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| | Phil Ward, OWRD |
| Forests | Greg Miller, Weyerhaeuser |
| | Marvin Brown, ODF |
| Wildlife/habitat | Sarah Vickerman, Defenders |
| | Roy Elicker, ODFW |
| Agriculture | Andrea Durbin, OEC |
| | Katy Coba, ODA |

OGWC-NR co-chairs offered subcommittee co-chairs the following guidance:

While agency leads (or their staff) will play active roles in the development of work programs, stakeholder co-chair is expected to do the “heavy lifting” associated with meeting preparation, document preparation, etc.

Subcommittee co-chairs are expected to round-out membership with an eye towards stakeholder and issue diversity and invite people to participate who are willing to play a constructive, problem-solving role.

3. Committee/sub-committee meeting dates

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| Forests | July 7 |
| Agriculture | July 17 |
| Wildlife/habitat | August 5 |
| Water | July 16 |

Meeting to present subcommittee recommendations: tbd – but should be scheduled for the end of August (proposal to extend the meeting length).

4. Following a presentation by Phil Ward and agency leads, committee members and other stakeholder representatives offered their comments on the proposed H2O initiative.

Detailed Meeting Notes

1. Work program and product deliverables

Russ Hoeflich distributed a draft work plan for 2008-2009. The first page of the work plan summarized key federal and state milestones over the 2008-2009 period. Angus Duncan mentioned some additional milestones and committee processes, including the Big Look report, which is expected this year and will affect the committee, a federal forestland advisory committee, and a forestry offsets task force. Also, the results of the forestry biomass work group could be converted into legislation.

Matt Donegan described the second page of the work plan, which focused specifically on the committee’s work, and said the subcommittee co-chairs hoped to assign members to each of the 4 subcommittees today. From June through August, the subcommittees will focus on data gathering and presentations of the data, then in August the committee will identify policy recommendations. The final natural resources subcommittee product will be a unified report that should have adaptation recommendations and budget recommendations by the September meeting, in each of the areas that the subcommittee identifies. Angus Duncan clarified that these may not necessarily be policy proposals,

but may be recommendations for additional full-time equivalent for planning staff or other needs.

Andrea Durbin asked if there is a summary of all of the climate legislation proposed by the agencies for the next session. Katy Coba explained that there has not yet been a request to state agencies to create such a summary. Angus Duncan suggested the committee could solicit a summary from each of the state agencies. Katy Coba explained that it could be difficult to go through the Oregon Department of Agriculture's (ODA) package of proposals and figure out what falls under climate change and what doesn't. Eric Lemelson asked if ODA has designated part of the agency for climate change. Katy explained that ODA has requested a new position for a climate change specialist.

Angus Duncan explained that the commission is interested in how agencies deal with climate change as a more ongoing activity, and whether they have a broader group of staff working on it versus one person. Holly Michael explained that the Oregon Department of Fish and Wildlife (ODFW) has identified a few positions specific to climate change. Angus suggested that this time around we should do the best we can to summarize the agencies' legislative proposals and not worry about how to get them exactly right. It would be good to have a summary in advance of the legislative session to see how agencies are shifting their focus to deal with climate change. Suzanne Knapp in the Governor's office might have the best summary available so far - her summary relates to monitoring and climate change. Jane Bacchieri explained that the Oregon Department of Environmental Quality (DEQ) has their legislative proposal summary broken down by themes, and climate change is one of the themes. They are still working on the narratives for each theme.

Each agency will send legislative proposal summaries to John Audley, and he will send them to the rest of the group. Before each of the upcoming meetings, it would also be good to have the relevant agencies provide summary of existing and requested resources.

Russ Hoeflich explained that four subcommittees of the Natural Resources Subcommittee were created. The subcommittees and subcommittee co-chairs are:

Water – Phil Ward, Joe Whitworth
Forest – Marvin Brown, Greg Miller
Agriculture – Katy Coba, Andrea Durbin
Wildlife – Roy Ellicker, Sara Vickerman

Russ also explained that membership is up to the co-chairs of the subcommittees. He doesn't mind having "constructive critics" on committees, but the groups should be achieving common ground toward adaptation. Committee members/participants may not agree going into the process, but they should try to seek common ground. Eric Lemelson asked that if Natural Resources committee members have an interest in one or more subcommittees, can they review the subcommittee products? Russ said that the full natural resources committee will have the opportunity to weigh in on the work products of the various subcommittees.

