

APPROVED BY THE BOARD October 27, 2015
Oregon Watershed Enhancement Board

July 28, 2015
OWEB Board Meeting
Prineville, Oregon

Minutes

OWEB Members Present

Dan Thorndike
Eric Quaempts
Doug Krahmer.
Lisa Phipps
Morgan Rider
John Roberts
Bob Webber
Alan Henning
Mike Haske
Will Neuhauser
Kim Kratz
Cindy Deacon Williams
Stephen Brandt
Randy Labbe

OWEB Staff Present

Meta Loftsgaarden
Renee Davis
Dana Hicks
Eric Hartstein
Courtney Shaff
Brandi Elmer
Sue Greer
Kathy Leopold
Dan Roper
John Amoroso

Others Present

Bob Qualey
Rosemary Furfey
Ryan Gordon
Paul Siebert
Brad Chalfant
Marty Suter Gould
Chris Gannon
Clair Klock
Amanda Rich

A. Board Member Comments

Board Members provided comments from their respective areas and agencies.

C. Conflicts of Interest – Board Review of Guidelines

Eric Hartstein, Senior Policy Coordinator, lead the Board in a review of guidelines for public officials on conflicts of interest under Oregon Ethics law. This was an informational update to the Board. (see staff report for more information)

- Bob Webber asked what would happen to the quorum if enough Board members had to recuse themselves from voting; what affect would it have on the outcome of the final vote? Would they be counted into the quorum, if they are unable to vote?
Renee Davis, Deputy Director, addressed the question and stated that the OWEB Board manual describes different scenarios regarding this topic. She noted that staff would follow-up with an answer to the question.
- Lisa Phipps stated that she often points out specific items that may be under consideration by the Board that she has been involved with for transparency purposes. She also talked about the ability to vote on some of those types of items, depending on her level of involvement and association with them.

D. 2015-17 Spending Plan including Public Comment

Meta Loftsgaarden, Executive Director, provided background information on the proposed spending plan for the 2015-2017 biennium. She briefly reminded the Board how they had arrived at the two options in front of them for consideration. She provided the detail of each of the options that the Board had to decide upon, Option A and Option B are contained in Attachments B and C to the staff report for Agenda Item D.

Option A: Spending Plan including two years of Pacific Coastal Salmon Recovery Funding (PCSRF), compared to 2013-2015 Spending Plan; adjustments to the long term investment strategy categories would be as follows:

- Increase in Focused Investments of 5.65%
- Increase in Operating Capacity of 0.36%
- Decrease in Open Solicitation of 4%
- Decrease in Other of 1.89%

Option B: Spending Plan including two years of PCSRF, compared to 2013-2015 Spending Plan; adjustments to the long term investment strategy categories would be as follows:

- Increase in Focused Investments of 8%
- Increase in Operating Capacity of 0.36%
- Decrease in Open Solicitation of 6.52%
- Decrease in Other of 1.89%

Executive Director Loftsgaarden then referred the Board to Agenda Item D-1: Spending Plan Delegated Authority and reminded the Board that they would be delegating the funds within the Spending Plan according to their delegated authority as outlined in the staff report for Agenda Item D.

Public Comment:

- Brad Chalfant, Executive Director of Deschutes Land Trust, spoke to the Board about the importance of Land Acquisitions.

Meta Loftsgaarden, Executive Director, asked for the Board's consideration of Options A and B, which the Board discussed:

- Doug Kraemer commented on his concerns for the maximum amount possible to be allocated into Focused Investments in upcoming biennia and if enough funding would be available to allow new partnerships to rotate in.
- Dan Thorndike commented that both options are very feasible.
- Cindy Deacon Williams commented that she would like to see an increase in the Small Grant Program; she also supported Option B, which would enable one additional partnership to be funded.
- Will Neuhauser asked what the length of the proposed Focused Investment Partnerships is and if that would have an impact on the portfolio of investments made, and asked about the requirement for OWEB to spend all of the funding within those investment areas.
- Lisa Phipps commented on her support for Option A, and stated her concern that the Focused Investment Partnerships are a new process and this funding level would still allow for all those who are eligible to apply.
- Bob Webber commented on his support for Option A, a slower approach, and concern about how many new Focused Investment Partnerships could be added in 2017-2019.
- Stephen Brandt commented on the need for a long range plan for Focused Investments.
- Lisa Phipps commented on her support for the Small Grant Program and its importance.
- Alan Henning commented on his support for a cautious approach to the new Focused Investment Partnership process.

