conservation Corps member Susan Ridl has designed a bird survey for the preserve using the eBird platform for her internship with the CLB. Staff are working with her on final details and hope to roll out the project to a small group of avid birder/volunteers as a test sometime in the next month. After the kinks are worked out, it will be released more broadly.

The agricultural area has had fence lines mowed to assess condition and replacement priorities. Currently working with the Conservation District to apply for funding for the riparian portion of fence.

Cady Mountain: ICC member Julia Jacquery helped assess and map ecological communities on existing and newer Land Bank acquisitions. This information will be used to support ecological assessment and management plan development. A decommissioned social trail has been closely monitored following the removal of the trail closure sign.

Deadman Bay: The trail leading to Deadman Bay was cleared of logs and now supports three pathways to the beach. The parking areas were mowed.

False Bay Creek: The pullouts were mowed. Currently working with the Conservation District to apply for funding for riparian portion of fence that is in poor condition. Tansy Ragwort has been pulled.

Frazer Homestead: Lessee Thor Black passed away, a great loss for the island. Charlie is working with family and colleagues to address removal of equipment; no animals were on the property. A condolence card was signed by staff members and sent to the Black family. Prior to his passing, he had been mowing down the pastures to manage hawthorn.

Kellett Bluff:

King Sisters: King Sisters has continued to receive TLC at the hands of Laura Helander, a neighbor who volunteered to mow the trail this year. The northern end of the trail was brushed of reed canary and encroaching shrub.

Limekiln: Jacob and Shauna responded to a neighbor's report of a downed tree at the end of the North Trail. The tree was bucked and removed from the trail corridor.

Mount Grant: WSU North Sound Extension and San Juan Islands Conservation District held a forestry workshop focused on exploring natural history and current forest health issues. Thom Pence volunteered to help lead the walk with support from Jacob and Shauna. Numerous occasions of RVs and similar campers have been encountered along Geraldine Lane leading to some confusion with regards to property boundaries, easements, covenants, and commercial camping rules. An orientation for volunteers and staff is planned. Volunteers Peggy Reily and Barrett Kennedy assisted with opening a trail blocked by a very large old-growth Douglas fir. (Photo 2) The trunk was 43" diameter at 30 feet from the base, where it intersected the trail, with a preliminary ring count of more than 440 years. Shauna led a group of Spring Street International School students up the mountain as part of their False Bay watershed discussion and intersectionality of ecosystems; the students were part of the 6-week Salish Sea Sciences course.

Third Lagoon: Staff continued to monitor and remove Canada thistle from a patch that just won't quit.

Westside: Shauna led a blackberry control volunteer event that made a dent in the prolific blackberry growth. The Goldenback Trail was mowed and restoration plots weeded.

Zylstra Lake: Water release for downstream agricultural use has begun, a full five weeks later than in 2021. Bald eagles have utilized their long-term nest at the west side of the preserve with a young eagle being seen perched on the edge of the nest recently. No incidents with preserve visitors have been noted this year. In conjunction with King County Environmental Lab (who does lab testing) a new "test-strip" analysis is being used to help track potential advancement of toxic algae. The test strips are not as accurate but will help monitor changing conditions and provide more immediate feedback. The Lessees began haying in late June and will continue into the coming weeks. They hosted a public Q&A opportunity to talk about hay production, their practices, and the Zylstra site. Charlie attended the hay event.

DISTRICT 2

Staff: Peter Guillozet, Mary Gropp

Coffelt Farm: The farm lease proposal review committee met to discuss the Lum Farm proposal and sought clarification on a few items prior to making a recommendation at the July Commission meeting. Most materials have arrived for the electrical system improvements project. Perennial Consulting, LLC completed fieldwork associated with a plant inventory and a wetland delineation associated with the potential trail alignment.

Deer Harbor: Peter purchased new galvanized steel posts and chain to replace the rotting split rail fencing along the edge of the parking area.

North Shore/Glenwood: Staff secured the entrance and the many building doors and posted no trespassing signs. New interim signage is on its way and will be posted at the entry and the beach next week. Peter has begun meeting with neighboring landowners and has sought quotes from consultants for support with assessments of cultural resources and slope stability and drainage issues. (Photo 3)

Turtleback Mountain: Peter replaced the South Turtleback footbridge with the help from the ICC crew. (Photo 4) A summary of comments and staff responses will be posted shortly, as will a final (draft) SMP for review by the Commission. Mary has been busy collecting native seed.

DISTRICT 3

Staff: Amanda Wedow, Sara De Roy

Channel: Reports continue to trickle in about creosote logs and large marine debris along the westside and other shorelines. Many of these items have been tagged using the MyCoast.org app, and Amanda confirmed with the DNR (Department of Natural Resources) that a crew will be out this summer to assist with removal of these items.

FB Spit: The field and trails were mowed, noxious weed removal continues.

Hummel Lake: The field was mowed, and trails brushed. Relayed comments about the Hummel Lake boat launch area to WDFW.

Lopez Hill: Amanda continues to refine trail layout to the north, and through the LCLT (Lopez Community Land Trust) trail easement. A surveyor is scheduled to stake the easement prior to final layout. Amanda met with the neighbor to review the project. SJPT is beginning a fundraising campaign for the conservation easement purchase on the addition.

Tombolo: Locals and visitors enjoyed the annual Lopez fireworks along Bayshore road. Sara participated in firework cleanup at the Tombolo.

Watmough: Amanda and Sara led a guided walk to the addition. (Photo 5) The Bureau of Land Management staff and volunteers had a site visit during their Monument tour.

Our “area closed” sign was removed, and gate tampered with and left open. The gate was resecured, and a replacement sign posted. Met with a neighbor about posting signs at property boundary and closing off informal trails. Ecological assessment work is underway. One recent exciting observation was of a Bullock’s oriole, an uncommon site on Lopez. Amanda had a meeting with the Marine resources committee staff to learn more about the voluntary no-anchor zone project to protect eelgrass.

Photos



Photo 1. Craig Canine (SJPT), Peter and Brian team up at the Orcas Farmers Market.



Photo 2. Volunteer Peggy Reily stands next to large, downed Douglas fir at Mount Grant Preserve



Photo 3. Slope failure requiring attention along the beach access road at the North Shore-Glenwood property.



Photo 4. Turtleback bridge replacement under way.



Photo 5. June 29 guided walk attendees.

