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North Coast Forest Conservation Initiative

2009 ANNUAL REPORT



At The Conservation Fund, we believe that well-managed forests can be both economically viable and ecologically sustainable. On California's North Coast, the Fund is demonstrating a new approach to forest land conservation that balances environmental restoration and stewardship with the economic imperatives of ownership and the desire to sustain the local timber economy. Since 2004, we have purchased 40,000 acres of North Coast forestland -- the Garcia River, Big River and Salmon Creek forests—as part of our North Coast Forest Conservation Initiative. Through this effort, we are seeking to demonstrate that large, under-stocked tracts of coastal forest can be returned to ecological and economic viability through patient, adaptive management by a non-profit organization, in partnership with private and public entities and community stakeholders.

We invite you to learn more about the major accomplishments, challenges and activities of our program in 2009, as well as some of our plans for 2010. Thank you for your interest and support.

THE CONSERVATION FUND

America's Partner in Conservation

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Caspar Index

Number of redwood trees planted by volunteers through 2009:.....	1,300
Number of instream and air temperature monitoring stations installed annually:.....	38
Highest instream mean weekly average temperature, June 1-October 1, 2009:.....	23 °C/73 °F (mainstream Big River at easternmost property boundary line)
Lowest instream mean weekly average temperature June 1-October 1, 2009:.....	9.5 °C/49 °F (Upper Two Log Creek in Big River)
Preferred mean weekly average temperatures for coho salmon:.....	10 to 17.5° C (55-63.5° F)
Number of spawning coho salmon found by DFG in TCF streams (winter '08-'09):	4
Number of forest inventory plots measured through 2009:.....	4,481
Number of public tours offered to the community in 2009:	9
Total miles of roads assessed for sediment sources through 2009:	375 (80% of total)
Location 375 miles from Caspar office:.....	Medford, Oregon
Sediment savings from proposed treatment of the 375 miles of road:.....	260,000 cu yards
Miles of bumper-to-bumper dump trucks to haul 260,000 cu yards:	123
Percent of roads scheduled for completed assessment by end of 2010:.....	100%
DFG Fisheries Restoration Grant Program cost-share funding secured through 2009:	\$1.6M
Truckloads of TCF logs delivered in 2009:	330
Net value of local log sales in 2009:.....	\$450,000
Payments to local contractors, vendors and staff in 2009:	\$2.1 million
Carbon offsets verified and listed on the Climate Action Reserve for 2009:.....	511,546 metric tons of CO ₂ reductions
Hours of botanical surveys and reports, 2009:	744
Current number of northern spotted owl activity centers:.....	32
Number of barred owl detections in 2009:	1, in Salmon Creek
Number of pieces of large woody debris (LWD) added to streams to improve salmon habitat, 2009:.....	62
Total length of culvert purchased in 2009 for road upgrade projects to reduce potential sediment delivery:.....	3,581 feet

(left) The Fund's management of the Big River, Salmon Creek and Garcia River forests is certified by the Forest Stewardship Council and Sustainable Forestry Initiative.



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2009 Highlights

TIMBER HARVESTS

In 2009, we made up for a challenging log market with carbon offset sales and by deferring higher-cost harvests, reducing harvest volume (to 1.48 million board feet, net, down from the goal of 6.15), accelerating road upgrade plans and preparing future harvest plans. We initiated one on Big River (Wheel Gulch) and completed three more - two on Salmon Creek (Lower Salmon Creek Amendment and Pullen Gulch) and one on Big River (North of 20).

MANAGEMENT PLANNING

This year, we completed the Big River and Salmon Creek Forests Integrative Resource Management Plan, thanks to the expertise, guidance and enthusiasm of dozens of stakeholders, peers, local experts and agency representatives, who reviewed and commented on plan drafts. These plans, along with other reference documents, are available on our website at www.conservationfund.org/north_coast_forests. In collaboration with the U.S. Fish and Wildlife Service and consulting biologist Mike Stephens, we also developed the Spotted Owl Management Plan for the Big River and Salmon Creek forests to protect and avoid take of the northern spotted owl, to comply with California Forest Practice Rules and to facilitate the THP review process.