- Dan Thorndike spoke about the incremental differences between Options A and B and stated it is not an extreme difference.
- Kim Kratz commented on his support for Option B, due to the stability of the process and that other funders are also moving in the direction of focused investments.
- Morgan Rider commented on her support for Option A and stated that moving a little slower will allow for discretion on certain projects.
- Randy Labbe stated that the funding is a change on the margin, and signals what the Board already has stated regarding a gradual increase in Focused Investments. He noted that the Board has the discretion to adjust the amount that it funds.
- Mike Haske commented that although he is not a voting member, his preference is Option B, due to the direction of the Board historically.
- Cindy Deacon Williams stated her view that there are not extreme differences between Option A and Option B.
- Eric Quaempts stated OWEB has taken time to get to this point, and people are ready for the shift, hence his support for Option B.
- John Roberts stated his concerns with the funding levels, and that he likes Option B. However, the ultimate decision depends on if the Board wants to remain cautious or not.
- Doug Kraemer commented on the look at percentages and splits between Open Solicitation and Focused Investments and how over time this is shifting.
- Bob Webber commented on where the splits will be into the future, and how the Board wants to deal with them.
- Will Neuhauser commented that the Board should continue to increase funding gradually over time, and consider how new Focused Investment Partnerships will be rotated in.
- Kim Kratz noted what the impact to median Open Solicitation grants would be if Option B were selected.
- Randy Labbe asked if any research had been done to find out if the Small Grant Program could benefit from increases in available funding.

Dan Thorndike moved to set the following funding amounts for certain line items in the 2015-2017 Spending Plan:

- 1) \$600,000 for Outreach;
- 2) \$2.8 million for Small Grants; and
- 3) \$12.5 million for Operating Capacity which allows for a \$300,000 cost of living increase.

Seconded by Will Neuhauser. Motion passed unanimously.

Dan Thorndike moved that, wherever possible and appropriate, the Board provide additional funding to the following line items in the 2015-2017 Spending Plan, if additional funds become available:

- 1) Restoration,
- 2) Technical Assistance,
- 3) Outreach,
- 4) Monitoring, and
- 5) Land and Water Acquisitions.

Seconded by Morgan Rider. Motion passed unanimously.

Dan Thorndike moved to approve Option B in the Spending Plan in Attachment D of the staff report as an overall guide for reserving, awarding and passing through OWEB funds at the beginning of the 2015-2017 biennium, with specific direction to staff to update the spending plan and report on actions taken under the spending plan at subsequent Board meetings. The motion was seconded by Cindy Deacon Williams. Vote on the Motion: 7-3. Motion failed (see OWEB voting rules for further explanation).

Dan Thorndike moved to approve Option A in the Spending Plan in Attachment D of the staff report as an overall guide for reserving, awarding and passing through OWEB funds at the beginning of the 2015-2017 biennium, with specific direction to staff to update the spending plan and report on actions taken under the spending plan at subsequent Board meetings. The motion was seconded by Lisa Phipps. Vote on the Motion: 4-6. Motion failed.

Dan Thorndike moved to approve Option B in the Spending Plan in Attachment D of the staff report as an overall guide for reserving, awarding and passing through OWEB funds at the beginning of the 2015-2017 biennium, with specific direction to staff to update the spending plan and report on actions taken under the spending plan at subsequent Board meetings. Seconded by Cindy Deacon Williams. Vote on the Motion: 8-2. Motion passed.

Dan Thorndike moved to award funds in the 2015-2017 biennium for the following purposes and delegate to the Executive Director the authority to distribute the funds through appropriate grants and agreements with an award date of July 1, 2015:

- 1) Award \$750,000 for CREP Technical Assistance;*
 - 2) Award \$2.5 million for Weed Grants;*
 - 3) Award \$2.8 million for Small Grants;*
 - 4) Award \$6.25 million for SWCD Capacity Grants;*
 - 5) Award \$300,000 for Statewide Organization and Partnership Support;*
 - 6) Award \$400,000 for Building Capacity Grants;*
 - 7) Award \$500,000 for CREP Grants;*
 - 8) Award \$9,511,859 million of PCSRF funds to ODFW;*
 - 9) Award \$500,000 of non-M76 lottery funding from Oregon Department of Forestry (ODF) for Forest Health Collaboratives Grants;*
 - 10) Award \$600,000 of General Funds from ODF for Rangeland Fire Protection Association Grants;*
 - 11) Award \$291,800 for Intensively Monitoring Watershed Grants; and*
 - 12) Award \$300,000 for the Lower Columbia Estuary Partnership.*
- Seconded by Bob Webber. Motion passed unanimously.*

E. Public Comment - General

The Board took General Public Comment.