Lease Proposal Application

Response to:

*Coffelt Farm Preserve Agricultural Lease Request for
Proposal*

From:

Lum Farm LLC

Submitted May 27, 2022

**Coffelt Farm Preserve Agricultural Lease Request for Proposal
ATTACHMENT H - PROPOSAL TEMPLATE FORM**

Applicant Name Amy and Eric Lum

Farm or Organization Name Lum Farm LLC

Mailing Address PO Box 28, Orcas, WA 98280

Phone (360) 376-4454 **E-mail** lumfarm@gmail.com

Relevant licenses or certifications

- Dairy Licenses - Milk Producer, Cheese Plant, Dairy Technician (Eric, Amy, Crystal)
- Chicken Processing License
- Egg Handler/Dealer License
- WA State Business License
- Licensed Bonded General Contractor (Eric)
- IGFC Membership
- Washington State Sheep Producers Association Membership
- WA State Artisan Cheese Producers Membership
- Certified Sheep Shearer (Amy, Damian)
- Food Handlers Permits (Amy, Crystal, Damian)

Professional references (name, phone, and email)

Jim Weringa, IGFC manager
(360) 982-8695, manager@igfcmeats.com
Dr. Blake Guard, Guardian Veterinary Hospital
(360) 622-1075, drblakeguard@guardianvethospital.com
Angie Shepard, San Juan Islands Conservation District
Mobile: (360) 622-5143, Office: (360) 378-6621 Ext 10, angie@sjicd.org

Personal reference (name, phone, and email)

Renee Wilgress
(360) 393-2156, utterhm4@msn.com
Darryl Duke
(206) 617-0105, darryl.duke@gmail.com
Jennifer Pi
(503) 267-2438, pdx314@gmail.com
Angie Johnson
(360) 317-3370, bro3ndog@gmail.com

Do you identify as and/or do you or your organization provide support to beginning farmer/ranchers (with less than 10 years of experience)?

We are not a beginning farm or ranch, but we are committed to supporting those who are. We are a registered farm in the Farmer-to-Farmer Mentor Program to provide services to starting farmers. We offer consultations, and we are willing to help beginning farmers.

1. VISION AND GOALS

- a. Briefly describe your vision and goals for the Coffelt Farm Preserve Agricultural Lease Area (ALA). What will the farm operation produce, when and how will you begin, and an overview of 1-, 3-, 5- year plus plan and goals.

Vision: Operate a diverse farm providing food and agricultural products to the local community. Set an example for sustainable agriculture that our customers, community, and county can be proud of. Humanely raise happy, healthy animals and share our experience with others.

Goals and 5-year plan: Lum Farm plans to raise sheep, cattle, goats, pigs, and chickens, as well as producing hay and compost. We will continue with the farming operations currently implemented on the ALA. Over the next 5 years we plan to increase value-added dairy production and agritourism and educational events.

In the next year we plan to increase cheese production by 20% and begin ice cream production. We plan to maintain slow growth for the next 5 years, reaching a 30% increase in production by 2027. This increase will be done with respect to the land and current carrying capacity. Other farm production may change slightly to adjust for the increase in goats. We will continue to offer farm tours and consulting, and we plan to implement more farm events to generate interest, educate the public, and increase profits. For more details, see attached FARM MANAGEMENT PLAN, section I, subsection D (page 26).

- b. Describe how your operation will be compatible with and/or enhance the agricultural and natural resources on the property including soils, forage, surface waters and wildlife habitats.

We created our farming plans to respect the land to enhance soil, forage quality and production. We use regenerative farming practices when possible. Currently, we manage livestock using rotational grazing practices to stimulate forage growth and provide natural fertilization of pastures. The goats naturally trim blackberries and bushes along fence lines and the increased forage production provides more wildlife habitat areas. We will work with the Land Bank to protect the riparian habitat areas and the streams on the

ALA property. For more details see FARM MANAGEMENT PLAN, section II, subsection A (page 26).

- c. Describe how your operation will fit with the size and configuration of the farm and how you will utilize existing farm infrastructure, equipment, and housing.

Over the past 3 years, our operation has been able to fit within the size and configuration of the existing farmstead, using most, if not all, of the land and structures for their intended optimal uses. We will continue to do so moving forward. The farm manager house will be used as our primary housing. The dairy barn will be used for the goat dairy, housing goats during milking season, kidding during the winter and spring, and hay storage as needed. The dairy parlor will continue to be used for milking, with cheese and ice cream production in the milk plant. Other structures will be used for livestock shelter and hay storage as best fit our operations. We will use rotational grazing practices for pasture areas, with haying following. The farm stand will continue to serve as our farm store with meat storage in freezers. The chicken processing area will be used for broiler harvests seasonally, while the slaughter site will be used for cattle wintering and IGFC slaughters. We will use the market garden, orchards and greenhouse for limited fruit and vegetable production. Further details explained in FARM MANAGEMENT PLAN, section II, subsection A (page 26).

- d. Describe how your operation will maintain, and/or enhance soil health. Lessee will develop a Soil Nutrient Management Strategy in collaboration with the Land Bank, how do you foresee the Land Bank contributing financially or otherwise to these efforts?

To improve soil health, we plan to build on the work that has already begun to restore nutrient deficient soils on site, including using livestock and poultry rotations and compost spreading to enhance forage production and provide additional nutrients to the soil. Compost and manure made on the farm will be applied as needed to areas with lower quality forage and soil fertility. We strive to use as few non-farm fertilizers as possible, instead using natural practices to improve land areas. Lum Farm will continue implementing these and other nutrient management strategies. No major contributions from the Land Bank are being requested at this time. However, financial support would likely be necessary to cover the costs of programs if the Land Bank were to require them, including soil testing, ongoing monitoring, or other advancements in soil health which incur new costs.

- e. Do you foresee your farming/ranching practices working towards climate resiliency? If so, please explain?

Yes, our products and practices take climate change and resilience into account at nearly every turn. Our operation generates very little to no waste – natural resources including water, nutrients and production byproducts are always conserved or repurposed. Diverse farming practices help the outputs of one product complement the production of another, as often as is possible. These integrative practices rely on fewer external or imported sources, reducing the overall carbon footprint of the farm. Composting, using chickens and livestock to fertilize crop fields, producing our own hay, and other regenerative practices, enhance forage and soil health, sequester carbon, and create flexibility and resilience for the farm. Our diverse product line provides resilience against natural, economic, and other disasters that could otherwise force a farm producing a singular crop or product to go out of business. Examples of this include value-added products such as cheese and ice cream, which are less sensitive to the impacts of climate change.

- f. Describe benefits your operation will provide to the community and/or your concrete plans to collaborate with others on the property. Examples: Food equity (efforts to provide healthful, affordable, and culturally significant foods), agricultural education and research, farmer to farmer collaborations, employment opportunities, maintaining agricultural resources, youth engagement, etc.

