



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
January 19-20, 2011

LaSells Stewart Center
Ag Science Room
Corvallis

Wednesday, January 19, 2011

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items G and O) anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes

The minutes of the September 14-15, 2010, Board meeting in Garibaldi will be presented for Board approval. *Action item.*

C. Executive Director Update

Tom Byler, Executive Director, will update the Board on agency business and late-breaking issues. *Information item.*

D. Legislative and Budget Report

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, will brief the Board on the status of OWEB's 2009-2011 budget, and on the 2011 Oregon Legislature, including proposed legislation and the 2011-2013 budget process. *Information item.*

E. Ballot Measure 76 Briefing

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, will brief the Board on Ballot Measure 76. *Information item.*

F. Introduction to New Administration

The Natural Resources Advisor for Governor-elect Kitzhaber will be invited to meet with the OWEB Board to discuss the Governor's priorities and future directions. *Information item.*

G. Public Comment – General [approximately 1:00 p.m.]

This time is reserved for public comment on any matter before the Board.

H. OWEB Policy and Budget Discussion

Tom Byler, Executive Director, and the Board Co-Chairs will lead a discussion about legislative and administrative issues and processes over the next year. *Information item.*

I. April 2011 Grant Cycle Offerings

Lauri Aunan, Grant Program Manager, will propose the solicitation of grants for the April 18, 2011, grant cycle. *Action item.*

J. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will update the Board on the 2011-2013 Council Support process and schedule, Watershed Council Listening Session Follow-Up at the Biennial Conference, and OWEB Council Support Board Subcommittee discussions regarding potential future changes for the council support program. *Information item.*

K. Willamette Model Watershed Program Presentation

Representatives from the Meyer Memorial Trust, Bonneville Environmental Foundation, and a selection from the Willamette Model Watershed Councils will update the Board on the Model Watershed Program. *Information item.*

Informal Reception – 5:15 p.m.

The public is invited to join the OWEB Board and staff at a reception for area councils, districts, Oregon State University, and local officials who are OWEB's partners supporting watershed restoration activities. The reception is being sponsored by Oregon State University's natural resource departments and programs.

*Immediately following the meeting until 6:00 p.m.
LaSells Stewart Center Lobby
Oregon State University*

Thursday, January 20, 2011**Business Meeting - 8:00 a.m.**

During the public comment periods (Agenda Items G and O), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. ***The Board encourages persons to limit comments to no more than five minutes.***

L. Deferred Acquisitions

Miriam Hulst, Acquisitions Specialist, will provide staff and Subcommittee recommendations to Board members on a pending land acquisition application for Board consideration. *Action item.*

M. Ecosystem Services Update

Renee Davis-Born, Ecosystem Services Coordinator, will present draft recommendations from the SB 513 Ecosystem Services Working Group and update the Board on other OWEB ecosystem services initiatives. *Information item.*

N. OWEB Research Program Reports

Greg Sieglitz, Monitoring and Reporting Program Manager, will update the Board on the results of OWEB-funded research projects. Highlights and findings from several projects will be provided to the Board. *Information item.*

O. Public Comment – General [approximately 10:00 a.m.]

This time is reserved for public comment on any matter before the Board.

P. Climate Change Adaptation Framework Report

Greg Sieglitz, Monitoring and Reporting Program Manager, and Richard Whitman, Director, Department of Land Conservation and Development, will brief the Board on the State of Oregon's Climate Change Adaptation Framework developed in 2010. This briefing will also cover the simultaneously released Oregon Climate Assessment Report. *Information item.*

Q. Lawsuit Settlement Affecting Floodplain Regulation

Richard Whitman, Director, and Christine Shirley, State Floodplain Coordinator with the Department of Land Conservation and Development, will describe the recent FEMA/ESA settlement agreement and the implications for local communities throughout Oregon. *Information item.*

R. Gold Ray Dam Removal Presentation

John Vial, Director, Jackson County Roads and Parks, will give a presentation to the Board on the removal of Gold Ray Dam. *Information item.*

S. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Tuesday, Wednesday, and Thursday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

A general public comment period will be held on Wednesday, January 19, 2011, at 1:00 p.m. and Thursday, January 20, 2011, at 10:00 a.m. for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). ***The Board encourages persons to limit comments to no more than five minutes.***

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *Dan Carver*
Environmental Quality Commission member: *Ken Williamson*
Fish and Wildlife Commission member: *Skip Klarquist*
Board of Forestry member: *Jennifer Phillippi*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts*
Public member: *Daniel Heagerty, Board Co-Chair*
Public member: *Dan Thorndike, Board Co-Chair*
Public member: *Patricia Smith*
Public member: *Karl Wenner*
Public member: *Will Neuhauser*

Non-voting Members

Representative of NMFS: *Kim Kratz*
Representative of Oregon State University Extension Service: *James Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Miles Brown*
Representative of U.S. NRCS: *Meta Loftsgaarden*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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503-986-0178
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www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

2011 Board Meeting Schedule

March 15-16, 2011 in Salem
June 14-15, 2011 in Bend
September 13-14, 2011 in Hermiston

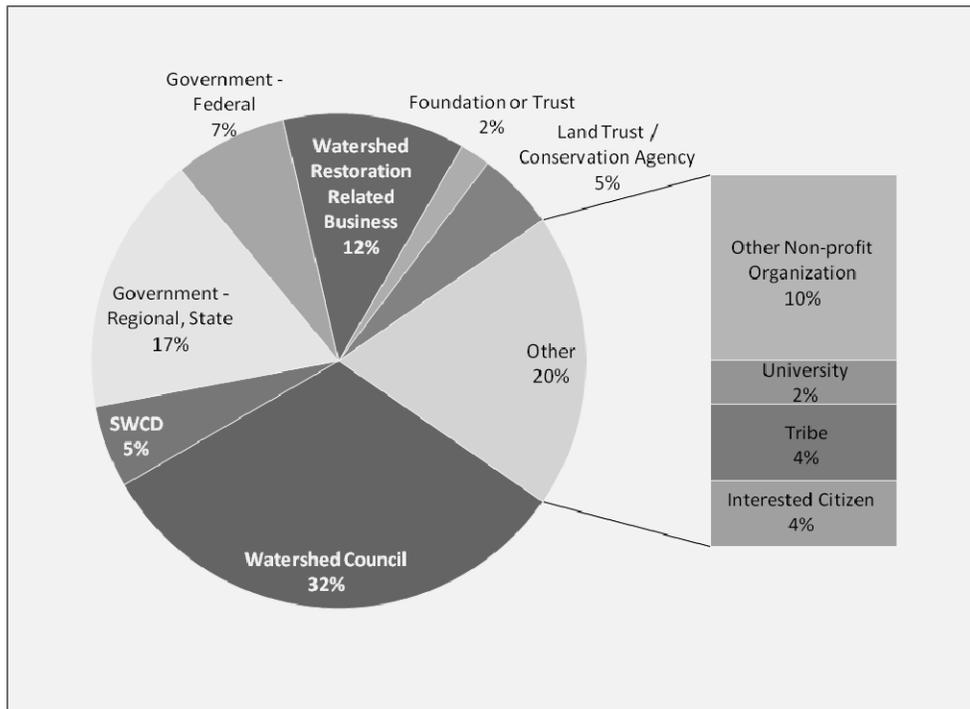
For online access to staff reports and other OWEB publications check our web site: www.oregon.gov/OWEB.

January 19-20, 2011 OWEB Board Meeting Executive Director Update #C-1: Biennial Conference

Background

The 2010 Biennial Conference was held at the Pendleton Convention Center on November 15-17, 2010. The conference drew 353 attendees representing the diversity of those interested and involved in watershed restoration in the state (Figure 1). The conference provided opportunities for both professional development and networking. Based upon feedback during the conference, the event provided a great venue for sharing information and collaboration. Denise Ker, of Viva! Consult, assisted staff in the coordination and logistics of the conference.

Figure 1. Attendee Composition at the OWEB 2010 Biennial Conference in Pendleton



Sponsors

The generous support of our sponsors allowed the event to happen. Their contribution, in cash and in-kind donations was valued at nearly \$40,000. While this was a bit lower than 2008 contributions, it was still above what we received in 2006.

Tracks and Presentations

In the end, we organized six tracks and coordinated nearly 90 speakers to hold 37 different presentations on a range of topics. Based on post-presentation surveys, all of the presentations were well-received and, on average, participants agreed that the learning objectives set for each presentation were met.

Highlights

On Monday, November 15, 2010, Board member Eric Quaempts shared with attendees how the First Foods approach directs the natural resources restoration and monitoring programs of the Confederated Tribes of the Umatilla Indian Reservation. This was followed by a visit and reception at the Tamástslíkt Cultural Institute, the interpretive center for the Cayuse, Umatilla, and Walla Walla Tribes, and a First Foods dinner at the Longhouse.

Steve Amen, Executive Producer and Host of Oregon Public Broadcasting's Oregon Field Guide, was the keynote speaker the evening of Tuesday, November 16.

New for the 2010 Conference

The role of the conference in strengthening the network of watershed professionals across the state was also an important element identified by attendees of the 2008 conference. To facilitate this objective at the 2010 conference, OWEB added a few activities. We added photos to the conference directory, set up an enhanced poster and exhibitor area, and had open spaces that attendees used for spontaneous gatherings. In particular, this available informal space was much appreciated by attendees. One watershed council coordinator provided this feedback, "I got more work done networking in two hours at the conference than during an entire year of travel, phone calls, and emails."

Another addition to the 2010 OWEB Biennial Conference was an on-line presence that was aligned with the messages and themes developed under the OWEB communications plan, including the www.healthywatersheds.org site. The conference web page (healthywatersheds.org/conference/) introduced social networking into OWEB's communications tools with links to OWEB's Facebook page. The conference planner also had a blog and Twitter feed associated with the event.

Next Steps

Staff will report on the evaluation of the conference at the January Board meeting. This survey will provide information for planning future events of this type.

Staff Contact

If you have questions or need additional information, please contact Carolyn Devine, Communications Coordinator, at carolyn.devine@state.or.us or 503-986-0195.

January 19-20, 2011 OWEB Board Meeting Executive Director Update #C-2: Oregon Plan Biennial Report

Background

ORS 541.420 requires the Oregon Watershed Enhancement Board (OWEB) to submit a report to the Governor and to the appropriate committees of the Legislative Assembly that assesses the statewide and regional implementation and effectiveness of the Oregon Plan for Salmon and Watersheds. The report must address each drainage basin in the state and include watershed and key habitat conditions, an assessment of data and information needs, an overview of state agency programs and voluntary restoration activities, a summary of Board investments, and recommendations of the Board for enhancing Oregon Plan effectiveness. The 2009-2011 Oregon Plan Biennial Report is due by January 15, 2011. This is the fifth report prepared to meet this statutory requirement.

2009-2011 Biennial Report Update

For the 2009-2011 Oregon Plan Biennial Report, OWEB has produced a four page Executive Summary that describes the ongoing implementation of the Oregon Plan and lays out recommendations from the OWEB Board for improving implementation of the plan. Staff are currently finalizing the content and design of the Executive Summary document; a printed copy will be available at the Board meeting.

The full 2009-2011 Oregon Plan Biennial Report, including reports on each of the 15 Oregon Plan basins, links to online information and tools, and data source information, will be available by January 15, 2011 at www.oregon.gov/OWEB/biennialreport2011.shtml. Most of the content contained in previous biennial report editions will be available online through supplemental reports or online web tools.

Staff Contact

If you have questions or need additional information about the 2009-2011 Oregon Plan Biennial Report, please contact Melissa Leoni, at melissa.leoni@state.or.us or 503-986-0179.

January 19-20, 2011 OWEB Board Meeting

Executive Director Update #C-3: Secretary of State Audits Update

Background

In 2010, the Secretary of State's Audit Division conducted three separate audits of OWEB activities. This report provides a brief description of the audits and their status.

Lottery Funds Fiscal Audit

This audit was concluded prior to OWEB's September 2010 Board meeting and a summary of findings that focused on Parks and Natural Resources Fund and the Economic Development Fund held by DAS was provided to the Board at that meeting.

Performance Audit

The performance audit, a companion to the fiscal audit, was initiated by the Audits Division in 2010. Different from the standard biennial fiscal audit, the performance audit was new to OWEB this year. The Audits Division goal of the performance audit was "to provide information to improve public accountability and facilitate decision-making by parties with responsibility for overseeing or initiating corrective action. The issues that performance audits cover vary, but generally address whether agencies are operating economically and efficiently, or whether they are achieving desired results."

Beginning in April 2010, Audits Division staff began extensive interviews with OWEB Board members, OWEB staff, grantees, watershed councils, soil and water conservation districts, state and federal agencies, and others to learn more about OWEB. Concurrently, auditors were provided full access to grant files, databases, and other materials to conduct further research.

This reconnaissance and research work ramped down in October and the Audits Division staff began writing the final report in November. The overall audit was structured to review OWEB's efforts to help protect and restore watersheds and other natural resources. The four specific focus areas that are anticipated to be in the final audit report are:

- OWEB's efforts to build capacity and sustainability for local restoration work.
- How and where OWEB develops partnerships.
- Monitoring.
- How and to what extent OWEB applies adaptive management practices and principles.

At the time of writing this report, the draft final report was not available but was anticipated just in time for Christmas. A full description of the draft audit conclusions will be provided at the January Board meeting.

Environmental Management Fund Audit

OWEB was notified in July that the Secretary of State would be including OWEB in its annual audit of the statewide Comprehensive Annual Financial Report – Environmental Management Fund for the fiscal year ending 2010. The audit focuses exclusively on OWEB's use of federal funds. To date, the Secretary of State has completed its review of OWEB; however, at the time of writing this report OWEB is waiting for the Secretary of State to schedule a meeting to discuss the audit and any potential findings.

Staff Contact

If you have questions or need additional information, please contact Cindy Silbernagel, at cindy.silbernagel@state.or.us or 503-986-0188, or Greg Sieglitz, at greg.sieglitz@state.or.us or 503-986-0194.

January 19-20, 2011 OWEB Board Meeting
Executive Director Update #C4: October 18, 2010 Grant Cycle Update

Background

A total of 202 grant applications were submitted to OWEB on its October 18, 2010, deadline. Table 1 displays the number of applications and Table 2 shows the amounts requested from the grant application submissions.

Table 1. Types of Applications for October 18, 2010

	Technical Assistance	Monitoring	Education	Acquisition	Restoration	Totals
Region 1	5	6	6	2	11	30
Region 2	9	3	6	1	22	41
Region 3	8	6	6	1	16	37
Region 4	7	2	2	3	13	27
Region 5	4	4	3	0	24	35
Region 6	4	1	6	0	16	27
Statewide	0	2	3	0	0	5
Totals	37	24	32	7	102	202

The application review process started with site visits in each region for selected applications. Regional review team meetings are underway with the Eastern Oregon team meeting on December 6-7, 2010; the Southwest Region on December 14; and the Mid-Columbia on December 16-17, 2010. Regional review teams in Central and Western Oregon will meet on January 5, 11, and 13, 2011. OWEB's Education and Outreach Review Team met on December 3, 2010, in Salem to review and score the three statewide Education and Outreach applications. The Oregon Plan Monitoring Team will meet in January to review all Monitoring applications and Restoration applications that include Effectiveness Monitoring.

The Board has reserved \$8.25 million for Restoration and Acquisition projects for this cycle. The Board also has reserved up to \$2.25 million for non-capital applications, dependent on the receipt of new Pacific Coastal Salmon Recovery Funds (PCSRF). More specifically, the funding targets are up to \$450,000 for Technical Assistance; \$1.35 million for Monitoring; and \$450,000 for Education and Outreach grants this cycle.

As reported to the Board at its September 14-15, 2010, meeting, staff estimate having less than \$1 million in non-capital Lottery funds remaining for the October 2010 cycle, making non-capital funding dependent on the new PCSRF funds. OWEB needs additional legislative approval to spend the OWEB's 2010 PCSRF award. Unless the legislature provides this spending authority through action of the Ways and Means Committee early next year, OWEB's available funding for the March 2011 Board meeting will fall far short of its funding targets. OWEB has been in discussions with legislative leadership about the purposes of PCSRF funding and the importance of OWEB's grants to jobs, communities, and the environment.

OWEB staff have communicated with applicants our desire to fund the October 2010 grant cycle as fully as possible at the March 2011 Board meeting. However, we have also let them know that there are significant uncertainties around funding for the October cycle, including the potential for the 2011 Legislature to appropriate unallocated non-capital funds through “sweeps.” If the worst case scenario occurs and non-capital funding is not available in March, we have alerted applicants that non-capital Board awards for the October cycle may be delayed until June 2011 at the earliest.

As shown in Table 2, the amount of funds requested exceeds the funding available for this cycle of applications. Based on the review team recommendations, and taking into account available funding, staff will develop funding recommendations for the Board’s March 2011 meeting.

Table 2. Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Education	Acquisition	Restoration	Totals
Region 1	197,283	323,552	110,757	600,000	1,612,338	2,843,930
Region 2	225,215	265,458	156,526	720,000	2,525,394	3,892,593
Region 3	385,569	341,599	208,165	1,200,000	3,045,231	5,180,564
Region 4	256,690	168,723	120,598	927,345	2,188,851	3,662,207
Region 5	123,790	224,742	80,003	0	2,891,596	3,320,131
Region 6	135,046	44,620	170,070	0	1,461,786	1,811,522
Statewide	0	221,957	374,266	0	0	596,223
Totals	\$1,323,593	\$1,590,651	\$1,220,385	\$3,447,345	\$13,725,196	\$21,307,170

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at lauri.g.aunan@state.or.us or 503-986-0047.

January 19-20, 2011 OWEB Board Meeting
Executive Director Update #C-5: Small Grant Program 2007-2009 Report

Introduction

The Small Grant Program Biennial Report provides background information about the program and summarizes Small Grant Program (SGP) awards for the 2007-09 biennium. Copies of the report will be available at the January 2011 meeting.

Background

Staff develops the SGP Biennial Report following the close of each biennium. The 2005-07 Biennial Report was provided to the Board in September 2008. In June 2010, staff reported to the Board about the Small Grant Program Evaluation, which was carried out under Oregon Administrative Rule 695-35-0070, which directs OWEB to evaluate the need for program improvements and administrative rule changes.

Staff Contact

If you have questions or need additional information, please contact Bev Goodreau at bev.goodreau@state.or.us or 503-986-0187.

January 19-20, 2011 OWEB Board Meeting Executive Director Update #C-6: OWEB Partnerships Update

Background

Over the last four months, OWEB's partners in its partnership investments have been very active in implementing projects. The following sections describe the status and accomplishments of each partnership investment, including the fiscal status of the Special Investment Partnerships (SIP).

Willamette SIP

The Willamette has seen significant focus over the last four months. The Willamette SIP was critical in the conservation acquisition of the Wildish property at the confluence of the Coast Fork and Middle Fork of the Willamette. (Attachment A) The acquisition provided significant match for OWEB funds. (Attachment B)

In addition to the OWEB/Meyer Memorial Trust (MMT) efforts, the Oregon Department of Fish and Wildlife (ODFW) completed an agreement with the Bonneville Power Administration (BPA) to resolve the wildlife mitigation requirements for the Willamette Basin. This agreement has brought ODFW into a formal discussion of how to collaborate on land acquisitions that have both wildlife benefits and the aquatic resource benefits that accrue from Willamette SIP efforts. The conversations of how to connect these efforts have just started.

OWEB was awarded a federal grant through the Northwest Power and Conservation Council process to have BPA fund habitat protection and restoration for recovery of listed fish affected by the Willamette River Basin Flood Control Project. OWEB has been awarded \$500,000 per year for the next three years to match SIP funds for the protection and restoration of fish habitat.

The Willamette Model Watershed program initiated by MMT and the Bonneville Environmental Foundation (BEF) has been funded with Willamette SIP funds to implement restoration projects based on an action plan developed for the program. The Model Watershed Program will report to the Board at the January meeting.

A more detailed report on the projects and activities of the Willamette SIP will be made at the March Board meeting.

Deschutes SIP

The partners in the Deschutes are actively implementing projects that effectively integrate flow conservation, habitat conservation, and restoration. The three large projects funded with this biennium's funding are progressing rapidly. Attachment C illustrates the projects from this biennium. Attachment D provides a summary of the funding and match for the Deschutes SIP projects. You will hear from the partners in June, when OWEB meets in Bend, on their progress and the opportunities that have arisen from their partnership.

