

**Oregon State Board of Agriculture
November 29 – December 1, 2016
Holiday Inn, Wilsonville, OR**

Board members present: Pete Brentano, Barbara Boyer, Dan Arp, Stephanie Hallock, Tracey Liskey, Luisa Santamaria, Marty Myers, Tyson Raymond, Bryan Harper, Laura Masterson, and Lisa Hanson.

Others present: Lauren Henderson, Kathryn Walker, Lindsay Eng, John Byers, Bruce Pokarney, Ray Jandl, Helmuth Rogg, Jim Johnson, Jason Barber, Stephanie Page, Clair Klock, Karen Lewotsky, Mateusz Perkowski, Jerome Rosa, Scott Beckstead, Nellie McAdams, Ivan Maluski, Anne Kubisch, Susan Liskey, Sam Asai, Vern Frederickson, Jason Smith, Anna Sullivan, Phil Ward, Dan LoFaro, Peter Halvorson, Josh Hanning, Charles Newhouse, Tyler Alexander, Ron Sarazin, and Tammy Dennee.

Chair Brentano called the meeting to order at 8:31 AM. The meeting opened with the Pledge of Allegiance. Board member introduction preceded introduction of staff and guests.

Minutes

Stephanie Hallock motioned to approve the minutes as amended. Tracey Liskey seconded. Motion was approved unanimously.

Acting Director Update

Lisa Hanson provided an update on the transition at the department. Katy Coba started at the Oregon Department of Administrative Services on October 1st. Governor Brown appointed Alexis Taylor as the Director of the Oregon Department of Agriculture. Senate confirmation for this position will be in December. If confirmed, she will start on January 23, 2017.

The governor will release her recommended budget tomorrow morning. Lisa Hanson will attend the budget briefing and return to the board meeting to provide details to the board. The department is anticipating a budget cut.

Progress on the strategic plan has slowed with the transition. It is important that Alexis Taylor has an opportunity to provide input before it is complete.

The department is focusing on preparing for legislative session. Budget instructions were received from Legislative Fiscal Office yesterday.

Inspired by the board's work last year at the Oregon Food Bank, ODA staff volunteered at the Marion-Polk Food Share to repack food. Staff had a good time and have scheduled another event for December.

Ag Water Quality Strategic Initiatives, John Byers

John Byers provided an Agriculture Water Quality Program (AWQP) update to the board. For this program, the state is divided into 38 agricultural water quality management areas in order to reflect the diversity of Oregon agriculture. Local Advisory Committees, which include local stakeholders and the soil and water conservation district (SWCD), work with program staff to develop the area's agriculture water quality management plan.

John spoke about the four approaches used by the program:

1. Individual voluntary projects - Led by SWCDs, this approach achieves water quality goals on individual sites.
2. Complaint-based compliance - Led by ODA, this approach achieves water quality compliance on individual sites.
3. Focus Areas - Led by SWCDs, this approach achieves water quality goals across small watersheds.
4. Strategic Implementation Areas (SIAs) - Led by ODA, this approach achieves compliance across small watersheds.

There are 45 SWCDs across the state and they are important partners to the AWQP. For example, when ODA receives a complaint, ODA will lead the complaint investigation but invite SCWD staff to join the investigation. SWCDs can provide compliance assistance to the landowner.

John Byers spoke about the difference between Focus Areas and SIAs. Focus Areas focus on Streamside Vegetation Assessments (SVA). These assessments characterize landscape conditions. There are 50 Focus Areas. SIAs characterize the selected area's level of compliance with the area's agriculture water quality management rules. ODA piloted the SIAs in two areas in 2015. SIAs were expanded in 2016 to include seven additional SIAs. Six new SIAs have been identified for 2017. The two separate approaches help SWCDs protect their relationships with landowners.

A map of the Focus Areas was displayed. For Focus Areas, the process is four-fold: preassessment, outreach/assistance/projects, post-assessment, and adaptive management. The SVA measures riparian conditions and can be used to demonstrate change. ODA relies on aerial imagery to complete the analysis. After the initial analysis is done, the SWCD works with landowners to make landscape changes. Re-evaluation will occur two years later.

