



Oregon

Theodore R. Kulongoski, Governor

Ocean and Coastal Management Program

Department of Land Conservation and Development

635 Capitol Street, Suite 150

Salem, Oregon 97301-2540

Phone (503) 373-0050

FAX (503) 378-6033

www.lcd.state.or.us/coastal/html

May 1, 2008

TO: Land Conservation and Development Commission

FROM: Richard Whitman, Director
Robert Bailey, Coastal Services Division Manager

SUBJECT: **Agenda Item 7, May 1 -2, 2008, LCDC Meeting**

COASTAL PROGRAM BUDGET AND STRATEGIC CONSIDERATIONS

The following is a summary of a number of key activities currently underway at the national and state level that affect Oregon's Coastal Management Program administered by the Department's Coastal Services Division. These activities include:

Federal Funding Status

FY08 Grant (July 1, 2008 – June 30, 2009)

Oregon's FY08 Coastal Zone Management Grant is \$2,225,000. While this is a slight increase from the \$2,183,000 received for FY07 it continues a trend of essentially flat Congressional appropriations over the past five years. With inflation and increased real costs, the net effect is reduced financial capacity within the state's Coastal Program. Reductions have affected federal fund grants to local governments including elimination of small-scale construction grants (the popular and productive 306A program), reduced technical assistance grants, and reduced contracts for technical and professional services to help local governments (e.g. mapping, aerial photos, training). The Department will be able to maintain local government FY08 grants level with FY07 by reducing staff travel, reducing contracts, reducing support for the Ocean Policy Advisory Council, and reducing salary costs by increasing state General Fund support for a few staff positions. Total local grants will be \$340,000 in basic planning assistance grants and \$72,500 in priority project grants. Local governments will be asked for a letter of interest from the governing body before the basis planning grant will be allocated.

FY09 CZM Budget Request:

The President's FY09 budget, currently in the Congressional process, recommends \$66.15 million for Coastal Zone Management, the same as FY08, and roughly the same as the preceding four years. The Coastal States Organization, on the other hand, is requesting \$90 million plus \$30 million for Coastal Community Planning Assistance. Last year the CSO came close to success with this amount but the House mark was not matched by the Senate and the increase was lost in the Omnibus Reconciliation bill for the Department of Commerce. Robert Bailey recently met with staff from Oregon's Congressional delegation to provide information on the importance of federal coastal funding and to urge support for the \$90 million mark. Several

coastal local governments provided letters of support for this amount as well.

Coastal Program Budget Outlook: Short term

Historically, the Department has relied almost entirely on federal funds to support coastal management. For FY08 the Department has provided a small, but significant, amount of General Funds for coastal-related staff, which has freed federal funds to be allocated to local planning assistance. The President's FY09 budget request to Congress would continue to provide only "level-funding" and thus budgeting for the state's FY09 grant may affect program operations and local government planning assistance.

The Department is requesting two Program Option Packages related to the coast. One is to support Ocean Planning for wave energy, marine reserves, and amendments to the Territorial Sea Plan as directed by the Governor. This package will add to the Department's current ocean planning capacity and would supplement federal funding that currently supports ocean planning work. The second package is Planning for Sustainable Communities and contains funding to support local planning to address, among other things, adaptation to climate change impacts. This is a significant need in coastal communities which are on the front lines of impacts from climate change. If enacted, coastal local governments would be eligible to compete for funding to conduct vulnerability assessments, risk analyses, and prepare adaptation plans. This is an important proposal because while legislation pending in the Congress would provide funding to coastal states and local governments for adaptation planning, non-federal match would be required.

Oregon's coastal local governments are generally in fiscal crisis and cannot provide the level of funding to support needed planning and management to address unique coastal issues. However local governments are required to provide a 1:1 local match to federal funds provided by the Department and do so through existing staff or in-kind services. Thus, in total, coastal cities and counties will provide \$412,000 in FY08 in in-kind or cash match, a far higher amount than state funds provided by the legislature.

