

APPROVED BY THE BOARD July 26, 2016
Oregon Watershed Enhancement Board
April 26, 2016
OWEB Board Meeting
La Grande, Oregon

MINUTES

OWEB Members Present

Brandt, Stephen
Furfey, Rosemary
Henning, Alan
Hollen, Debbie
Labbe, Randy
Marshall, Gary
Masterson, Laura
Neuhauser, Will
Quaempts, Eric
Roberts, John
Thorndike, Dan
Webber, Bob
Wenner, Karl

OWEB Staff Present

Barnes, Darika
Ciannella, Greg
Davis, Juniper
Davis, Renee
Duzik, Katie
Fetcho, Ken
Grenbemer, Mark
Hartstein, Eric
Hulst, Miriam
Leiendecker, Karen
Loftsgaarden, Meta
Redon, Liz
Shaff, Courtney
Williams, Eric

Others Present

Harper, Craig
Beamer, Kelley
Wayburn, Laurie
Jones, Bob
Morris, Christo
Rieck, Ken
Morton, Winston
Baker, John

Meeting called to order by Co-Chair Eric Quaempts.

A. Board Member Comments

Board representatives provided an update on issues and activities related to their respective geographic regions or from their represented state and federal natural resource agencies.

B. Review and Approval of Minutes

Minutes of the January 26-27, 2016 Board meeting in McMinnville were presented for approval.

John Roberts moved to approve the minutes from the January 26-27, 2016 Board meeting in McMinnville. The motion was seconded by Karl Wenner. The motion passed with Laura Masterson abstaining due to absence at the January meeting.

C. Board Co-Chair Election

Co-Chairs Eric Quaempts and Dan Thorndike led a discussion and vote by Board members to elect co-chairs for the Board. Dan Thorndike's seat was opening for a two-year term, and Randy Labbe expressed interest in occupying that seat. Eric Quaempts had one year remaining in his term, but opted to step down as Co-Chair for the remainder of his term. Dan Thorndike expressed interest in taking over Eric's Co-Chair position.

Dan Thorndike moved the Board elect Randy Labbe to serve as OWEB Board Co-Chair for a two-year term. The motion was seconded by Will Neuhauser. Randy Labbe abstained. The motion passed unanimously.

Bob Webber moved the Board elect Dan Thorndike to serve as Co-Chair, filling the one-year remainder of Eric Quaempts' term as OWEB Co-Chair. The motion was seconded by Eric Quaempts. The motion passed unanimously.

Dan Thorndike acknowledged the contributions of Eric Quaempts, as both a Board member and co-chair, to the fundamental importance of the activities of the OWEB Board.

D. Public Comment

No public comment was offered.

E. Land Acquisition Grant Awards

Grant Program Manager Eric Williams and Acquisitions Coordinator Miriam Hulst presented information on land acquisition grant applications received during the October 2015 grant cycle. Two applications recommended for funding were presented and recommended for Board action.

Rogue River Preserve (#216-9901)

Board Member Questions/Comments:

-Dan Thorndike mentioned there was a local public hearing for this proposed acquisition with most people speaking favorably about the project. He said those few who spoke in objection appeared to have a misunderstanding that this land was going to become a government acquisition for public property. He also discussed characteristics of the long-time family of ownership and their desire for this project to go through, with the support of neighbors.

-Laura Masterson inquired about the development potential and fair market value of the property. Miriam Hulst replied that the appraised value expresses development potential of up to six homes.

-Gary Marshall asked about the historical use of this property. Miriam Hulst said this property has been owned by the same family for 72 years, using it as a vacation home with light grazing. She said they worked over the last few years to get it ready to be sold to Southern Oregon Land Conservancy(SOLC), including making a \$600,000 donation of part of the property's value. Dan Thorndike noted there are only two cabins on the property. He said it has been very lightly used, and the third generation is now mostly on the East Coast and does not use the property much; hence, their decision to sell it to SOLC.

-Alan Henning asked for clarification of encumbrances, particularly for mineral rights, which were explained by Miriam Hulst. He also asked about what he perceived to be a dam removed on that property, as mentioned in the written comments. Eric Williams clarified that there was not a dam removal project connected with this property.

Mountcrest Conservation Easement (216-9903):

Board Member Questions/Comments:

-Dan Thorndike asked whether OWEB has funded a forest working lands acquisition in the past. Miriam Hulst answered this is a new investment type for OWEB with the size of the property and specific emphasis on forestry. She added that this is an example of a working land easement

where the goal is to protect what this owner-family has been able to achieve over decades of sustainable forest management, rather than trying to bring a property back from a degraded state.

-Alan Henning asked about the guidelines for prescriptions used to manage riparian areas. Miriam Hulst stated that Pacific Forest Trust (PFT) has a lot of experience in administering working lands easements for forests and has worked with some thought leaders in the nation on how to administer these easements in general and to lay out the proposed prohibitions on this property, including buffer, weave tress, etc. She added that Laurie Wayburn from PFT would address the Board in the public comment period to explain further.

-Laura Masterson said that timber harvest often helps pay for conservation. She asked if OWEB is asking for a significant reduction in harvest. Miriam Hulst said the family had self-restricted their harvest, which would be considered a great reduction from the maximum harvest possible under law. She said the value of the easement is expected to be several million dollars, which speaks to the fact that there will be significant restrictions on timber harvest. Executive Director Meta Loftsgaarden clarified that OWEB does not set those restrictions.

There was more discussion about OWEB's ability to review the proposed management plan, especially when talking about riparian management (buffer widths). Miriam Hulst said once OWEB receives a draft management plan, she works with a reviewer to make sure it contains the components consistent with OWEB's established guides for management plans, and that the actions in the management plan are consistent with the desired ecological outcomes and the terms of the conservation easement. Rosemary Furfey asked if there would be further information provided to the Board based on the finalization of the management plan. Meta Loftsgaarden clarified that, under OWEB's administrative rules and the associated process for land acquisitions, approval of final management plans is not brought before the Board. She said, however, that Pacific Forest Trust will be asked to provide an update with a specific explanation of riparian buffers for the Oregon Department of Environmental Quality and Oregon Department of Forestry. Alan Henning stated that he is not trying to hold off the process for acquisition, and can provide riparian buffer standards that may be incorporated into a management plan. Will Neuhauser also expressed interest in increasing the Board's understanding of how working lands easements work, making sure the Board has a better understanding of what to consider when voting to approve/disapprove for funding.