Lum Farm is proud to already be providing tremendous benefit to San Juan County residents by participating in many important local food programs, including SNAP, One Canoe, the Island Grown Food Access Card, and the Orcas Food Bank. All these programs help provide local and low-income residents with healthy, fresh food that is sustainably grown.

We support other farms and businesses through the Farmer-to-Farmer Mentor Program, consulting services, IGFC coordination, and by featuring other local businesses in the farm store and at public events.

In addition, we have created mutually beneficial partnerships with a growing number of other local island farmers, supporting their businesses and local economic development in general. In the past 2 years, we have sold produce from Morningstar Farm, Alala Farm, and other local growers. We have hosted a pop-up location for Matt's Fresh Fish (Friday Harbor), Seabird Bakeshop (Orcas Island), and been the pickup site for Fabled Flora's flower CSA. We are always on the look-out for additional partnerships such as these.

Lastly, we engage in several public education and awareness programs by providing tours, school programs, field trips, internship and employment opportunities, workshops, and even research presentations. Community partners on these activities include WSU Extension, the San Juan Islands Conservation District, Farm Tours of the San Juans, the San Juan Islands Ag Guild, and more. Specific to youth education, we support local youth through 4-H livestock projects and have partnered with the following youth education programs: Island Schools (Salmonberry, the Montessori School, Kaleidoscope and Forest School, Children's House, Orcas Christian School); the Winter Christmas tree sale brought in proceeds for the Community Resource Center, Salmonberry, Kaleidoscope, Children's House and the Montessori School; Compass Health; San Juan Islands Farm Tour; Brook Meinhardt's Art Camp; Farmer's Market; working/educational opportunities for island teens (we had nearly a dozen different teens come to the farm last summer). For more partners, see BUSINESS PLAN, section IV, Appendix A (page 18).

2. EXPERIENCE AND QUALIFICATIONS

- a. Describe how your relevant hands-on commercial farming/ranching background and farm business management experience has prepared you for this lease opportunity.

We have over 20 years of farming experience on Orcas Island, including 3 years on the Coffelt Farm Preserve. Originally, we started with sheep and poultry, growing to include cattle, goats, and pigs. When our livestock herds grew large enough, Eric started producing hay. Prior to expanding Lum Farm, Eric successfully owned and managed a mechanical and general contracting business, which merged into Lum Farm LLC in 2019.

Amy is a partner of Bossy's Feltworks and brings business management experience to farm operations. Both Amy and Eric have extensive knowledge of business management and livestock health and management, with years of hands-on farming experience. Additionally, Lum Farm employs an extremely knowledgeable management team with experience in food production, web design, and marketing. These skills, combined with Amy and Eric's understanding of agriculture and land use, provide Lum Farm with the skills needed to succeed at farming on Orcas. For further detail, see BUSINESS PLAN, section II, subsection A (page 13).

- b. Describe any relevant education, training, certifications, or mechanical aptitude you have.

Eric has a Bachelor of Science in Small Business Management with a minor in Agricultural and Energy Technology from University of Vermont. He has owned a mechanical business, a general contracting business, and worked as an engineer on

Alaskan fish tenders. He is a certified dairy technician, a licensed, bonded general contractor, and has attended many WSU extension workshops and trainings. He served on the IGFC board, and currently coordinates all IGFC slaughters for the island. Amy has worked as a vet assistant and has a background in animal health. She is a certified dairy technician, holds a food handlers permit, and is a certified sheep shearer.

- c. Describe any experience owning or leasing farmland and managing a farm operation (including financial management). If applicable, identify the lessor(s) of such farmland.

Our family owns a 48-acre parcel of land on Orcas Island, purchased over 50 years ago, which we farmed for 20 years and is now rented. We have lease agreements with several other landowners on the island which we use as supplemental pasture and hay fields for our livestock, including the Fowlers Pond Preserve. On these leased lands, we use our livestock and haying practices to manage forage and increase soil health with no cost to landowners. We have extensive business management experience as well. Both Amy and Eric owned companies other than Lum Farm before deciding to expand farm operations. Eric owned and managed Lum Volvo and Tractor Services, a mechanical and general contracting business, before terminating it and transferring all customers to Lum Farm LLC in 2019. Amy is a partial owner and manager for Bossy's Feltworks, her wool and felting business. Amy and Eric managed Lum Farm as a part-time business, marketing primarily through the local Farmers Market and restaurants, before expanding to be the focus on the farm in the past 5 years. During this time, they have successfully expanded farm operations. While both Amy and Eric can manage all parts of the business, and have for many years, as the farm grew, they hired a bookkeeper and an accountant, who help with financial tracking, taxes, and account management. Outsourcing these jobs allows Amy and Eric to spend more time working on and planning daily operations.

3. BUSINESS PLAN

See attached Business Plan for details.

At a minimum:

- a. Describe the management structure you are proposing (i.e., LLC, Sole Proprietorship, Cooperative, non-profit), including the role of each person involved. Describe your experience managing the specified business/organization and/or the structure and history of the entity.

BUSINESS PLAN, section I (page 12)

- b. Provide a general five-year income and expense projection for your proposed farm operations.

BUSINESS PLAN, section II, subsection C (page 15)

- c. Affirm that your business/organization would be able to meet the \$2,358 monthly lease rate plus an estimated \$700+/month in utility fees and agreed maintenance expenses.

Lum Farm is able to afford the lease and utilities at this monthly rate (\$2350). We believe that our approach to managing farm operations at Coffelt Preserve brings tremendous value to the land, the Land Bank, and the local community, in all the ways described above. We feel it is appropriate to seek reimbursement at a reasonable rate of pay for services we may render that provide direct benefit to capital infrastructure, ecological resources, or other county-wide goals (e.g., education, economic development) and request that eligible activities and rates be discussed as part of a lease signing.

- d. What revenue sources do you anticipate your operation relying on beyond farm product sales? Sales of non-farm items, grants, donations, education fees, agrotourism, subleasing, etc. Outside day jobs.

BUSINESS PLAN, section II, subsection C (page 15)

- e. Describe the avenues through which you anticipate distributing your crops/farm goods to the market or the community.

BUSINESS PLAN, section II, subsection B, number 3 (page 15)

- f. The outlined term of lease is for five years with the conditional option to renew for another five years. If your plan would require or benefit from a different term, please explain.

