



October 29, 2010

MEMORANDUM

TO: S.B. 513 Working Group Members

FROM: Debra Nudelman and Daniel Grant, Kearns & West

SUBJECT: S.B. 513 Working Group – October 20 Meeting Action Items

Thank you for your participation and efforts at the S.B. 513 Working Group meeting held October 20, 2010 at the State Lands Building in Salem, Oregon. This memo includes the upcoming meeting dates, agreed-upon action items, and flipchart notes.

Upcoming Meeting Dates	Who	Location
N/A	N/A	N/A

Action Items	Who	When
1. <u>Information follow up</u> <ul style="list-style-type: none"> Develop and distribute action items and meeting summary 	OWEB/K&W	By cob, October 29
2. <u>Presentation</u> <ul style="list-style-type: none"> Share time and location of Vijay Kolinjivadi's 10/27 presentation 	Renee	Completed
3. <u>Materials</u> <ul style="list-style-type: none"> Identify a release date 	Drafting Committee	By cob, November 3
4. <u>Sustainability Board</u> <ul style="list-style-type: none"> Share time and location of 11/19 Sustainability Board meeting Attend 11/19 Sustainability Board meeting if desired Email a recap of 11/19 Sustainability Board meeting 	K&W/Renee WG OWEB to WG	Completed November 19 By cob, November 26
5. <u>Components</u> <ul style="list-style-type: none"> Complete Executive Summary Complete FAQs, including Natural 	Drafting Committee WG to Project Team	By cob, October 27 By cob, November 4

Action Items	Who	When
Resource Cabinet questions		
6. <u>Report</u> <ul style="list-style-type: none"> Clarify language regarding tribes throughout document and consider adding definition of “government” in glossary Revise language to read “Ecosystem Services and Markets” where applicable 	Mike with Drafting Committee Drafting Committee	By cob, November 3 By cob, November 3
7. <u>Title</u> <ul style="list-style-type: none"> Revise language to read: “Ecosystem Services and Marketplace” 	Drafting Committee	By cob, November 3
8. <u>Report Section III</u> <ul style="list-style-type: none"> Develop list of contacts inside cover page 	Drafting Committee	By cob, November 3
9. <u>Consensus-Building</u> <ul style="list-style-type: none"> Contact WG members absent from the 10/20 meeting to call the question regarding the report: 	Renee and Tom to Rick, Katie, David F., Bob, Sally, Ray	ASAP
10. <u>Policy Proposal #1</u> <ul style="list-style-type: none"> Provide comments and suggested revisions Revise Policy Proposal to read: “Ensure conservation and restoration goals are integrated across state agencies to focus state investments and priorities.” 	Brent to Renee Drafting Committee	By cob, October 29 By cob, November 3
11. <u>Policy Proposal #2</u> <ul style="list-style-type: none"> Revise Policy Proposal to read: “Continue to identify statutory and administrative impediments to state agencies’ and local governments’ ability to employ ecosystem market approaches and tools and propose solutions to these limitations.” 	Drafting Committee	By cob, November 3
12. <u>Policy Proposal #3</u> <ul style="list-style-type: none"> Revise Policy Proposal to read: “Encourage public-private partnerships to develop standardized tools and processes for accounting 	Drafting Committee	By cob, November 3