Whole Watersheds Restoration Initiative

On October 18, 2010, Ecotrust requested proposals for the second round of Whole Watershed Restoration Initiative (WWRI) grants. The applications are due on January 12, 2011. Review of the applications will occur in February and awards will be made in March or April. OWEB funds were applied to 12 projects last year. Slightly less than half of OWEB's biennial funding of \$500,000 is available for the remainder of the projects being considered for funding.

Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program (CREP) is OWEB's oldest partnership. After a decade of implementation, the Oregon CREP program has become more familiar to agricultural producers and conservation organizations. A number of areas where CREP was initially not seen as an appropriate tool have now shown interest.

OWEB began the 2009-2011 biennium with a significant amount of funding remaining from the 2007-2009 allocation for CREP payments. The Board also allocated an additional \$1.3 million in September of 2009, which we just began using to make CREP payments. Landowners continue to sign up for and implement CREP, but there will likely be funding remaining at the end of the biennium that can be used to support the program in the 2011-2013 biennium.

Staff are working with its CREP partners, including the Oregon Department of Agriculture, Oregon Association of Conservation Districts, Farm Service Agency, and Natural Resources Conservation Service, to discuss funding for technical assistance and consider a regional model for providing technical assistance to landowners. CREP technical assistance has been funded by the Board through the additional capacity funding for soil and water conservation districts. There is strong, continued interest in OWEB continuing to support technical assistance for CREP in the 2011-2013 biennium. Staff and the CREP partners anticipate reporting to the Board at an upcoming meeting on recommendations for future investment in this partnership.

Staff Contact

If you have questions or need additional information, please contact Ken Bierly, Deputy Director, at ken.bierly@state.or.us or 503-986-0182.

Attachments

- A. BPA Fact Sheet – Wildlife Acquisition
- B. Willamette SIP Status Report
- C. Deschutes SIP Projects
- D. Deschutes SIP Status Report



Fact Sheet

HABITAT CONSERVATION – PUBLIC NOTICE

September 2010

BPA funds habitat acquisition along Willamette River

Location: Eugene/Springfield, Lane County, Oregon (SEE MAP).

Acres: 1,270

Purpose: The Bonneville Power Administration is proposing to fund the protection of a large tract of wildlife habitat in the Willamette Basin. The funding is contingent on approval of an agreement with the state of Oregon outlining how much habitat must be protected in coming years. This acquisition will partially mitigate the impacts caused by the construction and inundation of hydroelectric and flood control dams in the Willamette Basin. BPA will receive wildlife habitat credit under BPA's Fish and Wildlife Program and credit for advancing the goals of the Willamette Project Biological Opinions issued

by NOAA Fisheries and U.S. Fish and Wildlife Service in 2008 for substantially funding this land acquisition. The purchase would go forward in October 2010, pending approval of the agreement between BPA and Oregon.

BPA would provide funding to The Nature Conservancy, which would purchase and protect an ecologically important piece of property to benefit fish and wildlife in perpetuity. The land is located at the confluence of the middle and coast forks of the Willamette River and includes more than six miles of river frontage. The purchase also will protect floodplains, adjacent wetlands, upland oak woodlands, native prairie and hardwood-conifer forest. This habitat supports many fish and wildlife species including beaver, bald eagle, red-legged frog, Western gray squirrel, Western meadowlark, Western pond turtle, wood duck and yellow warbler. These sections of the river also provide habitat for



Middle Fork of the Willamette River (Photo credit: Chris Orsinger, Friends of Buford Park & Mt. Pisgah)





Coast Fork of the Willamette River (Photo credit: Chris Orsinger, Friends of Buford Park & Mt. Pisgah)

the Willamette winter steelhead and Oregon chub, both listed as endangered under the Endangered Species Act.

This property is one of the few remaining large pieces of mostly intact habitat in the Willamette Valley. Adding to its value from an ecological perspective is its strategic location among other lands that have important conservation value as identified in the Willamette Subbasin Plan and the Oregon Conservation Strategy. Large contiguous blocks of land provide corridors essential to many of the fish and wildlife populations that use these habitats. This purchase would increase the amount of land in the immediate vicinity that is being managed for conservation to more than 4,700 acres, preserving some of the Willamette Valley's dwindling and rare habitat types forever.

Type of action: The Nature Conservancy is purchasing the land. The Bonneville Power Administration is providing the majority of the funding for the purchase. Also contributing are the Oregon Watershed Enhancement Board and Doris Duke Charitable Foundation. In exchange for its financial contribution BPA will receive a conservation easement that will prevent habitat conversion and secure rights to restore and maintain wildlife habitat. The Nature Conservancy will own and manage the property for 10 to 15 years before transferring it to public ownership.

Land management: The Nature Conservancy would manage the property and oversee extensive restoration activities to revive healthy ecosystems. Projects may include reconnecting the river with its floodplain; restoring river, stream bank, wetland and forest habitats; removing invasive species and restoring controlled burns in prairie and oak woodlands. Large blocks of land managed for conservation purposes can provide greater ecological value than many small parcels that are not connected. Fish, wildlife and plant communities that rely on a variety of habitat receive greater protection and better access to habitat when they inhabit larger blocks



Willamette confluence project with adjoining Oregon Department of Parks and Recreation lands. (Photo credit: Chris Orsinger, Friends of Buford Park & Mt. Pisgah)

of healthy land. Under these circumstances, fish and wildlife avoid the threats posed by human interactions. The restoration activities on this property will take an estimated 10 years to complete.

Partners: The Nature Conservancy, Oregon Watershed Enhancement Board, the Doris Duke Charitable Foundation, Lane County Government, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, Friends of Buford Park & Mt. Pisgah, Oregon Department of Fish and Wildlife, Oregon Parks and Recreation Department, Oregon Department of State Lands, Oregon Water Resources Department, Oregon Department of Geology and Mineral Industries, Willamalane Parks District, City of Springfield and the Eugene Parks Foundation.

For more information, contact:

BONNEVILLE POWER ADMINISTRATION:

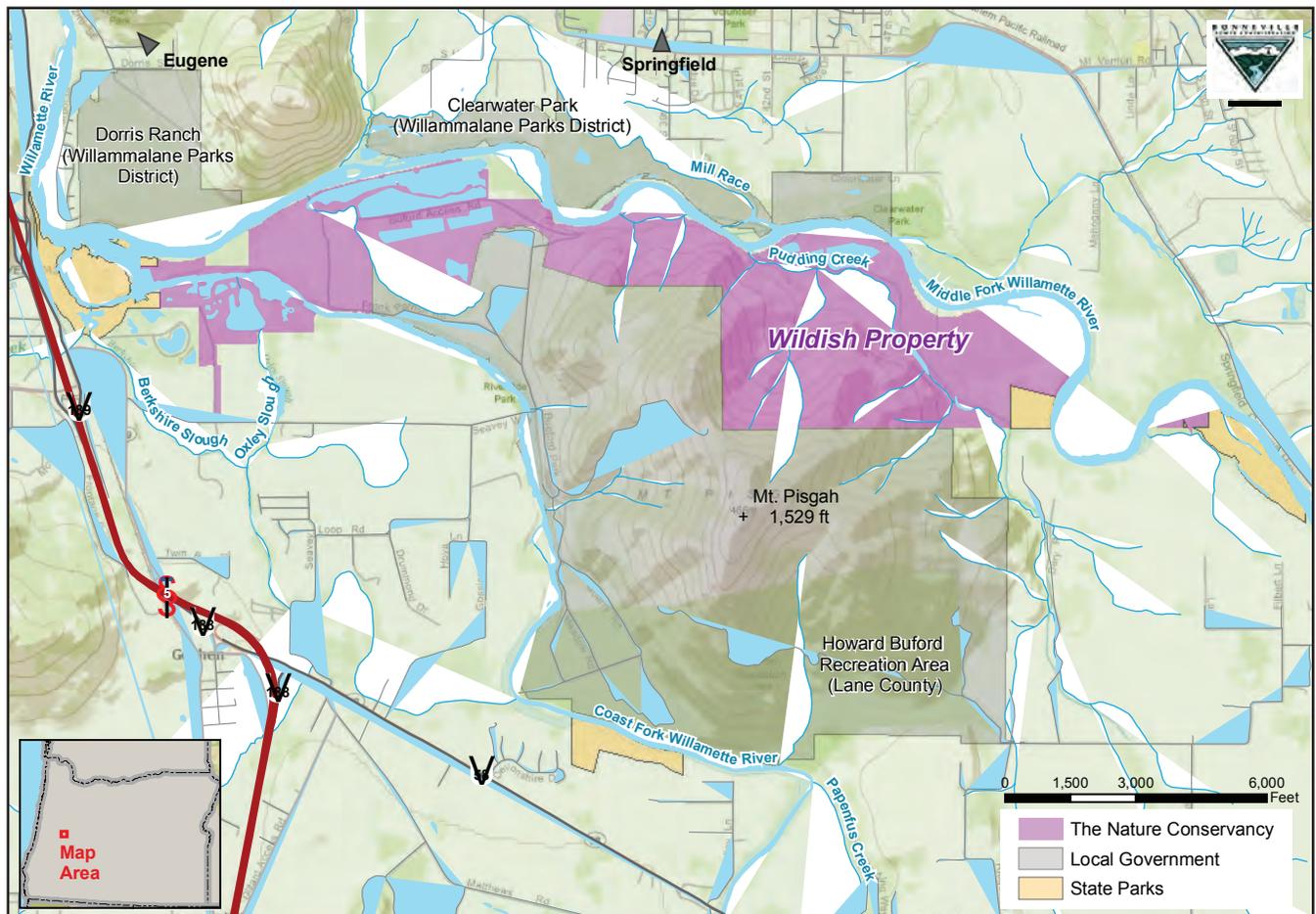
Joe DeHerrera, Wildlife Biologist 800-622-4519 or 503-230-3442, jldeherrera@bpa.gov, or

THE NATURE CONSERVANCY:

Stephen Anderson, Director of Communications
503-802-8100, standerson@tnc.org

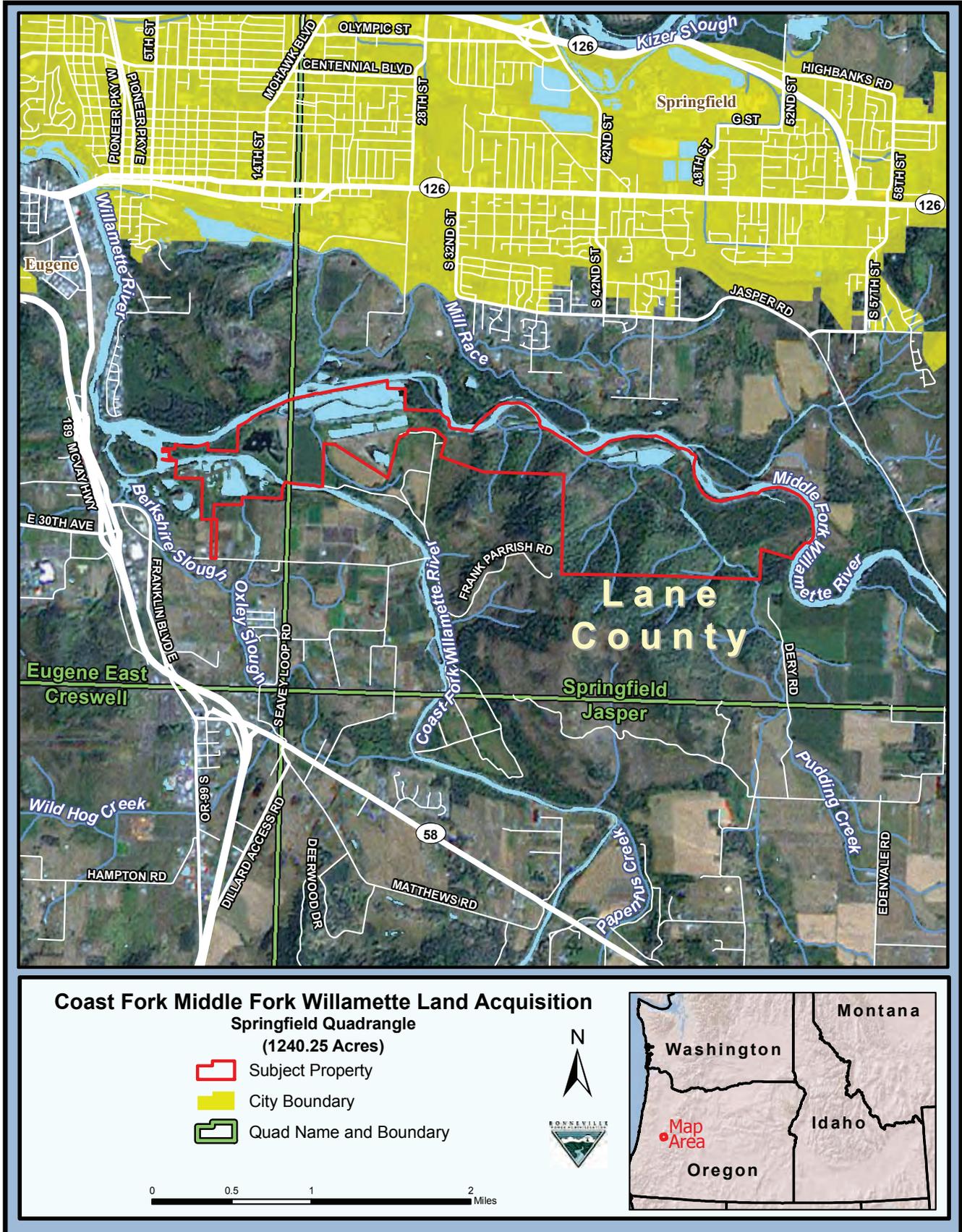
BPA Fish and Wildlife Program:

BPA's fish and wildlife program protects and preserves valuable fish and wildlife habitat throughout the Northwest. Since its inception in 1980, the program has set aside more than 300,000 acres of land benefiting hundreds of species. The program protects habitat from development either through outright purchase of land or by purchasing conservation easements on privately owned property. BPA works in partnership with conservation groups, local tribes and state fish and wildlife management agencies.



Coast and Middle Fork Willamette River Confluence

Lane County, Oregon



**Status Report for the Willamette SIP
as of 12/29/10**

Project	OWEB Grant #	OWEB Funding	Amount Matched
Middle Fork Side Channel	208-3090-6900	\$203,823	\$499,372
Stephens Creek Mouth	208-3090-6899	\$199,060	\$216,855
Tryon Creek Mouth	208-3090-7548	\$100,000	\$765,929
Little Willamette Restoration	208-3090-8035	\$25,050	\$36,244
Wildish Land Purchase	208-3090-8358	\$2,500,000	\$20,943,370
Luckiamute Landing	208-3090-8417	\$136,287	\$305,485
Total		\$3,164,220	\$22,767,255
Model Watersheds			
Middle Fork	pending	\$160,000	pending
Luckiamute	pending	\$98,450	pending
Luckiamute	pending	\$57,950	pending
Calapooia/Santiam Riparian	pending	\$162,212	pending
Calapooia Instream	pending	\$132,195	pending
North Santiam Instream	pending	\$98,688	pending
South Santiam Instream	pending	\$90,905	pending
Marys River	pending		pending
Long Tom	pending		pending
Total		\$800,400	
In Process			
Stellmacher Easement	pending		pending
		\$3,964,620	



Before



After

Three Sisters Irrigation District Diversion 210-4023-7706



Camp Polk Meadows 208-4074-6560



Three Sisters Irrigation District Piping 210-4023-7705



McKay Creek Irrigation Dam Removal 208-4074-7707



Whychus Canyon Preserve 210-4023-7707

**Status Report for the Deschutes SIP
as of 11/15/10**

2007-2009 Funds			
Project	OWEB Grant #	OWEB Funding	Amount Matched
Lower Crooked River Fish Passage	208-4074-6558	\$420,000	\$700,000
McKenzie Canyon Black Butte Canal Irrigation Efficiency Project Phase 2	208-4074-6559	\$285,353	\$2,500,000
Lake Creek Culvert Removal Project	208-4074-6560	\$39,704	\$35,000
Whychus Creek Restoration at Camp Polk	208-4074-6561	\$801,718	\$1,100,000
Ochoco Creek Stream Enhancement and Greenway Expansion	208-4074-6562	\$190,646	\$97,316
Whychus Creek Restoration Project - Phase I (TA)	208-4074-6810	\$78,156	\$45,000
Ochoco Creek Stream Enhancement and Greenway Expansion - EM	208-4074-6812	\$9,900	
McKenzie Canyon Black Butte Canal Irrigation Efficiency Project Phase 2 - EM	208-4074-6813	\$7,155	
Whychus Creek Restoration at Camp Polk - EM	208-4074-6814	\$28,380	
McKenzie Canyon/Black Butte Canal Irrigation Efficiency Project Phase I	208-4074-6838	\$323,000	
Three Sisters Irrigation District Fish Screening and Passage Addition - Phase I	208-4074-6882	\$21,986	\$225,000
Lower Crooked River Fish Passage and Protection Program Phase 2	208-4074-6888	\$811,980	\$489,920
Ochoco Creek Stream Enhancement and Greenway Expansion - TA	208-4074-6926	\$8,800	
Three Sisters Irrigation District Main Canal Piping Study	208-4074-7193	\$73,520	\$40,000
Spring Creek Conservation Easement	208-4074-7214	\$300,000	\$311,000
Whychus Creek Restoration at Frisbee Property - Phase I	208-4074-7574	\$60,448	\$21,000
Edgington Diversion Retrofit	208-4074-7575	\$32,345	\$37,450
Whychus Creek Riparian Restoration at Discovery Outpost	208-4074-7576	\$25,000	\$22,860
Spring Creek Restoration Design	208-4074-7577	\$26,450	\$8,500
Lower Crooked River Fish Passage & Protection Phase IV (McKay Creek)	208-4074-7585	\$260,565	\$100,000
Spring Creek Conservation Easement Direct Costs	208-4074-7694	\$516	
Edgington Diversion Retrofit - Implementation	208-4074-7784	\$16,505	
McKay Creek Fish Passage Project (Phase IV)	208-4074-8379	\$66,500	
		\$3,888,627	\$5,733,046
Remaining		\$111,373	
2009-2011 Funds			
TSID Main Canal Water Conservation Project Phases 1 & 2	210-4023-7705	\$999,978	\$3,000,000
TSID Fish Screening and Passage - Phase II	210-4023-7706	\$1,000,000	\$1,100,000
Whychus Canyon Preserve	210-4023-7707	\$1,835,000	\$925,000
		\$3,834,978	\$5,025,000
Remaining		\$165,022	
Total Remaining to Award		\$276,395	\$10,758,046

January 19-20, 2011 OWEB Board Meeting Executive Director Update #C-7: 2010 Coastal Wetlands Grants

Background

This report provides an update on the status of the federal 2010 U.S. Fish and Wildlife Service (USFWS) Coastal Wetlands Grant Awards projects. The Coastal Wetlands Grants offer a significant partnership investment opportunity to restore and protect coastal wetland and estuary ecological values, promote strong partnerships, and provide a significant match to OWEB funds.

2010 Coastal Wetland Grants

In June of 2010, OWEB submitted three applications on behalf of coastal partners for project funding under the Coastal Wetlands Grant Program, after having received permission from the Emergency Board to apply for the federal grants in May of 2010. On December 22, 2010, the Secretary of the Interior announced the awards that included all three applications submitted by OWEB. Combined, the three federal grants total approximately \$2.4 million and require a total state match of just over \$1.5 million. The three projects are summarized below.

Coquille Valley Wetland Conservation and Restoration – The Oregon Watershed Enhancement Board was awarded \$1 million to help acquire and restore approximately 622 acres of coastal wetlands in the Coquille Valley on the southern Oregon coast for permanent conservation, protection, and restoration by the Oregon Department of Fish and Wildlife (ODFW). This project is the first phase of a larger initiative by ODFW to conserve and restore approximately 3,000 acres in the lowlands along the lower Coquille River encompassing some of the most productive wetland habitats on the Oregon Coast. The total cost of the first phase is \$2,506,000. Protection and restoration of freshwater wetlands would complement downstream estuarine restoration efforts on Bandon National Wildlife Refuge. This project would protect nesting, feeding, and nursery areas for a diversity of at-risk fish and wildlife species, including Oregon Coast Coho salmon, Coastal cutthroat trout, Bald eagle, Purple martin, Willow flycatcher, Western meadowlark, and Townsend's big-eared bat. The Nature Conservancy is providing technical and financial support for this effort through the Northwest Wildlife Conservation Initiative.

