



Oregon

Theodore R. Kulongoski, Governor

Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

www.oregon.gov/OWEB



March 5, 2009

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item Q: Partnership Investments**
March 18-19, 2009 OWEB Board Meeting

I. Introduction

This report provides an update on the status of OWEB Partnership Investment Subcommittee discussions, describes the criteria that staff used for existing partnerships, and offers a set of draft criteria that may be used in any new, future partnership efforts. This report is for informational purposes only.

II. Background

Development of the Partnership Program within OWEB has been both cumulative through time by incremental decisions and through specific, guided Board discussions about investments in specific outcomes. The primary characteristics of partnership investments are that they include specific ecological objectives, specific partner roles and responsibilities, significant matching of OWEB funds, and alternative solicitation and review processes. All partnership investments maintain OWEB fiscal controls, strong technical review criteria, and enforceable agreements. Examples of existing partnerships include the Conservation Reserve Enhancement Program, Oregon 150, Oregon Plan Products, and Special Investment Partnerships.

Because partnership projects undergo different processes, the Board last year formed the Partnership Investment Subcommittee to provide greater focus on these investment areas. The Subcommittee meets periodically to review the status of existing partnership projects and to review potential new ideas and proposals before they are introduced to the full Board. Subcommittee members include Diane Snyder, Dan Heagerty, Ken Williamson, Jennifer Phillippi, Meta Loftsgaarden, and Dave Powers.

III. Discussion

The Subcommittee recently asked staff to characterize the criteria that are applicable for evaluating partnership efforts and to propose a set of criteria to be used in any future partnership efforts. The criteria for the Special Investment Partnerships (SIP) has been discussed and approved by the Board over the course of several Board meetings in the last two years. The SIP criteria, and criteria for other existing partnerships, are described in the sections below.

A. SIP Criteria

The following are the criteria developed and applied to Special Investment Partnerships:

1. **Ecological Significance.** The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.
2. **Importance of OWEB's Contribution.** OWEB's contribution will be critical, not only to funding the effort, but also to attracting other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.
3. **Robust Partnerships.** SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.
4. **Triple Bottom Line.** Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they have become a part of local custom and culture.
5. **Captures the Imagination/High Visibility.** The scale, importance, and sustainability of an SIP will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.
6. **Ripeness.** To receive a funding allocation from the Board, a Partnership: (a) needs to be ready to form and begin functioning to finalize objectives and a work plan; (b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB's needs; and (c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

B. Existing Partnerships and the Criteria Used

1. Oregon CREP

The longest existing partnership developed by OWEB has been with the U.S. Department of Agriculture. The Oregon Conservation Reserve Enhancement Program (CREP) was developed in 1998 through extensive discussions with stakeholders, the Farm Services Agency and the Oregon Governor's office. The Oregon CREP program was structured to address two significant watershed issues, the loss of riparian forested vegetation and loss of stream flow from irrigation of farm land. The CREP program is funded by the Conservation Commodity Commission on an 80 percent federal and 20 percent state match basis. The program provides long term (15 year) contracts for “conservation rentals” for the establishment of forested riparian buffers.

The Oregon CREP effort:

- a. Provides significant match to state funds;
- b. Is eligible to use state “capital” funds;
- c. Addresses statewide issues affecting stream habitats and water quality;

- d. Provides an efficient delivery system for state funds; and
- e. Has allowed the state to develop incentives that fit Oregon.

2. Whole Watersheds Restoration Initiative

The Whole Watersheds Restoration Initiative came about through discussions between OWEB staff and regional staff of the U.S. Forest Service about basin scale priorities for aquatic restoration. The recognition that we had shared priorities led to the identification that using a common watershed assessment approach to develop priority projects within specific basins could be a tool to focus restoration efforts. This led to further conversations about funding across land ownerships and for common outcomes. The partnership was enhanced by NOAA Fisheries funding and administrative handling by Ecotrust, Inc. To date, OWEB has been a relatively minor funding partner.

The Whole Watersheds Restoration Initiative:

- a. Uses “capital” funds for projects ready for implementation;
- b. Focuses restoration efforts in a manner supported by common analysis and shared priorities;
- c. Provides a significant leverage for state funds (\$2 in federal funds for every \$1 from OWEB);
- d. Recognizes that watersheds are comprised of both public and private ownerships and implements restoration on both; and
- e. Uses a third party to facilitate administrative transactions.

3. Oregon 150 Partnership

In preparation for Oregon’s celebration of the sesquicentennial, OWEB staff met with ODFW staff and developed a concept of providing funds for projects that would honor Oregon’s symbol species. These species are the American beaver, Chinook salmon, Oregon swallowtail butterfly, and western meadowlark. OWEB and ODFW presented the partnership concept to the Board as a way to show cooperation around the Oregon Conservation Strategy and help both agencies address the celebration of 150 years of Oregon statehood.

The Oregon 150 Partnership:

- a. Focuses restoration efforts on common priorities; and
- b. Addresses a unique opportunity to focus habitat restoration on Oregon symbol species.

