



July 6, 2015

The Honorable Peter Courtney
Senate President
State Capitol S-201
Salem, OR 97301

The Honorable Tina Kotek
Speaker of the House
H-269 State Capitol
Salem, OR 97301

RE: Senate Bill 5541 and House Bill 5002:

Dear Senate President Courtney and Speaker Kotek:

Clean water is a top priority for my administration. The work of the Oregon Department of Agriculture (ODA) to address water quality impacts of agriculture, combined with the investments of the Oregon Watershed Enhancement Board (OWEB) in supporting voluntary efforts to improve water quality and riparian habitat on those same lands, are key to assuring that water quality is improving across Oregon.

To that end, the 2015-17 Governor's Recommended Budget included a proposed grant program to target additional funding to incentivize voluntary water quality improvements on agricultural lands identified as Strategic Implementation Areas by ODA. Ultimately, we were not successful in securing those funds legislatively. Instead, the legislature adopted two corresponding budget notes, one in ODA's budget (HB 5002), and one in OWEB's grant program budget bill (SB 5541).

The budget notes state that:

*The [two agencies] shall coordinate * * * to implement an initiative to direct conservation investments for water quality improvement and watershed restoration projects associated with working agricultural lands. To achieve this, the OWEB Board shall include a minimum of \$1,000,000 Lottery Funds in the Board's 2015-17 spending plan to work in collaboration with ODA to provide grants to Soil and Water Conservation Districts, Watershed councils, and other local stewardship organizations, for technical assistance and projects to restore riparian function, improve watershed health and increase water quality in Strategic Implementation Initiatives Areas identified by the OD Agriculture Water Quality program. ODA staff shall be primarily responsible for supporting the grant program.*

While water quality is a top priority, I believe that Oregon's voters – in passing ballot Measure 76 in 2010 – intended to place the responsibility for implementation of the natural resources grant program with OWEB, not the legislature. That is why the Measure prohibits the legislature from limiting expenditures from both the main Parks and Natural Resources Account, and the subaccounts including the OWEB grant program. It is also why the voters directed that one state

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agency be responsible for distributing the grant moneys in a manner that achieves *all* of the outcomes the voters identified as necessary to the program. If the legislature begins earmarking grant funds, OWEB's ability to manage the grant program to meet its constitutional purposes will be diminished at best, and ultimately could be thwarted entirely. To maintain public confidence that the watershed grants will be used for all of the purposes that Oregonians voted for, I am directing OWEB to exercise its independent judgment in deciding how best to allocate Watershed Conservation Grant Funds to meet the requirements of Article XV section 4b of the Oregon Constitution.

My direction should not be taken as an indication that OWEB should not consider the legislature's interest in funding agricultural water quality improvements. If OWEB, based on its own judgment, determines that funding for such a program is consistent with its constitutional mandate, then I would support such an action. Further, OWEB funding for water quality improvements on agricultural lands should be coordinated closely with ODA's agricultural water quality program, and focusing funding on ODA's Strategic Implementation Areas makes sense as a way of leveraging both landowner participation and funding from other public and private sources.

Another option may be to utilize federal funding from the Pacific Coast Salmon Recovery Fund to achieve the objectives identified in the budget note. It is my understanding that, due to the strategic nature of this investment, OWEB has received explicit NOAA-Fisheries approval for use PCSRF funding as a part of the agency's competitive grant application.

In closing, let me stress two things: First, it is important to Oregonians (who voted overwhelmingly to support Measure 76 five years ago) that the Watershed Grant Program be administered by OWEB, and that it is OWEB that has the responsibility to see that the constitutional direction in that measure is fulfilled. Second, I share the legislature's desire to coordinate ODA and OWEB programs to improve water quality on agricultural lands more effectively. If OWEB and ODA can make that occur in a manner that is consistent with their respective responsibilities, then they absolutely should do so.

Sincerely,



Kate Brown
Governor

cc: Katy Coba
Director, Oregon Department of Agriculture

Meta Loftsgaarden
Director, Oregon Watershed Enhancement Board