SIAs for 2017 have been identified and are located in the following counties: Jackson, Clatsop, Umatilla, Marion, Tillamook, and Hood River. Compliance evaluation for SIAs are completed with publically available information such as aerial photos, topographic maps, stream location maps, property boundary maps, and field surveys. The evaluation includes an assessment of concerns such as manure piles, bare ground, and riparian vegetation. There are three categories for riparian vegetation evaluation: low concern, modern concern, and significant/serious concern. A definition for each of these categories was provided.

A question was asked about the definition of low concern – if the department is unable to determine if agricultural activities are not preventing vegetation from establishing, how can that be considered a low concern? John Byers explained how the program currently handles this including collecting additional information during the open house. Discussion about this continued.

John Byers provided a map of Noyer Creek riparian vegetation assessment as a compliance evaluation example.

A question was asked if properties identified as ‘no concern’ were ever re-evaluated? Not formally unless there was a complaint or staff noticed a concern when they are in the field. If it was an enforcement case, the site is revisited.

John Byers spoke about the challenges associated with landowner outreach. ODA has relied on SWCDs and industry organizations to help with this.

John Byers spoke about the program’s compliance work. In 2015, the AQWP opened 66 compliance investigations. From January 1 through November 15, 2016, the AWQP opened 209 compliance investigations.

John Byers discussed the challenge of implementing SIAs in areas where the SWCD has less capacity. In this event, ODA could notify the SWCD in advance so it can prepare to handle the potential workload increase, decrease the size of the SIA, or work with the Oregon Watershed Enhancement Board (OWEB) to secure additional funds but this does not solve the issue of who is going to do the on-the-ground work.

As to the \$1 million OWEB provided for technical assistance, an overview of the distribution of funds (thus far) was provided. Funding has been used for riparian vegetation, livestock fencing, irrigation conversion, manure facilities, heavy use areas, surface draining, and enrolling acreage into the Conservation Reserve Enhancement Program. Approximately \$400,000 remains for 2017.

A question was asked as to what happens if these funds not available in the future? OWEB will still have their traditional process to request funds.

Finally, John Byers spoke about other tools used to assess streamside vegetation. Not all SWCDs want to use the SVA. It is hard to ‘tell the story’ holistically when different methodologies are used but the AWQP is not going to require SWCDs use the SVA.

There was continued discussion about this topic and importance agricultural water quality.

Ray Jaindl spoke about water temperature challenges. Water temperature cannot be determined by landscape conditions. Water temperature sampling requires a seven-day rolling average however; the AWQP uses grab samples when collecting water

quality data. ODA will be looking to develop a water temperature-monitoring program in an effort to relate landscape activities to water temperature.

There was a discussion about the value of data in order to measure water quality changes especially for temperature.

A question was asked about the Clean Water Partnership (CWP). Because of CWP, ODA has engaged other individuals to help prioritize the AWQP's work. With changes in the Governor's Natural Resource Office, agencies will be taking more responsibility for key projects. The department will lead the CWP.

Lisa Hanson recently participated in meeting regarding the Coastal Zone Act Reauthorization Amendments (CZARA). At this meeting, federal partners acknowledged the AWQP's compliance work. There was a brief discussion about CZARA and federal funding.

The board recessed at 9:21 AM. The meeting was called back to order at 9:31 AM.

Public Comment

Clair Klock spoke about his concerns regarding the development of industrial warehouses, solar arrays, and other non-farm development on prime farmland. Mr. Klock thanked the board for their recent action on the issue of solar energy facility siting. Mr. Klock thanked the board for their support of the Clackamas SWCD.

Scott Beckstead, Oregon State Director of the Humane Society of the United States (HSUS), testified in opposition of the Confined Animal Feeding Operation (CAFO) permit application for Lost Valley Dairy. HSUS is opposed to industrial farming and believes that the model employed by industrial dairies is bad for Oregon family farms, animal welfare, and the environment. Mr. Beckstead also expressed concern that construction of the dairy had begun without a CAFO permit.

Sage-Grouse Update, Brett Brownscombe

Brett Brownscombe spoke about the genesis of the SageCon Partnership. The partnership includes a diverse group of stakeholders including representation from the agricultural community, regional solutions, counties, conservation community, rural energy development, federal agencies, and many more.

In 2015, Governor Brown adopted, by Executive Order, the Oregon State Sage-Grouse Action Plan. The plan was built from an existing conservation strategy that was developed in 2011.

