

Additional Information About the Local Innovation Fund

To give potential applicants a better sense of the kind of projects OWEB is seeking to support through its Local Innovation Fund, following are examples of projects that embody the goals of the Fund, and a further description of the goals of the Fund, and the evaluation criteria that will be used to choose projects for funding.

I. Project Examples

Projects funded by The Local Innovation Fund will take many forms. The purpose of the program is to encourage innovation and creativity, and not to prescribe a specific kind of project. However, to better illustrate the goals of The Local Innovation Fund, it is helpful to have examples. Following are five examples of the kinds of projects that could accomplish the outcomes sought by the Local Innovation Fund. While every project funded will not necessarily look like the examples below, these examples should illustrate the kind of approach OWEB is seeking.

A. Sustainable Agriculture Branding and Marketing

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 make 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. 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.

C. 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.

D. 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.

II. Local Innovation Fund Objectives and Evaluation Criteria

A. Objectives

As stated in the description of The Local Innovation Fund (see Call for Innovation), the goal of the fund is to encourage projects that operate within the nexus between watershed, social, and economic health. Projects should work to reduce perceived conflicts between the environment, economy, and community, and provide benefits to all three. Desirable projects should address one or more of the following objectives:

- **Supporting and fostering innovative business enterprise that accomplishes watershed restoration over the long term**
- **Improving and sustaining local quality watershed restoration jobs**
- **Supporting economic viability for private landowners through sustainable watershed stewardship practices**
- **Increasing community capacity to develop and implement a sustainable vision for the community**

B. Evaluation Criteria

Projects will be evaluated based on the information provided by the applicant on the topics below:

- 1. The environmental, economic, and community values addressed by the project, and how these are linked.**
- 2. The project's innovative approach – why is this approach new or different?**
- 3. The goals of the project, including explicit benefits of the project to the watershed, economy, and community.**
- 4. How results will be measured – what does success look like?**
- 5. Implementation strategy, including project goals, and planned activities.**
- 6. Partners in the project and evidence of diverse community / stakeholder involvement.**
- 7. A preliminary project development budget and timeframe, including other funding contributions expected or sought.**

The following evaluation criteria will be used to judge applicant's responses:

- 1. Does the project address priority restoration or conservation needs?**
- 2. Are the proposed restoration or protection activities based on sound science?**
- 3. Does the project create direct economic incentives for restoration or protection of habitat, or address or overcome disincentives to restoration or protection of habitat?**
- 4. Will the project improve individual, family, or community economic vitality and resilience?**
- 5. Does the project address social conflict, or improve the collaboration, understanding and social capacity of diverse stakeholders in the community?**
- 6. Does the project seek to involve broad, diverse participation in project development, implementation and effectiveness monitoring?**
- 7. Is the project a regional or statewide innovation, and could some or all elements of the project be replicable?**