Miami Wetlands Conservation and Restoration Project – The Oregon Watershed Enhancement Board was awarded \$317,700 to help acquire and restore approximately 76.2 acres in the Miami River Basin in Tillamook Bay, on the northern coast of Oregon, including 56.7 acres of nationally declining wetlands. This proposal is the second phase of a two-phase project to improve aquatic habitat by enhancing the increasing tidal channel connection, restoring the historic character of the site vegetation by reducing invasive species, and planting native vegetation, enhancing riparian corridors to reduce the water temperature, and permanently protecting the project area. The total cost of the second phase is \$567,700. The Miami River watershed is one of five watersheds that drain into Tillamook Bay on the north coast of Oregon. The Miami River watershed has lost much of its original estuarine, emergent, scrub-shrub, and forested wetland areas to diking, draining, and the conversion of land to agriculture. The Miami River wetlands support a wide variety of plants and wildlife, including all five species of Tillamook Bay salmonids: Coho (federally threatened), Chinook, Chum, Steelhead, and Cutthroat trout. The OWEB Board toured this site during its September 2010 meeting.

Tillamook Bay Wetlands Acquisition and Restoration – The Oregon Watershed Enhancement Board was awarded \$1 million to help acquire four parcels totaling 100 acres of declining wetlands in Tillamook Bay on the northern Oregon Coast. This project also includes the restoration of 484 acres of intertidal marsh that includes 377 acres of land acquired through a 1999 National Coastal Wetlands Conservation Grant. The total project cost is \$3,350,000. Numerous studies have identified the Tillamook Bay Estuary as a high priority for wetland conservation and restoration. This project is the largest wetland restoration effort proposed to date in Oregon. This project will provide nesting, feeding, and nursery areas for a diverse array of at-risk fish and wildlife species such as the northern red-legged frog, bald eagle, peregrine falcon, Pacific lamprey, Chinook and chum salmon, and federally threatened Coho salmon. Tillamook Bay represents the southernmost boundary and the largest remaining population of chum salmon. Restoration of these tidal habitats is crucial to protecting this population.

OWEB has received state grant applications for the match for all three of the projects. Two of the projects are currently being reviewed by the Regional Review Teams; the third was reviewed last summer.

The next step for these projects is for OWEB to complete the review of pending applications and consider the award of state funding. These applications add to the list of acquisition projects that are backlogged for evaluation by staff. This is a concern because of the complex nature of the three projects; each involves multiple properties and both easement and fee title acquisition. Staff are considering options to effectively manage these projects and will report at a future meeting on progress made to address this issue.

Staff Contact

If you have questions or need additional information, please contact Ken Bierly, at ken.bierly@state.or.us or 503-986-0182.



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January 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item D: Legislative and Budget Overview
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on the status of OWEB's 2009-2011 budget, the 2011-2013 budget process, and on the 2011 Oregon Legislature, including potential proposed legislation.

II. OWEB Budget Status

A. 2009-2011 Budget

As reported at Board meetings last year, Oregon's economy has experienced a severe downturn and is in the midst of a slow recovery. State General Fund revenues have declined significantly, forcing significant cuts to many state agency budgets for the 2009-2011 biennium. While OWEB receives no General Fund dollars in its budget, the agency faces reduced Lottery Fund revenues this biennium. This has impacted OWEB's 2009-2011 budget and spending plan.

The following updates the Board on budget considerations for the remainder of the biennium:

1. Lottery Funds

Decreased Lottery Fund revenues resulting from the economic downturn forced OWEB, along with other agencies that receive dedicated Lottery Funds, to develop plans to rebalance their 2009-2011 budgets. The March 2010 revenue forecast estimated Lottery Fund revenues were down approximately six percent from projections made at the beginning of the budget cycle—this would amount to a shortfall of \$538,000 in non-capital funds and \$2.5 million in capital funds for OWEB.

In April 2010, the OWEB management team developed a plan to rebalance the OWEB Lottery Fund budget by setting aside \$800,000 in non-capital funds and \$4.5 in capital funds. The planned savings exceeded the revenue shortfall estimated in March 2010. The plan was examined by the Budget Subcommittee at two April 2010 meetings and reviewed by the full Board at the June meeting.

The three revenue forecasts subsequent to March 2010 show Lottery Fund revenues have stabilized. The September and December forecasts indicated that Lottery Fund revenue

earnings were slightly down but that a small overall increase in revenue was achieved from the addition of administrative savings. The forecasts suggest that the Lottery Fund revenue hole in OWEB's budget will remain, but may not be as large as anticipated last March. The next revenue forecast will be on February 15, 2011. The management team will continue to consider adjustments to our budget rebalance plan in response to this revenue forecast. We will keep the Budget Subcommittee and Board informed as we consider our options.

2. Federal Funds

Last summer OWEB was awarded \$15 million federal funds by NOAA Fisheries under the Pacific Coastal Salmon Recovery Fund (PCSRF) program. OWEB has relied on receiving additional PCSRF funds to help support non-capital grants and other program needs, especially in the second half of the biennium. At this time, OWEB does not currently have expenditure authority in its budget to utilize the new PCSRF funds. OWEB is working with legislative leadership to receive authority to expend additional federal funds this biennium. The next potential opportunity to receive legislative support for additional federal funds limitation will be during the initial months of the 2011 legislative session. If additional expenditure authority is not obtained, or if other remaining unallocated non-capital funds are "swept" away to build budgets for the 2011-2013 biennium, it is possible that some or all of the March 2011 Board awards may be delayed until funding is more certain. Additional information on the October 2010 grant cycle is contained in Agenda Item C-4.

B. 2011-2013 Budget Process

During the spring of 2010, the Board approved new budget proposals and reduction scenarios for OWEB's 2011-2013 Agency Request Budget (ARB). The ARB describes the agency's base budget, requests new funding for specific programs, and recommends priorities for reductions to current programs if there are insufficient resources to meet base budget needs.

OWEB's ARB was submitted to Governor Kulongoski's Office and the Department of Administrative Services (DAS) at the end of August for consideration and possible inclusion in the Governor's Recommended Budget (GRB) for the 2011-2013 biennium. In December 2010, Governor Kulongoski released his budget recommendations for 2011-2013. The recommendations did not include specific details on OWEB's or other agency budgets, but rather focused on the high-level recommendations developed by his Reset Cabinet to help balance a State budget that faces a \$3.5 billion General Fund revenue shortfall for 2011-2013.

At the time of writing this report, the transition team of Governor-elect Kitzhaber is putting together a Governor's Recommended Budget for 2011-2013. This document is expected to be released on February 1, 2011. Staff will update the Board with any new information on budget development at the January meeting.

C. 2011 Oregon Legislature

Ballot Measure 76 wasn't the only element of the November election to impact OWEB. Ballot Measure 71 also passed and will change the schedule for the 2011 legislative session. Ballot Measure 71 requires the Legislative Assembly to meet each year, limits regular sessions to 160 calendar days in odd-numbered years and 35 calendar days in even numbered years, and allows regular session to be extended by five days with an affirmative vote of two-thirds of the members of each chamber. Additionally, the November election will bring change to the Legislature over the coming months. A general description of what we know about the

legislative changes is set out below. Staff will update the Board with any new information at the January meeting.

1. Session Schedule

On January 10-12, 2011, the 76th Oregon Legislature will convene for a three-day Organizational Session. Activities will include opening ceremonies, swearing-in of members, First Reading of pre-session filed measures, mandatory trainings for members, and organizational meetings of policy committees. From January 13-31, 2011, the Legislature will not be in session. They will then convene on February 1, 2011, and committees will begin holding hearings on bills. Under the 160-day limitation, the legislative leadership has set firm deadlines for passage of policy bills with the anticipated end of the session on June 30, 2011.

2. Committee Information

The November election results have impacted the composition of membership in the House and Senate. At this time, the Senate is still controlled by the Democrats, but the House is evenly divided between the Republicans and Democrats. We know that the two parties have selected Representative Arnie Roblan (D, Coos Bay) and Representative Bruce Hanna (R, Roseburg) to be their co-speaker designees, but we do not have information about House committees.

Senate President Courtney recently announced committee chairs and members for the 2011 session committees. The membership of the policy committees most relevant to OWEB are listed below.

Senate Environment and Natural Resources Committee Membership

Jackie Dingfelder, Chair (D, Multnomah County)
Alan Olsen, Vice Chair (R, Clackamas County)
Mark Hass (D, Multnomah and Washington counties)
Floyd Prozanski (D, Douglas and Lane counties)
Chuck Thomsen (R, Hood, Clackamas and Multnomah counties)

Joint Ways and Means Committee Natural Resources Sub-Committee (Senate only)

Chris Edwards, Co-Chair (D, Lane County)
Jackie Dingfelder (D, Multnomah County)
Chuck Thomsen (R, Hood, Clackamas and Multnomah counties)

3. Legislative Policy Issues

OWEB will likely be engaged in more policy discussions during the upcoming legislative session than it has since the early years of the agency. This is due in large part to the passage of Ballot Measure 76, which will raise a number of implementation questions surrounding OWEB programs. More information on those issues is contained in Agenda Item E. Staff also anticipate a legislative proposal will be introduced to move forward some of the ecosystem services ideas generated from the Senate Bill 513 work group process staffed by OWEB over the past year. More detail on that issue can be found in Agenda Item M.

III. Recommendation

This is an information item only. No Board action is required.



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January 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item E: Ballot Measure 76
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report briefs the Board on the provisions of Ballot Measure 76, describes associated policy issues, and describes the status of implementing legislation.

II. Background

OWEB was created out of the Governor's Watershed Enhancement Board by the 1999 Legislature in response to the passage of Ballot Measure 66 in November of 1998. Measure 66 dedicated 15 percent of net lottery proceeds for parks and watershed protection and restoration, but was set to sunset in 2014 unless it was extended by voters. Of the 7.5 percent of the Measure 66 funded dedicated for watershed protection and restoration, 65 percent was required to be "used for capital expenditures," or on-the-ground restoration and protection projects and the remaining 35 percent could be used to support operational and other watershed enhancement activities.

In 2010, a coalition of conservation organizations filed an initiative to continue the lottery dedication and refine uses of the funds. Ballot Measure 76 qualified for the ballot in July and was passed by voters on November 2 with more than 69 percent of the vote.

III. Ballot Measure 76

Attachment A shows the edits to Article XV, section 4 of the Oregon Constitution as approved by voters through Measure 76. New language is shown in bold; deletions are shown in brackets and are italicized. Under the measure, 15 percent of Lottery proceeds continue to go to the Parks and Natural Resources Fund with 50 percent deposited in a Parks Subaccount and 50 percent deposited in a Natural Resources Subaccount.

Section 4b contains the language that affects the natural resources half of the lottery dedication, which in Attachment A begins on page two. Of the funds dedicated to natural resources, they are still split 65/35, but Measure 76 now directs the 65 percent for "grants to entities other than state or federal agencies for projects" to achieve defined outcomes, with 35 percent available for allocation by the Oregon Legislature for natural resource program support for similarly defined purposes.

Section 4b is now also divided into three subsections, instead of five purposes, guiding the use of the dedicated funds. Subsection 1 (page two) describes the overall uses of the dedicated lottery funds, including the outcomes that are supposed to be achieved through the grant fund. Subsection 2 (page three) describes the percentage of the subaccount dedicated to grants, limits the grant fund distribution to one agency, and defines eligible grant uses. Subsection 3 (page three) describes the activities that can be supported by the Legislature with the remaining funds.

Staff will walk the Board through the changes contained in Measure 76 and answer questions about its implications at the January meeting. In general, staff believe that what OWEB has been funding under Measure 66 is eligible for funding under Measure 76, but that we will likely need to make changes to OWEB's rules and programs because of the Constitutional language under Measure 76 and the implementing statutory language to be developed by the 2011 Legislature.

IV. Implementing Legislation

The language changed by Measure 76 will require statutory changes to implement. In addition to changing the name of the subaccount, which is currently in statute, the names of the two funds and eligible uses will also need to be updated.

The conservation coalition has been meeting to propose a set of statutory changes they feel need to be adopted to bring existing statutes into conformance with the constitutional changes enacted under Measure 76. Staff have recently begun meeting with the coalition to discuss shared interests and desires for the implementation language.

Tom Byler and representatives of the coalition presented to the House Interim Environment and Water and Senate Interim Environment and Natural Resources committees in December about Measure 76 implementation. Coalition members speaking included Bruce Taylor from Defenders of Wildlife, Jan Lee with the Oregon Association of Conservation Districts, and Tom O'Brien with the Network of Oregon Watershed Councils.

The Senate Interim Committee on Environment and Natural Resources Committee voted on December 15, 2010, to sponsor implementing legislation. A legislative concept has been drafted that will be filed and become a bill when the Legislature convenes on January 10.

Senator Jackie Dingfelder has convened a work group to resolve some remaining issues in the legislative concept and to develop amendments that will be the basis of discussion when the bill is before her committee in February. The work group is meeting for the first time on January 6, 2011. Staff will report on developments related to the bill and work group at the January Board meeting.

Staff have also developed a Measure 76 handout (Attachment B) and informational web page (www.oregon.gov/OWEB/M76_information.shtml) to help explain the issues around Measure 76 and describe implementation actions.

V. Recommendation

This is an informational item only. No Board action is required.

Attachments

- A. Measure 76 Language
- B. OWEB Ballot Measure 76 Handout

OREGON CONSTITUTION ARTICLE XV
Changes adopted by Ballot Measure 76
November 2, 2010

Section 4. Regulation of lotteries; state lottery; use of net proceeds from state lottery.

(10) Effective July 1, 1999, 15% of the net proceeds from the State Lottery shall be deposited in a parks and natural resources fund created by the Legislative Assembly. Of the moneys in the parks and natural resources funds, 50% shall be **deposited in a parks subaccount and** distributed for the public purpose of financing the protection, repair, operation, and creation of state, **regional and local public** parks, ocean shore and public beach access areas, historic sites and recreation areas, and 50% shall be **deposited in a natural resources subaccount and** distributed for the public purpose of financing the restoration and protection of native [*salmonid*] **fish and wildlife** [*populations*], watersheds[, *fish and wildlife habitats*] and water quality in Oregon. The Legislative Assembly shall not limit expenditures from the parks and natural resources fund, **or from the parks or natural resources subaccounts**. The Legislative Assembly may appropriate other moneys or revenue to the parks and natural resources fund.

Section 4a. [*Any state agency that receives moneys from the parks and natural resources fund established under section 4 of this Article for the public purpose of financing the protection, repair, operation, creation and development of state parks, ocean shores and public beach access areas, historic sites and recreation areas shall have the authority to use the moneys for the following purposes:*]

(1) In each biennium the Legislative Assembly shall appropriate all of the moneys in the parks subaccount of the parks and natural resources fund established under section 4 of this Article for the uses allowed in subsection (2) of this section, and to achieve all of the following:

(a) Provide additional public parks, natural areas or outdoor recreational areas to meet the needs of current and future residents of the State of Oregon;

(b) Protect natural, cultural, historic arid outdoor recreational resources of state or regional significance;

(c) Manage public parks, natural areas and outdoor recreation areas to ensure their long-term ecological health and provide for the enjoyment of current and future residents of the State of Oregon; and

(d) Provide diverse and equitable opportunities for residents of the State of Oregon to experience nature and participate in outdoor recreational activities in state, regional, local or neighborhood public parks and recreation areas.

(2) The moneys in the parks subaccount shall be used only to:

[(1)](a) Maintain, construct, improve, develop, manage and operate state parks, ocean shores, public beach access areas, historic sites, natural areas and outdoor and recreation (facilities, programs and) areas[.];

[(2)](b) Acquire real property, or interests therein, that has significant natural, scenic, cultural, historic or recreational values, [deemed necessary} for the creation or [and]

operation of state parks, ocean shores, public beach access areas, **outdoor recreation areas** and historic sites *[or because of natural, scenic, cultural, historic and recreational values]*; **and**

[(3)](c) Provide [Operate] grants [programs for] to regional or local government entities [deemed necessary to accomplish the public purposes of the parks and natural resources fund established under section 4 of this Article] to acquire property for public parks, natural areas or outdoor recreation areas, or to develop or improve public parks, natural areas or outdoor recreation areas.

(3) In each biennium the Legislative Assembly shall appropriate no less than twelve percent of the moneys in the parks subaccount for local and regional grants as authorized under paragraph (c) of subsection (2) of this section. However, if in any biennium the amount of net proceeds deposited in the parks and natural resources fund created under section 4 of this Article increases by more than fifty percent above the amount deposited in the 2009-2011 biennium; the Legislative Assembly shall appropriate no less than twenty-five percent of the moneys in the parks subaccount for local and regional grants as authorized under paragraph (c) of subsection (2) of this section. The grants shall be administered by a single state agency. The costs of the state agency in administering the grants shall not be paid out of the portion of the moneys in the parks subaccount appropriated for local and regional grants.

Section 4b. *[Moneys disbursed for the public purpose of financing the restoration and protection of wild salmonid populations, watersheds, fish and wildlife habitats and water quality from the fund established under Section 4 of this Article shall be administered by one state agency. At least 65% of the moneys will be used for capital expenditures. These moneys, including grants, shall be used for all of the following purposes:*

(1) Watershed, fish and wildlife, and riparian and other native species, habitat conservation activities, including but not limited to planning, coordination, assessment, implementation, restoration, inventory, information management and monitoring activities.

(2) Watershed and riparian education efforts.

(3) The development and implementation of watershed and water quality enhancement plans.

(4) Entering into agreements to obtain from willing owners determinate interests in lands and waters that protect watershed resources, including but not limited to fee simple interests in land, leases of land or conservation easements.]

(1) In each biennium the Legislative Assembly shall appropriate all of the moneys in the natural resources subaccount of the parks and natural resources fund established under section 4 of this Article for the uses allowed in subsections (2) and (3) of this section, and to accomplish all of the following:

(a) Protect and improve water quality in Oregon's river, lakes, and streams by restoring natural watershed functions or stream flows;

(b) Secure long-term protection for lands and waters that provide significant habitats for native fish and wildlife;

(c) Restore and maintain habitats needed to sustain healthy and resilient populations of native fish and wildlife;

(d) Maintain the diversity of Oregon's plants, animals and ecosystems;

(e) Involve people in voluntary actions to protect, restore and maintain the ecological health of Oregon's lands and waters; and

(f) Remedy the conditions that limit the health of fish and wildlife, habitats and watershed functions in greatest need of conservation.

(2) In each biennium the Legislative Assembly shall appropriate no less than sixty-five percent of the moneys in the natural resources subaccount to one state agency, and that agency shall distribute those moneys as grants to entities other than state or federal agencies for projects that achieve the outcomes specified in subsection (1) of this section. However, if in any biennium, the amount of net proceeds deposited in the parks and natural resources fund created under section 4 of this Article increases by more than fifty percent above the amount deposited in the 2009-2011 biennium, the Legislative Assembly shall appropriate no less than seventy percent of the moneys in the natural resources subaccount to one state agency, and that agency shall distribute those moneys as grants to entities other than state or federal agencies for projects that achieve the outcomes specified in subsection (1) of this section. In addition, these moneys shall be used only to:

(a) Acquire from willing owners interests in land or water that will protect or restore native fish or wildlife habitats, which interests may include but are not limited to fee interests, conservation easements or leases;

(b) Carry out projects to protect or restore native fish or wildlife habitats;

(c) Carry out projects to protect or restore natural watershed functions to improve water quality or stream flows; and

(d) Carry out resource assessment, planning, design and engineering, technical assistance, monitoring and outreach activities necessary for projects funded under paragraphs (a) through (c) of this subsection.