Brett Brownscombe spoke about the elements of the action plan. The action plan updates the threats to sage-grouse and its habitat, highlights actions taken since 2010, decision support tools and best management practices, new rules around land use from large scale development and mitigation (this was done to address gaps in land use and mitigation policy for sage-grouse habitat), funding coordination, and

governance structure for plan implementation, monitoring, and adaptive management across governmental and nongovernmental entities and land ownerships. It was noted that these land use rules exempted agriculture and related structures.

A map of the core conservation area, including sage-grouse habitat and lek locations, was shared with the board.

Brett Brownscombe reported that the state legislature invested \$3 million in sage-grouse work. An additional \$1 million from OWEB's Focused Investment Partnership (FIP) was also provided.

Landowners have been working to address sage-grouse threats while receiving land assurances. This has been done via Candid Conservation Agreements with Assurances (CCAA). The CCAA is an agreement between the landowner, US Fish and Wildlife, and SWCDs. The CCAA allows agricultural activities to continue, ensures against large-scale development, and incentivizes sage-grouse habitat. Oregon is a leader with this approach.

Today, approximately 2.4 million acres in Oregon is considered habitat for sage-grouse. About 40 percent of this habitat is on private land.

Invasive species such as juniper, cheat grass, and medusa head negatively impact sage-grouse habitat. Wildfire is another significant threat for sage-grouse habitat.

The most intensive population survey work was conducted in 2016. Over 66 percent of the known lek complexes were surveyed. The population trend of sage-grouse in Oregon was discussed. The last three years have shown an increasing population, however it is still 24 percent below the 2003 baseline population level.

Four of the five Bureau of Land Management (BLM) districts have shown an increasing population trend. Lakeview District has had the biggest population growth. It is suspected this is because of juniper removal. Baker Resources Area is the only area to show a population decline.

Brett Brownscombe spoke about the BLM Resource Management Plan Amendments. This is a more of a top down approach and there is concern about how these amendments will impact the grass-roots work. Without these amendments though, the decision to not list sage-grouse could have had a different outcome.

A SageCon Partnership diagram was presented. The SageCon Implementation Coordination Council membership is currently being established.

A question was asked about juniper removal. Brett Brownscombe reported that effective removal requires the tree to be flush to the ground. There has been interest

to develop an end market for juniper; however, projects to date are not cost effective.

There was a question about the methodology of data collection, specifically confidentiality of information. The state legislature took a position on this as ranchers wanted management practices to be protected if they were enrolled in CCCAs.

Public Comment (cont'd)

Ivan Maluski from Friends of Family Farmers (FOFF) provided public comment. FOFF completed a member survey. Results of the survey are available online. Mr. Maluski also spoke in opposition to the Lost Valley Dairy CAFO permit application. FOFF is concerned about Oregon's permitting process for an operation of this size. Other concerns included the location of the CAFO in the Umatilla groundwater management area, air quality, land use, construction without permit, and impact on small family farms. FOFF believes ODA should conduct an economic impact analysis before this CAFO permit is issued. An article from the Oregonian and a letter from Morrow County were left with the board.

Ford Family Foundation, Anne Kubisch

Anne Kubisch, executive director, provided background of the Ford Family Foundation. Kenneth and Hailey Ford, owners and operators of the Roseburg Forest Products Company, established a small foundation in 1957. The foundation grew and in 1996, the Ford Family Foundation was created. The foundation maintains an \$830 million endowment. The endowment is required to spend five percent each year, which is approximately \$42 million. In the last 20 years, the foundation has provided \$500 million to communities, organizations, and individuals. The foundation focuses their work in rural Oregon and Siskiyou County, California.

Anne Kubisch spoke about the foundation's programs and investments. For example, the foundation provides a variety of scholarships, post-secondary work-skill training, grants, and K-12 educational support through programs such as Chalkboard.

Anne Kubisch described the foundation's leadership program, which has trained more than 6,000 leaders to date. These leaders are located in rural communities and committed to improving their local community.

The foundation also looks for opportunities to support community led efforts that improve local conditions by providing financial support of programs and capital construction projects.

Last fall, the foundation played a support role to the Umpqua Community College campus. Anne Kubisch spoke about the foundation's role to help the community through this crisis.