Public Comment on Land Acquisition Grant Applications:

Mountcrest Conservation Easement –

Laurie Wayburn from Pacific Forest Trust (PFT) came to represent the landowner, Judd Parsons, who was not able to be at the meeting. She discussed how PFT works with willing private landowners to help them protect their land and steward PFT's mission. She stated that PFT been working on the Cascade-Siskiyou Crest for 15 years, Citing the Mountcrest property as the largest non-industrial, private timber ownership in the area, providing direct connectivity between U.S. Forest Service property and the Cascade Siskiyou National Monument. She said it is representative of the most highly diverse conifer forest globally, is used by Pacific fisher and Northern spotted owl, and houses the headwaters of six creeks supporting Cutthroat Trout and Coho Salmon. She mentioned how this is a different way to approach conservation of private lands for the benefit of the public, wildlife, and water, without encumbering full fee title

ownership. She said it is about half the cost of a fee-title acquisition, with outcomes achieving full public benefit.

Laurie addressed Alan Henning's question of riparian buffers in the management plan, stating PFT places 100-foot restrictions on non-fish bearing streams and 150-foot restrictions on fish-bearing streams, year round. She stated that twenty percent of this property is in special habitat management areas. She also said they are working on maintaining a mature forest on this property.

Laurie invited anyone interested to come out this property, and to another easement property near Corvallis, to see how this kind of approach works in practice for the restoration and maintenance of mature forests over time.

Board Member Questions/Comments:

-Alan Henning had a question about whether buffer distances included selective cuts, and if there is management in the riparian area. Laurie Wayburn clarified that PFT holds the conservation easement. She also said there is a riparian management plan developed as part of the easement, and there will be harvest allowed to promote the ecological integrity of streamsidess.

-Karl Wenner stated he had many questions and clarified the terms, as he understood them: OWEB purchases the easement; the landowner retains the property and is able to carry out certain activities, logging being one of them. Karl was unclear about the definition of limits. Laurie Wayburn explained how the limits of the easements are very well defined, and explained some of the metrics of the limits. Karl also said it would also be helpful to know what the value of the properties are, specifically what OWEB is getting for this purchase, and what the properties are worth if there is no easement. Meta Loftsgaarden said every property is appraised, and OWEB can only pay according to the appraisal, but the final amount of the grant will not be known until much later. Karl requested access to the appraisal, and Meta Loftsgaarden said it would be provided when complete. She discussed why appraisal may not happen until after the Board approves the acquisition, but also talked about protections in place since OWEB is only allowed to pay 75% of appraised value. Laurie said the reference point for value is roughly 55% of fee title value, based on other lands of the same type. She also stated the family would be donating up to one third of the property's value.

-John Roberts asked if the family would continue to be involved. Laurie said there are two other family members who are involved in this property ownership, and are in favor of this easement; regardless, the easement travels with the deed. She ensured the Board that PFT has staff to move things along according to plan.

-Bob Webber said he sees a big difference between a fee purchase and an easement. He requested a way to have a little more information before approving funding of an easement. Meta Loftsgaarden explained that OWEB staff will work in the future with the Acquisitions Subcommittee to get additional information into the staff report.

-Stephen Brandt asked who gets access through the easement. Laurie Wayburn said the general public has access through the Pacific Crest Trail, but this is an ecologically focused easement.

Rogue River Preserve

Craig Harper from the Southern Oregon Land Conservancy (SOLC) spoke on behalf of the Rogue River Preserve easement acquisition. He said he is thankful to the MacArthur Family for selling this property at a \$600,000 discount. He talked about how they have been working together since the 1990s and now have a purchase agreement that runs through 2016. He stated the primary goal is to conserve the 352-acre property as one large intact natural area that provides ecological and public benefits in perpetuity. He listed the unique qualities of the property: It measures 1.5 miles from north to south with an island, inlets and sloughs with 2.2 miles of streambank; there is a high-quality and diverse floodplain forest with very little non-native growth; it has exceptional biodiversity; and it is in an area with several other protected properties. He said it has many important ecological components and is consistent with OWEB's acquisition criteria.

Craig stated SOLC has tracked 70 volunteers, donating more than 400 volunteer hours in the last 18 months, with over 20 organizations working toward the preservation of this property. He said local neighbors are in favor and have formed "Heart of the Rogue" Foundation to raise funds. He mentioned that SOLC owns only one other property, but manages 62 conservation easements. He said the OWEB grant will make or break this project; SOLC can leverage that funding and they have pre-applications in for matching funds.

-Laura Masterson asked about maintaining working lands as one of the property benefits. Craig Harper said the only work has been light grazing, and SOLC wants to enhance the meadows thereby increasing spot-grazing to help deal with some invasive species (e.g., medusahead).

-Gary Marshall questioned whether there is restoration work to do on the property. Craig Harper said there are some invasives (e.g., blackberry, scotch broom), but the best they can do is to enhance what is already there.

Kelley Beamer, executive director for the Coalition of Oregon Land Trusts (COLT), spoke on behalf of the Rogue River Preserve easement acquisition. She mentioned that PFT and SOLC are members of COLT.

Kelley spoke to the big-picture importance and impact of the OWEB Acquisitions Program. She stated that land trusts purchase properties and/or easement properties in perpetuity and take on the responsibility to steward and monitor them for their ecological outcomes forever. She expressed COLT's strong support for both acquisitions to protect the land. She said COLT would be happy to share the details of conservation easements, particularly working lands easements, and the potential they have in Oregon.

