2005 OWEB Board Meeting Documents

January Agenda 2

January Minutes 7

March Agenda 18

March Minutes 23

May Agenda 36

May Meeting Staff Reports 41

- **Item F: Watershed Council Support Funding, 2005-07** 41
- **Item G: Pacific Coastal Salmon Recovery Funds Reallocation** 61
- **Item H: Drought Response Proposal** 65
- **Item I: Conservation Reserve Enhancement Program (CREP) Review & Funding** 67
- **Item L: Education & Outreach Strategy Update** 69
- **Item M: Small Grant Program Proposed Administrative Rules Revisions & Program Reauthorization** 95
- **Item N: Grant Cycle Schedule for the 2005-07 Biennium** 134
- **Item O: Land Acquisition Deferred Applications** 139
- **Item P: Non-Standard Grant Processes** 145

May Minutes 147

August Special Meeting Notice 156

August Minutes 157

September Agenda 160

September Meeting Staff Reports 165

- **Item E Overview: Non-Capital Spending Plan** 165
  - Item E1: Watershed Council Support 169
  - Item E2: Technical Assistant & Recovery Planning 170
  - Item E3: Monitoring & Assessment 173
  - Item E4: Education & Outreach 175
  - Item E5: Oregon Plan Products & Regional Priorities 178
  - Item E6: Environment & Economy & Local Innovation Fund (E2) 179
- **Item F: Capital Spending Plan** 186
- **Item H: Allocation of Pacific Coastal Salmon Recovery Funds to State Agencies** 188
- **Item I: Effectiveness Monitoring Program** 191
- **Item K Overview: OWEB Grant Award Recommendations** 194
  - Item K: Region 1 199
  - Item K: Region 2 209
  - Item K: Region 3 214
  - Item K: Region 4 223
  - Item K: Region 5 229
- **Item L: Other Business** 233

September Minutes 237

October Meeting Notice 247

Oregon Watershed Enhancement Board
Meeting Agenda

Oregon Watershed Enhancement Board
January 19-20, 2005

Red Lion Hotel
304 SE Nye Avenue, Pendleton
Walla Walla Conference Room

Business Meeting – Wednesday, January 19, 8:00 a.m.

Public comment on non-grant application agenda items may be taken as each item is considered by the Board, or at the Chair's discretion if not related to a scheduled agenda item. A public comment period will be provided at approximately 10:30 a.m. on Wednesday for comment on any issue before the Board.

A. Board Member Comments
Board representatives from State agency boards/commissions will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for all Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes
The minutes of the September 14-15, 2004, meeting will be presented for Board approval. *Action item.*

C. Executive Director Update
Tom Byler, Acting Director, will update the Board on agency business and late-breaking issues. *Information item.*

D. Reports to the Board

1. OWEB Budget 2005-2007
Tom Byler, Acting Director, and Cindy Kraai, Fiscal Manager, will describe the Governor's Recommended Budget and identify future decisions for the Board to consider. *Information item.*

2. Coastal Coho Assessment of the Oregon Plan
Tom Byler, Acting Director, and Jay Nicholas, Science and Policy Advisor, will present an overview of the draft report and findings of the Assessment of the Oregon Plan for Salmon and Watersheds as it relates to Oregon coastal coho. *Information item.*

3. Biennial Report Discussion
Ken Bierly, Deputy Director, and Jay Nicholas, Science and Policy Advisor, will report on the 2003-2005 Biennial Report's proposed structure and schedule for completion, including Board involvement on recommendations. *Information item.*

4. Pacific Coastal Salmon Recovery Fund (PCSRF) Performance Measures
Ken Bierly, Deputy Director, will share the regional discussion of performance measures associated with the use of PCSRF funds. The relationship between PCSRF performance measures and the Coastal Coho Project will be described. *Information item.*

5. OWEB Performance Measures

Allison Hensey, Policy Specialist, will present the legislatively adopted performance measures and discuss issues associated with gathering data to support the measures. *Information item.*

6. Education Policy Decision Process

Melissa Leoni, Grant Program Specialist, will describe the results of the Education Policy Subcommittee discussions, issues to be addressed, and timeframe for Board decision. *Information item.*

7. Watershed Council Support Briefing

Roger Wood, Grant Program Manager, will describe staff actions to facilitate the Council Support evaluation process. He will provide information on the number of grant applications received and the process being used to evaluate the applications. *Information item.*

E. Public Comment [approximately 10:30 a.m.]

This time is reserved for public comment on any matter before the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet as early as possible in the morning's proceedings (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly.

F. Attorney General Advice Concerning the Administration of Lottery Funds

Richard Whitman, Attorney-in-Charge, Natural Resources Section, Department of Justice, will present a letter of advice and discuss the implications with the Board. *Information item.*

G. Conservation Easement Management Rulemaking

Melissa Leoni, Grant Program Specialist, will describe the information gathered from attending the Land Trust Alliance Rally. She will discuss the implications of holding conservation easements and ask to identify a subcommittee of the Board to work with staff to develop an approach for OWEB to manage its conservation easements. The Board will consider initiating formal rulemaking on this issue. *Action item.*

H. Support for the Governor's Willamette River Legacy Plan

Tom Byler, Acting Director, will present a Governor's Office request to OWEB to support a position to develop and implement the Governor's Willamette River Legacy Plan. He will describe the efforts and opportunities to link the Legacy Plan to the work supported by OWEB in the Willamette Basin. The Board will consider the Governor's Office request. *Action item.*

I. Water Acquisition Rules Adoption

Allison Hensey, Policy Specialist, will present to the Board for consideration and possible adoption draft administrative rules addressing the acquisition of water rights. These rules required updating following the Board's adoption in September of the Land Acquisition Rules. The rules describe the process for evaluation of water right lease or transfer grant applications, and the development of staff funding recommendations to the Board. *Action item.*

J. Small Grant Program Rulemaking

Wendy Hudson, Grant Program Specialist, will discuss the need for changes to the administrative rules governing the Small Grant Program. The Board will consider initiating formal rulemaking for the Small Grant Program. *Action item.*

K. Implementation of Legal Advice on the use of Capital Funds

Roger Wood, Grant Program Manager, and Cindy Kraai, Fiscal Manager, will lead a discussion with the Board based on legal advice received about potential policy choices the Board could adopt for the use of capital funds. Staff will ask the Board to designate specific issues for further staff development. *Action item.*

L. Project E2 (Environmental and Economy) Issues and Evaluation Process
Allison Hensey, Policy Specialist, will describe the process, outreach considerations, and timeline for providing the Board with information to make a decision regarding moving forward with Project E2. *Information item.*

Business Meeting – Thursday, January 20, 8:00 a.m.

M. Alder Creek Farm Deferred Acquisition
Melissa Leoni, Grant Program/Acquisitions Specialist, will present the completed staff work on the Alder Creek Farm acquisition grant application for Board consideration and possible approval. The acquisition has been reviewed by the Regional Review Team and issues associated with the appraisal have been resolved. *Action item*.

N. Conservation Reserve Enhancement Program (CREP) Agreement and Funding
Ken Bierly, Deputy Director, and Stephanie Page, Department of Agriculture, will discuss CREP negotiations over the last year with the federal government and finalization of the amendment to the CREP agreement. *Information item.*

O. Other Business

Local Partner Discussion [approximately 9:00 a.m.]

Bev Kopperud of the Umatilla Soil and Water Conservation District will brief Board members on the activities of the District, work under the Conservation Security Act, and other work of the District. Mike Pelissier, Coordinator of the Umatilla Basin Watershed Council, will discuss the recent basin prioritization efforts and other work of the Council.

Umatilla Basin Projects Tour – 10:00 a.m.

The Board will participate in a field tour of projects sponsored by the Confederated Tribes of the Umatilla Indian Reservation. Board members and staff will tour projects that highlight the watershed-scale effort in the Umatilla Basin and the partnerships involved.

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Tuesday, Wednesday, and Thursday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. Public comments regarding acquisition grant applications may be made during the public comment period at approximately 10:30 a.m. on Wednesday, January 19. The Board will not accept any additional written materials pertaining to pending acquisition grant proposals at that time.

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Environmental Quality Commission member: ***Mark Reeve***
Fish and Wildlife Commission member: ***Skip Klarquist***
Board of Forestry member: ***Diane Snyder***
Board of Agriculture member: ***Pat Wortman***
Water Resources Commission member: ***Dan Thorndike***
Public member: ***Jane O'Keeffe, Board Co-Chair***
Public member: ***Dan Heagerty, Board Co-Chair***
Public member (tribal): ***Bobby Brunoe***
Three public member positions are currently vacant.

Non-voting Members

Representative of Director of Agricultural Extension Service: ***Scott Reed***
Representative of U.S. Forest Service: ***Alan Christensen***
Representative of U.S. BLM: ***Paula Burgess***
Representative of U.S. NRCS: ***Dianne Guidry***
Representative of U.S. EPA: ***Dave Powers***
Representative of NOAA Fisheries: ***Michael Tehan***

Contact Information

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290
503-986-0178
Fax: 503-986-0199
www.oweb.state.or.us

OWEB Acting Director Effective January 1, 2005 – Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

Upcoming OWEB Board Meetings

March 16-17, 2005 in Corvallis
May 25-26, 2005 in Salem
May 2005 tentative Joint Meeting with Washington SRFB
September 13-14, 2005 in Jordan Valley
October 2005 tentative Joint Meeting with Washington SRFB

For online access to staff reports and other OWEB publications check our website:
www.oweb.state.or.us

Approved by the Board March 16, 2005
Oregon Watershed Enhancement Board
January 19, 2005
OWEB Board Meeting
Pendleton, Oregon

Minutes

OWEB Members Present:
Bobby Brunoe
Paula Burgess
Dianne Guidry
Daniel Heagerty, Co-Chair
Skip Klarquist
Jane O'Keeffe, Co-Chair
Dave Powers
Scott Reed
Mark Reeve
Diane Snyder
Michael Tehan

OWEB Staff Present:
Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Douglass Fitting
Allison Hensey
Cindy Kraai
Karen Leiendecker
Melissa Leoni
Greg Sieglitz
Roger Wood

Others Present:
Bruce Taylor
Russ Hoeflich
John Moriarty
Spencer Hovekamp
Jeff Oveson
Antone Minthorn
Leo Steward
Eric Quaempts
Armand Minthorn
Kat Brighan
Carl Scheeler
Gary Jones

Members Not Present:
Alan Christensen
Dan Thorndike
Pat Wortman

**Due to the absence of a Board quorum for both days of the meeting (January 19 and 20, 2005), voting members were polled regarding recommended funding decisions. Voting to expend funds was postponed until a telephone conference call could be scheduled with Board members to fulfill the quorum requirement. Funding recommendations discussed at the meeting will be revisited and voted on at that time.*

Commissioner Denis Doherty, Umatilla County, welcomed OWEB to Pendleton.

A. Board Member Comments

Dan Heagerty, Board Co-Chair, introduced Tom Byler as the Acting Director of OWEB, appointed by Governor Kulongoski in December following a recruitment process headed by the Board Co-Chairs. Byler's appointment is awaiting Senate confirmation sometime in late January to early February 2005. Byler greeted the Board, expressed his enthusiasm to be named to the position, and described his background.

Co-Chair Heagerty thanked Board members for their participation at the OWEB Biennial Conference held in Ashland last November. More Board members attended this 8th Biennial Conference than any other previous conference.

New OWEB Board member Paula Burgess representing the Bureau of Land Management was introduced. Burgess replaces Hugh Barrett as the BLM representative on the Board. Other Board members introduced themselves, and provided updates on the issues their agency and interests they represent on the Board had.

B. Minutes

Minutes of the September 14-15, 2004, Board meeting in Portland were unanimously approved. Board member Diane Snyder requested OWEB staff to provide an update on the development of criteria to deal with future requests for additional funds outside of the regular grant cycles.

C. Executive Director Update

Tom Byler, Acting Director, and Ken Bierly, Deputy Director, provided the following comments to the Board.

- Greg Sieglitz was introduced as the new Monitoring Program Manager. He was hired last fall to replace Kelly Moore.
- Ken Bierly, Deputy Director, thanked Board members for their participation and provided an update on the OWEB Biennial Conference held in Ashland last November.
- An Aquatic Restoration Strategy proposed by the USDA Forest Service, Pacific Northwest Region was distributed to Board members. More discussion on the partnership will take place at the March Board meeting.
- The Office of the Inspector General has released an audit report of the Pacific Coastal Salmon Recovery Fund in Oregon. Board members discussed the report's findings. OWEB staff are working with NOAA Fisheries to address the technical and administration details of the audit.
- Three Board members are needed to form a subcommittee to assist staff in reviewing land acquisition grant applications. Staff would like the subcommittee members by March.
- A report was recently completed by the University of Oregon on watershed councils and their relationship to the economic benefits to local communities. Board members suggested that the report be posted on OWEB's web site and sent to watershed councils and soil and water conservation districts. Board members also requested that the report authors come to the March Board meeting to present their findings.

D. Reports to the Board

D-1: OWEB Budget 2005-2007

Acting Director, Tom Byler, and Cindy Kraai, Fiscal Manager, provided a brief overview of the Governor's Recommended Budget for OWEB. Board members strongly encouraged OWEB to keep a detailed report on expenditure of PCSRF funds to backfill other natural resource agency budgets. Board members also expressed an interest in making funding for watershed councils a top priority. Board member Diane Snyder expressed concern that our additional position requests as outlined in the GRB do not follow OWEB's core mission. The issue will be scheduled for further discussion. When? What?

D-2: Coastal Coho Assessment of the Oregon Plan

Acting Director Tom Byler, updated Board members on the Oregon Plan Assessment for Coastal Coho ESU. Governor Kulongoski directed state natural resource agencies to evaluate the status of coastal coho as a way to evaluate the effectiveness of the Oregon Plan. The State of Oregon and the National Marine Fisheries Service (NOAA Fisheries) worked together to develop the assessment. The draft assessment is due by the end of January, and will be available to the IMST and a Stakeholder Team for review and comment. The final assessment is expected to be completed by the end of March. State and federal agency participants will then work with the Stakeholder Team to develop a conservation and recovery plan for coastal coho, expected to be completed by the end of the year. The primary objectives of the project are:

1. Assess Oregon Plan efforts to conserve and rebuild coastal coho populations.
2. Use the assessment to inform NOAA Fisheries' final status review listing determination under the federal ESA.
3. Use the assessment as a basis to seek legal assurances for local participants.
4. Use the assessment as a foundation for developing a recovery plan for coho.

Board members requested a presentation on the project at a future Board meeting.

D-3: Biennial Report Discussion

Tom Byler, Acting Director, and Ken Bierly, Deputy Director, briefed Board members on the status of the Oregon Plan 2003-2005 Biennial Report, and displayed draft samples of the basin pages for this report. Board members Michael Tehan, Dave Powers, and Mark Reeve comprise a subcommittee to work with OWEB on the Board recommendations and accomplishments for the current report.

D-4: Pacific Coastal Salmon Recovery Fund Performance Measures

Ken Bierly, Deputy Director, outlined draft PCSRF performance measures for the Board. A recent evaluation by the federal government Office of Management and Budget, of the PCSRF program was conducted and rated "Results Not Demonstrated." In response to the rating, NOAA Fisheries worked with state and tribal recipients of PCSRF funds to draft the performance measures. Final performance measures are due to Congress by the end of April 2005. OWEB will continue to work with NOAA fisheries to further develop the performance measures and reporting methods to measure progress.

D-5: OWEB Performance Measures

Allison Hensey, Policy Specialist, and Ken Bierly, Deputy Director, discussed OWEB's performance measures which were approved in October 2004 by the Interim Joint Legislative Audit Committee. The measures will assist OWEB in assessing its performance in customer service, strategically investing public funds in watershed enhancement, and in the effect OWEB's investments have on water quality, and native fish and wildlife habitat. The measures have been included in the Governor's Recommended Budget and will be used as OWEB's budget is negotiated with the Legislature. Since the measures are newly approved, OWEB does not have supporting data for most of the measures, and it may take several years before OWEB has supporting data demonstrating OWEB's performance and showing trends. OWEB will be making changes to its data base to better track and report on the data to support the measures. Involvement in John Hagen workshop?

Board members made the following suggestions:

- Reorder measures to focus on OWEB's mission.
- Track how OWEB is doing with partnerships.
- Show change in status of delisted species.

D-6: Education Policy Decision Process

Public Comment: Russ Hoeflich, The Nature Conservancy, commented on OWEB's target audience for the Education and Outreach Strategy.

Melissa Leoni, Grant Program Specialist, and Scott Reed, OWEB Board member, updated Board members on the development of the Education and Outreach Strategy. OWEB staff have worked with the Board subcommittee to develop a process to refine the strategy and begin development of an implementation plan. The proposed approach is described below:

- Select members for two focus groups: an Awareness Focus Group and a Knowledge & Skills Development Focus Group.
- Identify a series of questions as the basis of each focus group's deliberations.
- Use the results of each focus group's deliberations to revise the Education and Outreach Strategy and develop a recommended Implementation Plan by the May 2005 Board Meeting.

The Board discussed watershed council roles in increasing local understanding and communication, the need to develop a survival plan as an accountability function to stakeholders and constituents, skills development for staff, Board, and constituents, and gaps in delivery of outreach and education. Some Board members expressed a reluctance to market the agency and Board explicitly, but overall agreed that OWEB needs to develop a marketing plan separate from the education and outreach strategy. The purpose of a marketing plan would be to communicate with voters, community leaders and elected officials about the benefits from Measure 66 investments, targeting the entities critical to success and identifying specific goals for that type of effort. For example, the watershed council study suggests audiences outside of the traditional outreach audiences who are addressed in the Strategy.

Staff will continue to update Board members as the Strategy develops.

D-7: Watershed Council Support Briefing

Roger Wood, Grant Program Manager, briefed Board members on the recent Watershed Council Support application process. Fifty-seven applications requesting over $6.6 million were received by the December 13, 2004, deadline. Applications were screened for eligibility, copied, and distributed to reviewers. The Board's Council Support subcommittee (Mark Reeve, Michael Tehan, Dave Powers, Dan Thorndike, and Dianne Guidry) will assist in reviewing the applications.

Applications were randomly distributed to one of five watershed council support review teams who will work with staff to assess the strengths and weaknesses of each application. In March, OWEB staff and the Watershed Council Review Teams will meet to review the application summaries, and hear testimony, either in person on via conference call, from watershed councils who wish to clarify information. Staff and the Teams will then score and

prioritize each Team's applications to assist staff in preparing funding recommendations to the Board for consideration at the May 2005 Board meeting.

E. Public Comment

Russ Hoeflich, The Nature Conservancy, had comments relating to OWEB's conservation easement program, OWEB's vulnerability to continuing receipt of federal funds, and OWEB's target audience for the Education and Outreach Strategy.

Bruce Taylor, Defenders of Wildlife, discussed OWEB's budget and the need for support for a common agenda for the environmental community.

John Moriarty, Statewide Coordinator, Network of Watershed Councils, commented on the need to promote awareness of watershed councils through communication and partnerships.

F. Attorney General Advice Concerning the Administration of Lottery Funds

This item was postponed until the March Board meeting.

G. Conservation Easement Management Rulemaking

Melissa Leoni, Grant Program Specialist, briefed Board members on the Land Trust Alliance annual "Rally" she attended in Providence, Rhode Island, and on a request to initiate a rulemaking effort regarding conservation easements. As part of the rulemaking, OWEB needs to address specific policies related to enforcement and amending easements. These policies will enable OWEB to address long-term monitoring and enforcement needs of conservation easements. The rulemaking effort identified in the staff report will begin with staff discussion with Board members to develop recommendations for full Board discussion at the May 2005 meeting. Depending on staffing availability and Board discussions, formal rulemaking could begin in June with Board adoption of rules in September 2005.

Board members unanimously approved staff initiation of rulemaking for conservation easement management. Jane O'Keeffe and Paula Burgess will be part of a Board subcommittee to work with staff on the rules. Staff will contact Alan Christensen to also take part on the subcommittee.

H. Support for the Governor's Willamette River Legacy Plan

Tom Byler, Acting Director, and Ken Bierly, Deputy Director, presented a request from the Governor's Office to fund a position, which will be held by Louise Solliday, to manage the Governor's highest priority environmental initiative, the Willamette River Legacy. Approximately $90,000 is needed to fund the position through October 31, 2005.

After discussion, Board members voted to support (one Board member opposed) staff's recommendation to fund the position February 1, 2005 through October 31, 2005, in the amount of $90,000. Board members also requested that Louise Solliday make a presentation at the next Board meeting to present objectives and outcomes, and discuss the Board's question of duplication of existing efforts. They also requested that Louise Solliday come back to the Board at the end of the project to report on accomplishments.

I. Water Acquisition Rules Adoption

Public Comment: Jeff Oveson expressed concern over the proposed rules, asking that there be the ability for an applicant to demonstrate the priority nature of proposed projects that do

not fall within the Oregon Plan Streamflow Restoration Priorities. The proposed rules do provide an applicant the ability to demonstrate a project's merit that falls outside the Streamflow Priorities area. OAR 695-046-0050(1)

Allison Hensey, Policy Specialist, presented proposed changes to administrative rules for evaluating grant applications for the lease and transfer of water rights. In September 2004, the OWEB Board authorized staff to begin a rulemaking process to complete the separation of land and water acquisition grant rules. OWEB staff worked with the Water Resources Department (WRD) and stakeholders in developing the rules. The proposed rule changes accomplish two primary goals: to make grammatical changes to allow OWEB to disengage the water lease and transfer grant rules from the land acquisition grant rules and place them in a separate division, and to revise the rules consistent with recommendations by WRD staff so that the rules are compatible with current WRD practice and allow OWEB to accomplish the goals of its program. The following minor substantive changes were made:

- Clarifying that the Oregon Plan Streamflow Restoration Priorities will be used to evaluate instream water lease or transfer projects to benefit fish and wildlife habitat
- Requiring applicants to submit more specific data regarding the water right to be leased or transferred.
- Requiring applicants to submit a proposal for monitoring and evaluating the project's benefits over time
- Allowing applicants to submit a valuation of the instream water lease or transfer using an alternate valuation method approved by the OWEB Board that may differ from a formal appraisal.
- Asking applicants whether the project will occur within an irrigation district.
- Asking applicants to submit a report containing ownership and lien information rather than a title report.
- Clarifying the Board's authority to designate alternate instream water lease and transfer grant cycles and review processes should the need arise.

The following significant issues raised by public commenters may warrant further Board discussion:

- More flexible grant cycle with faster turnaround time using different review team.
- Funding diversion reduction agreements.
- Expanding eligible project costs: Funding for the transactional costs of donated right or moving point of diversion.

Board members unanimously approved the proposed rules as listed in Attachment A of the staff report making sure that the web sites referred to in the rules are updated.

J. Small Grant Program Rulemaking

Roger Wood, Grant Program Manager, presented a request to the Board to initiate rulemaking on the agency's Small Grant Program rules. Staff have identified clarifying adjustments to the program rules which were adopted in January 2004. Two significant issues have been raised since the rules were adopted:

1. How to encourage teams to be more strategic and less opportunistic in the types of project they recommend to OWEB for funding, and
2. How to resolve persistent problems of outstanding balances.

OWEB staff will enlist assistance from a rules advisory committee to work through the rule changes, which are expected to be presented to the Board for adoption in May 2005.

Board members unanimously approved staff to initiate rulemaking for the Small Grant Program rules.

K. Implementation of Legal Advice on the use of Capital Funds

Cindy Kraai, Fiscal Manager, and Roger Wood, Grant Program Manager, explained this item to the Board. OWEB recently received advice from the Attorney General's office on the "Use of Measure 66 Funds for Restoration Project Education and Outreach and Direct Costs Associated with Personnel." The advice states that education and outreach (E/O) costs associated with M66 "capital" restoration projects are not eligible for M66 capital funds. These costs include field tours, display creation, kiosks, and costs associated with the production of materials describing the work on a restoration project.

Board members were presented with two options.

Option 1 creates a choice on how the Board wishes to provide a separate allocation of "non-capital" funds to cover E/O elements of restoration grants.

Option 2 is based on the circumstance that the Board wishes to not allow "non-capital" funds to be missed with "capital" funds in restoration grants.

Board members unanimously approved Option 1.b. of the staff report, which would allow a reimbursement payment for Education and Outreach expenditures only and allocate "non-capital" funds for these elements.

L. Project E2 (Environment and Economy) Issues and Evaluation Process

At the September 2004 Board meeting, staff were asked to suggest a process and schedule to work with stakeholders to further develop two possible approaches to the E2 concept, and develop recommendations to bring to the Board. Co-Chair Heagerty and Allison Hensey, Policy Specialist, outlined the proposed process and timeline for development of the E2 concept. When? The project could expand our role in building strong communities through the watershed, economic and social benefits of funded projects, and make OWEB more strategic in its funding decisions.

Board members stressed the importance of focusing on OWEB's core mission, and had concerns about taking more money from the competitive grant program.

Board members Dan Heagerty and Diane Snyder will work with OWEB staff to develop a working group to discuss the E2 concept, identify and assess the opportunities and limitations, and evaluate whether OWEB should implement some approach to better link economic and community benefits to restoration projects. Staff will return to the May 2005 Board meeting with an update on formation of the working group.

At this time, representatives of the Confederated Tribes of the Umatilla Indian Reservation were present for an informal discussion on tribal issues.

Antone Minthorn, Chairman, Board of Trustees
Leo Stewart, Vice Chair, Board of Trustees
Armand Minthorn, Member, Board of Trustees
Kat Brighan, Member, Board of Trustees
Eric Quaempts, Director, Department of Natural Resources
Carl Scheeler, Wildlife Program Manager, Department of Natural Resources
Gary James, Fish Program, Department of Natural Resources

Oregon Watershed Enhancement Board
January 20, 2005
OWEB Board Meeting
Pendleton, Oregon

Minutes

OWEB Members Present:	**OWEB Staff Present:**	**Others Present:**
Bobby Brunoe	Bonnie Ashford	Phil Blanton
Paula Burgess	Ken Bierly	John Moriarty
Dianne Guidry	Tom Byler	
Daniel Heagerty, Co-Chair	Rick Craiger	
Skip Klarquist	Douglass Fitting	
Jane O'Keeffe, Co-Chair	Allison Hensey	
Dave Powers	Cindy Kraai	
Mark Reeve	Karen Leiendecker	
Diane Snyder	Melissa Leoni	
Michael Tehan	Greg Sieglitz	
	Roger Wood	

Members Not Present:
Alan Christensen
Scott Reed
Dan Thorndike
Pat Wortman

M. Alder Creek Farm Deferred Acquisition

Public Comment: Phil Blanton, Lower Nehalem Community Trust, thanked the Board for their support and was available for questions on the project.

The Alder Creek Farm Acquisition (Application No. z205-002) was deferred in April 2004 to allow staff and the applicant time to work through appraisal issues prior to Board action. All due diligence issues have been resolved.

Board members unanimously supported funding the Alder Creek Farm Acquisition for $50,000.

N. Conservation Reserve Enhancement Program Agreement and Funding

Ken Bierly, Deputy Director, summarized a recent amendment to the CREP agreement between the USDA and the State of Oregon. The agreement, signed in December 2004, has the potential to expand enrollment by:

- Making the program available to any stream within the boundaries of a water quality management area plan in addition to streams that supports listed fish species. Streams on reservation and tribal trust lands are also now eligible regardless of listed fish presence.

- Paying for costs associated with water right leases and transfers.
- Adjusting goals to specific geographic areas rather than a statewide goal.
- Adding new conservation practices to the agreement.
- Creating a local watershed option for the Tualatin watershed.

Staff will return to the Board with a request for CREP program funding after the agency's 2005-2007 budget has been legislatively adopted.

O. Other Business

1. Coastal Wetlands Protection, Restoration, and Planning Act Grants

The U.S. Fish and Wildlife Service granted $952,514 to OWEB for the Yaquina Wetlands project. At its May 26-27, 2004, meeting, Board members approved a $317,404 capital grant for the Yaquina River Estuarine Wetlands Acquisition and Restoration project (204-317). In September 2004, the Board gave its approval for OWEB to enter into an agreement with the USFWS, and authorized staff to grant up to $45,000 in USFWS funds to The Wetlands Conservancy to fund the appraisal and project development work to complete the due diligence requirements of an OWEB acquisition grant application.

As an oversight, OWEB staff did not request Board authority to spend the USFWS federal funds approved to be received in September for the Yaquina Wetlands project.

Board members unanimously supported staff's recommendation to develop a grant agreement with The Wetlands Conservancy that includes the remaining $907,514 of federal funds and to move forward with the Yaquina River Estuarine Wetland Acquisition and Restoration project.

2. A Unique Opportunity to Assist Watershed Councils

Ken Bierly, Deputy Director, presented the Board with an opportunity to provide additional funding to watershed councils. The executor of the estate of Jane Claire Dirks-Edmunds, a Professor of Biology at Linfield College until her retirement, bequeathed $50,000 to fund local conservation interests. Dr. Dirks-Edmunds wanted the gifts to go to local organizations that are helping Oregon restore the ecological conditions that characterize the Douglas fir forests that she cared deeply about. OWEB requests Board approval to provide a 1:1 match for the estate funds that will be distributed to councils. OWEB has recaptured PCSRF funds available from under-budget and canceled grants that will allow for the matching funds.

Board members unanimously supported Option 1 of the staff report to provide a special award to the top three category rankings from the 2003-05 biennium watershed council support review. OWEB will provide 1:1 matching funds from the PCSRF non-capital funds for each $1,000 gift distributed separately from the Dirks-Edmunds estate. Expenditure of funds will be consistent with terms of the MOU between OWEB and NOAA Fisheries.

At this time, local area partners presented Board members information on recent activities.

Bev Kopperud, Umatilla SWCD, briefed Board members on activities of the District, work under the Conservation Security Act, and other work of the District.

Mike Pelissier, Coordinator, and Gary Rhinehart, Chair, Umatilla Basin Watershed Council, discussed recent basin prioritization efforts and other work of the council.

Having no further business, the meeting was adjourned.

At the conclusion of the meeting, Board members participated in a field tour highlighting the watershed-scale effort in the basin and the partnerships involved. The tour was sponsored by the Confederated Tribes of the Umatilla Indian Reservation.

Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
March 16-17, 2005

LaSells Stewart Center
Oregon State University, Corvallis
Agriculture Science Room
(Click here for location and parking information is available on our Web site at www.oregon.gov/OWEB, or call 503-986-0181)

Business Meeting – Wednesday, March 16, 9:00 a.m.

Public comment on agenda items not associated with grant applications may be taken as each item is considered by the Board or, at the Chairs' discretion. A public comment period will be provided at approximately 11:00 a.m. on Wednesday for comment on individual grant applications pending Board action. A public comment period will be provided at approximately 10:00 a.m. on Thursday for comment on any issue before the Board.

A. Board Member Comments
Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes
The minutes of the January 19-20, 2005, meeting will be presented for Board approval. *Action item.*

C. Executive Director Update
Tom Byler, Executive Director, will update the Board on agency business, legislative activities, and late-breaking issues. *Information item.*

Local Partners Discussion [approximately 10:00 a.m.]

Representatives of the following groups will share stories about current watershed enhancement projects with the Board.

- *Benton Soil and Water Conservation District*
- *Benton County Public Works*
- *Cascade Pacific RC&D (Resource Conservation and Development Area)*
- *Marys River Watershed Council*

D. Public Comment on Pending Grant Applications [approximately 11:00 a.m.]
This time is reserved for public comment on individual grant applications to be considered for funding by the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *Only comments pertaining to individual grant applications will be accepted during this time. The Board will not accept any additional written materials pertaining to pending grant proposals that were not received by agency staff by the March 11, 2005, deadline.*

E. Board Consideration of Pending Grant Applications

The Board will consider restoration/acquisition, education/outreach, and monitoring grant applications submitted by the October 25, 2004, grant application deadline. Proposals, supporting materials, and funding recommendations by review teams and staff will be discussed and acted on by the Board. *No public comment will be taken on individual applications outside the time allotted by the Board Chairs for Agenda Item D. Action item.*

F. Education/Outreach Policy Update

Melissa Leoni, Grant Program Specialist, will describe the results of the Education Policy Subcommittee discussions, issues to be addressed, and a timeframe for Board adoption of an Education Policy. *Information item.*

G. Biennial Report Presentation

Jay Nicholas, Science and Policy Advisor, will present an overview of the Oregon Plan for Salmon and Watersheds 2003-2005 Biennial Report. *Information item.*

H. Watershed Council Support Update

Roger Wood, Grant Program Manager, will provide an update on the Watershed Council Support evaluation process. He will summarize the status of the evaluation process. *Information item.*

Business Meeting – Thursday, March 17, 8:00 a.m.

I. Effectiveness Monitoring Update

Greg Sieglitz, Monitoring Program Manager, and Ken Bierly, Deputy Director, will provide an update on OWEB's new Effectiveness Monitoring Program. Discussion will include program coordination with other efforts, a revised timeline, work tasks, and ongoing activities. *Information item.*

J. Independent Multidisciplinary Science Team Discussion

IMST Co-chairs Nancy Molina, U.S. Bureau of Land Management, and Dr. Carl Schreck, U.S. Geological Survey, will discuss current and upcoming projects of the independent science review panel for the Oregon Plan for Salmon and Watersheds. *Information item.*

K. Attorney General Advice Concerning the Administration of Lottery Funds

Richard Whitman, Attorney-in-Charge, Natural Resources Section, Oregon Department of Justice, will present a letter of advice concerning OWEB responsibilities for administering lottery funds, and discuss the implications with the Board. *Information item.*

L. Public Comment [approximately 10:00 a.m.]

This time is reserved for public comment on any matter before the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet as early as possible in the morning's proceedings (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly.

M. Oregon Plan Coastal Coho Assessment Presentation

Tom Byler, Executive Director, and Jay Nicholas, Science and Policy Advisor, will present an overview of the draft report and findings of the recently completed Assessment of the Oregon Plan for Salmon and Watersheds as it relates to Oregon coastal coho. *Information item.*

N. Oregon State University, Institute for Natural Resources (INR) Discussion

Gail Achterman, INR Director, will discuss activities of the Institute, including a presentation of the recently developed North Coast region web portal funded by OWEB. The new North Coast Information Explorer Web site can be found at www.northcoastexplorer.info. *Information item.*

O. Support for the Governor's Willamette River Legacy Plan

Louise Solliday, the Governor's Willamette Initiative Project Manager, will update Board members on the Governor's Willamette River Legacy Plan. *Information item.*

P. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Wednesday and Thursday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. Public comments regarding pending grant applications may be made during the public comment period at approximately 11:00 a.m. on Wednesday, March 16. The Board will not accept any additional written materials pertaining to pending grant proposals at that time.

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Environmental Quality Commission member: ***Mark Reeve***
Fish and Wildlife Commission member: ***Skip Klarquist***
Board of Forestry member: ***Diane Snyder***
Board of Agriculture member: ***Pat Wortman***
Water Resources Commission member: ***Dan Thorndike***
Public member: ***Jane O'Keeffe, Board Co-Chair***
Public member: ***Dan Heagerty, Board Co-Chair***
Public member (tribal): ***Bobby Brunoe***
Three public member positions are currently vacant.

Non-voting Members

Representative of Director of Agricultural Extension Service: ***Scott Reed***
Representative of U.S. Forest Service: ***Alan Christensen***
Representative of U.S. BLM: ***Paula Burgess***
Representative of U.S. NRCS: ***Dianne Guidry***
Representative of U.S. EPA: ***Dave Powers***
Representative of NOAA Fisheries: ***Michael Tehan***

Contact Information

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290
503-986-0178
Fax: 503-986-0199
www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

Upcoming OWEB Board Meetings

May 25-26, 2005 in Salem
September 13-14, 2005 in Jordan Valley
October 2005 tentative Joint Meeting with Washington Salmon Recovery Funding Board

For online access to staff reports and other OWEB publications check our Web site:
www.oregon.gov/OWEB

Approved by the Board May 25, 2005
Oregon Watershed Enhancement Board
March 16, 2005
OWEB Board Meeting
Corvallis, Oregon

Minutes

OWEB Members Present:
Paula Burgess
Alan Christensen
Dianne Guidry (morning)
Daniel Heagerty, Co-Chair
Skip Klarquist
Jane O'Keeffe, Co-Chair
Scott Reed
Mark Reeve
Diane Snyder
Michael Tehan
Dan Thorndike

Members Not Present:
Bobby Brunoe
Dianne Guidry (afternoon)
Dave Powers
Pat Wortman

OWEB Staff Present:
Becci Anderson
Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Douglass Fitting
Mark Grenbemer
Cindy Kraai
Jordana Leeb
Karen Leiendecker
Melissa Leoni
Jay Nicholas
Bobbi Riggers
Tom Shafer
Greg Sieglitz
Roger Wood

Others Present:
John Ward
Jo Morgan
Marty Suter
Lauri Joyce
Jeff Hussey
Margaret Nover
Stephanie Page
Cheryl Hummon
Jerry Becker
John Moriarty
Jenny Bayn
Tara Nierenberg
Wayne Hoffman
Lee Russell
Sandra Coveny
Kip Wood
Mark Stone
Bud Baumgartner
Rachel Werner
Jennifer Clark
Karlene McCabe
Jack Shipley
J.D. Rogers
Kolleen Yake
Lesley Jones
Teresa Matteson

Due to the absence of a Board quorum at its meeting on March 16-17, 2005, voting members were polled regarding recommended funding decisions. As funding recommendations were developed, Board members indicated support for the staff's recommendations as outlined in the staff reports. However, voting to expend funds was postponed until a later date when a Board quorum would be available via telephone conference call. At that time, funding recommendations discussed at the March 16-17 meeting will be revisited and voted on.

A. Board Member Comments

Board members Jane O'Keeffe and Mark Reeve reported on their recent trip to Washington D.C. to lobby for PCSRF funds along with representatives from Washington and Idaho. They met with Oregon's congressional delegation to secure support for PCSRF dollars. The PCSRF allocation for Oregon, Washington, Idaho, Alaska, and the Pacific Northwest Tribes is $90 million in the President's budget.

State and federal agency representatives, and public members on the Board are all concerned about the potential drought conditions in Oregon this summer.

B. Minutes

Minutes of the following Board meetings were unanimously approved as amended:

January 19-20, 2005 Board meeting in Pendleton
January 25, 2005 Special Board meeting via telephone conference call

C. Executive Director Update

Executive Director, Tom Byler, provided the following comments to the Board.

- Tom's appointment as OWEB's executive director was confirmed by the Senate in early February.
- Jas Adams, Assistant Attorney in Charge of Natural Resources, Oregon Department of Justice, will replace Shannon O'Fallon as OWEB's legal counsel.
- Agency budgets will be presented to the Ways and Means Subcommittee on Natural Resources in three phases. OWEB had the Phase1 presentation in mid-February. Next week, the subcommittee has scheduled time for each natural resource agency to discuss their program priorities in order for the subcommittee to compile their own list of agency priorities. The Phase II presentation is currently scheduled for May 9 and 10.
- SB 715, which is the same bill that was introduced last session, would abolish OWEB. The bill has been introduced, but is unlikely to have a hearing.
- SB 358, the Quality Jobs Bill, was passed out of the Senate last week.
- HJR 34, which would reduce the amount of lottery funds allocated to OWEB and OPRD from 15% to 13.5%, has not had a hearing yet. The bill would allocate 1.5% to Veteran's issues, and would be presented to voters at the next general election.
- A presentation on the watershed council study performed by the University of Oregon will be on the May meeting agenda.
- Three Board members are needed to form a subcommittee to assist staff in reviewing acquisition applications.

Local Partners Discussion

The following representatives of local partners shared stories about current activities and watershed enhancement projects with the Board. Benton County Commissioner Linda Modrell welcomed Board members to Benton County, and thanked Chuck Knoll for the good work and cooperation from his section. Benton County Commission Chair, Annabelle Jaramillo was also present at part of the meeting to welcome Board members and staff to Corvallis.

- Donna Schmitz and Chris Stebbins, Benton SWCD
- Chuck Knoll, Benton County Public Works
- Eric Nusbaum, Cascade Pacific RC&D
- Sandra Coveny, Marys River WSC

D. Public Comment (Grants)

Margaret Nover, City of Portland Environmental Services thanked the Board for support of a past grant for the Kelly Creek Confluence Project, and thanked OWEB for supporting their current grant application (Application No. 205-263).

Jennifer Hampel, Coquille Watershed Association, supported funding for Application No. 205-108, which was not recommended for funding by either the review team or OWEB staff.

Stephanie Page, Oregon Department of Agriculture, provided an update on CREP and emerging technical assistance needs. Ms. Page distributed a spreadsheet showing which SWCDs are currently receiving funding for CREP technical assistance.

Tara Nierenberg, OSU Extension, thanked OWEB for supporting Application No. 205-277, which was recommended for funding.

Marty Suter, Harney SWCD, and Lauri Joyce, Landowner, supported funding for Application No. 205-219, which was approved for funding by the review team, but not included in the "do fund" projects by OWEB staff.

Marty Suter, Harney SWCD, and Jeff Hussey, Otis Creek Ranch, supported funding for Application No. 205-243, which was approved for funding by the review team, but not included in the "do fund" projects by OWEB staff. Ms. Suter also commented on the CREP technical assistance needs.

Lee Russell, Elk Creek WSC, supported funding for Application No. 205-114, which was not recommended for funding by either the review team or OWEB staff.

Jerry Becker, Elk River Land Trust, supported funding for the Kahn Tract acquisition project, Application No. 205-011, which was recommended by OWEB staff for reduced funding.

Wayne Hoffman, MidCoast WSC, thanked the review teams and OWEB staff for recommending funding for Application Nos. 205-159, 205-146, 205-154, 205-100, 205-104, and 205-251.

Nate Brown, Community Development Director, City of Keizer, supported funding and explained revisions to their request for the Keizer Rapids Acquisition project, Application No. 205-173, which was recommended for deferral by OWEB staff.

Kip Wood and Mark Stone, Lincoln SWCD, offered thanks for the "do fund" recommendation for Application No. 205-102.

Rachel Werner, Tillamook Etuaries Partnership, supported Application Nos. 205-151, 205-148, and 205-105 which were recommended for funding by the review teams, but not recommended for funding by OWEB staff.

Lindsay Hofsteen, Wy'East RC&D, supported Application No. 205-127, which was not recommended for funding by either the review team or OWEB staff.

Jennifer Clark, Wasco Co. SWCD/Watershed Councils, supported funding for Application No. 205-200, which was recommended for funding by the review team, but not recommended for funding by OWEB staff.

Ethan Nelson, and Jeff Parker, Northwest Youth Corps, supported Application No. 205-276, which was not recommended for funding by either the review team or OWEB staff.

J.D. Rogers, and Jack Shipley, Applegate River WSC, requested full funding for Application No. 205-255, which was recommended for reduced funding by the review team and OWEB staff.

Leslie Jones, and Kolleen Yake, Upper Deschutes WSC, offered thanks for the funding recommendation for Application Nos. 205-128, and 205-272.

Chris Orsinger, Friends of Buford Park and Mt. Pisgah, updated Board members on project accomplishments related to Application No. 205-184, which was recommended for funding by the review team and OWEB staff.

Bruce Aylward, Deschutes River Conservancy, offered thanks for the funding recommendation for Application No. 205-188.

Catherine Macdonald, The Nature Conservancy, supported funding for Application No. 205-194, which was recommended for funding by the review team, but fell below the funding line by OWEB staff.

Marty Suter, Harney Co. SWCD, presented OWEB with the 2005 Harney County Agency Partner of the Year award, recognizing OWEB's efforts in Harney County.

E. Board Consideration of Pending Grants

One hundred eighty grant applications seeking a total of $16,192,353 were received by the October 25, 2004, deadline. Both capital (restoration/acquisition) and non-capital (education/outreach, monitoring/assessment) were reviewed in this grant cycle. After being screened for eligibility and completeness, the applications were sent to the appropriate review teams, who developed recommendations for individual projects on their merit for funding, and numerically ranked the projects for funding. OWEB staff used the priorities developed to prepare the funding recommendation for Board consideration taking the budget into account.

The Board's March 2005 awards will allocate the last remaining grant funds available in the current biennium which ends on June 30, 2005. The following funds are available for award:

Capital Funds (including Lottery, Salmon Plates): **$4,714,713**
Non-Capital Funds (including PCSRF, Klamath Earmark): **$2,917,104**

Staff have recommended the following:

Capital

$4,447,438	Restoration Projects
$ 262,000	Acquisition Projects
$4,709,438	**TOTAL staff recommendation (**$5,275 below target)

Non-Capital

$ 5,370	Education/Outreach projects within Restoration Projects
$ 778,182	Education/Outreach Projects
$1,574,718	Monitoring/Assessment Projects
$2,358,270	**TOTAL staff recommendation** ($558,834 below target)

The review priorities and funding recommendations were presented in the staff report for each region separately to the Board.

Grant Program Manager, Roger Wood, was joined by each Regional Program Representative, as well as Melissa Leoni, Grant Program Specialist, to discuss acquisitions, and Greg Sieglitz, Monitoring Program Manager, to discuss monitoring applications.

REGION 1, NORTH COAST, Tom Shafer, Regional Program Representative

Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report with the following changes:

- Provide full funding ($8,740) for Application No. 205-145 (Arrow Creek Restoration)
- Provide partial funding ($33,825) for Application No. 205-148 (Vaughn Creek Tidegate)
- Total grant award ($266,750) for Application No. 205-144 will include $35,000 as a direct payment to the grantee from the U.S. Forest Service.

Acquisition Project
Deadwood Creek Conservation Easement (Application No. 205-141) was unanimously supported for funding at $50,000.

Board member Alan Christensen, who has experience working with conservation easements, asked to review language in the Deadwood Creek conservation easement.

OWEB will schedule a conservation easement discussion for the May Board meeting.

REGION 2, SOUTHWEST OREGON, Mark Grenbemer, Regional Program Representative

Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report with the following changes:

- Provide an additional $5,000 in funding for Application No. 205-255 (Applegator Newspaper) for a total award of $34,700.

Acquisition Project
Kahn Tract Acquisition (Application No. 205-011) was unanimously supported for reduced funding at $212,000.

REGION 3, WILLAMETTE BASIN, Douglass Fitting, Regional Program Representative

Due to a potential conflict of interest, Board member Dan Heagerty recused himself from voting on Application No. 205-121.

Motion 1: Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report, removing Application No. 205-121 to be voted on in a separate motion.

Acquisition Projects
Keizer Rapids Regional Community Park (Application No. 205-173) although well supported, did not receive a positive rating for ecological merit from the regional review team. The applicant has revised the project, and Board members supported deferral to allow the review team time to review additional information and staff to complete the due diligence requirements.

Luckiamute Riparian Easement (Application No. 205-174) was recommended by staff for deferral.

Motion 2: Board members unanimously supported the staff reduced funding recommendation at $84,000 for Application No. 205-121 (Cardwell Hills Community Restoration).

Board member Diane Snyder asked about the weighting process in OWEB's review of acquisitions. What is most important factor when awarding funding -- ecological value? local/regional benefit? community support? Roger Wood, Grant Program Manager, stated the ecological value is not unique and is judged on what is important for the area. The ecological merit is all the regional review team is asked to comment on. The newly adopted land acquisition administrative rules require a Board subcommittee to review applications before referring to the regional review teams, and will advise staff whether or not to pursue the acquisition project.

REGION 4, CENTRAL OREGON, Rick Craiger, Regional Program Representative

Due to a potential conflict of interest, Board member Dan Heagerty recused himself from voting on Application Nos. 205-188 and 205-131.

Motion 1: Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report, removing Application Nos. 205-188 and 205-131 to be voted on in a separate motion, and with the following changes:

- Approve funding for Application No. 205-194 at a reduced amount of $136,453 (Long Creek Bull Trout Project).
- PCSRF Klamath earmarked funds will be used to fund the following:
  Application No. 205-131 (Upper Klamath Assessment/ $377,160)
  Application No. 205-194 (Long Creek Bull Trout Project/ $136,453)
  Application No. 205-198 (Wood River Riparian Project/ $35,568)
- Total grant award ($37,500) for Application No. 205-197 will include $30,000 as a direct payment to the grantee from the U.S. Forest Service.

Acquisition Projects
There were no acquisition project applications submitted for funding in Region 4.

Motion 2: Board members unanimously supported the staff funding recommendation listed in the shaded area of Attachment A to the staff report for Application Nos. 205-188 and 205-131.

REGION 5, EASTERN OREGON, Karen Leiendecker, Regional Program Representative

Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report with the following changes:

- Reduce funding to $296,783 for Application No. 205-226 (Powder River Project Phase II)
- Provide a combined funding award of $44,247 for Application Nos. 205-243 (Otis Mtn. Jackson Cr. Riparian) and 205-219 (Otis Mtn. Brush & Range). OWEB staff will work with the applicants to allocate the joint award between the two projects.

Acquisition Projects

There were no acquisition project applications submitted for funding in Region 5.

STATEWIDE, Melissa Leoni, Grant Program Specialist, and Greg Sieglitz, Monitoring Program Manager

Board members unanimously supported the staff funding recommendations listed in the shaded area of Attachment A to the staff report.

F. Education/Outreach Policy Update

Public Comment

Dana Erickson, Coordinator of the Long Tom Watershed Council, stressed the importance of behavior change as an end goal for education and outreach programs. She also talked about creating a "buzz" around the Oregon Plan; the need for additional funding for direct council support; and the opportunities for instilling teaching "moments" in all watershed restoration and monitoring projects.

Melissa Leoni, Grant Program Specialist, briefed Board members on the Education and Outreach Strategy. She presented a copy of the Strategy in its current form with a new format for the "Awareness" section. She also presented notes from two focus group meetings held in early March with education and outreach stakeholders from around the state; and thoughts from the meeting held that morning with the Education and Outreach Board subcommittee (Scott Reed, Dan Thorndike, Diane Snyder, and Alan Christenson).

After the information was presented, Board members discussed issues related to the Strategy including whether and how to develop a gap analysis on statewide watershed education programs; the importance of keeping the Strategy flexible to include local community needs; how to address behavior changes in the Strategy; how awareness and marketing of OWEB and watersheds overlap and differ; funding priorities; and how to structure future education and outreach grants.

From the discussion with the Education and Outreach Board subcommittee and the full Board, tasks were identified that Jordana Leeb, who was hired by OWEB to assist with the project, will be working on in the next few months. The final Education and Outreach Strategy will be presented at the May Board meeting.

G. Biennial Report Presentation

Jay Nicholas, Science and Policy Advisor, presented an overview of the Oregon Plan for Salmon and Watersheds 2003-2005 Biennial Report. ORS 541.405 requires OWEB to submit a biennial report on the Oregon Plan. This is the second report produced by OWEB, and will contain two volumes. Volume 1 is a statewide review of Oregon Plan implementation. The report summarizes basin-level accomplishments and investments related to water quality improvements, fish recovery, and watershed health. The report also provides an overview of state agency actions and recommendations to enhance the effectiveness of the Oregon Plan. OWEB prepared a synopsis of the report, as well as a pre-publication copy of the report to distribute to members of the Legislature. The report in final form will be available sometime in April.

Volume 2 summarizes Oregon's assessment of the Oregon Coastal Coho ESU, and is scheduled to be printed in June 2005.

Board members discussed marketing the Biennial Report to Oregon citizens so they will be better informed about the use of Measure 66 funds. The measure will go to voters for approval in 2014.

H. Watershed Council Support Update

Roger Wood, Grant Program Manager, reviewed the process the agency is using to evaluate applications received for Watershed Council Support, and brought the Board up to date on the applicant interview and application review phase just completed the week before (between March 7 and 11). Staff remarked that the experience of examining the applications in detail further reinforced their judgment that $4.2 million is an insufficient amount to cover Council Support needs statewide. Staff are proceeding to evaluate ranking and funding options in light of the scores received, and is in the process of developing documents to show the results of the review to date. The process is on track to present staff recommendations for funding at the Board's May 2005 meeting.

Oregon Watershed Enhancement Board
March 17, 2005
OWEB Board Meeting
Corvallis, Oregon

Minutes

OWEB Members Present:
Paula Burgess
Alan Christensen
Daniel Heagerty, Co-Chair
Skip Klarquist
Jane O'Keeffe, Co-Chair
Scott Reed
Diane Snyder
Michael Tehan
Dan Thorndike

Members Not Present:
Bobby Brunoe
Dianne Guidry
Dave Powers
Mark Reeve
Pat Wortman

OWEB Staff Present:
Becci Anderson
Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Douglass Fitting
Mark Grenbemer
Jordana Leeb
Melissa Leoni
Jay Nicholas
Pat Oman
Bobbi Riggers
Tom Shafer
Greg Sieglitz
Doug Terra
Roger Wood

Others Present:
Margaret Nover
Teresa Matteson
John Ward
John Moriarty
Cheryl Hummon
Steve Tesch
Dana Erickson
Eve Montenero

I. Effectiveness Monitoring Update

Greg Sieglitz, Monitoring Program Manager, and Ken Bierly, Deputy Director, updated Board members on OWEB's new Effectiveness Monitoring Program. Effectiveness monitoring is a method of collecting and distributing information, a means to objectively evaluate what OWEB has accomplished, and provides a vehicle for training future actions.

At the September 2004, meeting, Board members approved expenditure of up to $600,000 and authorized staff to proceed with two tasks related to monitoring: the IMST workshop on effectiveness monitoring, and an evaluation of juniper clearing and irrigation efficiency projects and development of criteria for future grant application review. Three additional tasks were put on hold pending hiring the Monitoring Program Manager. The manager was hired in November 2004.

Monitoring Program staff are currently working on:

- IMST Workshop
- Evaluation of Selected Restoration Projects
- Independent Review of OWEB Projects
- Watershed Scale Evaluation
- Alternative Futures

Staff presented a revised timeline for the implementation of the Effectiveness Monitoring Program. A general description of the scope of the program was proposed. Relevant considerations were discussed related to the natural range of variability, limitations to sampling design, and interdependent variables associated with sampling juniper clearing and irrigation efficiency projects.

Some discussion about OWEB's participation in the Pacific Northwest Aquatic Monitoring Partnership (PNAMP) which is a forum for establishing and coordinating monitoring efforts throughout the Pacific Northwest occurred as well. This summer a testing of monitoring protocols in the John Day Basin will be sponsored in part by OWEB.

Board member Alan Christensen urged staff to attend a workshop sponsored by the Washington Governor's Forum on Monitoring. Staff plan to attend.

Board member Diane Snyder urged staff to attend a monitoring workshop sponsored by the Oregon Department of Forestry on Biodiversity Indicators. Staff will attend.

J. IMST Discussion

Nancy Molina, Carl Schreck, IMST Co-Chairs, and Carlton Yee, IMST Board member, provided Board members with an overview of the IMST, and discussed current and upcoming projects of the independent science review panel for the Oregon Plan for Salmon and Watersheds. The IMST, a 7-member multidisciplinary team of scientists, was established by the Legislature in 1997 to provide impartial scientific advice to the State on matters related to the Oregon Plan for Salmon and Watersheds. IMST members are selected by a joint process between the Governor, President of the Senate, and Speaker of the House.

The IMST has prepared a work plan for the Ways and Means Natural Resource Subcommittee. The IMST is currently working on two projects. First, the Urban Report focusing on the effect of urban areas on salmonids is expected to be completed in October 2005. This report will provide science to support Oregon Plan implementation in the more densely populated areas of the state. Second, the Eastside Report expected to be completed in December 2005, will assess factors that affect the abundance and distribution of anadromous and resident salmonids in river basins east of the Cascades.

The IMST is also working with OWEB to hold a joint workshop on effectiveness monitoring for restoration activities. The following high priority items are not yet scheduled:

- Ecological interactions among native and non-native species.
- Effectiveness of Oregon Plan salmonid conservation and restoration policies and activities.
- Historical context – vegetation/land cover, channel conditions, fish populations.

Information on the IMST and copies of past technical reports are available on the IMST's web site at http://www.fsl.orst.edu/imst/index.html.

K. Attorney General Advice Concerning the Administration of Lottery Funds

Richard Whitman, Attorney in Charge, Natural Resources Section, Oregon Department of Justice, briefed Board members on *draft* advice concerning OWEB's responsibilities for administering lottery funds.

The *draft* advice states that OWEB is the single state agency responsible for administering and overseeing the expenditure of all natural resources moneys from Measure 66 funds according to requirements stated in the Oregon Constitution, Article XV, Section 4b. Those requirements are:

- Some moneys be spent for each of the five specified purposes which are:
  (1) Watershed, fish and wildlife, and riparian and other native species, habitat conservation activities, including but not limited to planning, coordination, assessment, implementation, restoration, inventory, information managements and monitoring activities.
  (2) Watershed and riparian education efforts.
  (3) The development and implementation of watershed and water quality enhancement plans.
  (4) Entering into agreements to obtain from willing owners determinate interests in lands and waters that protect watershed resources, including but not limited to fee simple interests in land, leases of land or conservation easements.
  (5) Enforcement of fish and wildlife and habitat protection laws and regulations.
- No moneys can legally be spent for any other purpose,
- At least 65% of all moneys must be spent for capital expenditures.

The *draft* advice also states that OWEB has oversight responsibility to all expenditures of natural resources moneys from the fund, regardless of whether an end-user spending the moneys received them directly by legislative appropriation, from OWEB pursuant to statutory direction, or from OWEB as a result of its discretionary decision-making. This oversight can be accomplished through the execution of agreements between OWEB and recipient entities.

The *draft* advice suggests the OWEB Executive Director will need a formal delegation from the Board to be able to distribute moneys pursuant to statutory direction. OWEB should also establish through rulemaking the allocation process mandated by the Legislature and establish a similar process through its grant agreements. Also, the grant agreements should include language obligating OWEB to make payments only to the extent that moneys are available and obligating grantees to return grant funds in the event of a shortfall in lottery revenues.

The Secretary of State's Office is currently reviewing the draft advice. DOJ expects the advice to be final in about two weeks.

L. Public Comment (Non-Grant)

Steve Tesch, OSU Forest Engineering Department, updated Board members on the Hinkle Creek Project.

M. Oregon Plan Coastal Coho Assessment Presentation

Jay Nicholas, Science and Policy Advisor, provided an overview of the draft report and findings of the recently completed Assessment of the Oregon Plan for Salmon and Watersheds as it relates to Oregon coastal coho. The Assessment will be produced as Volume 2 of the Oregon Plan for Salmon and Watersheds 2003-2005 Biennial Report. Outcomes of Oregon's assessment include:

- Biological viability of the ESU;
- Status and trend of coho populations, stream habitat, and water quality conditions;
- Risk factor analysis for populations;
- Potentially a recommendation to NMFS regarding the ESA status; and
- Evaluation of the effectiveness of state management programs.