Following the presentation, there was discussion about potential opportunities for the foundation to engage, including the Hunger Task Force, agricultural skills-based training, and education on basic business skills for new farmers.

The board thanked Anne Kubisch and the Ford Foundation for their important work.

Oregon Cannabis Policy Update, Jeffery Rhoades

Jeff spoke about the Oregon Medical Marijuana program, which is regulated by the Oregon Health Authority (OHA). The medical program allows six plants per patient. Card stacking is also allowed. Medical marijuana production is not for profit.

In 2015, the “Early Start” program began. This program allows all marijuana consumers access to OHA dispensaries to purchase marijuana products. These products are taxed (25 percent). The Early Start program will end December 31, 2016 at which point recreational consumers must purchase marijuana products from an Oregon Liquor Control Commission (OLCC) licensed operation.

Recreational marijuana is regulated by OLCC. Marijuana in this system will be tracked from seed to sale. This will help the state remain in compliance with the Cole Memo, a federal guidance memo, and in turn prevent diversion of end products. OLCC is also responsible for licensing laboratories.

ODA is the regulatory authority for industrial hemp. Recent federal guidance has caused the state to wrestle with hemp implementation. Several ODA programs will be involved with the implementation of cannabis including food safety, pesticides, and weights and measures.

The Oregon Department of Revenue is responsible for collecting the marijuana tax revenue. Almost \$50 million in taxes has been collected.

Jeff Rhoades spoke about cannabis testing. As of October 1, 2016, a licensed and accredited laboratory must complete the testing of cannabis products. Products are tested for potency, solvents, microbiological contaminants, water activity/moisture content, and pesticides. Pesticide testing has posed a significant regulatory challenge as it is expensive, difficult to test, and there is a lack of EPA guidance and research. There is concern about pesticide impacts on end users, specifically medical users who may be immune compromised. The state has to balance public safety with the expense of testing. In addition, this is a new industry and implementation need to remain nimble in order to support its growth.

Jeff Rhoades provided a breakdown of licenses (with number) issued by OLCC as of November 29th: producers (320), processors (13), wholesalers (6), labs (18), and research (1). OLCC will process over 1,300 applications by the year’s end. In comparison, the medical marijuana program has 70,000 active cardholders and 30,000 care providers.

The tax structure for marijuana changed from the initial ballot measure. Starting January 1, 2017, all products will be taxed 17 percent. This is a state tax. Local governments can add up to an additional three percent tax. Tax dollars are distributed to Common School Fund, Mental Health Alcoholism and Drug Services Account, the State Police Account, cities, local law enforcement, and alcohol and drug abuse prevention, early intervention and treatment services. Before taxes are distributed, OLCC will be repaid for implementation costs.

A question was asked how ODA would be paid for their work on this. Jeff Rhoades reported that this is something that will be discussed further in 2017.

There have been several challenges associated with regulating cannabis. There are a wide range of products to regulate, the medical and recreational dichotomy, lack of precedent in cannabis regulation, and resource allocation.

Jeff Rhoades spoke briefly about the Cole Memo and how the state is using this memo to implement the state's cannabis laws. Federal issues include the recent industrial hemp guidance and how it conflicts with state law, access to banks, uncertainty with a new federal administration, and interstate coordination.

Farm Service Agency (FSA) State Committee, Sam Asai, Vern Frederickson, Jason Smith, Anna Sullivan, and FSA staff, Phil Ward

Following introductions, FSA committee members provided updates on the following FSA programs:

- Ag Risk Coverage and Price Loss Coverage - Established in the 2014 Farm Bill, this program has paid almost \$37 million to producers.
- Margin Protection Program - Established in the 2014 Farm Bill, this program serves the dairy industry. Unfortunately, the program has not worked as it was intended to.
- Conservation Reserve Program (CRP) - Approximately 500,000 acres are enrolled in Oregon with \$30 million in payments made this fall. In the state, Umatilla and Morrow Counties were first and tenth, respectively for the amount of acreage enrolled.
- Conservation Reserve Enhancement Program - Over 42,000 acres were enrolled totaling \$3.7 million in payments.