(3) In each biennium, the Legislative Assembly shall appropriate that portion of the natural resources subaccount not appropriated under subsection (2) of this section to support all of the following activities:

(a) Develop, implement or update state conservation strategies or plans to protect or restore native fish or wildlife habitats or to protect or restore natural watershed functions to improve water quality or steam flows;

(b) Develop, implement or update regional or local strategies or plans that are consistent with the state strategies or plans described in paragraph (a) of this subsection;

(c) Develop, implement or update state strategies or plans to prevent, detect, control or eradicate invasive species that threaten native fish or wildlife habitats or that impair water quality;

(d) Support local delivery of programs or projects, including watershed education activities, that protect or restore native fish or wildlife habitats or watersheds;

(e) Pay the state agency costs of administering subsection (2) of this section, which costs shall not be paid out of the moneys available for grants under subsection (2) of this section; and

(f) [(5)] Enforce[ment of] fish and wildlife and habitat protection laws and regulations.

Section 4c. The Secretary of State shall regularly audit a[A]ny state agency that receives moneys from the parks and natural resources fund established under section 4 of this Article [shall secure an independent audit, pursuant to section 2, Article VI of this Constitution, to measure] to address the financial integrity, compliance with applicable laws, efficiency and effectiveness [and performance of the agency receiving such moneys] of the use of the moneys. The costs of the audit shall be paid from the parks and natural resources fund. However, such costs may not be paid from the portions of such fund, or the subaccounts of the fund, that are dedicated to grants. [Each agency shall submit t]The audit shall be submitted to the Legislative Assembly as part of a biennial report to the Legislative Assembly. In addition, each agency that receives moneys from the parks and natural resources fund shall submit a biennial performance report the Legislative Assembly that describes the measurable biennial and cumulative results of activities and programs financed by the fund.



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December 14, 2010

TO OWEB Partners

FR Tom Byler, Executive Director

RE Ballot Measure 76 and OWEB

The recent passage of Ballot Measure 76 opens the door to new possibilities regarding OWEB's grant program. There are many questions about Measure 76 that will be considered over the coming months. OWEB will work closely with the newly-elected Governor and Legislature with the goals of making the transition to Measure 76 as seamless as possible for our applicants and grantees, and to lay the foundation for long-term local cooperative conservation funding strategies. The following questions and answers are intended to help frame the basic issues and actions that lie ahead.

What are the immediate effects of Ballot Measure 76?

- OWEB expects to continue to operate its grant programs with the funding allocated for the 2009-2011 biennium through June 30, 2011, under existing rules and processes.
- OWEB is not planning to make any immediate changes to its grant programs or funding schedule, although this may change based on direction from the Governor or 2011 Legislature, or due to funding availability.
- Generally, OWEB believes that what we've been funding under Measure 66 is eligible for funding under Measure 76.

What are the immediate next steps?

Regarding Ballot Measure 76:

- OWEB will work with the Governor, 2011 Legislature, and stakeholders on legislation to implement Measure 76 and determine how the funding is distributed for OWEB's 2011-2013 budget.
- In January, OWEB will begin an internal process to prepare for the transition to administering Measure 76 funds in July 2011.
- OWEB will discuss the policy and budget issues relating to Measure 76 at board meetings in January, March and June. The public will be notified if additional board meetings are scheduled.

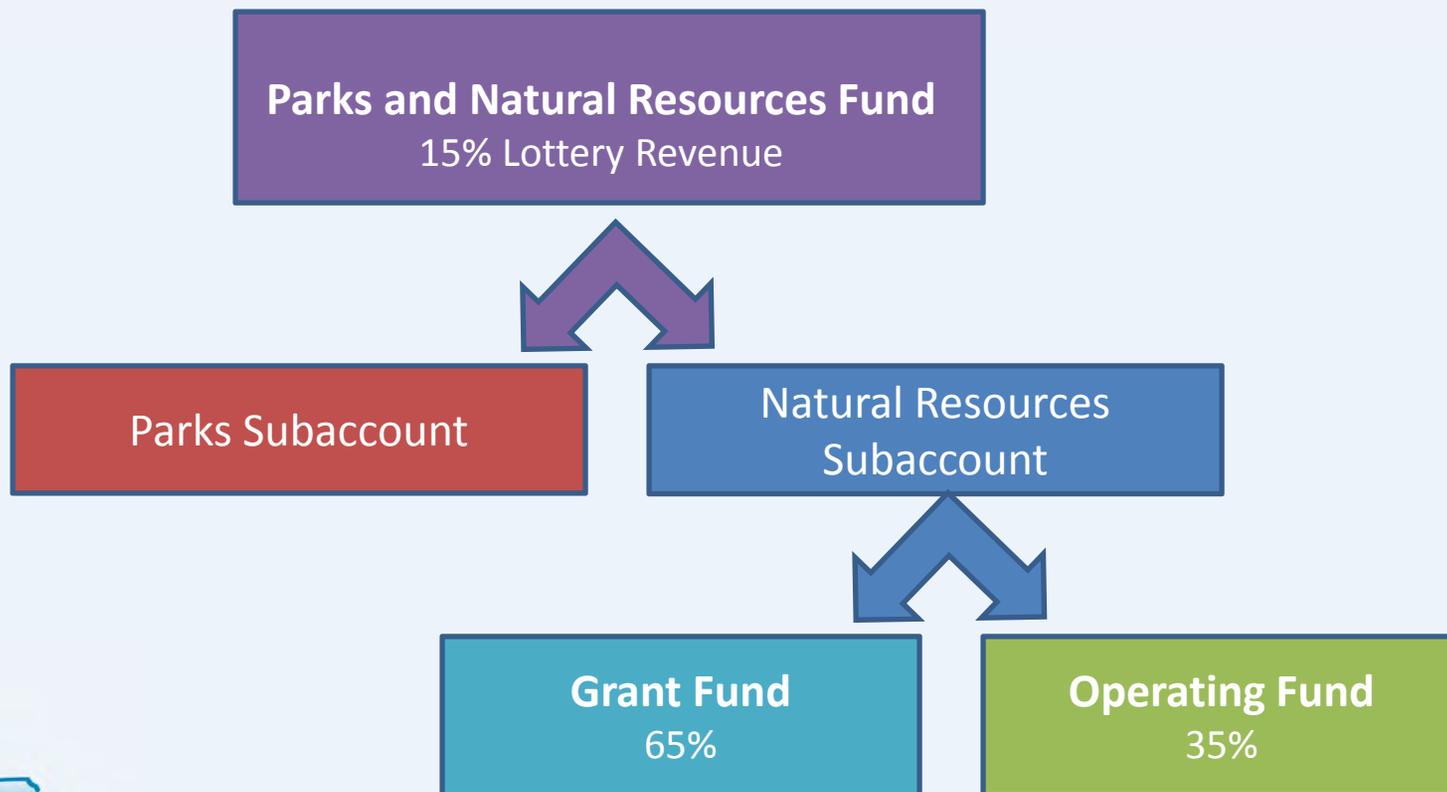
Regarding OWEB grant program offerings:

- OWEB anticipates completing the October 2010 grant cycle as planned in March of 2011, although as we've previously stated, there is still uncertainty about whether OWEB will have non-capital lottery and Pacific Coastal Salmon Recovery Funding available to support non-capital awards in March. It is possible that some or all Board awards for the October cycle may be delayed until at least June 2011.
- We expect to offer a grant cycle in April 2011 with Board awards in September 2011. The OWEB Board will consider what types of grants to offer for the April cycle at their January 2011 meeting. Funding for these grants will be contingent upon OWEB receiving a grant fund budget for the 2011-2013 biennium and will involve the distribution of Ballot Measure 76 funds.

What happens after the 2011 legislative session ends?

- OWEB will consider changes to rules and programs required by Measure 76 and the implementing statutory language. Emergency rulemaking may be required.
- In consultation with stakeholders, OWEB will develop a spending plan for the 2011-2013 biennium.
- OWEB will work with its stakeholders to consider long-term funding and policy priorities.

Measure 76



Natural Resources Subaccount

Natural Resources
Subaccount

6 Purposes

Water quality – restoration and flow
Protect lands and water
Restore and maintain habitats
Maintain biodiversity
Involve people
Remedy limiting factors

Grant Fund

65%

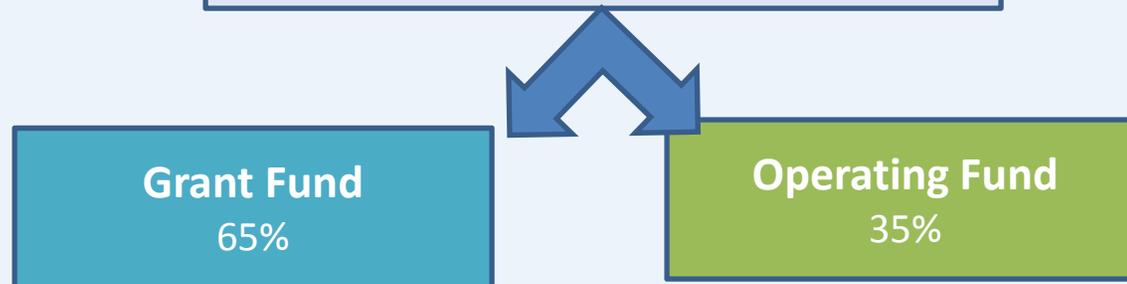
Operating Fund

35%



Natural Resources Subaccount

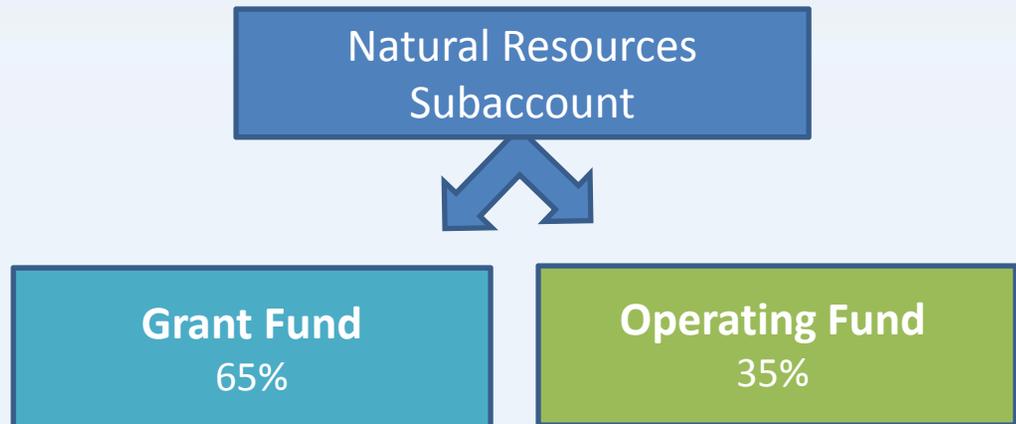
- Water quality – restoration and flow
- Protect lands and water
- Restore and maintain habitats
- Maintain biodiversity
- Involve people
- Remedy limiting factors



- (a) Conservation easements or leases
- (b) Projects for fish or wildlife
- (c) Projects for water quality or streamflow
- (d) Assessment, planning, design, TA, monitoring, outreach necessary for projects



Natural Resources Subaccount



(a) Develop, update or implement state strategies to protect and restore habitats, watersheds, water quality, stream flows

(b) The same as and consistent with (a), at a regional scale

(c) State strategies regarding invasive species

(d) Local delivery, education

(e) Agency operations

(f) Enforcement



M66

M76

35% Non-Capital

Agency operations

→ Operating Fund

Council and district capacity grants

→ Operating Fund

Interagency Agreements and contracts for Oregon Plan and other products

→ Operating Fund

Non-capital grants: technical assistance, monitoring, assessment, **education**/outreach, and **research**

→ Grant Fund

→ ? Operating Fund? Grant Fund?

M66

M76

65% Capital

Restoration and acquisition grants

→ Grant Fund

Agency staff and programs resulting in on-the-ground improvements

→ Operating Fund

M76

- Water quality – restoration and flow
- Protect lands and water
- Restore and maintain habitats
- Maintain biodiversity
- Involve people
- Remedy limiting factors

35% Operating Fund

Agency operations

Council and district capacity and watershed education

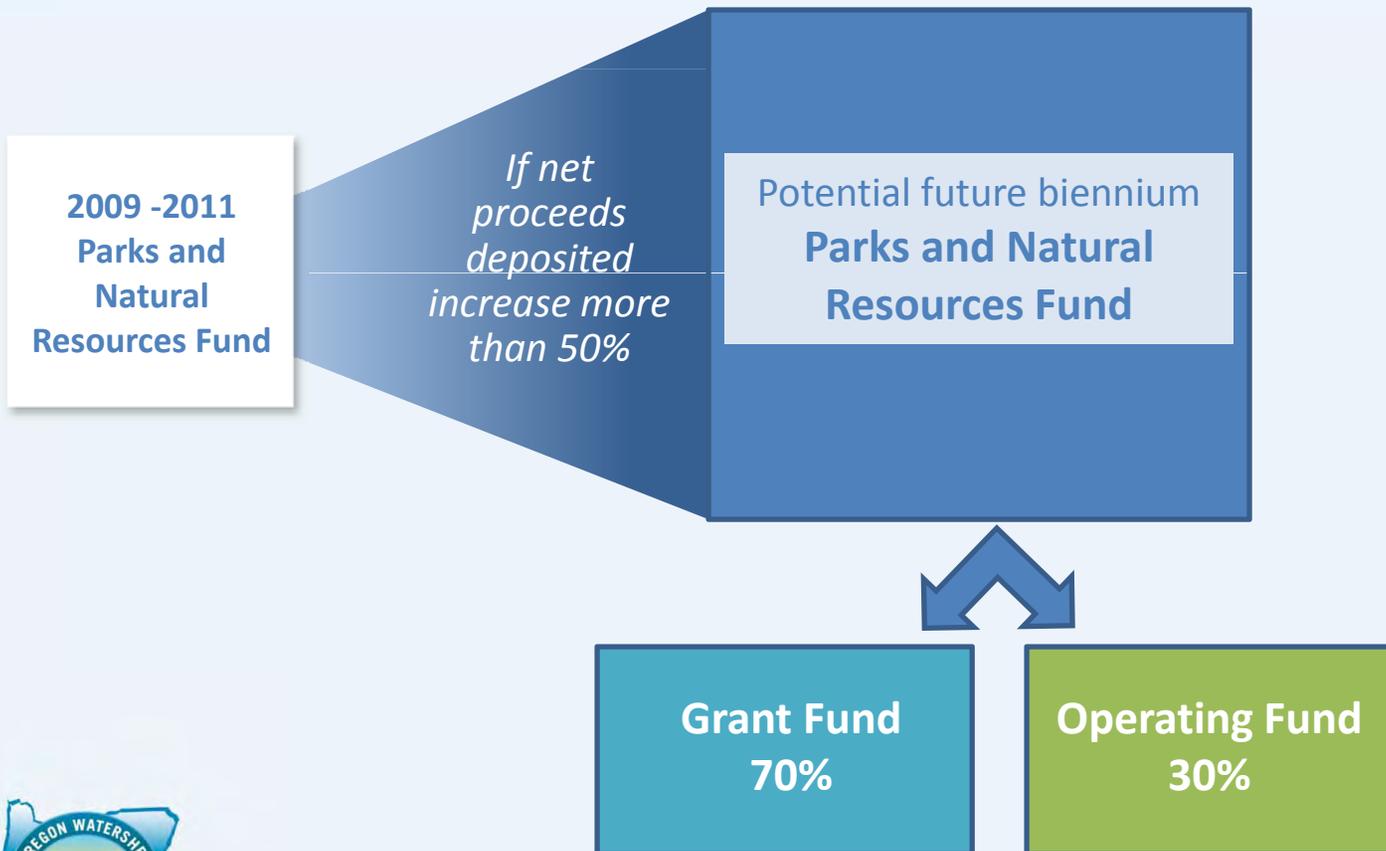
Interagency Agreements and contracts for Oregon Plan and other products

65% Grant Fund

Grants to entities other than state or federal agencies

Restoration and protection projects and related assessment, planning, design, technical assistance, monitoring (*research?*) and (*education?*) outreach.

If Lottery Proceeds Increase





Oregon

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January 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item H: Policy and Budget Discussion
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This agenda item is intended to serve as a starting point for a Board discussion concerning the numerous policy, budget and process challenges and opportunities facing OWEB in the coming year. Staff anticipate discussion of these issues will continue over the course of the year and inform future Board decisions. No Board action is requested at this time.

II. Background

As we enter the Ballot Measure 76 era, OWEB has the opportunity to refocus its strategic direction with a long-term horizon for conservation investments. The strategic direction will undoubtedly be influenced by the priorities of the Governor-elect and the Legislature. At the same time, OWEB and its stakeholders will have a unique opportunity to consider adjustments to priorities and programs that will now last well beyond the 2014 sunset date of Ballot Measure 66.

There are a number of factors that will make the 2011 legislative and budget deliberations challenging and could influence the future path of OWEB programs and priorities. As described in Agenda Item D, there is considerable uncertainty involving the overall state budget. The December 2010 revenue forecast suggests the Governor-elect and legislators will face a General Fund budget deficit that is approximately \$3.5 billion. Lottery Fund revenues are also expected to be down slightly for next biennium. It remains to be seen how the Governor-elect and the Legislature will respond to the budget crisis and what impact it will have on OWEB programs.

Another area of uncertainty involves the implementation of Ballot Measure 76, as described in Agenda Item E. It is not clear how the Legislature will interpret the new law, whether the Legislature will seek to amend the law through a subsequent referendum, and what changes might occur in how Lottery Funds are budgeted to OWEB.

The priorities of Governor-elect Kitzhaber will certainly influence OWEB budget and program priorities. Per Agenda Item F, staff hope to have the Natural Resources Policy Advisor for the Governor-elect meet with the Board and discuss the priorities of the new administration. At the time of writing this report, the appointment of this position had not yet been made.

III. Discussion

Staff are currently developing materials for the January meeting to help give the Board a sense of the range of legislative and administrative policy issues and budget questions that may need to be considered to prepare and plan for the 2011-2013 biennium and beyond. In addition to identifying key policy and budget issues, staff will also highlight ongoing program responsibilities to recognize existing workload demands and stakeholder expectations.

Staff anticipate that this initial discussion will help the Board to build a strong foundational understanding of the policy issues and opportunities, and an awareness of the timing for key decision points. Finding the right balance between taking on new initiatives, updating programs to meet the requirements of Measure 76, and continuing to effectively administer current programs will be challenging. It is hoped that this discussion, and future ones, will assist the Board in determining priorities and a path forward for the 2011-2013 biennium.

Staff plan to continue this discussion with the Board at the March and June meetings, informed by subsequent policy and budget decisions made during the 2011 legislative session.

IV. Recommendation

This is an informational item only.



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December 29, 2010

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item I: April 2011 Grant Cycle Offerings
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report proposes the Board revise the 2009-2011 grant cycle schedule to allow staff to solicit grant applications for Technical Assistance for the upcoming April 18, 2011, deadline.

II. Background

In OAR Chapter 695, Division 5, OWEB's rules direct the Board to announce the timing and type of grant applications to be considered. In June of 2009, the Board adopted a grant cycle schedule for the 2009-2011 biennium. For the April 18, 2011, grant deadline, the schedule currently includes a solicitation of Restoration and Acquisition grant applications only. Applications are posted to OWEB's website by the end of January, 2011, and the Board will consider grant awards for this solicitation at its September 2011 meeting.

Staff plan to propose a grant cycle schedule for all or part of the 2011-2013 biennium at the June 2011 Board meeting. The ability to propose a full schedule in June 2011 depends on the timing and results of the 2011 Legislative session with respect to OWEB's final budget and how the Legislature has directed implementation of Measure 76.

III. Budget Considerations

At present, we do not know with certainty how much funding will be available for the OWEB grant program during the 2011-2013 biennium. As discussed in Agenda Items D and H, Legislative and Budget Report and OWEB Policy and Budget Discussion, Lottery revenues have decreased, the state is facing a \$3.5 billion revenue shortfall, and there is uncertainty about the availability of Pacific Coastal Salmon Recovery Funds.

Measure 76 eliminates the distinction between capital and non-capital funds, instead directing 65 percent of the Natural Resources Subaccount to be distributed as grants to entities other than state or federal agencies for projects that achieve the overall purposes described in Measure 76. Depending on how the Legislature directs implementation of Measure 76, this could mean that the Board has greater flexibility in developing its spending plan, since funding targets for different types of grants will no longer be limited by the capital and non-capital legal restrictions on use of the grant funds. Under the Measure 66 lottery dedication, non-capital funds supported monitoring, assessments,

technical assistance, and education and outreach grant types that could not be funded with capital funds. Non-capital grant funds have been more limited than capital funds under Measure 66.