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(above) Dory Kwan and other volunteers have planted over 1,300 redwood trees in the Salmon Creek Forest.

RESTORATION

To advance our water quality and salmon habitat enhancement goals, we completed our road-based sediment source assessments for both the Garcia and Salmon Creek properties and have made significant progress on our assessment for Big River. In late 2009, we broke ground on a sediment reduction project in the North Fork of the Garcia, made possible by mitigation funding through the U.S. Environmental Protection Agency. We also completed our first large-scale sediment reduction project on the Garcia River Forest, in the Inman Creek sub-watershed. Also in Inman Creek, The Nature Conservancy initiated our first large woody debris (LWD) installation project to help form pools that provide important hiding and resting places for fish, provide shelter from high winter flows, increase stream complexity and diversity and gradually lower stream temperature. LWD assessments completed in Big River and Salmon Creek identified opportunities for future projects.

EQUESTRIAN PROGRAM

In May, we launched a permit-based equestrian access program in Salmon Creek forest, a pilot effort to provide access, cultivate stewardship and increase surveillance on the property. Eleven local equestrians attended the orientation and participated in the program. The new program will be evaluated on its cost of administration, avoidance of environmental impacts and respect for our neighbors' privacy and property rights.

CERTIFICATION

In October, verifiers for the Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) programs conducted a successful audit of the Fund's North Coast efforts. FSC and SFI representatives agreed: "[the Fund operates] a forest management business (in a non-profit corporate structure) that exists at the cutting edge of incorporating environmental and social sensitivity into tactical and strategic management decisions. TCF forest management operations remain in solid overall conformance with what is expected of all FSC-certified operations." Full audit reports are available at: www.conservationfund.org/north_coast_forests/documents.

CLIMATE ACTION

Both the Garcia River Forest and the Big River and Salmon Creek forests are Conservation-Based Forest Management projects registered with the Climate Action Reserve (CAR) and verified by Scientific Certification Systems. In 2009, the forests produced 511,464 metric tons of verified emission reductions. We have entered into multiple transactions to sell both single vintages (i.e. offsets produced in a specific year) and long-term contracts for multiple vintages—and are using the revenue to reduce harvest levels, accelerate restoration projects and pay down debt incurred in the purchase of the forests. Past buyers include Pacific Gas and Electric (for their Climate Smart program), Disney Corporation, offset retailer 3 Degrees and many others. We were an early participant in the development of forest carbon projects; to date our forests have produced more than 90% of the forest-based offsets verified and registered with CAR. The sale of these offsets has provided significant additional financial support for the forests, enabling us to defer harvests when log prices are low and accelerate restoration activities. Additional references and project documents are available on the CAR website: www.climateactionreserve.org.

(left) Equipment operator Gary Hayter takes a break from loading logs in the Big River Forest.





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*(above) Big River Forest.
The Fund's North Coast
forestlands currently host 32
northern spotted owl activity
centers (opposite page).*



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Plans for 2010

- THPs that will be completed or initiated in 2010 include Big River's Wheel Gulch, Laguna Pass and Coombs Gulch and Garcia River Forest's Lower North Fork #2 and Upper North Fork.
- We expect to complete our road-based sediment source assessments on Big River, adding to the assessments completed last year at Garcia and Salmon Creek. We also expect to complete road upgrade and decommissioning projects on Signal Creek, North Fork and Blue Waterhole in the Garcia River forest, with total estimated sediment savings of 35,972 cubic yards.
- Three proposals for road upgrade, decommissioning and large woody debris enhancements in Salmon Creek, Big River and the Garcia River Forest are planned for cost-share funding submittal in 2010. Total estimated sediment savings are 24,840 cubic yards.
- We will pilot a stewardship permit access program in Big River and Salmon Creek to provide passive pedestrian recreational access consistent with management capacity, the protection of resources and active logging activities.