- Bob Qualey, Pudding River Watershed Council, provided the Board introductory comments in regards to the Pudding River Watershed Council and their work to improve council operations.

- Clair Klock, Klock Farm and Clackamas Soil and Water Conservation District, provided the Board with his support for Land Acquisitions, and also talked about the issue of privatizing the land being a challenge.

F. Executive Director Update

Meta Loftsgaarden, Executive Director, introduced Renee Davis, Deputy Director, who updated the Board on agency business including:

F-1 - Focused Investment Partnership Program: The update included background on the development of the Program, and how it relates to the Board's Long Term Investment Strategy Framework. She discussed the nine-month process that OWEB lead in relation to the development of the definition, criteria, and program design, including the solicitation approach and process for the Focused Investment category of OWEB funding. She then discussed the nine-month priority setting process that took place. At the Board's April meeting, the Board adopted seven Focused Investment Priorities which included:

- 1) Sagebrush/Sage-steppe habitat
- 2) Oregon Closed Lakes Basin Wetlands Habitat
- 3) Dry-Type Forest Habitat
- 4) Oak Woodland Habitat
- 5) Coho Habitat and Populations along the Oregon Coast
- 6) Aquatic Habitat for Native Fish Species
- 7) Coastal Estuaries in Oregon

On May 1, 2015, the 2015-2017 Solicitation Process for Focused Investment Partnerships was opened. She explained that funding would be offered in two-tracks, one for capacity building and the other for implementation funding, depending on the need of the partnership. She then discussed the pre-application consultations that occurred for the Implementation track.

She talked about the Phase I Implementation applications that were submitted by the July 1, 2015, deadline, and the review process that was being completed for these applications. By August 17, 2015, staff will have provided feedback on all Phase I applications about the outcome of the review process, and a subset of the applicants will be invited by the Board Subcommittee on Focused Investments to submit Phase II applications.

She then discussed the Letters of Intent received for the Capacity Building track by the July 1, 2015, deadline. She explained that this step was to gage the intent of partnerships that would be applying for this funding, so that the Board and OWEB staff are able to plan accordingly for the review process following the November 2, 2015, deadline for capacity building applications.

She noted that within Attachment C to the staff report includes the information about submissions for both Phase I Implementation applications and the Capacity Building Letters of Intent.

Comments from Board Members included:

- Morgan Rider commented that she would like to see the Phase I Applications posted online and a GovDelivery notice sent out so that the Board is aware of those.
 - Lisa Phipps commented that it doesn't have to be a Focused Investment to be successful, if they already have their strategic action plans in place, they can be successful.
 - Will Neuhauser asked about phasing the projects in and stated concerns about staff workload.
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- F-2 -Water Acquisition Program: Renee Davis, Deputy Director, updated the Board on the program, including a rulemaking process that had occurred that will allow OWEB to increase efficiencies and effectiveness of OWEB's investments in streamflow restoration. Following the adoption of the revised rules, staff worked with other funders to draft a coordinated funder framework. This framework outlines a streamlined process for soliciting, reviewing and making funding recommendations in a way that leverages funders' collective investments and creates a more efficient process for local implementers of water acquisitions. She discussed the Pilot Test of the Coordinated Funder Framework that took place in during the 2013-2015 biennium. The next steps will be to review lessons learned and bring options for next steps of program implementation to the Board for consideration.
 - F-3 - Land Acquisition Program: Renee Davis, Deputy Director, updated the Board on the program, including a rulemaking process that would allow use of grant funds to be used for property purchase price and other costs associated with the acquisition, revising the components of the process, and a revised application process. She talked through the new process to receive, review and make decisions about land acquisition applications. The next steps include outreach to land acquisition stakeholders to obtain feedback about the initial implementation of the new program. She talked about staff gathering lessons learned from the first biennium of implementation and bringing to the Board potential refinements for consideration in October of 2015.

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Meta Loftsgaarden
Dana Hicks
Eric Hartstein
Courtney Shaff
Brandi Elmer
Sue Greer
Dan Roper
John Amoroso

Others Present

Becky Hyde
Dani Watson
Tom Mallams
Clair Klock
John Byers
Ryan Gordon
Amanda Rich

G. Klamath Basin Stakeholders Presentation

Becky Hyde, Landowner and Rancher in the Klamath Basin and Dani Watson, Upper Klamath Water Users Association, expressed appreciation to the Board and provided information on how OWEB grant funds have been invested in the Klamath Basin.

