

## OREGON WATERSHED ENHANCEMENT BOARD (OWEB)

### Report to Oregon Governor Kate Brown in response to Executive Order 20-04 June 19, 2020<sup>1</sup>

#### **Disclaimer**

*On May 20, 2021, OWEB announced staff shifts to other agencies and possible layoffs for 11 staff—totaling approximately one-third of the agency’s workforce—for the 2019-2021 biennium, due to COVID-19 related losses in Lottery Fund revenue. If revenues continue to decline, further staff reductions may be needed later in the biennium. This significant impact to the agency’s capacity constrains OWEB’s ability to engage on implementation of the Executive Order (EO) 20-04 through the remainder of this biennium.*

#### **COVID-19 Impacts to OWEB and Climate-Related Work**

COVID-19 and the Governor’s associated Stay-at-Home order resulted in restaurants and bars being closed in mid-March 2020. At the same time, video lottery terminals were powered down. This shutdown has resulted in the vast majority of lottery revenues being lost during this time, and unknowns about longer term effects on lottery revenues. Given that more than two-thirds of OWEB’s overall budget—and approximately three-quarters of OWEB’s operating budget—is supported by Constitutionally dedicated lottery revenues, the agency is facing uncertainty about funding and staff resources available for the remainder of the 2019-2021 biennium. For this reason, OWEB delayed submission of this report to the Governor’s Office until after the May 2020 revenue forecast was released and subsequent budgetary reduction plans were finalized.

The agency, in coordination with the Governor’s Office and the Oregon Department of Administrative Services, has reviewed the revenue forecast and is taking the following steps:

- On May 26, 2020, OWEB began implementation of a reduction process to meet severe Lottery Fund shortfalls. These reductions will result in a loss of approximately one-third of the agency’s staff capacity for the remainder of the biennium. Staff that remain at OWEB after this date must prioritize agency-critical tasks associated with OWEB’s constitutionally mandated role as a grantor and those activities identified as priorities to support the board’s grant-making processes.
- OWEB board and staff will work together to outline the capacity and timeline for implementation of proposed actions described below associated with Section 3.C of the EO. The agency will remain in communication about priorities with the Governor’s Office during this process.
- OWEB also will work with the Governor’s Office to assess the agency’s ability throughout the remainder of the 2019-21 biennium to 1) participate in the interagency workgroup on climate impacts to impacted communities and 2) engage in the OGWC goal setting process.

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<sup>1</sup> OWEB’s submission of this report to Governor Brown was postponed until after release of the May 2020 revenue forecast and subsequent budget reductions for OWEB were finalized.

## Introduction and Background

### A. OWEB's Mission and Role

The mission of the Oregon Watershed Enhancement Board (OWEB) is to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. To achieve this mission, OWEB invests in local communities through a grant program that helps Oregonians take care of streams, rivers, wetlands, coastal areas, and upland habitats across the state. Partners include hundreds of local stewardship organizations including watershed councils, soil and water conservation districts, land trusts and other non-governmental organizations; landowners; tribal governments; cities and counties; and schools and universities. These entities use scientific criteria to decide jointly what needs to be done to conserve and improve habitat and water quality in the places where they live.

OWEB is non-regulatory, essentially serving as a public foundation funded primarily through the Oregon Lottery as a result of a constitutional ballot initiative passed by voters twice, in 1998 and again in 2010. The 2010 initiative made permanent the funding for watershed restoration programs and operations to support their implementation. The agency also is the state recipient of funding from the federal Pacific Coastal Salmon Recovery Fund (PCSRF), in addition to administering conservation grant funding for multiple federal and state agencies and other entities.

OWEB, in close coordination with other agencies and organizations, tracks and monitors restoration accomplishments; reports on implementation of the Oregon Plan for Salmon and Watersheds; and works with partners and citizens to increase the public's understanding of healthy watersheds. OWEB's mission and work supports voluntary, locally based, on-the-ground efforts to improve watershed health and resilience, which is increasingly important to address the effects of climate change.