Risk factors were measured for:

Marine habitat
Fishery harvest
Hatchery impacts
Stream complexity
Fish passage
Water quality
Water quantity
Other factors

The draft report concludes that:

- ESU is viable
- Factors for decline have been effectively addressed
- Moderate risk remains from two risk factors: ocean conditions and stream complexity
- Current management plus restoration should preclude serious deterioration of fish or their supporting habitat
- Greatest restoration opportunity – stream complexity
- Monitoring will promptly detect any serious deterioration, providing opportunity for state or federal protective action

The Oregon Coastal Coho Assessment is scheduled for publication in June 2005.

N. Oregon State University, Institute for Natural Resources Discussion

Gail Achterman, Director, OSU INR, Karyle Butcher, OSU Librarian, and Tim Fiez, OSU Digital Library Program, explained development of the North Coast Web Portal. The project was funded through a contract with OWEB and the INR for $150,000. The web portal was developed to inform decision-making about the Oregon Plan for Salmon and Watersheds. In coordination with the Coastal Coho Project, the web portal was designed using the North Coast region as a pilot. The objective of the portal is to provide easy access through the Internet to natural resources data, tools, and expertise.

Objectives of the project were to:

- Use the power of the Internet;
- Make the portal user friendly; and
- Link to and build onto existing state and federal systems.

Partners from the INR, OSU Libraries, and the Infographics Lab at the University of Oregon will launch this web portal to demonstrate its utility for providing information about species such as coho and Chinook salmon and their habitats. Together with the Willamette Basin Conservation Project, this portal will provide a foundation to inform development of a statewide web portal for natural resource information needed by policy makers and citizens.

The INR estimates that it will cost $2.5 million to complete the portal statewide, and an additional $270,000 per year to maintain the web site.

O. Support for the Governor's Willamette River Legacy Plan

Louise Solliday, Project Manager, Governor's Willamette River Legacy Plan, briefed Board members on the current status of the project. The Willamette River is the Governor's top environmental issue. Ms. Solliday is revisiting the work already done on the Willamette by other entities, so work isn't duplicated. She is preparing a 10-page document to identify the high

priority items addressing the three R's identified by the Governor – repair, restore, and recreate. The final draft will be prepared for the Governor's review in the next few weeks. The document will identify action items, benefits, funding, partners, and a timeline/targets for performance measures. Her job has recently been expanded to include the lead role for recovery planning in the Columbia River.

Ms. Solliday will report to the Board again at the conclusion of the project.

P. Other Business

Savage Rapids Dam

In January 2002, Board members committed funding of up to $3 million to support removal of the Savage Rapids Dam and post-removal restoration of the riparian area upstream of the dam site. The funds will also support the creation of enhanced recreational opportunities for the community along the river corridor. In September 2004, Board members approved a schedule to allocate the remainder of the $3 million ($750,000 remains to be allocated), with a $200,000 allocation scheduled for March 2005. Changes in anticipated federal funding and timelines for completing the project present an opportunity to adjust the Board's funding allocation schedule to meet other current grant funding needs.

Board members unanimously supported the staff recommendation to rescind the March 2005 $200,000 allocation approved at the September 15, 2004, Board meeting for Savage Rapids Dam, and add the $200,000 to the total remaining allocations to be made using next biennium's funds.

South Coast and Rogue Basin Regional Restoration Priorities

In May 2004, Board members committed funding of up to $500,000 to fund the development of restoration priorities at the basin scale for the entire state. To date, staff have entered into contracts to develop priorities for the Willamette Basin ($100,000) and John Day Basin ($64,900). OWEB is requesting to move forward with developing restoration priorities for the South Coast and Rogue basins by the end of the year.

Board members unanimously supported the staff recommendation to approve funding up to $85,000 to enter into grant agreements with the South Coast Watershed Council and Rogue Basin Coordinating Council to complete restoration priorities in the South Coast and Rogue basins using the guidance provided by the Board.

Having no further business, the meeting was adjourned.

Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
May 25-26, 2005

Land Board Room
State Lands Building
775 Summer Street NE, Salem

Please see www.oregon.gov/OWEB for directions.
Parking information is available on page 4.

Wednesday, May 25

Informal Reception – State Lands Building Lobby, 7:30 a.m.

Business Meeting – Land Board Room, 8:30 a.m.

A public comment period is provided at approximately 9:30 a.m. today for comment on watershed council support applications. This will be the only opportunity to address the Board on pending applications for watershed council support funds. Public comment on items not related to watershed council support applications will begin at approximately 10:00 a.m. on Thursday, May 26.

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes

The minutes of the March 16-17 and March 21, 2005, meetings will be presented for Board approval. *Action item.*

C. Executive Director Update

Tom Byler, Executive Director, will update the Board on agency business, legislative activities, and late-breaking issues. *Information item.*

D. Watershed Council Contribution Discussion

Michael Hibbard and Susan Lurie from the University of Oregon, Institute for Policy Research and Innovation, will present findings from their January 2005 report titled "*UNDERSTANDING THE COMMUNITY ECONOMIC AND SOCIAL IMPACTS OF OREGON'S WATERSHED COUNCILS.*"

E. Public Comment on Pending Watershed Council Support Applications [approximately 9:30 a.m.]

At approximately 9:30 a.m., time will be reserved for public comment on watershed council support applications to be considered for funding by the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *Only comments pertaining to watershed council support applications will be accepted during this time.*

F. Board Consideration of Pending Applications for Watershed Council Support

The Board will consider watershed council support applications submitted by the December 13, 2004, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *No public comment will be taken on individual applications outside the time allotted by the Board Chairs for Agenda Item E. The Board will not accept any additional written materials pertaining to pending proposals not submitted as part of the review process. Action item.*

Thursday, May 26

Business Meeting – Land Board Room, 8:30 a.m.

A public comment period is provided at approximately 10:00 a.m. today for comment on any issue before the Board.

G. PCSRF Funding Allocation for the Remainder of the 2003-2005 Biennium

Tom Byler, Executive Director, will present the proposed allocation of remaining PCSRF funds for the remainder of the 2003-2005 biennium. *Action item.*

H. Drought Assistance Funding

Ken Bierly, Deputy Director, will present the Board with a list of potential projects that could benefit producers and aquatic systems throughout the state by implementing short term leases (up to five years). OWEB worked with the Oregon Water Trust to identify projects that were subsequently evaluated by the Oregon Departments of Water Resources and Fish and Wildlife for aquatic resource benefit. *Action item.*

I. CREP Program Changes and Funding for the 2005-2007 Biennium

Ken Bierly, Deputy Director, will present the revised Conservation Reserve Enhancement Program (CREP) and request funding for the 2005-2007 biennium. *Action item.*

J. Public Comment [approximately 10:00 a.m.]

This time is reserved for public comment on any matter before the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet as early as possible in the morning's proceedings (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly.

K. Siuslaw Stream Team Presentation

Instructor Jim Grano and several of his students, past and current, will provide a presentation on the Siuslaw Middle School Stream Team project. The award winning education program is in its ninth year and uses a healthy combination of in-classroom studies and in-the-field hands-on activities to increase student understanding of watershed resources and issues. From serving 30 seventh graders in the program's early years, the demand from both students and parents has enabled the program to expand to serve the entire 120 seventh grade student population.

L. Education and Outreach Strategy

Melissa Leoni, Grant Program Specialist, and Jordana Leeb, Education and Outreach Specialist, will describe the results of the Education Policy Subcommittee and Focus Group discussions, and will ask Board members to adopt the Education and Outreach Strategy. They will lead a discussion on the implementation of the strategy. *Action item.*

M. Small Grant Program Administrative Rules**

Wendy Hudson, Grant Program Specialist, will describe the development of the small grant program administrative rules, the public involvement and present a draft of the rules for Board consideration. The rules provide greater clarity of acceptable projects and clarify administrative requirements for the program. *Action item.*

N. Grant Cycles for the 2005-2007 Biennium

Roger Wood, Grant Program Manager, will present a proposed schedule for receipt of grant applications and decisions for the 2005-2007 biennium. The Board will be asked to set application deadlines and Board meeting dates to consider applications. *Action item.*

O. Deferred Acquisitions

Melissa Leoni, Grant Program Specialist, will update Board members on acquisition projects deferred from previous meetings. *Possible action item.*

P. Non-Standard Grant Requests

Roger Wood, Grant Program Manager, will discuss the occasional requests OWEB staff and Board receive to fund projects outside of the regular grant cycles. The circumstances that have been identified and the appropriate review of such requests will be discussed. *Information item.*

Q. Project E2 Update

Allison Hensey, Policy Specialist, will update the Board on the progress made in establishing a work group and results of discussions to date. Discussion will highlight issues raised and approaches suggested for exploration. *Information item.*

R. Effectiveness Monitoring Update

Greg Sieglitz, Monitoring Program Manager, will provide an update on the status of OWEB's Effectiveness Monitoring Program. Discussion will include activities to date and progress on the work program. *Information item.*

S. Other Business

Parking Information: Street parking (2 hr) is available on the west side of the building (Winter Street). Metered parking is available along Summer Street and Union Streets. Daily parking is available at the State "yellow lot" located at Marion and Summer Streets for $6/day (machine takes bills and coins; gives change and a receipt). A Park and Ride lot is located at the State Motor Pool with buses running approximately every 15-30 minutes.

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Wednesday and Thursday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. Public comments regarding pending watershed council support applications may be made during the public comment period at approximately 9:30 a.m. on Wednesday, May 25. The Board will not accept any additional written materials pertaining to pending grant proposals at that time.

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Environmental Quality Commission member: ***Mark Reeve***
Fish and Wildlife Commission member: ***Skip Klarquist***
Board of Forestry member: ***Diane Snyder***
Board of Agriculture member: ***Pat Wortman***
Water Resources Commission member: ***Dan Thorndike***
Public member: ***Jane O'Keeffe, Board Co-Chair***
Public member: ***Daniel Heagerty, Board Co-Chair***
Public member (tribal): ***Bobby Brunoe***
Three public member positions are currently vacant.

Non-voting Members

Representative of Director of Agricultural Extension Service: ***Scott Reed***
Representative of U.S. Forest Service: ***Alan Christensen***
Representative of U.S. BLM: ***Paula Burgess***
Representative of U.S. NRCS: ***Dianne Guidry***
Representative of U.S. EPA: ***Dave Powers***
Representative of NOAA Fisheries: ***Michael Tehan***

Contact Information

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290
503-986-0178
Fax: 503-986-0199
www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

Upcoming OWEB Board Meetings

September 13-14, 2005 in Jordan Valley
October 2005 tentative Joint Meeting with Washington Salmon Recovery Funding Board

For online access to staff reports and other OWEB publications check our Web site:
www.oregon.gov/OWEB

April 22, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager
Wendy Hudson, Grant Program Specialist

SUBJECT: **Agenda Item F: Watershed Council Support Funding, 2005-07**
May 25-26, 2005 OWEB Board Meeting

On December 13, 2004, the Oregon Watershed Enhancement Board (OWEB) received 57 Watershed Council Support grant applications requesting $6,637,552 in funding. The current allotment for Council Support in OWEB's requested budget for the 2005-07 biennium is $4,198,400, which represents a two percent cost of living adjustment over the current biennium's Council Support of $4.1 million. This staff report briefly describes the past history of Watershed Council Support grants, the new administrative rules applied to this grant cycle, the grant evaluation process, funding options, and a staff-recommended funding allocation for the 2005-07 Watershed Council Support grants.

I. Background

From 1997 through 2001, Watershed Council Support grant applications were accepted, reviewed, and awarded along with applications for other project types. Council Support applications were reviewed based on the scope of work and a description of accomplishments submitted by the applicants. In December 1999, the Governor's Watershed Enhancement Board raised funding to an equivalent of a biennial budget of $4.1 million for Watershed Council Support grants. OWEB later standardized all local groups seeking Council Support to the same two-year grant cycle in order to coincide with the State's budget cycle.

For the 2001-03 biennium, OWEB accepted Watershed Council Support grant applications only once, in November 2000. The legislatively approved budget for Watershed Council Support for the 2001-03 biennium was $2.4 million from Lottery funds. The OWEB Board approved an additional $1.7 million from the federal Pacific Coastal Salmon Recovery Fund for a total of $4.1 million, to continue the same level of Watershed Council Support as the 1999-01 biennium. While the amount of funding remained unchanged from the amount awarded for Council Support in the 1999-01 biennium, the number of local groups seeking support grew by four. Applications were still reviewed based on the proposed scope of work and a description of accomplishments submitted by the applicants, without considering biologic or geographic values or priorities.

A funding principle applied by staff and the Board for the 2001-03 Council Support grants was allocation of the same amount of funding per OWEB region as in the previous biennium. In regions where there had been no increase in the number of watershed councils, staff negotiated

budget reductions with individual applicants to achieve the desired funding amount for the region. In two regions, the Willamette and Southwest, the number and amount of requests for Watershed Council Support increased. To accommodate this, the regional budget allocation was divided equally to all that applied by the deadline, except for new applicants, which were awarded half-time support. While this efficiently distributed the available funds, it also effectively "thinned the soup" in order to make it go further in these two regions.

In January 2001, the Board asked staff to explore options for incorporating geographic and biological values into the process for evaluating and awarding Watershed Council Support grants. OWEB also was given a budget note from the 2001 Legislative Joint Ways and Means Natural Resources Subcommittee that stated:

> *OWEB will report to the 72nd Legislative Assembly on progress developing grant program criteria for Watershed Council Support that emphasizes the following principles: funding based on performance and accomplishments supporting the Oregon Plan for Salmon and Watersheds; mechanisms ensuring accountability for public funds received; the watershed restoration and species habitat challenges faced by the region in which the council is located; community and local government support for and participation in council activities; and the ability to share staff and consolidate organizational efforts with other watershed councils. Past receipt of Council Support funds should not be a principle consideration as the Board awards future grants.*

In response to the direction of the Legislature and Board, staff initiated a rulemaking to move the Council Support grant criteria toward a merit-based approach. As a first step to accomplish this, rule language adopted by the Board on September 19, 2002, clarified existing eligibility policies, refined the elements to be addressed by the council work plan, defined and narrowed eligible expenditures, and established some initial preference criteria.

A final phase of rule revisions occurred in fall 2003 with attention to how local groups can illustrate their efforts to identify and address key watershed issues, and to more clearly describe the merit criteria to be used in evaluating Council Support applications. The final phase also addressed problems experienced with 2003-05 Council Support grant cycle and lessons learned. These included adding a section in the rules on the process to be used by staff in making its recommendations to the Board, recognition of umbrella councils, funding new or "splinter" councils, and merit vs. threshold funding. On March 17, 2004, the Board adopted rules for the 2005-07 Council Support grant cycle. (Attachment A) The new administrative rules were provided to the watershed councils in May of 2004. In October 2004, staff provided eight trainings statewide on the rule changes and the revised application and guidelines.

II. Grant Evaluation Process

In preparation for the 2005-07 Council Support grant review cycle, staff formed five separate review teams, each composed of five individuals and each of which reviewed approximately 12 randomly assigned applications. (See Attachment B for a list of reviewers.) Each reviewer evaluated applications from all five OWEB regions. In addition to the five reviewers, five OWEB Board members agreed to participate, with one assigned to each review team. (Attachment B) Because the review process was so different from the previous biennium's review process, staff provided a reviewer training in December. The training was designed to ensure that all reviewers understood the review process, as well as staff's expectations for

consistent reviews, using a standard evaluation worksheet. Reviewers had approximately six weeks to review their applications.

Staff met with review teams again in February to discuss common concerns and questions about each application. Staff subsequently formulated a few questions for applicants, which they received about two weeks prior to interviews with applicants about their applications. During the week of March 7, 2005, the five review teams each met for one day to interview their respective applicants and to score applications. During the 15-minute interviews, applicants were not allowed to introduce new information they had inadvertently left out of their application; they were to use their limited time responding to the questions posed by reviewers. Applicant participation was voluntary, and applicants were invited to participate either by phone or in person. All applicants participated with 20 doing so by telephone and 37 in person. Despite the limited time, applicants seemed to appreciate the opportunity to elaborate on their applications, and reviewers were grateful for the clarification. Staff felt that 15 minutes was adequate for most situations.

In the afternoons, following the morning of applicant interviews, review teams met with staff to discuss the applications and the interview responses.

A. Four Elements Guiding Application Review

The merits of each proposal for Council Support were initially evaluated based on the contents of the application, and applications were considered complete based on materials received by the deadline. Reviewers evaluated four elements for each Council Support application: 1) Council Organization; 2) Past Performance (capital); 3) Past Performance (non-capital); and 4) Proposed Work Plan/Watershed Complexity. Where feasible, reviewers looked for a balance between the two Past Performance elements. Each element is described below.

1. Council Organization

Council organization includes how the council involves stakeholders and the community in its work, how the council sets its goals and evaluates its progress, how the council provides direction and supervision to the coordinator, and how the council has leveraged other funding and support for its work. These factors tie to the administrative rules by considering organizational capacity to efficiently and strategically expend public funds received, community support and participation, and organizational efficiencies.

Applicants were rated highly if the application demonstrated a high level of community involvement and support and clearly described the council's relationship to the watershed's stakeholders. The reviewers also looked for strong goal setting and evaluation methods, as well as evidence that the council evaluates both the effectiveness of projects and its operations and strives to improve both. The extent to which a watershed council clearly added value to the agencies and interests working in the watershed was also considered.

2. Past Performance — Capital Projects

Reviewers looked at whether the council is building on past restoration work, has tangible on-the-ground accomplishments, and has ownership of its assessments and action plans. These factors relate to the administrative rules by considering the

accomplishments and performance of local groups in supporting the Oregon Plan for Salmon and Watersheds.

Reviewers considered the age of the watershed council in evaluating past performance. Where a council had just formed or was fairly new, the organization of the application and progress toward developing a watershed assessment were the key considerations. Reviewers expected local groups over six years old to have significant and tangible on-the-ground accomplishments. The review teams also considered the level of OWEB funding support received for the current biennium.

3. Past Performance — Non-Capital Projects

Reviewers looked at three areas: assessments, monitoring, and education and outreach. These factors relate to the administrative rules by considering the accomplishments and performance of local groups in supporting the Oregon Plan for Salmon and Watersheds.

As with the capital projects above, reviewers considered the age of the watershed council in evaluating past performance. Where a council had just formed or was fairly new, the organization of the application and progress toward developing a watershed assessment were the key considerations. Reviewers wanted local groups over six years old to have significant and tangible monitoring and education and outreach accomplishments.

4. Proposed Work Plan/ Watershed Complexity

Reviewers evaluated the proposed work plan based on whether it includes measurable objectives, is achievable, reflects and addresses watershed conditions, and is strategic rather than opportunistic.

Reviewers wanted to see a work plan focusing on either the completion or updating of watershed assessments and action plans, the implementation of on-the-ground restoration activities developed from those assessments and plans, and identification of related monitoring and education and outreach activities. Reviewers also looked at the work plan to see whether the council is focusing its efforts and working strategically rather than just opportunistically. Finally, reviewers looked to see whether council members, volunteers, or other stakeholders play a role in implementing the work plan, rather than relying solely on the coordinator for implementation. This relates to the administrative rules by considering performance of local groups in supporting implementation of the Oregon Plan for Salmon and Watersheds.

With regard to watershed complexity, reviewers considered the challenges present in the watershed that affect the work the council can do, including whether the council is an umbrella council, the size of the watershed, the population or diversity of watershed interests, percentage of public lands, ESA listings, and water quality issues. Evaluation of this element served mainly to provide context for the other three elements and the proposed budget request. The reviewers used this information, in part, to evaluate whether the funding requested matched the job to be done and the work proposed by the council. This relates to the administrative rules because reviewers considered the restoration and species habitat challenges facing the applicant.

B. Scoring and Ranking Applications
Reviewers used a standardized "decision matrix" (Attachment C) to score each application. Scores were generally arrived at individually, but within the context of reviewer evaluations, the morning applicant interviews, and the afternoon staff/reviewer discussions. Staff subsequently tallied the scores for each council and arrayed all 57 applications, from highest to lowest, based on their total scores.

C. Limits of Evaluation Process
The ability of applicants to describe the merits of the watershed council and its work was crucial to the evaluation process. The review teams relied primarily on the application submitted, on the applicant interviews, and on review discussions with other team reviewers and OWEB staff. Those applicants that clearly described the council's organization, articulated a strategic plan of action, and showed tangible accomplishments ranked higher than those who did not clearly describe those traits.

Generally, staff feel that the review process was sound. Reliance on the strength of the application, which has been a criticism in the past, was mitigated by the addition of the applicant interviews. Though brief, the interviews provided clarification to reviewers.

One unanticipated development of the weeklong interview/scoring process was reviewer absences. With just five reviewers (and one Board member) to a team, full participation was important. Each team lost at least one reviewer, and two teams lost two. In every case, the absent reviewer left a gap in the team's local perspective of one part of the state or another. During the afternoon discussions, regional program representatives provided missing or additional local perspectives. However, future Watershed Council Support grant review processes will consider larger review teams and will explore ways to assure more local knowledge and perspective.

D. Feedback from the Applicants
In April 2005, staff sent written comments from the Review Teams to Council Support applicants. A cover letter asked applicants whether they had any comments on the staff report and funding recommendations. It also asked whether they felt the Review Team comments accurately reflect information in the grant application. If not, the letter instructed applicants to prepare a written response, citing the relevant questions or sections of the application. Further, applicants were invited to comment on their experience in the applicant interview, and specifically, to state whether this was a valuable process that they would like to see retained for the 2007-09 Council Support grant cycle.

Applicants have until 5:00 p.m. Monday, May 9, 2005, to respond to these three questions. A packet of response letters will then be sent to the Board before the May 25-26 meeting. Staff will not recommend changes to individual grant awards at the May 2005 meeting based on applicant responses to the written comments.

III. Funding Approaches for Board Consideration and Related Funding Scenarios
Once watershed council applications were scored and ranked, staff considered a number of approaches designed to provide the greatest benefit possible to the greatest number of applicants, while remaining true to the merit-based review concept. The various approaches were discussed with members of the Board Grant Subcommittee at a meeting in Portland on March 29 and with

OWEB regional program representatives. Below is a discussion of the various approaches considered:

A. Funding Categories and Capping vs. Graduated Awards

In the previous Council Support grant cycle (2003-05), staff relied on funding categories, where each category provided a range of funds. For the 2005-07 grant cycle, staff opted to forego the category approach, which was deemed to be somewhat arbitrary where the lines had been drawn to separate one category from another. It seemed more equitable to award funds on a graduated point scale, using a standard formula. This rendered moot the question of capping awards, since all awards would now be determined by a mathematical formula. This method is not based on a percentage of funds requested as there have been past concerns that this approach led to inflated budget requests.

Dollar amounts were assigned to each council based on a standard formula: Total Board award divided by the total of all scores, yielding a per-point dollar amount, multiplied by each council's total score. So in the event of a Board award of $4,198,400 and the total of all scores of 9,097.91, the per-point dollar amount is $461.47. Multiply that amount by each council's total score for a total dollar award to each council. So in the example below, using the North Santiam Council as the median-scoring council, and looking at Attachment E, the base award is $77,642:

$4,198,400 / 9,097.91 = $461.47 x 168.25 points = $77,642

B. Multipliers vs. No Multipliers

In looking at the four elements associated with the Council Support process, the question arose as to whether they were all equally important. Since this is a merit-based process, it would stand to reason, for example, that past accomplishments (2003-05 biennium) should carry more weight than the prospective workplan for the 2005-07 biennium.

Staff tried a number of different multiplier scenarios, where the two past accomplishment elements received greater weighting, but in the end decided to forego the use of multipliers. There was concern that the selection of individual multipliers could only be arbitrarily arrived at (although a defensible case could be made for their selection), and perhaps more importantly, their use had not previously been discussed with either local groups or reviewers. Finally, because past accomplishments comprised two of the four elements, they in effect, received more weight in the overall scoring of applications.

Thus, a total score was arrived at for each of the four elements, without the use of artificial multipliers. Each elemental score was averaged, based on the number of reviewers present for the March interview and review. The four averages were then added together for a total council score.

C. Zeroing Applicants

There was much discussion among Board members and staff around whether the lowest-ranked applicants should receive any funds. The reasoning was that in a merit-based process, poor performers should not be rewarded, and that the amounts at that low funding level are so negligible as to be potentially useless to those applicants. Also, some felt that the funds could be better spent by being distributed among the better performing applicants.

Others felt that zeroing an applicant is too harsh and perhaps arbitrary (where do we draw the line between adequate performers and poor performers?). In the past, some poorly performing applicants that received limited OWEB Council Support nevertheless managed to turn themselves around and become solid performers. People in this group argued persuasively for greater attention to poorly performing applicants, rather than cutting them off altogether.

The notion of putting the low-ranking applicants from this grant cycle on "probation" was also discussed. Staff were generally uncomfortable with this, given that local groups are established independently of OWEB. Staff are more inclined to use the conventional tool of adding "conditions" to the grant awards so that the grantees have clear direction to address deficiencies identified through the Council Support grant review process. Still, the notion of conditioning a Council Support grant agreement left some staff feeling equally uneasy. Even if staff were to apply conditions, such actions imply that certain minimum and required performance can be achieved by the council, and the relatively low funding levels at the bottom of the list raise the question of whether this is realistic.

Ultimately, staff decided that it would be unfair to the low-ranked applicants to provide no funds since this approach also had not previously been discussed with either applicants or reviewers. The general sentiment, though, was to make it abundantly clear to local groups during the 2005-07 biennium that the possibility exists of being zeroed out in the *next* Council Support grant cycle (2007-09). The OWEB Board will need to engage this critical issue prior to establishing the process for the 2007-09 grant cycle.

D. Criteria for Determining Funding Levels

The current rules governing Council Support state that individual Council Support grant funding levels will be based on four factors:

1. **An applicant's merit category (where they fall in the ranking).**

2. **Whether the applicant is an umbrella watershed council.**

3. **Whether the applicant is two or more watershed councils serving unique geographic areas in a single Council Support grant, where the application demonstrates economies of scale over two separate grant applications.**

4. **Available funding.**

Addressing these factors one at a time:

1. **An applicant's merit category (where they fall in the ranking).**
   This criterion has already been addressed through the graduated scoring system, whereby the highest-scoring council is awarded the highest base funding (not including umbrella awards).

2. **Whether the applicant is an umbrella watershed council.**
   As defined in OAR 695-040-0020(4), umbrella councils include (a) those that provide

support and coordination for at least three watershed groups or councils, have a coordinating council, shared staff, and a single Council Support grant; and (b) those that provide service to a watershed area containing three or more 4th-field hydrologic units.

Staff identified five type (a) umbrella councils, seven type (b) umbrella councils, and one type (a&b) council, as shown in Attachments D and E. Staff seek to have the Board award additional funds to all umbrella councils, *above the base award* allocated by the Board. (Option 2 in both attachments) Staff did not want to take away existing funds from non-umbrella councils in order to reward umbrella councils. Further, with just 13 umbrella councils, staff felt that the additional amount would be reasonable burden on the agency's non-capital budget.

The rules are silent on the amounts to be awarded to each umbrella council. The intent of the rules, from discussions with the Rules Advisory Committee (RAC) and with local groups during rules hearings, was that there would be different amounts for the two different types of umbrella councils. Local groups understood that the staffing and supply costs of supporting multiple councils and a coordinating group were more than for a single council. At the same time, they advocated recognizing single councils covering large geographies, primarily by supporting their additional travel costs and time spent on the road.

After much internal discussion, staff settled on Option 2 (Attachment E), which awards 30 percent of a council's base award to type (a) umbrella councils, and 15 percent to type (b) umbrella councils. The Klamath Watershed Council, as both an (a) and (b) council, is recommended for a 35 percent additional award. In total, the umbrella awards do not exceed $250,000 — an amount members of the Board Grant Subcommittee found reasonable. The percentage differences between (a) and (b) awards are based on the intent of the RAC, as discussed above. The purpose in rewarding umbrella councils is to *supplement* their additional costs — whether operating or travel — not to entirely cover those additional costs.

3. Whether the applicant is two or more watershed councils serving unique geographic areas in a single Council Support grant, where the application demonstrates economies of scale over two separate grant applications.

In discussing this criterion, staff realized that the rule language relating to this is imprecise and makes the concept difficult to apply. Erring on the inclusive side, numerous councils might currently fit this definition, resulting in significant additional OWEB awards and, arguably, debasing the intent of recognizing councils that achieve efficiencies. Beyond that, all local groups could easily make sure they fit the definition in the coming biennium (2005-07) in order to receive whatever additional funds might be available. In the end, staff decided *not* to recommend additional funds for these local groups on the basis of the criterion's imprecise definition, and instead to revise the rules either to sharpen or delete this provision.

4. Available funding.

Staff's recommendation for umbrella council awards already exceeds the theoretical available funding of $4,198,400 by a sufficient enough amount to warrant caution in recommending further OWEB commitments at this time.

E. Two Funding Scenarios and Related Options

Having resolved these four approaches, staff then developed two funding scenarios. Each scenario has two options. The two scenarios and their related options are described below and illustrated in Attachments D and E.

1. Base Award: $2.4 million

Attachment D allocates a base award of $2.4 million of the $6.6 million requested by applicants. The $2.4 million allocation represents the amount of Lottery non-capital funds identified for Council Support in the Governor's Recommended Budget for 2005-07. This is the same amount of Lottery non-capital funding provided in the current biennium, but does not reflect the $1.7 million of PCSRF (Pacific Coastal Salmon Recovery Funds) added on to bring the 2003-05 Council Support funding total to $4.1 million.

In staff's opinion, Attachment D is not viable; it is included in this report simply to illustrate to the Board the inadequacy of a $2.4 million base award. The base funding assumption driving Attachment D does not even come close to providing the minimum basic funding needed for any council. (Staff have prepared Attachment D in a manner similar to Attachment E for comparison purposes only; no further explanation of the two options is warranted here.)

2. Base Award: $4.2 million

Attachment E allocates a base award of nearly $4.2 million ($4,198,400) of the $6.6 million requested by applicants. The $4.2 million allocation reflects the amount of funds sought for Council Support in OWEB's 2005-07 agency request budget, as well as the same base award allocation used in the previous two biennia with a "cost of living" increase of $82,000.

The Base Award column calculates $461.47 for each point applicants earned ($4.2 million/9097.91 = $461.47). To illustrate, using the North Santiam Council as the median-scoring council, the base award to the council is $77,642:

$4,198,400 / 9,097.91 = $461.47 x 168.25 points = $77,642

Option 1 factors *into* the $4.2 million base award an umbrella incentive for each of the 13 umbrella councils, shown in bold on the attachment. Type (a) umbrella councils receive their base award *plus* an additional 20 percent, type (b) an additional 10 percent, and type (a&b) an additional 25 percent. The 44 non-umbrella councils receive their base award *less* $3,693 to make up for the $162,485 in incentives distributed among the 13 umbrella councils.

Option 2 awards additional funds *above* the base award of $4.2 million, to each of the 13 umbrella councils. This raises the overall Council Support award to $4,435,410, which is $237,010 above the base award amount of $4.2 million. (Note that under this option, two councils — Owyhee and the Lower Columbia — are limited to no more than the amounts they requested, thereby lowering the actual total from $4,438,643 to $4,435,410.).

Staff recommend the Board adopt Option 2 in Attachment E.

IV. Implications for Local Watershed Groups

Attachment E is essentially the status quo, with a modest cost of living adjustment and the important addition of an incentive award for umbrella councils in Option 2. It is not the ideal scenario, but with the addition of Option 2, it at least makes an effort to recognize the extra burden assumed by umbrella councils. Such recognition is consistent with the Council Support administrative rules.

Other funding scenarios could be developed for larger amounts of total funding above the $4.2 million. These higher-dollar scenarios should be appealing to everyone who understands the value of local watershed stewardship groups, who understands their vital role in delivering OWEB funds to critical watershed enhancement projects, and who understands the organizational and logistical challenges and costs they face. However, staff judged that the complexities and uncertainties surrounding the legislative budget process made exploration of higher-dollar scenarios inappropriate content for this report.

We believe, however, that it is entirely appropriate for the Board to discuss higher funding levels for local watershed groups. One starting point is the matter of what constitutes "adequate" two-year funding for a council. Local groups vary so greatly in their situations and characteristics that an "average" funding need is hard to describe. But we can focus on something tangible: the cost of supporting a council coordinator.

The heart of any successful watershed council is a representative and diverse group of dedicated and active local residents who volunteer considerable amounts of time and energy. But in practice, this activism must be channeled through and organized by a council coordinator with at least 30 or 40 hours a week to do the job. The skills required for this are a remarkable melding of communications, teaching, management, public speaking, grant writing, recruiting, research, big-picture thinking, small detail focus, science, and politics — a skill set usually associated with a generous paycheck, even for younger people just starting their careers.

So what is such a person worth to a council? In past biennia, OWEB attempted to limit expenditures for Council Support by limiting the state share of salary for coordinators to $75,000 per biennium. This limitation, however, proved to be ineffective since salary needs vary considerably across the state. Recognizing a salary range seems more appropriate. For full-time coordinators, a salary range $80,000 to $110,000 per biennium, plus modest benefits, seems to be a reasonable range, considering variables like local costs of living and the size and activism of a council. The range, however, doesn't even consider the most basic direct operating costs — also eligible for OWEB funding — let alone other costs that are typically outside OWEB funding, such as support staff. And it goes without saying that all these costs are higher for umbrella councils and councils covering large geographic areas.

Some of this expense may be ameliorated by in-kind contributions, and not all of it needs to be paid for by OWEB in any case. But this budget concept, built around a capable coordinator, amounts to a minimal *total* budget for administrative and direct operating costs of somewhere between $100,000 and $140,000 per biennium, with actual budgets for active local groups likely to exceed this range by many tens of thousands of dollars. For the most part, council requests for support fell into this minimal budget range, averaging $116,448.

Over the past six years, OWEB conversations about Council Support have centered around average biennial grant awards of just $75,000 to $80,000. This trend is continued in Option 2, Attachment E, where the average grant award is $77,814. This is a starvation diet for OWEB partners whom we rely on to implement at least a third of OWEB-funded watershed restoration and protection programs. If they did starve, a third of OWEB's program of watershed enhancement in Oregon would starve with them, and, more importantly, an historic and shining light of grassroots watershed stewardship would go dark.

V. Unspent 2003-05 Funds and Carryover

By the close of the 2003-05 biennium, some grantees might not have spent all their Council Support funds. This could be due to any number of reasons, including coordinator turnover during the biennium in which salary funds were not needed for several months; or to operating cost efficiencies achieved due to an unforeseen change in circumstances. The amount of unspent funds cannot be determined until Fiscal is able to close the books on 2003-05 Council Support (some time after August 2005). Staff propose to put recaptured 2003-05 funds toward the umbrella incentive in Option 2, assuming the Board approves staff's funding recommendation.

VI. Next Steps

Four items to pursue over the coming biennium include improving the Council Support grant cycle process, considering the establishment of performance thresholds, revising the administrative rules as necessary, and investigating as soon as possible additional funding opportunities for immediate distribution to grantees.

A. Improving the Council Support Grant Cycle Process

Staff continue to entertain ways to improve the Council Support grant cycle process. There is a general desire on the part of applicants, reviewers, and staff to simplify the application and to sharpen the review process. Staff would like to retain the concept of multiple review teams, each reviewing a manageable number of applications, consisting of a viable number of reviewers, and maintaining a balance between local and statewide perspectives. That said, somewhat larger review teams might provide a buffer against absentee reviewers, and we will explore how to increase the assurance of sufficient local perspective in the reviews.

While coordination of the applicant interviews was challenging, and the interviews themselves were time-consuming for staff, the feedback from applicants, reviewers, and staff encourage the continuation of an opportunity for Council Support applicants to clarify aspects of their applications.

B. Establishing Performance Thresholds

Staff would like to continue a discussion internally and with its partners and the Board on the merits of establishing performance thresholds. The question is whether councils deserve funding, regardless of their past performance. Is there some sort of threshold that can be identified below which OWEB is simply unwilling to fund a poorly performing council?

C. Revising the Council Support Administrative Rules

Rules revisions will need to address a number of issues, including performance thresholds, as discussed above, and the current criteria for determining funding levels, as discussed in Section III D. Regarding "umbrella" councils of various kinds, we can foresee needing much

better, tighter definitions and a more detailed and critical review of eligibility and performance. After all, it would not be difficult for a local government to officially recognize any number of local groups within the boundary of a single existing council, thus making that existing council qualify (assuming it meets other criteria as well) as an "umbrella" council, eligible for whatever bonuses OWEB might offer — yet this clearly is not the intent of OWEB's effort to provide incentives for economies and efficiencies of scale and cooperation. Staff will most likely request Board authorization at the September 2005 meeting to initiate a rule change process for Council Support.

D. Investigating Additional Funding Opportunities for Grantees

Given the overall inadequacy of the Option 2 funding staff recommendation, staff will recommend at the May meeting that the Board Grant Subcommittee, in conjunction with staff and other OWEB partners, investigate additional funding opportunities for grantees for distribution to them soon into the 2005-07 biennium. Without an approved 2005-07 budget yet in place, it is difficult at this time to comprehend fully the possibilities, if any.

VII. Recommendation

Board action at the May meeting is subject to legislative adoption of OWEB's budget. Once the State budget for the 2005-07 biennium is adopted, the Board may need to make adjustments to its awards based upon the amount of funding available for Council Support in OWEB's legislatively approved budget. In any case, Council Support awards made by the Board will not be effective until grant agreements are drafted and signed by all parties. The effective date of these grant agreements may be set at July 1, 2005, but grantees should not presume this until grant agreements are signed. The State budget may not be adopted until after July 1, 2005, the start of the 2005-07 biennium. If this is the case, staff will make recommendations to the Board regarding temporary (bridge) funding, if feasible.

Staff recommend:

1. The Board adopt Option 2 in Attachment E, using recaptured, unspent 2003-05 Council Support funds and other funds as necessary to put toward the umbrella incentive; and

2. The Board Grant Subcommittee, in conjunction with staff and other OWEB partners, investigate additional funding opportunities for local groups for distribution to those groups soon into the 2005-07 biennium.

Attachments

A. Adopted Administrative Rules for Watershed Council Support Grant Awards
B. Review Teams and Reviewers
C. Council Support Decision Matrix
D. Governor's Recommended Budget and Related Options
E. OWEB Agency Request Budget and Related Options

ATTACHMENT A

Oregon Watershed Enhancement Board

Adopted Administrative Rules

ADOPTED ADMINISTRATIVE RULES FOR WATERSHED COUNCIL SUPPORT GRANT AWARDS
March 17, 2004

695-040-0020 Definitions

(1) "Watershed Council Support" means a grant for the purpose of supporting the capacity of a watershed council or group of watershed councils to conduct the activities necessary for the watershed protection, enhancement, and restoration work of the council(s). This support may include coordinator salary and benefits, operating costs, risk management and accountability assurance, and fiscal grant management costs.

(2) "Council Coordinator" means the lead person or persons employed by or on behalf of a watershed council or a group of watershed councils to assist the council(s) in achieving the watershed protection, enhancement, and restoration objectives of the council(s). The activities carried out by a coordinator may include support to a council's board, coordination among sub-councils, development of projects, work with landowners, grant writing, fiscal management, work plan development, volunteer recruitment and supervision, communications, education, and outreach.

(3) "Hydrologic unit" means any geographic area drained by a river system, a reach of a river and its tributaries in that reach, a closed basin(s), or a group of streams forming a coastal drainage basin. Hydrologic units are divided into size classifications, or fields, as defined by USGS codes, where the first field, such as the Columbia Basin, is a region.

(4) "Umbrella Watershed Council" means a watershed organization that (a) provides support to and coordination for at least three watershed groups or councils, and has a coordinating council, shared staff and a single Watershed Council Support grant, or (b) provides service to a watershed area containing three or more 4th field hydrologic units.

(5) "Merit Category" means a classification of Watershed Council Support applicants by similar qualities, achievements, or abilities, as determined by an evaluation of the grant application submitted, based on the criteria described in OAR 695-040-0050. The distribution of applicants in each merit category, the available funding, and other factors as described in OAR 695-040-0060(4) will determine the grant funding level for individual applicants. Within merit categories there may be different funding levels.

695-040-0030 Watershed Council Support Grant Eligibility Criteria

(1) A watershed council, or a group of watershed councils, is eligible to apply for Watershed Council Support if:
   (a) The council serves a unique geographic area. A unique geographic area is one that is not or has not been located entirely or partially within the boundaries of another existing watershed council support grantee that has received council support funding from OWEB;

(A) In the situation where a watershed council has been awarded shared funding for watershed council support, but serves a watershed area that is not served by another watershed council, that council may be eligible to apply independently if it receives prior approval from the Board.

(b) Council membership reflects the balance of interests or is actively seeking a balance of interests in the affected watershed as defined in ORS 541.388(2); and,

(c) The council has been designated by a local government as provided by ORS 541.388. This eligibility criterion applies if the council formed after September 9, 1995.

(2) The following costs are eligible for funding through a watershed council support grant:

(a) Council Coordinator salary and benefits;

(b) Operating costs including, but not limited to, supplies and materials, utilities, rent, travel and per diem, printing, postage, facilitation, safety equipment, office equipment, and training;

(c) Risk management and accountability assurance costs including audit, tax preparation, risk management and insurance; and,

(d) Fiscal management of the council support grant award not to exceed 10% of direct costs.

695-040-0040 Watershed Council Support Grant Application Requirements

(1) Applications for Watershed Council Support grants shall include information on the following:

(a) A scope of work as identified in OAR 695-040-0050(1);

(b) The organizational capacity of the watershed council(s);

(c) The past accomplishments of the watershed council(s);

(d) A description of the complexity of the watershed as described in OAR 695-040-0050(1)(f);

(e) A proposed biennial budget for the watershed council(s); and,

(f) Other information necessary to apply the merit-based criteria described in OAR 695-040-0050.

(2) Applications for Watershed Council Support must also comply with OWEB's generally applicable grant application requirements.

695-040-0050 Watershed Council Support Grant Evaluation Criteria

(1) Applications for Watershed Council Support will be evaluated on a scope of work submitted by the applicant that:

(a) Demonstrates the extent to which the applicant is furthering the goals of the Oregon Plan for Salmon and Watersheds;

(b) Proposes measurable objectives and priorities for the upcoming biennium;

(c) Proposes council actions and outcomes for the upcoming biennium;

(d) Addresses how the council:

(A) Identifies and addresses the priority protection, restoration and enhancement needs of the watershed(s) served.

(B) Monitors and evaluates watershed conditions and functions and the efforts to improve watershed health, including the methods and data sources to be used.

(C) Encourages and tracks citizen participation in watershed projects and activities.

(D) Promotes and evaluates citizen learning about watershed science and key resource issues.

(E) Builds partnerships, organizational capacity, and council effectiveness.

(e) Identifies the council coordinator's role;
(f) Addresses the complexity of the watershed(s) including:
  (A) Total population;
  (B) Land use including total acres and a general characterization of land ownership within the watershed(s);
  (C) Hydrologic units served;
  (D) Total stream miles within the watershed and miles of stream on the Department of Environmental Quality's 303(d) list or in a completed Total Daily Maximum Load;
  (E) The kind and number of species listed as Threatened or Endangered under the Endangered Species Act within the watershed;
  (F) Total area of watershed jointly identified by Oregon Water Resources Department and Oregon Department of Fish and Wildlife as high priority for streamflow restoration;
  (G) Municipal drinking water issues;
  (H) Stormwater management issues; and,
  (I) Groundwater areas with water quality and water quantity concerns, as identified by Oregon Water Resources Department and Department of Environmental Quality.
(g) Is reflected in the applicant's proposed budget.

(2) Watershed council support grant applications will also be evaluated based on the following factors:
(a) Whether the applicant has previously received a watershed council support grant from OWEB and the extent to which the watershed council(s) has made progress in accomplishing the goals of previous biennium's work plan, which reflects the level of council support funding received for that biennium.
(b) The extent to which the watershed council(s) takes a leadership role in achieving watershed restoration projects and activities within the watershed(s).
(c) The extent to which the watershed council(s) is following the currently accepted techniques of watershed management or is using innovative science-based watershed restoration techniques in addressing key watershed issues.
(d) How the watershed coordinator is supervised and evaluated and the role of the watershed council(s) in the supervision and evaluation of the coordinator.
(e) The organizational and fiscal administration capacity of the council and its fiscal agent, including employment, risk management, fiscal accountability, and decision-making.
(f) Whether the council(s) has or is seeking active participation of a diversity of interests in the watershed.
(g) Whether the council(s) has developed collaborative partnerships as shown by :
  (A) Cooperative working relationships with local government, soil and water conservation districts, other watershed councils, landowners and other entities in the watershed.
  (B) Sharing resources, staff, or project responsibilities with other entities.
(h) Whether the applicant has completed a watershed council self-evaluation, following an OWEB approved methodology, within the past 18 months and is implementing the results of the self-evaluation completed within the past 18 months.
(i) Whether the applicant has completed a watershed assessment(s), or is using an assessment(s) completed by others, consistent with the OWEB Assessment Manual.
(j) Whether the applicant has an action plan that identifies resource concerns, limiting factors, priorities, and the measures needed to address the issues identified.

(k) Whether the applicant has demonstrated how OWEB funds have been used to leverage other investments in the watershed(s).
(l) The age of the watershed council.

695-040-0060 Watershed Council Support Grant Evaluation Process

(1) Watershed council support applications will be reviewed and evaluated by a Council Support Advisory Committee.
   (a) The Committee shall be appointed by the Director and be comprised of:
      (A) At least two representatives from each of OWEB's regions. These regional representatives shall have technical knowledge of their region's watershed functions and values and watershed council needs; and,
      (B) At least three statewide representatives with expertise about watershed council roles and responsibilities under the Oregon Plan.
   (b) OWEB regional program representatives may provide comments on the criteria identified in OAR 695-040-0050 to the Council Support Advisory Committee regarding watershed council support applications.

(2) The Council Support Advisory Committee will evaluate Watershed Council Support applications submitted and make merit category recommendations to the Director. The Committee will make its merit category recommendations based on the quality of response in the application to the evaluation criteria described in OAR 695-040-0050.

(3) Information provided by the applicant, the evaluation criteria in OAR 695-040-0050, the recommendation of the Council Support Advisory Committee, the recommendation of the Director, and the applicant's response to these recommendations will be used by the Board to determine an applicant's merit category placement and grant funding level.

(4) Individual watershed council support grant funding levels will be based on:
   (a) An applicant's merit category.
   (b) Whether the applicant is an umbrella watershed council as defined in OAR 695-040-0020(4).
   (c) Whether the applicant is two or more watershed councils serving unique geographic areas in a single Watershed Council Support grant where the application demonstrates operational economies of scale over two separate grant applications.
   (d) Available funding.

695-040-0070 Grant Agreement Conditions

(1) The Watershed Council Support Grantee will be required:
   (a) To complete a self-assessment as provided by the Board or a similar evaluation method approved by OWEB for each watershed council receiving support;
   (b) To submit an annual report to OWEB and local government entities;
   (c) To obtain insurance or bonding providing coverage for financial decisions and actions as identified by OWEB if the Grantee is its own fiscal agent, or if the Grantee's fiscal agent does not have such insurance or bonding; and,
   (d) To assure that expenditures of OWEB funds are subject to an audit by an entity independent of the council or its fiscal agent.

ATTACHMENT B

2005-07 Council Support – List of Reviewers

Team 1 (Board Participant: Dan Thorndike)

Beth Lambert	OWEB Region 1	OSU Extension
Ken Diebel	OWEB Region 5	Oregon Department of Agriculture
Debbie Colbert	OWEB Region 3	Oregon Water Resources Department
Jim Brown	OWEB Region 2	Retired
Steve Parret	Statewide	Oregon Water Trust

Team 2 (Board Participant: Dave Powers)

Dave Chamberlain	OWEB Region 5	OSU Extension
Ellen Hammond	OWEB Region 4	Oregon Department of Agriculture
Chris Hathaway	OWEB Region 1	LCREP
Jim Rapp	OWEB Region 3	Independent
Jack Williams	OWEB Region 2	Independent

Team 3 (Board Participant: Mark Reeve)

Bob Ehrhart	OWEB Region 4	OSU Extension
Rachel Burr	OWEB Region 2	Oregon Dept. of Environ. Quality
Lisa Phipps	OWEB Region 1	Tillamook Community Development
Tom Straughan	OWEB Region 5	Oregon Department of Agriculture
Rosy Mazaika	Statewide	Bureau of Land Management

Team 4 (Board Participant: Mike Tehan)

Mary Holbert	OWEB Region 1	OSU Extension
Pam Wright	OWEB Region 3	Oregon Dept. of Environ. Quality
Randy Tweten	OWEB Region 5	NOAA Fish
Jeff Adams	Statewide	Xerces Society
Kyle Gorman	OWEB Region 4	Oregon Water Resources Department

Team 5 (Board Participant: Dianne Guidry)

Clint Shock	OWEB Region 5	OSU Extension
Stephanie Page	OWEB Region 3	Oregon Department of Agriculture
Mike Powers	OWEB Region 1	Oregon Department of State Lands
Clair Kunkel	OWEB Region 4	Oregon Department of Fish & Wildlife
Jake Winn	OWEB Region 2	Trout Unlimited

COUNCIL SUPPORT DECISION MATRIX – SAMPLE

Council Organization (#1-8) • Engages the main watershed interests • Involves citizens • Sets goals and self-evaluates • Provides direction and to and supervision of the coordinator • Has a process for evaluating coordinator performance • Leverages OWEB funds • Shares resources and minimizes costs • Is structurally sound	Highly effective and organized (65-80)	Largely effective with reviewer confidence that the applicant is progressing (49-64)	Largely effective, but with one or a few problems in need of attention (32-48)	Largely effective, but reviewer has less confidence the applicant is progressing (16-31)	Significantly ineffective with serious structural problems and/or detail lacking (0-15)
Past/Current Accomplishments (03-05) – Restoration (#1-3, 5) • Plays a major role in identifying, implementing, or facilitating projects • Identifies limiting factors/prioritizes • Uses innovative management • Accomplished objectives as evidenced by revised 03-05 work plan	Strong accomp-lishments (33-40)	Moderate accomplish-ments with reviewer confidence that the applicant is progressing (25-32)	Moderate accomplish-ments, but with weak-nesses in one or a few areas (16-24)	Moderate accomplish-ments, but reviewer has less confi-dence the applicant is progressing (8-15)	Limited accomplish-ments and/or detail lacking (0-7)
Past/Current Accomplishments (03-05) – Education, Assessment, and Monitoring (#3, 4, 6) • Has significant accomplishments • Plays an important role or contributes to the accomplishments of its partners • Accomplished objectives as evidenced by revised 03-05 work plan	Strong accomp-lishments and leadership (25-30)	Moderate accomplish-ments/leader-ship with reviewer confidence the applicant is progressing (19-24)	Moderate accomplish-ments/ leadership (12-18)	Moderate accomplish-ments/lead-ership, but reviewer has less confi-dence the applicant is progressing (6-11)	Limited accomplish-ments and/or detail lacking (0-5)
05-07 Work Plan/Watershed Complexity (#1-8) • Addresses all five OP elements • Is realistic/achievable given the level of requested funding • Identifies measurable objectives with specific actions and outcomes • Builds on past activities • Considers watershed complexity • Identifies roles and time commitments	Strong strategic direction and achievable/ realistic work plan (65-80)	Moderate strategic direction and work plan, w/ confidence the applicant is progressing (49-64)	Moderate strategic direction and work plan (32-48)	Moderate strategic direction and work plan, but reviewer has less confi-dence the applicant is progressing (16-31)	Random, work plan doesn't seem achievable or realistic and/or detail lacking (0-15)

ATTACHMENT D - AMENDED

(Corrected Averages for Option 1 and 2 Umbrella Incentive Columns)

R	Applicants Umbrella Councils in Bold	Amount Requested	Total Score	Base Award	Option 1 Umbrella Incentive	Option 1 Award	Option 2 Umbrella Incentive	Option 2 Award
3	Johnson Creek	111,390.00	**214.00**	56,453		54,342		56,453
3	Long Tom	122,315.00	**209.00**	55,134		53,023		55,134
2	**S. Coast (a)**	139,900.00	**199.67**	52,673	**10,535**	**63,208**	**15,802**	**68,475**
2	Applegate	144,329.00	**199.50**	52,628		50,517		52,628
2	**Umpqua Basin (b)**	134,109.00	**199.00**	52,496	**5,250**	**57,746**	**7,874**	**60,371**
4	Upper Deschutes	137,915.00	**197.00**	51,969		49,858		51,969
5	**Owyhee (b)**	101,300.00	**197.00**	51,969	**5,197**	**57,165**	**7,795**	**59,764**
2	Coos WA	95,334.00	**196.75**	51,903		49,792		51,903
3	Scappoose Bay	102,170.00	**194.50**	51,309		49,198		51,309
5	Walla Walla	115,970.00	**194.00**	51,177		49,066		51,177
3	Sandy River	103,994.00	**193.00**	50,913		48,802		50,913
1	**Mid Coast (a)**	135,000.00	**193.00**	50,913	**10,183**	**61,096**	**15,274**	**66,187**
4	Hood River	88,720.00	**192.00**	50,650		48,539		50,650
3	Columbia Slough	124,823.00	**188.50**	49,726		47,615		49,726
3	Calapooia	103,048.00	**187.00**	49,331		47,220		49,331
3	Middle Rogue	89,306.00	**184.00**	48,539		46,428		48,539
4	**Crooked River (b)**	109,656.00	**181.75**	47,946	**4,795**	**52,740**	**7,192**	**55,137**
3	McKenzie River	106,000.00	**181.33**	47,835		45,724		47,835
1	Siuslaw	155,320.00	**181.00**	47,748		45,637		47,748
3	**Rickreall/Luckiamute (a)**	194,959.00	**181.00**	47,748	**9,550**	**57,297**	**14,324**	**62,072**
2	Lower Rogue	84,437.00	**180.50**	47,616		45,505		47,616
3	Tualatin River	112,875.00	**180.25**	47,550		45,439		47,550
3	Clackamas R.	107,425.00	**179.67**	47,397		45,286		47,397
1	Tillamook Bay	131,035.00	**177.75**	46,890		44,779		46,890
5	N. Fork John Day	115,336.00	**176.50**	46,561		44,450		46,561
1	Lower Columbia	76,890.00	**174.67**	46,078		43,967		46,078
5	**Grande Ronde (b)**	168,858.00	**168.50**	44,450	**4,445**	**48,895**	**6,668**	**51,118**
3	Tenmile Lakes	128,077.00	**168.25**	44,384		42,273		44,384
3	North Santiam	142,908.00	**168.25**	44,384		42,273		44,384
1	**Nehalem-Necanicum (a)**	273,097.00	**167.00**	44,055	**8,811**	**52,866**	**13,216**	**57,271**
3	Marys River	139,972.00	**162.33**	42,823		40,712		42,823
2	Bear Creek	85,123.00	**160.25**	42,274		40,163		42,274
2	Upper Rogue	90,524.00	**160.00**	42,208		40,097		42,208
4	**Klamath (a)(b)**	102,472.00	**159.75**	42,142	**10,536**	**52,678**	**14,750**	**56,892**
1	**Clatsop (a)**	115,789.00	**159.00**	41,944	**8,389**	**50,333**	**12,583**	**54,527**
3	Middle Fork Willamette	134,589.00	**156.75**	41,351		39,240		41,351
5	Wheeler SWCD	119,160.00	**152.00**	40,098		37,987		40,098
2	Coquille WS	103,400.00	**151.67**	40,011		37,900		40,011
3	South Santiam	102,599.00	**149.00**	39,306		37,195		39,306
3	Yamhill Basin	98,620.00	**144.50**	38,119		36,008		38,119
4	Jefferson	96,673.00	**144.00**	37,987		35,876		37,987
5	**Malheur (a)(b)**	88,554.00	**142.33**	37,547	**9,387**	**46,933**	**13,141**	**50,688**
4	Silver Lake	92,339.00	**141.67**	37,373		35,262		37,373
5	Umatilla Basin	93,850.00	**139.33**	36,755		34,644		36,755
4	Sherman County	92,751.00	**138.50**	36,536		34,425		36,536
3	Pudding River	98,546.00	**135.00**	35,613		33,502		35,613
4	Wasco Co. Area	111,430.00	**134.50**	35,481		33,370		35,481
5	**Harney County (b)**	99,000.00	**126.75**	33,437	**3,344**	**36,780**	**5,015**	**38,452**
2	Little Butte Creek	88,000.00	**120.33**	31,743		29,632		31,743
3	Salem/Keizer Area	120,771.00	**113.25**	29,875		27,764		29,875
4	Gilliam/East JD	64,358.00	**111.33**	29,369		27,258		29,369
2	Illinois Valley	97,019.00	**103.50**	27,303		25,192		27,303
5	**Powder Basin (b)**	133,710.00	**93.50**	24,665	**2,467**	**27,132**	**3,700**	**28,365**
2	Seven Basins	75,300.00	**89.75**	23,676		21,565		23,676
1	Nestucca-Neskowin	88,700.00	**81.25**	21,434		19,323		21,434
3	Coast Fork Willamette	103,963.00	**78.00**	20,576		18,465		20,576
2	Smith R./Elk Creek	243,844.00	**45.33**	11,958		9,847		11,958
	Average	**116,448.28**	**159.61**	**42,106**	**7,145**	**42,106**	**10,564**	**44,515**
	Total	**6,637,552**	**9,097.91**	**2,400,029**	**92,885**	**2,400,030**	**137,335**	**2,537,364**

Applicants: 57 applicants of which 13 are 'Umbrella Councils":

(a) umbrella councils support and coordinate at least 3 groups, have a coordinating council, shared staff, & a single Council Support grant

(b) umbrella councils provide services to a watershed area containing three or more 4th-field HUCs

Base Award: $2.4 million/9,097.91 = 263.80 x each applicant's total score

Option 1: Gives 20% additional to (a) umbrella councils and 10% additional to (b) umbrella councils. As both (a) and (b) councils, Klamath and Malheur are awarded at 25%. Awards funds to the 13 umbrella councils by adding the incentive amount to their base award. The 44 non-umbrella councils receive their base award less $2,111 (44 x $2,111 = $92,885, the umbrella total).

Option 2: Gives 30% additional to (a) umbrella councils and 15% additional to (b) umbrella councils (Klamath and Malheur receive 35%). All 57 applicants receive their base award, and the 13 umbrella councils receive their umbrella incentives *in addition to* their base award. The Owyhee and Lower Columbia council awards are limited to no more than their initial request.