In order to effectively establish and manage our operation, we would benefit from a 10-year lease term. With a 10-year lease term we would be able to invest in more capital improvements, including a more efficient dairy milking system and egg washing station, and see a return on these investments. Farming is not easily moved from one property to another, and it takes time to adjust to changes. With a 10-year lease we can better establish and maintain our livestock herds without needing to prepare to possibly move after only a few years, which would require adjustments in production. There is a greater incentive to use best forage and soil quality management as well, as we will be benefiting from the land for a longer period. Planning for sustainable and restorative cycles for soil,

pasture and animal management happens throughout the seasons and over the course of many years. A short-term lease does not benefit the farmer or the land.

4. LESSEE FARM MANAGEMENT PLAN

See attached Farm Management Plan for details.

Provide a plan that addresses the following:

- a. Describe the farm operation in detail. Include estimated livestock species and numbers, crop types and acreages, and other farm activities (e.g., value-added production, classes/workshops, training, tours, etc.). For livestock, please refer to the attached SJICD Farm Plan (Attachment E). The maximum production limits would ensure that the farm is not pushed beyond carrying capacities. The minimum production standard would ensure that the farmland is able to support the defined goals both ecologically and economically.

FARM MANAGEMENT PLAN, section I, subsections A, B, C, & D (page 22))

- b. Describe specific agricultural practices that would be implemented. Examples: nutrient management, composting, haying, tilling, rotational grazing, crop rotation, cover cropping, perennial crops, integrated pest management, certification goals.

FARM MANAGEMENT PLAN, section II, subsection A (page 26)

- c. Describe in detail the farm assets you own, lease, or would have a right to use in your farming operations at Coffelt Farm.

FARM MANAGEMENT PLAN, section II, subsection D, number 1 (page 27)

- d. Who will occupy the residence? What are your anticipated need for farm employees, and/or volunteers and how that need will be filled? How they will be housed if needed?

Residence: FARM MANAGEMENT PLAN, section II, subsection A (page 26)

Employees: FARM MANAGEMENT PLAN, section II, subsection B (page 27)

- e. Describe your operations water requirements for livestock, irrigation, and/or processing. What practices will be employed to conserve water?

FARM MANAGEMENT PLAN, section II, subsection C (page 27)

- f. In order to operate Coffelt Farm in accordance with your plans, do you anticipate the need for capital improvements? At this point, what modifications and/or additional infrastructure improvements would you propose to implement at your expense? Note: lease is based on existing infrastructure and limits imposed by Conservation Easement.

FARM MANAGEMENT PLAN, section II, subsection D, number 2 (page 28)

- g. Are you willing and able to coordinate with IGFC Mobile Slaughter Unit and Members for use of the mobile slaughter site with the ALA?

FARM MANAGEMENT PLAN, section II, subsection E (page 28)

5. PERSONAL FINANCIAL STATEMENT

For each person who will have a financial interest in the operation of the farm, other than wage earning employees, please provide a personal financial statement on the form shown below (and available for download at <https://ohiose.com/wp-content/uploads/2020/04/SBA-Personal-Financial-Statement.pdf>).

In addition, submit a credit report for each person. To order a free annual credit report: www.annualcreditreport.com or call 1-877-322-8228.

All Private Personal Information will remain confidential.

Private financial information can be provided prior to final lease signing if necessary.

Lum Farm LLC

BUSINESS PLAN

Amy and Eric Lum

PO Box 28, Orcas, WA 98280

(360) 376-4454

lumfarm@gmail.com

www.lumfarmllc.com

I. Executive Summary

Lum Farm LLC is dedicated to raising healthy, happy animals while improving the quality of the pastures and soils. We produce high quality food and forage to sell to our local markets and are committed to land stewardship and sharing knowledge with our community through education, engagement, and best management practices.

Lum Farm LLC began 24 years ago as a small family farm and has grown to include a large, diversified flock of sheep, goats, cattle, hogs, and poultry, as well as a market garden and orchard. Currently the largest farm on Orcas Island, Lum Farm produces quality meats, value added products including goat cheese, wool items, and tanned sheep and goatskins. The farm provides produce and fruit during summer and fall months. Additionally, we strive to provide educational experiences for customers and other farmers within the area, showcasing agriculture in San Juan County. Currently, the farm raises sheep for meat and fiber, goats for meat and dairy, beef cattle, pigs, layer hens and broiler chickens. The milk from the goats is used to produce cheese on site and is sold in the farm store, to restaurants, and at local grocery stores.

We plan to increase value added dairy production by at least 20% in 2022 with an additional 30% over the next 5 years. We will need to hire at least 2 more employees and we will seek grant funding (value added grants) to expand dairy infrastructure and upgrade the milking facilities. Funding will come from value added producer and agricultural grants. Our vertical integration allows the farm to produce and sell our products while maintaining a strong connection to customers and local businesses.

II. Company Overview

Eric and Amy Lum incorporated Lum Farm into an LLC in 2015 with both listed as governors for the company. The farm has continually expanded since establishment. In 2019, Lum Farm applied and was granted an interim lease at Coffelt Farm Preserve. Leasing the Coffelt Farm Preserve property allowed the farm to expand operations to include a WSDA certified dairy, broiler chickens, and eggs. As an already established business with a customer base and extensive experience with agriculture on Orcas Island, Lum Farm LLC has successfully navigated the unique challenges of farming on an island.

Longer term goals for the farm include slowly increasing production and profitability with respect to the land and creating more educational and community events. Current production includes sheep for wool and meat, goats for dairy and meat, beef cattle, pigs, laying hens for egg sales, broiler chickens, hay, and compost (see attached FARM MANAGEMENT PLAN, section I, subsection D). Lum Farm LLC seeks to increase dairy and value-added dairy product production while continuing to meet market demand for local meats and eggs.

Amy and Eric are both dedicated to sharing their knowledge of agriculture with others. In the past, Amy has taught summer camps at Salmonberry School including Farm, Sheep, and Chicken Camps. Both Amy and Eric have been 4-H leaders for Orcas Island 4-H, Amy has served on the San Juan County Leaders Council and Eric on the Livestock Market Animal Auction Committee. In the past 3 years while farming on the Coffelt Farm Preserve the farm has hosted multiple educational events and opportunities. In 2020-2021 Lum Farm coordinated with Salmonberry School to create “Farm Days” where the 5th – 6th grade students would come to the farm and participate in daily farm activities to learn more about agriculture. In the next 5 years Lum Farm will hold similar educational activities. Currently, we are offering farm tours privately, to school groups, and other programs. We are collaborating with the ROAD Scholars, WSU Extension service, and local preschools and elementary classes to offer farm tours and educational activities. Additionally, we do consulting work with other farmers to help support new and beginning farms and people interested in agriculture. We plan to increase youth engagement in agriculture through internship and employment opportunities.