OWEB's funding is a key driver to create jobs in Oregon's restoration economy by supporting 15-24 jobs per \$1 million in grant investments. The jobs typically benefit small, local businesses in communities—including rural areas—throughout the state. Analyses show that 90 cents of every dollar invested in restoration projects is spent within the state.

### B. OWEB's Impact

Since 1999, OWEB has provided more than 9,800 grants to local volunteer efforts to keep Oregon's water clean and habitats healthy. The majority of the funds invested go directly to on-the-ground improvements of land and water such as native plantings, fish-passage barrier removals, irrigation efficiencies, and conservation investments that help protect land for species and habitats into the future. OWEB grants also support related activities such as:

- Development and design of projects,
- Organizational capacity of local community groups,
- Engaging landowners and stakeholders in conservation, and
- Data collection to determine effectiveness of restoration and conservation investments.

With the support of OWEB grants, Oregonians have restored more than 5,700 miles of streams and have made more than 6,500 miles of habitat accessible for fish<sup>2</sup>. OWEB grants have helped

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<sup>2</sup> Data from the Oregon Watershed Restoration Inventory for completed OWEB grants reported through 12/31/19.

landowners improve more than 1,250,000 upland habitat acres and restore, improve, or create more than 56,000 wetland or estuarine habitat acres.

### C. OWEB's Strategic Plan

OWEB's 2018 Strategic Plan outlines the agency's intended impact, or the areas of change we would like to see in Oregon as a result of our work. Two areas of change described in the plan align particularly well with EO 20-04.

- 1) Healthy, resilient watersheds: "A healthy, resilient watershed provides clean water and a vibrant place to live for people, fish, and wildlife—now and in the future. OWEB's investments will result in measurable improvements that lead to healthier streams and healthier upland habitat, while ***ensuring that the work of our grantees is resilient to long-term impacts of climate change and population dynamics.***"
- 2) Broad care and stewardship of watersheds by Oregonians: "Broad care and stewardship of Oregon's natural places can come about only by greater understanding, awareness, and appreciation by each Oregonian of the impact of their everyday actions on the health of their watersheds. Working with partners, OWEB will make special effort to meaningfully engage each Oregonian, including underserved and underrepresented populations. This engagement will recognize each Oregonian's unique connection with the land – whether cultural, spiritual, economic, or recreational. OWEB will encourage stewardship as a path toward vibrancy, health and abundance in Oregon's watersheds, and promote engagement of current and future generations."

### OWEB and Natural Climate Solutions

***Disclaimer*** – Due to the revenue shortfall during the 2019-21 biennium, it is likely that following board grant awards in June of 2020, the agency may fund no additional grants for the remainder of the biennium.

Grants provided by OWEB restore and protect native fish and wildlife habitat, improve water quality and watershed health, and enable nature-based solutions to climate change, all while helping address the needs and priorities of local communities around Oregon. In fact, the agency's entire granting portfolio contributes to climate-change adaptation and, in some cases, mitigates climate impacts by providing extensive climate related co-benefits. Investments help communities and landowners plant trees along streams to filter pollutants; remove dams where appropriate so fish can access cool, clean water in upstream habitats; help ranchers manage their cattle in a way that makes rangelands healthier; and help agricultural producers reduce water use so more water can stay in our streams and rivers, among many other activities. These actions meaningfully contribute to the fight against climate change by sequestering carbon in estuarine, forest, and sage-steppe ecosystems while at the same time providing habitat for many species. Restoration and conservation also promote climate adaptation by creating: healthier forest ecosystems that are less fire-prone; restored riparian areas that shade streams; instream flows that benefit native fish and wildlife during times of drought; and floodplains and wetlands that have the potential to store and filter increased runoff.

The carbon sequestration potential of many of these activities was recently quantified, and can be useful to inform future investments in nature-based solutions (Graves et al. 2020). For example, riparian reforestation in coastal and inland areas and tidal wetland restoration are estimated to sequester 5-10 metric tons of carbon dioxide equivalent (MTCO<sub>2e</sub>) per hectare per year. Avoided

conversion of sagebrush, grasslands, and forests to various other land uses results in avoided emissions ranging from 16 MTCO<sub>2</sub>e per hectare to approximately 300 MTCO<sub>2</sub>e per hectare. (For reference, five MTCO<sub>2</sub>e is equivalent to greenhouse gas emissions from slightly more than 1 passenger vehicle driven for an entire year.) This study also describes the potential carbon benefits of natural climate solutions under various implementation scenarios for Oregon. Over a 30-year period, researchers estimate that nature-based solutions could deliver 72.2 to 222 **million** MTCO<sub>2</sub>e of emission reductions.