The 2014 Farm Bill established several Livestock Disaster Programs, such as:

- Livestock Forage Program (LFP) which provides financial assistance for grazing losses due to drought or fire,
- Livestock Indemnity Program (LIP), which provides financial assistance for livestock death due to disaster like adverse weather or fire.
- Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish which provides assistance for losses due to disease, bad weather, or other conditions not covered by LFP or LIP.

These programs have paid nearly \$101 million in Oregon since the 2014 Farm Bill was adopted. Two Oregon counties are in the top 10 in the country for payments (Malheur and Harney, were first and third, respectively).

FSA provides crop-related disaster programs as well.

- The Non-Insured Crop Disaster Assistance Program for crops not covered by crop insurance.
- Tree assistance program provide assistance to producers whose trees and vines damaged by natural disaster. Many growers that were impacted by the bad weather in the Columbia Basin in 2014 accessed this program.

These two programs have paid out almost \$12 million since the beginning of the 2014 Farm Bill.

Finally, the committee spoke about:

- Emergency Forest Restoration Program - this program paid over \$5 million in Baker and Grant Counties due to recent fires.
- Emergency Conservation Program - this program provides funds to rebuild fences due to fire damage. Over \$5 million has been paid thus far.

FSA also provides loans. Loan programs of late have targeted new and beginning farmers/ranchers, minority farmers/ranchers, and farmers/ranchers unable to secure credit through commercial sources. FSA's loan portfolio also includes operating loans, farm ownership loans, farm storage facility loans, and micro loans. This fiscal year, FSA provided 380 loans to the Oregon agricultural community worth \$53.3 million. Oregon FSA currently serves 1,200 borrowers with an outstanding balance of \$250 million.

Phil Ward reported that most of the money for FSA programs is paid to farmers/ranchers on the east side of the state. FSA programs tend to be designed after Midwest agriculture, thus there are fewer programs/money for specialty crops.

Phil Ward provided several FSA updates including:

- Oregon recently received approval to re-staff the Grant county office.
- The federal cap for CRP acreage has been reduced (32 to 24 million acres). This will impact Oregon. It is expected that some of this land will be returned to production.
- With low commodity price, FSA is completing more loan restructures. FSA expects more activity if commodity prices stay as is.
- With low milk prices, the Margin Protection Program has not delivered in northwest and northeast parts of the country since production costs are higher in these parts of the country.

The committee will be following the 2018 Farm Bill and is interested in comments from the board on how that legislation could be drafted to assist Oregon farmers.

Finally, Phil Ward spoke about Bridges for Opportunity. This is a new program that FSA will be rolling out to all of the counties. It is a full service database designed to be a resource to individuals getting started in agriculture.

The meeting recessed for lunch at 12:05 PM. Following lunch, the board toured the North Willamette Research and Extension Center and Brentano Farms.

The meeting reconvened on December 1, 2016 at 8:32 AM.

Strategic Planning update, Ron Sarazin

Ron Sarazin reported that progress has slowed because of the director transition. The strategic plan will become a transition document so that the new director can play a role with the development of the final product.

Ron Sarazin walked the board through the draft document. Language for a mission, vision, and values is being revised. Today, the mission is essentially the statute, but a mission should be something that is inspiring. A vision statement should focus on where the department should be in three years.

There was a conversation about the strategic plan, program specific plans, and operational plans. Ron Sarazin recommended that day-to-day work is more appropriate for an operating plan as a strategic plan should be a multi-year document. The board expressed that program and operating plans should be connected to strategic plan.

The board recommended the discussion regarding the development of the strategic plan be moved to the appendix of the strategic planning document.

There was a discussion with the board regarding the timeline for completing the document. The goal would be have something completed by summer but with it being the legislative session, it could be closer to fall.

There was also a discussion about how the strategic plan can be a living document including developing the document as a rolling plan so that it is reviewed and adjusted annually.

There was a discussion about Key Objective #6. A question was asked - should this objective be more inclusive than just identifying the OSU Small Farms program? After a robust discussion, it was recommended to broaden this statement and acknowledge all of ODA's partners under Key Objective #3.

The board recommended that before the strategic plan becomes finalized, one or more programs test the strategic plan to see if any adjustments are needed.

There was a discussion about developing an Executive Summary and how the strategic plan will be distributed. It will be important to include staff on this, as they were part of the development.