Coastal Program Budget and Policy Outlook: Long-term

After 35 years and a long decline in Congressional interest, there is growing political momentum to re-envision and re-authorize the national Coastal Zone Management Act and create a new "Constitution for the Coasts." This effort has grown out of a three-year joint effort by the Coastal States Organization (CSO), NOAA, and the Joint Oceans Commission Initiative to engage stakeholders and the public in a "Big Look" at national coastal management needs.

In summer 2007, the CSO and NOAA agreed to a set of Principles and Cornerstones for coastal management and then each began work on the outlines of needed legislation. In late February the CSO approved a framework (Attachment A) for a new Coastal Management Act, with key elements:

- Retain current state authorities and programs (i.e. federal consistency, boundaries, etc);
- Fund core state program functions (e.g. permit reviews, coordination, operations);
- Four national priorities for Coastal Management;

- State develop multi-year strategic plans to address national priorities;
- Measurable outcomes and performance measures;
- Substantial increases in national investments to meet national priorities.

Robert Bailey chaired a CSO working group with members from 19 other states to produce that framework and other documents. He testified in late February at a House Committee hearing on the CSO proposal (Attachment B) and met with staff from relevant Senate and House committees to discuss details. NOAA also has a framework for legislation but has chosen to not propose language until early 2009. Both House and Senate committees and key members are interested in introducing a CZMA bill this year but recognize that action will await the 111th Congress and a new Administration.

If a new CZMA is enacted with the budget levels being discussed, the implications for states are enormous. NOAA and CSO agree on the need for an annual budget level for coastal management on the order of \$300 million rather than the current \$66.15 million. In addition, NOAA is contemplating significant re-orientation of programs and offices to support coastal management activities. Thus appropriations even partially reflecting this new level of investment would result in federal support for state programs several orders of magnitude higher than at present.

However, along with increased funding would come increased accountability and a dramatic change in the method of funding state programs. Rather than the current practice of an annual formula allocation, funding would be based on multi-year strategic plans to address national coastal priorities, with outcomes and performance measures specified in the state's strategic plan. While that process is as yet undeveloped and promises to be rigorous, Oregon is well-positioned to compete for funds through this strategic planning process.

However, even if new legislation is enacted in 2009 and appropriations levels rise, increased funding to states would not ramp up until at least FY10 which, for Oregon, means a grant year starting July, 2010 at the earliest. And further, any increases in federal funding will need to be matched at some level by state or local (i.e. non-federal) funds, and it is increasingly difficult to find non-federal funds to provide the required match.

Conclusion:

While it is important to work at the national level on increasing federal funding levels for coastal management activities, it is essential to seek increased state support for coastal planning and management from the Oregon legislature. Together, these two fund sources can meet the need and assure a level of support commensurate with need at the state and local level.

Attachments:

- A. Revitalizing Coastal Management in the United States
- B. Robert Bailey Testimony – Subcommittee on Fisheries, Wildlife, and Oceans



Revitalizing Coastal Management in the United States

February 25, 2008

More than 30 years after enactment of the Coastal Zone Management Act, new and complex environmental, social, technological and governance challenges face the coastal states, local governments, and federal agencies in protecting the Nation's coastal heritage. States are crucial partners in meeting these challenges; thus, the Coastal States Organization urges a re-invigorated national coastal management initiative to build upon approved programs of states, territories and commonwealths to include the following elements:

Reaffirm a national commitment to keystone principles of coastal management.

Coastal management has been an effective and widely accepted means for all coastal states and federal partners to protect, develop, restore, and enhance resources of the Nation's coastal zone for this and succeeding generations.

Address four national priorities identified by nationwide public visioning process.

- ◆ *Support healthy coastal communities and economies;*
- ◆ *Protect and restore coastal ecosystems, habitats, and unique resources;*
- ◆ *Prepare for impacts of climate change on the nation's coasts; and,*
- ◆ *Ensure that local, state, regional, and federal coastal programs are coordinated and integrated at all appropriate scales.*

These priorities will frame periodic state-federal assessments of coastal conditions and needs and preparation of multi-year state Strategic Plans to meet national priorities while allowing for individual state needs.