Interest in and demand on OWEB's programs is expected to grow with the rapidly increasing need for nature-based solutions such as those listed above. The EO provides an opportunity for OWEB to reflect on climate-related co-benefits provided by the agency's investments, and initiate several key actions—described below—to address climate impacts on vulnerable species and habitat, water quantity, and water quality.

### **EO 20-04 and OWEB's Role**

***Disclaimer** – The significant impact of staffing reductions at OWEB constrains OWEB's ability to engage on implementation of EO 20-04 through the remainder of this biennium.*

EO 20-04, issued in March 2020, directs state agencies to take actions to reduce and regulate greenhouse gas (GHG) emissions. Section 3.D of the EO instructs OWEB, along with several other agencies, to report to the Governor by May 15, 2020 about proposed actions within OWEB's statutory authority to reduce greenhouse gas emissions and mitigate climate change impacts. This report meets that requirement, and is intended to serve as a starting point for subsequent discussions with the Governor's Office and OWEB's stakeholders about areas of opportunity for the agency to continue and expand its work related to nature-based solutions to climate change, now and into the future.

The report primarily focuses on addressing Section 3.C of the EO by describing how OWEB will consider and integrate climate change, climate change impacts, and the State's GHG reduction goals into agency work, including through engagement of a diversity of stakeholders as the agency scopes possible options. In addition, the report also touches on:

- Section 3.E of the EO, in which OWEB is named to participate in the interagency workgroup convened by the Governor's Office on climate impacts to impacted communities, with the intent of strategies to guide state climate actions; and
- Section 12.A, in which OWEB, along with the Oregon Department of Agriculture (ODA) and the Oregon Department of Forestry (ODF), are named to coordinate with the Oregon Global Warming Commission (OGWC) on the requirement for the OGWC to submit a proposal to the Governor by June 30, 2021 for consideration of adoption of state goals for carbon sequestration and storage by Oregon's natural and working landscapes, including forests, wetlands, and agricultural lands, based on best available science.

### **OWEB's Proposed Actions to Reduce GHG Emissions and Mitigation Climate Change Impacts (Section 3.C)**

***Disclaimer** – The significant impact of the staffing reductions at OWEB constrains OWEB's ability to engage on implementation of EO 20-04 through the remainder of this biennium.*

This section of the report describes proposed actions within OWEB's statutory authority to reduce greenhouse gas emissions and mitigate climate change impacts. As a non-regulatory agency, the actions outlined below take advantage of opportunities provided via existing and potential OWEB grant

programs. Given the limited staff capacity at OWEB for the remainder of the biennium, the agency and its board will carefully evaluate opportunities for moving forward with these proposed actions and concepts.

- A. Leveraging Existing OWEB Grant Programs – An obvious nexus exists between OWEB’s core mission and the climate benefits that stand to emerge from restoration and conservation, as described previously. As lottery, federal, and other funds are once again available for grant-making, these OWEB programs will continue to provide excellent opportunities to optimize investments that benefit native fish and wildlife habitat, streamflow and water quality, while providing climate mitigation and adaptation benefits.
- B. Creating a Climate Lens with a Board-Level Climate Committee – OWEB staff will work with the board to develop ways to apply an additional climate lens to its grant-making, using their newly formed Climate Committee. Because the committee will be convened for the first time in July 2020, a work plan is not yet available. Given staffing limitations at the agency, it is likely that the remainder of the 2019-21 biennium will be spent enabling committee members to orient and familiarize themselves with natural climate solutions as these relate to OWEB’s statutory authorities and programs.
- C. Scoping of Opportunities for Launching the Oregon Agricultural Heritage Program (OAHP) – Administered by OWEB, OAHP established grant programs to support working farms and ranches, while also maintaining or enhancing fish and wildlife habitat and other natural resource values. These grants for working lands conservation actions stand the potential to provide multiple climate related benefits. OWEB staff will continue to participate in discussions with other agencies about the potential to utilize this program in ways that support voluntary climate adaptation and resiliency incentives as funding becomes available.
- D. Leveraging the OWEB Board Structure for Collaboration – OWEB is led by an 18-member citizen board drawn from the public-at-large, tribes, state natural resource agency boards and commissions, federal agencies, and Oregon State University Extension Service. This unique board structure well positions OWEB to tap into opportunities for state-federal agency collaborations, ranging from collaborative investments to technical collaborations.
- E. Other Opportunities for OWEB to Contribute to GHG Reductions – Because of the agency’s small staff size (i.e., 35 staff prior to COVID-related budget reductions), there are limited opportunities for OWEB operations to contribute to GHG emission reductions. One obvious example—which OWEB has well refined during the stay-at-home order—is additional telework ability to reduce commuting related emissions.