ATTACHMENT E - AMENDED

(Corrected Averages for Option 1 and 2 Umbrella Incentive Columns)

R	Applicants Umbrella Councils in Bold	Amount Requested	Total Score	Base Award	Option 1 Umbrella Incentive	Option 1 Award	Option 2 Umbrella Incentive	Option 2 Award
3	Johnson Creek	111,390.00	**214.00**	98,755		95,062		98,755
3	Long Tom	122,315.00	**209.00**	96,447		92,754		96,447
2	**S. Coast (a)**	139,900.00	**199.67**	92,142	**18,428**	**110,570**	**27,643**	**119,784**
2	Applegate	144,329.00	**199.50**	92,063		88,370		92,063
2	**Umpqua Basin (b)**	134,109.00	**199.00**	91,833	**9,183**	**101,016**	**13,775**	**105,607**
4	Upper Deschutes	137,915.00	**197.00**	90,910		87,217		90,910
5	**Owyhee (b)**	101,300.00	**197.00**	90,910	**9,091**	**100,001**	**13,636**	**101,300**
2	Coos WA	95,334.00	**196.75**	90,794		87,101		90,794
3	Scappoose Bay	102,170.00	**194.50**	89,756		86,063		89,756
5	Walla Walla	115,970.00	**194.00**	89,525		85,832		89,525
3	Sandy River	103,994.00	**193.00**	89,064		85,371		89,064
1	**Mid Coast (a)**	135,000.00	**193.00**	89,064	**17,813**	**106,876**	**26,719**	**115,783**
4	Hood River	88,720.00	**192.00**	88,602		84,909		88,602
3	Columbia Slough	124,823.00	**188.50**	86,987		83,294		86,987
3	Calapooia	103,048.00	**187.00**	86,295		82,602		86,295
3	Middle Rogue	89,306.00	**184.00**	84,910		81,217		84,910
4	**Crooked River (b)**	109,656.00	**181.75**	83,872	**8,387**	**92,259**	**12,581**	**96,453**
3	McKenzie River	106,000.00	**181.33**	83,678		79,985		83,678
1	Siuslaw	155,320.00	**181.00**	83,526		79,833		83,526
3	**Rickreall/Luckiamute (a)**	194,959.00	**181.00**	83,526	**16,705**	**100,231**	**25,058**	**108,584**
2	Lower Rogue	84,437.00	**180.50**	83,295		79,602		83,295
3	Tualatin River	112,875.00	**180.25**	83,180		79,487		83,180
3	Clackamas R.	107,425.00	**179.67**	82,912		79,219		82,912
1	Tillamook Bay	131,035.00	**177.75**	82,026		78,333		82,026
5	N. Fork John Day	115,336.00	**176.50**	81,449		77,756		81,449
1	Lower Columbia	76,890.00	**174.67**	80,605		76,912		80,605
5	**Grande Ronde (b)**	168,858.00	**168.50**	77,758	**7,776**	**85,533**	**11,664**	**89,421**
3	Tenmile Lakes	128,077.00	**168.25**	77,642		73,949		77,642
3	North Santiam	142,908.00	**168.25**	77,642		73,949		77,642
1	**Nehalem-Necanicum (a)**	273,097.00	**167.00**	77,065	**15,413**	**92,479**	**23,120**	**100,185**
3	Marys River	139,972.00	**162.33**	74,910		71,217		74,910
2	Bear Creek	85,123.00	**160.25**	73,951		70,258		73,951
2	Upper Rogue	90,524.00	**160.00**	73,835		70,142		73,835
4	**Klamath (a)(b)**	102,472.00	**159.75**	73,720	**18,430**	**92,150**	**25,802**	**99,522**
1	**Clatsop (a)**	115,789.00	**159.00**	73,374	**14,675**	**88,048**	**22,012**	**95,386**
3	Middle Fork Willamette	134,589.00	**156.75**	72,335		68,642		72,335
5	Wheeler SWCD	119,160.00	**152.00**	70,143		66,450		70,143
2	Coquille WS	103,400.00	**151.67**	69,991		66,298		69,991
3	South Santiam	102,599.00	**149.00**	68,759		65,066		68,759
3	Yamhill Basin	98,620.00	**144.50**	66,682		62,989		66,682
4	Jefferson	96,673.00	**144.00**	66,452		62,759		66,452
5	**Malheur (a)(b)**	88,554.00	**142.33**	65,681	**16,420**	**82,101**	**22,988**	**88,669**
4	Silver Lake	92,339.00	**141.67**	65,376		61,683		65,376
5	Umatilla Basin	93,850.00	**139.33**	64,297		60,604		64,297
4	Sherman County	92,751.00	**138.50**	63,914		60,221		63,914
3	Pudding River	98,546.00	**135.00**	62,298		58,605		62,298
4	Wasco Co. Area	111,430.00	**134.50**	62,068		58,375		62,068
5	**Harney County (b)**	99,000.00	**126.75**	58,491	**5,849**	**64,340**	**8,774**	**67,265**
2	Little Butte Creek	88,000.00	**120.33**	55,529		51,836		55,529
3	Salem/Keizer Area	120,771.00	**113.25**	52,261		48,568		52,261
4	Gilliam/East JD	64,358.00	**111.33**	51,375		47,682		51,375
2	Illinois Valley	97,019.00	**103.50**	47,762		44,069		47,762
5	**Powder Basin (b)**	133,710.00	**93.50**	43,147	**4,315**	**47,462**	**6,472**	**49,620**
2	Seven Basins	75,300.00	**89.75**	41,417		37,724		41,417
1	Nestucca-Neskowin	88,700.00	**81.25**	37,494		33,801		37,494
3	Coast Fork Willamette	103,963.00	**78.00**	35,995		32,302		35,995
2	Smith R./Elk Creek	243,844.00	**45.33**	20,918		17,225		20,918
	Average	**116,448.28**	**159.61**	**73,656**	**12,499**	**73,656**	**18,480**	**77,814**
	Total	**6,637,552**	**9,097.91**	**4,198,413**	**162,485**	**4,198,406**	**240,243**	**4,435,410**

Applicants: 57 applicants of which 13 are 'Umbrella Councils":

(a) umbrella councils support and coordinate at least 3 groups, have a coordinating council, shared staff, & a single Council Support grant

(b) umbrella councils provide services to a watershed area containing three or more 4th-field HUCs

Base Award: $4,198,400 million/9,097.91 = 461.47 x each applicant's total score

Option 1: Gives 20% additional to (a) umbrella councils and 10% additional to (b) umbrella councils. As both (a) and (b) councils, Klamath and Malheur are awarded at 25%. Awards funds to the 13 umbrella councils by adding the incentive amount to their base award. The 44 non-umbrella councils receive their base award less $3,693 (44 x $3,693 = $162,485, the umbrella total).

Option 2: Gives 30% additional to (a) umbrella councils and 15% additional to (b) umbrella councils (Klamath and Malheur receive 35%). All 57 councils receive their base award, and the 13 umbrella councils receive their umbrella incentives *in addition to* their base award. The Owyhee and Lower Columbia council awards are limited to no more than their initial request.

May 5, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item G: Pacific Coastal Salmon Recovery Funds (PCSRF) Reallocation**
May 25-26, 2005 OWEB Board Meeting

I. Background

In September 2003, the Board approved a spending plan for Pacific Coastal Salmon Recovery Funds (PCSRF) from the 2004 federal fiscal year. The proposed spending plan was taken to the Legislative Emergency Board to ask permission to apply for and authority to spend those funds. The request for expenditure limitation for $8.3 million (Attachment A) was approved at the April 9, 2004, Emergency Board meeting.

II. Availability of Funds

The allocation approved by the Legislative Emergency Board included funding for Technical Assistance, Regional Priorities/Subbasin Planning, Monitoring and Assessment Grants, Restoration Project Effectiveness, and Education and Outreach. The Board made adjustments to the allocation to continue support of the Oregon Plan Assessment. Additionally, staff have adjusted the amounts from the Board allocation to cover administration (3%). Honoring the allocations of the Board and following the results of the grant awards, there remains $357,565, primarily from the funds proposed to fund grant applications for education and outreach projects. (Attachment B)

III. Allocation Alternatives

Staff offer two alternatives for allocating the remaining PCSRF funds consistent with the primary purposes of the federal funds and the Board-approved spending plan.

Option A

This option proposes allocating the funds for four purposes. First, $132,565 is recommended for watershed council support. These funds will contribute to the proposed "umbrella award" in Agenda Item F, and could help cover council support needs should OWEB's final 2005-2007 budget have less funding available for councils than anticipated.

Second, $125,000 is proposed to continue OWEB's role in supporting the state's conservation and recovery planning efforts under the Oregon Plan and federal Endangered Species Act. As occurred this biennium with the OWEB's involvement and investments in the Oregon Coastal Coho Project, these funds will provide an initial source of funds to continue multi-agency assessment and recovery planning efforts in other parts of the state for the upcoming biennium. The funds will be distributed for this purpose as determined by the OWEB director in coordination with the Governor's Office, which is leading the state's conservation and

recovery planning effort. Ultimately, this work will inform strategic priorities for future Board funding decisions in basins across the state.

Third, $50,000 is proposed for outreach and awareness purposes. These funds would support a personal services contract to publicize OWEB-funded local achievements and to update OWEB's 2002 publication "Investments in Oregon's Future" with new and up-to-date stories of people in local communities working to recover listed salmon populations and improve their watersheds.

Fourth, $50,000 would support technical assistance for the rapidly expanding Conservation Reserve Enhancement Program (CREP). The CREP program offers landowners incentives to enhance riparian habitat on their agricultural lands to help meet water quality and fish recovery needs. These funds would immediately provide technical assistance to meet the growing demand for the program. (Attachment C) Table 1 summarizes the allocations proposed in Option A.

Table 1. Proposed Allocation of unspent PCSRF funds

Expenditure Item	Amount	Timing of Expenditures
Council Support Umbrella Incentive	$132,565	2005-07 biennium
Outreach Contract	$50,000	Immediately
Oregon Plan Assessment	$125,000	2005-07 biennium
Technical Assistance	$50,000	Immediately
TOTAL	**$357,565**	

Option B
This alternative proposes reserving the remaining funds to coincide more strictly with the originally allocated purposes. The funds would be rolled forward into the next biennium to be distributed through future Board decisions for purposes consistent with the original spending plan dedication. Under this scenario, $60,873 would be set aside for Technical Assistance; $67,030 would be allocated for Monitoring and Assessment; and $229,662 would be directed to Education and Outreach.

IV. Discussion

Options A and B both have merit. Both options are consistent with the purposes of the PCSRF funds and the Board's spending plan. However, staff believe the alternatives contained in Option A present opportunities to directly address significant, high-priority objectives for OWEB. These focused investments would effectively meet these immediate needs.

V. Recommendation

Staff recommend the Board approve the allocation of FFY04 PCSRF funds totaling $357,565 for the purposes listed in Table 1 of this report.

Attachments
A. Emergency Board Approved Spending Plan
B. PCSRF Funds Balance
C. CREP Proposal

ATTACHMENT A

OWEB Expenditure Targets
for
Pacific Coastal Salmon Recovery Fund
Anticipated FFY 2004 Grant

$13,300,000	Total Grant Amount
1,000,000	Congressional Earmark for Fish Marking (Administered by NOAA)
12,300,000	Net Award to Oregon
369,000	3% Administrative Overhead
$11,931,000	**Remaining for Board Allocation**

OWEB Strategic Plan Expenditure Categories	**Dollar Allocation**	**Anticipated Expenditure Limitation Allocation (Including Administration)**
Strategies 1 & 2		
Technical Assistance Grants	$2.0 million	$1.0 million
Regional Priorities Development & Subbasin Planning Assistance	$500,000	$500,000
Strategies 3-5		
Monitoring and Assessment Grants	$4.0 million	$4.0 million
Oregon Plan Data Products	$500,000	
Strategy 6		
Oregon Plan ESA Evaluation	$500,000	
Strategy 7		
Project E^2 Initiative (Economy and the Environment)	$1.0 million	
Strategy 8		
Building Council/District Capacity	$100,000	
Strategy 9		
Restoration Project Effectiveness	$800,000	$800,000
Strategies 10 & 11		
Education and Outreach Grants	$2.5 million	$2.0 million
TOTAL	**$11.9 million**	**$8.3 million**

ATTACHMENT B

PCSRF Fund Balance May 2005

Spending Plan Dedication	E-Board Allocated	Admin Adjustment	OWEB Board Allocated	Remaining Unallocated	
Technical Assistance	$1,000,000	$970,873	$910,000	$60,873	
Regional Priorities	$500,000	$485,437	$485,437	$0	Adjusted from Board Allocation of $500,000
Monitoring & Assessment	$4,000,000	$3,883,495	$3,816,465	$67,030	
Effectiveness Monitoring	$800,000	$556,699	$556,699	$0	Adjusted from Board Allocation of $600,000
Oregon Plan Assessment		$220,000	$220,000	$0	Administrative Adjustment from Effectiveness Monitoring
Education and Outreach	$2,000,000	$1,941,748	$1,712,086	$229,662	
Administration		$241,748	$241,748	$0	
Total	$8,300,000	$8,300,000	$7,942,435	**$357,565**	

May 10, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item H: Drought Response Proposal**
May 25-26, 2005 OWEB Board Meeting

I. Background

Despite a wet spring, many areas across the state are facing drought conditions this summer. As a result, the lack of instream flow in some rivers could have significant adverse effects on aquatic life. Anticipating low stream flows this summer, OWEB staff have been in conversation with the Oregon Water Resources Department (OWRD), Oregon Department of Fish and Wildlife (ODFW), and others looking for ways to invest in voluntary transfers of water to protect aquatic resources. OWEB's main interest is to invest in additional streamflow that will improve conditions for listed fish species and water quality. Given the timing of OWEB's grant cycles, it was impossible to solicit grant applications for this purpose in a timely manner. As an alternative, OWEB staff contacted the Oregon Water Trust (OWT) and asked them to identify any water lease transactions that could benefit aquatic resources and be implemented this spring.

II. Identified Projects

The Oregon Water Trust identified ten projects in five basins that would provide benefits to coho and chinook salmon, steelhead and bull trout. (Attachment A) OWEB asked OWT to work with OWRD and ODFW to provide a review of the leases and verify the aquatic resource values and likelihood of protection of water. Both agencies support the proposed leases. The aggregate proposal will protect approximately 10 cubic feet per second for $36,769.

III. Alternative Actions

The Board can take one of two alternative actions:

A. Approve funding of the ten water right leases as identified in Attachment A, and authorize staff to proceed with agreements to fund the water right leases; or

B. Request staff to apply the funds to new grant applications coming before the Board next biennium.

IV. Recommendation

Staff recommend the Board adopt Alternative A to approve allocation of up to $36,769 of capital Lottery Funds from recaptured project funds to assist in the leasing of water rights during the current drought.

Attachment

A. Projects for 2005 OWEB Funding

ATTACHMENT A

OREGON WATER TRUST

Projects for 2005 OWEB Funding

Name	Stream	Basin	Acres	Rate (cfs)	lease term	OWEB Costs	Total Costs	Target Species	Project Status
Miller	Fifteenmile	Hood	81.7	1.04	1 year	$1,875	$1,875	Steelhead	Lease Renewal 119, will submit to OWRD 5/3
Fulton	Fifteenmile	Hood	71.0	0.89	1 year	$650	$650	Steelhead	Approved Lease 198
Eddin	Fifteenmile	Hood	67.2	0.82	1 year	$650	$650	Steelhead	Approved Lease 185
Eggers	McFee Creek	Willamette	3.0	0.04	5 years	$340	$340	Steelhead, Spring Chinook	Approved Lease 610
Thielsen	Thomas Creek	Willamette	156.7	1.96	2 years	$18,804	$18,804	Steelhead, Spring Chinook	New Lease, will submit to OWRD 5/7
Booke	Calapooya Creek	Umpqua	27.9	0.35	1 year	$322	$322	Steelhead, Coho	New Lease, will submit to OWRD 5/7
Cayuse Vineyards	N. Fk Walla Walla	Umatilla	14.1	0.53	1 year	$902	$902	Steelhead, Bull Trout	New Lease, will submit to OWRD 5/7
Carlsen	Lostine River	Grande Ronde	90.0	0.73	3 years	$4,050	$27,000	Spring Chinook, Steelhead, Bull Trout	New Lease, will submit to OWRD 5/7
Woods-Boatman	Lostine River	Grande Ronde	76.5	1.90	Aug/Sept	$4,175	$4,175	Spring Chinook, Steelhead, Bull Trout	Signing Contracts with landowners
Martin	Evans Creek	Rogue	54.0	0.90	Jul-Oct	$5,000	$5,000	Coho, steelhead	Lease Renewals L-364, S-3 will submit to OWRD 5/7
			14.3	0.42	1 year				
		Total:	***656.5***	***9.57***		***$36,769***	***$59,719***		

May 9, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item I: CREP Program Review and Funding**
May 25-26, 2005 OWEB Board Meeting

I. Background

The Oregon Conservation Reserve Enhancement Program (CREP) is a cooperative effort that began in September 1998 between the U.S. Department of Agriculture (USDA) and the State of Oregon to establish forested riparian buffers along eligible streams on agricultural lands. The Oregon CREP is available to all agricultural landowners who have eligible crop or marginal pasturelands adjacent to streams that historically or currently support fish species listed under the federal Endangered Species Act. The re-establishment of riparian habitat on agricultural lands is critical to improving water quality and fish recovery in Oregon.

In December 2004, the state-federal CREP agreement was revised and amended after nearly a year of negotiations. The new agreement expands the eligible agricultural land to be included in the Oregon CREP. The agreement also adds to the incentives by adding two new practices and increasing the state participation in incentives for in-stream water leases. A copy of the agreement is contained in Attachment A.

A. Changes to the USDA-Oregon Agreement

Eligibility has been extended to within agricultural water quality management area plans. One of the amendments is more ministerial and has no direct fiscal consequences. That change is to the wording of the goals of the program to more specifically and geographically identify priorities.

Two new practices have been made eligible for the program. These include marginal pastureland wildlife habitat buffer, and marginal pastureland wetland buffer. OWEB has agreed to add state payment for needed off-stream watering devices, and water right transactions that are a part of the CREP agreement.

II. Progress Report

The Oregon Department of Agriculture drafted the annual report to USDA as required in the agreement between USDA and Oregon. (Attachment B) The report shows increased enrollment in the program and increased stream miles enrolled. The past federal fiscal year saw the greatest annual enrollment of riparian restoration since the program began in 1998. More than 175 miles of stream were restored to riparian cover during the reporting period. Staff expect landowner interest in enrollment in the CREP program to continue to increase.

III. Issues for Board Consideration

A. Potential Changes to Program Administration

At the current time, OWEB staff have the responsibility to maintain files, process payments, and provide program oversight for CREP. The CREP program involves approximately 400 to 500 transactions during a biennium. While this is not an overwhelming workload, it is significant considering that the OWEB fiscal staff handle more than 1,000 transactions monthly. Oversight by OWEB is the responsibility of the Deputy Director. While the program has not required significant care and feeding to date, increased landowner interest in CREP has led staff to consider options to help the program effectively meet the expanded demand.

Towards that end, OWEB has begun an effort to more clearly associate the program with the state agricultural agency, the Oregon Department of Agriculture (ODA), which could create stronger institutional links for the program in the agricultural community. Conversations with the Oregon Department of Agriculture to more fully integrate the Oregon CREP with their efforts to implement SB 1010 plans are an important continuing responsibility. Discussions to date have led to the development of a revised brochure publicizing the program and providing training to ODA field staff on the program. ODA is also looking into conducting the monitoring required for the program.

B. Funding Allocation for 2005-2007 Biennium

Last biennium, the Board allocated $800,000 in capital funds to support the CREP program and $343,000 of non-capital funding for technical assistance, a state coordinator, and special evaluations. The capital funding in nearly expended. There will be a need to add funds to pay contracts early in the biennium. It is quite likely that contract payments would be delayed if this allocation waited until September.

Staff recommend continued investment in the program, particularly as the suggested program improvements are made. Investment of $1 million in capital funds for the 2005-2007 biennium will likely cover the expected costs. To maintain the program momentum, additional investment of non-capital funds during the 2005-2007 biennium will be necessary to support CREP technical assistance and other functions to ensure effective program delivery.

IV. Recommendation

OWEB staff recommend the Board:

1. Direct staff to continue discussions with the Oregon Department of Agriculture and other state agencies concerning better ways to integrate the Oregon CREP efforts with ODA programs, and to bring a proposal to the September Board meeting that identifies timeframes, outcomes and potential costs for better integration.

2. Approve the expenditure of up to $1 million in capital Measure 66 funds from the 2005-2007 biennium appropriation of "capital" funds for State CREP payments.

Attachments

A. Amended USDA-Oregon CREP Agreement
B. CREP Annual Report

May 5, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Grant Program Specialist

SUBJECT: **Agenda Item L: Education and Outreach Strategy Update**
May 25-26, 2005 OWEB Board Meeting

I. Background

The Board Education and Outreach Subcommittee, OWEB Staff, and stakeholders have been working on a strategic way for OWEB to identify and implement investments in education and outreach programs statewide since September 2003. The Subcommittee began pursuing a three-pronged approach in early 2004 that differentiated efforts aimed at enhancing citizen awareness from those designed to increase knowledge and develop critical skills in key constituencies.

Attached is the final draft of the OWEB Education and Outreach Strategy. (Attachment A) The initial drafts have evolved into a more refined draft through the use of interviews, Subcommittee meetings, and communication with key stakeholders. The results of a survey distributed in July 2004 to all watershed councils around the state have been incorporated into the final strategy. Lastly, two focus groups were formed in the spring of 2005 to solicit direct input from the education and outreach community, and to assist in the development of a gap analysis of existing education programs. (Attachment B) Many exceptional people participated in these meetings and their contributions were integral in strengthening the final draft document.

II. Strategy and Implementation Plan Next Steps

The Education and Outreach Strategy has now evolved into an umbrella plan that connects and supports OWEB's education and outreach functions including the OWEB Grant Program; Oregon Plan for Salmon and Watersheds; local, state, and regional partnerships; and support of local voluntary efforts. It is not an implementation plan and is not structured to be all-inclusive or highly detailed. It is intended to clarify OWEB's interest in making strategic investments in education and outreach projects and programs.

Through the Strategy development process, OWEB staff and the Board Subcommittee members discussed possible implementation actions. At the present time, staff have assembled a list of potential investments, partnerships, and grant program implementation items for the 2005-07 biennium. Staff anticipate completing a draft of a proposed Implementation Plan by mid-May that will be presented and discussed at the May Board meeting. Further discussion of the alternatives and any implementation funding decisions will be occur at the September 13-14, 2005 Board meeting.

III. Recommendation

Staff seek the following Board discussions and actions:

1. Approve and adopt the proposed OWEB Education and Outreach Strategy.

2. Discuss the proposed draft Implementation Plan alternatives and direct staff to further develop specific alternatives and a spending plan.

3. Discuss education and outreach grant program evaluation criteria in the context of the Strategy and authorize staff to begin rulemaking to refine criteria as needed.

Attachments

A. OWEB Education and Outreach Strategy – Final Draft May 2005
B. Education Gap Analysis

ATTACHMENT A

Oregon Watershed Enhancement Board

EDUCATION AND OUTREACH STRATEGY

May 2005 Final Draft

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, OR 97301-1290
(503) 986-0178
Fax: (503) 986-0199

ACKNOWLEDGMENTS

We would like to take this time to thank a number of people who contributed their time and energy to this project. We apologize if we missed anyone.

OWEB Board Members – May 2005

Bobby Brunoe
Paula Burgess
Alan Christensen *
Daniel Heagerty
Dianne Guidry
Skip Klarquist
Jane O'Keeffe
Dave Powers
Scott Reed *
Mark Reeve
Diane Snyder *
Michael Tehan
Dan Thorndike *
Pat Wortman

* Members of Education and Outreach Subcommittee

Focus Group Participants

Susan Abravanel
Emily Cosci
Norie Dimeo-Ediger
Jim Grano
Patrick Griffith
Bill Hastie
Russ Hoeflich
Wayne Hoffman
Lin Howell
Brandy Hussa
Andrea Johnson
Dirk Martin
Tara Nierenberg
Jeff Oveson
Kathy Shinn
Craig Stewart
Virginia Tardaeweather
Pat Willis
Jon Yoder

OWEB Staff

Cover photos courtesy of
Jackson Bottom Wetlands Preserve
City of Bend Water Resources
OSU Watershed Extension's Master Watershed Steward Program and Oregon Sea Grant
Owyhee Watershed Council

Background and Introduction

The Oregon Watershed Enhancement Board's (OWEB) relationship to education and outreach is to administer a competitive grant program that annually invests approximately $1 million in watershed education and outreach programs and activities across Oregon. Almost any person, group or local entity is eligible to apply and OWEB has evaluated and funded proposals based on the individual merit of grant application. In addition to this function, OWEB also has a role in supporting programmatic outreach for the Oregon Plan for Salmon and Watersheds. However, the Board did not have a way to identify strategic investments in education and outreach programs statewide.

Development of an OWEB Education and Outreach Strategy began in September 2003 as an effort to create an implementation plan for the Board's strategic plan, *A Strategy for Achieving Healthy Watersheds in Oregon*. The Board's Citizen Understand Subcommittee began pursuing a three-pronged approach in early 2004 that differentiated efforts aimed at enhancing citizen awareness from those designed to increase knowledge and develop critical skills in key constituencies.

The Strategy became a dynamic process that eventually involved OWEB staff, OWEB board members, the Oregon Plan Outreach Team, watershed councils and key stakeholders. The initial approach, developed by OWEB staff and Board Subcommittee, evolved into a more refined draft through the use of numerous interviews, discussions with OWEB Board members, and communication with key stakeholders. In addition, a comprehensive survey was distributed to all watershed councils around the state and the results were incorporated into the strategy. Lastly, two focus groups were formed to meet in the spring of 2005 to solicit direct input from the education and outreach community. Many exceptional people participated in these meetings and their contributions were integral in making the strategy a legitimate and complete document.

The Education and Outreach Strategy has now evolved into an umbrella plan that connects and supports all of OWEB's education and outreach functions: the Grant Program, Oregon Plan support, partnerships, and support of local voluntary efforts.

OWEB EDUCATION AND OUTREACH STRATEGY

This Strategy is a guide for helping OWEB make strategic investments in education and outreach programs statewide; and seeks to support and collaborate with the education and outreach goals and strategies of the Oregon Plan for Salmon and Watersheds.

This Strategy includes:

- Three interrelated categories that build upon each other: Awareness, Knowledge, Skills
- A representative (and non-exclusive) list of current watershed-related statewide education and outreach programs

I. Enhance Awareness

Is the most general section and aims to motivate interest and alert all Oregonians to the significance of watersheds in their everyday lives and in addition make them aware of the Oregon Plan for Salmon and Watersheds, how OWEB's investments in local communities along with the assistance of other partners provide support for citizen involvement, and the important role watershed groups play in their communities. In its essence, this section focuses on why citizens should care and why healthy watersheds are important. Also integral to enhancing awareness is being mindful of how to inspire citizens to improve knowledge and develop skills that in turn preserve and maintain healthy watersheds.

II. Improve Knowledge

Represents a more formal, intensive, interactive and educational effort where there is a specific teaching objective aimed at increasing the level of the audience's knowledge of certain watershed principles. In its essence, this section focuses on what activities are beneficial and what citizens can do. There is also the hope that in addition to improving knowledge, participants will continue to support efforts that build awareness about the importance of watersheds for people, the economy, fish and wildlife.

III. Develop Skills

Is the most individualized approach and is targeted at helping participants acquire tools to promote actions in ways consistent with the Oregon Plan for Salmon and Watersheds. In its essence, this section focuses on how, for example, to plant native trees and shrubs or how to measure water quality. There is also the hope that in addition to developing skills, participants will continue to support efforts that build awareness and knowledge about the importance of watersheds for people, the economy, fish and wildlife.

* Please note that not all of the examples presented in the following sections are OWEB-funded projects. Instead they demonstrate the breadth of watershed related education and outreach projects occurring around the state and help to illustrate each particular message, target audience, desired outcome and/or delivery mechanism. By listing the examples as such in no way expresses a preference for any particular project, organization or region.

I. ENHANCE AWARENESS

Summary of Awareness:

Is the most general and aims to motivate interest and alert all Oregonians to the significance of watersheds to their everyday lives, in addition make them aware of the Oregon Plan for Salmon and Watersheds, how OWEB's investments in local communities along with the assistance of other partners provide support for citizen involvement, and the important role watershed groups play in their communities. In its essence, this section focuses on why citizens should care and why healthy watersheds are important. Also integral to enhancing awareness is being mindful of how to inspire citizens to improve knowledge and develop skills that in turn preserve and maintain healthy watersheds.

Goals for Awareness:

1. Provide a clear, concise message at the statewide level supported by local examples.
2. Assist Oregonians in understanding the connectedness between watersheds and individual, community and economic sustainability.
3. Foster awareness of individual responsibility towards watershed stewardship.
4. Motivate Oregonians to seek additional information about watersheds and take action to improve and maintain healthy watersheds.
5. Acknowledge the Oregon Plan for Salmon and Watersheds, OWEB's effort and local initiatives with the support of other partners, to improve and maintain watershed function.

Key Messages:

A. We all live in a watershed.
B. Healthy functioning watersheds are important to people, the economy, fish and wildlife
C. Our everyday actions affect the healthy functioning of our watersheds
D. Oregonians are involved and taking positive steps to enhance the state's watersheds
E. OWEB's investments in local communities with the assistance of Oregon Plan partners provide support for sustainable communities.

Potential Audiences for Awareness:

All Oregonians including:

- Non-English Speakers
- Youth, Family and Educators involved in formal and informal educational opportunities
- Community Leaders and Volunteers
- Urban and Rural Landowners and Resource Users
- Entities engaged in the planning, construction and maintenance of the built and natural environment
- Local, State and Federal Government Elected officials
- Local, State and Federal Government agencies and staff
- Tribal Members and Agencies
- Service, Non-profit and Religious Organizations
- Watershed Councils and Soil and Water Conservation Districts
- Local Boards, Commissions, Councils and Chambers
- Media Contacts

Potential Delivery Mechanisms:

- Presentations to local civic, interest, education and watershed groups
- Tours of projects
- Public awareness carried out by watershed groups, volunteers and grant recipients
- Statewide public outreach programs and events
- Brochures, handouts, newsletters and calendars
- Briefing books
- Signs
- Media including billboards, news stories, public service announcements and advertisements
- Materials developed by user organizations
- School and family events
- Maps and graphics of watershed basins
- Partnership with Brand Oregon
- Case studies
- Materials targeting new Oregonians
- Economic analysis reports
- Awards

Messages and Selected Examples:

A. We all live in a watershed

"We all live in a watershed" conveys the message that every citizen, organization, business and government entity exists in a particular watershed and that watersheds are nested or hierarchical and therefore connected to each other. Similarly this message should lead to the question, what watershed do I live in?

Examples of Potential Prioritized Audiences and Desired Outcomes:

All Oregonians including pre K – 12 youth and educators, community leaders, landowners (especially in the urban/rural divide), and real estate agents will know what a watershed is and what watershed they are a part of.

Delivery Mechanisms:

Presentations to local groups, statewide public outreach programs and events, media, project and road signs, using maps and graphics of watershed basins in curriculum or other publications, hand outs.

Examples of Statewide Programs:

Watershed Weeks
The statewide Watershed Weeks public awareness event began in 1999 with the aim of connecting local watershed celebrations and events around the state. This program is going through a number of changes and is now being organized by the Network of Oregon Watershed Councils

Examples of Local Programs:

Haystack Rock Awareness Program (H.R.A.P.)
This volunteer citizen involvement program started in 1985, and is dedicated to stewardship of the rocky shore. The public awareness component of the program targets visitors to the north coast.

Owyhee Field Day
This program coordinated by the Owyhee Watershed Council has the purpose of providing a fun, hands-on way for 5th grade students to gain awareness about the watershed they live in. The program also includes learning stations on the Owyhee dam, aquifers, noxious weeds, rafting, geology and range management.

B. Healthy functioning watersheds are important to people, the economy, fish and wildlife

This message builds on the first message and attempts to convey that watershed function, especially healthy watersheds, are important not just to fish and wildlife, but also to Oregon's people, communities and economies.

Examples of Potential Prioritized Audiences and Desired Outcomes:

All Oregonians including pre K – 12 youth and educators; resource users; media; and new Oregon residents will gain a basic awareness of why healthy functioning of watersheds is important to people, the economy, and fish and wildlife.

Delivery Mechanisms:

Presentations to local groups, watershed groups, statewide public outreach events, media, publications, briefing books, signs, tours, reporter contacts, and user organizations such as fishing clubs.

Examples Statewide Programs:

Oregon Department of Fish and Wildlife Tide Pool Signs
The tide pool signs along the Oregon Coast were developed by ODFW in 1994 to reduce human predation and trampling, to raise awareness of the animals and plants that live there, and to increase the enjoyment of a visit to the area.

Examples of Local Programs:

People Learning About Communities and Ecosystems (P.L.A.C.E.) Program
This program operated by the North Coast Land Conservancy operates in Clatsop County and seeks to connect community members to their environment through awareness and education.

C. Our everyday actions affect the healthy functioning of our watersheds

This message builds on the previous messages and attempts to raise awareness about the connection between citizen and organizational actions and the health and function of Oregon's watersheds.

Examples of Potential Prioritized Audiences and Desired Outcomes:

All Oregonians including landowners, irrigation district board, staff and patrons, families, landscapers, developers and road crews, and county and city land use planners, engineers and decision makers will be able to connect their everyday actions to watershed function.

Delivery Mechanisms:

Presentations to groups and conferences, watershed group meetings, statewide public outreach events, media, publications, newsletters, awards, citations, brochures, and school and family events.

Examples of Statewide Programs:

> **Watershed Council and Soil and Water Conservation District Newsletters**
> Watershed groups around the state use newsletters to reach local community members and raise awareness about how citizen actions may affect the health and function of the watershed.

Examples of Local Programs:

> **WaterWise Program**
> This water conservation program in Bend targets water users in central Oregon through brochures, fact sheets, in-school programs, annual events and a speaker's bureau to connect water usage to watershed health.
>
> **Applegator**
> This newsletter is published bi-monthly in Jacksonville by the Applegate Partnership and highlights people, activities, programs and events in the Applegate Valley.

D. Oregonians are involved and taking positive steps to protect the state's watersheds

This message aims to raise awareness of the positive efforts of landowners, citizens, businesses, and organizations around the state towards protection and enhancement of watershed health and function.

Examples of Potential Prioritized Audiences and Desired Outcomes:

All Oregonians including the legislature, decision makers and leaders, local boards and commissions, interest groups such as anglers' associations, the Small Woodland Association, and religious organizations will become aware of the many Oregonians that are involved and taking action to protect the state's watersheds.

Delivery Mechanisms:

Awards, newsletters, brochures, calendars, annual reports, media coverage with dynamic stories, a partnership with Brand Oregon campaign, case studies highlighting successful projects and programs, materials for new Oregon residents, and public service announcements.

Examples of Statewide Programs:

Oregon Plan Awards Ceremony and Governor's Spirit of the Oregon Plan Awards
Since 2003, the Oregon Plan Outreach Team has sponsored an Awards Ceremony at the Capitol with the Governor and legislative leaders to recognize award winners from Oregon Plan agencies for their positive efforts. Biennially, the Oregon Watershed Enhancement Board presents the Governor's Spirit of the Oregon Plan Awards at its conference to recognize outstanding efforts by individuals and groups to improve watershed health and function.

OWEB's Investments in Oregon's Future Report
This report, also known as "the Green Book," published by OWEB in 2002 and distributed to members of the legislature, agencies and governor's staff, is a compilation of actions implemented by Oregonians throughout the state in an effort to raise awareness about the work being done to protect and enhance watershed health.

Examples of Local Programs

Ripples in the Grande Ronde
This newsletter is published in La Grande by the Grande Ronde Model Watershed Program and highlights local restoration efforts, volunteer opportunities, and educational tips and activities in Wallowa and Union Counties.

E. OWEB's investments in local communities with the assistance of Oregon Plan partners provide support for sustainable communities

This message aims to raise awareness about state investments in local communities and how that improves both watershed and local economic health, as well as provide opportunities for citizen involvement. In this context, citizen involvement can range from membership in a watershed council or soil and water conservation district, volunteering for a restoration project to implementing a project on their land. Oregon Plan partners include other local, state, federal and tribal agencies, local watershed groups, non-profit organizations, and businesses.

Examples of Potential Prioritized Audiences and Desired Outcomes:

All Oregonians including county commissioners, city councils, legislators, chambers of commerce, media, potential OWEB grantees, and voters will know what OWEB is and what its role is with the help of multiple partners statewide.

Delivery Mechanisms:

Partnerships, case studies, annual and project reports, economic analysis reports, grant recipients, awards, newsletters, brochures, calendars, annual reports, media coverage with dynamic stories, signage at OWEB-funded projects, and tours of projects.

Examples of Statewide Programs:

Understanding the Community Economic and Social Impacts of Oregon's Watershed Councils Report
This report, published in 2005 by the University of Oregon's Institute for Policy Research and Innovation, highlights the results of a study done to investigate the economic and social effects of watershed council activities on Oregon's communities.

The Oregon Plan for Salmon and Watersheds 2003-2005 Biennial Report
This report published in 2005 highlights the most recent Oregon Plan actions and accomplishments and lays the groundwork for continuing and improving its effectiveness.

Examples of Local Programs:

Wallowa/Union County Report on Multipliers
This report was put together by a number of sources including sociologists, economists from the US Forest Service, non-profits and OSU, and sought to identify and quantify the effects of natural resource activities in Wallowa, Baker, Union and Grant counties. The result of the report was the identification of a local multiplier (the number of times a dollar is turned over within a given community after initially invested or spent there).

II. IMPROVE KNOWLEDGE

Summary of Knowledge:

Represents a more formal, intensive, interactive educational effort where there is a specific teaching objective aimed at increasing the level of the audience's knowledge of certain watershed principles. In its essence, this section focuses on what activities are beneficial and what citizens can do. There is also the hope that in addition to improving knowledge, participants will continue to support efforts that build awareness about the importance of watersheds for people, the economy, and fish and wildlife.

Key characteristics include programs that encompass formal, intensive education efforts linked to teaching standards, have a defined teaching objective for a specific audience, have an identified feedback loop to measure success, and examine ways to replicate successful efforts, consolidate approaches, and standardize expectations.

Goals for Knowledge:

1. Improve knowledge about basic watershed principles such as riparian, wetland, upland, in-stream function, and sense of place.
2. Enhance understanding of practices and behaviors and encourage direct actions that protect and restore watershed function.
3. Encourage understanding of the connection between watershed, community and economic sustainability.
4. Foster individual and community engagement and empowerment around watershed stewardship.
5. Enhance understanding of specific watershed issues for citizens and communities.
6. Ensure watershed curriculum and education materials are current and up to date.

Potential Audiences for Improve Knowledge:

- Youth, Family and Educators involved in formal and informal educational opportunities
- Urban and Rural Landowners, Homeowners, and Resource Users
- Entities engaged in construction and maintenance of the built environment
- Businesses and Funders
- Community Leaders and Volunteers
- Recreationists
- Local, State and Federal Government Elected Officials
- Local, State and Federal Government Agencies and Staff
- Tribal Members and Agencies
- Watershed Councils and Soil and Water Conservation Districts
- Organizations and Associations
- Media Contacts

Potential Delivery Mechanisms:

- Conferences
- Workshops
- Field trips and tours
- Internships
- Hands-on watershed education and restoration projects
- Partnerships with agencies
- Schools and non-profits
- Courses
- Education and information packets
- Publications
- Presentations
- PGE Green Power
- Presentations at meetings
- Contracting "how to" workshops
- Community events
- Media

Potential Target Audiences and Selected Examples:

A. Pre K - 16 youth, administrators, educators and pre-service teachers in formal and informal settings, AmeriCorps and RARE members, and families

Desired Outcomes:

- Will have knowledge of what watersheds are and how they function, especially locally.
- Will have in-depth understanding of specific watershed principles such as riparian, wetland and upland function.
- Will have connection to their community, a sense of personal responsibility and feeling of empowerment.

Delivery Mechanisms:

Conferences, workshops, field trips and tours, internships, hands on watershed education, restoration projects, partnerships with agencies, and schools and non-profits presenting information.

Examples of Statewide Programs:

Oregon Trout's Healthy Waters Institute
Oregon Trout's Healthy Waters Institute is a statewide, student-staffed institute improving education by working with communities to engage all students with their home waters.

Examples of Local Programs:

Siuslaw Stream Team Program
This program targets 7th grade students and teaches them, through classroom and hands-on learning, about watershed science and ecology, issues related to the Oregon Plan, and how to develop a long-term sense of stewardship for the Siuslaw watershed.

B. Landowners, homeowners, builders, developers, planners, engineers, businesses, resource users, and resource based industries

Desired Outcomes:

- Will have a scientific understanding of how management choices and individual actions affect watershed function and use this knowledge to make responsible personal and management decisions.
- Will have an understanding of the economic benefit of making ecological choices.
- Will build and develop land in a watershed-friendly manner.
- Will acquire knowledge to promote actions at the local level in ways consistent with the Oregon Plan for Salmon and Watersheds.
- Will have connection to their community, a sense of personal responsibility and feeling of empowerment.

Delivery Mechanisms:

Courses, conferences, workshops, field tours, education packets, publications, brochures, presentations, restoration project scopes of work, PGE Green Power, hands-on watershed education and restoration projects.

Examples of Statewide Programs:

> **OSU Extension's Statewide Master Watershed Stewards Program and Other OSU Watershed Extension Programs**
> This extensive program targets a diverse audience including rural and urban property owners and provides numerous opportunities for sharing information on topics such as salmonid biology; and soils, erosion and restoration.

Examples of Local Programs:

> **Marys River Watershed Outreach and Education Program**
> This program's goals are to both increase membership, gain additional steering committee members and find new volunteers, and to get new landowners implementing restoration projects and best management practices that further the watershed council's stated priorities.

C. Watershed Councils and Soil and Water Conservation Districts

Desired Outcomes:

- Will have an increased knowledge of watershed issues.
- Will have an increased ability to communicate with constituents about watershed function and preferred management practices.
- Will have connection to their community, a sense of personal responsibility and feeling of empowerment.

- *Delivery Mechanisms:*

Council meeting presentations and tours, courses, conferences, education packets, publications, presentations to local groups, meetings, partnerships, contracting "how to" workshops, and hands-on watershed education and restoration projects.

Examples of Statewide Programs:

> **Network of Oregon Watershed Councils**
> The purpose of the Network is to encourage the building of watershed council capacity statewide, the improving of relationships with partners, and the promoting of watersheds and watershed councils to the public.
>
> **OWEB Conference**
> This conference held every two years provides watershed council staff and members opportunities to learn new information related to watershed restoration, protection and enhancement.

Examples of Local Programs:

> **Presentations at Watershed Council meetings**
> Presentations are often made by resource professionals at monthly watershed council meetings, or other special events, with the goal of sharing watershed-related information with council members.

D. Local, state and federal government agencies and staff, elected officials, organizations, associations, recreationists, media, funders, community leaders, and volunteers.

Desired Outcomes:

- Will have knowledge of what watersheds are and how they function.
- Will have an understanding of how the entity's programs and practices affect watershed function.
- Will have connection to their community, a sense of personal responsibility and feeling of empowerment.

Delivery Mechanisms:

Courses, conferences, workshops, field tours, presentations, partnerships, information packets, brochures, events, media, hands-on watershed education, outreach, and restoration projects and programs.

Examples of Statewide Programs:

Oregon Department of Fish and Wildlife Aquatic and Angler Education
This statewide program targets young recreationists with the goal of providing these youngsters with an understanding of aquatic ecosystems, and to develop the knowledge, skills and responsibilities associated with angling.

Examples of Local Programs:

Media Day at Crab Creek
This was a media event located on the mid-coast coordinated by outreach personnel (ODFW, USFS, and OWEB) and the Midcoast Watershed Council to cover a story about an OWEB-funded project that used helicopters to place large wood in the creek. The event drew and educated targeted media including two television stations, one radio station and print media, and a photographer.

III. SKILL DEVELOPMENT

Summary of Skills:

Is the most individualized approach and is targeted at helping participants acquire tools to promote actions in ways consistent with the Oregon Plan for Salmon and Watersheds. In its essence, this section focuses on how for example, to plant native trees and shrubs or how to measure water quality. There is also the hope that in addition to developing skills, participants will continue to support efforts that build awareness and knowledge about the importance of watersheds for people, the economy, and fish and wildlife.

Key characteristics of skills development actions include developing specific skills in a small subset of target audiences, increasing expertise in implementing approved watershed practices, identifying feedback loops to measure success, examining ways to replicate successful efforts, and consolidating approaches and standardizing expectations

Goals:

1. Provide tools to enable Oregonians to be agents of change, develop leadership, and take action to improve watershed health.
2. Build a statewide cadre of individuals trained in hands-on design and implementation of watershed projects.
3. Provide support to volunteers and encourage peer education.
4. Encourage the use of existing watershed science curricula in pre K -16 schools.
5. Improve skills and tools for watershed groups to implement the Oregon Plan.
6. Support projects that build on awareness and knowledge and connect back to the community.

Potential Audiences for Skills Development:

- Educators and Youth involved in formal and informal educational opportunities
- Watershed Council and Soil and Water Conservation District's Staff and Boards
- Entities engaged in construction and maintenance of the built environment
- Local, State and Federal Governments and Tribal Agencies; Resource Professionals
- Landowners with specific resource concerns
- Organizations and Associations

Potential Delivery Mechanisms:

- Teacher training workshops
- Mentoring
- Field tours, field days, short courses, seminars
- Publications
- Training workshops, in-stream activities
- Facilitation, focus groups, presentations
- Pledge programs

Potential Target Audiences and Selected Examples:

A. Pre K – 16 Educators and Students

Delivery Outcomes:

- Will have skills in implementing watershed curricula, including partnering with watershed groups and watershed experts.
- Will implement watershed curricula in their local community.
- Will gain confidence and skills to safely implement fieldwork with youth.
- Will gain hands-on skills in watershed restoration.

Delivery Mechanisms:

Teacher training workshops, mentoring, field tours, short courses, seminars, and publications

Examples of Statewide Programs:

Creeks and Kids
This four-day workshop targets K-20 educators, natural resource specialists, watershed council members, and individuals interested in aquatic watershed education and outreach programs, and teaches them skills which involve students of all ages in watershed education and restoration while connecting the entire community in the process.

SOLV Team Up Program
This program targets middle school students through adults and seeks to mobilize community volunteers, make a measurable improvement in watershed health, and create partnerships focused on watershed restoration projects. Some of the program's projects include planting native trees and shrubs, removing invasive plant species, and collecting vegetation monitoring data.

Examples of Local Programs:

Adopt a Stream
This support group made up of educators is organized through the City of Salem and meets once a month at the Straub Environmental Learning Center for learning, training and sharing centered on watershed-related issues and information.

B. Watershed group staff and boards

Delivery Outcomes:

- Will have enhanced ability to assist landowners with designing and implementing cost-effective watershed projects.
- Will have enhanced ability to implement watershed management programs.
- Will have skills in consensus building and facilitation.

- Will have skills in designing and implementing education programs.
- Will use performance measures to evaluate success of programs and projects.

Delivery Mechanisms:

Training workshops, mentoring, facilitation, field tours, short courses, seminars, focus groups, presentations, and publications.

Examples of Statewide Programs:

> **OSU Extension's Master Watershed Steward Program's "Working Together"**
> These training workshops are designed for those interested in the social aspect of watershed stewardship. Projects in this category could relate to group process, volunteer participation and management, meeting management, and decision-making of watershed groups or other related groups.

Examples of Local Programs:

> **OWEB Grant Writing Workshops**
> OWEB staff-sponsored trainings for local watershed groups and potential grantees for training on how to complete an OWEB grant application.

C. Landowners with specific resource concerns

Delivery Outcomes:

- Will have skills in analyzing resource problems in terms of watershed health and implementing appropriate resource management solutions
- Will have skills in constructing specific watershed projects
- Will share skills and training with peers including neighbors
- Will make changes in practices and behaviors to help sustain watershed function

Delivery Mechanisms:

Field tours, pledge programs, mentoring, workshops, short courses, seminars, publications, work projects that provide hands-on experience and presentations.

Examples of Statewide Programs:

> **OSU Extension's Statewide Master Watershed Stewards Program and Other OSU Watershed Extension Programs**
> This extensive program targets a diverse audience including rural and urban property owners and provides numerous opportunities for sharing information and trainings on topics such as soils, erosion and conservation; and stream assessment and restoration.

Examples of Local Programs:

Oregon Association of Conservation Districts Small Acreage Workshops
These workshops that target local land owners with small end "hobby farms" have been implemented in the past in some districts statewide and cover topics such as weed control and pasture management.

D. Entities engaged in construction and maintenance of the built environment

Delivery Outcomes:

- Will have a willingness to embrace watershed-friendly building approaches.
- Will have skills in applying construction techniques that minimize the impact on watershed resources.
- Will have skills in designing and implementing watershed-friendly solutions.
- Will get on-the-ground and do the work necessary to minimize the impact on watershed resources.

Delivery Mechanisms:

Field tours, mentoring, workshops, short courses, seminars, publications, presentations, and trainings

Examples of Statewide Programs:

Associated Oregon Loggers Oregon Professional Loggers Certification Program
This AOL program offers training and education for loggers to receive the Oregon Professional Logger status and requires continuing education each year.

Examples of Local Programs:

Oregon Natural Step Workshops
This workshop held in Portland is for experienced LEED (Leadership in Energy and Environmental Design) practitioners to understand how The Natural Step framework can be a bridge to conceive sustainable building projects and teaches participants how to use the framework as a tool that complements the strategies rewarded by the LEED green building rating system.

E. Local, State and Federal Governments and Tribal Agencies; Resource professionals

Delivery Outcomes:

- Will make changes in practices and programs to help sustain healthy watershed function.
- Will have skills in communication within and between entities and the community.
- Will support the Oregon Plan for Salmon and Watersheds through implementation of agency responsibilities.

Delivery Mechanisms:

Field days, tours, in-stream activities, workshops, short courses, seminars, publications, and trainings.

Examples of Statewide Programs:

> **OSU Extension's Master Watershed Steward Program's "Working Together"**
> These training workshops are designed for those interested in the social aspect of watershed stewardship. Projects in this category could relate to group process, volunteer participation and management, meeting management, and decision-making of watershed groups or other related groups.

Examples of Local Programs:

> **Clackamas County's Tree School**
> This program sponsored by OSU Forestry Extension, Clackamas County Farm Forestry Association, Forests Forever, Inc, and Clackamas Community College, teaches classes on topics ranging from tree planting, weed control, riparian silviculture and harvesting and marketing forest products to Woodland owners, Christmas tree growers, Master Woodland Managers, Master Watershed Stewards, teachers and rural landowners.
>
> **PSU's Watershed Management Program**
> The Watershed Management Professional Program (WMPP) brings simple watershed concepts like land management and restoration, as well as the everyday complexities underlying them, into sharp focus for professionals engaged in watershed protection, restoration and management activities.

F. Organizations and Associations; Volunteers

Delivery Outcomes:

- Will have skills in implementing restoration techniques to improve watershed conditions
- Will gain confidence and skills to safely implement field work
- Will make changes in practices and behaviors to help sustain watershed function

Delivery Mechanisms:

Field days, tours, in-stream activities, workshops, short courses, seminars, publications, and trainings.

Examples of Statewide Programs:

SOLV Volunteer Action Training
This is a hands-on leadership development workshop teaching Oregonians how to envision, organize, and implement successful community projects and is free to participants who agree to coordinate a SOLV project in their community in one year.

Examples of Local Programs:

In-stream Aggregate Mining and Salmon workshops (I. A.M. Salmon)
These two symposiums put on by the OSU Watershed Extension Program with a roundtable and workshop style format will be delivered in Curry County, and will bring together researchers, scientists, engineers/hydrologists, agency representatives, gravel operation managers, and appropriate stakeholders to present gravel-mining impacts on fisheries and water quality, existing regulations, and operations.

ATTACHMENT B

A Representative (and Non-Exclusive) List of Current Watershed-Related Statewide Education and Outreach Programs

Program Title	Who is Responsible	Target Audience	Geographic Area	Funding Source
Education and Outreach Programs	Soil and Water Conservation Districts	Adult, community youth	Statewide	OWEB; other sources
R.E.A.L. (Restoration Enhancement Learning)	Northwest Abilities Group, Inc.	Disabled 18-40+ yrs.old	Clatsop County	US Fish and Wildlife, ODFW
Aquatic Monitoring Project	Xerces Society	Policymakers, citizen volunteers	Northwest	Various sources
OSU Watershed Extension Education Programs	OSU Watershed Extension	Watershed groups and SWCD's, rural and urban property owners, foresters, farmers, planners, natural resource agency staff, interested community members. Often tailored to more specific groups than the MWS program	Statewide	OWEB, Title 111 grants, OSU Extension funds, other grants that faculty receive
OSU Master Watershed Steward (MWS) Program	OSU Watershed Extension	Watershed Council members, volunteers and general public and SWCD's; rural and urban property owners; foresters; farmers; city government; planners; natural resource agency staff; interested community members	Statewide, delivered regionally, hosted via OSU County extension agents	OWEB, Oregon Forest Resources Institute (OFRI), and Extension Sea Grant (for infrastructure), some OSU Extension faculty for salary, partnerships with SWCD's, various regional grants
River Fest - Annual Week Long Event	Upper Deshutes Watershed Council	Communitywide	Central Oregon	OWEB; other sources
SeaFest	Hatfield Marine Science Center	Public	Located in Newport, OR, regional participation	HMSC, NOAA, EPA, Sea Grant, ODFW
Oregon Well Water Program	OSU Extension	Oregonians; rural residents with wells and septic systems.	Statewide	OSU Extension
Rogue Coast Outreach and Education Program	Lower Rogue Watershed Council	Public, youth	Southern Coast	OWEB; and other sources
Surfrider Water Quality Monitoring	Oregon Coast Aquarium	General public	Newport Coast	Surfrider Foundation
Watershed Weeks Celebration	Network of Oregon Watershed Councils	General public	Statewide	OWEB
WaterWise Program	City of Bend's Water Conservation Program	General public, water users	Central Oregon	Water rate payers from Bend
Down by Riverside	SOLV	General community,adults, students	Statewide	Grants from private sector, foundations, public sector and corporations
Adopt a River	SOLV	General community, adults, students	Statewide	Grants from private sector, foundations, public sector and corporations
West Eugene Wetlands Education Program	Willamette Resources and Education Network	General community, teachers, students	Lane County	OWEB; other sources
Watershed Education Program	OSU Klamath County Extension	General community, landowners, educators, youth	Klamath County	OWEB; other sources
Deshutes Basin Watershed Education	Wolftree Inc	General community, educators, students	Jefferson, Crook, Deschutes Counties	OWEB
R2R Watershed Education Program	Raindrops to Refuge	General community, educators, students	City of Sherwood	OWEB; other sources
Volunteer Action Training	SOLV	College - adult	Statewide	Grants from private sector, foundations, public sector and corporations
K.E.L.P. (Kiwanda Education Learning Program)	Nestucca/Neskowin Watershed Council	All Audiences: youth - adults	Pacific City	USFWS Coastal Programs
P.L.A.C.E. (People Learning about Communities and Ecosystems)	North Coast Land Conservancy	Opportunites for all ages	Clatsop County	OWEB
W.E.B. (Watershed Estuary Beach) Discovery Program	City of Seaside and Seaside Aquarium	Opportunites for all ages	Seaside	City of Seaside Promotions Committee
H.R.A.P. (Haystack Rock Awareness)	City of Cannon Beach, HRAP Foundation	Opportunites for all ages	Cannon Beach	City of Cannon Beach
Stream Team Captain Training	SOLV	Higher education - adult	Statewide	Grants from private sector, foundations, public sector and corporations
Team Up Curriculum - Service Learning	SOLV	MS - adult	Statewide	Grants from private sector, foundations, public sector and corporations
Education Programs	Oregon Department of Environmental Quality	K - adult	Statewide	General funds; fees
Adopt a Stream	Straub Environmental Learning Center/City of Salem	Elem - HS educators	Salem, Keizer	City of Salem - Public Works
Willamette Valley Watershed Partnership Project	OSU/Willamette Educational Services District	MS/HS teachers	Based in Salem; anyone welcome	Oregon ESEA Title IIB MSP grant
NAME (Northwest Aquatic and Marine Educators)	NAME (Northwest Aquatic and Marine Educators)	Educators	Regional	National Chapter and Member and Conference Dues
Creeks and Kids	Jackson Bottom Wetlands Preserve	Educators K-16	Statewide	OWEB + Partners
Stream Scene	Jackson Bottom Wetlands Preserve	Educators K-16	Statewide	Jackson Bottom Wetlands Preserve
Project Wet	Jackson Bottom Wetlands Preserve	Educators K-16	Statewide	Jackson Bottom Wetlands Preserve
Project Learning Tree	OSU Oregon Forestry Education Program	Educators pre-K - 12	Statewide	Oregon Forest Resources Institute (OFRI)

A Representative (and Non-Exclusive) List of Current Watershed-Related Statewide Education and Outreach Programs

Program Title	Who is Responsible	Target Audience	Geographic Area	Funding Source
Natural Resources Institute	Northwest Center for Sustainable Resources at Chemeketa	High School teachers	Statewide (and regional)	Collaborative effort of partners from Oregon, Washington, and northern California, including high schools, community colleges, universities, private industry, government agencies, and Native American tribes. The Center is funded by the National Science Foundation's Advanced Technological Education Program at $3 million for three years with an anticipated $2 million, three year extension.
Student Watershed Research Project	Portland State University's Sciences and Resources	High School teachers and students in Portland/Metro Area; teachers, educators, council coordinators, agency personnel and others who work with volunteers and volunteer monitoring; dollege students; Watershed Councils and local agencies	Portland Vancouver Metro area - From Wilsonville to Scapoose to Estacada to Forest Grove to La Center Washington	For Clark County comes from Clark County For Oregon activities comes from local surface water management agencies - Clean Water Services, Water Environment Services, Water Providers - Clackamas River Water, Parks - Tualatin Hills Parks and Recreation, Grants - OWEB and EPA 319 as projects and program activities meet their objectives, and private funders. College classes are funded by tuition dollars. Also get significant in-kind contributions from the funders listed above plus U.S.Geological Survey as well as various individuals (agency, private, government scientists)and all of the teachers. Summer workshop and the manual - model replicators - are sold to any one interested.
Education and Outreach Programs	Watershed Councils around state	Educators, adults, community, agency staff, youth	Statewide	Various sources, OWEB
Education and Outreach Program	The Oregon Garden	K-12 students and educators	Statewide	Various sources, fees, donations
Salmon and Trout Enhancement Program (STEP)	Oregon Department of Fish and Wildlife	Elementary-High school youth, educators, adults	Statewide	Federal funds from Sportfish Restoration; state funding
Community Action Training - Service Learning and Volunteers	SOLV	Community and educators	Statewide	Grants from private sector, foundations, public sector and corporations
Bear Creek Watershed Education and Restoration Program	Bear Creek Watershed Council Education Partners	Students, educators, natural resource agencies	Bear Creek Watershed	OWEB; other sources
Ethics of Conservation Course	University of Portland	Upper division undergraduates	University of Portland	Volunteer
Salmon Watch	Oregon Trout	Middle and High School students	Dictated by suitability and accesibility of salmon spawning sites but currently operating in 22 counties	OWEB; other sources
Healthy Waters Institute				
STELLAR Watershed Education	Walla Walla Basin Watershed Council	Students	Walla Walla basin	OWEB
Make a Ripple Make a Wave	CITE Creative Information	Students	Statewide	OWEB; other sources
Natural Resource Outreach to Charter Schools	Mid Coast Watershed Council	1st grade - HS students	Eddyville, Siletz	OWEB; other sources - Federal, Department of Education
In School Education Program	Mid Coast Watershed Council	3rd grade - HS students	Eddyville, Siletz, Toledo, Newport, Lincoln City, Waldport, Alsea	OWEB + Match
Clean Water Festival	PCC, Rock Creek	4th and 5th grade students	Salem - Clark County (most Pdx)	Grants from partners: Area water providers, US BLM
Kokanee Karnival Youth Education Program	The Central Oregon Flyfishers	4th grade students	Central Oregon	(541) 317-5843 - Dave Dunahe - contact
Children's Clean Water Festival	Tillamook Esturary Partnership	4th grade students	Tillamook County	Grants/donations from various private foundations; charitable check from Oregon Coast Aquarium
Salmon Expedition	Confederated Tribes of Umatilla Indian Reservation, Department of Natural Resources	4th grade students	Umatilla Indian Reservation and 6.4 million acres of ceded lands	Pacific Doastal Salmon Recovery Funding, corporate sponsorships and fun-raising
Watershed in My Backyard (PLT and Aquatic Wild)	Oregon Forestry Education Program (OSU)	5-12th grade students	Two pilots to date; potentially statewide	OFEP (OSU), OFRI

A Representative (and Non-Exclusive) List of Current Watershed-Related Statewide Education and Outreach Programs

Program Title	Who is Responsible	Target Audience	Geographic Area	Funding Source
ESD Watershed Field Days	Pendleton ESD	5th grade students	Pendleton, OR	Various sources including The Wildhorse Foundation, Coke, Oregon Forest Resources Institute, Umatilla Soil and Water Conservation Dist.
Owyhee Field Day	Owyhee Watershed Council	5th grade students	Ontario, OR	OWEB
Wetland Field Day	US Fish and Wildlife	5th or 6th grade students	Klamath Falls	USFWS
Natural Resources/Watershed Education Project	Pacifica: A Garden in the Siskyous	K-8 students	Southern Oregon	OWEB; and other sources
W3 Program (Wildlife, Watersheds, and What Not)	OSU Extension, Marion County	7-12th grade students	Marion and Polk County	In past, funds from Title 3. Didn't get OWEB funding.
Siusulaw Middle School Stream Team	Florence/Siuslaw School District	7th grade students	Florence and Mapleton	STEP
Salmon Bowl (NOSB)	Oregon State University	9-12th grade students	Student teams from around Oregon compete at OSU. Winners advance to national competition	Sponsored by National Ocean Science Bowl (CORE), OSU, Sea Grant, COAS, and NAME
Community -Based Natural Resource Curriculum	Northwest Center for Sustainable Resources at Chemeketa	High School students	Statewide	National Science Foundation
Envirothon	Northwest Center for Sustainable Resources at Chemeketa	High School students	Statewide (and regional)	Various sources
Environmental Education Programs	City of Portland Bureau of Environmental Services	K - 12 students	Portland Metro Area	OWEB; and other sources
Slough School	Columbia Slough Watershed Council	K - 12 students	St. John's area, North Portland, and parts of Northeast Portland, Parkrose, Gresham and Fairview	OWEB; and other sources
Students Building Communities Curriculum	SOLV	K - 12 students	Statewide	Grants from private sector, foundations, public sector and corporations
Marine Education Programs	Hatfield Marine Science Center	K-12 students	Located in Newport, OR, students from entire NW region	Oregon Sea Grant and revenue generated from classes
Healthy Waters Institute	Oregon Trout	Middle and High Schools now; ultimately K-12	Goal is to work statewide--currently in four regions--East, Metro, West rural, and Southwest	Various sources including corporate support
Green Team - Service Learning	SOLV	Middle School and High School students	Statewide	Grants from private sector, foundations, public sector and corporations
Hydromania	Umatilla Electric Co-Op	Middle School students	Hermiston, OR	Hermiston Public Schools
Science Fridays at Fairgrounds	Mid Coast Watershed Council	Middle School students (at risk)	Newport, Toledo, Lincoln City	OWEB; other sources - Federal, Department of Education
Green Team "light" - Service Learning	SOLV	Middle School, High School, upper elementary	Statewide	Grants from private sector, foundations, public sector and corporations
Angler Education Program	Oregon Department of Fish and Wildlife	Primarily elementary	Statewide	1984 Wallop-Breaux Amendment to the Federal Aid in the Sport Fish Restoration Act of 1950

May 2, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Wendy Hudson, Grant Program Specialist

SUBJECT: **Agenda Item M: Small Grant Program Proposed Administrative Rules Revisions and Program Reauthorization**
May 25-26, 2005 OWEB Board Meeting

I. Background

In 1999, OWEB received a budget note from the Legislature to investigate a county-based, cost-share program for soil and water conservation districts. Since OWEB was at the time looking for ways to be more responsive to small, straightforward restoration applications, the notion of a "small grant program" for both councils and districts was born.