Board Business

The board discussed how they would like to review the resolutions. The Natural Resources and Government Relations subcommittee had a robust discussion about this. One suggestion was to sort resolutions by date and resolutions after a specified date would be archived. Concern was expressed that date alone should not be the deciding factor as to whether or not a resolution should remain active. The Government Relations subcommittee noticed that many of the resolutions should have been action items. It was recommended that the board review resolutions together and not in subcommittees. The board asked for staff to review the resolutions, group by subject matter, and provide recommendations. This work should be provided in advance of the board meeting.

Subcommittee Reports

Government relations - Tracey Liskey reported that the subcommittee received a presentation from the Hunger Taskforce. Hunger continues to be an issue for the state. As the economy improved, the need declined, however, Oregon has seen an increasing need. The need is greater in rural Oregon. Over 600,000 people in the state are classified as food insecure. The subcommittee expressed concern that some of the efforts supported by the Hunger Task Force, although well intentioned, could have unintended, negative consequences.

Land Use - Laura Masterson reported that the subcommittee received two presentations. The first presentation was from the Oregon Department of Fish and Wildlife (ODFW). ODFW partners with ODA on land use issues. ODFW recognizes that agriculture and forestry are better partners than housing developments.

The second presentation was about aggregate mining in the Willamette Valley. The committee thought this presentation this could be an opportunity for the department to have a discussion with the Oregon Department of Geology and Mineral Industries staff.

Jim Johnson added that there have been some developments with the implementation of cannabis policies. For example, local governments are changing the Land Use Compatibility Statements process, time, place and manner regulations for cannabis are being extended to other farm uses, and counties are denying cannabis production on land zoned for Exclusive Farm Use (EFU).

Jim Johnson reported that the board's letter regarding the solar facility siting was distributed. The Oregon Land Conservation and Development Commission is interested in this subject but did not take action. The commission would like to wait until after session to address the issue. Jim Johnson said that there are 50 solar sites across the state.

Finally, Jim Johnson reported that the Environmental Impact Statement for the Boardman to Hemingway Transmission Line Project was released early this week. A bill will be introduced this session that aligns the definition of farm use with the land use definition. Another bill will be introduced to allow the outright use of cell phone towers on EFU land.

Marketing and Food Safety - Tyson Raymond reported that the audit from the Secretary of State's office was released. The Food Safety Program managers are developing a plan to address the audit's recommendations. The Food Safety Modernization Act (FSMA) cooperative agreement with the Food and Drug Administration (FDA) has started. The focus for this agreement is on compliance assistance and outreach. ODA will begin hiring staff, including a position with a strong focus on small farms outreach and engagement.

Lindsay Eng provided an update on the Hemp Program. There are nine samples that tested above 0.3% tetrahydrocannabinol (THC). The department is working to resolve these cases. A total of 1,200 acres were registered this year with 500 acres grown.

Lindsay Eng added that the uses of hemp continues to expand subsequently it is hard for the statute and rules to keep up with these new uses.

Implementation cost of the program continues to be significant. ODA is considering increasing the registration fee. ODA has been able to contract with growers on testing costs, as the authority for ODA to charge is not clear. Additional resources and revenue are needed.

Natural Resources - Barbara Boyer reported that Meta Loftsgarden, Executive Director of the OWEB, spoke about FIP program. If the board has feedback on how OWEB should use funds, feedback should be provided to Laura Masterson.

Helmuth Rogg reported that Asian gypsy moths were not detected this summer in the eradication zone. It will require two more seasons of trapping, with no detection, to declare the infestation over. A population of gypsy moths has been detected in Grants Pass, however the population appears to be declining because of the warmer weather.

California border stations have intercepted egg masses on personal moving containers. It appears that these containers are coming from the east coast. Moving companies have a self-registration/compliance agreement with the federal government however these personal moving containers do not fall under the agreement. The western states have sent a letter to USDA to require these personal moving containers to comply.

Japanese beetle (JB) was detected in northwest Portland this summer. 372 JB were collected, this is the largest infestation in Oregon's history. Eradication is expensive and lengthy (five years). ODA is working on developing alliances with a variety of stakeholders. There was continued conversation about detection and eradication of JB.

Ray Jaindl shared a worker protection safety handout with the board.