**Additional EO Roles for OWEB (Section 3.E and 12.A)**

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OWEB is named in two additional sections of the EO, related to the interagency workgroup on impacted communities and the OGWC. As noted above, uncertainty exists about OWEB’s staffing ability to engage in these processes during the remainder of the 2019-21 biennium. For this reason, the agency’s report does not attempt to predict OWEB’s level of staff capacity for these efforts. Section 3.E focuses on the interagency workgroup that will be convened by the Governor’s Office, focused on climate impacts to impacted communities. Based on early discussions with representatives from the Governor’s Office and

OGWC, the process likely encompass two action areas: 1) stakeholder engagement related to policies and programmatic issues, and 2) technical consideration of mitigation/sequestration benefits related to practices on natural and working lands.

Given the intersection of the timing for both the interagency workgroup and the OGWC work, and the COVID-19-related staffing impacts for OWEB described above, the agency currently cannot commit to a guaranteed level of engagement in these processes for the remainder of the biennium. OWEB will stay in close communication with the Governor's Office about agency capacity to engage. However, OWEB sees valuable complementarity between these processes and the OWEB board's climate committee, so intends to use the board committee process to engage to the degree possible on Sections 3.E and 12.A of the EO, with OWEB's Executive Director and Deputy Director on point for this work.

### **Anticipated Budget Requests for 2021-2023 Biennium**

OWEB anticipates including one climate related policy option package (POP) in its 2021-2023 Agency Request Budget. At its June 2020 meeting, the OWEB board approved inclusion of this POP in OWEB's ARB for next biennium.

*Water Vision and Climate Change Initiatives Coordination – \$385,000 in Lottery Funds (1.0 FTE and \$60,000 in contracted services)* – This request provides funding for one staff position (Operations and Policy Analyst [OPA] 4), in addition to contracted services funding, to assist with Phase II of 100-Year Water Vision planning and climate-change initiatives. Oregon has been a national leader with the water visioning process. In addition, OWEB is involved in multiple climate-change related initiatives, including board-level work focused on nature-based climate solutions and the Governor's Executive Order 20-04 regarding climate. The position will coordinate with agency and local partners on water and climate issues. The position also will be an important asset as the state pursues federal stimulus funding for water infrastructure and climate by helping to ensure the state is responsive to stimulus opportunities. This request complements policy packages being included in other agency request budgets.

### **Other Meaningful Actions to Assist with Effective Implementation of the EO**

From OWEB's perspective, additional consideration should be given to a climate leadership structure to assist with cross-agency coordination that optimizes existing and emerging programs in a budget-constrained time, while optimizing collaborations among agencies and climate partners. OWEB looks forward to participating with its fellow agencies as staff resources are available to address these important topics.

### **References**

Graves, R.A., R.D. Haugo, A. Holz, M. Nielsen-Pincus, A. Jones, B. Kellogg, C. Macdonald, K. Popper, and M. Schindel. 2020. Potential greenhouse gas reductions from natural climate solutions in Oregon, USA. PLOS ONE 15(4): e0232651. <https://doi.org/10.1371/journal.pone.0232651>.