In response, the Board authorized in September 2000 the formation of a subcommittee to provide guidance for developing a small grant program. The subcommittee developed nine overarching policy objectives, which the Board approved at its January 2001 meeting. At that meeting, the Board also authorized staff's initiation of rulemaking to develop a program with the nine policy objectives serving as a guide. A rules advisory committee — composed of representatives of the Oregon Association of Conservation Districts, Soil and Water Conservation Commission, watershed councils, and other interests — met five times over the summer to develop rules.

In January 2002, the Board adopted administrative rules establishing a pilot Small Grant Program. Twenty-eight small grant teams consisting of representatives from local watershed councils, soil and water conservation districts, and tribes were each awarded $100,000 to put toward restoration projects of $10,000 or less, a total commitment of $2.8 million.

For the 2001-03 biennium, teams awarded nearly $2.4 million for 395 projects. To date, 366, or 93 percent, of those projects have been completed.

At the September 2003 meeting, the Board approved a staff request for temporary bridge funding through December 31, 2003, of up to $20,000 per team. In fall 2003, staff initiated a process to consider the program's first rule changes.

At the January 2004 meeting, the Board approved the recommended rule changes, following an extensive rule change process. In addition, the Board authorized program funding through the remainder of the 2003-05 biennium and added an additional $80,000 per team.

To date, for the 2003-05 biennium, 27 teams have awarded about $2 million in funding for 321 projects. Of those projects, 120, or 37 percent, have been completed. One team, the Umpqua Small Grant Team, experienced staffing changes soon into the 2003-05 biennium, and was never able to organize itself despite staff offers of assistance.

Over the course of 2004, staff continued to seek ways to streamline and improve the program. At the January 2005 meeting, the Board approved a staff request to form a Rules Advisory Committee (RAC) and to present proposed rule changes to the Board in May 2005.

II. Process Review

OWEB's conventional process is to convene a RAC when initiating rulemaking. Staff's goal was to present a request at the May Board meeting to approve revised rules and to reauthorize the program for the 2005-07 biennium, which meant that a RAC needed to convene no later than January 2005. Unfortunately, staff were unable to gather enough interest for a RAC. While the reasons are unclear, staff surmise that the timing — coming in the middle of the Council Support process — simply was not convenient for many.

In the end, staff decided to use the entire Small Grant constituency as an informal RAC by sending a first draft of proposed rule changes to all affected parties and inviting comment. Although the cover letter made it clear that the attached changes were *proposed* and in *draft* form, many people misinterpreted the communication as OWEB's final word on the matter. This resulted in a flood of written responses and rumors about the program's imminent demise. Staff moved quickly to quell fears and re-state the purpose of the original solicitation.

Staff considered the many responses, made revisions to the draft, and in March, emailed a second draft to constituents, along with instructions for written commentary and notification of a public hearing. (Attachment A) The second draft provoked far less controversy. By the close of the public comment period, April 15, staff had received just 16 written responses. A summary of the public comments can be found in Attachment B. One public hearing was held in Salem on April 15, and was attended by one person.

III. Small Grant Program Proposed Rule Changes

Below is a summary, by section, of the *major* proposed changes. Attachment C is a copy of the current Small Grant Program rules with the proposed changes tracked with underlining (additions) and cross-outs (deletions). Attachment D is a clean draft of the new Small Grant Program administrative rules proposed for adoption by the Board.

Definitions, 695-035-0015

The definitions are restored, after having inadvertently been left off when OWEB filed with the Secretary of State the agency's restructured rules at the end of 2004.

Small Grant Program Administered by Small Grant Teams, 695-035-0020

(3) Staff propose that OWEB will only enter into new Team agreements, written at the start of each biennium, if all required team reports have been received. <u>The proposed change will ensure complete and timely team reporting.</u>

(4) Staff propose that each Team have at least one actively participating watershed council representative and one soil and water conservation district representative to be eligible to allocate funds. The proposed change is designed to ensure equitable representation on Teams.

(15) Staff propose that all teams write their own project grant agreements using an OWEB-provided template. Currently, half the teams write their own grant agreements. This is a simple, straightforward process that takes very little time for individual teams to do. The proposed change is more efficient for teams, grantees, and OWEB staff.

(17) Staff propose to raise the amount allowable for plant establishment from $500 to $1,000 for the two years following project implementation. The proposed change should more nearly address real costs for post-project plant establishment.

Small Grant Program Application, 695-035-0030

(1) Staff propose that applicants now be limited to tribes, councils, and districts who may act on behalf of landowners, non-profits, schools, and government. These other groups are still eligible to implement projects; they just cannot be grantees. The proposed change will allow OWEB to hold the known entities of councils, districts, and tribes responsible for project implementation and timely reporting. It also addresses OWEB staffing limitations.

(2) Staff propose that when reviewing applications, Team members abide by the same conflict of interest standards that apply to Oregon's public officials, as detailed in ORS 244.020. The proposed change helps to ensure a defensible, accountable Team review process.

(5) Staff propose that changes in line item amounts no longer require prior OWEB approval, with the exception of project management changes. A change to this line item will require prior OWEB approval. Also, the addition of new line items, which were not part of the original application budget, will require prior approval from OWEB. The proposed change should reduce paperwork for all concerned.

Small Grant Program Grants, 695-035-0040

(3) Staff propose that grantees no longer be allowed to enter into new project agreements until they have addressed all active small grants with outstanding advances and all expired small grants with outstanding advances. The new rule does not affect grants that remain to be completed. The proposed change is designed to reduce the backlog of outstanding advances.

(11)(c) Staff propose that the first payment consist *either* of an advance of up to 60 percent of the Small Grant award upon presentation of a detailed estimate of expenses for a specified time period, *or* of a reimbursement of expenses to date upon presentation of receipts and invoices. The proposed change allows grantees to treat the first payment as either an *advance* prior to work occurring on the project, or as a *reimbursement* of expenses incurred to date on the project (provided receipts and invoices are provided).

(11)(d) Staff propose putting into rule a practice initiated earlier in the current biennium to require full accounting for advances within 120 days of the date OWEB issues the advance check. The proposed change is designed to improve overall project management and accountability for outstanding funds.

Eligible Small Grant Projects, 695-035-0050

(4)(b)(B&C) Staff propose putting into rule a practice initiated earlier in the current biennium to require ODFW and ODF technical review and approval, using a standard OWEB form, for the removal or replacement of culverts and stream crossings. The proposed change ensures technical oversight of these technically complex activities.

(4)(f)(A) Staff propose to limit post-fire seeding to areas where natural regeneration is unlikely — typically on slopes of 30 percent or more — or where it can be demonstrated that seeding would retard or prevent the spread of noxious weeds. The proposed change will ensure that limited Small Grant dollars for such projects are targeted at the areas of greatest need and greatest benefit to the watershed.

(4)(f)(B) Staff propose to limit the management of nutrient and sediment inputs to streams through the management of grazing, vegetation cover, animal waste, or irrigation runoff. The proposed change simplifies earlier rules.

(4)(f)(C) Staff propose to allow prescribed burning in upland areas, except as a means for reducing fuel loads. The proposed change recognizes that the Department of Forestry offers its own programs for fire prevention and for enhancing non-industrial private lands.

(4)(g)(B) Staff propose that irrigation efficiency projects must either not adversely impact the current level of groundwater in a Groundwater Management Area, or must measurably reduce the diversion of surface water at the point of diversion. As a condition of funding, all irrigation efficiency projects will require local watermaster technical review and approval using a standard OWEB form. The proposed changes will ensure that limited Small Grant dollars for such projects are targeted at the areas of greatest need and greatest benefit to the watershed.

IV. General Observations

The Small Grant Program remains for the most part an extremely popular program for its ability to fund restoration projects with less paperwork and more quickly than the regular grant program, to provide an element of local control, and to foster local collaboration.

The two separate administrative rule change processes that staff have initiated since the program's inception have helped to strengthen the program by correcting a number of unanticipated program deficiencies and by clarifying project eligibility.

Despite the improvements, however, a number of policy issues persist. The issues are not necessarily unique to the Small Grant Program, but to the OWEB Restoration Program as a whole. The issues include the extent to which projects can demonstrate a clear watershed benefit to aquatic species, wildlife, or watershed health. For example, most constituents insist that

irrigation efficiency projects provide instream benefits or that juniper control projects conserve water. The claims, however, are nothing more than anecdotal, and therefore, run counter to the agency's efforts to quantify the soundness of its investments.

Staff would like to investigate some of these more vexing issues with the Board Grant Subcommittee during the 2005-07 biennium, and return to the Board with some policy recommendations for its consideration.

V. Recommendation

Staff recommend that the Board accept the proposed changes to the Small Grant Program administrative rules, as shown in Attachment D.

Further, staff recommend that the Board reauthorize program funding for the 2005-07 biennium at a level of up to $100,000 per team (up to $2.8 million for the entire program), which will provide the same level of funding to the teams as was provided in the previous two biennia. Any unspent funds from the current biennium will be used to fund the program for the 2005-07 biennium, thereby reducing the need for new monies.

Attachments

A. Public Hearing Announcement
B. Summary of Public Comments
C. Proposed Small Grant Program Rules – Edited Version
D. Proposed Small Grant Program Rules – Clean Copy

Attachment A

Oregon Watershed Enhancement Board

A Chance to Comment

775 Summer Street NE, Suite 360, Salem, Oregon 97301-1290

Proposed Administrative Rule Changes to the Small Grant Program

The Oregon Watershed Enhancement Board is seeking public comment on proposed administrative rule changes to the Small Grant Program. Established in January 2002, the small grant program provides funding through a competitive grant process for watershed restoration projects of $10,000 or less. The Board's revised rules address, in part: (1) Small Grant Team administration of the program and (2) eligible and ineligible small grant projects.

Legislation passed by the 2003 Legislative Assembly requires that every state agency seek public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business. So, pursuant to ORS 183.335(2)(b)(G), the agency is also inviting public comment on whether other options should be considered for achieving the rules' substantive goals while reducing negative economic impact of the rules on business.

COMMENT PERIOD: The public comment period for the proposed rule changes begins on April 1, 2005, and will close at 5pm on April 15, 2005. A copy of the proposed rule changes will be available after March 18, 2005. Copies may be obtained by visiting the Board's offices; by calling and requesting a copy from Wendy Hudson at 503-986-0061; Bonnie Ashford at 503-986-0181; or by downloading them from the Board's web site at www.oregon.gov/OWEB.

To comment on the proposed rule changes, please send written comments to Wendy Hudson at the above address, or send comments by email to wendy.hudson@state.or.us with the phrase "Small Grant Rule Changes" in the subject line. Questions concerning the rules or this process may be directed to Wendy Hudson, at 503-986-0061.

In February 2005, OWEB circulated an early draft of the proposed rule changes to the program's primary stakeholders – watershed councils, soil and water conservation districts, and tribes. Written comments submitted by stakeholders informed revisions to the draft for the upcoming public comment period.

PUBLIC ACCOMMODATION: The services, programs, and activities of the Board are covered by the Americans with Disabilities Act (ADA). The ADA prohibits discrimination against persons with disabilities. To request special considerations to participate in these hearings, please contact the Board's ADA coordinator, Bonnie Ashford (503-986-0181) at least 72 hours prior to the hearing.

PUBLIC HEARING: The Board will hold one public hearing on Friday, April 15, 2005, from 10:30 am – 12:00 pm in the Land Board Room (1st floor) of the State Lands Building (775 Summer St. NE, Salem) to receive comments regarding the proposed rules. Both oral and written comments will be accepted at the hearings.

Attachment B

Summary of Public Comments Received for the Proposed Small Grant Rule Changes

General

Commenter(s)	Concerns/Issues	Response	Rule Change
Janet Greenup District Manager Morrow SWCD	Where in the rules does it say that unused small grant funds cannot be reallocated by teams?	695-035-0020(2)	No
Bruce Dunn Wallowa Co. Board of Commissioners	The rules refer several times to "a standard OWEB form," but there is no description anywhere of the form. Add to definitions.	There is also no description of an application or all the other forms used in the program. Such definitions are unnecessary. Teams know that all forms are posted on the web site.	No

Small Grant Program, 695-035-0010

Commenter(s)	Concerns/Issues	Response	Rule Change
Eddie Huckins Watershed Technical Spec Lincoln SWCD	(2)(c) Specify who 'local decision makers' are	Will change to "Make funds available to local Small Grant Teams to address…	Yes

Definitions, 695-035-015

Commenter(s)	Concerns/Issues	Response	Rule Change
Paul Reed Upper Willamette West Small Grant Team	(9) Tightening the definition may upset private contractors who have gained financially from managing projects.	The language as written is no longer necessary now that applicant eligibility has been redefined. Will be re-written to allow anyone to be the Project Manager for the Grantee.	Yes

Definitions, 695-035-015

Commenter(s)	Concerns/Issues	Response	Rule Change
Eddie Huckins Watershed Technical Spec Lincoln SWCD	(1) Include all eligible applicants (2) Change to define "local decisionmakers" (3) Add different information for the definition (4)-(10) Series of wordsmithings and suggested deletions.	(1) Grants are awarded *by* OWEB on the recommendation of Small Grant Teams. (2) Change to "Small Grant Team" is a composed of representatives of councils, districts, and tribes, formed in each…." (3) Good suggestion. (4) - (10) Wordsmithings are unnecessary and deletions cannot be made as the definitions are essential to the program.	(1) Yes (2) Yes (3) Yes (4)-(10) No

Small Grant Program Administered by Small Grant Teams, 695-035-0020

Commenter(s)	Concerns/Issues	Response	Rule Change
Robert Cockrell Chair Monument SWCD	(14) Delete requirement that Teams act on applications within 30 days of their receipt.	The program is intended to get projects quickly to the ground. Language will be changed to read, "All Teams must act within 30 days of receiving a complete application."	Yes
Carol Bickford Board President Nestucca/Neskowin	(17) Allowances for plant establishment should be based on a percentage of the labor involved in site prep and planting.	Email correspondence with Carol has cleared up some misunderstandings. Language will remain as is.	No
Eddie Huckins Watershed Technical Spec Lincoln SWCD	(18) Need to reimburse teams for costs associated with preparing and distributing biennial report.	Why just this? There are many activities performed by teams for which they are not reimbursed. The Small Grant Program divides the workload among Team members so that no one person bears a disproportionate amount of the costs.	No
Eddie Huckins Watershed Technical Spec Lincoln SWCD	(17) Assigns responsibility for project maintenance and monitoring to landowners. Therefore, they should also be signatories to OWEB's grant agreement.	Agreed.	Yes

Small Grant Program Administered by Small Grant Teams, 695-035-0020

Commenter(s)	Concerns/Issues	Response	Rule Change
Paul Reed Upper Willamette West Small Grant Team	(3) Shifting the burden of the Y-2 status report to the team unfairly burdens teams who are uncompensated for their efforts. (4) The new language does nothing to ease the disparity in regions dominated by councils (and vice versa). (15) More unfunded mandates from OWEB. Is it legal to have agreements handled in such a manner?	(3) The Small Grant Program is designed around the concept of teams that share the workload. In this manner, no one person carries an inordinately heavy load. (4) If representation is disproportionate on teams, they can elect in their bylaws to establish an Evaluation Committee, which must have an equal number of council and district representatives deciding on applications. (15) The proposed change averages out to about 25 grant agreements over two years. "Writing" the agreement takes on average less than five minutes. So two hours of work over two years is not burdensome. Currently, 13 teams voluntarily write their own grant agreements, and they prefer to do so because doing so allows them to submit a first payment request along with the signed agreement, thereby speeding up the payment process. As long as OWEB signs last, and grant agreements are not effective until all parties have signed (Section D), the proposed change is legal.	No

Small Grant Program Application, 695-035-0030

Commenter(s)	Concerns/Issues	Response	Rule Change
Robert Cockrell Chair Monument SWCD	(2) Suggests using ORS language to address the issue of conflicts of interest.	Will change to read, "When reviewing applications, Team members will abide by the same conflict of interest standards that apply to Oregon's public officials, as detailed in ORS 244.020."	Yes

Small Grant Program Application, 695-035-0030

Commenter(s)	Concerns/Issues	Response	Rule Change
Pat Smith Oregon Watersheds Salem, OR	(1) Objects to the narrowing of the pool of eligible applicants and feels that non-profit environmental organizations should be eligible, as well.	Restricting applicants to groups within the OWEB family is the only means staff has to ensure that grants are adequately implemented, completed, and monitored. In addition, due to staffing limitations, OWEB needs to contain the number of potential grantees. Non-profits and others are still eligible to implement restoration projects, but only councils, districts, and tribes may be the grantees for those projects.	No
Paul Reed Upper Willamette West Small Grant Team	(1) Tightening applicant eligibility may dampen public interest in participating. Is it appropriate to have applicants and reviewers be one and the same?	Many teams currently represent landowners by serving as the applicant. The proposed rule changes require individual team members to recuse themselves from application decisions where a conflict of interest occurs.	No

Small Grant Program Grants, 695-035-0040

Commenter(s)	Concerns/Issues	Response	Rule Change
Carol Bickford Board President Nestucca/Neskowin	(11) Three payments are requested instead of two.	The program does not have the resources to handle up to three separate payments. Grantees will need to plan their projects with this limitation in mind.	No
Eann Raines District Admin. East Multnomah SWCD	The 60% advance should also be a reimbursement of expenses to date to help fiscal agents cover costs that exceed 60%.	Agreed	Yes

Small Grant Program Grants, 695-035-0040

Commenter(s)	Concerns/Issues	Response	Rule Change
Paul Reed Upper Willamette West Small Grant Team	(3) Landowners can be harmed by this if they are being represented by an applicant who has outstanding reports due to OWEB. (11)(d) Unrealistic for most restoration projects.	(3) The rule change provides an incentive to team members to stay current with reporting requirements in order to maintain good local community relations. (11)(d) This is standard practice for all OWEB grants. Grantees need to think their projects thru and plan their implementation steps. That will determine whether and when they ask for an advance.	No.

Eligible Small Grant Projects, 695-035-0050

Commenter(s)	Concerns/Issues	Response	Rule Change
Robert Cockrell Chair Monument SWCD	(4)(d)(A) The phrase 'develop riparian pastures' should be added after the phrase 'fence out livestock' as an additional option to improve riparian process and function. Eliminate ("in combination with fencing riparian area").	The first concern is valid; however, other programs exist (e.g., EQIP) for the development of riparian pastures. Revise language to read: "Manage nutrient and sediment inputs through managed grazing (e.g. fencing and developing off-channel watering) and plantings."	Yes
	(4)(f)(B) The area immediately adjacent to a stream is generally riparian. Suggest replacing "immediately adjacent to the project site" with "from adjoining uplands."	Revised language reads: "Manage nutrient and sediment inputs to streams through the management of grazing, vegetation cover, animal waste, or irrigation runoff."	Yes
	(4)(g)(B) Remove the word 'measurably'	Use of the word 'measurably' is not intended to require an actual measurement. However, it raises the question of why public funds would be expended for projects where it is impossible to show measurable results.	No

Eligible Small Grant Projects, 695-035-0050

Commenter(s)	Concerns/Issues	Response	Rule Change
Janet Greenup District Manager Morrow SWCD	(4)(f)(A) Do not limit post-fire seeding to slopes of 30% or more.	The operative language is to seed *only where natural regeneration is unlikely* (e.g., on slopes of 30% or more). Discretion is left up to the team, provided they can make the case that seeding is necessary.	No
Eddie Huckins Watershed Technical Spec Lincoln SWCD	(1)(f) Change six to seven. (4)(d)(A) & (f)(B) Add "gutters, downspouts and drainpipes on building within animal heavy concentrations areas."	(1) Done (4) Changes above (see OWEB's response to Robert Cockrell) address livestock issues more generally.	(1) Yes (4) No
Lake Small Grant Team	(4)(f)(A) Would prefer to see post-fire seeding allowed if it can be demonstrated that this would retard or prevent the spread of noxious weeds.	Accepted	Yes
Ray Jaindl ODA, Salem	(4)(f) What is the definition of 'adjacent'?	This will be eliminated	Yes
Bruce Dunn Wallowa Co. Board of Commissioners	It is impossible to show *measurable* results for irrigation efficiency projects done on the small scale of a small grant. Watermasters don't have time to review applications, and some teams have a technical review anyway. They also don't have the technical know-how of pipe size, etc. Why ask for a sign-off on this project type and not other project types?	OWEB disagrees. Water use can be measured at the point of diversion. The small grant should, therefore, be able to show at the very least a reduction in anticipated use. OWRD has worked with OWEB on the development of the form and assures the agency that watermasters have time to review and sign off on such projects. Technical understanding of pipe size, etc., is not necessary to determine whether the project has a watershed benefit. Like culvert replacements and stream crossings, these projects are technically complex, and OWEB is seeking additional assurance that they are viable.	No Yes

Ineligible Small Grant Projects, 695-035-0060

Commenter(s)	Concerns/Issues	Response	Rule Change
Carol Bickford Board President Nestucca/Neskowin	(2)(e) Restore tide gates as eligible project types.	Tide gates are technically complex and controversial. Applicants may apply through the Regular Grant Program, but not the Small Grant Program.	No
Janet Greenup District Manager Morrow SWCD	(2)(k) Restore water guzzlers	Wildlife have survived for millennia without water guzzlers. They do not appear to be the best use of limited Small Grant funds.	No
Lake Small Grant Team	(2)(p)(q) & (r) These activities can improve water flow regimes that can help forests better to survive fire and disease.	(p) OWEB will not support activities on lands intended for commercial harvest. (q) DOF offers a number of fire prevention and fuel load reduction programs. (r) The line will be changed to read "commercial and *pre*-commercial thinning."	(p) No (q) No (r) Yes
Ray Jaindl ODA Salem	(2)(m) Concerns about 'measurable.' Confident that water quality improvements can be estimated at the field level. (2)(r) Concern about eliminating pre-commercial thinning — critical for fire-prevention and disease.	(m) This has been eliminated (r) OWEB is eliminating 'pre-commercial' thinning (on lands intended for commercial harvest); it is not eliminating 'non-commercial thinning.'	(m) Yes (r) No

Formatted: Different first page

Attachment C

Formatted: Tabs: 6.5", Right + Not at 6"

Oregon Watershed Enhancement Board

RULES GOVERNING GRANT AWARDS FOR THE SMALL GRANT PROGRAM

PROPOSED RULE CHANGES

ADMINISTRATIVE RULES ESTABLISHING A SMALL GRANT PROGRAM

DIVISION 35
SMALL GRANT PROGRAM

695-035-0010
Small Grant Program

(1) The Oregon Watershed Enhancement Board (OWEB) may provide funding for a locally administered Small Grant Program from its Watershed Improvement Grant Fund. Funds may be allocated for the Small Grant Program in amounts and at times decided by the Board.

(2) The goals of the Small Grant Program are to:

(a) Support implementation of the Oregon Plan for Salmon and Watersheds.

(b) Support projects designed to improve water quality, water quantity, and fish and wildlife habitat. Such projects include, but are not limited to, those developed to address Total Maximum Daily Loads (TMDLs), Agricultural Water Quality Management Area Plans, urban nonpoint source pollution management plans, and the Board of Forestry's Forestry Program for Oregon.

Deleted: implement

(c) Make funds available to local Small Grant Teams to address local priority resource concerns, habitat values, and watershed functions.

Deleted: decisionmakers

(d) Encourage landowner participation in watershed improvement by making funds available more quickly than is possible through OWEB's Regular Grant Program.

(e) Treat the source of watershed health problems through technically sound projects that use proven techniques from one of the seven approved sources listed in OAR 695-035-0030(3), and that demonstrate benefits to aquatic species, wildlife, or watershed health across all land uses.

Deleted: six

Deleted: 2

(f) Encourage partnerships among watershed councils, soil and water conservation districts (SWCDs), and tribes.

695-035-0015
Definitions

(1) "Small Grant" is a grant of $10,000 or less for an eligible watershed restoration project awarded by OWEB on the recommendation of a Small Grant Team.

(2) "Small Grant Team" (Team) is composed of representatives of watershed councils, soil and water conservation districts, and tribes formed in each Small Grant Area to recommend funding for watershed restoration projects.

(3) "Small Grant Area" is a geographic area established by the OWEB Board based upon hydrologic boundaries, existing watershed restoration partnerships, and similarities in resource concerns.

(4) "Program Grant" is a grant from OWEB to a Small Grant Team to recommend as eligible Small Grants of up to $10,000 within the Small Grant Area.

(5) "Program Grant Agreement" is a grant agreement between OWEB and a Small Grant Team regarding the allocation of Small Grant funds within a Small Grant Area by the Small Grant Team using OWEB funds.

(6) "Project Evaluation Committee" (Committee) is a group of Small Grant Team members designated by vote of the Team to evaluate Small Grant Project applications received and to make Small Grant Project award recommendations based upon the Team's adopted priority watershed concerns and eligible project types. A Team may by unanimous vote decide not to designate a Committee.

(7) "Program Administration" refers to all efforts made by Teams or individual team members on behalf of applicants or the Small Grant Team prior to a project grant award recommendation. No program administration costs may be included in Small Grant project grant awards.

(8) The "Small Grant Fiscal Agent" is responsible for managing all expenses associated with a Small Grant Project and for reporting those expenses to OWEB in a manner consistent with OWEB fiscal reporting standards. Fiscal Agents will be councils, districts, tribes, or entities designated as eligible by the Small Grant Team in their operating procedures. A Small Grant project's eligible fiscal agent will be identified on the Small Grant Project application and in the OWEB Small Grant Project grant agreement.

Formatted: Normal (Web), Tabs: Not at 0.38" + 0.75" + 1.13"

(9) "Project Manager for the Grantee" is the individual (typically, but not necessarily, the grantee) who will shepherd the project from start to finish. This person will serve as the Team's and OWEB's main point of contact for a project.

(10) "Team Contact" is OWEB's main point of contact for the Small Grant Team, and is also the person authorized by the Team to sign OWEB Small Grant agreements.

Formatted: Font: Not Bold, No underline

695-035-0020

Small Grant Program Administered by Small Grant Teams

(1) The OWEB Board may award program grants to eligible Small Grant Teams to enable the Teams to administer a Small Grant Program within a Small Grant Area. A Small Grant Team must submit a program grant application to OWEB on a designated form at times designated by the OWEB Board to be eligible to receive a program grant to administer a Small Grant program.

(2) Small Grant Program funds not used in one biennium may not be carried over by the Small Grant Team to the next biennium unless otherwise determined by the Board.

(3) The Board will only enter into new Small Grant Team agreements once Teams have submitted on a standard OWEB form, and to OWEB's satisfaction, the revised Team bylaws for the coming biennium, a revised list of the Team's priority watershed concerns and eligible project types, a revised Application Evaluation Worksheet, and all Year-Two Status Reports due in the previous biennium.

(4) Small Grant Teams will invite in writing each soil and water conservation district (SWCD) and watershed council located partially or entirely within the Small Grant Area; and each tribe with reservation, tribal, aboriginal, or ceded lands, or usual and accustom sites located partially or entirely within the Small Grant Area to appoint one representative to a Small Grant Team. Participation on a Team is voluntary. A Small Grant Team must have at least one actively participating watershed council representative and one soil and water conservation district representative to be eligible to allocate Small Grant funds. Each eligible Team may receive a program grant from OWEB to allocate Small Grant Project awards of up to $10,000 for eligible watershed restoration projects consistent with local priority watershed concerns and eligible project types adopted by the Team.

(5) Members of each Small Grant Team are encouraged to invite individuals with expertise in a watershed restoration discipline or other watershed restoration interests to consult with the Team on its priorities, program elements, and recommendations for project grant awards.

(6) The OWEB Board will establish Small Grant Areas for the Small Grant Program. The boundaries of the Small Grant Areas will be drawn based upon hydrologic boundaries, existing watershed restoration partnerships, and similarities in resource concerns. Only one Small Grant Team may administer a Small Grant Program in each Small Grant Area. A copy of the Small Grant Area map is available upon request from OWEB and can also be viewed on the OWEB website.

(7) A Small Grant Team may petition the OWEB Board to adjust the boundaries of Small Grant Areas. If a Team has not been formed in a Small Grant Area, an organization eligible to appoint a member to a Small Grant Team may petition the Board to adjust the boundaries of Small Grant Areas. Written approval from all Small Grant Teams affected, or if a Small Grant Team has not been formed, all entities eligible to appoint a member to the Small Grant Team in that area, is required before a boundary adjustment petition may be filed with the Board.

(8) The OWEB Board will consider all boundary-adjustment petitions once a biennium, at the time it considers reauthorizing Small Grant Program funds for the next biennium. The OWEB Board may choose to consider a boundary adjustment upon a valid motion by Board members, without petition by a Small Grant Team or organization that is an eligible Small Grant Team member. However, the OWEB Board will consult with affected Small Grant Teams, and if a Team has not been formed, eligible Team members in the area before considering the boundary

Formatted: Indent: Hanging: 0.48"

Formatted: Bullets and Numbering

Formatted: Normal, Indent: Left: 0", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 2 + Alignment: Left + Aligned at: 0.13" + Tab after: 0.48" + Indent at: 0.48", Tabs: Not at 0.38" + 0.75" + 1.13"

Deleted: 2

Deleted: districts

Deleted: councils

Deleted: ,

Deleted: two

Deleted: members

Deleted: s

Deleted: team

Deleted: 3

Deleted: 4

Deleted: 5

Deleted: 6

adjustment. A decision by the OWEB Board to approve a boundary adjustment will consider one of the following:

(a) The current Small Grant Area boundaries fragment existing watershed restoration partnerships; or

(b) The current Small Grant Area boundaries fragment hydrologically connected areas or ecologically similar landscapes in a way that would make setting local restoration priorities difficult; or

(c) The current Small Grant Area boundaries encompass many different limiting factors for water quality, water quantity, and fish and wildlife habitat. Adjusting boundaries would improve the ability of watershed restoration partners to focus their efforts on the limiting factors with which they have expertise.

(9) Prior to submitting a program grant application to OWEB, the Small Grant Team will adopt the following program elements that will be attached as part of the program grant application:

Deleted: 7

(a) Rules of operation for administration of the Small Grant Team and the Small Grant Program, including:

(A) Rules governing decision-making and membership;

(B) Application processing and project grant agreement procedures;

(C) Designation of a Team contact, and a member with authority to sign project grant agreements on behalf of the Small Grant Team;

Deleted: public

(D) Record keeping;

(E) Processes and criteria for recommending project grant awards;

(F) Processes for evaluating the technical feasibility of projects;

(G) Processes and formats for biennial reporting;

(H) Entities, in addition to watershed councils, soil and water conservation districts, and tribes, designated by the Small Grant Team as being eligible fiscal agents; and

(I) Application acceptance windows.

(b) Priority watershed concerns to be addressed by the Small Grant Team;

(c) A list of project types most likely to effectively address the local watershed concerns adopted by the Small Grant Team. This list must be consistent with the list of eligible project types in OAR 695-035-0050(4). Teams wishing to add project types not on the list need to petition OWEB for their eligibility in their Small Grant Area. The proposed project type needs to demonstrate to the satisfaction of the OWEB Director a clear watershed benefit for the Small Grant Area. It must also be consistent with the Team's adopted priority watershed concerns, and must be referenced to one of the seven approved technical guidance sources listed in OAR 695-035-0030(3).

Deleted: team's

Deleted: six

Deleted: 2

(10) The program elements adopted by the Small Grant Team will be included as an attachment to the program grant application to OWEB from the Small Grant Team. A program grant to a Small Grant Team to administer a Small Grant Program will not be awarded until the Team has adopted the required program elements.

Deleted: 8

(11) In identifying priority watershed concerns, the Small Grant Team will consider current information on the condition of the watershed and its limiting factors to support native fish and to meet water quality standards. The priority watershed concerns should be adopted with

Deleted: 9

reference to documents addressing the limiting factors to: 1) Clean Water Act standards as identified in Total Maximum Daily Load Water Quality Management Plans and in Agricultural Water Quality Management Area Plans; and 2) watershed assessments and action plans, other watershed analyses, the Oregon Forest Practices Act, and soil and water conservation district annual work plans and long-range business plans. Priority watershed concerns and the list of eligible project types adopted by the Small Grant Team will address the source of watershed health problems, and not the effects.

(12) Small Grant Teams may designate members of the Team as a Project Evaluation Committee to evaluate Small Grant Project applications in lieu of the entire Team. If established, this Committee will have equal representation from soil and water conservation district and watershed council Team members. The Team, or if designated, its Committee, will select applications to recommend for funding based on its priority watershed concerns, eligible project types, and the technical merits of the project. The Small Grant Team, or if designated, the Committee, is encouraged to invite technical experts to assist in the evaluation of proposed projects.

(13) Each Small Grant Team will develop application evaluation criteria that will be based on the questions asked in the application, as well as on additional evaluation considerations listed by Teams in their operating procedures. Evaluation criteria will be attached to a Team's operating procedures. Teams will make available to applicants the evaluation criteria along with the Team's list of priority watershed concerns and eligible project types.

(14) Small Grant Teams will establish in their operating procedures the terms by which they receive and act on applications. At a minimum, Teams will establish two-week windows - four times in the State fiscal year (July 1 through June 30)- during which they or their designated committee will receive applications. Teams may also accept applications at any time throughout the State fiscal year. All Teams must act within 30 days of receiving a complete application.

(15) Small Grant Teams will write their own project grant agreements, using an OWEB-provided template. Teams will create one original grant agreement and secure all relevant signatures before forwarding it to OWEB for final signature. In case of discrepancy, the OWEB signed original supersedes all other signed copies. The OWEB Director reserves the discretion to alter this arrangement as necessary.

(16) OWEB has 20 working days after receipt of the application materials to verify that the approved application is consistent with the Team's local priorities and with OWEB's statutes and administrative rules. Upon verification, OWEB will return fully executed copies of the project grant agreement to the Team Contact, listed in the Team Bylaws. OWEB will keep the original project grant agreement on file, and the Team Contact will be responsible for providing copies to all signatories. Signatories to the grant agreement will include the Grantee; Landowner; Team Contact; a representative of OWEB; and a Fiscal Agent for the Grantee, if different from the Grantee. A project grant agreement is not valid until all signatories to the agreement have signed. Project grant agreements must be signed within 90 days of the first signature on the grant agreement, or they will be considered void. Work will not begin on a project until a project grant

Deleted: to
Deleted: 10
Deleted: 11
Deleted: team
Deleted: 12
Deleted: two-week windows throughout the OWEB fiscal year during which they will receive applications. At a maximum, two-week windows will be open 12 times in the OWEB fiscal year, and teams or their designated committee will act upon complete applications within 30 days of their receipt.
Deleted: will be open
Deleted: during
Deleted: OWEB
Deleted:
Deleted: ,
Deleted: and teams
Deleted: act upon complete
Deleted: the close of each application period
Deleted: 13
Deleted: may
Deleted: , or they may forward the approved application and materials to OWEB for processing of the project grant agreement
Deleted: 14
Deleted: these
Deleted: and depending on the grant agreement arrangement made with OWEB,
Deleted: will either send an original project grant agreement, or
Deleted: a
Deleted: ,
Deleted: project manager for the Grantee
Deleted: project grant agreement
Deleted: project manager for the Grantee
Deleted: , depending on the grant agreement arrangement with OWEB,
Deleted: securing signatures and
Deleted: OWEB project
Deleted: a representative of the Small Grant Team

agreement is valid. OWEB will make Small Grant Project award payments directly to the fiscal agent designated in the Small Grant Project agreement.

(17) Project maintenance and effectiveness monitoring are the responsibility of the landowner. OWEB will not pay for either, and applicants may not use any planned post-project maintenance and effectiveness monitoring as match for the OWEB project grant. However, applicants may budget for plant establishment (i.e., weeding and watering of plants over time to improve chances of successful establishment) in the Small Grant Project application, or they may put the amount estimated for plant establishment toward the required 25 percent match. OWEB will pay for no more than two years of post-project plant establishment, or up to $1,000 for two years, which is paid for in the final payment request.

(18) The Small Grant Team will be responsible for providing the Oregon Watershed Enhancement Board and the Soil and Water Conservation Commission with a summary Biennial Report, due no later than 60 days after the close of each OWEB biennium that:

(a) Addresses:

(A) How the Team's funded projects demonstrated clear watershed benefit to aquatic species, wildlife, or watershed health.

(B) Which specific projects met the Team's high-priority watershed concerns that it identified for the biennium (show award amounts for each project).

(C) Which specific projects the Team awarded for other priority watershed concerns (show award amounts for these projects, as well).

(b) Evaluates the effectiveness of the Team's:

(A) External interactions with landowners, applicants, Grantees, project partners, and OWEB Small Grant Program staff (i.e., the challenges that faced the Team with each of these groups and whether the Team was successful at resolving them).

(B) Internal interactions with each other (i.e., the challenges that faced the Team and whether the Team was successful at resolving them).

(c) Attaches the following:

(A) Tracking sheets for recommended and denied applications for the current biennium.

(B) Revised operating procedures, priority watershed concerns, eligible project types for the coming biennium, and application evaluation worksheet, if any.

(19) The OWEB Director may authorize an independent performance audit of any Small Grant Team, and if the Director determines the Team is not complying with the rules of the Small Grant Program, may restrict future Team funds.

(20) Small Grant Teams will retain for a period of five years unsuccessful applications and copies of successful applications, as well as meeting records.

695-035-0030

Small Grant Program Application

(1) A Small Grant applicant may be -, a tribe, watershed council, or soil and water conservation district. These entities may act on behalf of private landowners, not-for-profit

Deleted: 15

Deleted: 500

Deleted: 16

Deleted: report

Deleted: prior to the end

Deleted: how the Team's funded projects

Deleted: Generally

Deleted: Specifically met local priority watershed concerns and Agricultural Water Quality Management Area Plans.

Deleted: team

Deleted: team

Deleted: team

Deleted: team

Deleted: or

Deleted: 17

Deleted: team

Deleted: 18

Deleted: for a period of five years

Formatted: No bullets or numbering, Tabs: 0.38", Left

Deleted: any person

Deleted: ,

institutions, schools, community colleges, state institutions of higher education, independent not-for-profit institutions of higher education, local agencies, state agencies, or federal agencies.

(2) When reviewing applications, Team members will abide by the same conflict of interest standards that apply to Oregon's public officials, as detailed in ORS 244.020.

(3) Small Grant Project applications submitted to the Small Grant Team will include a completed application form provided by OWEB, and will use technical guidance from at least one of the seven sources listed below. Small Grant Project applicants will cite in the application the practice code(s), or the page number and paragraph, for the technical guidance source listed. The Small Grant Team will verify the citation. If technical guidance and standards for a project are not available from one of these sources, the project is not eligible for funding under the Small Grant Program.

(a) The Natural Resources Conservation Service (NRCS) Field Office Technical Guide, and local cost share list.

(b) A Guide to Placing Large Wood in Streams (Oregon Department of Fish and Wildlife and Oregon Department of Forestry, 1995).

(c) The Oregon Road/Stream Crossing Restoration Guide (Oregon Department of Forestry, Spring 1999).

(d) Forest Practices Technical Note No. 4: Fish Passage Guidelines for New and Replacement Stream Crossing Structures (Oregon Department of Forestry, May 10, 2002).

(e) Forest Practices Technical Note No. 5: Determining the 50-Year Peak Flow and Stream Crossing Structure Size for New and Replacement Crossings Structures (Oregon Department of Forestry, May 10, 2002).

(f) The Nonpoint Source Pollution Control Guidebook for Local Government (Oregon Department of Environmental Quality and Oregon Department of Land Conservation and Development, 1994).

(g) Urban Subwatershed Restoration Manual Series #4: Urban Stream Repair Practices (Center for Watershed Protection, November 2004).

(4) Only watershed councils, soil and water conservation districts, tribes, and entities designated as eligible by the Small Grant Team in their operating procedures may serve as fiscal agents for a Small Grant Project.

(5) The application budget is the Small Grant applicant's statement of how OWEB funds will be spent. Should the Small Grant Team approve the application for funding, the Grantee will only be able to bill OWEB for the line items appearing in the OWEB column in the application budget. Changes in line item amounts are permissible, with the exception of Project Management, which may change only with prior approval from OWEB. Grantees wishing to add new line items must also request prior permission from OWEB.

(6) The applicant, landowner, and fiscal agent will sign the application. Teams may write a separate cooperative agreement where multiple landowners are involved. Teams will keep the original cooperative landowner agreement on file, and all signatories, plus OWEB, will be provided copies. Project funds will not be released until OWEB has a signed copy of the cooperative landowner agreement.

Deleted: or

Deleted: political subdivision of this state

Deleted: that is not a state agency

Deleted: . A

Deleted: agency

Deleted: agency

Deleted: may apply for funding under this section only as a co-applicant with one of the other eligible entities

Deleted: ¶

Deleted: 2

Deleted: six

Formatted: Font: Times New Roman, 12 pt

Deleted: 3

Deleted: 4

Deleted: be

Deleted: change either

Deleted: or line item amounts

Deleted: first

Deleted: 5

Deleted: The applicant will sign the application. The landowner, if not the applicant, will sign either the application or a cooperative landowner agreement provided by the team

Deleted: either the landowner's signature on the application or

695-035-0040

Small Grant Program Grants

(1) Prior to the disbursement of any Small Grant Project funds, the Grantee must sign a Small Grant Project agreement containing such terms and conditions as may be deemed necessary by the OWEB Director to ensure that the expected benefits of the project are realized, and that applicable legal requirements and any special conditions of the Board with regard to particular grants are met.

(2) Each Small Grant Project awarded will be limited to a maximum of $10,000 per project, per landowner, per OWEB fiscal year, including technical assistance and fiscal administrative expenses.

(3) The Board will only enter into new Small Grant project agreements with a grantee once that grantee has addressed to OWEB's satisfaction all expired Small Grants with outstanding advances and all active Small Grants with outstanding advances.

(4) Fiscal administrative expenses included in each Small Grant Project may not exceed ten percent of the OWEB grant amount for direct project costs. However, project grants for a total of $2,000 or less may include fiscal administrative expenses up to $200, not to exceed the total amount awarded.

(5) A change in fiscal agent requires an amendment to the original grant agreement, and must be requested in writing of the OWEB Small Grant Program.

(6) Travel expenses directly related to project implementation are eligible for funding under the Small Grant Program, subject to OWEB review and approval. Travel expenses will be reimbursed only in accordance with rates approved by the Department of Administrative Services and which are in effect at the time the expense was incurred. The Grantee must identify the reason or purpose for all travel expense reimbursement requests. No mileage reimbursement will be paid for the use of motorcycles or mopeds. The Small Grant Program will not reimburse for meals, lodging, or out-of-state travel.

(7) Equipment purchases directly related to project implementation are eligible for funding under the Small Grant Program, subject to OWEB review and approval. However, OWEB discourages the use of limited Small Grant Project funds on equipment purchases, and instead encourages Teams to work with applicants to obtain equipment through other means, such as borrowing or renting. Following project completion, equipment purchased with OWEB funds will reside with any of the following: watershed council, soil and water conservation district, tribe, local government, or a school district. These entities will make the equipment available to each other at no cost, other than nominal maintenance costs.

(8) Small Grant Project award recipients must provide evidence of at least 25 percent secured match for the Small Grant Project award prior to disbursement of grant funds by including a signature of commitment from the entity(ies) providing match on the OWEB Secured Match Form. Match must be current and specific to the Small Grant Project. The same match may not

Formatted: Bullets and Numbering

Formatted: Font: Not Italic, Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Deleted: 3

Deleted: 10

Formatted: Bullets and Numbering

Deleted: 5

Deleted: 6

be used for multi-phased projects, unless it is divided among the phases. Applicants may attach the completed match form to their application or they may submit the form with their first grant award payment request. Disbursement of the final grant award payment requires evidence of actual match contributed, shown on the Actual Match Form. Match may include labor, volunteer time, technical assistance, materials or services provided, donated property, or cash. OWEB funding may not be used as match for a Small Grant Project funded by OWEB.

(9) All Small Grant Projects will be completed within 24 months from the date of Team approval of the application. No project completion extensions beyond 24 months will be allowed.

(10) Upon project completion, the Grantee will provide OWEB and the Small Grant Team with a copy of the Project Completion Report and color photographs with captions. Final project accounting and reporting are due no later than 60 days following the project completion date.

(11) The following standards will be applied to each Small Grant Project payment:

(a) OWEB will not pay for activities that were not covered under the project grant agreement, or did not receive prior approval from OWEB per OAR 695-035-0030(5).

(b) Each Small Grant award will be disbursed in no more than two payments.

(c) The Board will retain ten percent of project funds until the final report, as required in the grant agreement, has been approved.

(d) The first payment may consist either of an advance of up to 60 percent of the Small Grant award upon presentation of a detailed estimate of expenses for a specified time period, or of a reimbursement of expenses to date upon presentation of receipts and invoices.

(e) No funds will be released until evidence is submitted to OWEB that all required permits and licenses for the project have been granted.

(f) Receipts for the full advance amount are due within 120 days of the date OWEB issues the advance check.

(g) The second and final payment will not be disbursed until OWEB receives from the Grantee through the designated fiscal agent:

(A) Receipts and invoices for expenditures of previous fund releases, and receipts and invoices supporting the new fund release request;

(B) A spreadsheet documenting all project expenses;

(C) A completed Actual Match Form, showing all project match, which must total at least 25 percent of the amount of OWEB funds actually spent on the Small Grant Project;

(D) A satisfactory Project Completion Report and color photographs with captions of the project site; and

(E) A current Oregon Watershed Restoration Reporting Form, showing among other things, evidence of actual match contributed.

(12) Two years following receipt by OWEB of the project completion report, the individual designated in the project application will provide OWEB and the local Small Grant Team with a Year-Two Status Report. Applicants may budget for this as an expense to OWEB in the

Deleted: 7
Deleted: team
Deleted: 8
Deleted: 9
Formatted: Tabs: 0.75", Left
Formatted: Not Highlight
Formatted: Indent: Left: 0.38", Tabs: Not at 1.13"
Formatted: Bullets and Numbering
Deleted:
Deleted: b
Deleted: c
Deleted: may
Deleted: submission of
Formatted: Indent: Left: 0.38", No bullets or numbering, Tabs: 0.75", Left
Deleted: d
Deleted: ,
Deleted: ,
Deleted: ,
Deleted: ,
Deleted: with
Deleted: ,
Deleted: 10
Deleted: in the
Deleted:

application (not to exceed $200), or they may put the amount toward the required 25 percent match funds by showing the amount in the cost share column.

Deleted: choosing not to budget for it in the OWEB application

695-035-0050

Eligible Small Grant Projects

(1) The Small Grant Program will fund only those projects that:

(a) Demonstrate in the Small Grant Project application a clear watershed benefit to aquatic species, wildlife, or watershed health.

(b) Are consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.

(c) Adhere to OWEB administrative rules, OAR 695-005-0010 – 695-005-0060 and 695-050-0010 – 695-050-0050.

Deleted: -

Deleted: -

(d) Meet the definition of "capital expenditure" under ORS 541.351(4).

(e) Are implemented in a manner consistent with the Oregon Aquatic Habitat Restoration and Enhancement Guide.

(f) Use and clearly identify in the small grant application technical guidance from at least one of the seven approved sources in OAR 695-035-0030(3), and cite in the application the practice code(s), or the page number and paragraph, for the technical guidance source listed.

Deleted: six

Deleted: 2

(2) Small Grant Projects to be completed in phases on the same property are eligible for Small Grant Project funding, provided only one phase is submitted for funding consideration per OWEB fiscal year, and provided all phases occur at different locations on the property. In general, OWEB encourages multi-phased project applications to be submitted through the OWEB Regular Grant Program.

(3) Teams must select from the following list when identifying priority watershed concerns for their Small Grant Area:

(a) Instream Process and Function
(b) Fish Passage
(c) Urban Impact Reduction
(d) Riparian Process and Function
(e) Wetland Process and Function
(f) Upland Process and Function
(g) Water Quantity/Irrigation Efficiency
(h) Road Impact Reduction

(4) The following project types are eligible for funding. Teams are encouraged to be strategic in identifying eligible project types in an effort to better support salmon recovery objectives and Agricultural Water Quality Management Area Plans. Teams may petition OWEB to allow project types not appearing on the list, as described in OAR 695-035-0020(9)(c).

(a) Instream Process and Function

(A) Improve Instream Habitat: place large wood, boulders, or salmon carcasses

(B) Manage Erosion: bioengineer stream banks, slope stream banks, or develop water gaps, streambank barbs

(C) Eradicate Exotic Aquatic Species

(b) Fish Passage

(A) Remove Irrigation or Push-Up Dams: install alternatives (e.g., infiltration galleries, point-of-diversion transfers) or convert from gravity diversion to pumps

(B) Remove and/or Replace Culverts (as a condition of funding, such projects require ODFW or ODF technical review and approval, using a standard OWEB form; and for culverts under state roads, a 50 percent ODOT match)

(C) Remove or Replace Stream Crossings (as a condition of funding, such projects require ODFW or ODF technical review and approval, using a standard OWEB form)

(c) Urban Impact Reduction

(A) Install Stormwater Runoff Treatments (e.g., create bioswales, pervious surfaces, native plant buffers, green roofs)

(B) Create Off-Channel Flood Storage

(C) Employ Integrated Pest Management

(d) Riparian Process and Function

(A) Manage Nutrient and Sediment Inputs through managed grazing (e.g., fencing and developing off-channel watering) and plantings

(B) Manage Vegetation: plant or seed native riparian species, propagate native riparian plants, or control weeds in conjunction with a restoration project

(C) Employ Integrated Pest Management

(e) Wetland Process and Function

(A) Manage Nutrient and Sediment Inputs: fence out livestock or develop alternative watering sites

(B) Manage Vegetation: control weeds (in conjunction with a restoration project), or plant native wetland species

(C) Restore Wetlands: excavate or remove fill, or eliminate drainage structures

(D) Employ Integrated Pest Management

(f) Upland Process and Function

(A) Manage Erosion on Agricultural Lands: terrace land; employ laser leveling; create windbreaks; install water and sediment control basins (WASCBs); develop filter strips/grassed waterways; manage mud (e.g., gravel high-use areas, develop paddocks); seed bare areas (OWEB may require a grazing management plan, if appropriate, prior to release of funds. For post-fire areas, seed only where natural regeneration is unlikely — e.g., on slopes of 30 percent or more — or where it can be demonstrated that seeding would retard or prevent the spread of noxious weeds); or reduce tillage. (B) Manage Nutrient and Sediment Inputs to Streams through the management of grazing, vegetation cover, animal waste, or irrigation runoff. (C) Manage Vegetation: prescribed burning, except as a means for reducing fuel loads; non-commercial thinning; control/remove juniper (except late-seral/old growth); plant or seed (native upland species or native beneficial mixes preferred); or control weeds (in conjunction with a restoration project)

(D) Employ Integrated Pest Management

(g) Water Quantity/Irrigation Efficiency

(A) Recharge Groundwater: roof water harvesting

Deleted: W

Deleted: : fence out livestock, develop off-channel watering (in combination with fencing riparian area), or redirect effluent

Deleted: ,

Deleted: ;

Deleted: ¶

Deleted: : redirect effluent; cover manure storage areas where not required by permit, order, or enforcement action; or develop off-channel watering sites (e.g., develop springs, install water pumps, install wells)¶

Deleted: reduce fuel loads (e.g.,

Deleted:),

Deleted: ,

Deleted: (

Deleted: ,

(B) Implement Irrigation Practices (e.g., pipe existing ditch, install drip or sprinkler systems, install automated soil moisture sensors where water and electrical savings can be documented, or recover or eliminate tail water). Such projects must either not adversely impact the current level of groundwater in a Groundwater Management Area, or must measurably reduce the diversion of water at the point of diversion. As a condition of funding, irrigation efficiency projects require local watermaster technical review and approval, using a standard OWEB form.

(h) Private Road Impact Reduction

(A) Decommission Roads

(B) Improve Surface Drainage: surface road drainage improvements, gravel surfacing, stream crossings

Deleted: that result in decreased water use and in any of the following: measurable increased instream flow, increased groundwater level, or improved water quality

Formatted: Not Highlight

Formatted: Not Highlight

Deleted: (e.g., pipe existing ditch, install drip or sprinkler systems, install automated soil moisture monitors, or recover or eliminate tail water)

695-035-0060

Ineligible Small Grant Projects

(1) The Small Grant Program will not fund projects that:

(a) Do not demonstrate a clear watershed benefit to aquatic species, wildlife, or watershed health.

(b) Are not consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.

(c) Do not adhere to OWEB administrative rules: OAR 695-005-0010 − 695-005-0060, 695-035-0010 − 695-035-0070, and 695-050-0010 − 695-050-0050.

(d) Do not meet the definition of "capital expenditure" under ORS 541.351(4).

(e) Do not use and clearly identify in the small grant application technical guidance and standards from one of the seven approved sources listed in OAR 695-035-0030(3).

