

July 3, 2007

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Tom Byler, Executive Director

**SUBJECT: Agenda Item B: Oregon Conservation Reserve Enhancement Program  
July 9, 2007 Special Board Meeting via Teleconference**

### **I. Introduction**

This report discusses the status of the Oregon Conservation Reserve Enhancement Program (CREP) and requests an additional \$500,000 of Measure 66 capital Lottery Funds to serve as bridge funding until the September 2007 Board meeting.

### **II. Background**

In 1997, Oregon initiated discussions with the U.S. Department of Agriculture (USDA) about the possibility of developing a state-federal cost share program that focused on improving riparian conditions in agricultural areas of the state. The Conservation Reserve Enhancement Program was approved in September 1998 with a signing ceremony by then Governor Kitzhaber, and was signed by the Secretary of Agriculture in October 1998.

As an offspring of the Conservation Reserve Program (CRP), CREP is a voluntary program for agricultural landowners. This unique state and federal partnership allows landowners to receive incentive payments from the Farm Services Agency for installing specific conservation practices. Through the CREP, farmers can receive annual rental payments and cost-share assistance to establish long-term, riparian buffers on eligible land. The Oregon CREP was initially developed to address listed salmon streams; the program was later modified to assist in addressing stream water quality issues (primarily temperature). The program uses state funding for partial payment (25 percent) of all conservation activities (fencing, off-stream watering, site preparation, plant materials, planting, etc.).

As early as 2001, some groups expressed concern that the program was not sufficiently popular to address all the riparian restoration needs in Oregon. As a result of the concerns, and in response to critical review, OWEB funded an evaluation of the program through the Oregon Department of Agriculture (ODA) and Oregon Association of Conservation Districts (OACD). The OWEB Board responded by providing funding for technical assistance (the primary factor limiting participation). OWEB also funded ODA to provide state coordination of the program. ODA led the negotiations with USDA to revise the Memorandum of Understanding to address a number of the other limitations to participation. In 2004, a revised agreement with USDA was signed.

Public interest in the program has increased significantly over the past two years and the number of participants and the number of stream miles treated has grown dramatically. Since 1999, nearly 2,000 miles of riparian buffers have been installed covering nearly 24,000 acres.

### **III. Current Status**

Because CREP is a state-federal cost share program and each contract is not subject to Board approval, it has been difficult to project the needed funding for the state cost share. In past biennia, OWEB staff have estimated the magnitude of cost share by simple projections. The 2005-2007 biennium experienced unexpected growth, with the Board allocating a total of \$3.325 million in three separate actions<sup>1</sup> for CREP cost share payments compared with one allocation of \$800,000 in the 2003-2005 biennium. The 2005-2007 biennium has proven that staff need more effective tools for estimating CREP cost share funds.

Since January 1, 2007, OWEB has provided \$987,954.76 for direct conservation payments to match federal funds. The January 2007 Board allocation was spent by June 7, 2007. As of July 2, 2007, pending payment requests total \$113,266.29. Staff estimate that \$500,000 will be required for payments on existing contracts to meet state match obligations through the September 2007 Board meeting. This need can be met by utilizing unused Measure 66 capital funds from previous grants that have been recaptured as those grants are completed. By using recaptured funds, the Board can support CREP needs over the summer without allocating 2007-2009 capital funds. Staff seek to preserve the new biennium's funding for a priority setting discussion and decisions at the September 2007 Board meeting.

Staff will report to the Board with policy and funding proposals to address funding for CREP in the 2007-2009 biennium at the September Board meeting.

### **IV. Recommendation**

Staff recommend the Board allocate \$500,000 of recaptured Measure 66 capital funds for CREP cost share payments through September 2007.

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<sup>1</sup> \$1,000,000 in May of 2005, \$1,500,000 in May of 2006, and \$1,000,000 in January of 2007, with an allocation of \$175,000 for CREP effectiveness monitoring in May of 2007.