Invest in state programs to exercise coastal stewardship responsibilities.

National investments in funding and technical support to states are necessary to enable states, with local and federal partners, to maintain core capacity and to develop and carry out programs to meet state and national coastal management objectives.

Monitor effectiveness through performance measures and periodic evaluation.

Meeting national priorities will require funding and technical assistance linked to results-oriented programs. Performance measures will enable states and Congress to determine the status of the nation's coastal health and effectiveness of coastal management efforts.

Engage and encourage local communities in the coastal stewardship enterprise.

Local governments, through land use regulations and infrastructure investments, are essential to determining the scope and kind of development that impacts coastal resources. Incentives are key to enabling states to support local programs to address coastal issues.

Strengthen coordination and integration of management programs for the nation's coasts.

Meeting national objectives will require the many federal agencies that affect the nation's coastal zone to align and integrate their programs and resources with each other and with coastal state programs.

*Bob Bailey, Oregon Coastal Management Program: bob.bailey@state.or.us; 503-373-0050 x281
Kristen Fletcher, CSO: kfletcher@coastalstates.org; 202-508-3861*

**Testimony of
Robert Bailey
State of Oregon's Representative ~ Coastal States Organization
and
Manager ~ Coastal Services Division
Oregon Department of Land Conservation & Development**

**Before the
Subcommittee on Fisheries, Wildlife, and Oceans**

**Committee on Natural Resources
U.S. House of Representatives**

**Hearing on
H.R. 5451, CZMA Reauthorization
H.R. 5452, Coastal State Renewable Energy Promotion Act,
H.R. 5453, Coastal State Climate Change Planning Act,
H.R. 3223, Keep Our Waterfronts Working Act**

February 28, 2008

Chairwoman Bordallo, Ranking Member Brown, and distinguished members of the Subcommittee; thank you for the opportunity to appear before you today to discuss a new vision for coastal management in the United States, reauthorization of the Coastal Zone Management Act, and three related issues: planning for climate change on our coasts, planning for alternative energy development, and protecting working waterfronts.

My name is Robert Bailey. I am the Manager of the Oregon Coastal and Ocean Management Program in the Oregon Department of Land Conservation and Development.

I am here today representing the Coastal States Organization (CSO), an organization that represents the interests of the Governors of thirty-five coastal states and territories. I note that many of the members of this Subcommittee are from coastal, islands, or Great Lake states and territories, all of which are members of the CSO. My testimony today will provide comments on behalf of CSO as well as my own perspectives gained from more than 30 years of working in coastal and ocean management for the State of Oregon.

First, however, I want to commend you and the Subcommittee for holding this hearing. This conversation about a new approach to coastal management is a long time coming. We all know that it is easy for the coasts to get lost in the press of world issues and assume they will always be there. But, Chairwoman Bordallo, I am sure that, as a Representative of an island territory ringed by a coast and ocean, you and the other Subcommittee members join me in understanding how fragile our coasts are and appreciating what is at stake for our people and our nation.

WHAT'S HAPPENED SINCE 1972: AN EXPERIMENT THAT SUCCEEDED

It is fair to say that the Congressional authors of the 1972 Coastal Zone Management Act had no idea of how successful their efforts would be when seen from this 35-year vantage point. Of 36 coastal and Great Lake states and territories, 35 have federally approved coastal management programs that account for the unique needs and setting of each state or territory. These CZM programs have provided public access to coastal waters and made sure that those waters were clean, kept shoreline development safe from coastal hazards, protected and restored estuarine and wetland habitats, protected dunes, barrier islands and other unique coastal features, helped citizens to be better stewards of the coast, and, importantly, worked hard to coordinate state and federal efforts to conserve the Nation's coastal resources.