(f) Are at the same location as, and are identical to, projects that have already been funded, are currently being funded, or are currently being considered for funding through either the Small Grant Program or the OWEB Regular Grant Program.

Deleted: six

Deleted: 2

(2) The following project types are ineligible for funding through the Small Grant Program:

(a) Project planning and design not done in conjunction with the implementation of funded restoration or enhancement activities.

(b) Routine maintenance.

(c) Trash removal.

(d) Fish screens and trash racks.

(e) Tide gate removal, replacement, or installation.

(f) Constructed stream bank armoring.

(g) Development of off-channel watering systems not done in conjunction with fencing a riparian area or managing nutrient and sediment inputs in upland areas.

(h) Pond cleaning and pond creation (does not include off-channel watering systems and pump-back systems).

(i) Residential landscaping not done in conjunction with the implementation of funded riparian restoration or enhancement activities.

(j) Weed control not done in conjunction with the implementation of funded restoration or enhancement activities.

(k) Upland water guzzlers for the purpose of wildlife management.

Deleted: .

(l) Projects required as a condition of a local, state, or federal permit, order, or enforcement action (e.g., mitigation projects, manure storage and management projects that are required by a permit from ODA).

(m) Irrigation practices that - adversely impact the current level of groundwater in a Groundwater Management Area, or do not measurably reduce the diversion of water at the point of diversion.

(n) Irrigation water conservation projects that propose any of the following activities:

(A) Irrigation system maintenance or renovation of existing pipe.

(B) Restoring a system that has deteriorated due to lack of maintenance and/or inadequate design.

(C) Portable pipe (does not include gated pipe) or ditch cleaning.

(D) Electrical costs resulting from conversion to pump from flood irrigation.

(o) Western juniper management that involves the removal of late-seral/old growth juniper.

(p) Reforestation or tree planting on lands intended for commercial harvest.

(q) Prescribed burning as a means of reducing fuel loads.

(r) Commercial and pre-commercial thinning.

Deleted: (l) .¶

Deleted: m

Deleted: n

Deleted: do not result in decreased water use and any of the following: measurable increased instream flow, increased groundwater level, or improved water quality

Deleted: .

Deleted: o

Deleted: p

Deleted: q

Deleted: r

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Deleted: .

695-035-0070

Periodic Review and Evaluation of the Small Grant Program

Once a biennium, and in consultation with representatives of the Soil and Water Conservation Commission, tribes, and Small Grant Teams, OWEB will review annual reports submitted by Small Grant Teams and evaluate the need for program improvements and administrative rule changes.

Attachment D

Oregon Watershed Enhancement Board

RULES GOVERNING GRANT AWARDS FOR THE SMALL GRANT PROGRAM

PROPOSED RULE CHANGES

ADMINISTRATIVE RULES ESTABLISHING A SMALL GRANT PROGRAM

DIVISION 35
SMALL GRANT PROGRAM

695-035-0010
Small Grant Program

(1) The Oregon Watershed Enhancement Board (OWEB) may provide funding for a locally administered Small Grant Program from its Watershed Improvement Grant Fund. Funds may be allocated for the Small Grant Program in amounts and at times decided by the Board.

(2) The goals of the Small Grant Program are to:
- (a) Support implementation of the Oregon Plan for Salmon and Watersheds.
- (b) Support projects designed to improve water quality, water quantity, and fish and wildlife habitat. Such projects include, but are not limited to, those developed to address Total Maximum Daily Loads (TMDLs), Agricultural Water Quality Management Area Plans, urban nonpoint source pollution management plans, and the Board of Forestry's Forestry Program for Oregon.
- (c) Make funds available to local Small Grant Teams to address local priority resource concerns, habitat values, and watershed functions.
- (d) Encourage landowner participation in watershed improvement by making funds available more quickly than is possible through OWEB's Regular Grant Program.
- (e) Treat the source of watershed health problems through technically sound projects that use proven techniques from one of the seven approved sources listed in OAR 695-035-0030(3), and that demonstrate benefits to aquatic species, wildlife, or watershed health across all land uses.
- (f) Encourage partnerships among watershed councils, soil and water conservation districts (SWCDs), and tribes.

695-035-0015
Definitions

(1) "Small Grant" is a grant of $10,000 or less for an eligible watershed restoration project awarded by OWEB on the recommendation of a Small Grant Team.

(2) “Small Grant Team” (Team) is composed of representatives of watershed councils, soil and water conservation districts, and tribes formed in each Small Grant Area to recommend funding for watershed restoration projects.

(3) “Small Grant Area” is a geographic area established by the OWEB Board based upon hydrologic boundaries, existing watershed restoration partnerships, and similarities in resource concerns.

(4) “Program Grant” is a grant from OWEB to a Small Grant Team to recommend as eligible Small Grants of up to $10,000 within the Small Grant Area.

(5) “Program Grant Agreement” is a grant agreement between OWEB and a Small Grant Team regarding the allocation of Small Grant funds within a Small Grant Area by the Small Grant Team using OWEB funds.

(6) “Project Evaluation Committee” (Committee) is a group of Small Grant Team members designated by vote of the Team to evaluate Small Grant Project applications received and to make Small Grant Project award recommendations based upon the Team’s adopted priority watershed concerns and eligible project types. A Team may by unanimous vote decide not to designate a Committee.

(7) “Program Administration” refers to all efforts made by Teams or individual team members on behalf of applicants or the Small Grant Team prior to a project grant award recommendation. No program administration costs may be included in Small Grant project grant awards.

(8) The “Small Grant Fiscal Agent” is responsible for managing all expenses associated with a Small Grant Project and for reporting those expenses to OWEB in a manner consistent with OWEB fiscal reporting standards. Fiscal Agents will be councils, districts, tribes, or entities designated as eligible by the Small Grant Team in their operating procedures. A Small Grant project’s eligible fiscal agent will be identified on the Small Grant Project application and in the OWEB Small Grant Project grant agreement.

(9) “Project Manager for the Grantee” is the individual (typically, but not necessarily, the grantee) who will shepherd the project from start to finish. This person will serve as the Team’s and OWEB’s main point of contact for a project.

(10) “Team Contact” is OWEB’s main point of contact for the Small Grant Team, and is also the person authorized by the Team to sign OWEB Small Grant agreements.

695-035-0020

Small Grant Program Administered by Small Grant Teams

(1) The OWEB Board may award program grants to eligible Small Grant Teams to enable the Teams to administer a Small Grant Program within a Small Grant Area. A Small Grant Team must submit a program grant application to OWEB on a designated form at times designated by the OWEB Board to be eligible to receive a program grant to administer a Small Grant program.

(2) Small Grant Program funds not used in one biennium may not be carried over by the Small Grant Team to the next biennium unless otherwise determined by the Board.

(3) The Board will only enter into new Small Grant Team agreements once Teams have submitted on a standard OWEB form, and to OWEB's satisfaction, the revised Team bylaws for the coming biennium, a revised list of the Team's priority watershed concerns and eligible project types, a revised Application Evaluation Worksheet, and all Year-Two Status Reports due in the previous biennium.

(4) Small Grant Teams will invite in writing each soil and water conservation district (SWCD) and watershed council located partially or entirely within the Small Grant Area, and each tribe with reservation, tribal, aboriginal, or ceded lands, or usual and accustom sites located partially or entirely within the Small Grant Area to appoint one representative to a Small Grant Team. Participation on a Team is voluntary. A Small Grant Team must have at least one actively participating watershed council representative and one soil and water conservation district representative to be eligible to allocate Small Grant funds. Each eligible Team may receive a program grant from OWEB to allocate Small Grant Project awards of up to $10,000 for eligible watershed restoration projects consistent with local priority watershed concerns and eligible project types adopted by the Team.

(5) Members of each Small Grant Team are encouraged to invite individuals with expertise in a watershed restoration discipline or other watershed restoration interests to consult with the Team on its priorities, program elements, and recommendations for project grant awards.

(6) The OWEB Board will establish Small Grant Areas for the Small Grant Program. The boundaries of the Small Grant Areas will be drawn based upon hydrologic boundaries, existing watershed restoration partnerships, and similarities in resource concerns. Only one Small Grant Team may administer a Small Grant Program in each Small Grant Area. A copy of the Small Grant Area map is available upon request from OWEB and can also be viewed on the OWEB website.

(7) A Small Grant Team may petition the OWEB Board to adjust the boundaries of Small Grant Areas. If a Team has not been formed in a Small Grant Area, an organization eligible to appoint a member to a Small Grant Team may petition the Board to adjust the boundaries of Small Grant Areas. Written approval from all Small Grant Teams affected, or if a Small Grant Team has not been formed, all entities eligible to appoint a member to the Small Grant Team in that area, is required before a boundary adjustment petition may be filed with the Board.

(8) The OWEB Board will consider all boundary-adjustment petitions once a biennium at the time it considers reauthorizing Small Grant Program funds for the next biennium. The OWEB Board may choose to consider a boundary adjustment upon a valid motion by Board members, without petition by a Small Grant Team or organization that is an eligible Small Grant Team member. However, the OWEB Board will consult with affected Small Grant Teams, and if a Team has not been formed, eligible Team members in the area before considering the boundary

adjustment. A decision by the OWEB Board to approve a boundary adjustment will consider one of the following:

(a) The current Small Grant Area boundaries fragment existing watershed restoration partnerships; or

(b) The current Small Grant Area boundaries fragment hydrologically connected areas or ecologically similar landscapes in a way that would make setting local restoration priorities difficult; or

(c) The current Small Grant Area boundaries encompass many different limiting factors for water quality, water quantity, and fish and wildlife habitat. Adjusting boundaries would improve the ability of watershed restoration partners to focus their efforts on the limiting factors with which they have expertise.

(9) Prior to submitting a program grant application to OWEB, the Small Grant Team will adopt the following program elements that will be attached as part of the program grant application:

(a) Rules of operation for administration of the Small Grant Team and the Small Grant Program, including:

(A) Rules governing decision-making and membership;

(B) Application processing and project grant agreement procedures;

(C) Designation of a Team contact, and a member with authority to sign project grant agreements on behalf of the Small Grant Team;

(D) Record keeping;

(E) Processes and criteria for recommending project grant awards;

(F) Processes for evaluating the technical feasibility of projects;

(G) Processes and formats for biennial reporting;

(H) Entities, in addition to watershed councils, soil and water conservation districts, and tribes, designated by the Small Grant Team as being eligible fiscal agents; and

(I) Application acceptance windows.

(b) Priority watershed concerns to be addressed by the Small Grant Team;

(c) A list of project types most likely to effectively address the local watershed concerns adopted by the Small Grant Team. This list must be consistent with the list of eligible project types in OAR 695-035-0050(4). Teams wishing to add project types not on the list need to petition OWEB for their eligibility in their Small Grant Area. The proposed project type needs to demonstrate to the satisfaction of the OWEB Director a clear watershed benefit for the Small Grant Area. It must also be consistent with the Team's adopted priority watershed concerns, and must be referenced to one of the seven approved technical guidance sources listed in OAR 695-035-0030(3).

(10) The program elements adopted by the Small Grant Team will be included as an attachment to the program grant application to OWEB from the Small Grant Team. A program grant to a Small Grant Team to administer a Small Grant Program will not be awarded until the Team has adopted the required program elements.

(11) In identifying priority watershed concerns, the Small Grant Team will consider current information on the condition of the watershed and its limiting factors to support native fish and to meet water quality standards. The priority watershed concerns should be adopted with

reference to documents addressing the limiting factors to: 1) Clean Water Act standards as identified in Total Maximum Daily Load Water Quality Management Plans and in Agricultural Water Quality Management Area Plans; and 2) watershed assessments and action plans, other watershed analyses, the Oregon Forest Practices Act, and soil and water conservation district annual work plans and long-range business plans. Priority watershed concerns and the list of eligible project types adopted by the Small Grant Team will address the source of watershed health problems, and not the effects.

(12) Small Grant Teams may designate members of the Team as a Project Evaluation Committee to evaluate Small Grant Project applications in lieu of the entire Team. If established, this Committee will have equal representation from soil and water conservation district and watershed council Team members. The Team, or if designated, its Committee, will select applications to recommend for funding based on its priority watershed concerns, eligible project types, and the technical merits of the project. The Small Grant Team, or if designated, the Committee, is encouraged to invite technical experts to assist in the evaluation of proposed projects.

(13) Each Small Grant Team will develop application evaluation criteria that will be based on the questions asked in the application, as well as on additional evaluation considerations listed by Teams in their operating procedures. Evaluation criteria will be attached to a Team's operating procedures. Teams will make available to applicants the evaluation criteria along with the Team's list of priority watershed concerns and eligible project types.

(14) Small Grant Teams will establish in their operating procedures the terms by which they receive and act on applications. At a minimum, Teams will establish two-week windows four times in the State fiscal year (July 1 through June 30) during which they or their designated committee will receive applications. Teams may also accept applications at any time throughout the State fiscal year. All Teams must act within 30 days of receiving a complete application.

(15) Small Grant Teams will write their own project grant agreements, using an OWEB-provided template. Teams will create one original grant agreement and secure all relevant signatures before forwarding it to OWEB for final signature. In case of discrepancy, the OWEB signed original supersedes all other signed copies. The OWEB Director reserves the discretion to alter this arrangement as necessary.

(16) OWEB has 20 working days after receipt of the application materials to verify that the approved application is consistent with the Team's local priorities and with OWEB's statutes and administrative rules. Upon verification, OWEB will return fully executed copies of the project grant agreement to the Team Contact, listed in the Team Bylaws. OWEB will keep the original project grant agreement on file, and the Team Contact will be responsible for providing copies to all signatories. Signatories to the grant agreement will include the Grantee; Landowner; Team Contact; a representative of OWEB; and a Fiscal Agent for the Grantee, if different from the Grantee. A project grant agreement is not valid until all signatories to the agreement have signed. Project grant agreements must be signed within 90 days of the first signature on the grant agreement, or they will be considered void. Work will not begin on a project until a project grant

agreement is valid. OWEB will make Small Grant Project award payments directly to the fiscal agent designated in the Small Grant Project agreement.

(17) Project maintenance and effectiveness monitoring are the responsibility of the landowner. OWEB will not pay for either, and applicants may not use any planned post-project maintenance and effectiveness monitoring as match for the OWEB project grant. However, applicants may budget for plant establishment (i.e., weeding and watering of plants over time to improve chances of successful establishment) in the Small Grant Project application, or they may put the amount estimated for plant establishment toward the required 25 percent match. OWEB will pay for no more than two years of post-project plant establishment, or up to $1,000 for two years, which is paid for in the final payment request.

(18) The Small Grant Team will be responsible for providing the Oregon Watershed Enhancement Board and the Soil and Water Conservation Commission with a summary Biennial Report, due no later than 60 days after the close of each OWEB biennium that:

- (a) Addresses:
  - (A) How the Team's funded projects demonstrated clear watershed benefit to aquatic species, wildlife, or watershed health.
  - (B) Which specific projects met the Team's high-priority watershed concerns that it identified for the biennium (show award amounts for each project).
  - (C) Which specific projects the Team awarded for other priority watershed concerns (show award amounts for these projects, as well).
- (b) Evaluates the effectiveness of the Team's:
  - (A) External interactions with landowners, applicants, Grantees, project partners, and OWEB Small Grant Program staff (i.e., the challenges that faced the Team with each of these groups and whether the Team was successful at resolving them).
  - (B) Internal interactions with each other (i.e., the challenges that faced the Team and whether the Team was successful at resolving them).
- (c) Attaches the following:
  - (A) Tracking sheets for recommended and denied applications for the current biennium.
  - (B) Revised operating procedures, priority watershed concerns, eligible project types for the coming biennium, and application evaluation worksheet, if any.

(19) The OWEB Director may authorize an independent performance audit of any Small Grant Team, and if the Director determines the Team is not complying with the rules of the Small Grant Program, may restrict future Team funds.

(20) Small Grant Teams will retain for a period of five years unsuccessful applications and copies of successful applications, as well as meeting records.

695-035-0030

Small Grant Program Application

(1) A Small Grant applicant may be a tribe, watershed council, or soil and water conservation district. These entities may act on behalf of private landowners, not-for-profit institutions,

schools, community colleges, state institutions of higher education, independent not-for-profit institutions of higher education, local agencies, state agencies, or federal agencies.

(2) When reviewing applications, Team members will abide by the same conflict of interest standards that apply to Oregon's public officials, as detailed in ORS 244.020.

(3) Small Grant Project applications submitted to the Small Grant Team will include a completed application form provided by OWEB, and will use technical guidance from at least one of the seven sources listed below. Small Grant Project applicants will cite in the application the practice code(s), or the page number and paragraph, for the technical guidance source listed. The Small Grant Team will verify the citation. If technical guidance and standards for a project are not available from one of these sources, the project is not eligible for funding under the Small Grant Program.

(a) The Natural Resources Conservation Service (NRCS) Field Office Technical Guide, and local cost share list.
(b) A Guide to Placing Large Wood in Streams (Oregon Department of Fish and Wildlife and Oregon Department of Forestry, 1995).
(c) The Oregon Road/Stream Crossing Restoration Guide (Oregon Department of Forestry, Spring 1999).
(d) Forest Practices Technical Note No. 4: Fish Passage Guidelines for New and Replacement Stream Crossing Structures (Oregon Department of Forestry, May 10, 2002).
(e) Forest Practices Technical Note No. 5: Determining the 50-Year Peak Flow and Stream Crossing Structure Size for New and Replacement Crossings Structures (Oregon Department of Forestry, May 10, 2002).
(f) The Nonpoint Source Pollution Control Guidebook for Local Government (Oregon Department of Environmental Quality and Oregon Department of Land Conservation and Development, 1994).
(g) Urban Subwatershed Restoration Manual Series #4: Urban Stream Repair Practices (Center for Watershed Protection, November 2004).

(4) Only watershed councils, soil and water conservation districts, tribes, and entities designated as eligible by the Small Grant Team in their operating procedures may serve as fiscal agents for a Small Grant Project.

(5) The application budget is the Small Grant applicant's statement of how OWEB funds will be spent. Should the Small Grant Team approve the application for funding, the Grantee will only be able to bill OWEB for the line items appearing in the OWEB column in the application budget. Changes in line item amounts are permissible, with the exception of Project Management, which may change only with prior approval from OWEB. Grantees wishing to add new line items must also request prior permission from OWEB.

(6) The applicant, landowner, and fiscal agent will sign the application. Teams may write a separate cooperative agreement where multiple landowners are involved. Teams will keep the original cooperative landowner agreement on file, and all signatories, plus OWEB, will be

provided copies. Project funds will not be released until OWEB has a signed copy of the cooperative landowner agreement.

695-035-0040
Small Grant Program Grants
(1) Prior to the disbursement of any Small Grant Project funds, the Grantee must sign a Small Grant Project agreement containing such terms and conditions as may be deemed necessary by the OWEB Director to ensure that the expected benefits of the project are realized, and that applicable legal requirements and any special conditions of the Board with regard to particular grants are met.

(2) Each Small Grant Project awarded will be limited to a maximum of $10,000 per project, per landowner, per OWEB fiscal year, including technical assistance and fiscal administrative expenses.

(3) The Board will only enter into new Small Grant project agreements with a grantee once that grantee has addressed to OWEB's satisfaction all active Small Grants with outstanding advances and all expired Small Grants with outstanding advances.

(4) Fiscal administrative expenses included in each Small Grant Project may not exceed ten percent of the OWEB grant amount for direct project costs. However, project grants for a total of $2,000 or less may include fiscal administrative expenses up to $200, not to exceed the total amount awarded.

(5) A change in fiscal agent requires an amendment to the original grant agreement, and must be requested in writing of the OWEB Small Grant Program.

(6) Travel expenses directly related to project implementation are eligible for funding under the Small Grant Program, subject to OWEB review and approval. Travel expenses will be reimbursed only in accordance with rates approved by the Department of Administrative Services and which are in effect at the time the expense was incurred. The Grantee must identify the reason or purpose for all travel expense reimbursement requests. No mileage reimbursement will be paid for the use of motorcycles or mopeds. The Small Grant Program will not reimburse for meals, lodging, or out-of-state travel.

(7) Equipment purchases directly related to project implementation are eligible for funding under the Small Grant Program, subject to OWEB review and approval. However, OWEB discourages the use of limited Small Grant Project funds on equipment purchases, and instead encourages Teams to work with applicants to obtain equipment through other means, such as borrowing or renting. Following project completion, equipment purchased with OWEB funds will reside with any of the following: watershed council, soil and water conservation district, tribe, local government, or a school district. These entities will make the equipment available to each other at no cost, other than nominal maintenance costs.

(8) Small Grant Project award recipients must provide evidence of at least 25 percent secured match for the Small Grant Project award prior to disbursement of grant funds by including a

signature of commitment from the entity(ies) providing match on the OWEB Secured Match Form. Match must be current and specific to the Small Grant Project. The same match may not be used for multi-phased projects, unless it is divided among the phases. Applicants may attach the completed match form to their application or they may submit the form with their first grant award payment request. Disbursement of the final grant award payment requires evidence of actual match contributed, shown on the Actual Match Form. Match may include labor, volunteer time, technical assistance, materials or services provided, donated property, or cash. OWEB funding may not be used as match for a Small Grant Project funded by OWEB.

(9) All Small Grant Projects will be completed within 24 months from the date of Team approval of the application. No project completion extensions beyond 24 months will be allowed.

(10) Upon project completion, the Grantee will provide OWEB and the Small Grant Team with a copy of the Project Completion Report and color photographs with captions. Final project accounting and reporting are due no later than 60 days following the project completion date.

(11) The following standards will be applied to each Small Grant Project payment:
- (a) OWEB will not pay for activities that were not covered under the project grant agreement, or did not receive prior approval from OWEB per OAR 695-035-0030(5).
- (b) Each Small Grant award will be disbursed in no more than two payments.
- (c) The Board will retain ten percent of project funds until the final report, as required in the grant agreement, has been approved.
- (d) The first payment may consist either of an advance of up to 60 percent of the Small Grant award upon presentation of a detailed estimate of expenses for a specified time period, or of a reimbursement of expenses to date upon presentation of receipts and invoices.
- (e) No funds will be released until evidence is submitted to OWEB that all required permits and licenses for the project have been granted.
- (f) Receipts for the full advance amount are due within 120 days of the date OWEB issues the advance check.
- (g) The second and final payment will not be disbursed until OWEB receives from the Grantee through the designated fiscal agent:
  - (A) Receipts and invoices for expenditures of previous fund releases, and receipts and invoices supporting the new fund release request;
  - (B) A spreadsheet documenting all project expenses;
  - (C) A completed Actual Match Form, showing all project match, which must total at least 25 percent of the amount of OWEB funds actually spent on the Small Grant Project;
  - (D) A satisfactory Project Completion Report and color photographs with captions of the project site; and
  - (E) A current Oregon Watershed Restoration Reporting Form, showing among other things, evidence of actual match contributed.

(12) Two years following receipt by OWEB of the project completion report, the individual designated in the project application will provide OWEB and the local Small Grant Team with a

Year-Two Status Report. Applicants may budget for this as an expense to OWEB in the application (not to exceed $200), or they may put the amount toward the required 25 percent match funds by showing the amount in the cost share column.

695-035-0050

Eligible Small Grant Projects

(1) The Small Grant Program will fund only those projects that:

- (a) Demonstrate in the Small Grant Project application a clear watershed benefit to aquatic species, wildlife, or watershed health.
- (b) Are consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.
- (c) Adhere to OWEB administrative rules, OAR 695-005-0010 − 695-005-0060 and 695-050-0010 − 695-050-0050.
- (d) Meet the definition of "capital expenditure" under ORS 541.351(4).
- (e) Are implemented in a manner consistent with the Oregon Aquatic Habitat Restoration and Enhancement Guide.
- (f) Use and clearly identify in the small grant application technical guidance from at least one of the seven approved sources in OAR 695-035-0030(3), and cite in the application the practice code(s), or the page number and paragraph, for the technical guidance source listed.

(2) Small Grant Projects to be completed in phases on the same property are eligible for Small Grant Project funding, provided only one phase is submitted for funding consideration per OWEB fiscal year, and provided all phases occur at different locations on the property. In general, OWEB encourages multi-phased project applications to be submitted through the OWEB Regular Grant Program.

(3) Teams must select from the following list when identifying priority watershed concerns for their Small Grant Area:

- (a) Instream Process and Function
- (b) Fish Passage
- (c) Urban Impact Reduction
- (d) Riparian Process and Function
- (e) Wetland Process and Function
- (f) Upland Process and Function
- (g) Water Quantity/Irrigation Efficiency
- (h) Road Impact Reduction

(4) The following project types are eligible for funding. Teams are encouraged to be strategic in identifying eligible project types in an effort to better support salmon recovery objectives and Agricultural Water Quality Management Area Plans. Teams may petition OWEB to allow project types not appearing on the list, as described in OAR 695-035-0020(9)(c).

(a) Instream Process and Function

- (A) Improve Instream Habitat: place large wood, boulders, or salmon carcasses
- (B) Manage Erosion: bioengineer stream banks, slope stream banks, or develop water gaps, streambank barbs

(C) Eradicate Exotic Aquatic Species

(b) Fish Passage
  (A) Remove Irrigation or Push-Up Dams: install alternatives (e.g., infiltration galleries, point-of-diversion transfers) or convert from gravity diversion to pumps
  (B) Remove and/or Replace Culverts (as a condition of funding, such projects require ODFW or ODF technical review and approval, using a standard OWEB form; and for culverts under state roads, a 50 percent ODOT match)
  (C) Remove or Replace Stream Crossings (as a condition of funding, such projects require ODFW or ODF technical review and approval, using a standard OWEB form)

(c) Urban Impact Reduction
  (A) Install Stormwater Runoff Treatments (e.g., create bioswales, pervious surfaces, native plant buffers, green roofs)
  (B) Create Off-Channel Flood Storage
  (C) Employ Integrated Pest Management

(d) Riparian Process and Function
  (A) Manage Nutrient and Sediment Inputs through managed grazing (e.g., fencing and developing off-channel watering) and plantings
  (B) Manage Vegetation: plant or seed native riparian species, propagate native riparian plants, or control weeds in conjunction with a restoration project
  (C) Employ Integrated Pest Management

(e) Wetland Process and Function
  (A) Manage Nutrient and Sediment Inputs: fence out livestock or develop alternative watering sites
  (B) Manage Vegetation: control weeds (in conjunction with a restoration project), or plant native wetland species
  (C) Restore Wetlands: excavate or remove fill, or eliminate drainage structures
  (D) Employ Integrated Pest Management

(f) Upland Process and Function
  (A) Manage Erosion on Agricultural Lands: terrace land; employ laser leveling; create windbreaks; install water and sediment control basins (WASCBs); develop filter strips/grassed waterways; manage mud (e.g., gravel high-use areas, develop paddocks); seed bare areas (OWEB may require a grazing management plan, if appropriate, prior to release of funds. For post-fire areas, seed only where natural regeneration is unlikely — e.g., on slopes of 30 percent or more — or where it can be demonstrated that seeding would retard or prevent the spread of noxious weeds); or reduce tillage.
  (B) Manage Nutrient and Sediment Inputs to Streams through the management of grazing, vegetation cover, animal waste, or irrigation runoff
  (C) Manage Vegetation: prescribed burning, except as a means for reducing fuel loads; non-commercial thinning; control/remove juniper (except late-seral/old growth); plant or seed (native upland species or native beneficial mixes preferred); or control weeds (in conjunction with a restoration project)
  (D) Employ Integrated Pest Management

(g) Water Quantity/Irrigation Efficiency

(A) Recharge Groundwater: roof water harvesting
(B) Implement Irrigation Practices (e.g., pipe existing ditch, install drip or sprinkler systems, install automated soil moisture sensors where water and electrical savings can be documented, or recover or eliminate tail water). Such projects must either not adversely impact the current level of groundwater in a Groundwater Management Area, or must measurably reduce the diversion of water at the point of diversion. As a condition of funding, irrigation efficiency projects require local watermaster technical review and approval, using a standard OWEB form.

(h) Private Road Impact Reduction
(A) Decommission Roads
(B) Improve Surface Drainage: surface road drainage improvements, gravel surfacing, stream crossings

695-035-0060

Ineligible Small Grant Projects

(1) The Small Grant Program will not fund projects that:
(a) Do not demonstrate a clear watershed benefit to aquatic species, wildlife, or watershed health.
(b) Are not consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.
(c) Do not adhere to OWEB administrative rules: OAR 695-005-0010 − 695-005-0060, 695-035-0010 − 695-035-0070, and 695-050-0010 − 695-050-0050.
(d) Do not meet the definition of "capital expenditure" under ORS 541.351(4).
(e) Do not use and clearly identify in the small grant application technical guidance and standards from one of the seven approved sources listed in OAR 695-035-0030(3).
(f) Are at the same location as, and are identical to, projects that have already been funded, are currently being funded, or are currently being considered for funding through either the Small Grant Program or the OWEB Regular Grant Program.

(2) The following project types are ineligible for funding through the Small Grant Program:
(a) Project planning and design not done in conjunction with the implementation of funded restoration or enhancement activities.
(b) Routine maintenance.
(c) Trash removal.
(d) Fish screens and trash racks.
(e) Tide gate removal, replacement, or installation.
(f) Constructed stream bank armoring.
(g) Development of off-channel watering systems not done in conjunction with fencing a riparian area or managing nutrient and sediment inputs in upland areas.
(h) Pond cleaning and pond creation (does not include off-channel watering systems and pump-back systems).
(i) Residential landscaping not done in conjunction with the implementation of funded riparian restoration or enhancement activities.
(j) Weed control not done in conjunction with the implementation of funded restoration or enhancement activities.

(k) Upland water guzzlers for the purpose of wildlife management.
(l) Projects required as a condition of a local, state, or federal permit, order, or enforcement action (e.g., mitigation projects, manure storage and management projects that are required by a permit from ODA).
(m) Irrigation practices that adversely impact the current level of groundwater in a Groundwater Management Area, or do not measurably reduce the diversion of water at the point of diversion.
(n) Irrigation water conservation projects that propose any of the following activities:
    (A) Irrigation system maintenance or renovation of existing pipe.
    (B) Restoring a system that has deteriorated due to lack of maintenance and/or inadequate design.
    (C) Portable pipe (does not include gated pipe) or ditch cleaning.
    (D) Electrical costs resulting from conversion to pump from flood irrigation.
(o) Western juniper management that involves the removal of late-seral/old growth juniper.
(p) Reforestation or tree planting on lands intended for commercial harvest.
(q) Prescribed burning as a means of reducing fuel loads.
(r) Commercial and pre-commercial thinning.

695-035-0070

Periodic Review and Evaluation of the Small Grant Program

Once a biennium, and in consultation with representatives of the Soil and Water Conservation Commission, tribes, and Small Grant Teams, OWEB will review annual reports submitted by Small Grant Teams and evaluate the need for program improvements and administrative rule changes.

May 9, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item N: Grant Cycle Schedule for the 2005-07 Biennium**
May 25-26, 2005 OWEB Board Meeting

I. Summary

This action item recommends a schedule for OWEB regular grant cycles during the 2005-2007 biennium, which begins on July 1, 2005. The staff report also will re-visit OWEB's current grant cycle time-line, and will discuss non-regular grant cycles, scheduling options, and scheduling uncertainties. The Small Grant Program is not affected by this scheduling.

II. The Current Two-Cycle Grant Schedule

A. The result of the change two years ago

After a two-year experiment with a three-cycle, 15.5 week grant program, OWEB returned to a two-cycle, 21 week grant cycle schedule beginning with the Board's decision at its May 2003 meeting. The 3-cycle schedule allowed only a minimal amount of time to complete the most essential processing and review activities for the grant applications and grant awards, and left 10 days or less separating the Board's decision on one cycle from the application due date that starts the next cycle. The present two-cycle schedule allows more time for pre-application consultations, site visits, careful drafting of new grant agreements, implementation follow-up, project effectiveness evaluations, organizational capacity building (particularly for watershed councils and soil and water conservation districts), grant writing workshops, fiscal administration training, and interaction between applicants and OWEB staff and reviewers. As anticipated, the number of applications per cycle has increased somewhat, but the number of re-submittals has gone down due largely to 1) more careful preparation of applications, and 2) larger amounts of funding available for the Board to distribute at each cycle. The new schedule has been working well.

B. Restoration Cycle Timing

The application deadline for the <u>fall-winter cycle</u> typically falls on the last Monday in October, about four to six weeks after the close of what for many watersheds is the "in-water work window," a time of intense project implementation activity when applicants would rather not be writing grant applications. The four to six weeks (often more) provides enough time for applicants to assemble good applications. The mid-March Board decision for this cycle gives applicants ample time to conclude grant agreements and get ready for "dry season" project implementation later that spring and summer.

The application deadline for the spring-summer cycle typically falls on the last Monday in April, which gets application writing out of the way well before project implementation season. The mid-September Board decision for this cycle leaves a very long time until the next dry weather implementation season, however, it does give grantees ample time to prepare, and also is good timing for projects that need to get started during the winter or in early spring. Over-winter projects often are favored by natural resource managers whose summers are filled with crop management, harvesting, and marketing.

C. Acquisition Cycle Timing

Acquisition projects have no particular seasonal timing. They are processed differently than the Restoration applications and sometimes take longer to ripen but use the same application deadlines. The different processing involves two steps or phases designed to allow earlier Board involvement, better-informed decisions about the commitment of time and money to due-diligence investigations, and better directed evaluations by reviewers. The longer ripening of some acquisitions results from the complexities common to these projects and to the process of carefully considering title and other due-diligence matters. Consequently, about half the acquisition proposals take longer to get to the Board than the standard 21-week grant cycle.

D. Monitoring/Assessment Cycle Timing

Monitoring and Assessment projects may be implemented at various times throughout the year, and it is appropriate to review them in either or both of the two standard 21-week cycles. Lately, the non-capital funds used for these project types have been in short supply, and OWEB has elected to accept these applications only at the October deadline. The main point is to allocate the scarce funding more strategically by reviewing all the proposals together, but a single cycle per year also saves applicants the trouble and frustration of repeatedly re-submitting well-received proposals when inadequate funding resources severely limit how far down the "do fund" list OWEB can provide funding. Ideally, more funding would be available and we'd run a Monitoring/Assessment cycle in both of the regular grant cycles each year. The experiment two years ago with a special 13-week short cycle beginning at the October deadline didn't work – too little time for thorough research, conversation, review, and preparation of recommendations to the Board – and was replaced this last winter by a standard 21-week process.

E. Education/Outreach Cycle Timing

Either cycle deadline is appropriate, but lately OWEB has restricted applications to just the October submission deadline. Ideally, more funding would be available and we'd run an Education/Outreach cycle in both of the regular grant cycles each year. The experiment two years ago with a longer, 30-week cycle was not successful – too long between the application submission and the Board's decision, and no particular reason to stretch things out so long.

F. Sequence of Key Activities

Table 1 lays out the approximate timing of several key events and activities as they would occur for restoration projects during each new, 21-week grant cycle. (Acquisition and non-capital applications have different steps and a different pacing.) Each item listed is actually the result of many other organizational tasks and processing steps, too numerous to mention here. For example, during Week 1, the day after applications are due, staff sort those

received by region and grant type, give each application a unique ID number, and begin a review of the applications to check for eligibility and completeness. The applications are entered into a database and staff produce the initial listing of totals for amounts requested by grant type and region. Applications and their attachments, including any color pages, are processed for bulk copying and are sent to the printer, who returns the completed job about three days later. All of that (and more) just within the first line item in Table 1. Packets are then stuffed into addressed envelopes and are sent off to Regional Review Team (RRT) members and various OWEB staff – and the march through the 21 week process continues.

Table 1

Grant Process Activity or Event	**Timing**
Applications due	Start of Week 1
Applications mailed to reviewers	Start of Week 2
Reviewers read, research applications	Ongoing from Week 3
Site visits	Weeks 6, 7, 8
RRT meetings	Weeks 11, 12
RRT reports distributed	Start of Week 16
Initial staff recommendations	End of Week 16
Comment letters due	End of Week 18
Comment letters distributed	Start of Week 19
Staff and Board review of comment letters	Weeks 19, 20, 21
Board action	End of Week 21
Grant agreements written	30-day period after Board action

III. Non-Regular Grant Cycles

At certain times and/or as the appropriate funding becomes available OWEB solicits applications for other types of grants.

The most common of these are Technical Assistance (TA) grants, intended to provide funding for design, engineering, surveying, and other planning and development efforts for important and promising restoration project ideas that have not yet reached the point where they can take the form of complete and competitive grant proposals. This type of TA grant usually must use *non-capital* funds, and the recent shortage of those has reduced OWEB TA solicitations to just one per biennium amounting to about $600,000 each – which seriously under-provides for a critical demand that could very profitably spend more than $1 million per year. TA solicitations occur whenever the money is there, although OWEB always tries to avoid asking folks to prepare applications during the precious days of the "dry season" implementation period.

Watershed Council Support (WSC) grants are offered to councils once per biennium. This grant program requires more work "per dollar" granted than any other grant type. The rules have been modified each cycle, and re-evaluation and rule modification begins just a few months after the grant agreements are signed at the beginning of the biennium. Extensive public process precedes the adoption of rules, typically done half a year in advance of the application deadline, which in turn is typically 7 or 8 months before the end of the biennium, leaving just enough time to run the evaluation and ranking phase of the WSC cycle prior to the Board's typical May meeting.

In the event of fire, flood, or other natural emergency OWEB may offer grants as necessary and appropriate for recovery or restoration of watershed functions, health, and infrastructure. OWEB has no set timing or standard process for such grants.

In theory and legal mandate, OWEB also might solicit for Research grants. In practice, the funds for this purpose (the interest that accrues on the regular Measure 66 Lottery funds) generally are earmarked by the Legislature, and OWEB has not solicited a request for proposals.

IV. Scheduling Options and Uncertainties

At first thought the options for grant cycle timing might seem unlimited. In fact, we are constrained partly by the considerations mentioned in Section II above, partly by the need to schedule a Board meeting in the 21st week of the cycle (or perhaps the 22nd at the latest), partly by the desirability of a hiatus between the end of one cycle and the start of the next, and even by seasonal holidays and weather.

One obvious consideration is the number of cycles per biennium. In general, the applicants would rather have more cycles – more chances to apply for funding – rather than fewer. They liked three cycles better than two, and would probably like four cycles better than three, etc. However, we've heard back from applicants and grantees that they appreciate the advantages of OWEB's move back to two regular cycles per year, and we've perceived no significant sentiment to reverse again toward a three cycle schedule.

Another consideration is exactly when each 21-week cycle begins and ends – and as a consequence, when the various activities occur within each cycle. For example, the fall application deadline used to be the first Monday in October, about three weeks earlier than the present deadline. This obliged many applicants to concentrate heavily on grant proposal preparation at the same time they were busy wrapping up implementation of projects during the too-short "in water work window." So we moved the deadline back. But one consequence of that is that we and our Regional Review Team (RRT) members now must attempt the all-important site visits in weeks 6, 7, and 8, which in the fall 2005 cycle will be November 28 through December 16, and follow that with RRT meetings in weeks 11 and 12, which will be January 3-14 (2006). This is a time when Oregon often experiences its worst winter weather and most problematic – and dangerous – travel conditions. So, we've talked a bit about moving the fall application deadline back to early October, but the benefits in terms of slightly earlier travel timing (in slightly better weather) don't warrant the disadvantages to the applicants of having to cram proposal writing on top of late summer project implementation. No change proposed by staff.

The main uncertainties in planning for grant cycles are 1) whether and when non-capital money might be available for Technical Assistance grants, and 2) whether enough money might be available to solicit twice per year (instead of once) for the suite of other non-capital grants – Education, Outreach, Monitoring, and Assessment/Planning. Uncertainties for planning Board meetings include 1) conflicts with the meetings of other boards and commissions, and 2) the likelihood of securing a quorum.

V. Recommendations

Staff recommend that Board members approve the grant cycle schedule shown in Table 2.

Table 2

Application Deadline	Application Type(s)	Board Funding Decision Date
October 24, 2005	Monitoring/Assessment	Week of March 13, 2006
	Restoration/Acquisition	
	Education/Outreach	
April 24, 2006	Restoration/Acquisition	Week of September 11, 2006
October 23, 2006	Monitoring/Assessment	Week of March 12, 2007
	Restoration/Acquisition	
	Education/Outreach	
April 23, 2007	Restoration/Acquisition	Week of September 10, 2007

Please Note: The Board meeting dates suggested above correspond to the 21st week of a standard grant cycle. Actual meeting dates, times, locations, and agendas will be decided later. Board meetings may be one-day or two-day events, depending on the work to be done. Meetings typically are scheduled for the middle of the week, but not always. Also, the Board will schedule other meetings and/or retreats during this time period for consideration of other matters.

May 9, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Grant Program Specialist

SUBJECT: **Agenda Item O: Land Acquisition Deferred Applications**
May 25-26, 2005 OWEB Board Meeting

I. Background

The Big Four Corners Tract A acquisition (z205-025) grant application was submitted in April 2004 and was deferred by the Board at the September 2004 Board meeting to allow staff to work with the applicants on unresolved due diligence issues. The Keizer Rapids (z205-173) and Luckiamute Riparian, Oak Woodland, Savanna and Grassland Conservation Easement (z205-174) acquisition projects were submitted in October 2004 and were deferred by the Board in March 2005 primarily for due diligence reasons.

The current status of the Big Four Corners and Keizer Rapids projects are described below. The applicants in the Luckiamute Conservation Easement project have been given until June 14, 2005, to submit the final easement appraisal so that staff can finish the due diligence review and prepare a recommendation for the September 13-14, 2005, Board meeting.

II. Deferred Acquisition Projects

A. Big Four Corners Tract A Acquisition (z205-025)

The Columbia Slough Watershed Council, in conjunction with the City of Portland, submitted a land acquisition grant application in April 2004 requesting $200,000 from OWEB to assist in the purchase of a 44-acre parcel at the confluence of Big Four Corners. The Big Four Corners Area, where two branches of the Columbia Slough meet, is one of two core habitat areas in the Columbia Slough Watershed and is identified for protection because of its relatively large size and the diversity of the habitats that it encompasses.

This site is considered vital to Columbia Slough watershed recovery and has been identified as a high priority site for protection and restoration in the Columbia Slough Watershed Council's Action plan.

1. Ecological Value

The 44-acre parcel contains the last remnant of previously common Columbia Slough vegetation, including forested wetlands dominated by black cottonwood, Oregon Ash, willow, and Douglas hawthorn. The property also has a historic Oregon white oak grove and several meadow areas. This structurally diverse forest provides resting and nesting

habitat for raptors, woodpeckers and neotropical migratory songbirds. The federal and state listed yellow-breasted chat, an uncommon bird along the Columbia Slough, has been observed at this site. Other listed bird species reported on site include the willow flycatcher and the pileated woodpecker. Mammals, including the federal and state listed silver-hair bat and pacific western big-eared bat, have been reported along with deer, coyote and northern river otter. It is suspected, but not recorded, that the western pond turtle and the painted turtle have historically used this area.

The Willamette Regional Review Team noted that this area is one of the last sites in the Columbia Slough where habitat can be protected and restored, and the proposed acquisition is adjacent to existing protected land. The Team, however, felt the ecological value may not rate as high statewide due to its size and limited number of affected species, but agreed that "confluence areas" are very valuable for resource protection and are not often available for purchase.

2. Management

The City of Portland Parks will hold title and manage the Big Four Corners sites. The process to develop a long-term management plan includes creating a stakeholder group, full engagement and participation of the Columbia Slough Watershed Council (CSWC), coordination between CSWC, Portland Parks and Watershed Revegetation Program (WRP) on a planting plan, testing WRP/Parks methods for maintenance, and monitoring of the site.

3. Effect on the Local and Regional Community

The acquisition of this property will have a negligible effect on the local tax base, as the 2003-04 property taxes were only $365.56. This taxation level is in part due to existing development restrictions on a majority of the property.

4. Appraisal, Title Report, and Option Agreement

The applicants are seeking $200,000 in funding from OWEB towards the purchase of the property, which represents 33% to 50% of the cost of the property acquisition due to a purchase price that can range from $400,000 to $600,000 depending on whether the purchaser (City) receives private funding greater than $200,000. The applicants have not secured match at this time for purchase of the property. They are seeking match funding from an anonymous source, which is still pending, and have City of Portland funds committed for purchase or restoration of the site.

An appraisal of the entire 44-acre property, both the vacant industrial land (approximately 4 acres) and wetlands/open space land (approximately 40 acres), was conducted in December 2004 by Kirk W. Shaeffer of Real Estate Analysis Northwest in Roseville, California. The appraisal concluded fair-market value estimates of $250,000 for the vacant industrial land and $358,000 for the wetlands/open space land for a total of $608,000. OWEB's independent review appraiser has generally concluded that the appraisal complies with the USPAP standard, but is working with the appraisers to correct an error in the fair market value conclusion.

The due diligence review of the title report in July 2004 identified a number of questions about existing easements and exceptions. Staff began conversations with the City of

Portland on these questions in August 2004. A response was received at that time, but it was not reviewed pending receipt of appraisal report and option agreement, which were received on March 23, 2005. Review by OWEB's attorneys revealed that the original concerns were not addressed adequately for the entire 44-acre property. Outstanding are answers to questions about whether the property is already subject to conservation and use restrictions, how levee, drainage, water quality protection and utility exceptions, among others, affect the property proposed for acquisition, and the current condition of potential groundwater contamination in the area of the acquisition.

5. Conclusion

While the Willamette Regional Review Team has concluded that the Big Four Corners Tract A acquisition has ecological value, staff recommend that the Board not approve funding for the project at this time. It appears to staff that existing zoning and other title restrictions already protect the 40 acres of wetland and open space, which are key to OWEB's interests. Also remaining are serious concerns among staff and OWEB's attorneys as to the extent of a groundwater contamination plume that was the subject of an Environmental Protection Agency consent order from 1996. Staff have requested additional information on title exceptions and a copy of a Phase I Environmental Site Assessment that was completed in December 2003 and will update the Board on the results of these efforts at the Board meeting.

B. Keizer Rapids (z205-173)

In October 2004, Marion County and the City of Keizer requested $700,000 from OWEB to assist in the purchase of two parcels totaling 34 acres and optioned at $1,700,000. In March 2005, the City of Keizer revised its acquisition proposal and requested that the Board defer its funding decision to allow staff the opportunity to review and evaluate the proposal.

Keizer is now requesting $195,000 from OWEB to assist in the purchase of approximately 7.8 acres of riparian forest on the parcel located immediately adjacent to 85 acres currently owned and managed by Oregon State Parks (Beardsley Bar State Park). Oregon State Parks is committed to a 25-year lease with the City of Keizer for the Beardsley Bar property, but the language of the lease document is not yet final. The proposed Keizer Rapids Regional Community Park lies near river mile 80 of the Willamette River.

1. Ecological Value

The 7.8 acres of riparian forest is adjacent to and connected to substantial riparian forest on the Beardsley Bar property. This portion of the property is described as being undeveloped riparian floodplain characterized by a mixed-species riparian forest. The topography is hummocky, consisting of alluvial terraces and historic backwater channels. The property has 300 feet of river frontage with a steep (65% and greater slope) riverside bank. Dominant tree species include black cottonwoods and big leaf maple. White alder and a few Douglas fir are also present on the site. This area was logged approximately 50 years ago and conifer stumps suggest that conifers were once more present on the site. There is also a diversity of native shrub species and herbaceous ground cover. Invasive species, such as blackberry and reed canary grass are present on the eastern boundary of the riparian forest.

The draft management plan submitted with the revised application recommends removal and control of invasive species and planting of additional native shrubs in the riparian forest area of the properties. The revised proposal also states that use of this area would be limited to preserving and enhancing the habitat and forest type found on the site and for passive uses consistent with the preservation objective.

Members of the OWEB Willamette Regional Review met by conference call in late April 2005 to evaluate the ecological value of protecting the 7.8 acre riparian forest portion of the properties. The Team acknowledged limited regional significance of 8 acres, but also recognized that the area contains habitat of ecological value to wildlife, which connects to and buffers the existing riparian forest on the State Park property. The Team also noted that streambanks upstream of river bars are important for protecting the integrity of those bars. However, while backwater habitats are important for Willamette River fisheries, this property is disconnected from the Willamette due to significant flow modifications from upstream dam operations and revetments.

2. Management

Keizer will have primary management and maintenance responsibilities for the park, while Marion County will participate in the management plan, monitoring and evaluation of the property. The project will follow ecological guidelines for Oregon Parks and Recreation leased property and Marion County National Heritage Parks.

City officials have expressed a sincere commitment to natural resource protection and an interest in having OWEB's funding assist them in restricting future use to natural resource protection on the riparian forest areas of the proposed acquisition and State Parks property. The overall goal for the regional park is to provide for recreation and protect and preserve the natural qualities for public enjoyment.

While the Willamette Regional Review Team has acknowledged the existence of some ecological benefits on the 8 acres, primarily for wildlife, it also has expressed concern about effects from the passive uses that would be allowed. The Team is concerned that certain activities, such as rock or asphalt trails through the riparian forest and infrastructure development adjacent to the riparian forest, could harm what ecological values do exist.

3. Effect on the Local and Regional Community

The property is currently zoned Exclusive Farm Use. The lands surrounding the acquisition are in agriculture, gravel extraction, and medium density, single-family residences. Keizer will not continue to pay property taxes on all 34 acres of the two parcels, which amount to approximately $1,650 per year.

No letters of support were submitted with the application, but letters have since been received from Senator Peter Courtney, President of the Senate, and Senator Charles Starr.

4. Appraisal, Title Report, and Option Agreement

OWEB funds are requested for approximately 23 percent of the $855,000 appraised value of the property containing the riparian forest, or 100 percent of the appraised value of the 7.8 acres of riparian forest. The applicants have secured additional funding from an

Oregon Parks and Recreation Department Local Government Grant, Keizer System Development Charge funds, National Park Service Land and Water Conservation Fund, and Marion County for purchase of the two properties. The applicants need an additional $400,000 to secure the funding necessary to acquire all 34 acres. A $300,000 grant application has been submitted to the Oregon Marine Board, with a decision expected in August 2005, which would require the building of a motorized boat ramp on a portion of one of the properties.

John P. Totten of Totten & Company in Salem conducted the appraisals in November 2004. The appraisal of the "Charge" parcel, which contains the 7.8 acres of riparian forest, concluded a fair-market value of $855,000 for the entire property with a fair-market valuation for the riparian floodplain acres of $25,000 per acre. OWEB's independent review appraiser has concluded that the report complies with the Uniform Standards of Professional Appraisal Practice standards and the data supports the analyses, opinions, and conclusions reached and appears to be reasonable.

The option agreement does not indicate any conflict with OWEB's conservation purposes. The due diligence review of the title report and exceptions showed road and utility exceptions that affect the field and home site portions of the 17 acre property. The review also revealed a 1940 perpetual easement and right of way along the Willamette River held by the United States for bank protection and/or channel improvements by the Army Corps of Engineers. This easement gives the Corps a perpetual right to enter the area and to "construct, reconstruct, maintain, repair, operate, and patrol a bank protection and/or channel improvement and rectification project" including the removal of trees and other vegetation and the use of gravel, rock or earth from the property as necessary to construct or repair the project. OWEB's attorneys have recommended that this easement be extinguished; otherwise there is the potential that the conservation values protected through the acquisition could be diminished. Staff have contacted the Corps for additional information about the easement and how it might affect the ecological benefits of the acquisition and will update the Board at the meeting.

5. Conclusion

The Willamette Regional Review Team has concluded that the 7.8 acres of riparian forest do have limited ecological value for wildlife only if similar riparian forestlands on the State Park property (Beardsley Bar) are also protected and park development is limited. The Team recommends that the applicants develop interpretive materials and/or kiosks on the boundaries of any acreage protected with OWEB funds because of the educational value of this project. The Team also recommends that the applicants consider the use of boardwalks and/or low-impact trail construction techniques to minimize disturbance to the riparian forest. Similarly staff and the Team are concerned about potential impact from the proposed boat ramp upstream of the riparian forest and Beardsley Bar.

The City of Keizer and its partners have been very willing to work with OWEB staff to address the limitations of OWEB's acquisition funds and make this project a success for all involved. They have sincerely expressed a desire to protect the existing riparian forest in perpetuity and they have stated that they welcome OWEB's use restrictions and are interested in OWEB's involvement in the development of a management plan. While this commitment is laudable, there is some risk that OWEB staff will be put in the position of

having to reject park development proposals that we in good faith feel may affect the riparian forest.

Staff acknowledge that the applicants need funding from both OWEB and the Marine Board to close the current funding gap. The ecological values to be protected are less significant than we prefer. There may also be a risk that the ecological values may be affected by boat ramp construction and bank protection efforts. Staff recommends that the Board defer a funding decision on the Keizer Rapids Regional Park acquisition project until September 2005 to allow more time for staff and the applicants to understand the impacts from the bank protection easement, and for additional discussion between Keizer, OWEB, State Parks, and the Marine Board.

III. Recommendation

Staff recommend that the Board not fund the Big Four Corners Tract A acquisition (z205-025) project and defer a funding decision on the Keizer Rapids (z205-173) land acquisition project.

May 9, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item P: Non-Standard Grant Processes**
May 25-26, 2005 OWEB Board Meeting

I. Introduction

This agenda item responds to questions from the Board about how OWEB does make or should make grant award decisions outside the usual grant cycles and processes, and offers a recommendation from staff on how to proceed.

II. Background

OWEB runs two regular 21-week grant cycles per year covering a number of different capital and non-capital grant types. These cycles employ time-tested and well known standard procedures for application processing and review and for arriving at a staff recommendation and a final Board funding decision. These standard processes also generally guide the more occasional grant solicitations for Technical Assistance and Watershed Council Support grant applications.

However, OWEB is sometimes approached to make special and ad hoc awards and funding distributions outside this framework of standard practices and schedules. Examples and sources of such special requests include:

- Cost overruns on previously awarded grants (due to unexpected price increases in critical materials such as plastic irrigation pipe or steel bridges).
- Time sensitive Acquisitions (sudden opportunities with short timeframes or expiring purchase options).
- Requests from the Governor or Legislature.
- Emergencies (fire, flood, drought).
- Timely routing of special revenues (federal earmarks, federal agency grants, private contributions).
- Interagency agreements.
- Need to correct erroneous funding requests (the staff report recommendation was off by some relatively small yet meaningful amount).
- End of biennium adjustments, roll-overs.

With Board meetings typically scheduled for January, March, May, and September of each year many of these special situations can be handled without requiring a special Board meeting or conference call – assuming that Board action is necessary at all. However, the processes of collecting information, evaluating options, inviting comment and advice, and making decisions on these special requests will often not follow the schedules and routines of the standard grant cycles – and indeed must sometimes be carried from start to finish in just a few weeks – or even a few days in the case of some emergencies.

III. Options

A. Devise a process for each of the most likely situations.

Each special situation tends to involve unique considerations and timing, and thus have slightly unique process needs. This option would require staff and the Board to anticipate not only the types of special funding requests that we might deal with but also what each one's special needs are. Some of the examples given above – like project cost overruns and emergency response – lend themselves to a predetermined process, while other examples – like requests from the Governor or Legislature – do not. To seize this option, the Board would instruct staff to suggest process steps and decision criteria for one or more of the most common or likely scenarios. This would promote efficient and consistent handling of special requests, *so long as* the predetermined process was appropriate to deal with the circumstances that actually arise.

B. Handle each situation as it comes up.

The OWEB Director on behalf of staff, and the Board Co-Chairs on behalf of the Board, could discuss each special situation as it came up and decide how to handle it. This option has the advantage of assuring that each situation is handled in just the way it needs to be, without being encumbered by predetermined process steps that may be inappropriate, unnecessary, or even counter-productive.

IV. Recommendation

Staff recommend Option B as the default and regular routine. This is the most flexible, adaptable, and efficient approach. The partial list of examples in Section II above suggests that non-standard funding requests are more common and more significant than they really are. In fact, these special situations are relatively rare, and some, like special budget earmarks or notes from the Governor and/or Legislature, already have well-worn implementation pathways. Staff are concerned that predetermined processes will be best-guess approaches and likely will not fit many of the situations that actually arise.

Approved by the Board September 13, 2005
Oregon Watershed Enhancement Board
May 25, 2005
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present
Bobby Brunoe
Paula Burgess
Dianne Guidry (morning)
Daniel Heagerty, Co-Chair
Skip Klarquist
Jane O'Keeffe, Co-Chair
Dave Powers
Mark Reeve
Diane Snyder
Michael Tehan
Dan Thorndike
Pat Wortman

Members Not Present
Alan Christensen
Dianne Guidry (afternoon)
Scott Reed

OWEB Staff Present
Bonnie Ashford
Ken Bierly
Linda Burnett
Tom Byler
Rick Craiger
Douglass Fitting
Bev Goodreau
Mark Grenbemer
Courtney Hodges
Cindy Kraai
Jordana Leeb
Melissa Leoni
Becky Miller
Bobbi Riggers
Tom Shafer
Greg Sieglitz
Roger Wood

Others Present
Kyle Spinks
Cyndy Coleman
Sandra Coveny
Annabelle Jaramillo
Eric Hackstein
Jo Morgan
Fran Recht
Jennifer Martin
Denise Hoffert Hay
Carol Bickford

Others Present
Michelle Bussard
Walt Mintkeski
Mike Mast
Dave Harris
Vickie Wares
Ulee Yanok
Eric Schoenfeld
Dale Buck
Marty King
Anita Ward
John Ward
Representative Brad Witt
John Moriarty
Bob Kinyon
Jake Gibbs
Shirley Kalkhoven
Jay Holland
Dana Erickson
Margaret Nover
Jerry Hinsvark
Bruce Taylor
Denise Lofman
Andrea Johnson
Jason Dedrick
Marci Schreder
Jerome Arnold
Jim Buxton
Bill Langmaid
James Mast
Lee Russell
April Olbrich
Ryland Moore

Informal Reception
Prior to the Board's business meeting, an informal reception was held for Board members, staff, watershed partners, and members of the Legislature. Representatives *Jackie Dingfelder*, Bob Jenson, and Brad Witt attended, as well as Jim Myron from the Governor's Natural Resources Office, and many watershed partners.

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies. Board Co-Chairs, Dan Heagerty and Jane O'Keeffe reported on their recent visit to the Capitol to meet with legislators regarding OWEB. Skip Klarquist presented sound technician Craig Hess with a plaque thanking him for the many years of providing recording services to the Oregon Fish and Wildlife Commission. Summer drought and fires are a concern for many represented agencies on the Board.

B. Minutes

Minutes of the following Board meetings were unanimously approved as amended:

March 16-17, 2005 Board meeting in Corvallis
March 21, 2005 Special Board meeting via telephone conference call

Board Co-Chair Heagerty asked staff to include a discussion on conservation easements on a future meeting agenda.