Randy Labbe moved the Board award funding for land acquisition grants as specified in Attachment A to the Land Acquisition Grant staff report, with the project-specific conditions detailed in Attachment C to the staff report. The motion was seconded by John Roberts. The motion passed unanimously.

F. October 2015 Open Solicitation Grant Awards

Introduction

Grant Program Manager Eric Williams and OWEB's Regional Program Representatives presented the proposed grant awards in each region using a unifying theme: Ecological Uplift. Eric Williams provided an overview of 187 applications submitted in the grant cycle, which included four grant categories: Restoration, Technical Assistance, Outreach, and Monitoring. He talked about how six regional review teams perform an initial evaluation for the OWEB Board, vetting and reviewing each application and visiting sites. Following the review team meetings, staff provided funding recommendations.

Eric Williams said OWEB had grant award requests totaling over \$19 million. This amount is more than double what is available to award in this cycle, making the decision process very challenging.

Region 1 – Attachment E

Region 1 Program Representative Katie Duzik introduced ecological uplift as an effective description of what OWEB's Open Solicitation Grant Program is attempting to achieve. She said OWEB's Open Solicitation Grant program is looking for projects with a lift for species and habitats over baseline conditions. She talked about how this translates to the increase or uplift of habitat availability by the removal of a physical barrier or impediment, restoring floodplain connections, etc., and many other unique ways beyond these basic examples. She provided an example of ecological uplift happening in Region 1, using the four-phase Fivemile Bell Creek project.

Region 2 – Attachment F

Region 2 Program Representative Mark Grenbemer spoke about coastal estuaries as one of OWEB's focused investment priorities. He said estuaries and small tributaries are among the most important coastal features, mentioning how many estuaries and tributaries have been heavily impacted by land use patterns, including diking, filling, channel simplifications, culverts, and tidegate placements. He said this has resulted in habitats' historic patterns of use being limited, and relegating many species to much smaller areas in order to survive, which has negatively affected their ability to flourish. He presented two monitoring and restoration projects from Region 2 that demonstrate ecological uplift, citing how local partners are using assessment and monitoring to determine key limiting factors, and to pinpoint areas where restoration activities can result in meaningful improvement of watershed conditions.

Region 3 – Attachment G

Region 3 Program Representative Liz Redon presented a technical assistance example from the Willamette Basin that demonstrates how OWEB grants can lead to significant large-scale uplift. She presented the Oregon Parks Willamette Portfolio, which is a planning effort sponsored by several cooperating partners. She said strong working relationships among groups such as watershed councils, soil and water conservation districts, tribes, and other non-profits have increased the pace and scale of restoration at these Willamette park sites. She stated some challenges to this increase, then outlined how a relatively small investment in technical assistance will result in restoration and stewardship funding being put on the ground at specific locations will have the greatest impact and, therefore, the greatest ecological uplift at a Willamette Basin scale.

Region 4 – Attachment H

Region 4 Program Representative Greg Ciannella presented an outreach example project from the Hood River Basin. He said streamflow is the biggest limiting factor and, at the same time, the highest priority for Hood River Basin. He highlighted the importance of streamflow to protect and restore habitat while also supporting a \$1 billion orchard industry, particularly in summer months. He said on-farm fixes (particularly micro-sprinkler systems) can conserve 32 cubic feet per second of water basin-wide. He talked about the biggest roadblock to efficient irrigation management being that on-farm laborers need outreach and training to use these new systems. With five pilot farms on Board, he believes many more would follow across the Hood River Basin. He said the ecological uplift of this project is to conserve water; however, with an outreach grant, there is also a societal uplift, which inspires change.

Region 5 – Attachment I

Region 5 Program Representative Karen Leindecker presented a unique project in northeast Oregon, acquiring seed and seedlings to restore forests damaged by recent wildfires. She described several wildfires from the past few years and cited the thousands of acres that need to be reforested. She discussed the process of fire rehabilitation through replanting and reseeding with many considerations, including elevation, slope, soil type, tree species, etc. She talked about how nurseries today are not able provide seed that match these criteria, and then explained in detail the necessary and cumbersome process of seed collection and propagation. She stated this project's ecological uplift is a restored forest. She added that by providing the funding to collect seed and purchase seedlings, the restoration process will be accelerated.

Region 6 – Attachment J

Grant Program Manager Eric Williams presented for Region 6 Program Representative Sue Greer, using Mountain Creek Watershed as an example of ecological uplift. He provided a brief history of the completed projects in this basin. He also briefly discussed the proposed projects for the current grant cycle, citing how collective planning to create basin-scale uplift in Region 6 will result in ridgetop to ridgetop protection of this watershed and habitat.

Public Comment on Pending Regular Grant Applications with Board Consideration:

WISE Pre-Project Effectiveness Monitoring (216-2034) -

-Bob Jones from Prospect, Oregon spoke to urge the Board to consider funding this application. Bob said he is a Board member of the Rogue River Watershed Council, the chair of the WISE Project, and an employee of the Medford Water Commission. He provided information about why he felt it is important to provide baseline funding for this -WISE project, citing background and history of the project, and committed funding. He stated this is a collaborative project with an integrative resource strategy, and with high benefit to the Oregon Plan.

- John Roberts asked when monitoring would be cut off if the project was not funded. Bob Jones said they had enough to get through the end of 2016, but will have to stop monitoring unless other funding is identified.

-Board Rosemary Furfey wondered if this project is seen as a test for irrigation practices and efficiencies that could be applied elsewhere, with greater benefit beyond the given project. Bob

Jones said yes, the WISE project could be implemented in other areas around the state with great conservation potential.

Tumalo Feed Canal Phase 4 (216-4021) -

-Ken Riek from Tumalo Irrigation District (TID) and Kevin Crew from Black Rock Consulting spoke in support of project #216-4021. Ken thanked the Board for OWEB's participation in funding 20% of their projects over the years. Kevin briefly reviewed his history with the watershed, the participating partners in all phases of this project, and the historical funding provided by partners statewide. He said Tumalo Creek is one of only two gravel bearing, cold-water streams in the watershed. He conceded their application was confusing, and thanked the Board for their continuing support. He added that their Phase 5 will be very important for funding and is hopeful the Board will be receptive when that application comes through.