Acknowledgements

PRIMARY CONTRACTORS, 2009

Christopher Blencowe, Stream Monitoring and Restoration
Rick Cooper, Security & Patrols
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Pacific Watershed Associates
Philbrick Logging
William and Robert Piper, Road Restoration
Mike Stephens, Spotted Owl Biology
Lee Susan, Summit Forestry, Big River Forestry
TS Logging

PARTNERS & FINANCIAL SUPPORTERS, 2009

American Honda Motor Co. Inc.
Bella Vista Foundation
Bright Horizon Foundation
California Department of Fish and Game
David and Lucile Packard Foundation
Mendocino Land Trust
North Coast Regional Water Quality Control Board
Pulte Holmes Inc.
S. D. Bechtel Jr. Foundation
Salmon Creek Project Team
The Nature Conservancy
Toyota Motor Corporation

CUSTOMERS, 2009

3 Degrees*
Disney Company*
Humboldt Redwood Company
Mendocino Forest Products
Pacific Gas & Electric Company*
Redwood Empire

ADVISORY GROUP

Leslie Dahlhoff, Moat Creek Managing Agency Board Member
Bill Heil, Salmon Creek Project Team
John Hooper, Oz Farm
Alan Levine, Coast Action Group
Darcie Mahoney, Registered Professional Forester
Linda Perkins, Salmon Creek Project Team