Action Items	Who	When
and approving ecosystem credits and payments.”		
13. <u>Policy Proposal #4</u>		
<ul style="list-style-type: none"> Revise Policy Proposal language regarding ecological outcomes to match those described in Policy Proposal #1 	Drafting Committee	By cob, November 3
<ul style="list-style-type: none"> Ensure Implementation and Rationale language uses the word, “direction.” 	Drafting Committee	By cob, November 3
14. <u>Policy Proposal #6</u>		
<ul style="list-style-type: none"> Provide language 	Meta, Sara, Cathy, Jim with Drafting Committee	By cob, October 29
15. <u>Policy Proposal #7</u>		
<ul style="list-style-type: none"> Revise Policy Proposal to read: “Encourage state and local governments to cost, compare, and consider natural infrastructure, where feasible, as an alternative to hard engineering for new development projects and mitigation.” 	Drafting Committee	By cob, November 3
<ul style="list-style-type: none"> Add RUSA reference under Rationale section 	Drafting Committee	By cob, November 3
<ul style="list-style-type: none"> Add missing word under Implementation section 	Drafting Committee	By cob, November 3
16. <u>Policy Proposal #8</u>		
<ul style="list-style-type: none"> Provide language 	Louise, Sara, Brent, Jim, Kemper, Cathy with Drafting Committee	By cob, November 3
<ul style="list-style-type: none"> Move last paragraph to top of Rationale section 	Drafting Committee	By cob, November 3
17. <u>Policy Proposal #9</u>		
<ul style="list-style-type: none"> Revise Policy Proposal to read: “Provide a testing ground and stimulate demand for payments for ecosystem services.” 	Drafting Committee	By cob, November 3
<ul style="list-style-type: none"> Provide language 	David P.	By cob, October 29
18. <u>Policy Proposal #10</u>		
<ul style="list-style-type: none"> Revise Policy Proposal to read: 	Drafting Team	By cob, November 3

Action Items	Who	When
<p>“Authorize continuation of the dialogue with interested and affected parties to further facilitate development of ecosystem services market approaches by...”</p> <ul style="list-style-type: none"> Revise “The Need for Federal Action on Ecosystem Services Markets” box bullet #3 to read: “Seek insertion of ecosystem services market approaches and financial resources for farm bill, climate change, and other federal legislation.” Add reference to Office of Environmental Markets and President’s Council on Environmental Quality 	<p>Drafting Team</p> <p>Drafting Team</p>	<p>By cob, November 3</p> <p>By cob, November 3</p>
<p>19. <u>Outreach Meetings</u></p> <ul style="list-style-type: none"> Conduct 	<p>OWEB</p>	<p>As scheduled</p>

Meeting Documents
<p>The following documents were distributed at this meeting:</p> <ul style="list-style-type: none"> Proposed Agenda SB 513 Working Group 10.20.10 Meeting Action Items Memo – SB 513 Working Group 9.2.10 Meeting Draft Final Report 10.14.10 version – SB 513 Ecosystems Services Markets Working Group Draft Final Report 10.14.10 version – Reformatted – SB 513 Ecosystems Services Markets Working Group Draft Executive Summary 10.17.10 version – SB 513 Working Group <p><i>Copies of these documents can be obtained by contacting Kearns & West</i></p>

Flipchart Notes:

Schedule

- November 19 Sustainability Board meeting: finalize all content

Components

- Executive Summary
- Key Findings/Action Plan/Policy Proposals
- FAQs
- Full Report with glossary and appendices

Meeting Summary

Working Group Members: Joe Zisa (for Paul Henson, US Fish and Wildlife Service [USFWS]), Catherine Macdonald (The Nature Conservancy), Kendra Smith (Bonneville Environmental Foundation), Louise Solliday (OR Department of State Lands [DSL]), Ruben Ochoa (OR Water Resources Department), Sara Vickerman, Defenders of Wildlife, Ranei Nomura (OR Department of Environmental Quality), Jim Cathcart (OR Department of Forestry [ODF]), Tom Byler (OR Watershed Enhancement Board [OWEB]), Chris Jarmer (Oregon Forest Industries Council), Hal Gard (OR Dept. of Transportation [ODOT]), Mike Wilson (Grand Ronde Tribes), Kemper McMaster (Kemper Consulting), David Ford (for Ken Faulk, Oregon Small Woodlands Association [OSWA]), Bobby Cochran (Willamette Partnership), Meta Loftsgaarden (Natural Resources Conservation Service), Bill Abadie (U.S. Army Corps of Engineers [USACE]), David Primozich (The Freshwater Trust), Brent Davies (Ecotrust), Sara Vickerman (Defenders of Wildlife), Ray Jaindl (Oregon Department of Agriculture), Jon Germond (Oregon Department of Fish and Wildlife [ODFW])