- Karl Wenner asked for clarification about what was in the application regarding amounts being asked for. Kevin explained a history of their applications, what the Board agreed to, and how the regional review team interpreted the history.

- John Roberts asked what would happen if OWEB did not fund the project and whether that additional piping is built into Phase 5. Ken stated the district is carrying that balance right now out of previous land sales, but that it will affect money available to spend on future phases. He said TID owns an additional 600 acres of land, which the District has committed to use to pay for pipe assets. Their goal is to be fully piped with 100% efficiency, a commitment they have had since establishing their first conservation goal in the 1990s.

Pine Creek Off-Channel Watering Outreach (216-5045) -

-Christo Morris, the executive director for the Powder Basin Watershed Council (PBWC) in Baker City came to speak to the merits and concerns of the application. He talked about how livestock grazing is the most widespread land use in the drier portions of the west, and the need to engage livestock producers directly to establish clear links between grazing practices and watershed health. He discussed opportunities to motivate landowners and influence livestock producers by educating them about the impacts from livestock grazing in riparian areas, including loss of pasture from lateral erosion and loss of forage. He addressed a couple of concerns raised by review panel and answered questions from Board members.

-Alan Henning said outreach is often a soil and water conservation district (SWCD) role. He asked whether PBWC is partnering with their local SWCD. Christo said there is no official connection with the SWCD for this application.

-Dan Thorndike asked whether funding needs to happen now or if it could be accomplished in the next cycle, and whether a reduced amount would be effective. Christo said it would be very helpful if this grant came through to help with continuity of staff in terms of timing. He said in terms of a reduced amount, PBWC could accomplish the basics of outreach and do a lot of good with trimmed activities.

-Rosemary Furfey asked if Christo had set up indicators of success. Christo said the ultimate measure will be how many landowners participate. He said PBWC would also produce brochures and they would be tracking demand for these printed materials as a measure of success.

Wallowa River – Baker Project (216-5057) -

- Oregon Department of Fish and Wildlife (ODFW) Fish Biologist Winston Morton asked the Board consider funding this restoration project. He said the project design was funded with an OWEB Technical Assistance grant and it is ready for implementation. He said the goal of this project is to restore watershed process and ecological function, addressing limiting factors for summer Steelhead and Chinook Salmon by increasing habitat complexity. He stated the project has secured match through various restoration partners and that additional OWEB funding is required for implementation.

-John Baker also addressed the Board as a supporting landowner. He said he and his wife are both conservation-minded owners of this 60-acre property and talked about the history of their conservation efforts, in conjunction with the efforts of many agencies involved. He noted their enthusiasm for this project has been dulled by a long and drawn out process for funding.

-John Roberts asked why a 15-year conservation easement is being offered by the landowner instead of a longer or permanent easement. Winston addressed the Board on behalf of ODFW, citing that 15 years has been the amount of time most comfortable for landowners and how this length of term has been commonly used by ODFW for easements in recent years.

Executive Director Meta Loftsgaarden explained the logistics of voting to fund a project below the funding line. She also discussed moving to the next agenda item (P), including \$1.2 million in “recaptured funds,” with recalculations and more to consider for a vote after lunch.

P. Other Business

Senior Policy Coordinator Eric Hartstein and Grant Program Manager Eric Williams presented a request to allocate \$174,548 in recaptured funds for two Focused Investment Partnership (FIP) projects (#216-8205 and #216-8203). Eric Hartstein explained how the timing of the FIP awards at the January 2016 meeting occurred after the grant applications were submitted during the October 2015 grant cycle. He said it is OWEB’s policy that projects in a FIP geography with actions and outcomes similar to a designated FIP are ineligible for an Open Solicitation grant award. He explained how the policy was not communicated well to FIP applicants, which led to confusion over project eligibility.

Board Member Questions/Comments:

-John Roberts asked what will happen if the Board does not fund these two FIP requests. Eric Hartstein stated the focused investment could be completed without this funding, but would reduce funding for other projects under the two relevant FIPs.

-Karl Wenner asked where the recaptured funds came from. Eric Williams explained that recaptured funds are from projects statewide that either were incomplete or were completed under budget.

-Rosemary Furfey asked for clarification about why staff is coming to request the use of these funds for those two FIPs, and not to open it more broadly to other project types. Eric Williams explained that this was an issue of timing: the applications were submitted in October, three months before the applicants knew whether the FIPs would be awarded by the Board. Eric Williams said that adding recaptured funds would make these FIPs whole so they would not have to fund these projects out of other parts of their budget. Executive Director Meta Loftsgaarden explained that this situation is not likely to happen again. She also talked about how this request is not a trade-off, and that Board members have the opportunity to vote to use the recaptured funds in any way, including other projects being heard about at this meeting.

There was more discussion about how to determine if future Open Solicitation proposals should instead be addressed through a FIP. Meta Loftsgaarden said that FIP solicitation cycle revisions may help fix this issue. There was also discussion about having all of the opportunities for allocating the recaptured funds on the table at once, instead of deciding one or two at a time.

Discussion and Board Action on Agenda Item F and Agenda Item P

Executive Director Meta Loftsgaarden and Grant Program Manager Eric Williams presented options to the Board for allocating recaptured funds. Meta asked the Board to consider whether there were any projects they heard about at the meeting which they would like to suggest for funding, and any other project or issue they would like to have on the table for conversation.

-Rosemary Furfey found two projects compelling, #216-2034 and #216-5057. Both projects were discussed during public comment.

-Alan Henning thought project #216-5045 was valuable.

Meta Loftsgaarden asked the Board whether there were any other proposals for the Board to consider.

-Karl Wenner said he felt the process for allocating recaptured funds was too arbitrary, and he suggested a longer-term proposal to figure out a better way to deal with this kind of situation. He said he would feel better about allocating this recaptured money if there was a uniform approach. He also commented about the hard work of the regional review teams to discern funding lines. As a shorter-term solution, he said it is the goal of the Board to get that money out into the community. He suggested using recaptured funds to fund one project below the funding line for each region.