The activity timeline make it challenging to get discrete products completed by summer's end. John Audley explained that there is a fair amount of discussion underway related to agriculture and forests. The committee needs to finalize date for the meeting that will focus on fish and wildlife, and also a second meeting on water.

Dates:

2 subcommittee meeting dates set so far – July 7 for forests and July 17 for agriculture (this is a correction from the July 25 date sent out earlier).

Russ explained that the meetings will include opportunities for public comment.

2. Headwaters to Ocean (H2O) legislative proposal discussion

Before the presentation began, Russ Hoeflich explained that Mike Carrier from the Governor's Office had asked for comments by the end of Friday, June 6 on the H2O proposal. The Nature Conservancy submitted comments in opposition to proposal and Russ said he wanted to disclose that to the group.

Phil Ward provided a handout with a summary of the H2O proposal. He explained that the proposal came from several stakeholder discussions with the Governor on priority natural resource issues for the rest of his term. Oregon Water Resources Department (WRD) has been working on water supply issue, both for consumptive uses and in-stream uses, and suggested that water supply should be a priority issue. DEQ also suggested that water quality should also be a big focus. ODFW also emphasized covering the environmental piece related to fish and fish habitat. Out of these discussions came the "Headwaters to Ocean" strategy for meeting Oregon's needs in light of climate change. Several folks have been involved in studying what will happen in Oregon in the face of climate change and this seemed like a good time to look at water issues.

The H2O proposal lays out a three-pronged strategy for addressing the major challenges and details (starting on page 4 of the handout) that the Governor is proposing to make for water resources management. Quality, supply and ecosystem benefits are three main categories, and these categories are further broken into essential state services, supporting local private and other partners, and strategic capital investments. The costs on the handout for each component are the costs per biennium. The total cost of the package would be \$100 million per biennium for a period of 10 years. The package would be funded with a dedicated percentage of lottery revenues. Those are anticipated growth revenues, so it shouldn't take away from existing resources.

Relative to water supply, the package includes a fair amount of investment in work that has gone lacking in Oregon during last many years. The first package under essential state services would beef up WRD's core activities and put in additional capabilities. WRD used to have a significant budget for groundwater research, but that budget went completely away during the lean years that we recently went through. This package would set aside significant new revenues to reinvest in groundwater research work.

Eric Lemelson asked how far will that money get WRD to do a comprehensive job statewide of assessing the groundwater resource? Phil explained that this won't get WRD all the way there in terms of meeting the state's groundwater research needs, but puts us on a credible path over time to meet that need. That gives us the opportunity to initiate one significant groundwater research project every biennium. The research will be conducted in cooperation with the U.S. Geological Survey (USGS) - when WRD can bring money to the table, USGS matches one for one. Eric asked if the request is based on a broad assessment of need. Phil responded that the request is based on a reasonable path, and is probably more conservative than could have been. Eric asked if this allocation would get WRD much of the way toward assessing areas with known problems over a 10-year period. Phil responded that the proposal would accomplish this.

Phil explained that the supply piece looks at water supply generally, builds infrastructure, builds WRD's engineering team, and builds WRD's environmental team. There was a conscious decision not to ask for a large pot of money with this proposal for building water supply infrastructure. Hopefully the state will be partner in the future with local communities on smaller scale projects with local investments, or at larger scales with federal investments.

Katy Coba explained that the ODA proposals in the H2O package are in two major categories, one under water quality and one under water supply. ODA is responsible to address water quality issues related to agriculture. With past cutbacks in funding for water quality, monitoring is virtually nonexistent. ODA relies on DEQ's monitoring information to evaluate the effectiveness of the water quality program, but DEQ currently can't afford to do monitoring focused on agricultural contributions to water quality issues. Funding in the H2O proposal would go to DEQ to give ODA better data on effectiveness of the agricultural water quality program, and also funding would go ODA to step up compliance activities, particularly in the Willamette Valley. The proposal also includes:

- Increased resources for educational outreach around pesticide use to protect water quality.
- Increased funding for Soil and Water Conservation Districts (SWCDs) and watershed councils in terms of putting projects on the ground to improve water quality.
- A position to deal with agricultural water quantity. ODA doesn't have a position now, and agriculture/irrigation is the largest user of water in the state. This position would work closely with water resources.
- Increased resources to deal with invasive species.
- Another land use position - land use issues continue to grow related to agricultural lands.
- Coordination of SWCDs – this would restore a staff position in that program.