The unique federal-state partnership of the Coastal Zone Management Program has enabled states to ensure that federal agency actions affecting coastal resources are consistent with approved state programs, which often include local regulations. This arrangement has been good for coastal communities, coastal states, and the Nation. It is a stellar example of innovative public policy that has worked quietly and well, notwithstanding the occasional headline or controversy. In this democracy of ours, where each state is a laboratory, the 1972 CZMA experiment has been a success.

I also think it is fair to say that these same authors could not have envisioned the demands that are increasingly bearing on our coasts. In 1980, 120 million people lived in coastal counties. Today, 40 million more people have crowded near our nation's coastlines, an increase of 30 %. Nearly 60% of the US population now lives in coastal counties, which make up only 17% of the nation's area. There is clearly something special in our coasts and oceans. I remind my friends in Oregon that you can drive for six straight days across this country and never see a tidepool, an estuary, or waves crashing on an ocean beach. What we live with every day on the coast of Oregon and other coastal states and islands are truly national treasures.

Unfortunately, our coasts are about to get hit with a triple whammy. The first is the enormous reservoir of retiring Baby Boomers with the means and desire to seek coastal living or recreation. Second is climate change, which will place a premium on the naturally air-conditioned coasts even as coastal communities are stressed from rising sea-level, increasing storm intensity, and higher temperatures. Third is an energy scarcity that will impact economies and development patterns of coastal communities and spawn demand for renewable coastal energy resources of wind, waves, and tides. All the while, the public will demand that all levels of government work more efficiently to protect coastal and ocean resources and be accountable for results.

So, the conditions for our experiment in coastal management are changing drastically. We in the Coastal States Organization believe it is time to meet these challenges with equally dramatic changes in our national and state coastal management efforts.

H.R. 5451: TOWARD A VISION FOR THE CZMA

Over the past three years a remarkable confluence of circumstances has resulted in a broad consensus among many coastal constituents about how this nation needs to re-tool coastal management for the next 35 years or more. The first was the nearly tandem reports of the Pew Oceans Commission and the U.S. Commission on Ocean Policy that zeroed in on the Coastal Management Program as critical to addressing many issues confronting our coasts and oceans.

The second was an assessment of the strengths and weakness of the National CZM program by the Office of Management and Budget that shook the ground under both NOAA and CSO. While the report found positive effects from state and federal actions to carry out the 1972 program, it also found serious issues about performance, accountability, and the level of effort necessary to truly address oncoming needs on the Nation's coasts.

The third happenstance was leadership within both the Coastal States Organization and the National Oceanic and Atmospheric Administration who read the OMB assessment and recognized that in "crisis" is both "danger" and "opportunity." With so much at stake, CSO and NOAA took the path of opportunity and agreed to vigorously engage stakeholders in creating a vision for an improved Coastal Zone Management Act and to identify methods for improving program implementation at the state and national levels.

The fourth circumstance was...and is...a climate of intense interest and willingness to think boldly among the public, coastal managers, local governments, coastal industries, federal agencies, non-profit foundations, state officials, and even Congressional members. These stakeholders have been nearly unanimous in believing that it is high time to think boldly about the future of coastal management in this country.

The CSO and NOAA reached out to stakeholders around the country. Five national workshops were held, which spawned additional state-level conversations. In all, about 600 participants from across the spectrum of stakeholders participated, including municipalities, maritime industry, environmental organizations, and the public. NOAA met with many federal agencies with coastal programs and began internal discussions to better align NOAA resources. CSO and NOAA both met with a variety of organizations representing a wide range of coastal stakeholders. Discussions were frank and creative.

What we all heard loud and clear was that coastal management needs big improvements. And in so doing coastal management must be 1.) prioritized and strategic; 2.) accountable; 3.) coordinated, and 4.) supported by significant financial investments. Together, the CSO and NOAA worked out a set of Cornerstones and Core Principles for coastal management in the United States that has guided us as we have come to agreement within CSO on National Priorities and a framework for achieving them.

We call our framework the Coastal and Ocean Legacy Act of 2008. We think of this as a new "Coastal Constitution."