Meta addressed how funding lines are drawn, reminding the Board there are still valuable projects below the line. She said anything that is recommended for funding, above or below the line, would be supported by staff for Board approval. Eric Williams also discussed the regional review team process and how recommended projects are ranked and funding lines are drawn.

Different scenarios were discussed, including dropping the line to the first recommended project below the line for a total additional funding of \$875,768. Meta clarified that the discussion at this time would lead to a decision by the Board for how to allocate the \$1.2 million in recaptured funds. She said the money was recaptured in this biennium, and she would ask Business

Operations Manager Cindy Silbernagel whether it must be spent in this biennium or if it may be spent in the next biennium.

-Will Neuhauser said it would be good to have a discussion about what to do with \$1.2 million instead of a series of single issues on their own. He suggested using some of the recaptured funds to fully fund the Implementation FIPs, which were asked to take a reduction at the January 2016 Board meeting. He also clarified that these recaptured funds do not have to be spent now since there are other grant cycles this biennium in which these funds can be spent.

-Debbie Hollen shared Karl's concern about making arbitrary decisions based on compelling stories of applicants. Debbie stated support for a broader process that takes into consideration how projects across the state relate to one another in the evaluation process.

-John Roberts suggested funding the projects already in progress, particularly the WISE project, where instruments are in place and they are in the middle of collecting data. He felt the Board's objective is to get money to useful projects around the state.

Dan Thorndike moved to approve the staff funding recommendations as shown in the gray-shaded sections of Attachments E to J of Agenda Item F the "October 2015 Open Solicitations Grant Awards" staff report. The motion was seconded by Will Neuhauser and passed unanimously.

The Board continued their discussion of different options for spending the recaptured funds. There was debate about the rationale for selecting certain types of projects, and the arbitrary nature of making these decisions without a more formal process.

-Laura Masterson asked if lines would have moved if staff had an additional \$1.2 million added to the budget. Meta Loftsgaarden explained the review process used by regional review teams and noted that it is the job of staff to set the line based on funding available, and that there is not enough funding to support all recommended projects. She said this would require staff to complete the exercise again and come back in July with a request for a new set of funding recommendations. She encouraged the Board to think about letting the Open Solicitation Subcommittee consider and propose a solution to address this issue, rather than making a one-time decision and potentially setting a precedent to hold Board funding recommendations until the July meeting.

John Roberts moved to fund the WISE monitoring grant project #216-2034 for \$54,438. Bob Webber seconded the motion. The motion failed.

Karl Wenner moved to adjust the funding line down to projects recommended for funding, but were one below the line across all grant types and regions. He added a recommendation to fully fund the two projects that were reduced in funding. Laura Masterson seconded the motion. There was discussion about projects and funding requested. There was also discussion of setting up a deliberate process for allocating recapture dollars and avoiding a reactionary decision. The motion failed.

Will Neuhauser moved to add \$174,548 of recaptured funds to the FIP Implementation line item of the 2015-2017 Spending Plan, and delegate to the Executive Director to enter

into an agreement for project 216-8203 for up to \$124,938 and an agreement for project number 216-8205 for up to \$49,610, with award dates of April 27, 2016. The motion was seconded by Dan Thorndike. There was further discussion and the motion passed 7-2.

Meta Loftsgaarden said the staff would come back in July with options for distributing additional recaptured funds, which the Board will allocate into the spending plan with newly awarded Pacific Coastal Salmon Recovery Funds.

G. Focused Investment Partnerships (FIP)—Request for Funding for Implementation Monitoring and Capacity Assessments

Deputy Director Renee Davis and Capacity Coordinator Courtney Shaff described for the Board proposed approaches for monitoring FIP implementation initiatives and evaluating FIP capacity building grants. Renee Davis recalled the Board’s January award of nearly \$13 million to six implementation FIPs and nearly \$1 million to eight capacity building FIPs. She said the intention has always been to build monitoring and evaluation into the work of the FIPs, harking back to OWEB’s Long Term investment Strategy. Given the difference between the implementation and capacity building FIPs, they are being viewed as two different tracks and the same approach to monitoring is not applied to both. She said OWEB needs to be tracking and monitoring these investments over time in a way that will enable the Board to implement adaptive management of these projects. She said staff specifically reached out to Bonneville Environmental Foundation (BEF) to help with how to structure this progress tracking through time for the two different types of investments, emphasizing BEF’s extensive experience around the West in tackling these kinds of issues.

Renee Davis walked the Board through the monitoring request for implementation FIPs, to develop the framework for how OWEB will do this tracking through time. She explained that the intent is to provide the right information to the Board to enable adaptive management of its investments, capturing how much progress these groups are able to make in a 6-year timeframe and establish reasonable expectations.

She explained the first two phases of the implementation FIP monitoring: Phase I to develop a progress-monitoring framework and analyze the proposed monitoring of each FIP; and Phase II to crosswalk that information between the current monitoring proposed and the progress-monitoring framework needed by the Board. She said these first two phases of implementation will be completed by April 2017 with interim reports to the Board, and emphasized the need to have the products of these phases completed in a timely fashion to allow current implementation FIPs enough time to get any complementary and necessary monitoring underway within their 6-year timeframe. She reminded the Board that \$500,000 is allocated for FIP effectiveness monitoring for the biennium, and requested the Board allocate up to \$200,000 to cover the first two phases of this work.

Courtney Shaff presented the Board with information on the capacity building portion of the request. She said the goal statewide is to achieve strong, resilient partnerships that can compete for FIPs and other funding, and implement strategic approaches to on-the-ground restoration and engage communities. She explained a two-step approach to assessing what happens beyond completing the documents, including interviews with BEF to capture the lessons learned. She said all capacity building FIPs would participate in the interview process.

Courtney Shaff requested the Board consider reallocating recaptured funds (\$60,823 from 214-903-10638) and combining them with \$42,000 of unspent funds in the FIP Capacity Building Spending Plan line item, for a total of \$102,823 to support the FIP Capacity Building Evaluation.

