

## ANALYSIS

### Item 33: Department of State Lands

#### South Slough

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**Analyst:** Katie Bannikov

**Request:** Increase Federal Funds expenditure limitation for the Department of State Lands by \$2,002,800 for land acquisition into the South Slough National Estuarine Research Reserve.

**Analysis:** The South Slough Reserve (Reserve) is nearly 7,000 acres of natural habitat in Coos County, federally designated as a National Estuarine Research Reserve. The Department of State Lands (DSL) manages Reserve lands in partnership with the National Oceanic and Atmospheric Administration (NOAA) for long-term research, ecosystem conservation, and educational opportunities. NOAA provides funding and technical support to the state, and DSL provides the daily management.

During the December 2024 meeting of the Emergency Board, DSL requested and received permission to apply to NOAA for two separate grants to support land acquisition of three parcels into the Reserve. Both grants were successful, total \$2 million in federal revenues awarded, and require no match.

The first parcel is an adjacent 80 acres currently residing in the Common School Fund (CSF) portfolio where timber harvest has halted due to the presence of endangered species on the land. The land will remain a real property asset of CSF but will be reclassified as special stewardship lands as non-income producing land to be managed as natural habitats for threatened and endangered species, riparian and aquatic habitat conservation, and visual landscape. Ongoing management costs are expected to be minimal as the land is not expected to be improved for public trails. The transfer is anticipated to be complete during the 2025-27 biennium and requires mineral rights negotiations. DSL plans to exercise the mineral rights extinguishment process in ORS 517.170 – 180, forest land decertification of the property from the Board of Forestry slated to occur in December 2025, and final approval from the State Land Board to complete the transfer. The transaction has no impact on county property tax or harvest tax revenue.

The second and third parcels total 113 acres of adjacent wetland and upland habitat currently owned by Coos County. The acreage has not been profitable for timber harvest due to lowland terrains and waterflows. Acquiring these parcels into the Reserve will allow DSL to manage the land to improve the health of the Winchester Creek drainage area, which is one of the last salmonid spawning grounds in the Reserve. Due diligence, appraisal fees, closing costs, purchase price, and some site restoration costs are anticipated to be grant funded. According to

DSL, ongoing maintenance costs for the property are anticipated to be minimal and a restoration plan for ecological benefit would take approximately five years and likely be funded through NOAA. The transaction is anticipated to occur during the 2025-27 biennium with the timeline dependent on mineral right negotiations following the same process noted above.

The State Land Board has approved due diligence actions for the parcels and the Department anticipates final approval from the Board for land acquisition will be granted in early 2026.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$2,002,800 in Federal Funds expenditure limitation for the Department of State Lands in a budget reconciliation bill during the 2026 legislative session for land acquisition into the South Slough National Estuarine Research Reserve.

**Request:** Increase Federal Funds expenditure limitation by \$2,002,800 for land purchases at the South Slough Reserve.

**Recommendation:** Approve the request during the 2026 Legislative Session.

**Discussion:** The Department of State Lands (DSL) is requesting an increase in Federal Funds expenditure limitation associated with two previously approved federal grants. In total, the two grants provide for \$2,002,800 for the purchase of lands for the South Slough National Estuarine Research Reserve (Reserve). The Reserve is a protected estuary and natural area located on state-owned land in the Coos estuary on Oregon's southern coast, which is managed in partnership by DSL and the National Oceanic and Atmospheric Administration.

The first grant of \$1,168,000 was for the acquisition of the Deal/Triangle property, which was approved for application on December 12, 2024, and submitted on January 9, 2025. The acquisition is made of two separate parcels, including one 100-acre wetland/upland parcel on the southern boundary of the Reserve and a 13-acre parcel on upland habitat on the western boundary of the reserve. The purchase agreement with Coos County includes the removal of all structures on the property prior to acquisition by DSL. The property would then become an asset of the Reserve and would be managed for the protection of coho salmon spawning grounds.

The second grant of \$834,800 was for the acquisition of the Winchester property, which was also approved for application on December 12, 2024, and submitted on January 9, 2025. The parcel of land proposed in the acquisition has been observed to contain the marbled murrelet, an endangered sea bird that makes its habitat along the Pacific Coast. Once DSL takes ownership of the property, restoration work will begin to move the land into an ecologically beneficial state. The property would then become an asset of the Reserve and remove the land from Department of Forestry management, and into a management cycle that matches other lands within the Reserve.

**Legal Reference:** Increase the Federal Funds expenditure limitation established by chapter 338, section 7(1), Oregon Laws 2025, for the Department of State Lands, South Slough National Estuarine Research Reserve operations, by \$2,002,800 for the 2025-27 biennium.