A. Management Team

Eric and Amy Lum each hold 50% ownership of the company and serve as governors for Lum Farm LLC. Both Amy and Eric manage daily farm operations, employee hiring and training, community outreach and agricultural education. Eric Lum specializes in mechanics, field management (including nutrient and grazing maintenance), haying, and meat processing. Eric holds a Bachelor of Science in Small Business Management from University of Vermont and has been farming on Orcas Island for over 20 years. He grew up on Orcas, which expands his knowledge of the land and types of markets available to the farm. Lum Farm is a member of the Islands Grown Farmers Cooperative and Eric coordinates slaughter days for the mobile slaughter unit. Eric also owned Lum Volvo and Tractor Service, a mechanical and general contracting business. In 2020, Eric terminated Lum Volvo and transitioned all customers to Lum Farm. Amy specializes in business promotion, animal health, cheesemaking, customer relations. Amy has a background in animal health care, is part of a local sheep shearing company, and processes and sells the wool. She is also a business partner in Bossy’s Feltworks, which sells their products online and in the farm store. Bossy’s Feltworks purchases a portion of wool from Lum Farm each year. Amy served as the president for the San Juan County 4-H Leaders Council and has taught camps and programs for children through 4-H and the local schools.

Mandy Troxel serves as the marketing specialist, web designer, farm store manager, and general operations worker. Since joining in 2019, she has increased farm store sales, expanded social media and online presence, created a streamlined purchasing system, and brought organization to the farm business. Daily contributions include managing the store email account, social media outreach, office management, order fulfillment, and daily farm operations.

Crystal Mossman is the dairy specialist. She is responsible for cheese and ice cream production, as well as recipe creation and approval from WSDA. She is a certified dairy technician, manages sales and distribution of value-added dairy products, and helps with milking and daily operations.

B. Advertising and Market Penetration

All our markets are local. Main advertising strategies are through social media, local guides, and personal connections to reach restaurants and stores. Mandy does graphic design and branding, and we have an established brand and visuals. On-farm signage attracts tourists to the farm.

1. Products

Products include meats, eggs, cheese, ice cream, sheepskins and goatskins, wool, limited fruits and vegetables, hay, compost, and merchandise. Meats are sold in the farm store and to restaurants. Restaurants buy wholesale and choose their cuts. We partner with the food bank to sell pork, beef, and lamb. Eggs are sold in the farm store, wholesale to restaurants, and on a monthly subscription basis. Cheese is sold in the farm store, to restaurants, and to the local grocery stores. Ice cream will be sold in the farm store, with the option to expand to grocery stores and restaurants. Sheepskins, goatskins, and merchandise products are sold in the farm store. New products we offer include farm consulting and agritourism.

2. Advertising

The Lum Farm brand is focused on locally produced food using regenerative agricultural practices. Livestock is fed organically when possible. The beef and lamb are grass fed and finished, and all our animals are pastured or fed locally harvested hay. We use multi species rotational grazing. We rotate sheep, then cattle, followed by a cutting of hay, and then goats and chickens for both the health of the animals and the forage. Pastures are enhanced with compost and manure produced on the farm. Customers are able to see the animals in the field when they come to the store. Additionally, offering the petting farm and farm tours allows customers to connect with the farm and local agriculture.

Lum Farm is the largest producer on the island of USDA certified meats, the only licensed producer of dairy products, and the largest poultry producer on the island. We excel in public outreach and offer more than just meats and cheeses. As a locally focused producer, the farm educates and shares the experience of farming on Orcas Island and works to connect people with their food. Lum Farm prioritizes the health and wellbeing of the animals and the land, and sharing that story is part of the farm's success. It appeals to customers looking for local food and tourists looking for activities on the island.

We have an exceptional marketing manager who has updated our website and social media presence, increasing customer engagement. On the website, lists of services and online ordering increase sales and customer interest. Daily social media posts engage a wider audience and keep the farm relevant. Social media allows customers to feel connected to the farm and its daily activities and generates interest. Restaurant sales provide revenue as well as marketing. Additionally, we advertise in the Orcas Island Chamber of Commerce, Islands Grown San Juan, the Eat Local First directory, and other online local farm and food directories. Hosting events at the farm will create market opportunities for different groups. Concerts, educational workshops, youth development programs, senior center programming, and school groups increase farm visibility and generate revenue.

3. Distribution and Logistics

All livestock will be raised on the Coffelt Farm Preserve and other properties we lease. Island Grown Farmers Cooperative (IGFC), the USDA mobile slaughter unit, comes to the farm to harvest the livestock. We pick it up from the processing facility in Burlington. This involves making ferry reservations ahead of time and coordinating pick up times. Meat is frozen upon pickup and must be kept frozen during transport and storage in freezers on the farm. We use large, insulated fish totes during transportation, and often pick up restaurant's orders at the same time. All meat is stored in freezers on the farm, and we arrange pick up times with customers and restaurants pre-ordering large orders. All cheese products are processed in the cheese plant in the dairy barn, and aged cheeses are kept in temperature-controlled refrigerators in the aging room. Wholesale buyers have the option to pick up from the farm store or we will deliver.

C. Financial Plan

We generate revenues through product sales, tourism, consulting, and contracting work. Beef, pork, lamb, and goat is sold by cuts, frozen in the farm store or wholesale to restaurants. When supply is high enough, Island Market also buys whole lambs. Cheeses are sold in the farm store and wholesale to restaurants and stores. Eggs are sold in the farm store, by subscription, and wholesale to restaurants and stores (when supply allows). Broiler chickens are pre-sold before harvest dates to meet WSDA requirements. Wool is sold in the farm store, wholesale to Bossy's Feltworks and Salish Sea Yarn Co., and is sent out to be processed into socks, yarn, and rugs. Sheepskins and goatskins are sold in the farm store after being salted and sent to Bucks County Fur Products for processing. The farm store offers additional merchandise including Lum Farm T-shirts, sweatshirts, mugs, cards, stickers, magnets, and other souvenir products.

Revenues from non-product sales include tours, consulting, events/partnership events, and grants. These revenues are all part of Lum Farm, increasing income beyond meat and animal

product sales. Lum Farm LLC has non-farm related jobs that supplement income, including fencing, mowing, and general contracting work. This is supplemental income and will not relate to operations at Coffelt Farm Preserve.

The farm will apply for regenerative agriculture and value-added producer grants for financing. These grants will be used to upgrade dairy infrastructure and milking systems and support daily operations costs. We have received grants from WSDA and San Juan County agricultural organizations in the past 2 years, and we will reapply and source new grant funding opportunities. The farm has a line of credit that will be used to finance larger investments, if necessary, and paid off within the following year.