IV. April 18, 2011 Grant Cycle

Technical assistance grants meet important needs to provide engineering, design, and other guidance for development of restoration projects. In the 2005-2007 biennium, the Board directed limited non-capital funding to technical assistance grants. Beginning in October of 2005, technical assistance grant applications have been accepted at each grant cycle. Typically, the April cycle has been limited to offerings of Restoration, Acquisition, and Technical Assistance. Until we know more about OWEB's budget and how the Legislature directs implementation of Measure 76, we recommend continuing business as usual for the regular grant program.

Even though OWEB's 2011-2013 budget is not yet known, staff recommend soliciting Technical Assistance grant applications on the April 18, 2011, deadline for Board consideration at the September 2011 meeting. Staff are not suggesting a Board reserve of 2011-2013 funding at this time. Staff plan to propose a spending plan, and Restoration, Acquisition, and Technical Assistance funding recommendations that follow the proposed plan, at the September 2011 meeting.

Staff do not recommend soliciting grant applications for the other "non-capital" grant types (education, monitoring, and assessment) at this time. Future offerings for these grant types will be discussed in greater detail at the upcoming June and September Board meetings.

V. Recommendation

Staff recommend the Board revise the 2009-2011 grant cycle schedule to add the solicitation of Technical Assistance applications to the April 18, 2011, grant application deadline as shown in Attachment A.

Attachment

A. 2009-2011 Grant Cycle Schedule

2009-2011 Biennium Grant Cycle Deadlines and Board Meetings

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
April 20, 2009	Restoration/Acquisition Technical Assistance	September 15-16, 2009 (T-W) Region 5-Wallowa County
	N/A	January 20-21, 2010 (W-T) Region 2-Coos Bay
October 19, 2009	Restoration/Acquisition Education/Outreach Technical Assistance Monitoring	March 16-17, 2010 (T-W) Region 4-Hood River
	N/A	June 2-3, 2010 (W-T) Region 5-Baker City
April 19, 2010	Restoration/Acquisition Technical Assistance	September 14-15, 2010 (T-W) Region 1-Garibaldi
	N/A	January 19-20, 2011 (W-T) Region 3-Corvallis
October 18, 2010	Restoration/Acquisition Technical Assistance Education/Outreach Monitoring	March 15-16, 2011 (T-W) Region 3-Salem
January 18, 2011	Watershed Council Support	June 14-15 (T-W) Region 4-Bend
April 18, 2011	Restoration/Acquisition Technical Assistance	September 13-14, 2011 (T-W) Region 6-Hermiston



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January 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator

**SUBJECT: Agenda Item J: Local Capacity/Watershed Council Support
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This informational item provides a status report on the 2011-2013 Council Support process and schedule, a summary of the Watershed Council Listening Session Follow-Up at the Biennial Conference, and a report on discussions of the OWEB Council Support Board Subcommittee regarding potential future changes for the council support program.

II. Background

ORS 541.370(1)(e) directs OWEB to “grant funds for the support of watershed councils in assessing watershed conditions, developing action plans, implementing projects and monitoring results and for the implementation of watershed enhancement projects...” This section of OWEB’s statutes is not proposed for revision in the current draft of legislation to implement Measure 76. The Board has adopted rules for Council Support grants (OAR 695-040-0010 – 0070).

From 1997 through 2001, Council Support grant applications were accepted, reviewed, and awarded along with applications for other project types. In the 2001-2003 biennium, OWEB began processing Council Support applications on a two-year grant cycle to coincide with OWEB’s biennial budget.

As a result of Board and legislative direction in 2001, OWEB staff developed, and the Board adopted in 2002, its first set of rules for awarding Council Support grants through a merit-based approach. For the first time, the 2003-2005 Council Support applications were reviewed and ranked by a Council Support Advisory Committee. The rankings resulted in merit category placements, upon which funding recommendations were based.

The Board adopted additional rule revisions in March 2004 to more clearly describe the merit criteria to be used in evaluating applications. OAR 695-040-0050 describes evaluation criteria. OAR 695-040-0060 defines a grant evaluation process including review by a Council Support Advisory Committee (CSAC). Attachment A to this staff report is a flow chart depicting the current evaluation and funding process based on OWEB’s administrative rules.

For the 2009-2011 biennium, OWEB received 63 applications requesting a total of \$8.7 million. OWEB awarded grants to 63 councils for a total of \$6.1 million.

III. Status of 2011-2013 Council Support Process

The Board Council Support Subcommittee consists of Jim Johnson, Dan Thorndike, Alan Henning and Debbie Hollen. The Subcommittee will meet two to three times between January 2011 and June 2011 to continue discussions around the 2011-2013 watershed council support funding process, including discussions on the potential for “no fund” decisions, the evaluation and merit scoring results, and funding allocations.

The key Council Support process dates and deadlines are provided in the table below.

DATES	ACTIONS
November 2-18	Council Support Application Workshop for applicants held in Grants Pass, Bandon, Bay City, Salem, and Pendleton (at the Biennial Conference). Redmond training was canceled because no councils were planning to attend.
January 18	Council Support Application Deadline 5:00 p.m.
January 31-February 4	Council Support Advisory Committee Trainings (Troutdale, Pendleton, Eugene).
March 2	Council Support Advisory Committee “pre-discussion scores” due in Salem.
March 7-10	Council Support Advisory Committee application review meetings.
April 15	Staff recommended merit scores/tier rankings announced. Recommendations are not final until June Board decision.
May 6	Applicant comment letters due in Salem 5:00 p.m.
May 23	June Board meeting staff reports posted on OWEB web site
June 14-15	Board Award of Watershed Council Support Grants (Bend).
June 20	Council Support awards posted on OWEB web site
July 8	Grant Agreements signed and mailed to grantees for their signature (if legislature is done).

IV. Watershed Council Listening Session Follow-Up at the Biennial Conference

Goal 2 of OWEB’s Strategic Plan is to “support an enduring, high-capacity local infrastructure for conducting watershed conservation and restoration.” Strategy 2 under Goal 2 is to “evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding and promote strategic partnerships.”

In February and March, 2010, OWEB held six Watershed Council Listening Sessions around the state. These meetings were the first step in an ongoing assessment of council support funding and capacity building needs and actions. A follow-up meeting was held at the Biennial Conference in November 2010. The session was attended by eight councils representing four regions and both urban and rural councils. The Network of Oregon Watershed Councils and OWEB Board members Debbie Hollen and Alan Henning also attended. The session was available by

videoconference and can be viewed at <http://healthywatersheds.org/conference/2010-oweb-conference/2010-oweb-webcast/> (Two councils participated by videoconference.)

As previously experienced at the earlier Listening Sessions, each council has its own important issues and circumstances, and diverse comments reflect councils' different circumstances. A brief summary of comments is found at Attachment B.

There were two areas of general agreement:

- Attendees supported simplification and streamlining of the council support application and funding process (with recognition that a lot of work would be needed to develop the details of what this looks like).
- Many attendees liked the concept of a baseline level of council support funding, supplemented by a competitive, more merit-based funding for projects or for specific activities. A specific comment (paraphrased from meeting notes), "I understand the motivation for merit evaluation for council support, but the differences between councils makes it very difficult to judge merit, and calls more for a baseline funding level. A baseline funding level also reduces uncertainty and the overwhelming feeling that we can never do enough to compete in the merit evaluation." Another comment was, "use watershed council support to keep the doors open, and provide more flexible funding through administrative overhead in project grants."

V. OWEB Council Support Board Subcommittee discussions regarding potential future changes for the council support program

OWEB's Council Support Board Subcommittee has been discussing the future of local capacity and the watershed council support program. The direction and timing of changes will depend on several factors, including OWEB's legislatively adopted budget for 2011-2013; legislative direction through statutes to implement Ballot Measure 76; Governor-elect Kitzhaber's priorities and directions to agencies; OWEB staff's workload required to implement Measure 76; and the OWEB Board's spending plan and priorities that will be developed following the close of the 2011 legislative session.

On December 9, 2010, Board member Meta Loftsgaarden facilitated the Board Council Support "Super Subcommittee" (the four Subcommittee members, plus Skip Klarquist and Dan Heagerty) in a brainstorming discussion that included "landscape changes" that affect the capacity relationship between councils and OWEB; specific principles and desired outcomes for OWEB's council support program; identifying potential roles for partners in council support; and tools, priorities and timeframes for implementing adjustments to council support provided by OWEB.

Summary notes from the December 9 meeting are found at Attachment C. Some key observations from the meeting:

- The change from a 2014 sunset date under Measure 66 to indefinite funding under Measure 76 gives OWEB and interested stakeholders time to take stock of how Oregon should invest in council support and other programs.
- Organizational effectiveness and resiliency is important to councils' success. OWEB's rules should not limit councils' flexibility to adapt to change.
- The future of local capacity and council support involves honoring the grassroots tradition, while moving toward collaborative statewide priorities.

- There are insufficient funds for OWEB to be the sole capacity provider, and the council support grant process alone is not an adequate tool to achieve high-performing, effective councils.
- There is interest in working with the Network of Oregon Watershed Councils and other partners to utilize a “toolbox” of funding and other resources to help councils.

Attachment C (pages 2 and 3) outlines a series of recommended actions in three categories: **(1) Board leadership and priorities; (2) funding adequacy and capacity; and (3) application process and criteria.** The chart on page 4 identifies the recommended actions as “major” or “minor” and “easy to do” or “hard to do,” to help the Board determine timelines and how to prioritize tasks.

The suite of recommended actions based on the three categories can be summarized as follows:

- **Board Leadership and Priorities:** Statewide resource priorities developed by the OWEB Board are used to prioritize investments for projects and council support. Higher levels of capacity support is provided to councils that have higher capacity needs based on OWEB priorities. (Recommended actions 1a-1d)
- **Funding Adequacy and Capacity:** Conduct case studies of areas where watershed councils and soil and water conservation districts are co-located and sharing resources; and create a pilot program with meaningful incentives to increase operating efficiencies between councils and districts. (Recommended actions 2a-2b)
- **Application Process and Criteria:**
 - Develop a streamlined application and funding process for the 2013 council support grant cycle.
 - For 2015, develop a future vision for how council support funding will be provided.
 - Pending development of policies around future council support funding, and in order to allow staff the time to focus on developing the 2015 program, adopt a policy for 2013 to “hold the line” and not exceed the number of councils funded by OWEB in 2011 (no new applicants; no separate awards for councils that “split”). (Recommended actions 3a-3c)
 - Work with the Network of Oregon Watershed Councils to develop effectiveness standards, deliverables and clear roles to build council resiliency. (Recommended action 3d)

Attachment D is the draft Watershed Council Support Principles. Principles 1-3 are process principles for OWEB. Items 4-6 are “outcomes” for councils. Item 7 is a funding principle for OWEB. The purpose of the principles is to:

- Define what OWEB wants to see as the results of the OWEB council support program, i.e., what outcomes are intended from the investment?
- Provide a framework for answering recurring policy questions (e.g., funding new councils; approving or denying requests for solo funding)
- Provide the basis for potential future administrative rule changes (align OWEB council support program rules with the principles)

VI. Recommendation

This is an informational item. No Board action is requested at this time. The Super Subcommittee and OWEB staff would like feedback from the Board and OWEB's stakeholders.

Questions for the Board and stakeholders to consider with respect to the recommended actions include:

- *Do you think these actions are heading in the right direction?*
- *Do you have concerns with any of the recommended actions?*

Questions for the Board and stakeholders to consider with respect to the draft Watershed Council Support Principles include:

- *Do the principles provide enough definition of desired outcomes and results?*
- *Are they a sufficient framework for answering recurring policy questions?*
- *Are there other key principles you would like to see?*

At the March or June Board meeting, staff plan to recommend the following two action items for the Board:

1. Request the OWEB Board adopt a policy for council support funding in 2013 to "hold the line" and not exceed the number of councils funded by OWEB in 2011. This would require continuing the current policy of not accepting applications for solo funding from councils that are or have been part of an umbrella council; and may require revising OWEB's rules to allow OWEB not to accept applications from new councils that have never received OWEB council support funding.
2. Request the OWEB Board authorize staff to explore ways to streamline and simplify the council support application and funding process for 2013, including rulemaking if necessary.

Staff will develop a timeline and schedule for working with the Board Council Support Subcommittee, councils and other stakeholders on local capacity and council support priorities. Specific deliverables, priorities and timing will depend on several factors, including OWEB's legislatively adopted budget for 2011-2013; legislative direction through statutes to implement Ballot Measure 76; Governor-elect Kitzhaber's priorities and directions to agencies; OWEB staff's workload required to implement Measure 76; and the OWEB Board's spending plan and priorities.

OWEB 2011-2013 Council Support Evaluation Process

October 12, 2010
Application and evaluation materials posted on website.

November 2-18, 2010
Six application workshops around the state.

January 18, 2011
Applications due to Salem OWEB Office by 5:00pm.

January 24, 2011
*Council Support applications sent to Council Support Advisory Committee (CSAC) for review and preliminary scoring.
 (See Sidebar A)*

A) *The Council Support Advisory Committee (CSAC) consists of at least two reviewers from each region and at least three state wide reviewers. OAR 695-040-0060 (1)(a)*

January 24-28, 2011
OWEB staff review applications for eligibility and score Section VII: Organizational Information

January 31-February 4, 2011
Three CSAC trainings around the state.

March 2, 2011
CSAC preliminary application scores due to OWEB staff. Reviewers develop scores for each application, scoring against the criteria, not scoring applications against each other. (See Sidebar B)

B) *Criteria #1: 0-5 points (6%) A well organized council is committed to organization improvement.*

Criteria #2: 0-5 points (6%) A well organized council is engaged in active management of the organization.

Criteria #3: 0-10 points (12%) A well organized council has an effectively functioning organization and governance structure, and is increasing citizen participation.

Criteria #4: 0-5 points (10%) An effective council takes a leadership role in watershed activities.

Criteria #5: 0-5 points (8%) An effective council plans strategically.

Criteria #6: 0-10 points(13%) An effective council works collaboratively with partners.

Criteria #7: 0-5 points (25%) An effective council makes progress toward goals.

OWEB Evaluation of Organizational Information 0-5 points (20%)



March 7-10, 2011
CSAC meets to develop a consensus team score for each application. OWEB Regional Representatives are available to answer reviewers' questions and provide comments on the evaluation criteria with respect to applications. OAR 695-040-0060(1)(b)



March 14-17, 2011
OWEB staff may request Director approval of a criteria score adjustment for an application if staff believes that any specific criteria score is a "gross anomaly." (See Sidebar C)



March 21-24, 2011
OWEB staff take the CSAC consensus scores (as adjusted, if applicable) and the OWEB score from questions 30-36 and apply weighting formula to develop a merit score for each application. (See Sidebar D)



March 25-30, 2011
OWEB staff develop merit categories for ranges of scores (Excellent, Very Good, Good, Satisfactory, Needs Improvement). Merit categories are determined by looking for natural breaks between ranges of scores. For example, if there is a cluster of scores between 99-92 and then another cluster between 89-80, then the natural break between merit categories would be between 92 and 89.



C) *If staff find a "gross anomaly" in a criteria merit score, staff may develop a memo to the Grant Program Manager and Director documenting reasons to change the score. "Gross" means "very noticeable especially for being incorrect or bad, e.g., a gross mistake(s) that somebody should have caught." "Anomaly" means "inconsistent with or deviating from what is usual, normal, or expected"; "irregular."*

D) *Merit scores range from 0-100. The factor is calculated by taking 100 times a criteria's weighted percentage and then dividing that number by the total number of points eligible for that criteria to get the factor. To develop the final score for each criteria the factor for each criteria is multiplied by the actual score a council received for that criteria. All the scores for each criteria are added together to get the final score.*

Criteria	Total	Weight	Piece of 100	Factor
1	5	6%	6	1.2
2	5	6%	6	1.2
3	10	12%	12	1.2
4	5	10%	10	2.0
5	5	8%	8	1.6
6	10	13%	13	1.3
7	5	25%	25	5.0
OWEB	5	20%	20	4.0



Week of April 18, 2011
OWEB Board Council Support Subcommittee discusses merit category rankings.



April 22-25, 2011
Staff recommendations on merit rankings and draft funding levels sent to OWEB Board, applicants, and CSAC.



May 6, 2011
Comment letters due to Salem OWEB office by 5:00pm.



June 14-15, 2011
OWEB Board meets to award Council Support grants.

Summary of Comments, Listening Session Follow-Up at Biennial Conference

What do you want to get out of today's session?

- I haven't been involved in council support so I am learning. Also interested in what is happening with Measure 76 implementation.
- Council support process is time consuming for applicants and reviewers and interested in how it can be made easier.
- I attended the Listening Sessions and want to keep up to date
- I want to know what is coming out of the Listening Sessions and how Measure 76 will change OWEB programs.
- I want to keep up to date; yes to streamlining!
- I want to hear from others about their challenges, for example, in reporting volunteers and match time.
- I want to hear what's next and I like the idea of shorter applications.
- I'm interested in the process and organizational development at OWEB and how the Network can help councils make a strong case for support from other funders.
- I'm here to learn more.
- I want to hear the latest. The grant application creates competition between councils. The Network's idea about effectiveness standards for councils will require a lot of dialogue but it could get us away from the hamster wheel.

Comments/Questions on Draft Council Support Principles

- Principle #2 uses the term "circumstances," what is meant by that and is it intended to indicate that councils have different circumstances?
- Principle #6 about stakeholders: people in the community are the stakeholders. Some stakeholders may choose not to come to the table. OWEB should not have a preconceived idea about who should be there. Reviewers don't know how the different communities function so how can they evaluate this?

Comments on the current council support application and funding process

- The current process puts too much emphasis on organizational structure and function vs. accomplishments
- Councils are so different and have such different histories, it's hard to deal with that in the current process
- Our council does a lot of work on the ground and works closely with the SWCD, but is our Board structure exactly what OWEB wants?
- Reviewers should look at past council support application evaluations and how the council addressed the comments.
- The current process is very time consuming.
- You have to make sure to take time out from projects and other work to fill out the grant application. It took at least a month to fill out the application last time; that was my first time and maybe it will take less time now.
- If an area is not served by a watershed council, a group may form – can they apply and become a council?

- Is the role of OWEB to foster capacity building for councils or continue to fund councils that have shown merit in the past? OWEB should allow councils to form and re-form.
- SWCDs get technical assistance from NRCS and councils don't.

Comments on simplified application and funding process & base funding vs. merit process

- Merit evaluation is an important incentive, if everyone just gets a base amount of funding, people won't try as hard
- Can you measure efficacy of councils "here they are" in the community, in time, etc? Having investments creates investments.
- The business model for watershed councils doesn't work. A core amount of money is needed just to keep the doors open. We are not functioning at a business model with all of our needs met. A baseline level of funding should be considered.
- Should there be a different level of funding for different parts of the state?
- Should there be a different "start up" funding level? Why penalize councils that have had staff turnover?
- I like the merit evaluation concept, but the competition it creates among councils bothers me.
- What are OWEB's standards for councils?
- Councils should not rank higher in merit because they do more projects.
- My council is a facilitator, not a project implementer – the SWCD is the implementer – but money is in the Restoration projects and this hamstringing the council's funding opportunities.
- What about providing a base level of funding for councils, and merit categories for things like education/outreach and restoration?
- Watershed councils are stakeholder groups. Could a merit system be developed based on stakeholder groups rather than projects?
- I understand the need for merit, but the differences between councils calls for baseline funding level, which also takes out the uncertainty and felling that "I'm not doing enough" and "we feel we are being compared." Supports baseline funding and additional merit category funding.
- The Oregon Plan paradigm can't be competitive; competition is not positive. Need to maintain the Oregon Plan delivery system. Base funding is needed. What is the upper limit of funding? What type of geographic coverage?
- Use watershed council support funding to keep the doors open, and supplement it with more flexible administrative overhead through project funding.
- I support a higher base amount of funding and competitive supplemental funding to address coordinator anxiety, fear and turnover. Staff turnover slows down projects.
- "Add on" funding to the base level of funding should incentivize performance. We need to expand the pie, not take from a smaller pie.