# Oregon

Tina Kotek, Governor

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## State Land Board

December 5, 2025

Tina Kotek  
Governor

The Honorable Senator Kate Lieber, Co-Chair  
The Honorable Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE, H-178  
Salem, OR 97301

Tobias Read  
Secretary of State  
Elizabeth Steiner  
State Treasurer

Dear Co-Chairs:

### **Nature of the Request**

The Department of State Lands on behalf of South Slough Reserve (Reserve) was awarded multiple grants which total \$2,002,800 from the National Oceanic Atmospheric Administration (NOAA) to purchase land. The Reserve is seeking approval for an additional \$2,002,800 of Federal Fund limitation for the 25-27 biennium to spend these funds.

### **Agency Action**

The Department of State Lands oversees the Reserve on the southern Oregon coast. The Reserve manages nearly 7,000 acres of natural habitat which includes open water channels, tidal and freshwater wetlands, riparian areas, and forested lands. This area is managed for long-term research, education, and public recreation with a focus on the stewardship and protection of natural and cultural resources.

This request includes 2 separate grants that were awarded to the Reserve from NOAA. The first grant is for acquisition of the Deal/Triangle property, and the grant award is \$1,168,000. The second grant is for acquisition of the Winchester property, and the grant award is \$834,800. Both grants will cover the cost of the property acquisition and there is no match

requirement. The timeline for the purchases are on track to occur during the 25-27 biennium but are dependent on mineral right negotiations.

For the Deal/Triangle grant, funding guidance and deadlines for this grant program were released on June 17, 2024 with letters of intent due on August 15, 2024. The Reserve was invited to submit a full grant proposal on October 3, 2024, with a submission deadline of January 9, 2025. The Reserve submitted a request to the State Emergency Board for approval to apply on November 4, 2024, and was granted permission in the December 2024 Emergency Board meeting. A full application was submitted on January 9, 2025. The Reserve was notified on May 5, 2025, that they will be awarded the funding for this project with a start date of October 1, 2025.

The proposed acquisition includes two separate parcels. The first is a 100-acre wetland/upland parcel (Deal) adjacent to the southern boundary of the Reserve. The second is a 13-acre parcel of upland habitat (Triangle) adjacent to the western boundary of the Reserve. Acquiring these two parcels will support the primary goal of protecting in perpetuity the waters and habitats adjacent to the Reserve that are currently being managed for timber productions. Protecting these parcels will in turn protect the wetlands and estuarine waters that flow to and from Winchester Creek, which is the primary spawning grounds for coho salmon in the South Slough. The Deal/Triangle Acquisition Project proposes acquiring the two above-mentioned parcels that are in the Coos Bay South Slough watershed and are currently owned by Coos County. The parcels are part of the Coos County Forestry Program and are managed forest lands for timber production on a 30-year rotation.

For the Winchester grant, funding guidance and deadlines for this grant program were released on June 17, 2024, with letters of intent due on August 15, 2024. The Reserve submitted two letters of intent for the same land acquisition, one to the National Estuarine Research Reserve System (NERRS) and one to the Coast Zone Management (CZM). The Reserve was invited to submit full grant proposals on October 3, 2024, for NERRS and CZM with a submission deadline of January 9, 2025. The Reserve submitted a request to the State Emergency Board for approval to apply on November 4, 2024, and was granted permission in the December 2024 Emergency Board meeting. On May 5, 2025, the Reserve received notification that the grant would be funded with October 1, 2025, starting date from the CZM opportunity.

The proposed acquisition is an 80-acre parcel of mature upland forest adjacent to the southeastern boundary of the Reserve. As an asset of the Common School Fund, the

parcel is owned by the Department of State Lands and managed by the Oregon Department of Forestry (ODF). The State had planned timber harvests of the parcel until observations of an endangered species, the marbled murrelet, put harvest plans on hold. The proposed grant would provide funding to complete the purchase of the property from the Common School Fund to transfer it to the Reserve. The change would include decertification and removal from Oregon Department of Forestry management. The parcel would instead be managed by the Reserve, ultimately for restoration and conservation.

### **Action Requested**

The Department requests approval to increase limitation by \$2,002,800 in Federal Funds to allow the department to spend the NOAA grant funds.

### **Legislation Affected**

Chapter 338, Section 7(1), Oregon Laws 2025

Thank you for your interest and assistance. If you have any questions, please contact Joseph Flager at 971-707-2553.

Sincerely,



Kaitlin Lovell

Cc: Amanda Beitel, Legislative Fiscal Officer  
Kate Nass, Chief Financial Officer  
Katie Bannikov, Legislative Fiscal Office  
Sione Filimoehala, DAS Chief Financial Office  
Jean Straight, Deputy Director – Administration  
Patricia Fox, Reserve Manager