The largest costs the farm faces include payroll expenses, feed and fuel costs, rent and utilities, and costs of goods sold. Producing our own hay and maintaining grass fed practices aids in reducing external feed costs, but the dairy goats, pigs and chickens require grain. Grain costs have been increasing and have risen 20% from January to May 2022. Our projections assume that grain costs will continue to rise over the next 5 years. Weather events, including recent droughts, and increases in inputs, including fuel and fertilizer, are causing price increases currently. We predict that in the next 5 years there will continue to be weather events and increased cost of fuel and fertilizer leading to continued higher feed prices. If feed costs decrease significantly in the future, our revenues will increase and allow for more flexibility in our practices. If prices rise higher than projected, we will reevaluate feeding practices and find ways to cut back on purchased feed or adjust our herds to account for increased costs. The farm is constantly adjusting practices depending on availability and cost of inputs, and we strive to find the best balance between costs and keeping the animals healthy. Producing as many inputs as possible on the farm will help manage external price changes. Haying provides the farm with feed for winter. Buying hay from local sources or having it shipped from Eastern Washington becomes very expensive. Eric has extensive knowledge on producing high quality, nutrient dense forage and hay. Surplus hay is sold for additional revenue, but in the case of drought or extreme weather leading to lower yields we will sell less. We produce dry hay in small square bales and large round bales, and bale and wrap large bales of haylage, providing more flexibility depending on weather and rainfall. Rotational grazing improves soil quality, and we use manure created from our livestock to make compost, which is used to fertilize field areas needing more nutrients.

Payroll expenses contribute significantly to overall costs. Employees are paid on an hourly wage. This wage depends on skill level, job duties, and length of employment. We aim to pay employees a fair wage, but we cannot offer large salaries due to our expenses. The core management team works year-round, full time, and we plan to hire additional workers in the summer months. In the next 5 years we would like to offer internship opportunities to bring in

additional summer help. Currently, our team is highly skilled and able to work in multiple job positions. This allows for greater flexibility in additional workers, and we can operate with fewer employees if necessary. As we expand value-added dairy productions the farm will need to hire at least one other employee to help with the cheese or take over some daily operations tasks and allow Crystal to focus solely on dairy tasks. We would like to investigate more internship or educational work programs, offering more seasonal positions benefiting both interested farmers and Lum Farm.

III. Market Overview

A. Industry Size

Lum Farm sells in local markets. San Juan County has a strong demand for local and sustainable products. According to the 2020 Census Report, the population is approximately 5,547 with a per capita income of \$46,169 per year. A local food survey done by WSU School of Economic Sciences asked San Juan County residents about their food preferences and how important various types of local food sources are. In the results, when asked how important eggs and dairy from local producers having was, 21% responded somewhat important, 25% important, and 21% very and extremely important. For meats, 32% responded somewhat important, 20% important, 12% very important, and 13% extremely important. On Orcas, there is higher demand for locally raised foods than a single farm can produce. It benefits all of us to have multiple farms growing and marketing their preferred products. Our one farm is not enough to meet demand for locally grown and processed meats. There are currently no other licensed dairies on Orcas Island, though there is certainly a market for it. We set our prices to reflect the cost of production, and do not undercut or competitively price our products.

B. Customer Base

Orcas Island is a tourist destination, so a portion of the customer base is tourist driven. We sell directly to tourists from our farm store, as well as indirectly through grocery stores and restaurants. Restaurant sales are heavily driven by tourist activity in the summers, and people on vacation are more willing to spend money. During summer months, sales increase substantially. Items including farm tours, a portion of restaurant sales, gift store sales (mugs, t-shirts, sweatshirts, postcards, stickers, magnets, etc.), and part of meat and cheese sales all increase in demand during the summer months when there are more visitors on Orcas. While demand slows during winter and early spring, the farm plans to increase other opportunities to increase revenue. Local customers buy regularly throughout the year, while tourists and people with vacation homes in San Juan County buy mainly during spring and summer months. We also partner with the Food Bank to provide lower income residents with local food. The Food Bank has received many grants to support local producers and bring in more local food, and they will continue to

apply for these grants in the future. The Islands Grown Food Access Program is piloting a debit card program for use on proteins. We were the second highest source of proteins for purchases, following the San Juan Islands Food Hub.

IV. Appendices

Appendix A: Current Farm Partners

Relationship	Business
Partners	Orcas Island Food Bank, WSU Extension, Pied Piper Music Program through the Orcas Island Chamber Music Festival, Salmonberry School, Kaleidoscope, Orcas Public Schools, ROAD Scholars, Orcas Senior Center
Restaurants	Kingfish Inn, Ship Bay, Island Hoppin Brewery, The Barnacle, Mijitas, Roots, Monti, Orcas Island Winery, Buck Bay Shellfish, Hogstone, Pasta Underground, Chimayo, Seabird Bakeshop
Stores Featuring Lum Farm Products	Orcas Village Store, Orcas Food Coop, Island Market, Salish Sea Yarn Co
Farm Store Featured Products	Girl Meets Dirt, Matt's Fresh Fish, Fabled Flora, Brownfield Orchard, Seabird Bakeshop, other local producers

Appendix B: Employee Overview

Job Title	Description	Number of positions
Company Owners	Main management personnel, responsible for planning, hiring, managing daily and seasonal operations	2: Amy and Eric Lum

Marketing Specialist and Office Manager	Manage social media profiles, update website, customer service, fill orders, manage inventory, manage farm store and sales, daily milking, and animal care	1: Mandy Troxel
Dairy Specialist and Manager	Licensed dairy technician, operates cheese and ice cream production, creates recipes, works with WSDA for certifications and approval, manages other employees working in the dairy	1: Crystal Mossman
Farmworkers	<p>Daily operations jobs including animal care and feeding, pasture fencing, equipment operations, move feed, clean barns, harvest fruit and produce, work in the farm store as cashiers</p> <p>Type of work varies depending on the season</p>	<p>1 full time year-round, 2-3 part time year-round, up to 5 during peak operations</p> <p>As the value-added dairy operation increases, we will hire additional milkers and cheese producers to work with Crystal in the dairy. During the summer and fall, we plan to hire a farmworker with mechanic experience to help Eric with equipment maintenance and repair during and after the haying season.</p>
Outsourced Positions		
Accountant	Manage taxes and financial records	1

Bookkeeper	Manage finances, work with suppliers for payments	1
Business Consultants	Work with managers to run business and maximize profits	1

Appendix D: Sources

Census profile: Orcas island school district, WA. Census Reporter. (n.d.). Retrieved May 5, 2022, from <https://censusreporter.org/profiles/97000US5306300-orcas-island-school-district-wa/>

Le, Lena & Scott, Lauren (2021). *San Juan County Local Food Survey* [Data Report]. Social and Economic Sciences Research Center Washington State University, <https://s3.wp.wsu.edu/uploads/sites/2054/2021/05/FOOD20-data-report-final.pdf>

Lum Farm LLC

FARM MANAGEMENT PLAN

Amy and Eric Lum

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I. Operations Plan

We plan to continue the farming practices we already employ at Coffelt Farm Preserve. We have expanded farm operations very carefully, factoring in the many changes that happened in 2020 with COVID-19. Below is a list of our activities for the current year and what we expect for the upcoming years. The activity on the farm is not limited to these activities, and we may add other items to our production schedule.