Staff/Other Attendees: Renee Davis-Born (OWEB), Sue Lurie (INR), Bobby Mauger (formerly with INR), Megan Mackey, Ecotrust

Facilitation Team: Debra Nudelman and Daniel Grant, Kearns & West

Deb Nudelman welcomed the group and Tom Byler thanked everyone for their efforts over the past year. He acknowledged the progress that the group has made and the work that has yet to be done. He said that he is pleased where the process has landed in terms of the report, and sees this as an opportunity to build momentum into the legislative session.

Deb made introductions and then reviewed the agenda. This being the final meeting of the SB 513 Working Group, she told the group that she hopes everyone supports the effort moving forward and acts as an ambassador for the group and process. She said that everyone is striving for group consensus. However, she acknowledged the various options that would be available should the group not come to consensus by the end of the meeting. Deb encouraged the group to share updates and announcements.

Meta Loftsgaarden mentioned that she needs to better understand what the content and format of the Executive Summary will be so that we are sure that legislators have an accessible document to read rather than the whole dense report. Deb and Renee Davis-Born agreed that the group could discuss this before walking through the content of the report. Renee then provided an update about the presentation she made to the Sustainability Board. She said that the Board was very supportive of the concepts outlined in the 513 recommendations, and is interested in seeing an executive summary when it becomes available. Sara Vickerman mentioned that Annabelle Jaramillo (Benton County Commissioner and Sustainability Board member) has been very helpful by suggesting more references to local government throughout the report. Renee mentioned that she and Tom will be meeting with AOC representatives. She also reviewed the September 28 Ad Hoc meeting, and the strategy that Ad Hoc group members developed to speak with key legislators. Tom said that during the Natural Resources Cabinet briefing, there were many recommendations and a lot of interest in the policy proposals. Sara mentioned that she has been reappointed to the Sustainability Board. Cathy Macdonald provided an update on an energy meeting that she went to. She said that the meeting raised questions for her around public lands and whether or not these lands should be part of larger mitigation programs. She wondered about desert ecosystems where successful restoration is not necessarily feasible. Brent Davies mentioned that she had spent time with a ecosystem services group from Washington, and said that they are looking to the SB 513 process and outcomes as an example to work from. Renee mentioned that Vijay Kolinjivadi (World Forest Institute) will be presenting his findings at the World Forestry Center next Wednesday at 4:00 pm. She said that she will send out a notice to the Working Group with specifics and location.

Renee then reviewed the process that has gotten the report to its current version. She mentioned that after the report content has been finalized, the report will be reformatted to make it more visually attractive to legislators. She said that the key to the Executive Summary focuses on emphasizing economic benefits along with the ecological benefits of ecosystem services approaches. She mentioned that work will continue on the Executive Summary in the coming few weeks. Hal asked when the appropriate time would be to begin sharing information. The group agreed on a “release date” of November 3. Deb recommended developing a Frequently Asked Questions document that provides a sound-bite level overview. Meta mentioned that the report seems like a “discussion document”—a record of the Working Group process—but doesn’t seem marketable to a broader audience. Louise Solliday echoed this, saying that the report is dense reading, and that very few people will understand the natural resource language and technical terms. She mentioned the need to make even the Executive Summary more understandable to a wider audience. Louise offered DSL’s communications staff person to review the document with an eye towards plain language. She said that the two-pager is critical. Cathy added that a slightly longer document could expand on policy proposals with implementation steps. Sara echoed the observation that the document is dense and needs simplification.

Sara also said that the document needs to make clear in plain language that ecosystem services are important even though they are not necessarily part of the market structure. She said that she does not want to imply that markets are the only reason for ecosystem services. She proposed a title change to “Ecosystem Services and Markets,” as well as a careful review of the document to change language from “ecosystem services markets” to “ecosystem services and markets.” Cathy agreed, adding that her lingering heartburn revolves around the need to recognize that ecosystem services should be preserved more prominently with or without markets.