4. National Coastal Wetlands Grants

Prior to the Legislative creation of OWEB, the Governor’s Watershed Enhancement Board (GWEB) first applied for and was granted funds from the U.S. Fish and Wildlife Service for the protection and restoration of coastal wetlands and associated lands. Since 1999, OWEB has been granted approximately \$8 million of federal funds that have required a 25 percent match. This federal grant program is offered annually and OWEB has been successful in working with local partners to address important coastal wetland conservation issues associated with the protection and restoration of habitats that are important to salmon, shorebirds, and a wide variety of other animals.

The National Coastal Wetlands Grant Program:

- a. Provides significant leverage to state funds;
- b. Targets important sites that are often unavailable for restoration unless purchased through a conservation acquisition; and
- c. Addresses ecological resources (estuarine wetlands) that are critical for functioning coastal watersheds.

5. Oregon Plan Products

Since 1997, GWEB and OWEB have budgeted funding for projects that have been developed by the Oregon Plan Monitoring Team and Core Team to meet common and shared agency needs as Oregon has moved forward to address salmon and steelhead listings and implementation of the Oregon Plan for Salmon and Watersheds. The projects funded through the Oregon Plan Products vehicle most often are monitoring, research, and data development or distribution programs. The focus on these project types is a derivative of the Oregon Plan Monitoring Strategy which provides guidance to OWEB and other state natural resource agencies responsible for Oregon Plan implementation. Specifically, OWEB is charged in statute with convening and implementing projects and programs to assist in achieving the outcomes articulated in the Oregon Plan Monitoring Strategy.

In addition to the guidance provided in the strategy, the Oregon Plan Monitoring Team meets to discuss projects that are developed under the Oregon Plan umbrella. Criteria such as timeliness, criticalness of the work, alignment with agency and Oregon Plan objectives, credentials and track record of proponents, relative importance and utility of the information collected, the likely breadth of use of the information, and the relative accessibility to results are all considered by the partner organizations.

Oregon Plan Products are exclusively non-capital projects in nature and do not deal with on-the-ground restoration unlike other Partnership Investments. The projects funded have also typically been reviewed and discussed by the Monitoring and Research Subcommittee, therefore a procedural issue is raised regarding retaining the Oregon Plan Products in the Partnership Subcommittee's deliberations.

IV. Draft Partnership Criteria

At a recent meeting, the Subcommittee expressed an interest in establishing consistent and distinguishing characteristics between projects funded as "partnerships" from those activities funded through the regular, competitive grants process. In reviewing the criteria and basis for previous partnerships, staff developed the following draft criteria for use in considering the continuation of existing partnerships or the development of new partnerships, other than Special Investment Partnerships.

The draft criteria are intended to stimulate discussion between staff and the Board. After receiving input from the full Board, staff intend to discuss potential revisions to the draft criteria with the Subcommittee and return to the full Board with proposed final criteria at the June Board meeting.

The staff draft criteria include:

A. Specific Ecological Outcomes

By this, staff suggest that any proposed partnership be able to demonstrate that the result of the funding allocation from OWEB will result in a measurable ecological outcome that is sufficiently specific and important to be a priority for dedicated funding. The examples of coastal wetlands and riparian zones in agricultural landscapes are good examples of specific ecological outcomes.

B. Leverage of State Funding

Staff suggest that a threshold of at least equal match (50:50 share of funding) should be a minimal threshold for partnerships. When there are important ecological outcomes, but a limited funding share, partnerships should be evaluated more closely. Strong partnerships with 75 to 80 percent match from other funding partners allow state funds to go further.

C. Unique or Limited Opportunities

There are occasionally opportunities that make a one-time partnership a reasonable idea. Oregon celebrating 150 years of statehood is an example of the unique circumstances that may arise.

D. Administrative Efficiency

With this criterion, staff recognize that partnerships require additional staff work that is difficult to manage, especially with budget shortfalls. Partnerships should include either an administrative agent (like Ecotrust with the Whole Watersheds Restoration Initiative) or routine processes (like the CREP payments). This criterion is becoming more important as staff capacity to effectively manage workload is exceeded.

E. Address Institutional or Physical Watershed Management Issues

The investment of OWEB funds can be a catalyst for agency and stakeholder interaction to address physical or institutional barriers. For example, OWEB's current partnerships recognize that agricultural development has significantly altered riparian forested vegetation (Oregon CREP); that nearly one quarter of the state is managed by the U.S. Forest Service (Whole Watersheds Restoration Initiative); and that government agencies sometimes manage resources for programs rather than look for ways to work across program responsibilities (Oregon Plan Products).

F. Strong Technical Review Process

The technical review process associated with OWEB's regular grant process is an extremely important resource for the Board and staff to understand the ecological merit of project proposals. All partnership program initiatives must have equivalent technical review processes to ensure investments focus on high priority, well-developed projects.

V. Recommendation

This is an information item. No Board action is requested. Staff recommend the Board discuss the draft criteria and provide suggestions to staff and the Subcommittee.