A. Current Operations

Sheep –

We currently have a flock of 70 breeding ewes and 3 rams. We expect to raise about 100 lambs for meat and 10 replacement ewes per year. All our lamb is grass fed and grass finished. We are adding a small number of dairy sheep for cheese making. Wool is shorn for resale to Bossy's Feltworks and for value added farm products such as yarn and socks. Lamb and sheepskins are for sale in the farm store. The sheep are a key part of rotational grazing management of pastures to increase soil quality and carbon sequestration, as well as provide manure for compost. Over the next 5 years we plan to maintain current sheep production levels and strategy.

Goats –

We currently manage a herd of 30 dairy and meat does and two bucks, with a kid crop of 60-75. In the next 5 years we plan to increase the number of dairy does by about 5 per year as value added dairy products increase. We use the milk for cheese and ice cream, which is produced on site and sold in local markets and restaurants as well as the farm store. Goat meat and goatskins are for sale in the farm store. Our goats are grass fed, with supplemental grain to support milk production and kid growth. Goats are used for grazing and brush clearing of fence lines around the farm for ecological benefit, soil, and land improvement.

Cattle –

Currently, we own a herd of 25 mixed age cattle. We raise heritage Dexter, Angus, Buelinga and Hereford cattle. The beef is sold in the farm store and wholesale to restaurants. Rotational grazing management and manure are a part of the soil improvement strategy. It takes up to 30 months for our cattle to grow to their desired potential as 100% grass fed beef. We have cattle in all ages and stages so as to provide a consistent supply of island raised beef for our customers. Cattle production will remain consistent over the next 5 years.

Poultry –

Coffelt Farm RFP Response: Lum Farm LLC

We raise, process, and sell 600 broilers per year. These birds are raised in mobile pens that are moved twice daily to spread manure over the pastures. Broiler chickens are raised in 100 bird groups from May through October. We currently have about 300 laying hens and sell eggs to subscription customers (nearly 50 island households), in the farm store and to restaurants. When production is high enough, we sell eggs in the co-op as well.

Swine –

We raise about 30 hogs per year. Pork is for sale at the farm store, in local restaurants and for custom orders. We raise our hogs in small groups, rotating them to areas when we can for weed management and fertility. We expect to raise a similar number over the next 5 years depending on demand and available infrastructure.

Dairy –

We currently operate a dairy on site, producing goat and sheep milk cheeses and ice cream. We sell our dairy products in the Farm Store and wholesale to local stores and restaurants. We are WSDA licensed and inspected. We make chevre, gouda, feta, tomme, aged chevre, and cheese curds. We also make cajeta and ice cream. Currently, milk is processed using a 15-gallon vat pasteurizer, or raw milk cheeses are aged for at least 60 days. We recently updated the milking parlor to include a 6-headgate cascading milking stanchion, and plan to upgrade to an inline milking system.

Hay –

Our farm plan is to harvest enough hay from the Coffelt Farm Preserve and additional hay lease fields to feed our livestock for the year and sell the surplus. This is one of the ways to effectively manage the pastures and maintain healthy grazing land. We manage haying around the grazing schedule for the greatest health benefits of the fields.

Garden –

We currently grow garlic and very limited produce due to water restrictions. Depending upon the water availability, we would like to add more vegetables to our offerings at the farm store.

Compost –

We manage compost to keep animal areas clean and spread it on the fields and gardens for soil and crop improvements. It is piled, turned, and rotated through the bays of the composting structure to get a finished product. We then reapply to garden and field areas requiring additional nutrients and the surplus is sold for additional revenue.

Farm Store –

The farm store serves as our sales outlet for farm products, as well as an office space for managing inventory and sales. It is open Thursday-Saturday from 2-6pm during late fall and winter, with expanded hours during late spring and summer. We also offer online ordering and contactless pickup 7 days a week. We have an order form on our website with our inventory listed and receive multiple orders a day from locals and visitors. We anticipate this online ordering system to continue successfully for the farm. We have a full-time farmstand manager who also works at marketing products and events via social media and press releases, and through our mailing list of over 500 people.

Tours and Consulting –

We have started offering farm tours and consulting in the last year. These have been successful, and we plan to continue to grow these. This spring, in addition to the general farm tour option, we have a “petting zoo” farm walk with a small selection of animals near the farm stand for customers to visit, as well as goat kid tours with different activities in the goat barn. We will continue to offer farm tours, changing seasonally, to share what we do on the farm with others. Our consulting is offered to farmers and local businesses interested in our management practices or wanting advice on different aspects of farming. These consults are custom made for each person. We want to share our experience farming on Orcas with others and help them run local businesses successfully as well. We are hoping to offer pop-ups and events on the farm, supporting other local businesses and creating more space for public visits. In the fall of 2021, we were part of the San Juan Farm Tours event and had other businesses showcase their products at the farmstand. This was extremely successful and brought in many visitors. We would like to have more events like this, as well as possible concerts, cheese tasting nights, and similar opportunities with Land Bank approval.

B. Daily Operations

Daily operations consist of animal care, including health checks, feeding, milking, cleaning, cheesemaking, and farm store sales and order fulfillment. Additionally, tasks such as moving hay and feed, cleaning waterers, egg washing, and planning occur. Daily operations vary significantly depending on the season.

The IGFC mobile slaughter unit comes approximately once each month throughout the year to process goats, cattle, hogs, and sheep for meat. The meat must be picked up from the processing facility in Burlington. These trips are usually combined with trips to pick up feed from Conway Feed. This involves getting ferry reservations ahead of time and planning out the day to account for Eric being off farm.

C. Seasonal Operations

Summer –

During the summer months, the cattle, sheep, goats, and broiler chickens are part of a rotational grazing system. Broilers must be moved twice a day, while other livestock are moved every few days depending on available pastures. Electro net fencing is used and must be set up and taken down every time animals are moved. Haying begins as early as May and continues through October depending on weather. Farm tours are offered year-round but have a significant increase in demand during the summer months. Broiler chickens are harvested every other week from the beginning of May through October and are picked up in the farm store for the following two days. Due to WSDA regulations, all poultry processed on site must be sold within 48 hours of harvest time, so most of the broilers are presold to ensure all chickens are purchased within the required time. During the summer, the farm store operates with increased hours and more products are offered. We collaborate with other local producers to offer additional fresh produce, flowers, and fish to customers.