C. Executive Director Update

Executive Director, Tom Byler, provided the following comments to the Board.

- Ways and Means Subcommittee on Natural Resources are beginning work sessions on agency budgets. OWEB is tentatively scheduled for June 29. OWEB had the Phase 2 presentation on May 9.
- SB 715, which would abolish OWEB has not been scheduled for a hearing.
- SB 358, the Quality Jobs Bill, has no budget implications or fiscal impact for OWEB, but OWEB will be on a taskforce.
- HJR 34, which was originally introduced to reduce the amount of lottery funds allocated to OWEB and OPRD from 15% to 13.5%, has been restructured and will not implicate Measure 66 funds.
- Nominations are expected from the Governor in May or early June to fill OWEB's three public member vacancies.
- The Coho Assessment has been finalized and is available on the Oregon Plan website.
- On May 18, the Spirit of the Oregon Plan Award recipients were honored at the Capitol. Jay Nicholas from OWEB received a Leadership Award for his contribution to the Coho Assessment.
- Advice from the Attorney General's office was issued on May 18, clarifying OWEB's role and responsibilities regarding disbursement of Measure 66 funds. Until the state agency budgets are approved, OWEB is unsure if the funds will be directly allocated to other agencies, or will be moved through OWEB to the other agencies, in which case, Interagency Agreements with agencies receiving the funds will need to be prepared. The Board may need to discuss delegating authority to the director to transfer the funds to other agencies.

D. Watershed Council Contribution Discussion

Michael Hibbard and Susan Lurie from the University of Oregon, Institute for Policy Research and innovation, presented findings from their January 2005 report titled "UNDERSTANDING THE COMMUNITY ECONOMIC AND SOCIAL IMPACTS OF OREGON'S WATERSHED COUNCILS." The report used fiscal data and a questionnaire to evaluate the economic and social impacts of funding watershed councils. The findings quantified the economic benefits to local communities from watershed council investments. They also developed measures of community cohesion resulting from watershed council support.

E. Public Comment (Watershed Council Support)

The following persons provided testimony on the watershed council support review process, merit-based system, extensive application, and lack of available funding.

Crooked River WSC - Jason Dedrick
Grande Ronde Model Watershed Program - Jeff Oveson
Harney County WSC - Cyndy Coleman
Johnson Creek WSC - Michelle Bussard & Walt Mintkeski
Lake County WSC - Marci Schreder
Long Tom WSC - Dana Erickson
Lower Nehalem WSC - Jay Holland & Shirley Kalkoven
Marys River WSC - Annabelle Jaramillo, Benton County Commissioner, & Sandra Coveny
MidCoast WSC - Wayne Hoffman & Fran Recht
Nestucca/Neskowin WSC - Dale Buck, Carol Bickford, & Andrea Johnson
Network of Oregon Watershed Councils - John Moriarty
Owyhee WSC - Jennifer Martin
Powder Basin WSC - Vicki Wares & Eric Schoenfeld
Pudding River WSC - Jerry Hinsvark
Sandy River Basin WSC - Russ Plaeger
Smith River and Elk Creek WSC - Dave Harris, Mike Mast, James Mast, & Lee Russell
The Nature Conservancy - Russ Hoeflich
Tillamook Bay WSC - Denise Lofman
Tualatin River WSC - April Olbrich & Kyle Spinks
Umatilla Basin WSC - Marty King
Umpqua Basin WSC - Bob Kinyon & Jake Gibbs
Upper Nehalem WSC - Jim Buxton & Bill Langmaid

F. Board Consideration of Pending Grants

Fifty-seven watershed council support grant applications seeking a total of $6,637,552 were received by the December 13, 2004, deadline. Grant Program Manager, Roger Wood, briefed Board members on the evaluation process, funding options for the anticipated amount of funding for watershed council support for the 2005-2007 biennium, and issues staff will consider for next biennium's council support grant cycle.

Staff provided Board members with copies of the council support applications on CDs, copies of the review team evaluations, as well as spreadsheets outlining staff's recommended funding options.

The 2005-2007 Governor's Recommended Budget proposes to allocate $2.4 million watershed council support. OWEB's budget requests $4,198,400 for council support which provides a two percent cost of living increase over the current biennium's $4.1 million. Since the Legislature is still in session, and agency budgets have not been approved, it is unknown what the final council support allocation will be.

The original staff recommendation (Attachment E, Option 2) awarded each council on the basis of points earned, and provided an additional amount to "umbrella councils." Thirteen councils

met the criteria for an umbrella council and were recommended to be awarded $240,243 in additional funds.

At the meeting, staff amended its funding recommendation to include an additional $49,000 to nine councils who met the additional criteria for two or more councils serving unique geographic areas in a single council support grant and demonstrating economies of scale.

Two applicant requests were revised to keep within agency policy not to award a council more than it requested.

Board members discussed the funding options as presented in Attachments D and E of the staff report, and in Attachment X which was distributed to Board members at the meeting, as well as the overall lack of funding for councils. Staff commented that in order to provide councils with more funding, non-capital funds would need to be taken from other programs (i.e., Education/Outreach, Technical Assistance, and Monitoring).

Board members also suggested alternative methods of distributing funds using the merit-based system as required by a legislative budget note in 2001.

In closing before a vote, Board Co-Chair Heagerty summarized the Board's concerns and recognized the frustration councils face on lack of funding. Noting that funds will not be available until OWEB has an approved budget for the 2005-2007 biennium, and if the Legislature approves a smaller funding amount for watershed councils, then OWEB will pro rate council support awards accordingly, Board members unanimously approved the following motion for a total funding amount of $4,480,580:

> "Subject to available funding, adopt the far right column of Attachment X, Option 2 as corrected. Direct staff to come back with recommendations for supplemental funding to provide a base level of council support and explore opportunities to enhance capacity funding for other local groups, identifying the source of those funds."

Oregon Watershed Enhancement Board
May 26, 2005
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present	OWEB Staff Present	Others Present
Bobby Brunoe	Bonnie Ashford	Patrick Willis
Paula Burgess	Ken Bierly	Rinee Merritt
Alan Christensen	Linda Burnett	Anita Ward
Dianne Guidry	Tom Byler	Tanya Beard
Daniel Heagerty, Co-Chair	Rick Craiger	Margaret Nover
Skip Klarquist	Douglass Fitting	Rich Walsh
Jane O'Keeffe, Co-Chair	Bev Goodreau	Jo Morgan
Dave Powers	Courtney Hodges	Jim Paul
Scott Reed	Cindy Kraai	John Ward
Mark Reeve	Jordana Leeb	John Moriarty
Diane Snyder	Melissa Leoni	Janet Greenup
Michael Tehan	Becky Miller	Nan Evans
Dan Thorndike	Bobbi Riggers	Bill Flood
Pat Wortman	Tom Shafer	Donna Flood
	Greg Sieglitz	Juanita Muniz
	Roger Wood	Kayla Flood

G. PCSRF Funding Allocation for the Remainder of the 2003-2005 Biennium
Tom Byler, Executive Director, and Ken Bierly, Deputy Director, provided Board members with background information on the use of PCSRF funds. Ken discussed the history and current status of the use of PCSRF funds. The proposed allocation of uncommitted 2004 PCSRF funds was proposed to address watershed council support, further recovery planning assistance, and CREP technical assistance.

Board members unanimously approved the following reallocation of FFY 2004 PCSRF funds:

$132,565	Watershed Council Support (Umbrella) Awards
$200,000	Oregon Plan Assessment
$ 25,000	CREP Technical Assistance
$357,565	TOTAL

H. Drought Assistance Funding
Ken Bierly, Deputy Director, and Fritz Paulus, Oregon Water Trust, briefed Board members on a request to provide funding for ten projects identified to address current drought conditions. Although Oregon has received lots of rain this spring, drought conditions are still an issue in many areas of the state. The Oregon Departments of Water Resources and Fish and Wildlife reviewed the ten proposed water right leases and support the funding request. OWEB will enter into an agreement with the Oregon Water Trust to provide $36,769 of capital lottery funds from recaptured project funds to assist in the leasing of water rights during the current drought.

Due to a conflict of interest, Board Co-Chair Dan Heagerty recused himself from voting. The remainder of Board members unanimously supported the staff funding recommendation to proceed with agreements and approved funding of up to $36,769 for the ten projects shown on Attachment A of the staff report.

I. CREP Program Changes and Funding for the 2005-2007 Biennium

Ken Bierly, Deputy Director, and Stephanie Page, Oregon Department of Agriculture, briefed Board members on the status of the CREP Program. Stephanie Page distributed the 2004 Annual Report to the Board, and stated that 2004 was the best year yet for CREP enrollment. In December 2004, the state-federal CREP agreement was amended to expand the eligibility from streams that support agricultural land. The new agreement also adds to the incentives by adding two new practices and increasing the state participation in incentives for in-stream water leases.

Subject to availability of funds, Board members unanimously approved expenditure of up to $1 million in capital Measure 66 funds from the 2005-2007 appropriation of capital funds for State CREP payments.

J. Public Comment

Richard Walsh and Nate Brown, City of Keizer, testified in support of the Keizer Rapids Acquisition project.

Jo Morgan and Jim Paul, Oregon Department of Forestry, presented the Board with alternative rule language for the Small Grant Program rules.

Pat Willis, Jackson Bottom Wetlands Preserve, supported the work done on OWEB's Education and Outreach Strategy, and OWEB's approach to statewide programs.

Janet Greenup, Morrow SWCD, opposed "guzzlers" as an ineligible Small Grant practice and asked that the language be removed from the proposed rules.

Chuck Sams, Margaret Nover, and Nancy Hendrickson, Columbia Slough WSC and City of Portland, testified in support of the Big Four Corners Acquisition project.

K. Siuslaw Stream Team Presentation

The Siuslaw Middle School Stream Team is a nine week course of watershed studies including issues of water quality, sustainable natural resources, and salmon habitat restoration. Partners include the Forest Service, Siuslaw Watershed Council, Florence STEP, SWCD, BLM, ODFW, and is supported by grants from OWEB. The Stream Team instructed by Jim Grano is in its ninth year.

Board members heard from past and current students who attended the Siuslaw Middle School Stream Team class instructed by Jim Grano. Students highlighted the importance of what they learned both in the classroom and through field experiences, expressed their appreciation for the opportunity provided, and encouraged OWEB to continue funding for the project.

L. Education and Outreach Strategy

Melissa Leoni, Grant Program Specialist, and Jordana Leeb, Education and Outreach Specialist, presented the proposed OWEB Education and Outreach Strategy to Board members, and provided background information on development of the Strategy. The Strategy is divided into three parts: Enhance Awareness, Improve Knowledge, and Develop Skills. Following discussions with a Focus Group, the OWEB Board Subcommittee (Scott Reed, Dan Thorndike, Diane Snyder and Alan Christensen), and Stakeholders, OWEB staff developed information on the following for each part: Summary, Goals, Key Messages, Potential Audiences, Potential Delivery Mechanisms, and Messages and Selected Examples.

OWEB staff prepared a draft list of implementation actions for Board discussion. OWEB staff will continue work on developing an implementation plan over the next couple of months and identifying resources for high priority items.

Board members unanimously approved the Education and Outreach Strategy as presented, directing staff to continue to look for opportunities to expand and refine the Strategy. The Board also asked staff to continue work on the implementation plan over the summer and return to a future meeting with further refinement of the plan.

Staff asked Board members to complete a "ballot" prioritizing action and return the prioritized list to staff in order to assist staff in selecting the high priority items and possible alternatives. Board members asked staff to provide a cost estimate for the items on the ballot before they prioritized and returned to staff. Staff will continue to work with the Board subcommittee to further develop the plan.

There was Board consensus that OWEB is not ready to proceed to rulemaking for Education Grants.

M. Small Grant Program Administrative Rules

Roger Wood, Grant Program Manager, presented the Board the history of the development of the Small Grant Program and the proposed amendments to the administrative rules to the Small Grant Program for adoption. After concerns raised by Board member Diane Snyder, and public testimony from Jo Morgan and Jim Paul, Oregon Department of Forestry, and Janet Greenup, Morrow SWCD, the Board made changes to the rules that affected eligible project types affecting forestry activities and water guzzlers. Board member Bobby Brunoe requested to have language inserted into the rules dealing with tribal government review and approval on Tribal Trust Lands, which was also approved by the Board.

Board members unanimously approved the small grant rules with amendments made by Board members. Board members also unanimously approved up to $100,000 per Small Grant Team for a total of $2.8 million based on available Measure 66 capital funds in OWEB's legislatively approved budget for the 2005-2007 biennium.

N. Grant Cycles for the 2005-2007 Biennium

Roger Wood, Grant Program Manager, presented a proposed grant cycle schedule for 2005-2007. The proposed grant cycles are as follows:

Application Deadline	October 24, 2005	April 24, 2006	October 23, 2006	April 23, 2007
Application Type	Monitoring/Assessment Restoration/Acquisition Education/Outreach	Restoration/Acquisition	Monitoring/Assessment Restoration/Acquisition Education/Outreach	Restoration/Acquisition
Board Funding Decisions	Week of March 13, 2006	Week of Sept 11, 2006	Week of March 12, 2007	Week of Sept 10, 2007

Suggested weeks for Board meetings may be changed depending on Board member schedules, quorum requirements, and conflicts with the meetings of other boards/commissions.

Board members approved the proposed grant cycle schedule with the exception of the education/outreach cycle which doesn't align with the school district calendar. Board members asked staff to revisit the Education/Outreach application deadlines at the September Board meeting.

O. Deferred Acquisitions

Melissa Leoni, Grant Program Specialist and Roger Wood, Grant Program Manager briefed Board members on the status of the following acquisitions:

Big Four Corners Tract A Acquisition (Application No. z205-025)

Chuck Sams, Margaret Nover, and Nancy Hendrickson, Columbia Slough WSC and City of Portland, testified in support of the Big Four Corners Acquisition project.

This application seeks $200,000 from OWEB to assist in the purchase of a 44-acre parcel at the confluence of Big Four Corners. Staff recommended that the Board defer consideration of this acquisition to the September Board meeting to allow staff to proceed with the review and continue working with the applicants (Columbia Slough Watershed Council and the City of Portland) on unresolved due diligence issues.

Board members unanimously voted to defer consideration of the project to the September 2005 meeting.

Keizer Rapids (Application No. z205-173)

Richard Walsh and Nate Brown from the City of Keizer testified in support of the application and answered questions at that time.

In October 2004, the applicants sought $700,000 from OWEB to assist in the purchase of two parcels totaling 34 acres and optioned at $1.7 million. In March 2005, the proposal was revised to seek $195,000 from OWEB to assist in the purchase of approximately 7.8 acres of riparian forest on the parcel located immediately adjacent to 85 acres currently owned by Oregon State Parks, and planned to be leased to Keizer.

Staff outlined the following concerns with the acquisition as currently presented.

1. Subordinate or remove a bank protection and channel improvement reservation for the Army Corps of Engineers.

2. To meet the funding match required by OWEB rules, increase the acreage protected for conservation purposes.
3. The 8 acres of mature riparian forest must be connected to similar acreage and be part of a larger network of healthy, preserved mature riparian forest.
4. Development of an education component including signs raising awareness about the importance of protecting and preserving mature riparian forest habitats.

Staff recommended the Board defer consideration of this acquisition to allow staff to continue to work with the City of Keizer to resolve the outstanding concerns presented by the Board.

Board members unanimously voted to defer consideration of this acquisition to the September 2005 Board meeting.

P. Non-Standard Grant Requests

Roger Wood, Grant Program Manager, prepared the staff report outlining some of the funding requests OWEB receives outside of the regular grant cycles. OWEB Board members agreed with the staff recommendation to have Tom Byler, Executive Director, and the Board Co-Chairs discuss each special situation as it comes up and decide how to handle it.

Q. Project E2 Update

Allison Hensey, Policy Specialist, distributed a list of members for a Working Group convened to discuss the E2 (Environment and Economy) Initiative, and how the Board can provide more explicit economic benefits through its watershed restoration investments while remaining true to its core mission. Allison Hensey is the staff contact for the Working Group. The Group includes "knowledge holders" with experience or expertise in the intersection between watershed restoration and economic development, and Board members Diane Snyder, who will lead the Group, Dan Heagerty and Dianne Guidry. The first Working Group meeting is scheduled for June 9. Results of the Working Group will be discussed at the September 2005 Board meeting.

R. Effectiveness Monitoring Update

Greg Sieglitz, Monitoring Program Manager, updated Board members on OWEB monitoring program staff's recent attendance at the following meetings/workshops – Washington Governor's Forum on Monitoring, the PNAMP data workshop, and a Department of Forestry meeting on Biodiversity Indicators, and several meetings held across the state. OWEB staff have begun plans for a winter Effectiveness Monitoring Workshop in partnership with the IMST. OWEB staff also are assisting ODFW with the Coho Workshop on September 7-9 in Corvallis.

OWEB staff are beginning recruitment for an Effectiveness Monitoring position pending approval of the position in OWEB's 2005-2007 budget.

S. Other Business

Executive Director, Tom Byler, briefly discussed the advice received from the Attorney General's office regarding Measure 66 funds, and whether or not to delegate authority to the director to disburse the funds. Since the Legislature has not yet approved agency budgets, it was decided to postpone a decision until the Legislature is done.

Having no further business, the meeting was adjourned.

Oregon Watershed Enhancement Board

Special Meeting Notice

Monday, August 8, 2005
1:30 p.m.

State Lands Building
Third Floor, Conference Room 304
775 Summer Street NE
Salem

The Oregon Watershed Enhancement Board will meet on Monday, August 8, 2005, at 1:30 p.m. via telephone conference call to take action on the following:

A. Approve interim funding for federal Pacific Coastal Salmon Recovery Funds (PCSRF) allocated to other agencies by the Legislature.
B. Approve allocation of $750,000 in PCSRF for expedited recovery planning.
C. Reallocate PCSRF funds for Watershed Council Support.
D. Delegation of authority for Director to distribute Measure 66 Lottery Funds specifically distributed to a particular entity or use by the Legislature.

All four action items will be presented to the Board to facilitate the initial distribution of funds for specific purposes identified in OWEB's legislatively approved budget for the 2005-2007 Biennium.

Board members will participate in this meeting by telephone from multiple locations. The public may attend this meeting at the location listed above. Members of the public wishing to comment on this issue may do so during a public comment period at the beginning of the meeting.

For further information about the meeting, contact Bonnie Ashford, the Board's Assistant, at 503-986-0181. If special physical, language, or other accommodations are needed for this meeting, please advise Bonnie Ashford at 503-986-0181 as soon as possible, but no later than 5:00 p.m. on Thursday, August 4, 2005.

MINUTES ARE NOT FINAL UNTIL APPROVED BY THE BOARD

Oregon Watershed Enhancement Board
Special Meeting via Telephone Conference Call
August 8, 2005
State Lands Building
Salem, Oregon

Minutes

Members Present:	**Staff Present:**	**Others Present:**
Bobby Brunoe	Tom Byler	Jas Adams, DOJ
Dan Heagerty	Bonnie Ashford	
Skip Klarquist	Ken Bierly	
Jim Nakano	Cindy Kraai	
Jane O'Keeffe	Roger Wood	
Mark Reeve		
Trish Smith		
Diane Snyder		
Michael Tehan		
Dan Thorndike		
Helen Westbrook		

Members Not Present:
Paula Burgess
Alan Christensen
Dianne Guidry
Dave Powers
Scott Reed
Pat Wortman

Items presented to Board members at this special meeting were constructed to facilitate the initial distribution of funds for specific purposes identified in OWEB's legislatively approved budget for the 2005-2007 Biennium. Further discussion and action on some of the items will be scheduled for the Board's September 13-14, 2005, meeting in Jordan Valley.

Board Co-Chair Dan Heagerty presided over the meeting.

Ten voting members and one non-voting members were present on the conference call. The meeting began with a discussion of quorum requirements for funding decisions. Past legal advice from Bill Cook, OWEB's legal counsel, stated that "If 10 voting members are present, it takes 8 yes votes (or at least 6 yes and no more than two abstentions) to approve a grant."

A. Initial Distribution of PCSRF for the 2005-2007 Biennium

Board approval is needed to allocate $1,062,564 of federal Pacific Coastal Salmon Recovery Funds (PCSRF) to cover the first quarter of the first year of the biennium (July 1 through September 30, 2005) for state agencies that received specific distribution of those funds in OWEB's 2005-2007 legislatively approved budget. The funds are needed to cover appropriate program expenses for each agency through September 30, 2005. OWEB staff will work with each agency to develop agreements for the full biennium, and present the funding allocations to the Board for more detailed discussion and action at the September meeting.

The breakout of 2005-2007 Biennium funding allocations for the Departments of Fish and Wildlife, Environmental Quality, and Agriculture are as follows:

Agency	Purpose of Funds	Initial Funds for July-Sept 2005	Total Allocation for 2005-2007 Biennium
ODFW	Coastal Monitoring, Western Oregon Stream Biologists, Oregon Plan Monitoring, Recovery Plan Development, ESA Specialist Position	**$714,873**	$5,718,984
DEQ	Oregon Plan Base	**$101,787**	$814,293
ODA	Soil and Water Conservation Districts	**$245,904**	$1,967,233
	TOTAL	**$1,062,564**	$8,500,510

Executive Director Byler briefed Board members on a recent letter from NOAA Fisheries concurring that in accordance with the Section 5.7 of the revised MOU between OWEB and NMFS, the proposed allocation to state agency programs and activities will contribute to the restoration and conservation of ESA-listed, native salmonid populations and their habitats.

Board members unanimously approved an allocation not to exceed $1,062,564 in Pacific Coastal Salmon Recovery Funds for distribution to the Oregon Departments of Fish and Wildlife, Environmental Quality, and Agriculture in accordance with specific legislative distributions for those agencies for the period of July 1, through September 30, 2005.

B. PCSRF Allocation to ESA Recovery Planning

During the 2005-2007 Biennium, the State of Oregon is investing significant resources to accelerate state participation in the development of ESA recovery plans for salmon and steelhead. The multi-agency effort being coordinated by the Governor's Office will develop recovery plans for the Lower Columbia River, Willamette River, Mid-Columbia, and Snake River basins. The Legislature allocated $750,000 to OWEB to work with the Governor's Office to distribute funds as needed for recovery planning.

Board members unanimously approved expenditure not to exceed $750,000 in Pacific Coastal Salmon Recovery Funds to support state participation in the accelerated development of recovery plans for salmon and steelhead under the federal Endangered Species Act.

C. Allocation of PCSRF for Watershed Council Support

In order to preserve the limited amount of non-capital Measure 66 Lottery funds appropriated by the Legislature for the 2005-2007 Biennium, OWEB staff asked for Board approval to reallocate $24,320 in Pacific Coastal Salmon Recovery Funds to be used as part of initial funding for watershed council support. This will allow immediate distribution of the $3,936,837 allocated

by the Legislature for watershed council support. The PCSRF funds were originally allocated to cover bonding and audits for watershed councils. To date, $125,000 of the $150,000 reserve has not been allocated.

Board members unanimously approved to allocate an amount not to exceed $24,320 in PCSRF funds for watershed council support purposes. The $24,320 is to be allocated from funds reserved by the Board for watershed council bonding and audits in September 2003.

D. Delegation of Distribution Authority of Measure 66 Funds to Executive Director
Board approval to provide the Executive Director with distribution authority will expedite the distribution and administration of Measure 66 funds, as well as to strengthen OWEB's oversight of the use of the funds by requiring interagency agreements to track expenditures and uses of Measure 66 funds. The 2005-2007 legislative appropriations subject to delegation of distribution authority are:

Agency	Amount	Source of Funds
Oregon Dept. of Fish and Wildlife	$5,050,940	Measure 66 capital
Oregon Dept. of Fish and Wildlife	$2,060,974	Measure 66 non-capital
Oregon State Police	$774,207	Measure 66 capital
Oregon State Police	$5,421,826	Measure 66 non-capital
Dept. of Environmental Quality	$3,876,542	Measure 66 non-capital
Dept. of Agriculture	$3,623,710	Measure 66 capital
Dept. of Agriculture	$7,621,030	Measure 66 non-capital
OWEB - IMST	$956,600	Measure 66 non-capital
OWEB - LCREP	$304,800	Measure 66 non-capital

Board members unanimously approved delegation of distribution authority to the Executive Director through the following motion:

"I move that the Oregon Watershed Enhancement Board delegate to Thomas M. Byler, Oregon Watershed Enhancement Board Executive Director, the authority and responsibility for distributing Measure 66 Lottery Funds that the Oregon Legislature specifically allocated to particular entities or uses as part of the 2005-2007 OWEB Legislatively Adopted Budget; that the Executive Director shall consult with the OWEB Board Co-Chairs before distributing funds subject to this delegation; that upon consultation, the Co-Chairs and Executive Director may determine that certain legislative allocations of Measure 66 require consideration by the full Board, and in that case, the Executive Director will present those allocations for consideration and action by the full Board; and that this delegation of authority will expire on June 30, 2007.

Board Co-Chair, Dan Heagerty, welcomed OWEB's three new Board members, Jim Nakano, Patricia Smith, and Helen Westbrook, and thanked them, in addition to the other Board members for their participation in the conference call.

Having no further business, the meeting was adjourned.

Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
September 13-14, 2005

Lions Den
Hwy 95
Jordan Valley, Oregon

**Please note 7:30 a.m. start time for meeting both days.*
Jordan Valley is on Mountain Daylight Time

Business Meeting – Tuesday, September 13, *7:30 a.m.

A public comment period is provided at approximately 10:30 a.m. today for comment on any issue before the Board.

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes

The minutes of the May 25-26 and August 8, 2005, meetings will be presented for Board approval. *Action item.*

C. Executive Director Update

Tom Byler, OWEB Executive Director, will update the Board on agency business, legislative activities, and late-breaking issues. *Information item.*

D. Board Chair Election

Current Oregon Watershed Enhancement Board Co-Chairs Dan Heagerty and Jane O'Keeffe were elected by Board vote in March 2004. Board member Scott Reed will lead a discussion and vote by Board members to elect Board chair(s) for the coming year. *Action item.*

E. 2005-2007 Non-capital Fund Spending Plan

Tom Byler, Executive Director, will lead a discussion with the Board on a proposed spending plan for the use of non-capital grant funds for the 2005-2007 Biennium. The Board will be asked to consider reserving or authorizing the allocation of non-capital funds for the items below. *Action item.*

1. Watershed Council Support

The Board will be asked to authorize non-capital funds for the purpose of watershed council support. This action will provide the funding necessary to fully fund watershed council support consistent with the Board's May 2005 grant award allocation. *Action item.*

2. Local Capacity Enhancement
The Board will be asked to consider reserving non-capital funds to enhance the capacity of local watershed groups. Proposed funding will support technical assistance needs and local participation in recovery planning efforts. *Action item.*

3. Education and Outreach
The Board will be asked to consider approval of a plan to implement the Education and Outreach Strategy adopted by the Board at the May 2005 meeting. Staff will seek Board approval to reserve and authorize an allocation of non-capital funds to support the implementation plan. *Action item.*

4. Monitoring and Assessment
The Board will be asked to reserve non-capital funds to support watershed monitoring and assessment needs at the state and local level.
Action item.

5. Support for the Oregon Plan for Salmon and Watersheds
The Board will be asked to reserve non-capital funds to continue support for the development of basin priorities and other Oregon Plan related efforts. *Action item.*

6. Sustainability/E2
The Board will be updated on the status of E2 and asked to reserve funds for potential local projects designed to benefit environmental, economic, and community interests. *Action item.*

F. 2005-2007 Capital Fund Spending Plan

Tom Byler, Executive Director, will lead a discussion with Board members on a proposed spending plan for the use of Measure 66 Lottery Funds. The Board will be asked to consider authorizing an allocation of capital funds to continue the state's commitment to the Savage Rapids Dam project.
Action item.

G. Public Comment [approximately 10:30 a.m.]

This time is reserved for public comment on any matter before the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet as early as possible in the morning's proceedings (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly.

Local Projects Tour – Tuesday, September 13, 11:00 a.m.

Representatives of the Owyhee Watershed Council will lead OWEB Board members and staff on a tour of OWEB-funded projects in the Owyhee-Malheur Basin. Transportation will be provided for OWEB Board members and staff. Anyone is welcome to join the tour, but please be prepared to provide your own transportation.

*Business Meeting – Wednesday, September 14, *7:30 a.m.*

A public comment period is provided at approximately 8:30 a.m. today for comment on individual grant applications pending Board action.

H. Pacific Coastal Salmon Recovery Fund Distribution

Ken Bierly, Deputy Director, will seek Board authorization to allocate PCSRF funds for state agencies that received specific distribution of those funds in OWEB's legislatively adopted budget.
Action item.

I. Effectiveness Monitoring

Greg Sieglitz, Monitoring Program Manager, will update the Board on the current activities and progress of OWEB's Effectiveness Monitoring Program. An evaluation of juniper clearing projects has been conducted in Wheeler and Crook counties and results will be presented. Coordination and projects with the Pacific Northwest Aquatic Monitoring Partnership, Oregon Plan Monitoring Team, and Independent Multidisciplinary Science Team will be reviewed. *Information item.*

J. Public Comment on Pending Grant Applications [approximately 8:30 a.m.]

This time is reserved for public comment on individual grant applications to be considered for funding by the Board. Anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *Only comments pertaining to individual grant applications will be accepted during this time. The Board will not accept any additional written materials pertaining to pending grant proposals that were not received by agency staff by the September 2, 2005, deadline.*

K. Board Consideration of Pending Applications

The Board will consider restoration/acquisition grant applications submitted by the April 25, 2005, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *No public comment will be taken on individual applications outside the time allotted by the Board Chairs for Agenda Item J. The Board will not accept any additional written materials pertaining to pending proposals not submitted as part of the review process. Action item.*

L. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Monday, Tuesday, and Wednesday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. Public comments regarding pending individual grant applications may be made during the public comment period at approximately 8:30 a.m. on Wednesday, September 14. The Board will not accept any additional written materials pertaining to pending grant proposals at that time.

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Environmental Quality Commission member: ***Ken Williamson***
Fish and Wildlife Commission member: ***Skip Klarquist***
Board of Forestry member: ***Diane Snyder***
Board of Agriculture member: ***Vacant***
Water Resources Commission member: ***Dan Thorndike***
Public member: ***Jane O'Keeffe, Board Co-Chair***
Public member: ***Daniel Heagerty, Board Co-Chair***
Public member (tribal): ***Bobby Brunoe***
Public member: ***Patricia Smith***
Public member: ***Jim Nakano***
Public member: ***Helen Westbrook***

Non-voting Members

Representative of Director of Agricultural Extension Service: ***Scott Reed***
Representative of U.S. Forest Service: ***Alan Christensen***
Representative of U.S. BLM: ***Paula Burgess***
Representative of U.S. NRCS: ***Dianne Guidry***
Representative of U.S. EPA: ***Dave Powers***
Representative of NOAA Fisheries: ***Michael Tehan***

Contact Information

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290
503-986-0178
Fax: 503-986-0199
www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

For online access to staff reports and other OWEB publications check our Web site:
www.oregon.gov/OWEB

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

I. Introduction

In this report, staff propose a spending plan for $4.35 million in non-capital funds appropriated to Oregon Watershed Enhancement Board by the Legislature for the 2005-2007 biennium. This report and its attachments offer a strategy to guide the distribution of non-capital funds by describing the potential uses of the funds, recommending fund allocations for specific identified needs, and suggesting reservations of funds for certain purposes.

II. Background

The 2005-2007 Legislatively Adopted Budget for OWEB includes $4.35 million [$1.55 million of Measure 66 Lottery Funds and $2.8 million of federal Pacific Coastal Salmon Recovery Funds (PCSRF)] available to be allocated by the Board for non-capital grant purposes. Non-capital funds are used to fund an assortment of needs that capital funds cannot support, these include: technical assistance, education and outreach, monitoring and assessment, watershed council support, and agency efforts related to the Oregon Plan for Salmon and Watersheds. Non-capital funds may be distributed through the competitive grant process or by direct allocation by the Board.

Measure 66 non-capital funds may be used for a wide variety of purposes that further the goals of improving water quality, recovering fish and wildlife, and enhancing watershed health. The criteria for use of PCSRF funds are for recovery planning or for recovery and restoration of salmon or steelhead.

III. Comparison of the 2005-2007 Budget to Previous Budgets

The $4.35 million available in the non-capital fund does not include potential additional funds from the PCSRF for federal fiscal year 2006. In past biennia, even-year PCSRF funds became available to bolster the non-capital grant program during the second half of the biennium. Table 1 compares this biennium's non-capital funds with previous biennia.

Table 1. Non-Capital Funds

Biennia	Initial Funds	Mid-Biennium Funds
1999-2001	$3.7 million	$9.0 million
2001-2003	$8.9 million	$11.1 million
2003-2005	$0	$8.3 million
2005-2007*	$4.35 million	Unknown

*** Does not include FFY 2006 PCSRF Funds**

Staff are hopeful the FFY 2006 PCSRF funds will be available by July of 2006. At this time it is difficult to predict the level of funding that will be available for Oregon.

IV. Proposed Non-Capital Fund Spending Plan

There are many ways to approach the distribution of funds for a non-capital fund spending plan. While we are fortunate to begin the biennium with $4.35 million, these funds are not sufficient to fully meet the wide array of non-capital fund needs throughout the state. Given this limitation, there is no perfect way to allocate the non-capital funds to adequately meet all needs.

Staff propose a non-capital spending plan that emphasizes local capacity support. Supporting local capacity means targeting Board investments to support the actions of local watershed groups -- watershed councils, soil and water conservation districts, and other local groups. These groups are the key interface between OWEB, landowners, and local communities, and their efforts lead to a significant number of OWEB-funded restoration projects. Ultimately, effective actions of local groups help to implement objectives of OWEB and the Oregon Plan for Salmon and Watersheds.

At its May 2005 meeting, the Board made clear its interest in finding additional support for watershed councils and other local watershed groups. Given the 70 percent increase in capital funds over last biennium ($41.3 million), more funds than ever before will be available this biennium for restoration project grants. With this in mind, staff propose a non-capital spending plan intended to support local groups and focus on key OWEB program needs.

The following table sets out the proposed funding purposes and amounts for the non-capital funds to start this biennium. The spending plan would allocate funds to most traditional non-capital purposes and emphasizes building local capacity to address immediate local and statewide needs. Staff target significant investment in technical assistance and propose more modest amounts of funding for other purposes with the hope that additional PCSRF funds in 2006 will provide additional resources for these needs later in the biennium. The non-capital fund program elements and the use of the funds are described briefly below and explained in greater detail in the attached staff reports.

Table 2. Proposed Non-Capital Funds Spending Plan

Program Element	Amount	Report
Council Support	$561,002	E-1
Technical Assistance	$1,900,000	E-2
Recovery Planning	$200,000	E-2
Monitoring	$850,000	E-3
Watershed Assessment	$0	E-3
Education/Outreach	$400,000	E-4
Oregon Plan Products	$250,000	E-5
Regional Priority Setting	$139,000	E-5
Sustainability/E2	$50,000	E-6
Total 2005-2007 Non-Capital Funds Available	**$4,350,000**	

Council Support (see Item E-1**):** This program element involves an immediate allocation of funds to fulfill the watershed council support grant funding decision made at the May 2005 Board meeting. This action is a high priority item to address the Board's grant award commitment.

Technical Assistance (see Item E-2)**:** Technical assistance will play a key role to develop proposals for capital funded projects that meet priorities of the Board. Directing non-capital funds to support technical assistance will increase the capacity of OWEB's local partners to engage in project development, planning, design, coordination and permitting. Staff recommend the Board invest sufficient non-capital funds for the following purposes: integrating technical assistance into the regular grant cycle, Conservation Reserve Enhancement Program (CREP) technical assistance, and providing early action assistance to develop projects for the April 2006 or October 2006 grant cycle.

Recovery Planning (see Item E-2)**:** Planning for salmon recovery is an important priority for the Governor's Office, Legislature, and the National Marine Fisheries Service. Providing a financial incentive for local groups to participate in the anticipated recovery planning stakeholder team processes will help to ground the planning effort in local values and knowledge. This proposed allocation of non-capital funds will help cover the costs for local partners to participate in recovery planning efforts.

Monitoring/Assessment (see Item E-3)**:** A reduced offering to continue monitoring projects is proposed for the October 2005 grant cycle. The allocation also recommends reserving significant resources to provide state level monitoring associated with recovery planning. Limited non-capital funds compel staff to recommend not offering a watershed assessment grant cycle in October 2005. Future assessment grant cycles may be offered if additional PCSRF funds are available later in the biennium.

Education/Outreach (see Item E-4)**:** The investment in Education and Outreach is guided by the strategy recently adopted by the Board that focuses on awareness, knowledge, and skill development. The spending plan proposes to allocate funds for increasing awareness through hiring in-house staff dedicated to that purpose. A grant cycle for October is proposed to target education projects focused on building knowledge. Skill development will be addressed through a small allocation of funds to provide specific training opportunities to local partners.

Oregon Plan Products (see Item E-5)**:** OWEB, through its funding resources, plays a key role in supporting projects and products from state agencies and other partners that help implement the Oregon Plan for Salmon and Watersheds. These actions often do not fit well within OWEB's grant cycle process. Staff recommend reserving non-capital funds for potential items that could come before the Board at future meetings.

Regional Priority Setting (see Item E-5)**:** The continuation of the effort to develop regional priorities (at the reporting basin scale) for the Board will help to guide future restoration funding decisions and be useful in the review of projects. The funding can be used to integrate Board priorities with similar regional efforts throughout the Columbia Basin.

Sustainability/E2 (see Item E-6)**:** This item proposes creating a Local Innovation Fund to support demonstration projects that benefit local ecological, economic, and community needs.

V. Recommendation

Staff recommend the Board approve the spending plan as a guide for allocating non-capital funds for the first year of the biennium with specific direction to staff to report on the actions taken under the spending plan at each subsequent Board meeting. More specific actions are recommended as part of the attached reports.

Staff will report to the Board on the implementation of the spending plan at each Board meeting and suggest alterations as needed. As the availability of other funds becomes more certain, staff will discuss with the Board how those additional funds may be used to meet OWEB needs.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-1. Allocation of Non-Capital Funds for Watershed Council Support

I. Introduction

This report seeks Board authorization to allocate $561,002 of non-capital funds for Watershed Council Support grants.

II. Background

In May 2005, the Board awarded $4,480,580 for Watershed Council Support for the 2005-2007 biennium, contingent upon available funds. Subsequently, the Legislature approved a $3,936,837 budget line item for watershed councils, leaving $543,743 needed to meet the May Board award.

During the summer, staff wrote Watershed Council Support grant agreements for a pro rated amount of the legislatively approved $3.9 million, with the understanding that in September staff would recommend that the Board allocate the remaining funds.

In addition, staff recently discovered a data input error for the Nestucca-Neskowin Watershed Council, which resulted in a funding shortfall to the council of $17,259. Staff have corrected the error and reviewed the data for all councils to ensure that no further errors occurred. Additional funds are needed to address the Nestucca-Neskowin Watershed Council shortfall.

III. Proposed Board Action

The two amounts ($543,743 and $17,259) combine for $561,002 in additional funds for a total 2005-2007 Watershed Council Support award of $4,497,839. The current budget for non-capital funds for the 2005-2007 biennium is $4.35 million, $2.8 million of which is PCSRF funds. Staff propose the Board allocate $561,002 of non-capital funds to fund Watershed Council Support for the 2005-2007 biennium at the level awarded at the May Board meeting.

IV. Recommendation

Staff request Board action to allocate $561,002 of non-capital funds to fund Watershed Council Support for the 2005-2007 biennium at the level approved during the May 2005 OWEB meeting, which includes the $17,259 adjustment for the calculation error made for the Nestucca-Neskowin Watershed Council.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-2. Allocation of Non-Capital Funds for Local Capacity Enhancement (Technical Assistance and Recovery Planning)

I. Introduction

This report seeks Board action to reserve and allocate non-capital funds to enhance the capacity of local groups to effectively participate in watershed health-related efforts. Proposed funding will support technical assistance needs and local participation in recovery planning activities.

II. Background

At the May 2005 meeting, the Board directed staff to explore opportunities to provide additional funding to improve the capacity of local watershed groups. These local groups include watershed councils, soil and water conservation districts, and other local groups that partner with OWEB to enhance watershed health.

With limited non-capital funds, it is a challenge to adequately fund one program element, such as improving local group capacity, without under-funding other program needs. In an attempt to address this limitation, staff looked for ways to improve the capacity of local groups while at the same time meeting other program needs. To this end, staff propose the Board allocate and reserve non-capital funds for technical assistance purposes and to support local participation in recovery planning efforts.

III. Technical Assistance

Given the significant increase in capital funds this biennium, a major challenge for OWEB and its local partners is to ensure that adequate technical assistance is available to develop and implement capital funded projects that effectively address Board priorities. There has been a long expressed concern by OWEB stakeholders that a significant limitation for the development and implementation of local restoration projects is the lack of funding for technical assistance support. This assistance includes project development, project planning, design, coordination, and permitting.

Staff propose the Board fund three major technical assistance elements: (1) reserving funds to integrate technical assistance into the regular grant cycle; (2), allocating funds for early action technical assistance to support project development for restoration applications to be submitted in the April 2006 and October 2006 grant cycles; and (3) allocating funds for Conservation Reserve Enhancement Program (CREP) technical assistance. A brief discussion of these items follows.

1. Technical assistance in regular grant cycle

It has long been recognized that the lack of availability of technical assistance funding is a significant limitation to the design and delivery of restoration projects. In 2002, the Healthy Streams Partnership, a nongovernmental group of concerned citizens tasked to improve implementation of the Oregon Plan, conducted an evaluation for OWEB on the need for technical assistance. They concluded that "technical assistance for restoration projects, planning and organizational needs is a critical component for successful local implementation of the Oregon Plan." By integrating technical assistance into the regular grant cycle, local watershed groups will have a consistent opportunity to receive funding to plan, design and implement restoration projects.

2. Early action technical assistance grant cycle

In addition to integrating technical assistance into the regular grant cycle, staff recommend an expedited offering of a special grant cycle for technical assistance targeted at producing project applications for the April 2006 grant application deadlines. Applications for this offering would be made as early as October 2005 with an expedited decision time frame that would allow grant agreements to take place in late January 2006, rather than in late March per the regular grant cycle timeline. In order to meet the abbreviated schedule, staff recommend the Board take action now to allocate the funds for this purpose. Staff would then have the responsibility to review and distribute awards based on a very targeted grant offering. While this special offering differs from the traditional grant cycle process, staff believe it is the best opportunity to make meaningful technical assistance available to support project designs that can be used to improve the number and quality of grant applications at the April 2006 deadline. Under this proposal, staff would report to the Board on the final fund distribution at the March 2006 Board meeting.

3. CREP technical assistance

An allocation of $500,000 in technical assistance funds to assist the implementation of Conservation Reserve Enhancement Program (CREP) projects is also proposed by staff. CREP is a cooperative effort that began in September 1998 between the U.S. Department of Agriculture and the State of Oregon to establish forested riparian buffers along eligible streams on agricultural lands. The Oregon CREP is available to all agricultural landowners who have eligible crop or marginal pasturelands adjacent to streams that are water quality limited. The re-establishment of riparian habitat on agricultural lands is critical to improving water quality and fish recovery in Oregon.

OWEB works closely with the Oregon Department of Agriculture to implement this program. Landowner enrollment in CREP continues to increase. The proposed allocation for CREP technical assistance increases funding allocated by the Board for this purpose last biennium. Staff will monitor the allocation of these funds to ensure PCSRF requirements are met.

IV. Local Participation in Recovery Planning

This biennium, Oregon is focusing considerable state agency resources and federal PCSRF funds to speed the recovery planning processes for salmon and steelhead listed under the federal Endangered Species Act. Staff recommend the Board allocate non-capital funds to encourage local watershed groups to participate in recovery planning efforts.

By providing funding incentives to encourage local group participation in these public stakeholder processes, final recovery plans stand to benefit from the input of local knowledge, experience, and expertise. Local involvement also helps build needed local buy-in for successful final recovery plans. Participation in the recovery planning process would be a strain on the limited resources for many of OWEB's local partners. These funds will help interested groups to actively engage in the process while minimizing the burden on their operational budgets.

Staff propose the Board allocate funds that staff will award to local groups based on negotiated work scopes with regional OWEB staff and recovery planning leaders for each recovery domain. The funds are targeted primarily to help cover travel-related expenses needed to participate in the recovery planning process.

V. Recommendation

A. Staff recommend the Board reserve $900,000 of non-capital funds for technical assistance grants to be distributed through the April 2006 and October 2006 grant cycles.

B. Staff request the Board approve an allocation of up to $500,000 of non-capital funds for a special technical assistance grant cycle to begin this fall. Staff will review and award technical assistance grants on an expedited schedule for restoration project design.

C. Staff request the Board approve an allocation of up to $500,000 of non-capital funds for CREP technical assistance to local providers in the manner proposed by the Oregon Department of Agriculture in consultation with OWEB staff.

D. Staff request the Board approve an allocation of up to $200,000 of non-capital funds for recovery planning participation by local groups.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-3. Allocation of Non-Capital Funds for Monitoring and Assessment

I. Introduction

This report seeks Board approval to reserve a total of $850,000 in non-capital funds for an October 2005 grant offering and to support ongoing statewide monitoring needs under the Oregon Plan for Salmon and Watersheds.

II. Background

The Monitoring Strategy for the Oregon Plan for Salmon and Watersheds identifies the types of monitoring and a range of needs for monitoring to make sure that restoration and enhancement funds are effectively targeted and used. The Board directed staff to focus on effectiveness monitoring in the past year. Our initial efforts to implement effectiveness monitoring evaluations have been coordinated with regional partners and include drawing on the scientific guidance of the Independent Multidisciplinary Science Team.

The staff-proposed spending plan recommends focusing non-capital funds on monitoring. In the near term, staff do not propose offering a grant cycle opportunity for watershed assessments. If additional federal funds become available in 2006, the Board may be asked to consider adding opportunities for assessments and monitoring grants.

III. Monitoring Focus for the First Year of the Biennium

Staff recommend the Board reserve $250,000 in non-capital funds for the October 2005 grant cycle to continue local monitoring efforts to assist in problem identification. The announcement and availability of funds to continue monitoring efforts will help to continue ongoing local monitoring work. Staff also propose the Board reserve $600,000 in non-capital funds to continue investments in state-wide scale effectiveness, status and trends monitoring, and data management and dissemination activities. These types of monitoring actions are currently being drafted and prioritized by the Oregon Plan Monitoring Team. Specific allocation proposals will be brought before the Board when they are fully developed.

IV. Recommendation

A. Staff recommend the Board reserve $250,000 for a targeted grant offering in October 2005 for monitoring projects that continue existing efforts.

B. Staff recommend the Board reserve $600,000 to address state agency needs for focused statewide scale effectiveness monitoring, status and trends monitoring, and data management and dissemination activities that are consistent with and further the objectives of the Oregon Plan Monitoring Strategy.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-4. Allocation and Reservation of Non-Capital Funds for Education and Outreach

I. Introduction

This report seeks Board approval to reserve and allocate $400,000 of non-capital funds to support implementation of OWEB's Education and Outreach Strategy.

II. Background

The Board adopted its Education and Outreach Strategy in May 2005. The purpose of the Strategy is to help the Board and OWEB staff identify priorities and the best way to invest in those priorities. This can be done by direct investment in a project or program or through a targeted education or outreach grant cycle. The Strategy focuses on three key elements: awareness, improve knowledge, and skill development.

The awareness element of the Strategy aims to motivate interest and inform Oregonians about: the significance of watersheds in their everyday lives, the Oregon Plan for Salmon and Watersheds, OWEB investments in local communities, and the important role watershed groups play in their communities. The improve knowledge element supports more formal, intensive, interactive and educational efforts where there is a specific teaching objective aimed at increasing the level of the audience's knowledge of certain watershed principles. The skills development element is watershed education that helps participants acquire specific technical skills and/or tools to promote individual and/or group actions in ways consistent with the Oregon Plan for Salmon and Watersheds.

With limited non-capital funds available at the outset of the biennium, staff recommend a plan to begin implementing the three elements of the Education and Outreach Strategy in a manner that best advances Strategy goals despite insufficient resources.

III. Investment in Awareness

Staff recommend the Board allocate $150,000 in non-capital funds for OWEB to support an in-house staff person to implement the awareness element of the Education and Outreach Strategy. The Governor's Requested Budget for 2005-2007 sought a position for this purpose, but the

position was ultimately not funded in OWEB's final budget. Nevertheless, the need remains for this position to cover a significant portion of the Education and Outreach Strategy. This position would cover the following tasks identified in the Strategy:

(1) Prepare media release and outreach materials with OWEB grantees that promote local restoration efforts and partnerships;
(2) Develop media contacts statewide for use by OWEB and with local watershed groups;
(3) Prepare media releases on Board actions for statewide and local distribution;
(4) Act as OWEB Liaison to the Oregon Plan Outreach Team, including developing and delivering coordinated Oregon Plan outreach messages and training materials for local watershed groups to conduct their own outreach;
(5) Manage the OWEB website, including enhancement and maintenance of the site, making tools and resources more available for watershed groups, and highlighting OWEB investments; and
(6) Assist local watershed groups with outreach.

These tasks cover local and statewide awareness needs and will help the public better understand the benefits and opportunities of OWEB investment of public funds in watershed health.

Currently, OWEB does not have the capacity to support communications about its local investments or the public-private partnerships carried out under the Oregon Plan. Staff recognize funds are desirable to support communication needs at all levels and by all OWEB partners. However, with limited non-capital funds, staff suggest the most cost-effective investment in awareness is to support an in-house staff dedicated fully to the purposes listed above. If the Board approves this request, staff will seek administrative approval for a limited duration position for the remainder of the 2005-2007 biennium.

IV. Investments in Improving Knowledge

Staff recommend reserving $200,000 in non-capital funds for a grant solicitation in October 2005 to fund education projects that are designed to improve local knowledge of watershed processes and restoration benefits. This would focus OWEB's investments on the type of education efforts that are most effective at the local level and that can be best tailored to local issues and needs.

The Board should also set a maximum grant award amount for the October 2005 grant cycle of $20,000. This would enable grant funds to be available to more groups around the state. The reality of placing a ceiling on grant awards is that some local projects will either need to scale down the amount of the education delivered or the length of time a program is supported. The latter could affect K-12 programs the most by making it more difficult to fund a full year's implementation of a watershed education program. The latter problem could be addressed by running an education grant cycle in April 2006, or by creating a new timeframe for the submission of education grants.

OWEB has developed and supported efforts of other organizations to deliver education and outreach programs to reach identified needs across the state. For example, OWEB has funded both the basic program and specialized efforts of the Watershed Stewardship Education Program through OSU Extension. OWEB has also supported capacity building, training and education for statewide organizations of watershed councils and soil and water conservation districts. At this time, we have not discussed ongoing needs with those organizations, nor whether they have been

planning to submit an application this fall. Before finalizing a staff recommendation on this matter, those groups should be engaged in a discussion about how to continue support while staying within the agency's current resource means.

V. Investments in Skill Development

Staff recommend the Board authorize the allocation of $50,000 in non-capital funds to invest in efforts to provide local groups and individuals with specific skills and tools that lead to actions that further the goals of the Oregon Plan. Opportunities such as workshops on river processes and restoration actions proposed by OSU can be better taken advantage of by local partners and others if OWEB provides "scholarships" with these funds. Workshops on grant application development and management could also offer useful tools for local partners. Under this proposal, staff would distribute funds to appropriate workshops and training as opportunities arise. Staff will periodically report to the Board on the use of these funds.

VI. Recommendation

A. Staff recommend the Board authorize an allocation of up to $150,000 in non-capital funds for OWEB to support an in-house staff person to implement the awareness element of the Education and Outreach Strategy.

B. Staff recommend the Board reserve $200,000 in non-capital funds for a targeted grant offering in October 2005 for projects that address improved knowledge.

C. Staff request the Board authorize an allocation of up to $50,000 in non-capital funds to support local partner participation in skill development workshop opportunities.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-5. Allocation of Non-Capital Funds for Oregon Plan Products and Regional Priorities

I. Introduction

This report seeks Board approval to reserve $250,000 in non-capital funds to support needs related to the Oregon Plan for Salmon and Watersheds. The Board is also asked to reserve $139,000 in non-capital funds to continue the development of regional priorities.

II. Background

In past biennia, OWEB, in collaboration with other entities, funded specific products that furthered implementation of the Oregon Plan for Salmon and Watersheds. For example, previous funding has supported the development of flow data for use in water quality TMDL development and local restoration planning activities. While no specific needs have been identified for this purpose at this time, staff recommend the Board reserve $250,000 in non-capital funds to meet future needs for Oregon Plan products that arise over the biennium.

There continues to be a significant need for data that provide information about the performance of the implementation of the Oregon Plan and an improved delineation of watershed priorities in each Oregon Plan reporting basin. Under one of our state performance measures, OWEB is committed to adopt basin priorities in three reporting basins by the end of 2005. Basin priorities are also targeted for completion in ten additional reporting basins by the end of 2006. The reservation of funds to address regional priorities will support an important effort that will help guide future funding decisions by the Board. Staff are coordinating the development of basin priorities with other regional watershed planning efforts, including subbasin plans by the Northwest Power and Conservation Council and recovery planning under the federal Endangered Species Act.

III. Recommendation

A. Staff recommend the Board reserve $250,000 in non-capital funds for Oregon Plan products needs that will be presented to the Board at a future meeting.

B. Staff recommend the Board reserve $139,000 in non-capital funds for the development of regional priorities in a manner identified by staff and presented for Board consideration at a future meeting.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Allison Hensey, Policy Specialist

SUBJECT: **Agenda Item E: 2005-2007 Non-Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

E-6. Allocation of Non-Capital Funds for E2 (Environment and Economy) and the Local Innovation Fund

I. Introduction

This staff report describes advice from the E2 (Environment and Economy) Working Group, and provides recommendations to the Board for implementation of the E2 concept. Recommended implementation includes issuing a Call for Innovation to solicit ideas for demonstration projects that would benefit the local watershed, economy, and community. Implementation would also include establishment of a Local Innovation Fund to be funded by OWEB and other partners to provide support for development and implementation of the most promising demonstration projects.

II. E2 and the Local Innovation Fund

Because, through this project, OWEB would seek innovation from demonstration projects in a way that it usually does not see in its current grant program, staff recommend establishing a Local Innovation Fund. The Local Innovation Fund would include funding from many partners, and would invest in demonstration projects that explicitly benefit the watershed, the local economy and the community. OWEB's funding would be used to support the core watershed restoration elements of the demonstration projects. OWEB would seek partners in the Local Innovation Fund who invest in economic development, community building, and sustainability. The funding from OWEB's partners in the Local Innovation Fund would be used to support the elements of the demonstration projects needing non-capital funding, or that are not as squarely within OWEB's core mission of watershed restoration and protection.

III. Background

In spring 2004, the OWEB Board began a discussion about providing funding to projects that have explicit watershed, economic, and community benefits. The projects OWEB funds already have ancillary benefits to the local economy and community, as noted in "Understanding the Community Economic and Social Impacts of Oregon's Watershed Councils," Hibbard and Lurie (2005). However, the purpose of the funding would be to encourage innovative watershed projects with a more clearly defined economic and community benefit than OWEB currently sees in most of its grant applications. Projects could include business enterprises whose product

provides a watershed benefit, projects that address entrenched economic barriers to watershed restoration or protection, or large-scale restoration projects that include significant economic benefits. By encouraging projects in which the economic, community, and watershed goals are intertwined, OWEB may help to create an economic and social incentive for watershed restoration and protection to occur on a larger scale and longer time frame than could be accomplished by an investment of the same amount of funding in a restoration project alone.

A. Working Group

At its January 2005 meeting, the Board indicated support for exploring this concept further, and asked staff to convene a group of "knowledge holders" with expertise in the intersection between watershed restoration and economic development to discuss the following question:

Can OWEB improve the economic and community benefits that accrue from its investments in watershed restoration while remaining true to its core mission?

Staff convened a Working Group to discuss this question. Members of the Working Group are listed below.

E2 Working Group
Diane Snyder, OWEB Board member, Wallowa Resources
Dianne Guidry, OWEB Board member, Natural Resources Conservation Service
James Honey, Sustainable Northwest
Eric Nusbaum, Siuslaw Soil and Water Conservation District
Jennifer Hampel, Coquille Watershed Association
Ed Glad, Pacific Northwest Regional Council of Carpenters
Glenn Montgomery, Sustainability Coordinator, Oregon Economic and Community Development Department
Cassandra Moseley, Professor, University of Oregon
Brent Davies, Ecotrust
Adam Zimmerman, ShoreBank Enterprise Pacific
Marcus Kauffman, Watershed Research & Training Center

The Working Group met on June 9 in Salem. Under the guidance of OWEB Board member Diane Snyder, OWEB Director Tom Byler, and Policy Specialist Allison Hensey, the group discussed whether this is a concept OWEB should pursue further, and the kind of outcomes the Board should seek in watershed projects that provide more explicit economic benefits.

The Working Group concluded that OWEB can and should encourage and support projects to enhance the watershed that also have explicit benefits to the economy and community. The most persuasive reason stated by the group to move forward can be summarized, in short, as:

Healthy watersheds can not occur without healthy economies and communities.

The Working Group discussed the fact that individuals must first make a living before they can turn their attention to other issues such as community or the environment. If a local economy is struggling, or if there is significant social conflict, it is more difficult for individuals to conduct their lives and businesses (or develop local policies) in a way that sustains and benefits the watershed. However, if individuals can find a way to make a living that benefits the watershed, if current economic barriers to watershed restoration or protection can be reduced or removed, or if obstacles to collaboration among interest groups

can be addressed, then watershed health not only has the potential to become an economic driver, but there are economic and social incentives to sustain watershed health over the long term. By linking watershed, social, and economic health, traditional conflicts between the environment and the economy may be reduced.

The Working Group also advised OWEB that if a community does not invest in bringing together the diverse groups and interests that share a watershed's resources to plan for the use of those resources, then it may not have the capacity to sustain watershed and economic health over time. During its discussion, the Working Group recommended that OWEB include supporting community capacity as a goal of the E2 project, in addition to supporting watershed and economic benefits. As the Working Group noted, a strong community capacity to bring together diverse, knowledgeable and interested citizens and leaders to identify the fundamental drivers of watershed, community and economic concerns, and develop and implement a shared vision for the future, is an essential element for long-term watershed sustainability and resilience. Without this capacity, attempts to improve watershed health and the local economy are less likely to succeed. Furthermore, community capacity developed to address a particular issue or discrete project can increase a community's capacity to work collaboratively on broader challenges as relationships, trust, and vision are developed.