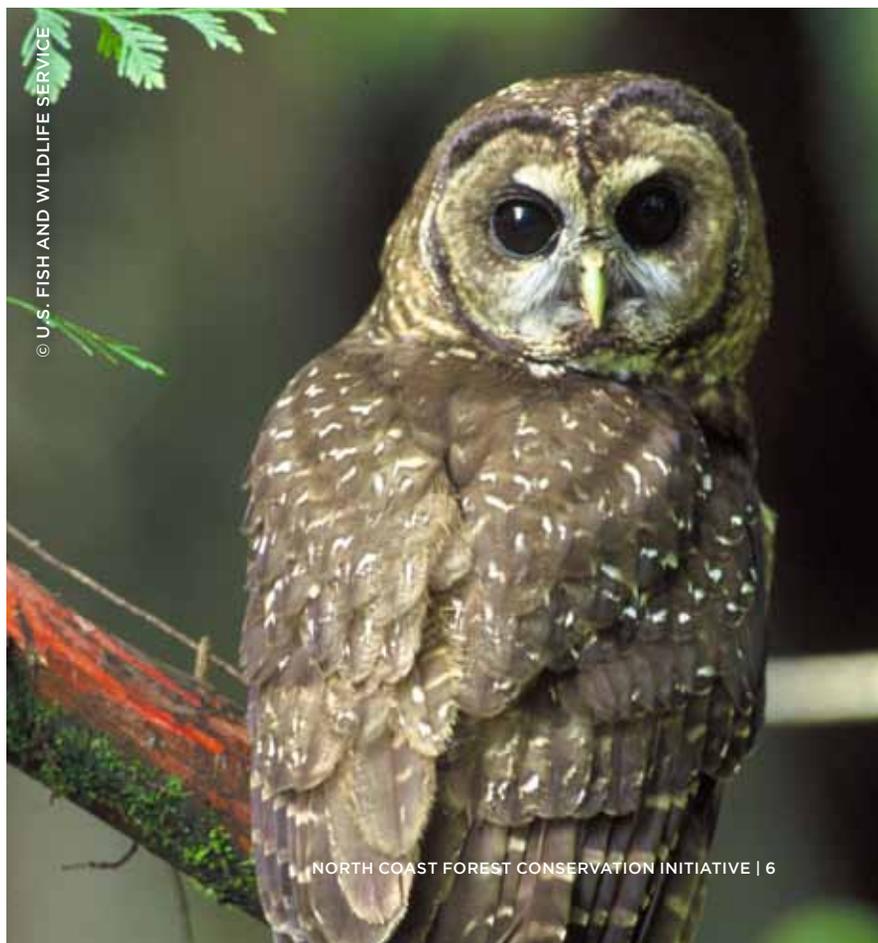
**carbon offset sales*

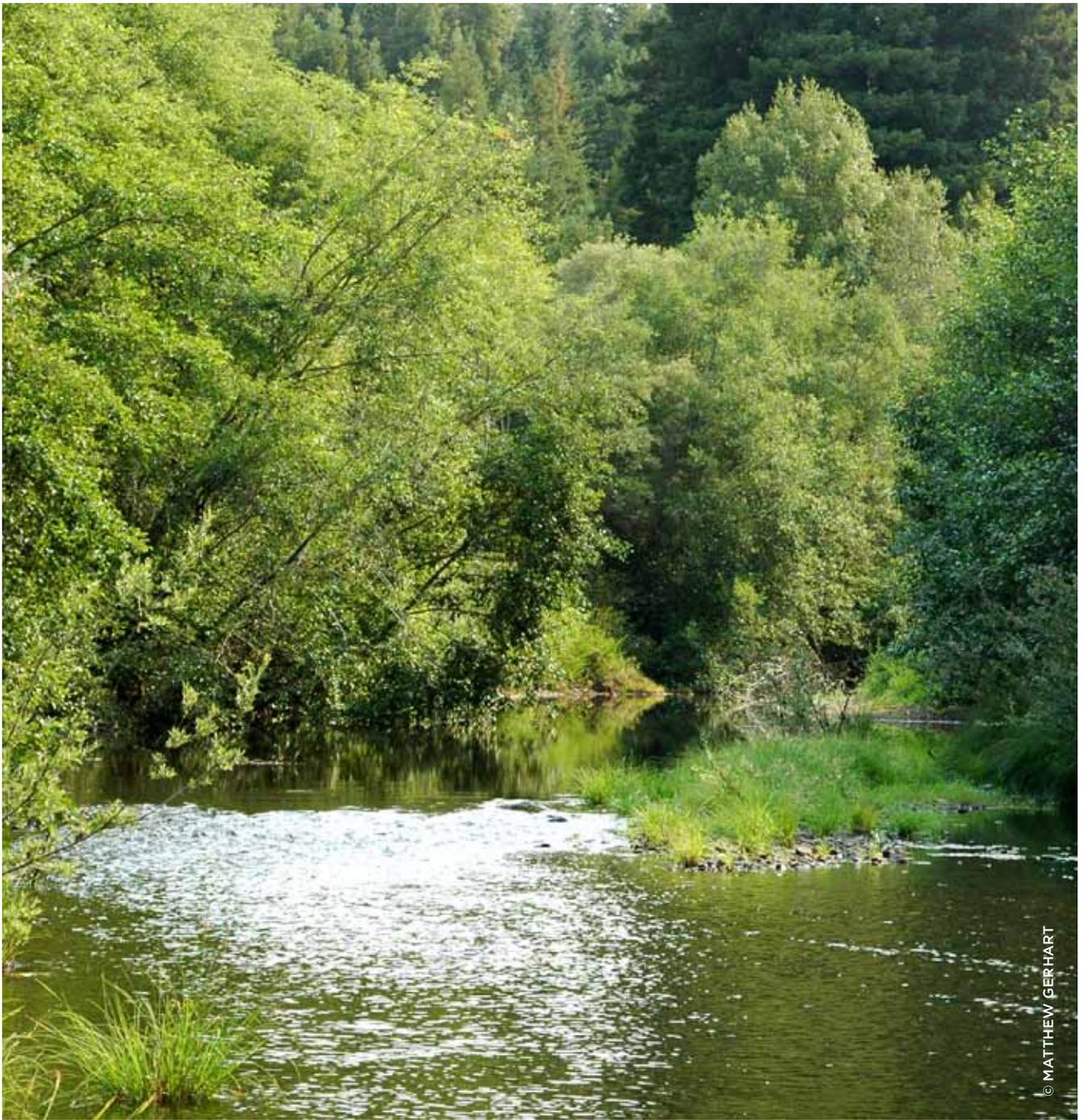
THANK YOU

The programs and progress described in this report would not have been possible without the support of the following public agencies that helped fund our purchase of the forests. We thank them for their leadership and commitment:

- California State Coastal Conservancy
- State Water Board
- Wildlife Conservation Board

(left) Good communication is key to safety and success in forest management.





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Please see our website for more information on the North Coast Forest Conservation Initiative: www.conservationfund.org/north_coast_forests. Detailed monitoring reports are also available by topic from our office in Caspar, attention to Holly Newberger.

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