December 9, 2010 Council Support Super Subcommittee notes

Landscape Changes over the last 15 years that affect how OWEB may think about council support:

- Change from 2014 sunset under Measure 66 to permanent funding with no capital/non-capital distinction under Measure 76. We have time to take stock of how we want to invest.
- Current council support rules regarding accountability were a result of a legislative budget note (not a law) – use of merit process for capacity funding
- Councils/OWEB have increased credibility
- Current budget climate will limit funding pie
- Increased number of councils, but funding hasn't kept pace
- Councils are increasingly sophisticated
- Changing character of councils (ie urban councils)
- Network of Oregon Watershed Councils
- Recognition that OWEB is not the only funding game in town
- Broader discussions are now occurring between councils and SWCDs
- Changing expectation of timeframe to solve natural resource issues – recognition that watershed health is ongoing
- Potential Son of Measure 76 – unknown implications (25-year funding, tie to general fund performance, etc.)
- Use of other funds (PCSRF) for council and district support where geographically appropriate
- State budget uncertainty in 2011-2013
- Some councils are becoming non-profits; changes their ability to take funding
- Councils splitting or wanting to split; and new, smaller councils forming
- Involvement of Meyer Memorial Trust, model watersheds and SIP/other partnership investments
- The number of upland projects is increasing
- Increasing workload on staff (both OWEB and councils)

Outcomes: What do we want the landscape to look like 6 years from now?

Describe characteristics of a successful council supported by OWEB;

- More consistency for coordinators in their positions
- Council members have shared vision, clear statement of mission/purpose
- Council board broadly represents community with healthy turnover
- Councils have defined assessment/updated plan and a good record of implementation
- Watershed council board is involved and works to increase organizational capacity
- Watershed councils have internal and external flexibility to adapt to change and OWEB's rules don't limit that flexibility

What are people saying about councils?

- Councils are viewed as a critical player in local watershed health
- People recognize councils based on their successful implementation of projects
- Councils understand what it takes to be successful as an organization (fiscal infrastructure, diverse fund-raising, strong and engaged Board, etc.)
- Watershed councils are organizationally resilient

What are councils and other partners saying about OWEB's support of councils?

- OWEB capacity support funding is a minority of dollars obtained by councils
- OWEB funds are consistent and predictable beyond current biennium
- OWEB has made good investments and is recognized as an important component of a community's ability to address watershed health
- Non-performing councils are not funded if they don't meet a basic bar that includes active board engagement
- No councils are in the 'needs improvement' category
- The OWEB capacity support process is navigable, streamlined, efficient and clear
- OWEB has defined the 'size' of councils we're willing to fund
- Watershed councils statewide have a core of stable council infrastructure in key areas combined with flexibility for councils that work on project-by-project basis
- OWEB has successfully coupled resource needs with council performance to support watershed councils – we've found the 'sweet spot', honoring the grassroots tradition while moving toward collaborative statewide priorities
- OWEB can accurately measure progress and success at both the council and statewide levels

How is OWEB working with its partners?

- The Network of Oregon Watershed Councils is instrumental in helping councils to self-police
- There is clarity around the roles of the Network of Oregon Watershed Councils and OWEB in supporting strong watershed councils
- OWEB has worked with partners to coordinate diversified tools to support the capacity of watershed councils
- OWEB has clearly defined a successful watershed council and worked with partners to develop a path to achieve success
- OWEB and its partners have clarity regarding the paths that watershed councils follow and have ways to help councils on those paths/trajectories – one size doesn't fit all and OWEB's funding recognizes that
- OWEB and partners utilize an established 'toolbox' of funding and other resources to help successful watershed councils
- OWEB and partners have assessed local capacity and identified gaps and areas for improvement statewide amongst both councils and districts

If we are to achieve the outcomes identified, what needs improvement?

1. Board Leadership and Priorities

- Lack of board input into priorities and associated projects; this also ties to selection of watershed councils to fund
- Watershed councils drive process to establish local priorities; OWEB doesn't articulate statewide priorities
- Basin priorities don't drive funding
- Lack of resolution around top-down vs bottom-up approach for addressing priorities
- Board hasn't developed a consistent vision
- Lack of clear policy on what we'll fund, how much and why

Recommended Actions:

- a. Board develops statewide priorities based on existing conditions (ESA, Clean Water Act, major trends, mission performance and potential for meaningful accomplishments)
- b. Regional Review Teams advise OWEB on priorities from a basin and regional perspective

- c. Based on above items, board and staff identify investment priorities before grants (project or capacity) are submitted; higher funding for those watershed councils that will have higher capacity needs based on priorities
- d. Board and staff will check in on priorities each biennium

2. Funding Adequacy and Capacity

- The council support grant process alone is not an adequate tool
- Lack of clearly defined funding relationship between watershed councils and OWEB
- Fragmentation of all of OWEB's funding processes
- Councils don't have long-term, stable funding
- Concern whether watershed councils (and districts) share resources with each other
- Difficulty of affecting change – entrenchment and entitlement (at all levels)
- Insufficient funds for OWEB to be sole capacity provider

Recommended Actions:

- a. Complete a study of areas where councils and SWCDs are co-located and sharing resources; identify why it's working and whether it has achieved efficiency gains and opportunities for improvement
- b. Create a pilot program with meaningful incentives in each region to increase efficiencies between watershed councils and SWCDs
 - OWEB seeks districts and councils to pilot test co-location
 - OWEB funds to the council and district will be used to:
 - Pay a living wage and benefits for staff
 - Hire additional support staff
 - Provide for an operating budget
 - Seed projects that are important to both the council and district
 - Council and district share expertise and resources and jointly plan and carry out projects
 - For the pilots; consider the OWEB funds for district and council as one shared pool

3. Application Process and Criteria

- Watershed council financial needs are not considered in awarding funds
- The application process is challenging for OWEB and councils
- If we fund councils that split, encourages more splitting
- Council support funding needs to be easy, regular and predictable
- Need streamlined application process that shifts the emphasis from filling out a detailed application to reporting results

Recommended Actions:

- a. Request that OWEB Board adopt a policy for council support funding in 2013 to “hold the line” and not exceed the number of councils funded by OWEB in 2011.
- b. Develop streamlined application and funding process for the 2013 council support grant cycle.
- c. For 2015, Board and staff will develop future vision for how council support funding will be provided to address identified outcomes and improvement areas.
- d. Staff will work with the Network of Oregon Watershed Councils to develop effectiveness standards, determine deliverables and roles to build council resiliency.

Identification of staffing needed to complete task and level of improvement gained by items (this will help the board to determine timelines and how to prioritize tasks)

Major	Request that OWEB Board adopt a policy for council support funding in 2013 to “hold the line” and not exceed the number of councils funded by OWEB in 2011.	For the 2015 council support grant cycle, Board and staff will develop a vision for how council support funding will be provided
		Staff will work with Network of Oregon Watershed Councils to develop organizational effectiveness standards, determine specific deliverables, and clarify roles to build council resiliency
		Develop streamlined application and funding process for the 2013 council support grant cycle.
		Board develops statewide priorities based on existing conditions (ESA, Clean Water Act, major trends, mission performance and potential for meaningful accomplishments)
		Board and staff identify investment priorities before grants (project or capacity) are submitted; higher funding for those watershed councils that will have higher capacity needs based on priorities
		Create a pilot program with meaningful incentives in each region to increase efficiencies between watershed councils and SWCDs
Minor	Regional Review Teams advise OWEB on priorities from a basin and regional perspective	
	Board and staff will check in on statewide priorities each biennium	
	Complete a study of areas where councils and SWCDs are co-located and sharing resources; identify why it’s working and whether it has achieved efficiency gains and opportunities for improvement	
	Easy to do	Hard to do

DRAFT OWEB Watershed Council Support Principles

1. Any significant changes to council support funding should be phased in to allow councils enough time to adjust to, and plan for, the changes. The 2013-2015 council support grant cycle is the earliest OWEB would implement significant changes.
2. OWEB's watershed council support funding process should be fair, transparent, understandable, simplified and tailored to the circumstances that OWEB provides continuing support to organizations over many years.
3. OWEB's watershed council support funding should:
 - A. Provide a base level of funding to help support adequate operations, with a simplified application and award process;
 - B. Provide competitive, supplemental funding to promote and encourage performance; and
 - C. Not provide funding for councils that are not adequately performing or aren't achieving desired outcomes.
4. Councils that receive OWEB council support funding should meet basic standards of organizational function and accountability (either internally or through external means), such as
 - Board function
 - Personnel management
 - Systems and training
 - Financial management/planning

OWEB is interested in working with the Network of Oregon Watershed Councils around organizational effectiveness standards for councils, or using other third-party information, rather than requesting separate information about organizational function and accountability.

5. The Board and members of a council that receives OWEB council support funding are expected to actively seek to include representatives of all purpose-related stakeholder interests in the watershed(s) served by the council.
6. Councils that receive council support funding must be active in the community, reaching out to stakeholders, building community around watershed restoration, and their actions must result in on-the-ground projects that restore, protect and enhance watershed health.
7. Where appropriate and where it is needed to address OWEB's resource priorities, it is important for a watershed to have at least one well-functioning watershed council, soil and water conservation district or other watershed organization.



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December 29, 2010

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Miriam Hulst, Acquisitions Specialist
Ken Bierly, Deputy Director

**SUBJECT: Agenda Item L: Deferred Land Acquisition – Waite Ranch (#211-102)
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This staff report provides information about a fee title acquisition application in the Siuslaw Estuary, previously deferred by the Board for due diligence review. Due diligence is complete and the application is now ready for funding consideration.

II. Summary of Grant Application

The McKenzie River Trust (MRT) requests \$595,000 to purchase a 217-acre agricultural property in the Siuslaw River estuary in Lane County. The property is appraised at \$750,000. MRT proposes to purchase the property, which is diked, to restore historic tidal wetlands. The restoration will be implemented by the Siuslaw Basin Partnership (Partnership), which consists of representatives from the Siuslaw Watershed Council (SWC); McKenzie River Trust; Siuslaw Soil and Water Conservation District (SWCD); Siuslaw National Forest; Oregon Department of Fish and Wildlife; Oregon State University; Ecotrust; and the U.S. Fish and Wildlife Service.

To accomplish the restoration, the Partnership plans to relocate a power line that serves a neighboring property, and remove the farm infrastructure, the tide gate affecting tidal flooding, and a portion of the dike that surrounds the property. The Partnership will excavate tidal channels if necessary to catalyze natural tidal restoration processes, and reestablish native vegetation in areas that do not naturally regenerate by tidal action. The Partnership anticipates completing the restoration by 2016.

MRT has begun project discussions with the Oregon Department of Transportation (ODOT), whose support is critical because Highway 126 is adjacent to the property and must be protected from flooding. MRT has also engaged private landowners who own neighboring properties, to ensure that restoration is carried out in a manner that protects their property interests.

III. Ecological Benefits

The application describes the property as “a working wetland – a grazed, diked, former tidal wetland that is currently a freshwater marsh” vegetated by a mixture of non-native pasture

grasses and native freshwater wetland grasses, sedges, and rushes. Although freshwater marsh is an OWEB priority ecological system, the application acknowledges that freshwater marsh is not the type of wetland the property contained before it was diked for agriculture, nor is the property functioning at full ecological potential in its current wetland state.

The Partnership expects that restoration will result in the following ecological systems, with approximated acreages: intertidal mudflats (132 acres); intertidal salt marsh (59 acres); lowland nonlinear forested wetlands/Sitka spruce forest/tidally influenced freshwater wetlands (14 acres); and Sitka spruce forest/lowland riparian woodland (six acres). Furthermore, the application states that after restoration the property is expected to contain approximately 21 miles of Essential Fish Habitat.

The application states that the property currently contains no rare or at-risk plant communities, but that the site was historically a crabapple/Sitka spruce tidal swamp, an especially rare wetland type. The application states that after the property is restored, it's likely to benefit a myriad of OWEB priority species, including coho salmon, steelhead, Chinook salmon, marbled murrelet, dunlin, band-tailed pigeon, willow flycatcher, Pacific-slope flycatcher, rufous hummingbird, white-footed vole, northern red-legged frog, greenish blue butterfly, spotted tailedropper, and Henderson's checkermallow.

The application states that the project is consistent with all of OWEB's conservation principles, and therefore it will: 1) protect a large, intact area; 2) stabilize an area on the brink of ecological collapse; 3) secure a transition area; 4) restore watershed function; protect a site with exceptional biodiversity; 5) improve connectivity of habitat; and 6) complement an existing network of conserved sites.

The application contains extensive information about the water quality benefits the project might have when restoration is completed. Among the information is the statement that data collected in the Yaquina River estuary show an average temperature difference of five degrees between diked and natural tidal marshes during the critical spring rearing period for juvenile salmon.

The Region 1 Review Team (RRT) was very supportive of the project, stating that it is an outstanding opportunity to restore tidal wetlands at the freshwater-to-saltwater transition zone of the Siuslaw River, an especially important area for migrating salmon. The RRT noted that the project would add to a network of conserved properties, which includes Cox Island Preserve owned by The Nature Conservancy, and a Duncan Island property encumbered by an OWEB-funded conservation easement. The RRT also noted that the property's elevation gradient will result in diverse restored conditions, ranging from tidal mudflats to forested wetlands. The RRT agreed that although it will take time for certain wetland types to reestablish, returning tidal flows to the property will nonetheless have immediate benefits for fish. In summary, the RRT concluded that the project has high ecological value.

IV. Capacity to Sustain the Ecological Benefits

The application states that MRT and the SWC are finalizing a Memorandum of Agreement that will establish roles and responsibilities for the project over time. MRT's primary roles will be acquiring, owning, and managing the property over the long-term, and fundraising for restoration. The SWC's primary role will be overseeing restoration. The application states that the SWC has full-time staff that design, implement, and monitor restoration projects on an ongoing basis. A technical advisory group, led by a well-respected wetland biologist, will serve

as the primary decision-making body for setting goals, implementing the final restoration design, and coordinating long-term monitoring. MRT will ultimately take responsibility for everything that happens on the property. MRT is currently exploring the addition of capacity to its coastal program, including the addition of staff based in Florence or another nearby coastal community.

The RRT felt that, at the time of its project review, the Partnership did not seem to have adequately explored how the adjacent landowner might be impacted by dike removal, but that the Partnership nonetheless has the necessary momentum, commitment, expertise, and capacity to design and implement a project that will return the property to full ecological function while protecting neighboring properties and infrastructure. Since the RRT's review, the MRT has had conversations with neighboring landowners to start the process of ensuring that the project does not negatively affect their properties.

V. Educational Benefits

The project partners have begun education and outreach efforts, which the application states include well-received project presentations at SWCD and SWC meetings. The partners will expand their outreach to include tours and presentations at local civic organizations and schools. Periodic articles will be published in partner newsletters and on web sites. Similar articles will be submitted to newspapers and radio stations serving western Lane County. The property will be a point of interest on the Siuslaw Water Trail. The application states that the project partners will explore the possibility of public involvement in the development of educational opportunities at the property, including an interpretive pull-off from Highway 126. The application also states that the project will create significant research opportunities which will enhance understanding of tidal wetland restoration outcomes.

The RRT similarly felt that the project partners have not developed as robust an education strategy as the project deserves, but felt confident that the partners will subsequently do so, and agreed that the SWC has a track record of high-quality educational programs. The RRT also agreed that the restoration will present very good research opportunities. In summary, the RRT concluded that the project has high educational value.

VI. Project Support and Community Effects

The application states that the project is strongly supported by a wide variety of organizations such as the City of Florence; ODOT; The Wetlands Conservancy; Oregon Habitat Joint Venture; The Nature Conservancy (TNC); NOAA Fisheries; the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians; and the Partnership organizations.

Current annual property taxes for the properties total approximately \$1,200. The application states that the taxes will continue to be paid. The property will be rolled from the farm deferral special assessment category into the recently adopted conservation easement special assessment category, and thus there will not be an appreciable difference in the amount of taxes paid.

VII. Financial and Legal Terms

MRT has secured \$155,000 in matching funds from the Northwest Wildlife Conservation Initiative (NWCI), supported by the Doris Duke Foundation and administered by TNC. The landowner has voluntarily pledged \$25,000 to a stewardship fund for the property. The NWCI funds must be used before the Board meets in January 2011. Therefore, MRT will purchase the property before the Board's funding decision. MRT understands that this will not influence the

Board's funding decision, and that the Board is not responsible for any financial consequences of the pre-award purchase.

The Partnership has applied for several baseline monitoring, restoration planning and design, and restoration implementation grants (not from OWEB), and has to date secured grants totaling \$129,000. MRT has a \$442,000 request under consideration by a funder, and by February 2011, will have submitted a \$100,000 request to another funder. The Partnership has received positive initial feedback from prospective funders.

A. Property Title

Review of the property's title revealed several easements, one of which was a right to build a power line in an unclear location. The holder of the easement opted to extinguish it. The rest of the easements pose minimal threat to the property's conservation values.

Although not a title reservation, the seller has a long-standing access agreement with a neighboring landowner. The neighbor, who reaches his land by boat, uses a boat dock on the property. The neighbor's electricity is also supplied by a line that crosses the property. MRT had agreed to continue these arrangements. MRT will relocate the power line and boat dock as needed to fully restore the property. The power line and boat dock will remain in place until the neighbor sells his property.

B. Environmental Site Assessment

The environmental site assessment (ESA) did not identify evidence of potential adverse environmental impact on the property, and concluded that no further environmental assessment of the property is warranted. The Department of Environmental Quality's review of the report did not identify any recognized environmental conditions on the property.

Although the ESA concluded that no further environmental assessment is needed, it noted that one of the property's two residential structures might contain asbestos and lead-based paint. The ESA recommends that asbestos and lead testing, and abatement as needed, be conducted before the structure is demolished. The ESA also recommends that an empty diesel tank, a compressor unit, and unused greases or oils, and pesticide products be properly removed from the property as part of the removal of the farm infrastructure. The property's septic system needs to be decommissioned in accordance with all applicable laws and regulations.

C. Other Due Diligence Results

Review of the purchase option agreement did not reveal risks to an OWEB conservation investment in the property. The option does not require the landowner to make a donation to MRT or a third party.

MRT has agreed to OWEB's standard conservation easement for the property. The easement will reference required habitat documentation, which is a written description of the conditions to which the parties agree the property will be restored. MRT has prepared a draft of the required habitat documentation. Staff has requested several modifications and additions to the information, which MRT has agreed it will include in the final required habitat documentation. It would also be prudent for the easement to require MRT to fully remove the farm infrastructure in accordance with the recommendations in the ESA and all applicable laws and regulations.

VIII. Recommendation

In July 2010, the Acquisitions Subcommittee directed staff to proceed with a due diligence review because the project is an important opportunity to restore tidal wetlands at the freshwater-to-saltwater transition zone of the Siuslaw River, near other conserved properties. The Subcommittee and RRT determined that the project has high ecological and educational value, and that the Partnership has the ability to effectively implement the restoration. Staff and the Acquisitions Subcommittee recommend funding for the project, contingent on:

- A. MRT's agreement to remove all farm infrastructure in accordance with the ESA and all applicable laws and regulations; and
- B. MRT's agreement to complete the required habitat documentation in accordance with staff's feedback on the draft document.



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January 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis-Born, Ecosystem Services Coordinator
Tom Byler, Executive Director
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item M, Ecosystem Services Update
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report provides a summary of the Senate Bill 513 Ecosystem Services and Markets process and the latest information about the Willamette Ecosystem Services and eastern Oregon soil-carbon pilot projects. The report also outlines how these existing initiatives and other projects in the future offer opportunities for OWEB to more formally engage in ecosystem services activities that align with the agency's mission.

II. Senate Bill 513 Ecosystem Services and Markets Process

OWEB is staffing the Senate Bill (SB 513) Ecosystem Services and Markets process on behalf of the Oregon Sustainability Board to implement SB 513. At the June 2009 meeting, the OWEB Board awarded Research non-capital funds to support this process, including formation of the Ecosystem Services Markets Working Group (Working Group). This group was charged with making policy recommendations intended to advance the development of integrated ecosystem services markets in Oregon in order to produce positive ecological and economic outcomes. In addition to the Working Group, OWEB also convened an Ad Hoc Group to advise and help frame policy issues to inform the Oregon Sustainability Board on the SB 513 process. The formal SB 513 process began in November 2009.