Deb mentioned that the report itself has value in that it can serve as a powerful example and precedent to other states who will have already begun a similar process. She proposed a four-page action plan that extracts out the recommendations with action steps and serves as a bridge between the report and the executive summary. Cathy echoed this, saying that a brainstorming list could be useful to another place that is considering this. The report could be seen as a document for practitioners. Renee mentioned that the report and other documents could be made available online. Kemper proposed a variety of documents—including the Executive Summary, Key Findings/Action Plan/Policy Proposals, FAQs, and the Full Report with glossary and appendices all be housed together, and people can decide how they want to use them.

Deb and Renee asked members of the group to voice specific lingering heartburn issues or concerns regarding each of the sections in the report.

Section II: Introduction: No heartburn issues or concerns were raised.

Section III: The Senate Bill 513 Implementation Process: Cathy mentioned that the second to last clause of the vision statement seemed wordy. The group also agreed to change “ecosystem services marketplace” to “ecosystem services and marketplace” where appropriate.

Section IV: Policy Proposals

- Policy Proposal #1: Brent said that she will give Renee her comments in an edited document. Meta proposed removing the first “priority” in the proposal.

- Policy Proposal #2: Cathy proposed the language, “Continue to identify...” in the beginning of the policy proposal
- Policy Proposal #3: Jim proposed the word “accounting” rather than “approving” in the policy proposal. Bobby mentioned that “approved” should be included, but is fine with adding “accounting.” Mike mentioned the need to address tribes consistently throughout the document. He said that tribes should not be listed as a third party, and that it would be safest to include tribes as part of the federal government. He agreed to search for areas in need of editing. The group agreed to add a definition of “government” in the glossary.
- Policy Proposal #4: Ruben proposed the language, “provide authority and guidance” instead of “direction.” Meta disagreed, saying that direction is necessary. Ruben said that he just wants consistency of language throughout the policy proposal, proposing that “direction” be used throughout. Hal mentioned that “direction” has more power behind it. Kemper proposed that ecological outcomes should be tied to Policy Proposal #1. The group agreed. Hal mentioned that he does not know the extent that the state legislature can direct local governments. The group agreed to keep the language as “direction” and to make the language consistent throughout the policy proposal.
- Policy Proposal #5: No heartburn issues or concerns were raised.
- Policy Proposal #6: Jim mentioned the need to clarify adaptive management to include a monitoring and reporting component. Sara said that she is wary of too many rigid rules too early. She said that the proposal should acknowledge the need for flexible policy. Renee proposed that Meta, Sara, Cathy, and Jim provide language.
- Policy Proposal #7: Ranei said that the reference to the City of Roseburg should instead be to RUSA. Louise observed a missing word under Step 1. Cathy proposed stronger language. Kemper proposed adding “and document decision-making rationale.” Louise proposed adding “direct, where feasible” to the proposal statement. Jim said that “direct” in this case puts too much burden on state and local governments. Cathy mentioned the need to be explicit about the kinds of situations the report is referencing, and proposed being more directive. Hal mentioned the need to distinguish the infrastructure decision steps to consider. Ruben said that the state would be required to compare soft and hard engineering, and that it would be difficult to direct state agencies to cost and compare. The group agreed that “encourage” will remain the language.
- Policy Proposal #8: Chris said that he needs to know why the report suggests quantifying impacts. He asked what “negative” means. Kendra mentioned the language about comprehensive plans, and the need to address human decisions to impact land use processes. Sara mentioned that it appears to be a scale issue, and mentioned the need to consider it on a broader scale. She said that it is more useful for alternative land use decisions. She said that it would be productive to move from site-specific to broader-scale coverage. Jim said that there doesn’t need to be a standard for impact assessment. He said that it is too regulatory in tone, and that it should be more incentive-based. Bill Abadie voiced the need for consistent stream assessment methodologies. Cathy mentioned that it is important for governments to make land-use decisions from an understanding of what services they provide. Meta agreed, and will collaborate with Cathy to re-word this section. Louise said that it is important to make it clear that this is not about land use decisions on an implementation level, but rather the planning of those decisions on the policy level. Kemper agreed, and said that it should be discussed on a broader scale. Louise, Sara, Brent, Jim, Kemper, and Cathy all agreed to help draft language.