Fall –

Vegetable harvest continues and fruit harvest begins in August, continuing through November. Haying continues through September and then must be stacked in barns. We process most meats in the fall to stock freezers for winter. We clean all barns and do necessary repairs before moving animals back inside. Chicken coops are cleaned and moved to higher ground. Cattle are moved to sacrifice areas for wintering. Sheep and goats are brought closer to the barns and moved off pasture. Starting in August and September we begin breeding livestock. Fall season includes harvesting and preparing for winter. In the late fall the does are dried off and milking ends. We still sell aged cheeses as inventory allows, but no new dairy products are processed.

Winter –

During winter, operations are focused on animal care and management. Daily operations are more time intensive as all animals need to be fed and watered and barns cleaned daily. Equipment is maintained and repaired. We make plans for the upcoming year during the winter. The farm store operates year-round, but we have shorter hours. Restaurant sales also decrease during the winter as demand is lower.

Spring –

January through April is the kidding and lambing season. Sheep are shorn before lambing, and barns are cleaned and reorganized to make room for all the babies. As kidding begins, we start milking and build back to full capacity by June. All new lambs and kids must be recorded, ear

tagged, and vaccinated twice. Kids also need to be disbudded when their horn buds start to grow. Starting in mid to late spring animals are gradually moved to pastures as weather allows. Farm tours, dairy processing, store sales, restaurant sales, gardening, and farm events increase. We also schedule and purchase all chick orders in the spring.

D. Annual Goals

We plan to increase cheese and ice cream production by 20% in 2022. This will increase revenues and cover the dairy operating costs. Over the next 5 years we plan to increase production by 30% once the dairy has been upgraded. By year 5, we hope to be operating at full capacity, covering operating costs and returning a profit.

We will increase agritourism and farm outreach events. In the next year we are partnering with the Pied Piper music program and Brooke Meinhardt's art classes to offer events for elementary aged children at the farm. We will receive a portion of the class fees to cover costs. The farm hopes to host a concert series each summer. These will provide additional marketing for the farm. We plan to offer more tours and guided events. In the spring and summer, we offer a petting farm near the farm store, attracting more visitors and increasing interest in full farm tours. In the next year we will create more farm tour options, and over the next 5 years we will increase the number of farm tours given. We partner with the Conservation District and WSU Extension to provide educational workshops and research opportunities. Currently, the farm hosts several no till and fertility test plots for WSU Extension research. We plan to host at least one event each year. In the next 1-2 years we will have a cheese tasting event, increasing cheese sales, and creating additional marketing.

II. Coffelt Farm Preserve Land Use

A. Land and Infrastructure Use

On the preserve, we will use fields for rotational grazing and haying, barns and structures for animal shelters and hay storage, and the compost facility for compost management. Livestock are managed using regenerative agricultural practices that fit the field and pasture needs. It is in the best interest of the farmer to improve soils, but it is time consuming and expensive. We are managing the soil using on-farm composting and livestock rotations, using organic and sustainable methods. All livestock are on rotational grazing production during the spring and summer. We move them often, preventing overgrazing and allowing animal manure to naturally fertilize pastures. During the late fall and winter livestock are kept in sacrifice areas and fed dry hay and haylage. This prevents damage to the fields as they become wet, allowing grass to overwinter and start without damage.

We produce our own dry hay and haylage. Field crops are grown using mainly no till practices, with as few artificial inputs as possible. We use compost produced with manure and biomass from farm activities in nutrient sparse areas and add native forages to fields needing reseeding. We use cover crops to improve soil quality as well. Current cover crops include kale and field peas, which can also be harvested and sold in the farm store. Each field area is treated based on its individual quality and management needs. We use as many organic and regenerative practices as possible. While we own more livestock than the current carrying capacity for Coffelt Farm Preserve allows, we have other land leases for supplemental forage and space. Our goal while at Coffelt Farm Preserve is to increase soil quality and nutrient content, increasing forage and carrying capacity of the land.

The dairy barn will continue to be used for a goat dairy, with cheese, cajeta, and ice cream production in the milk plant. We use mainly goat milk; however certain products also include sheep milk. The market garden and orchards will produce limited fruits and vegetables, with increased production if water rights are obtained. We will live in the farm manager residence and continue to use the farm store for product sales and storage.

B. Employee Requirements

We currently operate with 2 full time employees and 3 part time in addition to ourselves. Additional workers are hired seasonally, and this summer we anticipate having 4 full time employees and 4 part time besides ourselves. We hire locals as much as possible to reduce the need for farmworker housing. We are looking into internship programs for seasonal workers, giving us the option to increase education. If the need for farmworker housing arises, we will work with the employee to find accommodation. See BUSINESS PLAN section II, subsection C and Appendix B for further details.

C. Water Requirements

Current water requirements include water for livestock, dairy and value-added product production, egg cleaning, and minimal drip irrigation. Additional water is used for chicken harvests and IGFC processing. We conserve water as much as possible, but it is fairly fixed in use. Drip irrigation, automatic waters, and rainwater catchment are used, when possible, to reduce water use.

D. Assets and Capital Improvements

1. Assets

Livestock including poultry, sheep, hogs, goats, cattle

Tractors, haying equipment for both dry hay and haylage, portable chicken tractors, trucks, golf cart, ATV gator, electric livestock and poultry fencing, excavators, stock trailers, livestock

handling equipment, medical supplies, dairy equipment including milking equipment, cheesemaking supplies, vat pasteurizer and ice cream maker, refrigerators and freezers, additional leased land for livestock grazing

2. Capital Improvements

Capital improvements we would seek to add include a cheese aging room, an inline milking system, an insulated egg washing station, and a walk-in fridge and freezer. We would use value added grants to help fund these changes. The aging room and milking system will make the dairy and cheese processes more efficient and provide the option for increased production. Increased efficiency and production will allow for increased revenues and create returns of scale and additional profits for the business.

E. IGFC Coordination

This job is unrelated to farm activities on the ALA. If the lessee of the ALA does not process livestock or does not wish to coordinate harvest dates, the Land Bank would need to hire someone to perform this function. Eric has been coordinating all island IGFC harvests for the past 2 years and is able to continue to do so. However, this activity is outside the scope of the lease, and should be paid for by the Land Bank.