Holly Michael explained that ODFW's components of the proposal include:

- Floodplain maintenance and restoration
- Ability to do riparian habitat work to restore groundwater functions
- Maintain or reestablish key fish and wildlife corridors
- Assessment of minimum flows for all waterbodies. ODFW has more information from a fisheries perspective on minimum flow needs and not as much for other aquatic animals.

Holly explained that a lot of the key conservation issues for ODFW are the same as for ODA – invasives and water supply. Aquatic invasives are a huge issue for ODFW right now and they are asking for funding to help deal with coaga and zebra mussels. These could be a huge issue if they get into our water systems. ODFW is just starting to focus more on estuaries, and also needs to do a better job of developing baseline information for aquatic and terrestrial species.

Jane Bacchieri talked about the DEQ components of the proposal. The proposal is not going to be used to backfill funding that DEQ needs for mandatory regulatory programs. DEQ has taken quite a hit during last few sessions, but they hope get the funding during this session to be more proactive and responsive, and provide monitoring and technical assistance to help get ahead of water quality issues in Oregon. For example, DEQ has received very positive feedback on its pesticide stewardship program and would like to expand it. DEQ would also like to conduct more monitoring, build web tools to communicate more with public, and expand some of the technical assistance programs they have to address issues such as stormwater pollution in more innovative ways.

DEQ, the Department of Human Services, and the Oregon Economic and Community Development Department have been discussing development of an asset management system related to wastewater. Oregon has a huge backlog of municipal infrastructure needs. The agencies want to assist communities to work on a more regional approach, or reduce their carbon footprint by adding renewable energy to wastewater treatment systems. An asset management system would help get a better handle on the systems out there. Currently, cities with emergency needs get top priority, and a management system would help them address planning more proactively.

DEQ only has one person dedicated to underground aquifer recharge, so they have requested additional resources in this area.

Phil Ward explained that WRD has received comments about promoting above-ground water supply, and he wanted to clarify that over \$7 million has been requested to buy instream water.

Eric Lemelson commented that he would like to see more to tie first two pages of the proposal summary to the line items describing the components of the proposal. He added that it's hard for the reader to understand how specific components of the identified challenges are significantly resolved by the budget allocations laid out, and it's hard to understand specifics of how climate change will affect all of these areas. The Intergovernmental Panel on Climate Change has big picture models which project declines in rainfall, increases in others, etc, but Eric said he doesn't see descriptions of tasks that would take modeling the next step forward and look at water supply. For example, don't want to plan water storage in one area if someday it won't fill every year.

Matt Donegan said that it's hard to untangle what are long-term unmet needs from climate change needs. Andrea Durbin said she's happy to see water prioritized, but climate change should be more of an emphasis. It's how do we prepare and adapt, and how do we use resource efficiently. Water conservation should be more of an emphasis.

Phil Ward responded that we've been using supply as a term to apply to all sources of supply, including conservation, but we should call that out more. Holly Michael asked if this package will evaluate potential sites of water supply, and if it will be tied to academia. Phil responded that the proposal asks for funding for what we used to call the Center for Applied Agricultural Research – funding that would be housed with one of the agencies and governed by consortium of people that would direct funding for research in the Oregon University System.

Angus Duncan said that the department should be addressing threats to minimum stream flows once they're established. They may need to identify where the greatest threats are and identify recommendations from that list. Attention to estuaries is good - we have some fairly significant intrusion issues in coastal waters that will change characteristics of these ecosystems and nobody knows completely how. Angus noted that the DEQ list of tasks includes revising several water quality standards, but temperature was not on the list. He commented that the program should be oriented so it creates the opportunity to use the answers and direct how funding is spent over time. If we're talking about putting significant capital dollars into supply – are we putting dollars into conservation, or just storage? Phil explained the intent of the proposal is to fully capitalize Senate Bill (SB) 1069 – set aside money for conservation, re-use, and storage projects – and said that the department will reconcile the wording in the handout with the wording in SB 1069.

Angus referred to page 5 of the H2O proposal summary and asked if there is a connection between water storage projects in center column and capital projects in right hand column? He said his understanding of the far right column is that it would create a bank of funds to lease senior water rights where they think it would be advantageous to leave water rights instream. Katy Coba explained the notion behind the water storage proposal is to model around Washington, 1/3-1/3-1/3. Angus asked if some of the proposed below-ground storage would be floodplain restoration that would have a temperature as well as a flow benefit? One potential issue with climate change in summer will be hotter water as well as less water. One way to address these issues is floodplain restoration.