The board recessed at 9:59 AM and reconvened 10:16 AM.

OWEB - Laura Masterson reported that at the next meeting the OWEB Board would be starting a strategic plan. The OWEB board will also be deciding the allocation of funds to FIP.

Lisa Hanson said that she had conversations with OWEB about additional funds for local weed control districts. ODA attempted to seek addition funds for weed control work but with the current budget situation, it will most likely not move forward.

ODA/Environmental Quality Commission (EQC) Liaison update - Stephanie Hallock reported that Jane O'Keeffe's term with EQC is ending. A new ODA liaison has not yet been identified. Stephanie Hallock reported that it has been difficult to attend meetings as both boards move across the state. Stephanie Hallock reported that the current interim director at Oregon Department of Environmental Quality is Richard Whitman.

The board discussed possible agenda items for the next board meeting including a work session on the first day to review resolutions.

Bryan Harper provided an introduction to that board. Bryan is the newest State Board of Agriculture member. Bryan's family has been farming in south valley since the 1880's. The farm has transitioned out of grass seed, specialty seed crops, and table vegetable crops and into hazelnuts. Born in Kenya, Bryan was a graduate from the University of Oregon and an avid pilot.

2017-19 ODA budget, legislative concepts and policy option packages update, Lisa Hanson and Lauren Henderson

The 2017-19 ODA legislative concept (LC) list was distributed to the board. This is the same list from the previous meeting with one exception, LC 0589 (scale license fee increase), was removed due to concerns expressed by stakeholders.

Lisa Hanson reported that with the failure of Measure 97 and passage Measures 96, 98, and 99, the state's budget shortfall was increased to \$1.7 to 1.8 billion dollars. The governor is proposing that half of this amount be made up with new revenue sources, including but not limited to, increasing cigarette and alcohol taxes and potentially redirecting marijuana revenue.

The governor has ask agencies to look for ways to create immediate savings, including holding positions vacant for 60 days before they are filled, eliminating non-essential travel, and re-evaluating all expenditures.

A question was asked if the board should cancel a meeting. By statute, the board must meet four times per year.

For natural resources in general, the governor's recommended budget (GRB) includes strategic investments in air toxics issues, Portland Harbor, and water investments, otherwise natural resource agencies will see a reduction. The governor has maintained the current service level for education and continued support for the Oregon Promise Program.

As for the department specifically, Lauren Henderson reported that compared to the 2015-17 Legislatively Adopted Budget, the 2017-19 GRB for the department decreases General and Lottery Funds and increases Other and Federal Funds.

Specific budget items from the GRB are as follows:

- Predator Control Program - Special payments passed through to Wildlife Services has been eliminated.
- Pesticide Analytical and Response Center - One time fund shift from General Funds to Other Funds.
- Weed Control Program - Eliminated the bio-control position. This position is currently vacant.
- Agriculture Development - Fund shift from General Fund to Federal Fund.
- Insect Pest Prevention and Protection Program - Fund shift from General Fund to Federal Fund.
- Food Safety Program - One time fund shift of General Funds to Other Funds.
- CAFO program - Shift one position from General Fund to Other Funds.
- Removed approximately \$72,000 out of administration.

The reduction is approximately \$2.3 million, which equals 9.2 percent.

The department has just received budget instructions from the Legislative Fiscal Office. The department has been asked to prepare a reduction list in the amount of 15 percent. This list will be shared with the board.

Many of the items in the GRB were consistent with what the department provided with the exception of the CAFO Program fee increase.

As for the policy option packages (POPs), the department did not get any POPs that were funded with General or Lottery Funds. The department did receive one full-time equivalent for Human Resources and IT but funding for these positions was shifted to Other Funds.

The board had a robust discussion regarding the cost associated with the implementation of cannabis policy and its impact on the department. The board feels current fee payers should not subsidize the department's marijuana work.

Although the board supports the GBR, the board thought it was appropriate to express their concerns regarding the costs of cannabis implementation. Subsequently, Tracey Liskey motioned to send a letter to that effect. Stephanie Hallock seconded. Discussion ensued. Motion passes unanimously.

September meeting date was changed to September 19 - 21, 2017 in Klamath Falls.

The meeting was adjourned at 11:11 AM.

DRAFT