The official SB 513 process is now complete. The Working Group met nine times, and the Ad Hoc Group four times, to deliberate on the challenges to and opportunities for ecosystem services approaches and markets to help the state meet its restoration and conservation goals. The final report and recommendations were approved by the Oregon Sustainability Board on December 10, 2010 and submitted to the members of the Oregon Legislative Assembly on December 28, 2010. The full report is available online at <http://www.oregon.gov/OWEB/SB513.shtml>. The attached Executive Summary (Attachment A) identifies ten policy proposals included in the report that, if implemented, will promote the development of an integrated ecosystem marketplace in Oregon.

The report's policy recommendations provide both administrative and legislative options for action, and include some near-term actions with little-to-no fiscal impact, given the budget shortfall facing the state currently.

At the time of writing this staff report, the Office of Legislative Counsel is in the process of drafting a bill as a follow-up to the SB 513 process. At the January 2011 Board meeting, staff will update the Board about content of the bill. Depending on the priority actions included in the bill, OWEB could have several roles in implementation of ecosystem services approaches in coming biennia, including:

- Assist with a review of state, federal and local plans that focus on conserving, restoring or recovering native fish and wildlife and their habitats and establishment of a process to spatially align and coordinate these plans;
- Review statutes and rules for impediments to using ecosystem market approaches and tools and address these legislatively or administratively;
- Coordinate with public- and private-sector entities to develop an integrated ecosystem assessment methodology;
- Support or participate in pilot projects to test assessment methodologies or accounting systems for ecosystem services credits;
- Purchase ecosystem services credits to meet the agency's mission; and
- Provide staffing for a working group to deliberate remaining policy issues about ecosystem services and markets.

III. Willamette Pilot Project

At the March 2010 Board meeting, staff provided an update about a late-breaking opportunity for OWEB to partner with the Willamette Partnership (Partnership) and The Freshwater Trust (TFT) on a proposal to the 2010 U.S. Department of Agriculture (USDA) Conservation Innovation Grant (CIG) program of the Natural Resources Conservation Service (NRCS). The proposed project seeks funding to implement a pilot market for ecosystem services in the Willamette Basin by encouraging private investors to fund restoration work that results in ecosystem services credits that could be sold in a marketplace.

OWEB's role in the proposed project is to provide grant funds that could be used as a backstop option to reimburse private investors for high-quality restoration work if the market for ecosystem services credits fails to appear. OWEB would allocate funds dedicated to the purchase of completed and verified restoration projects as a backstop option only if private investors decide to no longer pursue the sale of credits on the market, and only for completed projects that meet agreed upon ecological and fiscal accountability criteria at a defined future point in time. Staff proposed that the pilot project be conducted within the framework of the tributary initiative of the Willamette Special Investment Partnership (SIP) and the Meyer Memorial Trust/Bonneville Environmental Foundation "Model Watershed Program." The Partnership and TFT requested a commitment of \$200,000-\$400,000 from OWEB, which staff recommended be made available from capital funds already allocated by the Board to the Willamette SIP. The Board's Partnership Subcommittee determined this project aligns with the SIP objectives and supported advancing the proposal to the full Board in March 2010. At that meeting, the Board agreed to support OWEB's participation in this project for the purpose of proposal submission to NRCS.

Clear consensus emerged from the SB 513 Working Group discussions that this particular pilot project presented an especially good opportunity to 1) build on and expand the capacity for watershed restoration being undertaken by watershed councils and other local groups in the

Willamette Basin; 2) secure private funding for additional restoration; and 3) ensure that restoration outcomes emerging from projects can be quantified.

At the September 2010 Board meeting, staff report that NRCS had declined funding for this project during the final application review. Since then, staff from TFT and the Partnership have been exploring alternative funding sources for the project. High-level USDA officials recently announced a reorganization of the oversight and management of the Department's ecosystem services initiatives, along with concentration areas for on-the-ground testing of ecosystem services concepts. One area of concentration is a Northwest Market Initiative being developed by the Partnership and TFT. These organizations will resubmit a CIG pre-proposal by December 28, 2010 for consideration during the 2011 grant cycle. In addition, TFT and the Partnership have been meeting with municipalities and local restoration practitioners in the Willamette Basin to generate interest in using riparian restoration projects as a natural infrastructure solution for water-quality (i.e., temperature) offsets. At the January Board meeting, OWEB staff will update the Board about any new developments. Also, staff from the Partnership and/or TFT will be present to answer questions from Board members.

IV. Eastern Oregon Soil-Carbon Project

In the spring of 2010, Ecotrust secured funding from the Bureau of Land Management to develop and lead an Oregon Rangeland Ecosystem Function Project. OWEB is a collaborating partner in the effort. The project will quantify the links between recommended management practices and the improvement in the functions and delivery of ecological services. Relying on existing data and research, the project will quantify potential ecosystem benefits, help landowners prioritize where specific actions should be taken to deliver ecological services, and communicate these benefits to stakeholders and the general public. Specifically, it will build a set of tools to quantify ecosystem benefits of land management on Oregon rangelands. The project will begin with a review of the relationship of juniper removal to increases in hydrologic and soil function. Work will focus at two scales: basin-level to inform agency and watershed planning, and pasture/allotment-level to ensure relevance to individual land owners. At both scales, the project will create a system to identify priority management areas in which to strategically focus limited resources for rangeland management, quantify ecosystem function improvement, and monitor changes over time. The suite of tools created will begin to form a framework that can be adapted to different ecosystem services, geographies, and agricultural management practices.

OWEB is helping to coordinate field sampling for this project with Dr. David Hammer, visiting scientist, on loan from the U.S. Environmental Protection Agency. The first step of the proposed field sampling will be to document soil carbon values across multiple landscape forms and among four common ranch-management practices. In order to build a foundation in this new area of study, sampling will occur in locations with consistent and relatively simple parent material in Gilliam County, in north-central Oregon. The management practices to be sampled are: sustainably grazed, never cultivated native range; Conservation Reserve Program enrolled areas; direct-seed, no-till agriculture; and traditionally cultivated wheat-fallow agriculture. The sampling will occur along a continuum where differences in temperature and soil moisture occur. This combined geographic and land-use stratification is likely to prove useful as predictors of natural and human-related factors that affect soil-carbon sequestration.

V. OWEB Ecosystem Services Program Development

As SB 513 activities wind down from the demanding preparations, meeting schedules, working group management, and report development, a new role for OWEB participation in ecosystem services and markets is emerging. Several of the SB 513 recommendations connect directly to

existing OWEB programs and operations. Others represent potential new priorities and projects that are important opportunities for the agency to consider pursuing in the near-term and into the future. The following lists consist of the current ecosystem services related program areas and potential out-year opportunities:

OWEB's Existing Ecosystem Services-Related Initiatives

- Willamette ecosystem services pilot project with the Willamette Partnership and The Freshwater Trust (described in Section III of this report and included as a recommendation in the SB 513 report)
- Collaborative soil-carbon pilot project in eastern Oregon with Ecotrust and others to develop measurement tools/methodologies (relates to sagebrush pilot project included as a recommendation in SB 513 report)
- Potential to build upon existing integration work with Oregon Department of Fish and Wildlife and Oregon Department of Environmental Quality to crosswalk the state's various conservation and restoration plans to establish a shared list of high-priority locations and actions that can be used to focus investments around the state (included as a recommendation in the SB 513 report)

Emerging Ecosystem Service Opportunities for OWEB

- Use of existing and in-development rapid assessment methods for ecosystem services to address OWEB funded projects' ability to restore watershed processes and functions
- Beta test of Willamette Partnership's Ecosystem Crediting Platform
- Support for development of additional measurement tools for ecosystem services (e.g., sagebrush, rare forest types, nutrients, etc.)
- Participation in the Klamath Tracking and Accounting Program, which aims to increase the pace and reduce the cost of improving water quality in the Klamath Basin to support all water-related uses, including the recovery of native fish.
- OWEB scholarships for Councils and Districts to participate in Willamette Partnership trainings about ecosystem services metrics and verification of ecosystem services projects.
- Valuation tools of ecosystem services that would provide a ledger (cost/benefits) of watershed and environmental projects (e.g., riparian plantings and wetland restoration for carbon storage and stormwater management, green streets and roofs, etc.)

Generally, OWEB staff has organized the current and future opportunities into several categories: *Integrated Natural Resource Planning* (e.g., shared list of high-priority locations and actions for restoration and conservation among agencies); *Tool Development* (e.g., eastern Oregon soil-carbon project); *Testing/Pilot Projects* (e.g., Willamette pilot project); *Implementation*; and *Education and Outreach*. At the January Board meeting, staff will initiate a discussion with the Board about this organization structure and solicit feedback and identification of additional priorities that members wish for staff to consider in developing the program. Staff anticipate continuing this discussion with the Board at future Board meetings in preparation for the 2011-2013 biennium.

VI. Recommendation

This is an informational item. No Board action is requested at this time.

Attachments

- A. Executive Summary

Senate Bill 513 Ecosystem Services and Markets - Executive Summary

Report from the Oregon Sustainability Board to the 2011 Legislative Assembly - December 2010

Clean air, safe drinking water, and habitat for fish and wildlife are all examples of ecosystem-derived public resources, or “ecosystem services” that comes from natural processes and biological diversity. In some cases, these services are achieved through active conservation, restoration and management of land, water and air. We often take these services for granted.

Many ecosystem services originate on private lands. But those who own, manage, and restore lands that produce these services historically have been compensated only through established markets for traditional products, such as food and timber. Innovative programs are emerging that focus on payments for ecosystem services and ecosystem services markets. These programs attach value to nature’s benefits and calculate that value in monetary units, then bring buyers and sellers together to trade ecosystem services for financial payments. Rather than relying on a landowner’s environmental altruism or fear of regulatory restrictions, payments and markets may provide financial incentives to protect and enhance ecologically significant lands in efficient and cost-effective ways.

Equally as important, these approaches create jobs. A study by the Ecosystem Workforce Program at the University of Oregon found that forest and watershed restoration projects have considerable economic impact and job growth potential. For every \$1 million invested, 20 jobs and over \$2.3 million in total economic activity were returned for river and road restoration; 13 jobs and \$2.2 million in economic activity were generated from mechanical forest projects such as thinning; and 29 jobs and \$2.1 million in economic activity could come from tree planting and manual thinning.



Bruce Taylor, Defenders of Wildlife

Oregon’s landowners can and, in some cases, already do, sell improved ecosystem services, generating income that helps farm, forest, and other landowners remain viable, while also benefitting their local communities through the creation of restoration related jobs.

Ecosystem services markets may offer an “alternative path” to traditional regulatory processes intended to protect Oregon’s environment. Regulated parties (e.g., developers) could satisfy their obligations under natural resource statutes by investing in ecosystem services projects or credits that provide measurable ecological outcomes and have the potential to result in multiple benefits to the environment. The incentive to participate in such programs could be streamlined permitting and reduced administrative costs as compared with traditional compliance mechanisms.

As an example, CleanWater Services, a water resources management agency in Washington County, Oregon, received the first-ever fully integrated municipal National Pollutant Discharge Elimination System from the Oregon Department of Environmental Quality in 2004. The permit allows trading of water quality credits based on temperature, oxygen-demanding chemicals and other pollutants to help achieve water quality goals. By investing in riparian restoration instead of engineered cooling systems, the agency saved money, reduced energy use, and achieved habitat restoration benefits. Estimated cost for the engineered cooling towers ranged from \$60 million to \$150 million. The “natural infrastructure” approach of streamside plantings will total approximately \$6 million. The use of ecosystem services approaches can save money, encourage

¹ Mosely, C. and M. Nielsen-Pincus. 2009. Economic Impact and Job Creation from Forest and Watershed Restoration: A Preliminary Assessment. Ecosystem Workforce Program, Briefing Paper #14, University of Oregon.

innovative and effective restoration actions over the long term, and provide a more sustainable means for achieving environmental goals.

With the passage of Senate Bill 513 (SB 513) in 2009, and a number of ground-breaking pilot projects, Oregon leads the nation in creating a framework for markets for ecosystem services to efficiently maintain ecological benefits, encourage environmental restoration, and sustain local economies. This report, prepared by the Oregon Sustainability Board with input from the Ecosystem Services Markets Working Group and its ad hoc advisory group, offers recommendations to create a successful ecosystem marketplace. During the year-long SB 513 process, 10 policy proposals were developed to promote development and implementation of an integrated ecosystem marketplace in Oregon:

To invest effectively and efficiently in the most important ecosystem services,

Policy Proposal #1: Ensure conservation and restoration goals are integrated across state agencies to focus state investments and priorities.

To streamline implementation of ecosystem services markets in Oregon,

Policy Proposal #2: Continue to identify and address statutory and administrative impediments to state agencies' and local governments' use of ecosystem market approaches and tools.

To create a functioning marketplace with transparent rules and processes,

Policy Proposal #3: Encourage public-private partnerships to develop standardized tools and processes for accounting and approving ecosystem credits and payments.

To jump-start ecosystem marketplace investments where appropriate,

Policy Proposal #4: Provide authority and direction to State agencies and encourage local governments to purchase credits and invest in ecological outcomes that are consistent with state conservation and restoration goals.

To create opportunities for public-sector entities with marketable credits,

Policy Proposal #5: Allow state agencies and local governments to sell credits under limited circumstances.

To identify opportunities for further improvement and refinement,

Policy Proposal #6: Use an adaptive management framework to consistently and collaboratively evaluate ecosystem services approaches.

To ensure that environmental solutions are considered on par with engineered infrastructure,

Policy Proposal #7: Encourage state and local governments to cost, compare, and consider natural infrastructure as an alternative to hard engineering for new development projects and mitigation.

To facilitate ecosystem services being considered in evaluations of costs and dividends during land-use planning,

Policy Proposal #8: Encourage state and local governments to make policy-level land use and development decisions that fully consider the services ecosystems provide at an ecologically appropriate scale.

To learn from pilot projects,

Policy Proposal #9: Provide a testing ground and stimulate demand for payments for ecosystem services.

To address ongoing and emerging issues around ecosystem services markets,

Policy Proposal #10: Continue the dialogue with interested and affected parties to further facilitate development of ecosystem services and market approaches.

The report's policy recommendations include both administrative and legislative options for action. Because the Oregon Sustainability Board is mindful of the challenging fiscal environment facing the state in 2011, the near-term implementation actions (e.g., actions that could be taken during 2011 Legislative session) have little-to-no fiscal impact to state government.



Oregon

Theodore R. Kulongoski, Governor

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January 4, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item N: OWEB Research Program Reports
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report provides an update for the Board on the investments through OWEB's 2007 Research Program grant solicitation.

II. Background

In 1999, the Legislature enacted ORS 541.378, establishing a "Restoration and Protection Research Fund" from all interest earned from Ballot Measure 66 Lottery Funds. In January 2001, the Board adopted a Research Investment Strategy to guide OWEB funding of research supporting implementation of the Oregon Plan for Salmon and Watersheds. In March 2001, the Independent Multidisciplinary Team (IMST) reviewed the strategy and identified 12 priority Oregon Plan research needs and ranked them in relative order of importance. After review by stakeholders, the research priorities were adjusted and adopted by the Board in March 2002.

In 2007, for the first time, the Legislature gave OWEB the expenditure authority for the Board to allocate funds from the Restoration and Protection Research Fund. In anticipation of the legislative authorization, the Board approved the first open solicitation for research proposals at the May 2006 meeting. In addition, the research priorities that were adopted in 2002 were revised to incorporate the priorities developed for the Coastal Coho Conservation Plan.

OWEB used the Sea Grant Program at Oregon State University (OSU) and the Oregon Plan Monitoring Team (OPMT) to assist in the administration of the research proposal solicitation and review process. Thirty-three research pre-proposals were submitted to OSU in September 2006. Following review by the OPMT and OWEB staff, 14 applicants were asked to submit full proposals for an extensive independent scientific evaluation. Four of the proponents were asked to work together to develop a single proposal, and a fifth declined the opportunity, resulting in ten full research proposals.

OSU completed the external review of the project proposals requested by OWEB in mid-April 2007. A review of each proposal was conducted by two to five experts in natural resource sciences from around the nation and several countries. Each reviewer provided a written evaluation and

overall qualitative score at the conclusion of the review. OWEB staff then processed reviewers' comments and scores and found nine of the ten proposals to have scientific merit, positive external review comments, and sufficient relationship to OWEB priorities and needs to warrant funding. The Board approved the recommendation to fund the nine research proposals in September 2007. (Attachment A)

III. Additional Research Priorities

At the time of the 2007 research awards, it was recognized by both staff and the Board that the OWEB Research Priorities were largely focused on anadromous fish. The Board adopted a strategy of revising the priorities to capture a broader range of OWEB interests and needs. Soon after adopting this approach, the recent economic crisis began to take a form that influenced the Board to adjust future research grant expectations downward.

In March of 2009, a narrower set of research priority focus areas was adopted by the Board. These focus areas consisted of climate change and local watershed impacts, climate change and salmon returns from the ocean environment, economic evaluations of the role OWEB investments play in local economies and communities, modeling water availability under a changing climate, and terrestrial considerations of invasive species and wildfires. (Attachment B) Subsequently, the Board included a broader range of ecosystem services exploration in the economic evaluation focus area as well.

At the January Board meeting, staff and select research project leader guests will provide an overview of the OWEB funded research projects and discuss with the Board the implications of the findings for agency programs.

IV. Recommendation

This is an informational item. No Board action is requested at this time.

Attachments

- A. Research Projects Funded in 2007
- B. Research Projects Funded in 2009

Research Proposals Funded-2007 Solicitation

App #	Region	Project Name	Category of Research
208-8001	1,2	Effects of Contemporary Forest Harvest on Aquatic Ecosystems in Trask, Hinkle and Alsea Watersheds*	Effectiveness(IMW)
208-8002	5	Fiber-optic Observation of Stream Function & Condition: Demonstration & Application*	Indicator of Conditions
208-8003	1	Recovery of Wild Coho Salmon in Salmon River Basin*	Hatchery/Wild Fish Interaction
208-8004	2	Effect of Tide Gates on Juvenile Coho Movement & Residence Time in Estuarine Habitats	Effectiveness(Project)
208-8005	SW	Reconstructing Water Temperatures in Oregon Streams through Analysis of Growth Increments in Long-lived Pearshell Mussels	Indicator of Conditions
208-8006	3	Linking Coldwater Refuges into a Framework for River & Floodplain Restoration*	Landscape Evaluation(Cutthroat)
208-8007	1,5	Mapping Current Conditions & Modeling the Dynamic Responses of Riparian Vegetation & Salmon Habitat in Oregon*	Landscape Evaluation(Coho)
208-8008	5	Development of Physiological Health Criteria to Assess Habitat Quality in Degraded & Recovering/Restored Stream Systems*	Indicator of Conditions
208-8009	1	Integrated Dynamic Landscape & Coho Salmon Model*	Landscape Evaluation(Coho)

* Recommended for funding at a reduced amount

Research Investments in Priority Focus Areas

Modeling Water Availability in a Changing Climate

Purpose: Establish summer stream flow risk rating for Oregon watersheds given several climate change scenarios.

Deliverables: Hydrologic classification system for Oregon's basins describing dominance of precipitation (ie. rain vs. snow) and subsurface flow (ie. shallow and fast vs. deep and slow).

Analysis and testing of the models in pilot basins.

Maps of western and central Oregon depicting classification system and risk assessment.

Climate Change and Local Watershed Impacts

Purpose: Develop basin-level understanding of potential climate change impacts on watershed functions and their effects on local communities

Location: Umatilla and Klamath basins and on-line tool development in the Willamette basin.

Deliverables: Community and Ecosystem reports for Klamath and Umatilla basins (see Rogue and Willamette reports).

Scaled-down Intergovernmental Panel on Climate Change vegetation and climate models to each basin.

Recommendations for integrated preparation strategies that provide benefits for natural, human, economic, and built systems.

Ocean Response to Climate Change – Sea Level Rise and Coastal Impacts

Purpose: Establish impact assessment for the Oregon coast, communities, natural systems and estuaries.

Location: Through the West Coast Governor's Agreement on Ocean Health-the entire west coast of the conterminous United States

Deliverables: Develop a series of sea level rise values, at the local and regional scale, based on major global inputs for the years 2030, 2050, and 2100.

Economic Evaluation and Contribution of OWEB Investments in Local Economies (Ecosystem Services Module)

Project 1

Purpose: Conduct an assessment of the developing ecosystem services marketplaces and perform an analysis of where traditional OWEB programs converge.