PROPOSED FRAMEWORK FOR CZMA

The Coastal States Organization urges a new national commitment to coastal management that includes the following elements:

Reaffirm a national commitment to keystone principles of coastal management

Keystone principles include maintaining state-enacted programs and authorities that meet national policies, balancing conservation and development, protecting coastal natural resources, and federal consistency with state programs. These core elements have been the cornerstone of implementing the 1972 Act.

Address National Priorities to meet the needs of the Nation's coasts

The CSO agrees that coastal management must go beyond core programs and be focused on achieving National Priorities that broadly reflect the concerns of stakeholders from around the country. CSO urges that local, state, and federal programs be organized to meet these four priorities:

- **Support healthy coastal communities and economies:** By this we mean assisting coastal communities to plan for and manage urban growth, revitalize waterfronts, and reduce impacts on coastal resources while building for sustainable economic development and improving the quality of life.
- **Protect and restore coastal natural resources:** Coastal, estuarine, and marine ecosystems, habitats and unique resources are under pressure and will require significant focused effort to protect and, where possible, restore.
- **Prepare for climate change on the nation's coasts:** The Nation's coasts are on the front lines for impacts from climate change. Coastal communities and states must have the capacity and resources to plan and prepare for these impacts.
- **Ensure coordination and integration of coastal and ocean programs:** While seemingly implicit, this should be an explicit National Priority to ensure that local, state, and programs work together to make effective use of scarce public resources in pursuit of coastal management objectives.

Act strategically

States recognize that meeting these National Priorities will require strategic investments and programs. So states will prepare multi-year strategic plans to address these priorities. These strategies will be based on comprehensive assessments of resources, conditions, needs, and opportunities, will describe outcomes and identify performance measurements, and will be the basis of annual implementation plans and funding.

Monitor effectiveness through performance measures and periodic evaluation

States understand that performance measurements will be needed to demonstrate progress in meeting national priorities. To ensure that appropriate, useful measures are used, the states propose that the National Academy of Sciences or the National Academy of Public Administration convene a panel of experts to develop performance criteria and metrics for the national priorities.

Engage and encourage local communities in the coastal stewardship enterprise

Local communities are vital partners in the nation's effort to steward coastal resources. Local governments are on the front lines as on-the-ground decision-makers whose land use regulations and infrastructure investments are pivotal in determining the scope and kind of coastal development. But communities need financial and technical assistance to be effective partners in meeting the national objectives.

Strengthen coordination and integration of management programs for the nation's coasts

The programs of many federal agencies that affect the nation's coastal zone must be aligned and integrated with each other and with coastal state programs. Part of the challenge of coastal management is to integrate non-NOAA agencies such as the EPA, USFWS, USGS, MMS, the USACOE, and the departments of Agriculture and Transportation. Such integration will not be easy, but it is absolutely necessary.

Increase investments in coastal stewardship to meet national priorities

States understand that this new approach to addressing the nation's coastal issues will require significant investments in funding and technical support for both states and federal agencies. Investments must be commensurate with the dimensions of the task or our coastal communities will suffer. At present, federal coastal management funding equates to 46 cents per person per year living on the coast. We believe that our coasts are worth far, far more than that.

Coastal states are ready to tackle these coastal challenges. We must. But we cannot do it alone. We believe that the framework we have developed with our partners will enable all of us to succeed in this most important endeavor.

H.R. 5453 COASTAL STATES CLIMATE CHANGE PLANNING ACT

I want to turn now to H.R. 5453 and what is probably the biggest single reason for thinking differently about how we plan for, manage, and protect our coasts. Climate change.

Climate change is more than just another issue for the coasts of our states and islands. It is a planetary issue with particularly unique effects and challenge for our nation's coasts and coastal communities. According to the Intergovernmental Panel on Climate Change (IPCC), socioeconomic and environmental impacts of climate change are projected to be most significant in coastal areas. As a representative from one of our vulnerable Pacific islands, I suspect that you understand clearly how critical it is to address the effects of climate change on our nation's coasts...right now.