Currently, the majority of OWEB's projects only explicitly address one of the three parts of the whole described here: watershed health. While most of the watershed projects receiving funding from OWEB also provide benefits to the community and local economy, these benefits are not explicit goals of the projects. The purpose of providing funding for E2 projects would be to include the other two parts of the whole, the economy and the community, as explicit goals of OWEB's investment, while maintaining watershed health as the central purpose of OWEB's investment of funding.

B. E2 Project Outcomes

The Working Group recommended the following possible outcomes for an E2 project. While each of the outcomes may not be present in every project, these are the kind of outcomes potential projects should seek to accomplish.

- **Supporting and fostering innovative enterprise that accomplishes restoration**
- **Improving and sustaining local quality restoration jobs**
- **Sustainable economic viability for private landowners from land stewardship**
- **Increased community capacity to develop and implement a sustainable vision for the community**

IV. Project Examples

The broad outcomes identified by the Working Group mean that potential projects will take many forms. The purpose of the demonstration project is to encourage innovation and creativity, and not to prescribe a specific project. However, to better illustrate the goals of a demonstration project for discussion purposes, it is helpful to have examples. Following are two examples of the kinds of projects that could accomplish the outcomes identified by the Working Group. Additional examples are contained in Attachment A to this report.

A. Sustainable Agriculture Branding and Marketing (Oregon Country Beef, Coquille Valley Dairies)

OWEB often provides funding for watershed restoration and protection projects on working farms, ranches, and forestland. Occasionally, these projects help the landowner to receive certification to market their product as sustainably produced, thereby receiving a higher price for the product. OWEB's funding not only enhances watershed health, but also benefits the landowner economically, and provides an economic incentive for watershed stewardship to continue over the long term. One of the significant challenges for agricultural producers is changing prices in a global commodity market. Farmers, ranchers and foresters who are able to makes themselves more attractive to the consumer based on their stewardship of the land, and receive a higher price outside of the general commodity market because of these factors will do better economically, in addition to providing watershed benefits. Oregon Country Beef, now known as Natural Country Beef, is a good example of this model. Several dairy farms on Oregon's South Coast are currently transitioning to organic operations to take advantage of the exponentially growing demand for organic milk nationwide and receive a higher price for their product. If OWEB is able to encourage and assist with this kind of transition in a way that benefits both the watershed and the local economy, it will provide an economic incentive for long term watershed stewardship.

B. Creation of Market for Juniper Products

OWEB funds juniper removal projects where juniper has exceeded its natural range to restore the hydrology of an area and reduce competition for native plant species. If a business is able to develop a market for a product using the juniper that has been removed, then that economic driver means that juniper removal is likely to occur on a larger scale than OWEB alone could fund. If OWEB is able to provide assistance to such a business to increase its chance of success, and to ensure that it targets juniper removal in the appropriate areas, then the watershed and local economic benefits could be greater than those provided through restoration grants alone due to the economic incentive for continued juniper removal.

V. Partners

Partners with expertise and funding will be critical to the success of a demonstration project. OWEB does not have the expertise alone necessary to evaluate the kind of proposals the demonstration project will seek. Similarly, funding partners will be important to provide much of the non-capital funding that may be requested for project components such as business plan development, planning, facilitation, market research, education and outreach, or training, and funding for project elements that are not as clearly within OWEB's core mission. If the Board decides to move forward with a demonstration project, staff will seek formal partners for the project from other state agencies, federal agencies, foundations, and non-profits to provide expertise and funding.

VI. Call for Innovation

One method for funding several demonstration projects that maximizes the potential for creative, well thought-out proposals is a Call for Innovation. OWEB could issue a Call for Innovation, seeking proposals of no more than eight pages describing the goals and methodology of a project. The Board could then provide a small amount of non-capital funding to the proponents of the top two or three proposals to allow them to develop their concept more fully, so that they are able to come back to the Board with a fully researched project that will be ready to begin upon investment by the Local Innovation Fund. This method recognizes that the kind of project OWEB is seeking is generally complex, with many elements and partners. Providing a small

amount of funding to allow a project to be thoroughly developed increases its chances of success. This approach also allows the Board and its partners to have input in its development to ensure that it advances the goals of the partnership, and that the project plan is sound.

The Local Innovation Fund could provide funding to the top few proposals to develop their project plan over the course of 5-6 months with Board and partner input. One possible timeline for this method follows:

October 14, 2005	Issue Call for Innovation
December 1	Short Proposals Due
January 15, 2006	OWEB Board selects 2-3 proposals for further development
June 16	Full proposals due to OWEB
July-August	Evaluation of full proposals by OWEB staff and partners for recommendation to Board
September 14	OWEB Board evaluates final proposals for funding decision by Board and its partners in the Local Innovation Fund

VII. Recommendation

Staff recommend Board approval of creation of a Local Innovation Fund to provide funding for the E2 project described above. If the Board decides to pursue the project, staff recommend the Board reserve $50,000 in non-capital funds to create the Local Innovation Fund. Staff will seek partner funding to augment this amount, which will provide initial funding for full proposal development, and eventually will provide demonstration project funding.

Attachment

A. Additional Project Examples

Attachment A

E2/Local Innovation Fund
Additional Project Examples

A. Pollution Control Incentives
The oyster farmers of Willapa Bay depend on clean water to produce their world-class product. If Willapa Bay's water becomes polluted, the oyster farmers lose their crop. A few years ago, local leaders noticed that septic tank failures were becoming a problem on the properties surrounding Willapa Bay. Local regulations require landowners to repair their septic system prior to selling their land. Due to repair costs, most landowners wait until they sell their property to repair the septic system. To avert the risk of water pollution levels that would make local oysters unsaleable, Shorebank Enterprise Pacific Bank and its partners found grant funding to allow them to provide low interest loans to homeowners willing to repair their failing septic tanks in areas critical to water quality affecting the oyster farms now, rather than waiting until they sell their property. Loan repayment is required upon sale of the property. This program has been very popular with local landowners, helping them to protect their property values and avert the more costly clean-up expenses of a septic system failure. The program helped to protect the water quality in Willapa Bay, benefiting resident fish and wildlife populations, human health, and the economic well being of the local oyster farms.

A. Family Wage Watershed Restoration Work Crew
A watershed restoration work crew that lives in and has knowledge of the local region, has experience and training in doing restoration in that region, and makes a family wage, will likely do a better job with more lasting watershed benefit than a more transient, poorly paid work crew. The presence of a local, experienced crew also maintains a knowledge base about local watersheds in the region. The existence of a stable, fairly paid local restoration work crew can benefit both the watershed and the local economy and community.

Barriers to the creation and maintenance of local work crews include the cost of managing the crew, marketing the crew to ensure a steady stream of work, and training the crew to do a range of restoration and monitoring projects. Ideally, the fees charged for the work crew's time would cover these costs, and even provide some operating revenue for the entity that manages the crew, whether it's a private company or a watershed council. Currently, only one watershed council, the Coquille Watershed Association, maintains a full time, family wage work crew. If OWEB is able to assist in providing funding for training or market development and research to establish or enhance the development of this kind of work crew, it could benefit local watersheds, communities, and economies.

E. Lake County Forest Restoration, Jobs, and Community Capacity
Opportunities for traditional economic diversification strategies in Lake County are limited, due to its remote location. Global competition, maturation of the timber industry and increased environmental pressure forced the closure of several mills by 1996. Environmentalists had been concerned for some time about the health of the local public forestlands, in particular, the Forest Service's "Sustained Yield Unit." In 1996, as the Forest Service's SYU came up for re-authorization, the local community was concerned that the SYU would be lost, forcing the closure of the last local mill, and further loss of jobs. Local

leaders engaged with the Forest Service, regional and national conservation groups and the local government in order to jointly assess the state of the resource, and examine possibilities for retaining and re-tooling the local timber economy. Through a process of dialogue and collaborative meetings, the Lake County Stewardship Group was formed, and it identified numerous projects that would experiment with active watershed restoration, while maintaining local jobs. The group engaged in numerous forest restoration projects (largely small diameter removal and re-introduction of fire), with multi-party monitoring. While the impacts of these projects were limited on the landscape, they served as a basis for developing dialogue and mutual understanding between the various entities that intersected over management of the Forest and SYU. The group has developed a long-term vision for the management of the SYU (now called a Stewardship Unit), endorses and supports a local organization that helps local contractors gain access to restoration contracts with the Forest Service, and has kept the local mill operating while engaging in strong restoration activities on the SYU. The group has also provided strong support for the development of a biomass generation facility, high-school science enrichment programs, and other economic and social benefits.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item F: 2005-2007 Capital Fund Spending Plan**
September 13-14, 2005 OWEB Board Meeting

I. Introduction

This report is presented as an information item with options for Board action. The 2005-2007 Legislatively Adopted Budget for OWEB includes $41.3 million of Measure 66 Lottery Funds (capital funds) to be allocated by the Board for capital grants. The majority of the funds will be allocated through the regular competitive grant process. This staff report identifies three commitments that will reduce the total funds available for the biennium. These commitments also are referenced in the Agenda Item K recommendations on grant funding.

II. Previous Commitments

At the May 2005 meeting, the Board approved the allocation of $1 million in capital funds for the Conservation Reserve Enhancement Program and $2.8 million in capital funds for the small grant program for the 2005-2007 biennium. Given this commitment, the remaining unallocated capital funds total $37.5 million.

III. Ongoing Commitments and Grant Cycles

This $37.5 million creates the potential for dividing the capital funds among four grant cycles at as much as $9.375 million each. In the past biennium, the capital grant cycles awarded approximately $5 million each and had "do fund" recommendations for approximately $7 million.

However, there are other commitments and/or possible allocations to consider before dividing these funds between grant cycles. The Board has committed $3 million in capital funds to the Grants Pass Irrigation District as state match for the removal of Savage Rapids Dam (201-444). Of the $3 million, the Board has to date allocated $2.25 million towards the removal. The remaining $750,000 could be allocated at the beginning of the biennium to complete the State match for this project. This action would demonstrate the State's continued commitment to the project and not require further action by the Board, and is recommended as a Board action in Agenda Item K.

Staff previously presented to the Board a new cooperative opportunity to address shared priority restoration opportunities with the Forest Service. This discussion and others may become sufficiently mature to bring them to the Board for special dedication of funds to address either

regional restoration priorities or programmatic improvements. Each allocation to a new partnership arrangement will reduce the amount of funds available through the regular grant cycles.

The Board will eventually want to earmark portions of the available capital funds for use in the regular grant cycles, for special grants, and perhaps also for non-grant allocations to new partnership opportunities. For example, Agenda Item K recommends nominal capital funding targets of $7.5 million for each of the four regular grant cycles this biennium, totaling $30 million for all four cycles. Should the Board adopt these targets, subtracting the $30 million from the $37.5 million in capital funds presently available would leave $7.5 million remaining to be allocated to the sorts of uses described above.

IV. Staff Recommendation

No Board action is required at this time. With Board approval and in conjunction with the Board Co-Chairs, staff will evaluate opportunities and develop options for allocation of the capital funds available in this biennium and report these back to the Board.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item H: Allocation of Pacific Coastal Salmon Recovery Funds to State Agencies**
September 13-14, 2005 OWEB Board Meeting

I. Introduction

This report seeks Board authorization to allocate a total $7,437,946 of federal Pacific Coastal Salmon Coastal Funds (PCSRF) for the Oregon Departments of Agriculture, Environmental Quality, and Fish and Wildlife.

II. Background

By Congressional designation and National Marine Fisheries Service (NMFS) grant conditions, OWEB is the Oregon agency charged with receiving and disbursing PCSRF funds. OWEB recently revised its Memorandum of Understanding with NMFS that specifies OWEB's responsibilities for ensuring that the use of the PCSRF funds is consistent with their intended federal purposes. The performance measures in the MOU provide a basis for ensuring effective investment of federal PCSRF funds in salmon recovery. The primary criteria for use of PCSRF funds are for recovery planning or for recovery of salmon or steelhead habitat. The revised MOU requires OWEB to consult with NMFS on proposed state agency allocations of PCSRF funds prior to approving them.

This biennium the Legislature allocated $8.5 million of 2004 and 2005 PCSRF federal grants to the Departments of Agriculture, Environmental Quality, and Fish and Wildlife. These allocations were discussed informally with NMFS prior to legislative action. Detailed work scopes have been developed by each agency for the products they will produce with the PCSRF funds, consistent with performance measures NMFS requires of all recipients of PCSRF dollars. These allocations are explained in detail in Attachment A. NMFS has reviewed the legislative allocations and found them to be consistent with PCSRF purposes. (See Attachment B)

III. Overview of Agency PCSRF Allocations

On an August 8, 2005, conference call meeting, the Board allocated a total of $1,062,564 in PCSRF funds to allow OWEB staff to enter into agreements to cover appropriate program expenses for ODA, DEQ, and ODFW through September 30, 2005. Those PCSRF funds cover agency activities for the first quarter of the first year of the biennium. In the meantime, OWEB has been working with each agency to develop agreements for the full biennium, with the understanding that the Board would consider allocating the remaining funds at its September 2005 meeting.

The following are legislative allocations that OWEB will administer to the named agency provided that eligibility and reporting requirements of the PCSRF are met. OWEB staff are working on an agreement for fund administration with each agency that will provide clear expectations of the outcomes to be accomplished and required reporting.

A. Oregon Department of Agriculture

PCSRF funds were allocated ODA to fund Soil and Water Conservation Districts (SWCDs) throughout the state. The $1.9 million appropriated provides ODA staff support for SWCDs, and direct funding for district staff.

Table 1. ODA Allocation of Funds

2005-2007 Legislatively Adopted Budget	
Program Element	**PCSRF**
Soil and Water Conservation Districts	$1,967,233
Less August 8, 2005 Board Approved Allocation	*<$245,904>*
Total Remaining to be Allocated	**$1,721,329**

B. Oregon Department of Environmental Quality

PCSRF funds were allocated to DEQ's Oregon Plan Monitoring program. The $0.8 million appropriated to DEQ will continue critical monitoring efforts and allow Willamette Basin TMDLs to be completed.

Table 2. DEQ Allocation of Funds

2005-2007 Legislatively Adopted Budget	
Program Element	**PCSRF**
Oregon Plan Monitoring	$814,293
Less August 8, 2005 Board Approved Allocation	*<$101,787>*
Total Remaining to be Allocated	**$712,506**

C. Oregon Department of Fish and Wildlife

The Legislature allocated PCSRF funding to five programs within ODFW. The allocations are detailed in Table 1. The $5.7 million allocated to ODFW will accomplish significant contributions to the monitoring, recovery planning and recovery of salmon populations and fish habitat, assist in improving fish passage, and assist in programs to protect fish habitat.

Table 3. ODFW Allocation of Funds

2005-2007 Legislatively Adopted Budget	
Program Element	**PCSRF**
Coastal Monitoring	$798,500
Oregon Plan Monitoring	$3,534,936
Western Oregon Stream Biologists	$470,692
Recovery Planning	$750,000
ESA Specialist	$164,856
Less August 8, 2005 Board Approved Allocation	*<$714,873>*
Total Remaining to be Allocated	**$5,004,111**

IV. Recommendation

Staff recommend the Board authorize an allocation of $7,437,946 in PCSRF funds as allocated by the Oregon Legislature to the following agencies for the remainder of the 2005-2007 biennium.

$1,721,329	Oregon Department of Agriculture
$ 712,506	Oregon Department of Environmental Quality
$5,004,111	Oregon Department of Fish and Wildlife
$7,437,946	TOTAL

Attachments

A. July 11, 2005 OWEB Letter on Agency Work Scopes
B. August 4, 2005 NMFS Letter concerning Agency Work Scopes

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring Program Manager

SUBJECT: **Agenda Item I: Effectiveness Monitoring Program**
September 13-14, 2005 OWEB Board Meeting

I. Introduction

This update provides an overview of the effectiveness monitoring program activities that have taken place between March and September 2005.

II. Background

In September 2004, the Board approved an implementation plan for the effectiveness monitoring program. This program is designed to fulfill specific needs identified within the Monitoring Strategy of the Oregon Plan for Salmon and Watersheds. (Attachment A) In March, the Board was presented with a schedule of anticipated activities for the following year. There have been a number of tasks undertaken and staff changes so far this summer.

III. Juniper Clearing Projects -- Wheeler and Crook Counties

Hugh Barrett, former BLM rangeland manager, was hired under contract to initiate a preliminary assessment of western juniper clearing projects funded by OWEB since 1999 through both the small grant and restoration grant cycles. Projects range in size from a few acres to several thousand acres and investment costs are in the low thousands to approximately $130,000. Mr. Barrett evaluated most juniper clearing projects that were funded by the OWEB Board in Wheeler and Crook counties. Generally, projects were implemented well and treatments were successful at targeting encroaching western juniper and setting back succession. The work was designed as a prototype project and important observations and findings resulting from it will be used to inform future stages. Collaboration with research project leaders and other juniper clearing studies will be an important component of our next steps.

IV. Partnerships and Collaboration

Monitoring Program staff have been working with three groups in particular during the developmental stages of the effectiveness monitoring program.

PNAMP -- Pacific Northwest Aquatic Monitoring Partnership
PNAMP is a regional effort comprised of several workgroups that are generally guided by the PNAMP work plan and steering committee. The work plan was adopted earlier this year and monitoring program staff assisted with its development and continue to work on implementation. OWEB staff are active in the steering committee, data management, effectiveness monitoring, and high level indicators workgroups. Funding was provided to supplement the John Day protocol testing which occurred earlier this summer. Specific work

with Washington State, Northwest Power and Conservation Council, and Bonneville Power Administration representatives on high level indicators is especially useful for integration into the OWEB performance measure reports that are being generated for the National Marine Fisheries Service and the Oregon Progress Board.

OPMT -- Oregon Plan Monitoring Team
The Monitoring Team, led by OWEB's Monitoring Program Manager, met on four occasions over the past nine months. Effectiveness monitoring is an important and timely subject for many of the agencies participating in the Oregon Plan. Discussion and planning for coordinated effectiveness monitoring has taken shape in the form of better data and information management, needs assessment, sampling design, and training.

Agency representatives concur that one of the first steps in implementing the Oregon Plan effectiveness monitoring program is to make available existing information and data collected to date. From that, organized grouping of information into a clear set of needs will be articulated. The location and number of Intensively Monitored Watersheds (IMWs) and their relationship to existing paired watershed studies is one example. The team is planning, organizing, and participating in two workshops over a six month period that will provide a mix of training and educational opportunities related to sampling design and the implementation of effectiveness monitoring. The recently completed workshop included a lessons learned section relating to the Coastal Coho Assessment.

IMST -- Independent Multidisciplinary Science Team
The Monitoring Program Manager has been working with representatives from the IMST and the Department of Environmental Quality on the jointly sponsored Effectiveness Monitoring Workshop to be held early in 2006. The workshop is intended to be a forum for scientists to present findings and to engage in a discussion with project and program managers about methods, tools, scales, and lessons learned. A poll will be sent to local representatives and agency managers prior to holding the workshop in an attempt to capture the most relevant topics as seen by the prospective audience.

V. Recommendation

This is an informational item. No Board action is requested at this time.

Attachment

A. Excerpt from Monitoring Strategy for the Oregon Plan for Salmon and Watersheds

Attachment A

Oregon Plan for Salmon and Watersheds Monitoring Framework

Outcomes	Questions	Strategies	Sample Data Types/Information
Outcome One: **Provide a scientific assessment of watershed conditions and salmon populations.** Identify the appropriate indicators of population and watershed condition, the appropriate scales of inquiry, and the appropriate level of precision needed.	**What is the condition of aquatic habitat and watershed systems?** 1. What is the condition of salmon populations at the ESU, Sub-Basin and watershed scale? 2. What is the status and what are the trends in aquatic habitats, water quality, and stream flow? 3. What are the critical factors that limit watershed function and salmon productivity? 4. What constitutes detectable and meaningful changes in habitat condition and populations?	1. Assess general status and trends for physical habitat, salmon populations, , and biotic conditions in Oregon sub-basins and ESU regions at appropriate scales. 2. Monitor habitat capacity, salmon survival and productivity, and biotic processes in selected watersheds within each sub-basin or ESU region. 3. Analyze habitat trends and salmon populations in the context of local or regional effects, landscape influences, and ocean productivity.	Landscape Characterization: Riparian Condition: canopy composition, site potential, Habitat Condition: channel morphology, fish passage. Salmon: abundance, geographic distribution, life history, diversity, and productivity Biotic Condition: invertebrate communities, , toxics. Water quality:: temperature, DO, pH, sediment, bacteria Stream flow: duration, peak flow events, minimum flows
Outcome Two: **Provide an evaluation of Oregon Plan restoration actions and conservation measures** Evaluate the relative importance of restoration activities as a contribution to watershed health. Develop analytical models to evaluate changes produced by the Oregon Plan to target conditions and recovery goals.	**What is the benefit of Oregon Plan restoration projects, management practices, and conservation programs relative to adverse impacts and natural ecosystem variability?** 5. What changes are occurring in watersheds that improve stream habitat quality? 6 What are the management practices and programs that enhance or restore watershed functions and salmon populations? 7. What habitat changes and biotic responses result from these projects, practices, and programs? 8. What are the impacts of land use and land management practices on watersheds?	4. Document implementation of restoration projects, conservation activities, and agency programs. 5. Evaluate the local effectiveness of restoration efforts by monitoring representative samples of specific project, activity, and program types. 6. Evaluate the combined effectiveness of restoration efforts by monitoring habitat and population response in a structured sample of watersheds.	Broad Scale Indicators :--land use/land cover, road density --wetland change --ocean productivity cycles Instream, riparian, road, and upland project type, number and location. Habitat and biotic indicators of project effectiveness. Compliance rates and effectiveness measures of policy guidelines and rules (i.e. Forest Practices Act Monitoring) Component and cumulative analysis of restoration actions and management program benefits

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations Overview**
September 13-14, 2005 OWEB Board Meeting

I. Summary

One hundred seven grant applications seeking a total of $13,270,224 were received by the April 25, 2005, deadline. The breakdown by region, project type, and dollar amount is shown on the attached table. (Attachment A)

Only *capital* grants – those for Restoration or Acquisition – were considered in this funding cycle. *Non-capital* applications – those for Assessment, Monitoring, Education, and Outreach, for example – were not invited or accepted. After being screened for eligibility and completeness, the *capital* applications were sent to the five Regional Review Teams (RRTs) which reviewed them for merit and made prioritized funding recommendations to OWEB staff. OWEB staff considered present and future funding availabilities, and special needs and circumstances in balancing and integrating the separate Team recommendations into this staff funding recommendation to the Board. A map showing the location of the projects submitted for funding by OWEB staff is attached. (Attachment B)

Following this overview are staff reports containing the OWEB staff funding recommendations for Regions 1-5.

II. Review Process

OWEB revised its rule format and language last year, and this was the first grant cycle to use the new applications, guidance documents, and review evaluation scoring sheets that resulted from and are consistent with those new rules. The new documents were well received by applicants and reviewers alike, although a few relatively small wrinkles still remain to be ironed out in further document refinement for future cycles. OWEB staff are working on those refinements now and plan to have the further revisions ready early in 2006, which is the right timing for the April 2006 to September 2006 grant cycles.

Otherwise, the proposal reviews in this cycle followed OWEB's usual process. The Review Teams were sent packets of eligible grant proposals to read and consider. Then, for the second consecutive grant cycle, OWEB staff scheduled visits in all regions to as many sites as possible, emphasizing new applications, acquisitions, and the more complicated or less routine projects.

All Review Team members were invited on these visits and some members were able to participate at each site. In their Team meetings, reviewers were asked to determine the technical merits of each proposal and, with the exception of acquisition projects (since additional staff reviews are required), whether to recommend each project for funding. After classifying projects as "fund" or "no fund," the Regional Review Teams were then asked to prioritize the projects recommended for funding. The Review Team recommendations are included in each applicable regional staff report in this agenda item. Any applications recommended for funding at a reduced amount and/or with special conditions are so identified in the tables attached to each regional staff report.

The Review Team recommendations in summary form were distributed to all applicants whose proposals were reviewed by that Team. Staff continued in this grant cycle the practice of forwarding all comments received from applicants regarding the Regional Review Team recommendations to the Board prior to the Board meeting.

III. Acquisition Projects

Five new land acquisition applications were reviewed during this grant cycle. Others, funded or deferred from previous cycles, may be discussed with the Board at this Board meeting.

Under the administrative rules adopted by the Board in September 2004 and implemented for the first time this grant cycle, acquisition projects undergo a multifaceted review. First, applications are reviewed by a three member Board Acquisition Subcommittee for a recommendation as to whether staff should proceed with a due diligence review or that the application be denied and no due diligence review of the application occur. Simultaneously, applications are reviewed by the Regional Review Teams for ecological and educational values. The Subcommittee may ask for additional information from the applicant or may ask that specific questions be addressed by the Regional Review Team.

If proceeding with the due diligence review is recommended by the Subcommittee, staff request the appraisal report, title report and exceptions, option, donation disclosure, environmental site assessment, and conservation easement. An independent review appraiser evaluates the appraisal report. OWEB's legal counsel at the Department of Justice reviews the title report, exceptions, option agreement, and conservation easement. Staff at the Department of Environmental Quality review the environmental site assessment.

After a due diligence review of a proposed land acquisition project is complete, the Board Acquisition Subcommittee synthesizes the ecological and educational benefits of a proposed project and the capacity to sustain the benefits, the partners in and support for a project, the effect on the local and regional community, the evaluation of the Regional Review Team, and the due diligence review of the project into a funding recommendation to OWEB staff.

Finally, staff consider all evaluation criteria, the Board Acquisition Subcommittee's recommendation, and available funding resources to develop a funding recommendation to the Board. The staff funding recommendations, based on this process, are then summarized in a separate acquisition section in the appropriate regional staff report for Board review.

Two acquisition projects submitted in April 2005 are recommended for funding at this time. One application submitted in April 2004, and previously deferred by the Board, is also recommended

for funding. Two new projects and one deferred project are recommended for deferral, one project is not recommended for funding based on the Subcommittee and Regional Review Team evaluations, and one deferred project has been withdrawn by the applicant.

IV. Budget Considerations

As usual, and per the Board's expressed preference, staff have established *capital* funding targets for this grant cycle by dividing the amount of capital funds anticipated to be available in the 2005-2007 biennium by the number of grant cycles expected in this biennium.

The 2005-2007 Legislatively Adopted Budget allocated $41.3 million in Lottery funds for *capital* expenditure. At its May 2005 meeting, the OWEB Board allocated $1 million of this toward the CREP program and another $2.8 million to re-fund OWEB's Small Grant program, leaving $37.5 million unallocated. Dividing $37.5 million by four would establish nominal *capital* funding targets for this and each of the remaining cycles at $9.375 million of Lottery funds per cycle.

That said, we note that the Board also has the option of earmarking some amount of this *capital* funding for special projects that might be funded outside of the regular grant cycles and process. While such special projects have not yet been identified, staff believe it is prudent to reduce the funding target for this (and perhaps future) grant cycles by an amount that will leave open the Board's options with regard to special allocations for selected projects. Consequently, we recommend a nominal target of $7.5 million of Lottery *capital* funds per cycle. This would total to $30 million over four cycles and would leave approximately $7.5 million of the Lottery *capital* funds available for special allocations.

Typically included in any grant cycle's fund availability estimate are Salmon License Plate revenues, which OWEB uses to address road-related fish passage, habitat, and water quality issues. This staff report recommends **no allocation** of this money in this grant cycle because it is not needed to address the list of "do-fund" projects and because the use of these funds in conjunction with the Lottery funds would complicate OWEB's and the grantees' bookkeeping unnecessarily. The Salmon Plate money will continue to accrue and will be available for OWEB's use in future grant cycles.

Therefore, staff propose a nominal *capital* expenditure target in this cycle of <u>$7.5 million</u>.

Per the advice of legal counsel OWEB now uses *non-capital* money to fund the Education and Outreach elements of Restoration projects. These *non-capital* costs have their own columns and totals in the reports and tables for the individual Regions.

V. Summary of Funding Options

The statewide funding total recommended by staff is shown below. Details are contained within each of the attached regional staff reports. "Do Fund" projects are indicated on the tables by shading.

In recent grant cycles, the limited availability of *capital* funds has obliged staff to recommend fewer projects than the Regional Review Teams, in other words, not all the RRTs' "do fund" projects have been shaded by staff on the tables. In this first cycle of the new biennium, and given the per-cycle nominal targets suggested by staff above, we believe there are sufficient

capital funds to provide for all of the "do funds" from all of the RRTs. Staff believe all the RRT "do funds," as conditioned and/or reduced in amount, are worthy and ready for OWEB funding, and consequently we have shaded all of them in the appropriate tables.

- **Restoration Projects, Capital Funds** **$6,541,388** for all five Regions
- **Acquisition Projects** **$1,124,000**
- **Savage Rapids Dam Contribution** **$ 750,000**

TOTAL *Capital* Staff Recommendation this cycle: **$8,415,388**

TOTAL *Non-Capital* Staff Recommendation this cycle: $ 56,594

VI. Recommended Board Action

Staff recommend that the Board award funding for the projects indicated in each of the following five regional reports, which includes (in Region 2) the final increment of funding that completes the $3 million set-aside for the Savage Rapids Dam removal and river restoration project.

While the resulting total award for all five Regions is $915,388 *above* the nominal capital expenditure target for this grant cycle, we note that excluding the Savage Rapids Dam set-aside reduces the *capital* fund overage to only $165,388. Staff believe this is a modest and acceptable over-shoot, particularly given that the nominal *capital* funding target of $7.5 million this cycle is based on a very preliminary assumption about how the Board may want to use its available *capital* funds this biennium.

Attachments

A. Types of Applications Received and Amounts Requested by Application Type
B. Map Showing Projects Recommended by RRTs and OWEB Staff

ATTACHMENT A

Oregon Watershed Enhancement Board

Types of Applications Received April 25, 2005

	Acquisition	Restoration	Totals
Region 1	3	10	**13**
Region 2	0	20	**20**
Region 3	1	14	**15**
Region 4	1	17	**18**
Region 5	0	41	**41**
Totals	**5**	**102**	**107**

Dollar Amounts Requested by Application Type

	Acquisition	Restoration	Totals
Region 1	1,349,600	745,471	**2,095,071**
Region 2	0	*1,951,127	**1,951,127**
Region 3	94,000	1,737,130	**1,831,130**
Region 4	800,000	**1,651,596	**2,451,596**
Region 5	0	4,941,300	**4,941,300**
Totals	**$2,243,600**	**$11,026,624**	**$13,270,224**

Projects # z206-058 through z206-164

* z206-087 ($84,182) Restoration Application Withdrawn By Applicant 08-05 Not Subtracted from Totals
** z206-121 ($115,728) Restoration Application Deemed Ineligible by Regional Review Team 07-05. Not Subtracted from Totals.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations**
Region 1, North Coast
September 13-14, 2005 OWEB Board Meeting

I. Background

Ten restoration and three acquisition applications were received from the North Coast, resulting in a total request of $2,095,071. The North Coast Regional Review Team met at the Yurt Meeting Hall at Beverly Beach State Park north of Newport on June 27, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Region 1 Review Team recommended seven restoration projects totaling $553,721 for funding. Special conditions were suggested for two of the projects recommended for funding.

The Team found that the Tenmile Creek Corridor Easement and the Crosel Creek Habitat Reserve acquisition proposals had significant ecological merit.

III. Acquisition Projects

A. Tenmile Creek Corridor Easement Project (z206-058)

The grant application from McKenzie River Trust requests $900,000 from OWEB to assist in the purchase of conservation easements on 318 acres on four ownerships in the Tenmile Creek watershed. Two of the properties are owned by private individuals and/or family trusts. The remaining two properties are owned by the National Audubon Society and the Pine Tree Conservation Society. Tenmile Creek drains directly to the Pacific Ocean in Lane County, roughly ten miles south of the community of Yachats.

1. Ecological Benefits

Two priority habitats are involved in the Tenmile Creek Corridor Easement Project: Sitka spruce forest and lowland riparian woodland and shrubland. Some of the priority fish and wildlife species that would benefit include: Bald Eagle, Marbled Murrelet, Townsend's Big-Eared Bat, White-footed Vole, Chinook Salmon, Coho Salmon, Chum Salmon, Steelhead, Band-tailed Pigeon, Olive-sided Flycatcher, Willow Flycatcher and

Red-legged Frog. The North Coast Regional Review Team (RRT) agreed that the priority habitats and species in the application were listed appropriately.

The Forest Service has classified Tenmile Creek as a Tier 1 Key Watershed and its Watershed Analysis (Cummins/Tenmile) ranks it as having the highest production potential for salmonids of all the streams in the area because of the high quality habitat along the main riparian corridor. The project lies within the MidCoast Watersheds Council's area and complements the Council's restoration activities. The RRT agreed that the proposed project complements the adjoining two Wilderness Areas and they recognized that the Tenmile Basin itself is extremely important.

The application identifies three of OWEB's Conservation Principles as applying to the project: (1) Protect a large, intact area; (5) Protect a site with exceptional biodiversity value and; (7) Complete or complement an existing network of sites in a basin or region. The North Coast RRT agreed that these three Conservation Principles applied to the proposed acquisition project.

The Board Acquisition Subcommittee asked the RRT to specifically address whether all the properties have the same ecological values and vulnerabilities and whether the described risk of logging on steep slopes applies only to the United States Forest Service (USFS) Late Successional Reserve (LSR) lands or the properties described in the application. The RRT's response to those questions is more fully explained in the RRT Evaluation document, but, in general, the RRT concluded that the four properties all share the same ecological values and vulnerabilities and that the steep slopes exist on all the properties as well as on the surrounding USFS lands. The valley is relatively narrow and the surrounding hills rise steeply immediately from the valley floor.

2. Capacity to Sustain the Ecological Benefits

The McKenzie River Trust will hold and maintain the conservation easements. The Trust has operated as a non-profit land conservation group since 1991 and has helped to protect over 2000 acres of property in Lane and Douglas Counties. The Trust has four full-time staff and, whenever it acquires a conservation easement, it secures funding for a dedicated stewardship endowment. The anticipated endowment for the easements proposed in the application is $117,000.

The proposed project is described as an effort to permanently protect the majority of the remaining private land in a high priority watershed. The application describes potential management goals and objectives as including the protection of existing conservation values (existing conditions), management of invasive weeds, thinning of dense populations of hardwoods to accelerate late successional characteristics, restoration of floodplain habitat, creation of snag habitat, and recruitment of large wood. However, only when the easements are in place will stewardship, management and monitoring plans be finalized. In part because of the uncertainty over management goals and the draft nature of the one attached easement, the North Coast RRT questioned the ability of the proposed easements to successfully protect and manage the ecological values of the properties.

3. Educational Benefits

McKenzie River Trust anticipates including the Tenmile Creek project in its ongoing efforts to educate supporters and the general public about its conservation activities. While public access has not been written into any of the draft conservation easements, possibilities for access have been discussed. The National Audubon Society property has been used for student and citizen education programs, and the applicants are hoping that additional funding can be secured to continue some of those components.

The Oregon Department of Fish and Wildlife continues to use Tenmile Creek as one of its salmon life-cycle monitoring stations and has been collecting data at this site for roughly 15 years. The North Coast RRT felt that the educational values of the project are good due to the on-going nature of this effort.

4. Partners, Project Support and Community Effects

The application describes that the total property taxes paid to Lane County for the six parcels (four ownerships) in 2004 was $1,927.43. Since the properties will remain in private ownership and will continue to pay property taxes, there should be no impact on the local tax base.

The project is supported by the Lane County Commission; MidCoast Watersheds Council; Steven P. Smith, US Fish and Wildlife Service; Native Fish Society; Steven Johnson, ODFW Research Biologist; Jane Lubchenco, Distinguished Professor of Zoology at Oregon State; Dr. J. V. Ward, Professor Emeritus of Aquatic Ecology at Swiss Federal University; Matt Hunter, Oregon Important Bird Area Coordinator; Kim Nelson, Oregon State; the landowners, and Dawn Jones, Tenmile Creek property owner (Phase II).

A majority of the private landowners in the watershed are interested in protecting and preserving the existing conditions and functions of the Tenmile Creek watershed and have come together to work with the Trust on conservation easements. There have been significant investments by the USFS in restoration and enhancement activities, including large wood placement on 3.5 miles of the stream. The watershed does contain significant acreage of public lands that are accessible for public recreation. The applicants feel that conservation of existing conditions will enhance the recreation values of the public lands.

5. Legal and Financial Terms

OWEB funds are requested for 50 percent of the $1.8 million appraised value of the conservation easements. The applicants have secured funding from the U.S. Fish and Wildlife Service Landowner Incentive Program (LIP) and landowner bargain sales.

The legal review of the title report and exceptions and the option agreement identified questions about the extent of two easements on the properties. The proposed conservation easements are missing OWEB's required language and the legal review identified a need for that language to be inserted. There is some reluctance on the part of the applicants and landowners to enter into review and negotiations of easement language with OWEB prior to a funding decision of the Board.

An appraisal of the properties has been conducted by PGP Valuation. The United States Department of Interior Appraisal Services Directorate currently has a review appraiser evaluating the sufficiency of those reports. A Phase I Environmental Site Assessment (ESA) of the properties was conducted in June 2005 by OMNICON Environmental Management in Elmira. Review by the Oregon Department of Environmental Quality agrees with the ESA's findings of "no recognized environmental conditions" on the properties.

6. Conclusion

The Tenmile Creek Corridor Easement Project is generally viewed favorably by staff, Board Acquisition Subcommittee, and North Coast Regional Review Team. During evaluation of the application, all parties became concerned about the implications of two of the ownerships involved in the project, the Pine Tree Conservation Society and National Audubon Society. Staff have worked with the McKenzie River Trust to revise the application to remove those two properties and bring in two additional parcels, which are described in this application for "Phase II." Discussions with the Trust about this revision, in addition to completing the appraisal review and gaining acceptance from the applicants and landowners on OWEB's conservation easement language, are ongoing and expected to continue through the fall. Therefore the Board Subcommittee and staff recommend that the Board defer consideration of this application until those issues are resolved.

B. Crosel Creek Habitat Reserve (z206-059)

The grant application from North Coast Land Conservancy (Conservancy) requests $420,000 from OWEB to assist in the purchase of 121 acres along Crosel Creek, which is a small sub-basin draining directly into the east side of Youngs Bay, roughly 1.5 miles south of the city of Astoria.

1. Ecological Benefits

OWEB priority habitats involved are: Coastal Western Hemlock forest; Sitka spruce forest; lowland riparian woodland and shrubland and; intertidal freshwater wetlands. Priority fish and wildlife species involved are: Great Blue Heron; Band-tailed pigeon; Spotted Owl; Pileated woodpecker; Coastal cutthroat trout; Coho salmon and; Red-legged Frog. The North Coast RRT agreed that the priority habitats, plant communities and fish and wildlife species on the property were of high value and worthy of protection.

The application lists all seven Conservation Principles as applying to the site. The RRT thought that only four of them really applied: (1) Protecting large, intact areas; (3) Securing transition areas; (5) Protecting sites with exceptional biodiversity values; and (7) Complementing existing networks. While there wasn't much discussion about why the others might not apply, the application of four principles was enough for the Team's strong endorsement of the application.

The Board Acquisition Subcommittee asked the RRT to specifically address the ecological functions and value of the property, given its size and location adjacent to Oregon Department of Forestry lands. While the RRT recognized that 121 acres did not appear to be a large tract of land, they also understood that the property constituted the

majority of the entire sub-basin, which is unique in that it is relatively intact with streams that are not entrenched and still well connected to the floodplain.

2. Capacity to Sustain the Ecological Benefits

The North Coast Land Conservancy will hold title and manage to the property. The Conservancy has been a land trust in Clatsop and Tillamook Counties for twenty years and currently holds 26 resource properties managed for ecological and cultural values. The Conservancy was awarded the 2004 Community Conservation Partnership award by The Nature Conservancy.

The management goals include protecting existing conditions and ensuring ecological progression, retaining and protecting the downed wood component of the site, insure absorption and slow release of water on site, removal of invasive species, and developing a comprehensive management within two years of acquisition.

The Conservancy has a policy to establish an endowment for its new acquisitions. The application doesn't identify an amount, but will secure an "adequate amount" to cover the estimated annual management costs. The Conservancy will need to seek additional resources for any future restoration activities.

3. Educational Benefits

Public access to the property will be limited to planned programs for public watershed education. The Conservancy uses the PLACE (People Learning About Communities and Ecosystems) model to meet its public education goals, which includes using place-based education to teach ecological principles such as watershed function. The Crosel Creek property will also provide a field site for research for the Applied Science Center at Astoria High School, as the property is located less than 5 minutes away from the school. The RRT rated this project as having excellent educational values due to its proximity to the school and knowledge that students have already been involved in assessing the property for its fish and wildlife values.

4. Partners, Project Support and Community Effects

The property taxes in 2004 were $594.25. The Conservancy is currently in discussion with the landowner about whether taxes or payment in-lieu will continue to be paid after acquisition. On other properties, the applicants are making in-lieu payments.

Letters of support for the project were written by Scott Stonum, Lewis and Clark National Historic Park; Dr. Douglas Deur, PNW Cooperative Ecosystem Studies Unit at the University of Washington; Youngs Bay Watershed Council, and the Clatsop Soil and Water Conservation District. Other local, regional, state, and national organizations and entities are partners of the Conservancy.

Protection of the Crosel Creek property is described in the application as having no effect on the overall economic and social conditions of the area, but the RRT felt that the project, in addition to the educational benefits described above, also offers opportunities for ecological and economic discussions with neighboring landowners.

5. Legal and Financial Terms

OWEB funds are requested for 75 percent of the $560,000 purchase price of the property. Staff understand that this purchase price may represent a bargain sale on the part of the landowner, thereby increasing the amount of eligible match for the project. The applicants are also seeking additional funding through local fundraising.

The Board Acquisition Subcommittee recommended proceeding with the due diligence review of this application after the North Coast Regional Review Team's evaluation of the ecological and educational merits of the project. Staff have contacted the applicants to request submission of due diligence materials prior to October 17, 2005 for consideration by the Board in January 2006.

6. Conclusion

The Crosel Creek Habitat Reserve project received a high ecological and educational rating from the North Coast Regional Review Team, but since the due diligence evaluation has just started, the Board Subcommittee and staff recommend the Board defer consideration of the application until that evaluation is complete.

C. Depoe Bay Park Expansion Project (z206-060)

The grant application from the City of Depoe Bay (City) requests $29,600 from OWEB to assist in the purchase of 10 acres along South Depoe Bay Creek at the southeast corner of Depoe Bay harbor.

1. Ecological Benefits

The property lies adjacent to and east of an existing city park and includes roughly .25 mile of South Depoe Bay Creek. Priority habitats involved are: Floodplain lowland riparian, linear, wetlands; Lowland riparian woodland and shrubland, and Tidally influenced freshwater wetlands. Priority species involved are coho salmon and steelhead. The North Coast RRT had many concerns about the consistency of this project with OWEB's ecological priorities. While there are existing ecological values present, the small size of the property, potential impacts from current and future development, and the recreational goals of the City may compromise those values.

Three Conservation Principles are involved: (2) Stabilize an area "on the brink"; (3) Secure a transition area, protecting it from development and; (6) Improve connectivity of habitat. The RRT did not come to agreement that any of the Conservation Principles would be supported by this project. The RRT also noted that the sub-basin was not a high priority for either the MidCoast Watersheds Council or for The Nature Conservancy and the property primarily includes only one side of the creek with limited guarantees about activities on the other bank.

2. Capacity to Sustain the Ecological Benefits

The City of Depoe Bay will hold title to the property and will be responsible for management. The proposed management goals are to protect the site for its natural resource values and provide "careful public access." The City has a Depoe Bay Salmon Enhancement Commission and anticipates working with the Oregon Department of Fish and Wildlife and Depoe Bay Parks Commission to develop a management plan for the property. The City anticipates that restoration will not be needed, and funds for

management and maintenance will be budgeted for through their Parks Fund and the Salmon Enhancement Fund.

3. Educational Benefits

The public will have access to the property through an interpretive trail. Education and outreach will be accomplished through press releases to the local media. The North Coast RRT thought the project offered good educational opportunities for the community.

4. Partners, Project Support and Community Effects

The City of Depoe Bay does not have a tax base so there will be no affect of public acquisition on the local tax base. Medium density residential development exists on the north, southwest, and south sides of the property. Commercial timberland lies to the east of the property.

The application is supported by Mid-Coast Watersheds Council and Fran Recht, Pacific States Marine Fisheries Commission. The application states that the Depoe Bay Chamber of Commerce has set aside funds for development of the future nature trail. Many citizens have been involved in salmon restoration efforts through the Depoe Bay Salmon Enhancement Commission. The application states that the project will help the City achieve its goals to protect its natural resource base and provide for the recreational needs of a growing community.

5. Legal and Financial Terms

OWEB funds are requested for approximately 15 percent of the $200,000 purchase price of the property. The applicants have secured match funding from an Oregon State Parks and Recreation Department grant and the current property owner.

6. Conclusion

The Board Acquisition Subcommittee had concerns about the ecological value of the proposed acquisition and asked the RRT to explicitly weigh in on the ecological and education values before it made its decision about whether to proceed with the due diligence review. Although the applicants have requested a small amount of funding and the Board has been supportive of projects that balance recreational use with ecological protection and restoration in the past, the facts of this project lead staff, the North Coast RRT, and Board subcommittee to feel that this is more clearly a recreational and open space project. Based on the RRT's evaluation, the Board Acquisition Subcommittee did not recommend reviewing due diligence information for this project.

Staff are concerned that the applicants and citizens of the City will have difficulty protecting the ecological values at the level desired by OWEB when it invests in conservation acquisition projects. The Board Subcommittee and staff therefore recommend that the Board not proceed with due diligence review and do not fund the Depoe Bay Park Expansion Project.

IV. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the Review Team. The table also indicates, by means of shaded entries, the OWEB staff "do fund" recommendations to the Board. For some

"do fund" projects, the amount shown in the table may be the staff funding recommendation rather than the Review Team recommendation. The shaded items total $553,721, of which $550,421 is *capital* and $3,300 in *non-capital*.

Attachment B shows those applications not recommended for funding at this time by either the Review Team or by OWEB staff.

Attachments

A. Projects Recommended for Funding
B. Projects Not Recommended for Funding

ATTACHMENT A

Region 1 – North Coast
Restoration Projects Recommended for Funding by the Review Team
April 25, 2005 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-064	Beaver Cr Watershed Steamside Planting**	0	54,500	54,500	1
z206-065	Steer Cr Watershed Restoration	0	178,515	178,515	2
z206-066	Upper Yaquina River Large Wood Placement	0	24,618	24,618	3
z206-067	Knapp Cr Culvert Replacement	1,200	154,280	155,480	4◊
z206-070	Cedar Cr-Salmon Passage & Habitat Improvement**	0	67,713	67,713	4◊
z206-068	Bear Cr-Salmon Access & Habitat Improvement	2,100	31,855	33,955	5
z206-069	Pugh Cr Stream Enhancement	0	38,940	38,940	6
Total Restoration Projects Recommended for Funding to Staff by the RRT		**$3,300**	**$550,421**	**$553,721**	
Total Restoration Projects Recommended for Funding by Staff to the Board		**$3,300**	**$550,421**	**$553,721**	

** Fund with Conditions ◊ Projects Tied for Priority 4

Acquisition Projects Receiving a Positive Rating for Ecological Merit by the Regional Review Team and Recommended for Deferral by OWEB Staff

Project #	Project Name	Amount
z206-058	Tenmile Cr Corridor Easement	900,000
z206-059	Crosel Cr Habitat Reserve	420,000
Total Acquisition Projects Recommended for Deferral by Staff to the Board		**$1,320,000**

Region 1 – North Coast

Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff
April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-061	Conyers Cr Fish Barrier Removal	161,300
z206-062	North Coast Riparian Restoration 2006	13,570
z206-063	Neawanna Estuarine Forest Rescue & Restoration	16,880

Acquisition Project Receiving a Mixed Rating for Ecological Merit by the Regional Review Team and Not Recommended for Funding by OWEB Staff

Project #	Project Name	Amount
z206-060	Depoe Bay Park Expansion	29,600

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations**
Region 2, Southwest Oregon
September 13-14, 2005 OWEB Board Meeting

I. Background

Twenty restoration applications were received from the Southwest Region seeking a total of $1,951,127. The Southwest Oregon Regional Review Team met at the DEQ Regional offices in Medford on July 5, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Region 2 Review Team recommended 15 restoration projects for funding. One of these, the Honey Creek Culvert Replacement, was subsequently withdrawn by the applicant. The remaining 14 "do-funds" totaled $1,390,511. Six of the projects were recommended for funding at a lesser amount than requested by the applicants. Special conditions were suggested for all 14 of the projects recommended for funding.

III. Savage Rapids Dam Removal and River Restoration Project

About four years ago the OWEB Board committed $3 million toward the removal of Savage Rapids Dam on the Rogue River and toward subsequent restoration of the riparian zone upstream of the dam. The award was made contingent upon the receipt of sufficient other funding, largely from federal sources and from the local irrigation district, to complete the project. As the first major funding provider, and realizing that the project had a long developmental phase ahead of it, OWEB gradually allocated and reserved funds toward the commitment, eventually allocating $2.25 million. Last year the Board allowed $40,000 of the reserved funds to be spent on engineering and design work. The necessary other match funding has been slowly but steadily secured, and although the complicated project is neither fully funded nor yet ready to begin the implementation phase, staff believes implementation is near enough that it is time for OWEB to allocate the remaining $750,000 of its commitment. See Attachment C for background information on the Savage Rapids Dam project.

IV. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the Review Team. The table also indicates, by

means of shaded entries, the OWEB staff "do fund" recommendations to the Board. The shaded items total $1,390,511, of which $1,379,636 is *capital* and $10,875 is *non-capital*. The recommended final allocation of $750,000 (all *capital* funds) for the Savage Rapids Dam Removal project is also shown.

Attachment B shows those applications not recommended for funding at this time by either the Review Team or by OWEB staff.

Attachments

A. Projects Recommended for Funding
B. Projects Not Recommended for Funding
C. Background Information on Savage Rapids Dam project (201-444)

Region 2 – Southwest Oregon
Restoration Projects Recommended for Funding by the Review Team
April 25, 2005 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-082	Coos Watershed Association Projects 2006*/**	0	244,999	244,999	1
z206-071	S Fork Elk Cr Large Wood Debris Placement & Riparian**	400	49,560	49,960	2
z206-072	Coquille Watershed Riparian Enhancement 2005**	1,100	148,850	149,950	3
z206-086	Joe Hall Aquatic Habitat Restoration*/**	0	73,311	73,311	4
z206-081	Bryant Elder Push Up Dam Removal*/**	0	37,332	37,332	5
z206-083	Structure Placement 2006-UBWC**	0	116,353	116,353	6
z206-085	Jackson Cr Restoration**	0	98,000	98,000	7
z206-079	Middle Rogue Watershed Riparian Tree Planting**	2,025	111,092	113,117	8
z206-087	Honey Cr Culvert Replacement WITHDRAWN BY APPLICANT	0	0	0	9
z206-088	Paradise Cr Watershed Restoration*/**	0	258,002	258,002	10
z206-090	Copeland Cr Instream Large Woody Material**	0	15,750	15,750	11
z206-074	Squaw Cr Riparian Restoration*/**	350	26,830	27,180	12
z206-078	Archambeau Cr Riparian*/**	0	19,007	19,007	13
z206-073	Illinois Valley Riparian Tree Planting**	7,000	91,300	98,300	14
z206-084	Steamboat Cr Instream Restoration**	0	89,250	89,250	15
Total Restoration Projects Recommended for Funding to Staff by the RRT		**$10,875**	**$1,379,636**	**$1,390,511**	
Total Restoration Projects Recommended for Funding by Staff to the Board		**$10,875**	**$1,379,636**	**$1,390,511**	

*Listed Amount Reflects Recommended Reduction
**Fund with Conditions

October 1, 2001 Grant Cycle
Additional Project Recommended for Funding by OWEB Staff

Project #	Project Name	Total Amount
201-444	**Savage Rapids Dam Removal**	**$750,000**

Staff recommendation to set aside Capital funds this cycle toward meeting the Board's $3 million commitment to this project. Doing so will place the total amount set aside to $3 million.

Region 2 – Southwest Oregon

Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff

April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-075	North Myrtle Riparian Restoration	52,453
z206-076	Bennett Cr Habitat Improvement	125,000
z206-077	West Fork Trail Cr Culvert Replacement for Fish Passage	88,770
z206-080	West Fork Williams Cr Salmonid Habitat Restoration	42,457
z206-089	Apple Fire Riparian Revegetation	85,050

Attachment C

Savage Rapids Dam (201-444)
Background Information

Introduction

Agenda Item K, the Grant Award Recommendations for the April 2005 to September 2005 grant cycle, includes the recommendation from staff that the Board allocate the final $750,000 of a pledge made previously by the Board to provide $3 million toward the removal (or other significant alteration) of Savage Rapids Dam on the Rogue River. What follows is a brief review of that project for newer Board members.

Project Summary

The Grants Pass Irrigation District (District) diverts all of its water from the Rogue River at Savage Rapids Dam, located approximately five miles east of Grants Pass at the Jackson County line. Savage Rapids Dam is a diversion dam, and thus does not store water for any reason except to raise the water level in order to operate the district's diversion facilities.

Upstream of the dam are over 500 miles of salmon and steelhead habitat, including 50 miles on the main stem of the Rogue River, all of which are significantly and adversely affected by the current facility. Existing fish screens are not up to standards, and operational constraints make it extremely difficult to manage the dam without significantly impairing critical fish runs. A 1995 Bureau of Reclamation Planning Report and Environmental Statement found that dam removal would increase fish escapement at the site by approximately 22 percent, thus adding about 114,000 salmon and steelhead annually to the Rogue River runs. The dam has also been identified as the number one removal priority in the basin by the Rogue Basin Fish Access Team.

While there has been historical conflict over the notion of removing the dam at Savage Rapids, the litigants have settled their claims and the proponents of dam removal, the District, and the state and federal governments have all arrived at a consensus-based plan for meeting the irrigation needs of the district while also accomplishing removal of the dam and restoration of the river's riparian corridor. The principles of the plan are set forth in a declaration signed by the various interests on October 12, 2001.

In January 2002, OWEB committed funding of up to $3 million to fund removal of the dam and post-removal restoration of the riparian area upstream of the dam site; and creation of enhanced recreational opportunities for the community along the river corridor. To date the Board, through a series of set-asides, has allocated a total of $2.25 million to Grant No.201-444. The initial approval in January 2002 anticipated the full OWEB allocation by June 2003, but delays in securing federal funding pushed back the start of implementation and caused OWEB to also delay tying up additional funds.

Congress has now authorized the Bureau of Reclamation to remove the dam from the Rogue River, and has appropriated $2.4 million in FFY 2005 for the design of dam removal, for construction of new diversions, and for pump purchase and installation. While all funding has not yet been secured, there appears to be sufficient support for the effort and final Congressional action is likely by the end of the year. Meanwhile, project design continues to move forward and installation of new water diversions could begin during spring and summer of 2006, with testing of those new diversions during the irrigation season of 2007, and with removal (or notching) of the dam likely to start in the spring and summer of 2008.

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations**
Region 3, Willamette Basin
September 13-14, 2005 OWEB Board Meeting

I. Background

Fourteen restoration applications and one acquisition application were received from the Willamette Basin seeking a total of $1,831,130. The Willamette Basin Regional Review Team met at the State Lands Building in Salem on July 8, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Willamette Basin Regional Review Team recommended eight restoration projects totaling $992,857 for funding. Five of the restoration projects were recommended for funding at a lesser amount than requested by the applicants. Special conditions were recommended for four of the projects.

The Regional reviewers found that the Lupine Meadows Conservation Easement had high ecological merit. They had previously found significant ecological merit for both the Big Four Corners and Luckiamute acquisition proposals, which were deferred in the April-September 2004 grant cycle and are revisited by staff recommendations in this cycle.

III. Acquisition Projects April 25, 2005 Grant Cycle

A. Lupine Meadows Conservation Easement (z206-091)

The grant application from Greenbelt Land Trust (Trust) requests $94,000 from OWEB to assist in the purchase of a conservation easement on 58 acres in Philomath. The site contains 38 acres of high quality, emergent forested and scrub-shrub wetlands and 20 acres of Western Oregon upland prairie. The property is located in western Benton County in an area that has been identified as important for conservation of Western Oregon upland prairie. The Trust had secured $346,000 of the $440,000 purchase price for the conservation easement with funds that had to be used by June 30, 2005; therefore the requested funds from OWEB would be used to pay off a note for the remaining value.

1. Ecological Benefits

Two priority habitats are involved in the Lupine Meadows Conservation Easement project: Western Oregon upland prairie and emergent forested and scrub-shrub wetland. (The latter habitat is not on the priority list but is discussed in the Willamette Basin description.) Priority Species including Fender's blue butterfly, Kincaid's lupine, Nelson's checkermallow, Oregon Vesper Sparrows, Bradshaw's lomatium (potential), Willamette Daisy (potential), Taylor's checkerspot butterfly (potential), and Western pond turtle (potential). The Willamette Regional Review Team (RRT) concluded that this area has significant ecological value for several species and habitat type priorities for the Willamette Basin.

The following Conservation Principles apply to the project: (3) Securing transition areas; (4) Restoring function; (5) Protecting sites with exceptional biodiversity values; and (7) Complementing existing networks. The RRT agreed that the project is consistent with and addresses OWEB's Conservation Principles.

2. Capacity to Sustain the Ecological Benefits

The Greenbelt Land Trust will be the holder of the conservation easement and will work in partnership with the U.S. Fish and Wildlife Service (USFWS), the Institute for Applied Ecology, and local educational institutions on long term management of the property. The Trust has a 15 year history of success in land protection and restoration in the Willamette Valley. The Trust has carried out management on the property for the past two years. Management will be financed through a combination of federal and state grants, partner agreements with USFWS, private fundraising, volunteers, and grants. Grants totaling $63,000 have already been secured for maintenance/enhancement and for management planning. They have also raised $15,000 from private donors.

The primary objective of the project is to protect and enhance the existing populations of Kincaid's lupine, Fender's blue butterfly, Nelson's checkermallow, and many of the nectar plants that are present on the site. A secondary objective is to reintroduce Willamette daisy and Bradshaw's lomatium to the site. Utilization of the property for educational outreach to the local community, due to its proximity to Corvallis and Philomath, is also a goal of the project.