Kemper said that the last paragraph discussing Goal 5 should be move to the top of the “Rationale” section.

- Policy Proposal #9: Meta said that the Policy Proposal should end with the word, “services.” Cathy said that the proposal should have more active verbs. David Primozich said that his written comments would provide clarity to the Willamette pilot project.
- Policy Proposal #10: Meta observed that the proposal is too long. Tom proposed making it one statement and 3 items afterwards rather than one long statement. Bobby proposed changing the language in box bullet #3. The group agreed to leave the proposal as a composite, because all the statements are actionable. Cathy asked whether it could have budgetary impacts. Jim mentioned that it might not be necessary to distinguish between the first eight policy proposals and the last two. Kemper proposed adding the Office of Environmental Markets and the President’s Council on Environmental Quality.

Deb called the question of whether to advance the report to the Sustainability Board with the noted revisions. The group answered yes in unanimous consensus. Renee will distribute to the Working Group a final document in redline and clean versions by November 3.

Renee and Tom said that they would follow up with the members of the Working Group who were not in attendance. These members are: Rick Glick, Katie Fast, David Ford, Bob Deal, Sally Duncan, and Ray Jaindl.

Tom introduced a discussion of priority action items for a potential legislative concept. He asked the group what sorts of proposals could go on to the legislature. Louise proposed that policy proposals included in legislation could be add to the SB 513 statute. Jon Germond said that it should give an opportunity for agencies to implement ecosystem services ideas and adjust policies and programs based on this experience. Chris agreed, but said that we should not divide the topics to take to the legislature yet. Tom asked if anybody would have heartburn issues if any of the policy proposals were introduced as legislation. No members of the group objected. Tom said that the option remains for policy proposals to be introduced as legislation. Meta said that Policy Proposals 4, 5 and 10 need statutory commitment for them to be realized to their full potential. Chris said that the policy proposal to sell credits could be appealing to the legislature. Kemper recommended Policy Proposal 1, and Bobby recommended 3, 4, 5, and 7. Chris recommended pushing the proposals as far as the Sustainability Board would allow, and to let the Sustainability Board determine whether and how to propose them to the state legislature. Cathy agreed, adding that the group should allow the Sustainability Board to determine the best legislative strategy. Bobby said that from a content standpoint, it makes sense to push the proposals forward. However, it is more complicated from a politically strategic standpoint. David P. mentioned that the group cannot be haphazard about it, and that every move should be calculated. Cathy agreed, and added that a potential policy statement from the Working Group to the Sustainability Board could read: “Unanimous support to move forward and should be enacted as soon as possible.” Ruben said that it will be important to move cautiously. The group agreed to acknowledge this balance and to allow those who are in a strategic position to move the policy proposals forward to do so. Tom reiterated that a bill could move forward easily in the legislature with full Working Group strength behind it.

Deb asked the group to develop next steps. Renee said that she would email the Working Group the time and location of the November 19 Sustainability Board meeting, and will let the group know what the Board decided afterwards. Renee said that she will have a draft Executive Summary for review by October 27. Renee also said that FAQs and Natural Resource Cabinet questions would be available by November 4. Tom also noted the need to garner legislative support in advance of

the upcoming legislative session. Moving forward, Tom mentioned the need to consider who will be the contact group if some of the policy proposals become legislation.

The meeting adjourned at 2:00 pm

This summary respectfully submitted by Kearns & West.