Renee Davis emphasized the strong partnership OWEB has with BEF, who will be able to gather objective and high-quality information on the capacity building side.

Board Member Questions/Comments:

-Dan Thorndike asked if the process could help identify a missing partner in Capacity Building FIPs. Courtney Shaff responded that it could.

-Alan Henning further discussed the role of BEF as a neutral party and the idea of having them come into the process in the beginning and for periodic check-ins. Courtney Shaff confirmed that an intermediate check-in during the process is a part of the grant agreement. Alan asked if BEF could check in midway with the Capacity Building grantees that are not engaging in a “deep dive”. Courtney Shaff agreed to look into this.

-Bob Webber had questions about the funding request and the origin of funds being recaptured instead of coming from the monitoring budget. Renee Davis explained the opportunity to use recaptured funds to address the FIP capacity building evaluation needs offered an opportunity to provide the Board with the quantitative information it needs for adaptive management.

Staff requested the Board consider awarding funding for FIP implementation monitoring and capacity assessment, and delegate authority to the Executive Director for distribution of these funds.

Randy moved the Board award up to \$200,000 of funding from the Focused Investment Effectiveness Monitoring line item in the 2015-2017 Spending Plan for Monitoring Implementation FIPs, and delegate authority to the Executive Director to enter into appropriate agreements, with an award date of April 26, 2016. The motion was seconded by Will Neuhauser and passed unanimously.

Randy moved the Board recapture the remaining \$60,823 from 214-903-10638, and combine that with the remaining \$42,000 in the FIP Capacity Building Spending Plan line item, for a total of \$102,823 to support the FIP Capacity Building Evaluation, and delegate authority to the Executive Director to award grants, with an award date of April 26, 2016. The motion was seconded by Will Neuhauser and passed unanimously.

MINUTES ARE NOT FINAL UNTIL APPROVED BY THE BOARD
Oregon Watershed Enhancement Board
April 27, 2016
OWEB Board Meeting
La Grande, Oregon

MINUTES

OWEB Members Present

Brandt, Stephen
Furfey, Rosemary
Henning, Alan
Hollen, Debbie
Labbe, Randy
Marshall, Gary
Masterson, Laura
Neuhauser, Will
Rider, Morgan
Quaempts, Eric
Roberts, John
Thorndike, Dan
Webber, Bob
Wenner, Karl

OWEB Staff Present

Barnes, Darika
Ciannella, Greg
Davis, Juniper
Davis, Renee
Duzik, Katie
Fetcho, Ken
Grenbemer, Mark
Hartstein, Eric
Leiendecker, Karen
Loftsgaarden, Meta
Redon, Liz
Shaff, Courtney
Williams, Eric

Others Present

Hendrickson, Heather
Scott, Nell
Lehman, Bill
Beamer, Kelley
Oveson, Jeff

H. Public Comment

No public comment.

I. OWEB Agency Request Budget (ARB)

Executive Director Meta Loftsgaarden and Deputy Director Renee Davis led the Board in a discussion on the development of the 2017-2019 OWEB ARB. Meta provided background about OWEB's standing in terms of revenues and OWEB's forecast for the next budget. She explained the forecast process and the challenges facing the State with the expected Public Employees Retirement System (PERS) reforms. Meta and Renee explained the details outlined for items 1 - 6 in the Policy Option Package Proposals (Attachment C) and how they align with the goals of OWEB's Strategic Plan. They then accepted inquiries from Board members as they considered approval of the ARB.

There was a lengthy discussion around package item 3, "Working Farms and Ranches." Board members asked for clarification about the source of funds for this program. Meta Loftsgaarden replied that the funding source has not yet been identified, but the three sources likely to be used are general fund, non-Measure 76 lottery funds, and lottery bonds.

-John Roberts asked if OWEB is the lead agency, and Meta Loftsgaarden explained OWEB has been asked to place this package into OWEB's budget request because of OWEB's expertise in managing granting programs.

-Debbie Hollen mentioned that this program appears to be heavily weighted toward agriculture. Meta Loftsgaarden acknowledged the forest community is not included at this time, but also clarified those lands have not been excluded from the process.

-Laura Masterson talked about how grateful she is for this topic becoming more important to the state, also saying how there are federal matching funds that are not used for this work on farms and ranches. She expressed some frustration that the Oregon Department of Agriculture has not been involved in the process. Meta Loftsgaarden responded that it is expected that a broader array of agencies will be included in discussions soon.

-Rosemary Furfey asked whether the Board would be getting a briefing this fall with regard to that process, and what would be the next steps with the legislature. Meta Loftsgaarden said the Board will continue to hear updates about the policy option packages at every meeting. She also discussed the legislative process and how the Governor's Office will ultimately determine whether the agency moves forward with this request during the legislative session. She explained how there is still a long way to go, and she is hopeful to have a good package in September so the participating organizations can be working with the legislature well in advance of session.

Randy Labbe moved the Board approve Attachment C to the 2017-2019 Budget Development staff report, which will provide an outline the agency will use to submit its Agency Request Budget. The motion was seconded by Karl Wenner. The motion passed unanimously.

J. OWEB Key Performance Measures (KPMs)

Executive Director Meta Loftsgaarden and Deputy Director Renee Davis briefed the Board on both revisions to, and targets associated with, OWEB's KPMs. In January, the Board approved a full slate of KPMs, asking OWEB staff to adjust two of them. Renee Davis discussed OWEB's struggle with KPMs being an accurate measure of OWEB's agency progress. She provided examples; specifically, she discussed how OWEB borrows data from other agencies and organizations over which OWEB has little or no influence. She then requested Board action to approve the two revised KPMs.

Dan Thorndike moved the Board approve revisions to OWEB's proposed Key Performance Measures, as outlined in Attachment C to the Key Performance Measure Revisions staff report, as a proposal for legislative consideration during the 2017 Legislative Session. The motion was seconded by John Roberts. The motion passed unanimously.