The CSO commends Representative Capps for introducing H.R. 5453 to amend the Coastal Zone Management Act (CZMA) to authorize assistance to coastal states in developing coastal climate change adaptation plans. With this legislation, Representative Capps has recognized that states have developed skills and authorities to deal with many aspects of adaptation through work on coastal hazards and coastal development. I would note that CSO recently completed a white paper summarizing the work already underway by coastal states to address climate change and to identify needed actions. In my own

program, we have begun a somewhat bootstrapped effort to address adaptation and have already recognized that the scale of effort outstrips our available or foreseeable resources.

The CSO applauds the provisions of H.R. 5453 that would enable state coastal management programs to tailor current responsibilities and begin adaptation planning under the CZMA, and significantly, provide grant assistance to implement these plans and additional projects to address climate-related stress factors. CSO understands that if we are going to face the challenges of climate change on our coasts, funding, as well as planning, will be essential. So, no pun intended, H.R. 5453 is right on the money.

H.R. 5452 THE COASTAL STATE RENEWABLE ENERGY PROMOTION ACT OF 2008.

The CSO also commends Representative Capps for introducing H.R. 5452. This, too, is a very timely and helpful bill. For example, my state, Oregon, is on the front lines of efforts to develop ocean wave energy conversion facilities. As much as we all want clean, renewable energy, I know first hand that the rush to develop wind, wave and tidal energy is placing unprecedented pressures on coastal states to plan for these new uses and to balance them with existing economic and environmental uses and values.

Coastal fishermen and local communities are keenly interested in how new energy development will affect them. H.R. 5452 would provide critical financial assistance to state coastal management programs to do the planning and assessment work necessary to develop credible public processes, acquire needed data, prepare assessments, and identify areas where energy development is appropriate and where it is not. In Oregon, fishermen and community leaders are demanding this kind of assessment and planning. And because energy industries are in a mini-Gold Rush in response to global energy and greenhouse gas issues, the need is urgent.

I would note that even while this planning is taking place the Federal Energy Regulatory Commission is receiving private sector applications that could result in 50-year licenses for energy facilities located in state waters. The subcommittee might consider addressing this issue. States are concerned that without such planning, it is premature to commit ocean areas to long-term licenses. If it would be useful to the Subcommittee, I would be pleased to provide more information about the kinds of issues that we are addressing as we work with industry, FERC, other agencies, and ocean users in a kind of pioneering endeavor to site wave energy development facilities in the ocean on the Oregon coast.

H.R. 3223, The KEEP OUR WATERFRONTS WORKING ACT OF 2007

Finally, I would like to acknowledge and thank Representative Allen and Representative Capps for introducing H.R. 3223, the *Keep Our Waterfronts Working Act of 2007*. The Findings in that Bill get it right: working waterfronts are under enormous pressure from the twin forces of continuing demand for development and changing economies on our coasts. Those who build and live on the coasts know that waterfronts have tremendous financial value, which is why traditional uses of working waterfronts are so vulnerable to

elimination. But as the Bill notes, if working waterfronts are eliminated, the economy, culture, and the heart of coastal communities will be fundamentally altered.

In Oregon we regard working waterfronts as scarce and valuable public resources, the same way we regard unique coastal habitats, and we protect them from being lost to inappropriate development. So I am particularly pleased to tell you that CSO strongly supports the Working Waterfront Grant Program that H.R. 3233 would create to help all coastal states address this need. We believe that working waterfronts are national assets and that it is essential to preserve them in order to protect the economic and cultural value they provide to our local coastal communities and to the nation.

CONCLUSION

Chairwoman Bordallo, Ranking Member Brown, and subcommittee members, what I like about all these bills is that while they address governmental programs they are really about the real world of our coastal communities, our shores, and our oceans, and the kind of coastal world we will pass to my grandchildren and yours. These bills make me optimistic because they offer important tools for our coasts and coastal management in the U.S. CSO looks forward to working with all of you and the members of the House and Senate to advance them. Thank you for this opportunity to share our views.