H. Public Comment – General

- Tom Mallams, Klamath County Commissioner, spoke about his concerns with the agreements being made in Klamath for restoration.
- Clair Klock, Clackamas Soil and Water Conservation District, provided comments to the Board in support of juniper removal and riparian areas, and thanked them for their time and commitments.

I. Salmon License Plate Policy

Eric Hartstein, Senior Policy Coordinator, provided historical background on the use of Salmon License Plate Funding. He discussed the passage of HB 3333, which specifically directs OWEB to use Salmon License Plate revenues to fund projects that protect or restore native salmon habitat, or restore natural watershed or ecosystem functions by removing artificial obstructions to native salmon migration.

- Comments from the Board included changing the word “iconic” to “represented”

Eric Quaempts moved to adopt a policy that in each Open Solicitation grant cycle, every region will recommend a representative restoration project that will protect or restore native salmon habitat, or restore natural watershed ecosystem functions by removing artificial obstructions to native salmon migration. With Board approval, Salmon License Plate revenues will be distributed amongst those identified projects, seconded by Randy Labbe. Motion passed unanimously.

J. Oregon Department of Agriculture (ODA) Strategic Implementation Areas

Jon Byers, Agricultural Water Quality/Soil and Water Conservation Districts from ODA, provided a presentation to the Board on the agency's efforts to restore riparian function, improve watershed health, and increase water through Strategic Implementation Areas. Director Loftsgaarden noted this topic will be discussed again at the October Board meeting with a potential request for funding.

K. 2015-17 Council Capacity Grant Awards, including Public Comment

Courtney Shaff, Capacity Coordinator, provided a historical overview of the Council Capacity grant eligibility and merit review process. She reviewed the eligibility criteria for watershed councils to apply, which is found in Attachment C to the staff report. She then reviewed the merit review process through which councils were evaluated, found in Attachment D to the staff report.. She then walked through the funding recommendations with the Board found in Attachment F to the staff report, which included recommending full funding for 47 councils at \$110,275 (ten councils for full funding plus umbrella funding), reduced funding for 11 councils at \$88,275, and one council for DO NOT FUND.

Public Comment:

- Kevin O'Brien, Illinois Valley Watershed Council, spoke to the Board in reference to the letter submitted by the council, and to encourage full support and funding for the organization.

Eric Quaempts moved the Board award Council Capacity grants with an award date of July 1, 2015, as described in Attachment F of the staff report, seconded by Doug Krahmer. The motion passed unanimously.

L. Building Capacity Grant: Shared Services Model Update

Courtney Shaff, Capacity Coordinator, and Molly Davis and Kirk Shimeall from Cascade Pacific Resource Conservation and Development provided the Board an update on a Building Capacity Grant awarded in November, 2013 to expand strategic collaboration in the Willamette Basin. (see staff report for more information)

F. Executive Director Update (continued from July 28 – see staff report for additional detail and information)

- F-4. Budget and Legislative Update: Meta Loftsgaarden, Executive Director, and Eric Hartstein, Senior Policy Coordinator, provided an update to the Board which included a wrap-up of the 2015 Legislative Session, including Budget and Policy issues that affect OWEB.
- F-5. Key Performance Measure Revision Process: Meta Loftsgaarden, Executive Director, provided background on the process that OWEB and the Board is going through to revise its Key Performance Measures for the 2017 Legislative Session
- F-6. OWEB Reorganization: Meta Loftsgaarden, Executive Director, provided an update to the Board on the reorganization process that the agency has most recently undergone with extensive staff input that will allow the agency to be strategically aligned within its organizational structure.
- F-7. Long-Term Investment Strategy Update (LTIS): Meta Loftsgaarden, Executive Director, provided an update on the agency's work that continues in association with the

LTIS, including: Online Grant Applications and Agreements and Continuous Improvement Efforts.

- F-8. Pacific Coastal Salmon Recovery Funding (PCSRF): Meta Loftsgaarden, Executive Director, provided an update on PCSRF, including the most recent grant application, in which Oregon was the highest rated state application.
- F-9. Special Investment Partnerships (SIP) Reports: Meta Loftsgaarden, Executive Director, provided an update to the Board on the development of a draft framework for the Board to understand and evaluate the extent of progress made by existing SIPs.
- F-10. 2015-2017 Biennium Grant Application Deadlines and Board Meeting Dates: Meta Loftsgaarden, Executive Director, provided an update to the Board on the development of the 2015-2017 grant offering schedule and Board meeting dates found in Attachment A to the staff report.

Having no further business, the meeting was adjourned.