The conversation moved to a discussion of targets and methodology for the listed KPMs. Renee Davis identified the targets as aspirational, but also achievable for OWEB staff and grantees. She talked about tightening up the first and third KPMs to include only OWEB projects, instead of the broad metrics of all restoration actions in Oregon. She explained the importance of being able to tell the OWEB restoration story, understanding this KPM is an output, rather than an outcome measure. She also said ODFW is looking at methods to transition from output to outcome metrics to help report the data on the ground. OWEB hopes to pair its restoration information with information from ODFW to tell a much more comprehensive story. She then reviewed each KPM, and she explained the process and criteria used for setting the targets on each KPM.

K. Focused Investment Partnerships (FIP)—Proposed Schedule Revisions

Grant Program Manager Eric Williams and Will Neuhauser, Chair of the OWEB Board Subcommittee on Focused Investments, described for the Board proposed revisions to the schedule for future FIP program awards leading up to the 2017-2019 biennium.

Will Neuhauser outlined the policy discussion from the Focused Investment Subcommittee meeting. He thanked the staff for taking a complicated and multi-factor problem, and creating some options for the Board to review. He said the objective is not to come to a final decision, but to engage in conversation to learn if the Board is considering the right set of options; and if not, to inform the staff where the Board would like to make adjustments. He highlighted the discussion from the last Board meeting about the dollar allocation for future FIPs and how it would work, including how to get to a regular rolling cycle. Eric Williams proceeded to explain the graphs and grant cycle for Options A, B and C, noting the variations from biennium to biennium.

There was a lengthy discussion by various Board members of how these options would possibly affect the FIP process in the future. Meta Loftsgaarden said her understanding from the discussion is that the Board wants staff to work around option B for possibilities to bring before the Board in July. Will Neuhauser stated he was also hearing from other Board members to take Option C off the table, and Meta clarified this was the case for the Implementation FIP cycle, but there was support for a Capacity-Building FIP cycle in 2017-2019.

Will invited Board members with a passion for this issue to join the subcommittee.

L. Coastal Wetlands Grants—Program Update

Partnerships Coordinator Juniper Davis updated the Board on the U.S. Fish and Wildlife Service's National Coastal Wetlands Conservation Grant Program, which provides grant funding to acquire, restore, and enhance wetlands in coastal states. She said this is a program for long-term conservation projects with a minimum 20-year benefit, which usually means it involves an acquisition or easement. She added that local partners working through OWEB need to bring a minimum of 25% matching funds.

Juniper Davis said OWEB has been one of the primary applicants to this program in Oregon, even though several other agencies apply. She added that OWEB has been successful in receiving funding of approximately \$14 million, which has funded 21 projects ranging from \$100,000 to \$1 million. She described how the complexity of projects has been increasing, and she provided an update of active and pending grants, with closed projects not included.

M. Rangeland Wildfire Threat Reduction (RWTR)—Grant Program Update and Funding Request

Capacity Coordinator Courtney Shaff briefed the Board on the RWTR grant program, and requested the Board consider awarding additional funding and delegate authority to the Executive Director for distribution of these funds.

Courtney Shaff reminded the Board that they already gave staff permission for OWEB to accept \$1 million in general funds from Oregon Department of Forestry (ODF) to be used to support the RWTR grants. She said OWEB has completed a grant application review process with ODF and awarded \$900,000 to 19 Rangeland Fire Protection Associations (RFPAs) in eight counties. She

explained that these funds are for equipment and personal protective gear to fight fires happening in rural Oregon. She said the remaining \$100,000 will be awarded later in the biennium to RFPAs in development right now.

Courtney Shaff addressed the request for an additional \$200,000 to pay for additional insurance and training. Meta Loftsgaarden clarified that the legislature directed the funds be managed by OWEB for distribution directly to programs on the ground.

Randy Labbe moved the Board allocate up to \$200,000 of General Funds from ODF in support of the Rangeland Wildfire Threat Reduction grant program to the 2015-2017 Spending Plan, and delegate authority to the Executive Director to enter into the appropriate agreements in project number 216-8009, with an award date of July 1, 2015. The motion was seconded by Gary Marshall. The motion passed unanimously.

N. Upper Klamath Special Investment Partnership (SIP) Accomplishments Report

Deputy Director Renee Davis and Effectiveness Monitoring Coordinator Ken Fetcho presented to the Board the Upper Klamath SIP Accomplishments Summary Report, which highlights accomplishments made since SIP investments in the partnership began in 2012.

Renee Davis gave an overview of the project and the process, acknowledging partners and staff who contributed to the SIP Accomplishments Report. She reminded the Board that this is the newest of the three SIPs awarded, and that funding for this SIP was quite different and much lower than other SIPs. She also talked about how the Klamath Basin can be a challenging place to work, and how local implementers have done an incredible job of getting high-quality restoration completed on the ground.

Ken Fetcho gave a presentation on the key components of the SIP, its accomplishments, and lessons learned. He provided background discussion of strategic partners, technical partners, and private consultants. He then talked about the desired ecological outcomes, including the three priorities of this SIP: fish passage and barrier removal, habitat restoration, and water quality and stream flow. He then reviewed each SIP priority and the corresponding ecological accomplishments as described in the Upper Klamath SIP report, while citing the important lessons learned in this process on this project.

Renee Davis discussed how the scale of geography originally included the entire upper basin, and how the project was refined to maximize results. She said this SIP was a model to the FIP process, and talked about how the Klamath Basin collaboration continues.

Implementation partners traveled from the Klamath Basin to field questions from the Board about the specific details of this SIP and its progress. Heather Hendrickson represented The Nature Conservancy, Nell Scott represented Trout Unlimited, and Bill Lehman came to represent the Klamath Watershed Partnership.

O. Executive Director Update

Executive Director Meta Loftsgaarden updated the Board on agency business and late-breaking issues.

ITEM #1: She encouraged the Board to review the Director's Update in their binders, as not everything would be reviewed in detail at the meeting.