3. Educational Benefits

The Trust is working with the Institute for Applied Ecology to work with botany students from Philomath High School to conduct plant surveys and grow out plant species to enhance and reintroduce those species. The property is located close enough to the high school that students can ride bikes to the site. The Trust has offered tours of the property to the community and Philomath is interested in establishing a natural resource interpretive center on adjacent property. The property can also be used in outreach to other landowners with upland prairie habitat on their properties to show how to incorporate habitat restoration into their land management. The Willamette RRT felt that this site would offer excellent educational opportunities for local schools, community members and groups. The Team was concerned about the potential impacts from increased public access, but felt that access could be controlled and restricted by establishing designated trails that avoid sensitive areas.

4. Partners, Project Support and Community Effects
The property is located within the Urban Growth Boundary of Philomath and is zoned industrial. The property taxes for 2004 were $279. Under the easement, payment of these taxes will continue.

Letters of support for the project have been obtained from the Institute for Applied Ecology, The Nature Conservancy, Oregon Habitat Joint Venture, USFWS, Benton Soil and Water Conservation District, Marys River Watershed Council, City of Philomath, and Philomath High School.

Although the property is zoned industrial, this site is not needed for industrial development. The application states that there is an adequate supply of industrial land in Benton County to accommodate projected growth, the site does not have sewer or water connections, and the high quality wetlands present would make development less likely. The surrounding properties are being developed with residential, light industrial, or commercial activities. The Trust is working with the City of Philomath and local Economic Development Partnership to accomplish both conservation and economic development in the Newton Creek watershed. This site was chosen as a site for protection due to the habitat and species present.

5. Legal and Financial Terms
OWEB funds are requested for 21 percent of the $440,000 purchase price of the conservation easement. The applicants have secured funding from the USFWS North American Wetlands Conservation Act and Landowner Incentive Program to purchase the easement.

An appraisal of the property was conducted on June 29, 2004, by Glen R. Crouch of Real Property Consultants in Salem. The appraisal concluded a fair-market value of the property unencumbered by the easement of $490,000 with the value of the property encumbered by the easement at $30,000. The U.S. Department of Interior Appraisal Services Directorate has approved the report and its review appraiser concluded that the valuation analysis, opinions and conclusion are appropriate and reasonable.

A Phase I Environmental Site Assessment (ESA) of the property was conducted in June 2005 by OMNICON Environmental Management in Elmira. Review by the Oregon Department of Environmental Quality agrees with the conclusion of the ESA that there are no potential environmental concerns present on the property.

The legal review of the title report and exceptions and the option agreement did not identify any impediments to OWEB's interest in the conservation easement. The legal review of the proposed conservation did not identify any concerns and all of OWEB's required language was included.

6. Conclusion
Given that the residual value of the property is only $30,000, the Board Acquisition Subcommittee requested that staff ask the Trust whether purchase of fee simple title to the property is possible. Staff from the Trust explained that both parties are interested in

the Trust purchasing the property, but the match funding available could only be used to purchase a conservation easement. The Trust is exploring ways in which it can make arrangements to purchase the property without its current interest in the conservation easement, which was recorded in June 2005, merging with a fee simple title interest. At the time of writing this staff report, the Trust's staff is researching how to implement that type of arrangement. The Trust's Board is interested, but expects that it will require some time to determine a course of action and finalize a new organizational structure.

This staff report has focused on the project elements related to purchase of the conservation easement, not purchase of fee simple title. Staff and subcommittee feel that there are ecological and educational values to be protected and managed under either scenario. The capacity of the Trust to manage the property does not change as they will undertake the same management regardless of ownership. The community support and partnerships do not change either. The title report, appraisal and Phase I ESA have all been approved for the property and apply regardless of the scenario.

The one due diligence change relates to the conservation easement. The version of the conservation easement the Trust recorded in June only contained a placeholder for OWEB's third party right of enforcement language. For due diligence review, the Trust submitted an updated copy that included OWEB's required language. If the Board approves funding to assist in the purchase of the easement, an updated version with OWEB's language would be recorded as a condition of funding. If the Board funds the purchase of fee simple title, OWEB's attorneys recommend that either OWEB take its own separate easement or enter into an agreement that the existing easement will continue despite the merger of interests.

The Board Acquisition Subcommittee and staff recommend that the Board approve up to $124,000 in funding for the Lupine Meadows project. The increase in the grant allows the Trust to purchase fee simple title when appropriate arrangements are complete, which would be better for the long term management of these important habitats and species and therefore better in the long run for the Trust, landowner, and OWEB. Due to timing issues with the Trust's reorganization to allow them to purchase the underlying fee title, staff recommend that original $94,000 request be released when the conservation easement is rerecorded with OWEB's third party right of enforcement, with the remaining $30,000 to be released for the purchase of fee simple title at the time when the appropriate legal arrangements have been determined.

IV. Deferred Land Acquisition Grant Applications

The following projects were solicited and evaluated under OWEB's old administrative rules and application forms; therefore some of the material discussed in the new applications is not available or was never applied as evaluation criteria. For example, these projects were not part of the Board Acquisition Subcommittee review and recommendation process.

A. Big Four Corners Tract A Acquisition (z205-025)

The Columbia Slough Watershed Council, in conjunction with the City of Portland, submitted a land acquisition grant application in April 2004 requesting $200,000 from OWEB to assist in the purchase of a 44-acre parcel at the confluence of Big Four Corners. The Big Four Corners Area, where two branches of the Columbia Slough meet, is one of two

core habitat areas in the Columbia Slough Watershed and is identified for protection because of its relatively large size and the diversity of the habitats that it encompasses. This site is considered vital to Columbia Slough watershed recovery and has been identified as a high priority site for protection and restoration in the Columbia Slough Watershed Council's Action plan.

1. Ecological Value

The 44 acre parcel contains the last remnant of previously common Columbia Slough vegetation, including forested wetlands dominated by black cottonwood, Oregon Ash, willow, and Douglas hawthorn. The property also has a historic Oregon white oak grove and several meadow areas. This structurally diverse forest provides resting and nesting habitat for raptors, woodpeckers and neotropical migratory songbirds. The federal and state listed yellow-breasted chat, an uncommon bird along the Columbia Slough, has been observed at this site. Other listed bird species reported on site include the willow flycatcher and the pileated woodpecker. Mammals, including the federal and state listed silver-hair bat and Pacific western big-eared bat, have been reported along with deer, coyote and northern river otter. It is suspected, but not recorded, that the Western pond turtle and the painted turtle have historically used this area.

In July 2004 the Willamette Regional Review Team noted that this area is one of the last sites in the Columbia Slough where habitat can be protected and restored, and the proposed acquisition is adjacent to existing protected land. The Team recognized that the ecological value may not rate high statewide due to its size and limited number of affected species, but concluded that "confluence areas" are very valuable for resource protection and are not often available for purchase.

2. Management

The City of Portland Parks will hold title and manage the Big Four Corners sites. The process to develop a long-term management plan includes creating a stakeholder group, full engagement and participation of the Columbia Slough Watershed Council (Council), coordination between the Council, Portland Parks and the Watershed Revegetation Program (WRP) on a planting plan, testing maintenance methods, and monitoring of the site.

3. Effect on the Local and Regional Community

The acquisition of this property will have a negligible effect on the local tax base, as the 2003-04 property taxes were only $365.56. This taxation level is in part due to existing zoning restrictions on a majority of the property.

4. Appraisal, Title Report, and Option Agreement

The applicants are seeking $200,000 in funding from OWEB towards the purchase of the property, which represents 33% of the cost of the purchase price of $600,000. The applicants have secured match from an anonymous source and the landowner as a bargain sale contribution.

An appraisal of the entire 44-acre property, both the vacant industrial land (approximately 4 acres) and wetlands/open space land (approximately 40 acres), was conducted in December 2004 by Kirk W. Shaeffer of Real Estate Analysis Northwest in

Roseville, California. The appraisal concluded fair-market value estimates of $250,000 for the vacant industrial land and $358,000 for the wetlands/open space land for a total of $608,000. OWEB's independent review appraiser has concluded that the appraisal complies with the Uniform Standards of Professional Appraisal Practice (USPAP) standard.

The due diligence review of the title report in July 2004 identified a number of questions about existing easements and exceptions. After a year of discussions with the applicants, OWEB's attorneys and the title company, all questions about exceptions have been addressed. The property is subject to a large number of easements, mostly utility easements but others related to City of Portland land use reviews and an EPA consent order related to groundwater contamination. An Oregon Department of Environmental Quality review of a Phase I Environmental Site Assessment (ESA) for the property agreed with the conclusion of the ESA that there are no potential environmental concerns present on the property and the groundwater plume is far enough away from the property to not be an issue.

5. Conclusion

The Willamette Regional Review Team concluded that the Big Four Corners Tract A acquisition has ecological value. The potential title, environmental site assessment, and zoning concerns have been resolved. To simplify OWEB's interest in the property, staff and Portland representatives, with concurrence from OWEB's attorney, have agreed that OWEB's contribution, and subsequent conservation easement, exclude a zone along the Columbia River levy and Marine Drive where most of the utility and access exceptions on the title are located. Staff recommend the Board award $200,000 in funds towards the Big Four Corners Tract A Acquisition.

B. Luckiamute Riparian, Oak Woodland, Savanna and Grassland Conservation Easement (z205-174)

This application was originally submitted in April 2004 (Application No. z205-026). The Greenbelt Land Trust is requesting OWEB funding to purchase a permanent conservation easement on approximately 123 acres of a 183-acre farm along the Luckiamute River in Benton County. The permanent easement will be purchased on 83 acres that are also enrolled in the Conservation Reserve Enhancement Program (CREP) administered by the Farm Services Agency. An additional 40 acres, that contain important habitat values but do not qualify under CREP or the Conservation Reserve Program, will also be permanently protected under the easement.

Because this is the first project to take a 15-year CREP contract and turn it into a permanent conservation easement, the appraisal will set a precedent. OWEB staff, its review appraiser, and the applicant's appraiser are still working to develop a method and an approvable appraisal report. Staff recommend the Board continue to defer this application to allow the appraisal process to continue.

C. Keizer Rapids (z205-173)

In October 2004, Marion County and the City of Keizer requested $700,000 from OWEB to assist in the purchase of two parcels totaling 34 acres and optioned at $1,700,000. In March 2005, the City of Keizer revised its acquisition proposal and requested $195,000 from

OWEB to assist in the purchase of approximately 7.8 acres of riparian forest on the parcel located immediately adjacent to Beardsley Bar State Park on the Willamette River. The City of Keizer has secured the funding necessary to acquire both parcels, therefore on August 26, 2005, the City formally withdrew its land acquisition application for Keizer Rapids Park.

V. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the Review Team. The table also indicates, by means of shaded entries, the OWEB staff "do fund" recommendations to the Board. For some "do fund" projects, the amount shown in the table is the staff funding recommendation rather than the Review Team's. The shaded projects total $992,857, of which $960,637 is *capital* and $32,220 is *non-capital*. Two Acquisition proposals also are recommended for funding totaling $324,000 in *capital* funds.

Attachment B shows those applications not recommended for funding at this time by either the Review Team or by OWEB staff.

Attachments

A. Projects Recommended for Funding
B. Projects Not Recommended for Funding

ATTACHMENT A

Region 3 – Willamette Basin
Restoration Projects Recommended for Funding by the Review Team
April 25, 2005 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-095	Long Tom Fish Passage & Watershed Restoration	8,150	390,039	398,189	1
z206-101	L Johnson Cr Habitat Enhancement @ Tideman Johnson Nature Park	6,000	77,703	83,703	2
z206-094	South Meadow Floodplain Enhancement-Phase 2 (2006)*	2,400	97,600	100,000	3
z206-096	Johnson Cr Watershed Riparian Corridor Restoration*/**	4,170	77,662	81,832	4
z206-099	Spring Valley Cr Watershed Restoration*/**	1,000	90,800	91,800	5
z206-093	Urban Riparian Private Stewardship Project-Oaks Amusement Park**	2,500	20,038	22,538	6
z206-092	Upper Columbia Slough Riparian & Wetland Enhancement*/**	6,000	144,000	150,000	7
z206-102	Enhancement of Beggars Tick Wildlife Refuge in Johnson Cr*	2,000	62,795	64,795	8
Total Restoration Projects Recommended for Funding to Staff by the RRT		**$32,220**	**$960,637**	**$992,857**	
Total Restoration Projects Recommended for Funding by Staff to the Board		**$32,220**	**$960,637**	**$992,857**	

*Listed Amount Reflects Recommended Reduction
**Fund with Conditions

Acquisition Projects Receiving a Positive Rating for Ecological Merit by the Regional Review Team and Recommended for Funding by OWEB Staff

Project #	Project Name	Amount
z205-025	Big Four Corners Tract A (April 26, 2004 Grant Cycle)	200,000
z206-091	Lupine Meadows Conservation Easement◊/**	124,000
Total Acquisition Projects Recommended for Funding by OWEB Staff		**$324,000**

◊Listed Amount Reflects Recommended Increase

Acquisition Project Receiving a Positive Rating for Ecological Merit by the Regional Review Team and Recommended for Deferral by OWEB Staff

Project #	Project Name	Amount
z205-174	Luckiamute Riparian Conservation Easement (October 25, 2004 Grant Cycle)	$400,000

Region 3 – Willamette Basin

Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff
April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-097	Fitton Green Cr Fish Passage & Habitat Restoration	75,185
z206-098	Molalla River Corridor Enhancement	131,358
z206-100	Crystal Springs Urban Riparian Enhancement @ Eastmoreland Golf	108,027
z206-103	Middle Stephens Cr Riparian Habitat Restoration	37,417
z206-104	Woods Cr Basin Fish Passage Restoration	189,250
z206-105	Urban Riparian & Wetland Habitat Restoration @ Fulton Park	24,789

Acquisition Project Receiving a Positive Rating for Ecological Merit by the Regional Review Team and Withdrawn by the Applicant

Project #	Project Name	Amount
z205-173	Keizer Rapids (October 25, 2004 Grant Cycle)	$200,000

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations**
Region 4, Central Oregon
September 13-14, 2005 OWEB Board Meeting

I. Background

Seventeen restoration applications and one acquisition application were received from Central Oregon seeking a total of $2,451,596. The Central Oregon Regional Review Team met at the ODOT office in Bend on July 6, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Central Oregon Regional Review Team (RRT) recommended 10 restoration projects totaling $886,278 for funding. One project was recommended for funding at a lesser amount than requested. Special conditions were suggested for six of the projects. The Review Team found that the Rimrock Ranch Conservation Easement proposal had significant ecological merit.

III. Acquisition Proposals

A. Rimrock Ranch Conservation Easement (z206-106)

The grant application from the Deschutes Basin Land Trust (Trust) requests $800,000 from OWEB to assist in the purchase of a conservation easement on 1,123 acres along Squaw Creek downstream of Sisters in Deschutes and Jefferson Counties. The property contains 1.6 miles of creek and borders the Crooked River National Grasslands and the Bureau of Land Management's Northwest Recreation Area.

1. Ecological Benefits

The OWEB priority ecological systems involved are: Freshwater emergent marsh (22 acres), Lowland riparian woodland and shrubland (94 acres), and Western juniper woodland (old growth, 147 acres). The rare or at-risk plant community involved is Bitterbrush/Idaho Fescue (272 acres). Priority fish and wildlife species involved are: Inland Rainbow (redband) Trout, Mid-Columbia Steelhead (historic), Mid-Columbia Spring Chinook (historic), Bull Trout (downstream of property), Ash-Throated Flycatcher, Golden Eagle (nest sites), Lewis's Woodpeckeer, Pinyon Jay, Townsend's

Solitaire, Yellow-headed Blackbird, Pygmy Rabbit, Spotted Bat, Western Gray Squirrel, Striped Whipsnake, Western Toad, and Peck's Penstemon. The Central Oregon Regional Review Team (RRT) concluded that the priority habitats described in the application are important and freshwater emergent marsh in this basin is rare.

The application lists the following Conservation Principles as applying to the site: (1) Protecting large, intact areas; (3) Securing transition areas; (5) Protecting sites with exceptional biodiversity values; (6) Improving connectivity and; (7) Complementing existing networks. RRT members agreed to the importance of keeping the land intact, preserving the functionality of existing habitats, and the value of the property as a "bridge" between public lands and developed lands.

2. Capacity to Sustain the Ecological Benefits

The Deschutes Basin Land Trust will hold title to the conservation easement and will be responsible for monitoring and enforcing the easement's provisions. The Trust has conserved over 5,503 acres of wildlife habitat, open space, and agricultural lands over the past 10 years. The Trust has three staff, an Executive Director, Project Manager, and Land Steward, who will be responsible for monitoring and managing the conservation easement, including any restoration and educational components. By policy, the Trust secures a monitoring and enforcement endowment prior to closing, which is managed by the Oregon Community Foundation. For this project, the Trust expects the endowment to be approximately $15,000 and be funded by the landowner.

The framework for management of the property includes the conservation easement, the Trust's Stewardship Policy, and property baseline documentation. Restoration isn't part of the proposal, but the easement secures the right of the Trust to conduct restoration and enhancement activities on the property.

This project is expected to be subject to more intensive ecological monitoring than other easements because of the reintroduction of steelhead and Chinook salmon under the Pelton-Round Butte Relicensing Settlement. The easement secures continued access to the property for scientific monitoring and studies associated with salmon and steelhead reintroduction.

3. Educational Benefits

The conservation easement gives the Trust and its education partners the right to use the property for educational purposes for a minimum of 30 days per year. This may include formal and informal tours, ecology and restoration courses, and volunteer restoration and management activities. The Central Oregon RRT felt that the project has educational merit and would like to see more information about educational use in the management plan.

4. Partners, Project Support and Community Effects

The property will have no direct effect on the local property tax base as the property will continue to be privately owned and likely remain in farm deferral. The 2004 property taxes were $1,360 for Deschutes County and $6 for Jefferson County.

The project is supported by the following: Jefferson County Commission; Deschutes County Commission; Upper Deschutes Watershed Council; Oregon Department of Fish and Wildlife; Portland General Electric; Deschutes National Forest/Sisters Ranger District; Wolftree; the Confederated Tribes of the Warm Springs Reservation of Oregon; and the Deschutes Soil and Water Conservation District.

The applicants feel that this project will have social and community benefits because of its educational access provisions and its support of livability in Central Oregon. The Trust has found that its educational and interpretive programs at its other properties draw visitors from all over Oregon. The Trust also feels that protecting Rimrock Ranch helps maintain a productive agricultural base in the region.

5. Legal and Financial Terms

OWEB funds are requested for 40 percent of the $2,000,000 purchase price of the conservation easement. The applicants have secured additional funding from the National Fish and Wildlife Foundation, Natural Resources Conservation Service Farm and Ranchland Protection Program, and landowner bargain sale and are seeking additional match from the ODFW Landowner Incentive Program and other sources.

The legal review of the title report and exceptions and the option agreement did not show any potential conflict with OWEB's interest in a conservation easement. The legal review of the easement identified some suggested minor language changes to clarify intent and enforceability. Staff is working with the Trust to make those changes and we anticipate agreement on a final draft by the September Board meeting. OWEB's attorneys and the Board Acquisition Subcommittee both felt that this is a well constructed conservation easement.

An appraisal of the property was conducted in March 2005 by Marlo T. Dill, ARA in Prineville. The appraisal concluded that the easement has a fair-market value of $3,600,000. OWEB's independent review appraiser has concluded that the report complies with the 2005 Uniform Standards of Professional Appraisal Practice (USPAP) standard and the appraiser's market value conclusion is reasonable and supported.

A Phase I Environmental Site Assessment (ESA) of the property was conducted in June 2005 by Hydro-Logics LLC in Sisters. Review by the Oregon Department of Environmental Quality agrees with the conclusion of the ESA that there are no potential environmental concerns present on the property.

6. Conclusion

This property will conserve the most intact low gradient stream reach in the Squaw Creek sub-basin and is part of the Trust's Back to Home Waters program, a landscape-scale conservation effort that supports the reintroduction of salmon and steelhead runs in the Deschutes Basin. OWEB's attorney and the Central Oregon RRT both asked about the existing water right and small push-up dam on the property, which aren't part of the proposal. Staff discussions with the applicant have indicated that the Trust is in discussions with the landowner to change the point of diversion and dedicate water instream.

Staff and Board Acquisition Subcommittee feel that there are ecological and educational values to be protected and managed in the Rimrock Ranch Conservation Easement project. The Trust has the capacity to manage the property and the project has appropriate community support and partnerships. The title report, appraisal, Phase I ESA, and draft conservation easement (with minor edits) have all been approved for the proposal. The Board Acquisition Subcommittee and staff recommend that the Board approve $800,000 in funding for the Rimrock Ranch Conservation Easement project

IV. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the Review Team. The table also indicates, by means of shaded entries, the OWEB staff "do fund" recommendations to the Board. For some "do fund" projects, the amount shown in the table is the staff funding recommendation rather than the Review Team's. The shaded items total $886,278 of which $879,978 is *capital* funds and $6,300 is *non-capital*. Staff also recommend funding the Rimrock Ranch Conservation Easement proposal using $800,000 of *capital* funds.

Attachment B shows those applications not recommended for funding at this time by either the Review Team or by OWEB staff.

Attachments

A. Projects Recommended for Funding
B. Projects Not Recommended for Funding

Region 4 – Central Oregon
Restoration Projects Recommended for Funding by the Review Team
April 25, 2005 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Restoration Projects

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-113	South Fork Beaver Cr Watershed Riparian Restoration	0	341,155	341,155	1
z206-117	Odell and Maklaks Cr Culvert Replacement**	1,800	130,160	131,960	2
z206-112	Upper McKay Cr Riparian Restoration **	4,500	33,150	37,650	3
z206-118	Endersby Culvert Replacement	0	66,200	66,200	4
z206-108	Central Canal Pipeline Middle Phase Completion**	0	100,000	100,000	5
z206-123	Grass Valley, Pine Hollow/Jackknife & North Sherman Conservation**	0	81,660	81,660	6
z206-119	Wagner Mountain Conservation Exclusion**	0	20,577	20,577	7
z206-114	Rock Cr Diversion/Irrigation*/**	0	28,325	28,325	8
z206-115	Wingwatchers Dike Restoration	0	28,222	28,222	9
z206-122	Dry Cr Gully Erosion Control	0	50,529	50,529	10
Total Capital Projects Recommended for Funding to Staff by the RRT		**$6,300**	**$879,978**	**$886,278**	
Total Capital Projects Recommended for Funding by Staff to the Board		**$6,300**	**$879,978**	**$886,278**	

*Listed Amount Reflects Recommended Reduction
** Fund with Conditions

Acquisition Projects Receiving a Positive Rating for Ecological Merit by the Regional Review Team and Recommended for Funding by OWEB Staff

Project #	Project Name	Amount
z206-106	Rimrock Ranch Conservation Easement	$800,000

Region 4 – Central Oregon

Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff

April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-107	Watkins Sprague River Channel & Wetland Restoration	43,000
z206-109	Winding Sprague River Channel & Wetland Restoration	137,278
z206-110	Mike Love Sprague River Channel & Wetland Restoration	40,562
z206-111	Cottonwood Cr Restoration Phase I	139,300
z206-116	Yamsi Ranch Irrigation Improvements	28,685
z206-120	Forest Cr Ditch Piping	217,040
z206-121	Water and Economics and Optimization◊	115,728

◊ Ineligible— Not a Capital Improvement Project

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Roger Wood, Grant Program Manager

SUBJECT: **Agenda Item K: OWEB Grant Award Recommendations**
Region 5, Eastern Oregon
September 13-14, 2005 OWEB Board Meeting

I. Background

Forty-one restoration applications were received from the Eastern Oregon region seeking a total of $4,941,300. The Eastern Oregon Regional Review Team met in Burns on July 11 and 12, 2005, to review the applications received in this grant cycle. All applications were reviewed for technical merit and a fund/no fund recommendation was made by the Team. The Review Team then prioritized the applications recommended for funding.

II. Regional Review Team Recommendations

The Eastern Oregon Regional Review Team recommended 29 restoration projects totaling $2,774,615 for funding. Three of the projects were recommended for funding at a lesser amount than requested by the applicants. Special conditions were suggested for eight of the projects recommended for funding.

III. Staff Recommendations for Project Funding

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the Review Team. The table also indicates, by means of shaded entries, the OWEB staff "do fund" recommendations to the Board. For some "do fund" projects, the amount shown in the table is the staff funding recommendation rather than the Review Team's recommendation. The shaded items total $2,774,615 of which $2,770,716 is *capital* funds and $3,899 is *non-capital* funds.

Attachment B shows those applications not recommended for funding at this time by either the Review Team or by OWEB staff.

Powder River Water Quality Enhancement – Final Phase (z206-134)

This is the final phase of an extensive project that has been the top priority for this Regional Review Team the past two grant cycles. While it ranked fourth out of 29 projects this time, the RRT continues to be very enthusiastic about it, as does OWEB staff. The project has grown in size since the original proposal was submitted. That original proposal, for almost $850,000, could not be implemented within a single grant cycle, or year for that matter, and so was split into funding phases. Subsequent dramatic increases in pipe costs (due to increased oil prices) significantly increased project costs, but efforts to enhance efficiency have resulted in total

Board-approved funding for the project to date of $656,283. Meanwhile, the local reception for the project was so enthusiastic that a number of additional landowners agreed to participate, and the extent of the project was expanded to cover 14 miles (instead of the original 9 miles) of the Powder River. Should the Board approve the staff recommendation to fund the latest phase, OWEB's total award of funds for this project will be $1,669,872. At approximately $119,277 per mile, this grant is a bargain as it has enabled beneficial "re-plumbing" of the irrigation system of much of the basin which, in turn, is allowing a myriad of in-stream and riparian treatments that will restore very significant biological capacity and quality to most of the privately owned portion of the central Powder River.

Attachments

A. Projects Recommended for Funding
B. Projects Not Recommended for Funding

ATTACHMENT A

Region 5 – Eastern Oregon

Restoration Projects Recommended for Funding by the Review Team

April 25, 2005 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Non-Capital Funds	Capital Funds	Total Amount	Priority
z206-152	Sumpter Municipal Water Diversion & Fish Habitat Restoration	0	55,595	55,595	1
z206-156	Cucamonga/Kiger Juniper Management Phase II**	0	89,300	89,300	2
z206-144	City of Fossil Culvert Replacement	0	43,885	43,885	3
z206-134	Powder River Water Quality Enhancement –Phase IIb-End	500	1,013,089	1,013,589	4
z206-140	Upper John Day River Watershed Restoration	0	79,282	79,282	5
z206-127	Morrow County OHV Park Watershed Improvements Phase II	0	54,150	54,150	6
z206-141	Granite Cr Stockwater & Riparian Improvements	0	60,232	60,232	7
z206-145	Alder Cr Culvert Replacement	0	31,900	31,900	8
z206-139	Upper Rhea Cr Diversion & Culvert Replacements	0	50,667	50,667	9
z206-143	Little Willow Cr Elimination of Irrigation Return Flow	0	39,553	39,553	10
z206-157	Ruby Springs Vegetation Management-Steens Mountain*	399	51,562	51,961	11
z206-128	Powell-Pleasantview Piping	0	109,650	109,650	12
z206-161	Rose Cr Juniper Control Phase Two	0	28,177	28,177	13
z206-138	Umatilla County Forest Restoration & Fuels Reduction	0	89,840	89,840	14
z206-125	Fish Passage Improvements, North Fork Malheur River**	0	60,000	60,000	15
z206-150	Grande Ronde Healthy Forest 2005	0	146,350	146,350	16
z206-160	Wheaton Cr Juniper Control**	0	36,523	36,523	17
z206-151	Butte Cr Watershed Juniper Abatement Project**	0	78,887	78,887	18
z206-142	Rowe Cr Range Management**	0	34,795	34,795	19
z206-155	Otis Mountain Brush Management & Range Restoration	0	27,561	27,561	20
z206-154	Crane/Drewsey Attack on Medusahead	0	19,200	19,200	21
z206-164	Nelson Cr Uplands Management*/**	0	68,375	68,375	22
z206-162	Shoestring Canal Water Quality Improvement Phase 1**	0	69,983	69,983	23
z206-131	Moore Push up Dam Removal	0	40,835	40,835	24
z206-129	Morrow County Weed Seeker Incentive	600	93,750	94,350	25
z206-148	HY-LINE Canal Piping-Walla Walla River Conservation	0	84,600	84,600	26
z206-146	Lower Twickenham Irrigation	0	21,810	21,810	27
z206-159	Willow Cr Re-Channelization**	0	145,868	145,868	28
z206-136	Precision Agriculture in the Lower Umatilla Basin*	2,400	45,297	47,697	29
Total Restoration Projects Recommended for Funding to Staff by the RRT		**$3,899**	**$2,770,716**	**$2,774,615**	
Total Restoration Projects Recommended for Funding by Staff to the Board		**$3,899**	**$2,770,716**	**$2,774,615**	

*Listed Amount Reflects Recommended Reduction

**Fund with Conditions

Region 5 – Eastern Oregon

Restoration Projects Not Recommended for Funding by the Review Team and OWEB Staff

April 25, 2005 Grant Cycle

Project #	Project Name	Amount Requested
z206-124	Grande Ronde River Restoration	816,080
z206-126	Wallowa Canyonlands Weed Partnership	68,450
z206-130	Dry Gulch Off-Stream Watering & Water Quality Improvement	132,200
z206-132	Baker Valley Early Intervention Juniper Control	67,700
z206-133	Fisher Wildlife Habitat Enhancement	64,100
z206-135	Willow Farms Irrigation Improvement	162,176
z206-137	Installing AgriMet in Southern Umatilla County	44,214
z206-147	Cottonwood Cr Restoration	44,478
z206-149	Westland Alluvial Recharge/Flow Enhancement	258,200
z206-153	Big Cr Ditch Erosion Reduction	154,900
z206-158	Bully Cr Stream Bank Stabilization	29,961
z206-163	Snake River Irrigation Erosion Control	317,858

August 26, 2005

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Grant Program Specialist

SUBJECT: **Agenda Item L: Other Business**
Approval of Conveyance of "Peters" Tract to the City of Eugene from The Nature Conservancy -- West Eugene Wetlands Project I (200-100)
September 13-14, 2005 OWEB Board Meeting

I. Introduction

This report seeks Board approval of a conveyance of "Peters" tract to the City of Eugene from The Nature Conservancy.

II. Background

The City of Eugene (Eugene) submitted an application in September 2000 requesting $900,000 for acquisition of 317 acres as part of the West Eugene Wetlands Project (200-100). This project was recommended as a high funding priority by the regional review team due to the benefits to rare plant and animal species, wet prairie habitat, and the excellent track record of the strong partnership supporting this project. The acquisitions help to implement the West Eugene Wetland Plan. In January 2001, the OWEB Board awarded the grant to Eugene to enable the city to purchase the "Bertelsen" tract and reimburse The Nature Conservancy (TNC) for the purchase of the "Peters" tract. OWEB and the City of Eugene signed a grant agreement in August 2001 to provide funds for both tracts. Simultaneously OWEB and Eugene signed and recorded a conservation easement for the Bertelsen tract, while OWEB and TNC signed and recorded a conservation easement for the Peters tract.

In July 2005, Eric Wold from the City of Eugene contacted OWEB staff because TNC and Eugene were in discussion about how to better manage the Peters tract and had decided that they would like to convey the Peters tract from TNC to Eugene. By statute and administrative rule, the OWEB Board must approve any conveyance of an interest in land acquired in part with a grant from OWEB. (Attachment A) By administrative rule, the Board must use the following criteria to determine whether to approve a conveyance:

695-045-0150 Conveyance of Property Interest Acquired with Assistance of OWEB Funds

(1)(a) Whether the ecological benefits, effect on the local and regional community, and terms of the original acquisition supporting the Board grant award also support approval of the proposed conveyance.

(1)(b) Whether the proposed recipient of the interest in land has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules, and

(1)(c) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

III. Discussion

The City of Eugene and The Nature Conservancy have provided responses to OWEB's conveyance criteria (Attachment B) and it appears that the ecological benefits and restoration needs of the property could be better addressed through Eugene's ownership of the Peters tract. The original grant application did reference the possible transfer of ownership only to better address the restoration needs of the tract, or to improve management efficiencies. This proposed transfer appears to address both of those conditions. The attached response states that there is no effect on the local and regional community, but TNC paid approximately $400 in property taxes for the 2004/2005 year that will not be paid under Eugene's ownership. However, under city ownership, the land will be open to the public and will receive increased use through educational programs.

The proposed recipient of the interest has demonstrated an ability to hold and manage conservation properties. Eugene, TNC, the Bureau of Land Management, and McKenzie River Trust own and manage approximately 3,000 acres. Eugene has five full time equivalent staff dedicated to managing the West Eugene Wetlands, and hires up to 22 seasonal employees and several private contractors each year to augment that staff. Eugene was also the recipient of an additional acquisition grant in May 2002 that protected an additional 64 acres of wetlands in the West Eugene Wetlands project area. For those properties, as required by that grant agreement, Eugene and its partners have developed a comprehensive management plan to restore function and habitat.

Since Eugene was the original recipient of, and signatory to, the original grant agreement there will be no affect on the grant agreement by this conveyance[1]. The property is permanently protected by an OWEB conservation easement that runs with the property in perpetuity regardless of ownership.

Finally, this conveyance only involves the transfer of title. No funds will change hands; therefore OWEB's profit rules in OAR 695-045-0150 do not apply.

IV. Recommendation

Staff recommend the Board approve the conveyance of the Peters tract from The Nature Conservancy to the City of Eugene.

Attachments

A. Oregon Revised Statutes and Administrative Rules Related to Property Conveyance
B. Response to OWEB Criteria by Eric Wold, City of Eugene, and Jonathan Soll, The Nature Conservancy

[1] Until 2002, grant agreements for land acquisition projects only were effective for five years. Therefore the agreement between OWEB and the City of Eugene expires on September 10, 2006. Land acquisition grant agreements, beginning in 2002, are now in effect for 20 years.

Attachment A

Oregon Revised Statutes and Administrative Rules Related to Property Conveyance

Oregon Revised Statutes
541.376 Title restrictions on land purchased through grant agreement.
(1) Land purchased through a grant agreement with the Oregon Watershed Enhancement Board shall be subject to title restrictions that give the board the authority to approve, approve with conditions or deny the sale or transfer of the land. Specifically, the board may require conditions on the sale or transfer to:

(a) Ensure consistency with the intent of the original grant;

(b) Ensure the ability of the party receiving the land through the sale or transfer to carry out the obligations under the grant agreement; and

(c) Address the disposition of proceeds from the sale or transfer, including any provisions for repayment, with interest, of any grant funds.

(2) The board may not allow a sale or transfer that results in any profit to any person.

(3) The board shall, by rule, define "profit" for the purpose of not allowing sales or transfers and shall specify the process and criteria that the board will use in considering whether to approve, approve with conditions or deny a sale or transfer. [2001 c.645 §2]

Oregon Administrative Rule
695-045-0150 <u>Conveyance of Property Interest Acquired with Assistance of OWEB Funds</u>
(1) An interest in land acquired with the assistance of a grant from OWEB shall not be conveyed to another party without prior OWEB Board approval of the conveyance. The Board shall use the following criteria when determining whether to approve a conveyance:

(a) Whether the ecological benefits, effect on the local and regional community, and terms of the original acquisition supporting the Board grant award also support approval of the proposed conveyance.

(b) Whether the proposed recipient of the interest in land has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules, and

(c) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

(2) The Board shall not approve a conveyance that results in a profit to any person or entity. "Profit" means, for purposes of this rule, the amount by which the price for the purchase of an interest in land in a subsequent conveyance exceeds the purchase price for the same interest in land at the time the Board funds were used, net of usual and customary closing costs and appraisal costs actually incurred by the seller. If there will be a profit from a proposed conveyance, the OWEB Board may make a finding that no profit will occur, and approve a subsequent conveyance, by requiring payment of the amount of the profit to the Board.

(3) The Board will consider approval of a transfer of an interest in land acquired with the assistance of a grant from OWEB at any regularly scheduled public business meeting once it has received sufficient information from the grantee to evaluate the proposed transfer according to the criteria specified in the rules.

(4) Board funds will be repaid with interest due and payable from the effective date of the grant agreement at the rate provided for in ORS 82.010 in the event that a property interest acquired with Board funding is transferred or assigned without the Board's prior consent.

Attachment B

Response to OWEB Criteria relating to conveying title on Peters Tract
By Eric Wold (City of Eugene) and Jonathan Soll (The Nature Conservancy)
August 11, 2005

695-045-0150 Conveyance of Property Interest Acquired with Assistance of OWEB Funds
(1) An interest in land acquired with the assistance of a grant from OWEB shall not be conveyed to another party without prior OWEB Board approval of the conveyance. The Board shall use the following criteria when determining whether to approve a conveyance:

(a) Whether the ecological benefits, effect on the local and regional community, and terms of the original acquisition supporting the Board grant award also support approval of the proposed conveyance.

RESPONSE BY CITY OF EUGENE AND TNC: The terms of the grant award will be fully addressed by conveyance of the property from TNC to the City. The City was the grant award recipient, and acquired other properties with the same grant award. The ecological benefits and restoration needs of the site will be addressed sooner under ownership by City of Eugene, since the City has funding available to enhance the wetland functions on the site. We stated in our grant proposal that properties purchased under this grant agreement may be transferred to other members of the West Eugene Wetlands Partnership " to better address the restoration needs of the Tract and/or to improve efficiency of management". That is the main purpose for this conveyance. Finally, the effect on the local and regional community will not change with this conveyance.

(b) Whether the proposed recipient of the interest in land has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules, and

RESPONSE BY CITY OF EUGENE AND TNC: The City of Eugene has a tremendous amount of experience in holding and managing property consistent with the provisions of the original grant agreement and current OWEB rules. In fact, the City of Eugene is currently managing several other properties purchased with funding from two different OWEB grant agreements.

Between the City, TNC, BLM, and McKenzie River Trust, we own and manage 3,000 acres of land. The City of Eugene has spent much more money, per unit area, than any of the other entities on land management. The City of Eugene also has more staff and equipment to use on wetlands restoration and management than the other entities. The City of Eugene has 5.0 FTE that work on managing the West Eugene Wetlands. We also hire up to 22 seasonal employees and employ several private contractors (e.g., to hand weed wetland sites) each year to augment our FTE.

(c) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

RESPONSE BY CITY OF EUGENE AND TNC: The City of Eugene agrees to the material terms of the original grant agreement.

(2) The Board shall not approve a conveyance that results in a profit to any person or entity.

RESPONSE BY CITY OF EUGENE AND TNC: No money will be transferred as part of this conveyance. Therefore, neither City of Eugene nor TNC will make a profit from this conveyance.

Approved by the Board January 24, 2006
Oregon Watershed Enhancement Board
September 13, 2005
OWEB Board Meeting
Jordan Valley, Oregon

Minutes

OWEB Members Present
Paula Burgess
Alan Christensen
Dan Heagerty
Skip Klarquist
Jim Nakano
Jane O'Keeffe
Scott Reed
Diane Snyder
Michael Tehan
Dan Thorndike
Helen Westbrook

OWEB Staff Present
Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Douglass Fitting
Mark Grenbemer
Karen Leiendecker
Melissa Leoni
Greg Sieglitz
Tom Shafer
Roger Wood

Others Present
Wayne Hoffman
Margaret Nover
John Moriarty
Nan Evans
Russ Hoeflich
Garth Fuller
Bruce Taylor
Chad Karges
Marty Suter
Lance Phillips
Chuck Sams
Bud Greeley
Gary Marshall
Doug Terry
Rich Bennett
Elias Jaca
Inez Jaca
Clinton Shock
Jennifer Martin
Hilary Heller
Carl Hill

Members Not Present
Bobby Brunoe
Dan Carver
Dianne Guidry
Dave Powers
Patricia Smith
Ken Williamson

Due to the absence of a Board quorum at its meeting on September 13-14, 2005, voting members were polled regarding recommended funding decisions. As funding recommendations were developed, Board members developed consensus opinions from the staff's recommendations as outlined in the staff reports. However, voting to expend funds was postponed until a later date when a Board quorum would be available via telephone conference call. At that time, funding recommendations discussed at the September 13-14 meeting will be revisited and voted on.

A. Board Member Comments
Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies. Board Co-Chair Dan Heagerty introduced new Board members Jim Nakano and Helen Westbrook.

B. Minutes
Minutes of the following Board meetings were unanimously approved as corrected:

May 25-26, 2005	Board meeting in Salem *(added Representative Jackie Dingfelder to list of attendees)*
August 8, 2005	Special Board meeting via telephone conference call

C. Executive Director Update

Executive Director, Tom Byler, provided the following comments to the Board.

- OWEB has two new Board members, Dan Carver representing the Board of Agriculture replacing Pat Wortman; and Ken Williamson representing the Environmental Quality Commission replacing Mark Reeve.
- Byler provided a brief overview of OWEB's 2005-2007 Legislatively Adopted Budget.
- Louise Solliday is completing work on the Governor's Willamette River Legacy Project and will report to the Board at its January 2006 meeting.
- OWEB is working with NMFS and the states of Idaho, Washington, California, and Alaska on revisions to the PCSRF performance measures.
- Disaster relief in light of the Hurricane Katrina, may affect federal funds to other sources, including Oregon's PCSRF funds.

D. Board Chair Election

After a short discussion lead by Board member Scott Reed, OWEB Board members voted unanimously to continue the practice set in March 2000, to have Board Co-Chairs. Current Board Co-Chairs, Dan Heagerty and Jane O'Keeffe were interested in continuing to serve as Co-Chairs and were unanimously approved to serve for another year, or until other Co-Chairs are successfully elected.

E. 2005-2007 Non-Capital Funds Spending Plan

Items E.1 through E.6 were discussed to develop and act on a non-capital spending plan for the 2005-2007 biennium.

E-1. Watershed Council Support

The staff recommendation of $561,002 meets the commitment that the Board made at their May 2005 meeting to bring council support up to just under $4.5 million. Included in this amount is a $17,259 adjustment for a calculation error made for the Nestucca-Neskowin Watershed Council.

Board members supported the staff recommendation and reiterated that support to watershed councils is a high priority for OWEB.

E-2. Local Capacity Enhancement

The staff recommendation for non-capital funds is to enhance the capacity of local groups to effectively participate in watershed health-related efforts. The proposed funding will support technical assistance needs and local participation in recovery planning efforts by getting good projects developed and implemented. Following are the staff recommendations for reserves/allocations for technical assistance:

A. A $900,000 reserve of non-capital funds for technical assistance to be distributed through the April 2006 and October 2006 grant cycles.
B. An allocation of $500,000 of non-capital funds for an "early action" technical assistance grant cycle to be announced for the October 2005 grant cycle.
C. An allocation of $500,000 of non-capital funds for CREP technical assistance to local providers.
D. An allocation of $200,000 of non-capital funds for recovery planning participation by local groups.

Board members supported the staff recommendation and requested staff to return to the January meeting with a schedule of recovery planning efforts in the Coastal Coho, Mid Columbia Steelhead, Lower Columbia Coho, and Upper Willamette ESUs.

E-3. Monitoring and Assessment

The Oregon Plan Monitoring Team has developed a work plan for the next year to continue local monitoring efforts to assist in problem identification. The staff proposed spending plan for non-capital funds is for an October grant offering and to support ongoing statewide monitoring needs under the Oregon Plan for Salmon and Watersheds. At this time, staff have not recommended a reserve/allocation for a grant cycle for watershed assessments this biennium. If additional federal funds become available, the Board may be asked to consider adding opportunities for assessments and monitoring grants.

A. A $250,000 reserve for a targeted grant offering in October 2005 for monitoring projects that continue existing efforts.
B. A $600,000 reserve to address state agency needs for focused statewide scale effectiveness monitoring, status and trends monitoring, and data management and dissemination activities that are consistent with and further the objectives of the Oregon Plan for Salmon and Watersheds.

Board members supported the staff recommendation.

E-4. Education and Outreach

Board members discussed the following staff recommended allocations to support implementation of OWEB's Education and Outreach Strategy that the Board adopted in May 2005.

A. An allocation of $150,000 in non-capital funds for OWEB to support an in-house staff person to implement the awareness element of the Education and Outreach Strategy.
B. A $200,000 reserve in non-capital funds for a targeted grant offering in October 2005 for projects that address the improved knowledge element of the Education and Outreach Strategy.
C. An allocation up to $50,000 in non-capital funds to support local partner participation in skill development workshop opportunities, and training.

Item B of the agenda item was revisited later in the meeting and Board member consensus was to <u>not</u> put a $200,000 reserve on non-capital funds for the targeted Education/Outreach grant offering in October 2005, and to wait to see how many and what types of applications are received. A funding amount will be considered at the January meeting when more is known on the number of applications received and amounts requested in the October 2005 grant cycle.

Board members supported Items A and C.

E-5. Oregon Plan Products and Regional Priorities

Staff recommended the following to support Oregon Plan products and regional priorities:

A. A $250,000 reserve in non-capital funds for Oregon Plan products needs that will be presented to the Board at a future meeting. No specific needs have been identified at this time.
B. A $139,000 reserve of non-capital funds for the development of regional priorities to be identified by staff and presented for Board consideration at a future meeting.

Board members supported the staff recommendation.

E-6. Sustainability/E2

A working group of "knowledge holders" met under the guidance of Board member Diane Snyder, Executive Director Tom Byler, and Policy Specialist Allison Hensey to discuss the E2 concept and recommended outcomes the Board should seek in watershed projects that provide more explicit economic and community benefits.

Recommended outcomes identified by the working group are:

- Supporting and fostering innovative enterprise that accomplishes restoration
- Improving and sustaining local quality restoration jobs
- Sustainable economic viability for private landowners from land stewardship
- Increased community capacity to develop and implement a sustainable vision for the community

Board members supported the creation of the Local Innovation Fund, and reserving $50,000 in initial funding for the Fund. Staff expect to receive two to three proposals at $10,000-$20,000 each. Staff will return to the Board in January with a report on the proposals received for Board consideration for funding.

F. 2005-2007 Capital Funds Spending Plan

Ken Bierly, OWEB Deputy Director, presented this informational item to Board members. The 2005-2007 Legislatively Adopted Budget for OWEB includes $41.3 million of Measure 66 Lottery Funds (capital funds) to be allocated by the Board for capital grants. The majority of the funds will be allocated through the regular competitive grant process, however three previous commitments will reduce the amount of available funding: 1) $1 million for CREP; 2) $2.8 million for the small grant program for this biennium; and 3) $3 million commitment to Savage Rapids Dam, of which $750,000 will be set aside this biennium. After reducing the $41.3 million in capital funds with the above-noted commitments, staff recommended approximately $7.5 million of capital funds remain for use in each of the four regular grant cycles. An additional $7.5 million of capital funds will be reserved for special projects that are large-scale or regional in scope and do not fit within the regular grant process. Staff proposed to develop these types of partnership investments for separate decisions by the Board. A potential partnership with the U.S. Forest Service for whole watershed restoration was used as an example.

G. Public Comment (General)

Chuck Sams, Columbia Slough WSC, commented on the lack of education and outreach funds, supported education and outreach efforts statewide, provided background information on his council's efforts on education to youth, and asked for increased grant funding for education/outreach projects.

Wayne Hoffman, MidCoast WSC, thanked Board members for support of council projects, supported supplemental funding for local capacity enhancement, urged the Board to correct inequity for umbrella councils, and expressed concern on the timing of funding for the abbreviated grant cycle for technical assistance applications.

Russ Hoeflich, The Nature Conservancy, urged local groups to assist OWEB in leveraging more funding from the legislature, supported more funding for the proposed Oregon Plan Communications (Outreach) position, including more funding for education/outreach in general.

John Moriarty, Network of Oregon WSCs, commented on the importance of keeping councils engaged in the conversation about how best to distribute technical assistance funds.

Marty Suter, Chad Karges, and Gary Marshall, High Desert Partnership, introduced the newly formed High Desert Partnership in Harney County and shared their vision for community, economy and environment, which they believe lines up with OWEB's E2 Project.

Margaret Nover, City of Portland, supported funding for Application Nos. 205-025, 206-092, 206-093, 206-101, and 206-102.

Clinton Shock, Owyhee WSC, expressed appreciation for OWEB having a meeting in Malheur County.

Local Projects Tour
Representatives of the Owyhee Watershed Council led OWEB Board members and staff on a tour of OWEB-funded projects in the Owyhee-Malheur Basin.

Oregon Watershed Enhancement Board
September 14, 2005
OWEB Board Meeting
Jordan Valley, Oregon

Minutes

OWEB Members Present
Paula Burgess
Alan Christensen
Dan Heagerty
Skip Klarquist
Jim Nakano
Jane O'Keeffe
Diane Snyder
Michael Tehan
Dan Thorndike
Helen Westbrook

OWEB Staff Present
Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Douglass Fitting
Mark Grenbemer
Karen Leiendecker
Melissa Leoni
Greg Sieglitz
Tom Shafer
Roger Wood

Others Present
Brad Nye
Art Tassie
Jon Souder
Chuck Sams
Tim Kerns
Doni Clair
John Moriarty
Wayne Hoffman
Karlene McCabe
Fred Otley
Kelly Weideman
Loren Weideman
Bruce Taylor
Russ Hoeflich
Garth Fuller

Members Not Present
Bobby Brunoe
Dan Carver
Dianne Guidry
Dave Powers
Scott Reed
Patricia Smith
Ken Williamson

Due to the absence of a Board quorum at its meeting on September 13-14, 2005, voting members were polled regarding recommended funding decisions. As funding recommendations were developed, Board members developed consensus opinions from the staff's recommendations as outlined in the staff reports. However, voting to expend funds was postponed until a later date when a Board quorum would be available via telephone conference call. At that time, funding recommendations discussed at the September 13-14 meeting will be revisited and voted on.

H. Pacific Coastal Salmon Recovery Fund Distribution

Board authorization is required to allocate PCSRF funds under the agreement between NMFS and OWEB. The Oregon Departments of Agriculture, Environmental Quality, and Fish and Wildlife have been appropriated PCSRF funds by the Oregon Legislature. The National Marine Fisheries Service reviewed the legislative allocations and found them to be consistent with PCSRF purposes.

On August 8, 2005, the Board allocated $1,062,564 in PCSRF funds to allow OWEB staff to enter into agreements to cover appropriate program expenses for ODA, DEQ, and ODFW through September 30, 2005. This agenda item seeks Board authorization to allocate the remaining funds for the biennium.

PCSRF appropriated funds remaining are:

$1,721,329	Oregon Department of Agriculture
$ 712,506	Oregon Department of Environmental Quality
$5,004,111	Oregon Department of Fish and Wildlife
$7,437,946	TOTAL

Board members unanimously supported allocating $7,437,946 in PCSRF funds as appropriated by the Oregon Legislature to ODA, DEQ, and ODFW.

I. Effectiveness Monitoring

Greg Sieglitz, Monitoring Program Manager, provided Board members with an overview of the effectiveness monitoring program activities. OWEB Monitoring Program staff have been working with the Pacific Northwest Aquatic Monitoring Partnership (PNAMP), the Oregon Plan Monitoring Team, and the Independent Multidisciplinary Science Team (IMST) during the developmental stages of the effectiveness monitoring program.

OWEB Monitoring and Reporting Program staff are working with DEQ and the IMST on a jointly sponsored effectiveness monitoring workshop scheduled for February 2006.

Hugh Barrett, former BLM rangeland manager and past OWEB Board member, recently concluded a preliminary assessment of western juniper clearing projects funded by OWEB. He submitted a draft report to OWEB, and will provide recommendations, findings, pre and post photos, and data sets in the near future. The final report will be available on OWEB's web site.

Board member Alan Christensen suggested that OWEB work closely with the State of Washington Salmon Recovery Funding Board on effectiveness monitoring.

J. Public Comment (Pending Grant Applications)

Wayne Hoffman, MidCoast Watersheds Council, supported Application Nos. 206-065 and 206-066, and thanked Board members for their support.

Jon Souder, Coos Watershed Association, supported funding Application No. 206-083, at the full level. He argued that the assessment costs could be covered by "capital funds."

Brad Nye, Deschutes Basin Land Trust, supported Application No. 206-106.

Doni Clair and Tim Kerns, Baker Valley SWCD, and Ray Jaindl and Ken Diebel, ODA, supported Application No. 206-134. They described the partnership involved in the Baker Valley pipeline project.

K. Board Consideration of Pending Grant Applications

One hundred seven grant applications seeking a total of $13,270,224 were received by the April 25, 2005, deadline. Capital grants (restoration and acquisition) were considered in this funding cycle. After being screened for eligibility and completeness, the capital applications were sent to the appropriate review teams, who developed recommendations for individual projects on their merit for funding, and numerically ranked the projects for funding. OWEB staff used the

priorities developed to prepare the funding recommendation for Board consideration taking the budget into account.

The 2005-2007 Legislatively Adopted Budget allocated $41.3 million in Lottery funds for capital expenditures. At its May meeting, the Board allocated $1 million of this toward the CREP Program and $2.8 million for the Small Grant Program, leaving $37.5 million unallocated. Dividing $37.5 million by four would establish $9.375 million to be used in each grant cycle. In order to provide the Board with available funding for special projects that may come up during the biennium, OWEB staff have recommended a $7.5 million estimate per grant cycle, allowing the remainder to be available for special project funding. Since receiving recent advice of legal counsel, OWEB now uses non-capital money to fund the Education and Outreach elements of Restoration projects. That amounts to $56,594 for this cycle. Also, staff have recommended the Board contribute $750,000 to complete the final increment of a $3 million commitment towards Savage Rapids Dam removal.

For the first grant cycle of the 2005-2007 biennium, staff have recommended the following:

Restoration Projects, Capital Funds	$6,541,388
Acquisition Projects	$1,124,000
Savage Rapids Dam Contribution	$ 750,000
TOTAL Staff Recommendation (Capital Funds)	$8,415,388
Restoration Projects, Non-Capital Funds	$ 56,594
TOTAL Staff Recommendation (Non-Capital Funds)	$ 56,594

The review priorities and funding recommendations were presented in the staff report for each region separately to the Board.

Melissa Leoni, thanked the Board Acquisition Subcommittee (Alan Christensen, Mark Reeve, and Diane Snyder) for time spent reviewing acquisition applications. Due to Mark Reeve leaving the OWEB Board, one new subcommittee member is needed in time to review the acquisition applications submitted in the October 24, 2005, grant cycle.

Each OWEB Regional Program Representative was asked by Board Co-Chair Heagerty to comment on the quality of grants submitted in their regions. OWEB's Program Representatives made the following comments:

Region 1
The quality of grants has increased steadily and they are becoming increasingly sophisticated and more complex. The Board Acquisition Subcommittee is working well.

Region 2
There are still a few "bugs" to work out which resulted in most of the applications being conditioned.

Region 3
The region mostly has good applications to review, and is very pleased with the work of the regional review teams.

Region 4
They are getting better applications, with more landowner involvement. Lots of upland and riparian projects.

Region 5
Eight of 29 funded applications were previously submitted. The projects not recommended for funding by the review team may be good projects, but there was insufficient information in the applications to make a do fund recommendation.

REGION 1, NORTH COAST, Tom Shafer, Regional Program Representative, and Melissa Leoni, Grant Program Specialist (Acquisition Projects)

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

Acquisition Projects
Tenmile Creek Corridor Easement Project (Application No. 206-058) received a positive rating for ecological merit from the regional review team and Board members unanimously supported staff's recommendation to defer. There are issues regarding the removal of two parcels (the Pine Tree Conservation Society and National Audubon Society), and adding two additional parcels described for Phase II, as well as ongoing discussions with the applicant regarding the appraisal review and OWEB's conservation easement language.

Crosel Creek Habitat Reserve (Application No. 206-059) received a positive rating for ecological merit from the regional review team and Board members unanimously supported staff's recommendation to defer in order to complete the due diligence evaluation.

Due to staff concerns about the ecological values of the proposed acquisition, the Depoe Bay Park Expansion Project (Application No. 206-060) was not recommended to proceed with due diligence review and therefore, not recommended for funding. Board members concurred with the staff recommendation.

REGION 2, SOUTHWEST OREGON, Mark Grenbemer, Regional Program Representative

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

Acquisition Projects
There were no acquisition project applications submitted for funding in Region 2.

Savage Rapids Dam Removal
The OWEB Board unanimously supported $750,000 to complete the Board's $3 million commitment toward the Savage Rapids Dam Removal and River Restoration project.

REGION 3, WILLAMETTE BASIN, Douglass Fitting, Regional Program Representative, and Melissa Leoni, Grant Program Specialist (Acquisition Projects)

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

Acquisition Projects
Lupine Meadows Conservation Easement (206-091) was unanimously supported for funding by the Board at $124,000, with $94,000 being released when the conservation easement is rerecorded with OWEB's third party right of enforcement, and the remaining $30,000 be released for the purchase of fee simple title at the time when the appropriate legal arrangements have been determined.

Previously Deferred Acquisition Projects
Big Four Corners Tract A Acquisition (Application No. 205-025) was unanimously supported for funding by the Board at $200,000. The staff recommended amount includes a condition to exclude a zone along the Columbia River levy and Marine Drive where most of the utility and access exceptions on the title are located to simplify OWEB's interest in the property as agreed to by OWEB, OWEB's legal counsel, and City of Portland representatives.

Luckiamute Riparian, Oak Woodland, Savanna and Grassland Conservation Easement (Application No. 205-174) was unanimously supported for deferral by the Board to allow the appraisal process to continue.

Keizer Rapids (Application No. 205-273) was recently withdrawn by the applicant because funding was secured elsewhere, and OWEB funding is no longer needed.

REGION 4, CENTRAL OREGON, Rick Craiger, Regional Program Representative, and Melissa Leoni, Grant Program Specialist (Acquisition Project)

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

Acquisition Project
Rimrock Ranch Conservation Easement (Application No. 206-106) was unanimously supported for funding by the Board at $800,000.

REGION 5, EASTERN OREGON, Karen Leiendecker, Regional Program Representative

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report, which includes funding for Application No. 206-134 noted below.

NOTE: Powder River Water Quality Enhancement – Final Phase (Application No. 206-134)
This application is for the final phase of an extensive project. To date, OWEB has provided $656,283 in funding for the project. If approved by the Board, the staff recommended amount of $1,013,589, will make a total OWEB commitment to the project of $1,669,872.

Oregon Watershed Enhancement Board

Meeting Notice

The Oregon Watershed Enhancement Board (OWEB) will hold a planning session for Board members on October 11-12, 2005.

At its planning session, OWEB Board members will discuss administrative and policy issues related to Board organization and functions for the 2005-2007 biennium. There are no action items on the agenda for the meeting. Opportunity for comments from members of the public will be reserved until the Board's next business meeting scheduled for January 25-26, 2006.

For detailed information on the planning session, please contact Bonnie Ashford at 503-986-0181. If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford as soon as possible but at least 48 hours in advance of the meeting.