Phil Ward responded that one of the key elements of the Umatilla aquifer project is the alluvial recharge, where they recharge alluvial aquifer through land application of water and allow it to percolate into alluvium and release into Umatilla River. Angus said that most of data we've seen on timing of flows are that we'll have more water in the winter and less water in the summer, and asked if there is a way to key above-ground and below-ground allocations so they're sensitive to impending change? Angus added that the Global Warming Commission needs to make this connection with state agencies and institutions to make sure that they have the right agenda and address immediate and longer-term issues.

Nan Evans explained The Nature Conservancy's (TNC) comments regarding the H2O proposal in more detail. She said that during stakeholder meetings, H2O was presented as 1 of 2 of the Governor's climate change initiatives, and TNC thought it was inadequate and was not connected to the work the Global Warming Commission was doing. As a climate change initiative, it didn't meet the tests that Eric Lemelson mentioned. As a water initiative, it lacked tangible vision and set of outcomes that the public could evaluate to determine it was a good investment. Also, TNC found that the material they were presented had an overwhelming emphasis on structural types of solutions without habitat types of solutions and that it was imbalanced. TNC believes the proposal was inadequate in consideration of a myriad of environmental issues – for example, it looks at minimum flows but not peak flows and doesn't look at the environmental regime. Also, TNC was concerned that the proposal didn't address water conservation. Two other TNC concerns were that the H2O conversation has gone like a ways and means conversation, it's a budget conversation. There was legal analysis of how the constitution will be modified, etc. TNC also thought it seems that the proposal was developed absent of thinking of other uses of the lottery – currently 15% of lottery dollars are directed towards parks and natural resources and that is coming up for a re-vote in 2015. Will this undermine that additional vote? Also, several other sectors are looking at lottery dollars right now.

Russ Hoeflich added that the H2O proposal identifies growth in all natural resource agency budgets, but at the end of the 10-year period, there is no identified source of funds to keep it sustained. From a structural standpoint is it a permanent need, not a 10-year need.

Terry Witt said that he would like to see an assumptions paragraph describing the changes that we expect to see, such as differences in cropping patterns, fuel use, commodity prices, and availability of alternative energies such as cellulosic ethanol. Some of those assumptions need to be nailed down to evaluate whether this is a good program. Are we assuming that we're going to have drought, there is genetic engineering going on for drought-resistant plants, etc. These are all things that we need to look at – technology will be very different in 10 years.

Andrea Durbin said she'd like to see the proposal have more connection to oceans, the dead zone, off of the coast etc. Holly Michael explained that the ODFW near-shore strategy will look at that to the extent that they can, given the resources available.

Jane Bacchieri explained that Stephanie Page will send her the email addresses from the sign-in sheet for today's meeting so she can send them updates on H2O stakeholder meetings.

Phil Ward explained that if measurement of exempt wells ends up being required going forward, that will take a tremendous staff load and will end up being done outside of this effort. The Water Resources Commission would like all significant diversions of water to be measured further down the road, including existing permits. The more resources WRD has, the faster they can move on some of these future actions.

Teresa Huntsinger asked if the focus of the natural resources committee be on the H2O package or if it will focus on additional legislation related to water, i.e. exempt wells, potential policy proposals such as a water conservation tax credit. She mentioned she found an existing Oregon Administrative Rule related to water conservation which directs the Water Resources Commission to develop water conservation plans throughout state with advisory committees.

Katy Coba reminded the group that not all legislation will come from state agencies. Angus Duncan said the Global Warming Commission will need to think about reacting to legislation during the session.

John Audley said the group will want to have full discussion about water, and they don't want to lose this opportunity to vet the subject. Joe Whitworth said that every possible water concept is too much, but they do want to deal with some broader issues beyond those addressed in the H2O proposal.

3. Other housekeeping issues

Ross Hoeflich explained that emails will be structured so that when you get an email from the group, you'll know it's in regards to this group. John Audley suggested having an acronym for the subcommittee in front of the subject line.

The natural resources committee approved the recirculated minutes from the last meeting.

Natural resource committee meetings will be noticed on the Global Warming Commission Web site hosted on the Oregon Department of Energy Web site.

Angus Duncan invited comment on the climate change research center and what its research priorities should be, both related to mitigation and adaptation.

The meeting adjourned and Nan Evans provided a summary of a poll conducted by the Nature Conservancy about Oregonians' perceptions on global warming.