



# Oregon

Theodore R. Kulongoski, Governor

## Oregon Watershed Enhancement Board

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March 6, 2009

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Ken Bierly, Deputy Director

**SUBJECT:** **Agenda Item L: CREP Partnership Investment  
March 18-19, 2009 OWEB Board Meeting**

### I. Introduction

This report updates the Board on the discussions and recommendations from the Oregon Conservation Reserve Enhancement Program (CREP) Work Group.

### 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 Oregon CREP was approved in September 1998 with a signing ceremony by then Governor Kitzhaber and 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 and conservation rental payments from the Farm Services Agency (FSA) for installing and maintaining 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 and protect them from domestic grazing. 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 being promoted to sufficiently address the significant agricultural 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 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 the 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.

During the 2007-2009 biennium spending plan discussion at the September 2007 meeting, the Board raised a concern about the increased commitment of funds for CREP contracts and the timing of contracts relative to the life span of Measure 66. Additional concerns about funding for CREP Technical Assistance were raised by ODA and the Soil and Water Conservation Commission during discussions about additional funding for soil and water conservation districts.

Staff from OWEB, ODA, and FSA discussed the Oregon CREP issues in front of the Board of Agriculture in May of 2008. Staff then organized a CREP Work Group and scheduled the first meeting for September 5, 2008. OWEB staff support is provided by Ken Bierly and Melissa Leoni. The members of the work group are:

Gail Stinnett, FSA, Hillsboro  
Kevin Macintyre, FSA, The Dalles  
Lois Loop, FSA, Tualatin  
Larry Ojua, ODA, Salem  
Tom Straughan, ODA, Pendleton  
Amie Loop-Frison, Yamhill SWCD  
Ron Graves, Wasco SWCD  
Meta Loftsgaarden, NRCS

The Work Group met has met three times and a subgroup has met once since September.

### **III. Discussion**

The Work Group has discussed two primary issues, technical assistance and statewide support for the program, and the development of an accrued liability fund for contracts that go beyond 2014. The two issues are discussed below in more detail with preliminary recommendations for Board discussion in March. Staff anticipate developing the recommendations further for Board consideration during the 2009-2011 spending plan development process.

#### **A. Program Support and Technical Assistance**

CREP is dependent on state funding for technical assistance that engages landowners and assists in the development of conservation plans. The funding for technical assistance has been a critical part of the match that is required by the agreement between Oregon and the USDA. Previous OWEB investments in CREP technical assistance have been made with non-capital funding.

This biennium, ODA has experimented with tracking the time of local technical assistance providers by activities that are eligible for “capital” funds and those activities that are not eligible. For the 2007-2008 fiscal year approximately 64 percent of the tracked hours could be connected to CREP projects and considered eligible for “capital” funds. This information has led to the work group developing a recommendation that technical assistance be supported in part with “capital” funds. The evaluation by ODA has documented that if 60 percent of the funds allocated to CREP technical assistance were “capital” they could be appropriately tracked to meet the requirements of the use of “capital” funds.

In addition to the funding for local technical assistance, the work group recognized the need to fund CREP coordination by ODA. This recommendation recognizes the need for a position that can pursue opportunities to leverage additional resources and partnerships, actively monitor program efforts and technical assistance agreements, and trouble shoot for the program. A state coordinator could also provide consistent and regular training for local technical assistance providers and be an active liaison between state and federal partners.

An initial estimate of the funding required to provide continued technical assistance and statewide coordination is displayed in the following table:

**Funding Concept for CREP Technical Assistance**

Activity	Capital Funds	Non-Capital Funds
Statewide Coordination		\$35,000
Annual Training		\$5,000
Local Technical Assistance	\$600,000	\$400,000
<b>Total</b>	<b>\$600,000*</b>	<b>\$440,000</b>

\*likely from carry forward from the 2007 - 2009 biennium

**B. Accrued Liability**

The issue of accrued liability is an important because of the limited duration of dedicated funds for OWEB and the continuous nature of Congressional appropriations for the CREP program. The way the CREP program works is that potential participants sign up at their local FSA office. A determination of eligibility is made and, if eligible, a conservation plan of operation is developed that identifies the conservation actions (fencing plan, site preparation, planting plan, maintenance of plants, etc.) for approval by the FSA County Committee. At the time of the County Committee approval, OWEB signs a state contribution agreement. After approval of the agreement, the landowner has one year to initiate the restoration portion of the agreement. Most landowners implement the identified conservation actions within three years (with the great majority implementing within two years).

OWEB funds are not guaranteed beyond 2014 and agreements signed in 2010 and beyond have the potential of accruing liability for the state’s portion of restoration cost-share beyond the life of OWEB. Staff and the work group are still discussing methods of estimating the amount of potential accrued liability and will have a specific proposal for addressing the issues at the September Board meeting.

**IV. Recommendation**

This is an informational item. No Board action is requested at this time.