ITEM #2: She reviewed OWEB subcommittee structures and membership. She asked for questions about the subcommittees and touched on what they would each be addressing. She informed Board members of a survey coming soon from staff regarding their interest and participation, and provided instructions about how to complete the survey. She said it will help to have consistency of meeting dates set by each subcommittee, and welcomed any Board member to serve on any of the subcommittees.

-Rosemary Furfey suggested staff reports could include a summary of the subcommittee topics discussed, which could also be provided ahead of the quarterly Board meeting. Laura Masterson asked if subcommittee meetings are considered public meetings, and whether minutes are recorded. Meta Loftsgaarden clarified that these are not public meetings and no minutes are recorded, but that discussions are reported to staff and are then included in the staff report.

Meta Loftsgaarden reviewed the standard committee structure and the option to also serve on the Monitoring Committee, or to be a committee chair and also serve on the Executive Committee. Gary Marshall asked if there were any potential future committees. Meta Loftsgaarden said the only additional ad hoc committee may be a working farms and ranches committee.

ITEM #3: Senior Policy Coordinator Eric Hartstein provided a legislative update, discussing a wrap up of the 2016 legislative session, particularly Senate Bill (SB) 1517 around the Tillamook wetlands pilot program, and preparations for the 2017 legislative session.

-Will Neuhauser asked whether there is funding to make sure the pilot project happens. Meta Loftsgaarden addressed this, informing the Board that Tillamook County does not currently have funding available to implement the pilot project. She said, however, that OWEB is working with a number of state agencies and foundations that will contribute funding, and she is very confident the funding will come together. She said the process emerging from SB1517 will be formally adopted into Tillamook's county plan.

Eric Hartstein and Meta Loftsgaarden then presented and discussed the two potential legislative concepts OWEB is planning to present to the 2017 legislative session: Working Farms and Ranches and revisions to OWEB statutes.

ITEM #4: Grant Program Manager Eric Williams and Capacity Coordinator Courtney Shaff provided an update on the FIP Implementation and Capacity Building Programs since the awards were approved in January 2016. Eric Williams summarized a FIP Implementation meeting of all partners held in Sisters in March to standardize the processes for executing partnership agreements, for technical review of grant applications, and for execution of grant agreements with each of the partnerships. He said he plans to report back a year from now on the progress achieved.

-Rosemary Furfey asked if there would be other check-ins or milestones with the partners in the meantime. Eric Williams said continued check-ins would be handled by OWEB staff partnership coordinators on a regular basis. He confirmed that there is constant communication between staff and partners, including site visits and technical review team meetings, in working toward executing the first round of grant agreements.

Courtney Shaff reported on a conference call among the eight Capacity Building grantees to discuss expectations of the program, the process for finalizing getting grant agreements, and how OWEB hopes they will collaborate and work together. She said the group decided to create a shared drive for documents and resources so they can problem-solve and work together. Courtney reported that all grant agreements were complete and sent out, and that most grantees had started to post requests for proposals to hire facilitators and hit the ground running. She also informed the Board that a survey was sent to all grantees at the beginning of the process to gather data, and that grantees would be surveyed again at the end of the process to see how situations have changed and what lessons were learned.

ITEM #5: Deputy Director Renee Davis provided an update to the status of OWEB's Pacific Coastal Salmon Recovery Funds (PCSRF) request. She summarized the history of funding received from NOAA since 2010, citing how PCSRF has contributed over \$200 million to Oregon, which accounts for one-third of OWEB's budget. She said that NOAA expects to see 90% of funding being spent on on-the-ground restoration, with the other 10% going into monitoring. She provided a bullet list of NOAA's areas of emphasis as listed in the Director's Update, and identified how they align to OWEB's programs and priorities. She said OWEB is anticipating a funding decision from NOAA in June and that staff will provide an update at the July Board meeting.

Renee Davis discussed a more recent increased scrutiny and project reporting, mentioning how Oregon is a huge contributor to PCSRF metrics and claimed accomplishments. She highlighted the importance of the accuracy of information being critical so targets set for the next year's funding requests to Congress are realistic. She noted that NOAA staff has expressed interest in working with OWEB and other local partners on organizing a field trip with NOAA Headquarters staff and federal Office of Management and Budget staff from Washington, D.C., which will happen later in the summer. She said this kind of field trip helps to "make real" the PCSRF-funded projects, when federal staff can see these in person.

-Rosemary Furfey stated how important the local field visits are to understanding what is happening on the ground. She said the time commitment is high for local staff to conduct those visits, but there is a huge long-term benefit to federal headquarters staff understanding your process and projects.

NEW BUSINESS: Meta Loftsgaarden talked about her trip with Co-Chairs Randy Labbe and Dan Thorndike to Washington D.C. in the next week. She said they had 14 meetings scheduled with federal agencies and Oregon's congressional delegation. She mentioned the limited topics they would be speaking about with the delegations, and the broader topics for discussion with federal agencies to promote OWEB's objectives. She expressed her thanks to the federal representatives on the Board for helping to coordinate with the right staff in D.C., stating the importance of good, high-level relations with agencies to get things accomplished

Dan Thorndike suggested the idea of adding a representative from U.S. Fish and Wildlife Service to the OWEB Board. Meta Loftsgaarden said this is a potential statutory clean-up and certainly something that has been raised enough times to discuss it with the Governor's Natural Resources Office, particularly since this position is non-voting.

As a final request to prepare for the next Board meeting, Meta Loftsgaarden asked Board members to declare any options they would like staff to present for the allocation of funds in the updated spending plan that will be brought to the Board in July. Alan Henning said it would be good to see where the recaptured funds came from before deciding where to spend them. He also reminded the Board there are two Open Solicitation Grant Cycles coming up before end of the biennium. Laura Masterson asked for clarification about the timing of spending these funds in the current biennium, and Meta Loftsgaarden confirmed they must be spent in this biennium. With no strong opinion forthcoming, Meta Loftsgaarden offered to bring all three options before the Board to the July meeting.

Having no further business, the meeting was adjourned by Dan Thorndike at 12:14 p.m.