Location: State-wide

Deliverables: Evaluate the possible ecosystem services delivered through watershed restoration activities. Develop models that are appropriate for a range of OWEB investment areas (focused on restoration) that build a framework for understanding the likely marketplaces, calculation of values and revenue, exportable modules for different restoration practices and multiple geographies. Test assumptions through pilot projects as appropriate.

Project 2

Purpose: Provide staffing and financial resources to implement SB 513.

Location: State-wide

Deliverables: A report with recommended actions and policy considerations for Oregon

Project 3

Purpose: Conduct analyses of the economic and employment opportunities and stimulus that results from investments in local communities through OWEB's capital grant funds.

Location: State-wide

Deliverables: Three reports and companion briefing papers focused on Economic and Employment Impacts, Restoration Contracting and Human Resource Mobilization.



Oregon

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December 30, 2010

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item P: Climate Change Adaptation Framework Report
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report provides an update for the Board on the state agency planning effort known as the Oregon Climate Change Adaptation Framework. The Department of Land Conservation and Development (DLCD) organized the effort and Richard Whitman, Director of DLCD, and staff will present the recently released framework document and describe work anticipated in 2011.

II. Background

In late 2009, Governor Kulongoski instructed state agencies to develop an Oregon Climate Change Adaptation Plan (Plan). (Attachment A) The Governor identified key agencies in his instructions; other agencies, including OWEB, were also involved in this effort. The Oregon Department of Land Conservation and Development took the lead at organizing and convening the relevant state agencies. At the kickoff meeting in January of 2010, Director Whitman articulated three primary goals that the Plan was intended to enable the State to achieve:

1. Assist the State in preparing for the 2011 Legislative Session including budget development, legislative concepts, and policy option packages.
2. Organize the State around current and developing federal policies and programs related to climate change.
3. Establish a structured means for state agencies to communicate with each other and the Legislature about current climate change related actions and future needs.

III. Adaptation Work Group and Framework Development

During this initial meeting, a work group was formed to represent each of the key state agencies and several related and interested entities. OWEB participated on the work group. The work group met numerous times during the year, through November, while developing a core set of climate change risks, gaps in information and preparation, current agency actions, and needed future actions. A Framework was developed to fulfill the first elements necessary for a complete adaptation plan.

The Framework consists of three principal elements and an appendix. These are: a summary of climate risks; short-term priority actions; and recommendations for implementing the Framework. The executive summary of the Framework is found in Attachment B to this staff report. A significant driver of the Framework development and the prioritization of recommendations is the recognition of diminished state resources in the near term. Additional detail is found in the complete Framework on the following topics:

- The need for variable and changing climate conditions
- A summary of the scientific research related to each risk
- Information on the time scale for the risk
- Additional likely consequences of the risk
- Agency actions that address the risk
- Additional needed actions
- Details on implementing the priority actions

The complete Framework can be found at the following link:

http://www.lcd.state.or.us/LCD/docs/ClimateChange/Framework_Final.pdf

IV. Oregon Climate Change Research Institute Assessment Report

The Oregon Climate Change Research Institute (OCCRI) was established by the 2007 Legislature through HB 3543. This bill also required the OCCRI to report to the Legislature and the Governor at least once each biennium on the state of climate change science pertaining to Oregon. Concurrent with the Framework development, the OCCRI developed an Oregon Climate Assessment Report (OCAR) to fulfill the reporting requirements of HB 3543 for the 2009-2011 biennium. (Attachment C) This report describes the known and likely effects of climate change in the following areas: land, freshwater and marine environments, agriculture, vegetation, coast and estuaries, economics and human dimensions.

The Framework development work group utilized the OCAR materials and it included a representative from the OCCRI to inform the evaluation of climate change risks. The parallel process allowed for information sharing between the efforts.

V. Next Steps

In December, both the OCAR and the Framework products were presented to the Senate Interim Committee on Environment and Natural Resources and the House Interim Committee on Environment and Water. During the presentations, much interest was expressed by the committee members and it is anticipated that the reports may be incorporated into the Governor-elect's policy considerations as well as the Legislature during its session. Director Whitman will provide any additional details at the Board meeting that may emerge during the transition period in earlier January.

VI. Recommendation

This is an informational item. No Board action is requested at this time.

Attachments

- A. Letter from Governor Kulongoski
- B. Oregon Climate Change Adaptation Framework Summary
- C. Oregon Climate Assessment Report

THEODORE R. KULONGOSKI
GOVERNOR



Date: November 30, 2009
To: Directors for State Agencies Listed Below
From: Governor Theodore R. Kulongoski
Copy: Chip Terhune, Brian Shipley, Ivo Trummer
Re: Development of the Oregon Climate Change Adaptation Plan

On October 6, I met with key agencies to discuss development of a state-level climate change adaptation plan. Such a plan would describe changes likely to result from long-term climate change in different regions of the state, and create a framework to help state agencies and local governments to plan for and adapt to those changes. The development of a state adaptation plan would build on and complement work related to climate change already underway by state agencies and other public and private entities. This statewide plan is one step in what is likely to be a long-term effort to prepare Oregon communities for the effects of climate change.

This memo identifies the key agencies that need to be involved in this effort, and seeks their cooperation in working toward this very important milestone in our overall effort to address climate change. The Climate Change Adaptation Plan will not only provide the framework for future planning and related efforts to respond to climate change effects, it will also become the nexus for a coordinated set of agency budget requests on this topic, in preparation for the 2011 Legislative Session. Moreover, the plan will help focus the state's response to federal funding opportunities anticipated in the near term.

The following agencies shall work in a cooperative and coordinated manner in order to facilitate the development of a timely and effective adaptation plan for the state:

- The Department of Fish and Wildlife
- The Department of Agriculture
- The Department of Energy
- The Department of Environmental Quality
- The Department of Water Resources
- The Department of Geology and Mineral Industries
- The Department Forestry
- The Department of Land Conservation and Development
- The Department of Human Services: Public Health Division

Memo: Development of the Oregon Climate Change Adaptation Plan
November 30, 2009
Page Two

I emphasize the importance of having high-level agency participation in these meetings. While I recognize that agencies were not provided funds to support this work, I request that you or one of your deputies be present at each of the meetings. It is our goal that the meetings will take place no more than two times prior to January 1, 2011, and will be structured to last no more than three hours at a time. We anticipate that the first meeting will take place on December 14 in Salem.

Thank you for your involvement in this important issue. If you have any questions, please feel free to contact Michael Carrier, Natural Resources Policy Director at (503) 986-6524

The Oregon Climate Change Adaptation Framework

Summary of Key Findings and
Recommendations



The Oregon Climate Change Adaptation Framework

Climate variability and change have already begun to affect Oregon, including Oregon's marine environments, forestlands, agriculture, and transportation infrastructure. Over the next few decades, indicators show that Oregon's natural resources, infrastructure, and people will likely face more severe impacts from climate change.

Oregon's climate is marked by variability, and that variability alone has caused or contributed to significant ecosystem and economic damage to infrastructure through floods, landslides and forest fires. In addition to the effects of normal variability in Oregon's climate, significant changes in temperature, precipitation patterns, and other climate factors like ocean conditions are expected to increasingly affect Oregon's communities, natural resources, and economy. As with the effects of climate variability, long-term changes in climate conditions have the potential to result in very costly conditions and outcomes. Natural hazards, water supply problems, drought, habitat changes and loss of ecosystem services will all affect Oregon's citizens, communities, and economy. But fortunately, many of the potential costs and consequences of climate change may be anticipated and planned for. As such, it is both prudent and important to develop measures, programs and approaches to reduce the costs of climate variability and change on Oregon.

In October 2009, Governor Kulongoski asked the directors of several state agencies, universities, research institutions and extension services to develop a climate change adaptation plan. Among other things, the plan would provide a framework for state agencies to identify authorities, actions, research, and resources needed to increase Oregon's capacity to address the likely effects of a changing climate.

Given the broad range of expected changes to Oregon's climate in the coming decades, the breadth of state-level responsibilities, authorities, and programs that will likely need to respond to the effects of future climate conditions, and limited time, it has only been possible to begin the development of a climate change adaptation strategy for Oregon. This report constitutes a *framework* for the continued development of strategies and plans to address future climate conditions. This Climate Change Adaptation Framework provides context, identifies risks, lays out short-term priorities, and provides momentum and direction for Oregon to prepare for future climate change.

The framework has been developed in parallel with the Oregon Climate Assessment Report (OCAR) by the Oregon Climate Change Research Institute (OCCRI). The OCAR and this framework are intended to complement each other. The OCAR identifies the most likely impacts from climate change, which will help the state prioritize resources to prepare for and adapt to a changing and variable climate. The OCCRI assisted in the development of this Framework.

This Framework lays out expected climate-related risks, the basic adaptive capacity to deal with those risks, short-term priority actions, and several steps that will evolve into a long-term process to improve Oregon's capacity to adapt to variable and changing climate conditions. It will be necessary to continue to develop adaptation strategies and plans, in particular at the regional and local level. Finally, more effort needs to be made to identify resource management and economic opportunities that climate change might

present for Oregon. This Framework positions Oregon to take effective early steps to avoid some of the most costly potential consequences of climate change.

The Oregon Climate Change Adaptation Framework

Summary of Key Findings and Recommendations

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There is abundant evidence that Oregon is already experiencing the effects of climate change. The Oregon Climate Assessment Report documents these effects and describes the more pronounced changes that are expected to occur in the coming decades. Climate change will affect all Oregonians, all Oregon communities, our natural resources, and our businesses.

At the same time that climate change is beginning to affect us, state, local and private resources to begin to prepare for these changes are under historic stress. This interim report by the state recognizes these fiscal realities, and (as a result) focuses on providing decision-makers with information about what things are most important to do (or avoid doing) in an era of very limited resources. Only actions that involve little or no cost are proposed at this time, even though we also recognize that investments now may yield very substantial long-term benefits

This introduction to the Oregon Climate Change Adaptation Framework summarizes the key findings and recommendations of the participants in this initial effort to review the emerging science on climate change and evaluate what our priorities should be at a state-wide level in terms of preparing people, communities and resources for the coming changes. Among the key recommendations is that we broaden this work to include private sector interests along with our federal, tribal, and local counterparts. A major determinant of what new actions to recommend is our initial assessment of costs and benefits.

History and Purpose

In early 2008 the Governor's Climate Change Integration Group (CCIG), made up of state, federal, and local government representatives, industry leaders, and nonprofit organizations, produced Oregon's *Framework for Addressing Rapid Climate Change*. The CCIG's framework presented the broad scope of needed work related to climate change in four elements: preparation and adaptation; mitigation; education and outreach; and research. At the time, Oregon had already made some progress in mitigation, and had begun to invest in research. Since then, there has been some further progress in mitigation and research, and some initial efforts related to preparation and adaptation.

In October 2009, Governor Kulongoski asked state agencies and partners in Oregon's University System to develop an initial framework for determining what the most important risks are to the state related to climate change, and initial recommendations for how to begin preparing for those risks. This Framework is the result of that initiative. The Climate Change Adaptation Framework is the first step in a long-term process to identify key risks and measures to reduce Oregon's vulnerability to the effects of climate variability and change. This framework presents a broad-scale qualitative assessment of risks to people, infrastructure, communities and natural resources that are expected to result from the effects of variable and changing climate conditions. More importantly, this framework identifies several concrete actions the state should consider taking to begin to prepare for and adapt to the effects of climate variability and change.

The purposes of this framework are to

- Identify likely future climate conditions that pose major risks for Oregonians.
- Assess the capacity of state programs to effectively address climate-related risks to people, communities, infrastructure, and natural resources.
- Identify short-term and low- or no-cost priority actions to prepare for those risks.
- Provide context and initial direction for additional coordination and planning for future climate conditions.

In developing this framework, Oregon has begun to address several of the CCIG's recommendations, including the following:

- Determine how climate change will affect Oregon's diverse regions.
- Assist Oregon institutions and individuals in responding to climate change.
- Transform our planning processes to deal with climate change.
- Incorporate the public health implications of climate change.
- Continue to develop and refine a climate change research agenda for Oregon.

This framework is only an initial step; it by no means completes the work needed to fully implement these recommendations. Considerable work will be needed, especially in collaboration with Oregonians, local governments, Native American tribal governments, and federal agencies, to fully address climate risks to Oregon.

Scoping Climate Risks

In late 2009, an interagency work group was convened to develop this framework. The work group's first two tasks were to identify likely changes in Oregon's climate conditions and the likely consequences of those changes over the next 40 to 50 years. The work group identified several dozen likely changes in four areas: built and developed systems, ecosystems, public health and safety, and Oregon's economy. In consultation with the Oregon Climate Change Research Institute (OCCRI) and state agencies, the workgroup ultimately combined the likely changes in Oregon into eleven categories that are likely to occur over the next four to five decades. In this framework, these likely changes are defined as *climate risks*.

As the work group refined the inventory of risks, characterizing the risks to economic systems became more and more difficult. More to the point, very little information is available on the likely *economic* effects of climate change in Oregon. Risks to Oregon's economy that were identified by the work group were really risks to other systems restated in very general economic terms. In other words, climate-related risks to Oregon's economy reflected the economic consequences of risks to natural systems, built and developed systems, and public health and safety. In the end, while this framework attempted to include the economic effects of future climate conditions within its scope, there is little information available to do so with confidence at this point in time. Further collaboration with economists and organizations outside government is necessary to improve the assessment of the possible or likely economic consequences of climate change on Oregonians and the state at a whole.

The eleven climate risks listed below and in the table later in this Summary of Key Findings and Recommendations constitute the substantive foundation for the adaptation framework. Climate risks have varying degrees of likelihood; that is, not all the identified climate risks are equally likely to occur in Oregon. The risks are listed according to likelihood levels; the three levels of *Very likely*, *Likely*, and *More likely than not* correspond roughly to 90 percent, 66 percent, and 60 percent confidence levels, respectively. In planning for future climate conditions, it will be important to recognize variability and uncertainty in climate risks.

Potential Consequences of Climate Risks

The work group compiled a survey of likely consequences for each climate risk. Some of the consequences are summarized below. The summaries are by no means exhaustive, but rather are intended to help identify state responsibilities and programs that will likely need to prepare for and adapt to the effects of climate change.

Risks that are *Very likely* to occur

Risk 1. Increase in average annual air temperatures and likelihood of extreme heat events.

Overall, increased average air temperatures will result in increased water temperatures and reduced flows in streams, which over the long term will cause shifts in aquatic habitats, species, and communities. There is serious risk that increased average air temperatures will affect water temperatures and aquatic habitats to the extent that important core populations of salmonids will go extinct.

Heat waves will result in increased deaths and illness among vulnerable human populations. The elderly, infants, chronically ill, low income communities, and outdoor workers are the main groups threatened by heat waves. Higher temperatures increase the threat of human illness from both waterborne diseases and vector borne illnesses. In addition, heat waves, drought and changes in hydrology will contribute to an increase in the threat of wildfire, which will result in increased exposure of vulnerable populations to smoke. (See risk 8).

Risk 2. Changes in hydrology and water supply; reduced snowpack and water availability in some basins; changes in water quality and timing of water availability

Changes in hydrologic patterns in some Oregon basins will affect supplies of water for all uses, and will contribute to increased water quality problems. Reduced availability of water will affect junior irrigators, change water supply planning in many basins, and affect the quality and availability of water for some public drinking water systems. Proposals for surface water storage may increase.

Changes in the timing and quality of available water will affect aquatic, wetland, and riparian ecosystems and species, especially species that need adequate water in stream to survive and populations that are already identified as threatened or endangered. Hydrologic changes will exacerbate temperature-related water quality problems.

Water users suffering the most adverse consequences will be irrigators. Irrigated agriculture is a primary economic driver in Oregon, so without careful planning for the consequences of climate change, the Oregon economy may suffer significantly.

Changes in hydrology have the potential to significantly affect agricultural productivity until crops suited to new hydrologic conditions are developed.

Risks that are *Likely* to occur

Risk 3. Increase in wildfire frequency and intensity

Increased temperatures, the potential for reduced precipitation in summer months, and accumulation of fuels in forests due to insect and disease damage (particularly in eastside forests) present high risk for catastrophic fires. An increase in frequency and intensity of wildfire will damage larger areas, and likely cause greater ecosystem and habitat damage. Larger and more frequent wildfires will increase human health risks due to exposure to smoke.

Increased risk of wildfire will result in increased potential for economic damage at the urban-wildland interface. Wildfires destroy property, infrastructure, commercial timber, recreational opportunities, and ecosystem services. Some buildings and infrastructure subject to increased fire risk may not be adequately insured against losses due to fire. Increased fire danger will increase the cost to prevent, prepare for, and respond to wildfires.

Risk 4. Increase in ocean temperatures, with potential for changes in ocean chemistry and increased ocean acidification

Ocean acidification will have a negative effect on some marine species and could result in dramatic changes in marine and estuarine ecosystems. Changes in temperature and upwelling may be positive for some species and negative for others off of Oregon. If there are large increases in hypoxia, there is a potential for significant restructuring of the ecological communities on the ocean floor off of Oregon. Population variation of many marine species is likely to increase due to direct biological effects of climate change and indirect cascading ecological effects.

Risk 5. Increased incidence of drought

Longer and drier growing seasons and drought will result in increased demand on ground water resources and increased consumption of water for irrigation, which will have potential consequences for natural systems. Droughts affect wetlands, stream systems, and aquatic habitats. Drought will result in drier forests and increase likelihood of wildfire.

Droughts will cause significant economic damage to the agriculture industry through reduced yields and quality of some crops. Droughts can increase irrigation-related water consumption, and thus increase irrigation costs. Drought conditions can also have a significant effect on the supply of drinking water.

Risk 6. Increased coastal erosion and risk of inundation from increasing sea levels and increasing wave heights and storm surges

Increased wave heights, storm surges, and sea levels can lead to loss of natural buffering functions of beaches, tidal wetlands, and dunes. Accelerating shoreline erosion has been documented, and is resulting in increased applications for shore protective structures. Shoreline alterations typically reduce the ability of beaches, tidal wetlands, and dunes to adjust to new conditions.

Increasing sea levels, wave heights and storm surges will increase coastal erosion and likely increase damage to private property and infrastructure situated on coastal shorelands. Coastal erosion and the common response to reduce shoreland erosion can lead to long-term loss of natural buffering functions of beaches and dunes. Applications for shoreline alteration permits to protect property and infrastructure are increasing, but in the long term they reduce the ability of shore systems to adjust to new conditions.

Risk 7. Changes in abundance and geographical distributions of plant species and habitats for aquatic and terrestrial wildlife

Changes in temperature and precipitation regimes will result in a gradual migration of some species and habitats north and to higher elevations. Species that cannot migrate or shift their range quickly enough to respond to climate change, or that have specific life-history needs that cannot be met through migration, will likely experience a decline in population numbers, potentially leading to extinction.

Changes in temperatures and hydrology will affect aquatic, wetland, and riparian ecosystems and species, especially species or population units that are already identified as threatened or endangered.

Risk of damage by insect and plant pests, which can result in significant damage to native species and communities, will increase with warmer temperatures. Alterations to the species composition of native ecosystems will likely result in a decline in important ecosystem services, including water quality and quantity, carbon storage, soil stabilization, flood control, and nutrient cycling.

Risk 8. Increase in diseases, invasive species and insect, animal and plant pests

Invasive species can negatively impact native plants, fish, and wildlife in agricultural ecosystems by displacing native species, changing habitat characteristics, consuming significant amounts of water, and changing fire regimes. Invasive species are already very costly to Oregon's forests, grasslands, and wetlands, and agricultural economy.

Spread of infectious diseases in the United States and in the Pacific Northwest is occurring, with increased vulnerability of human populations to existing and emerging conditions. The West Nile Virus, Hanta Virus and *Cryptococcus Gattii* have all emerged recently in the Pacific Northwest.

Risk 9. Loss of wetland ecosystems and services

Wetlands play key roles in major ecological processes and provide a number of essential ecosystem services, such as flood reduction, groundwater recharge, pollution control, recreational opportunities, and fish and wildlife habitat, including for endangered species. Only about 38 percent of the wetlands that were in Oregon at the start of European settlement remain as wetlands today, because of conversions for various other land uses. As such, increases in air temperature and changes in hydrology will exacerbate impacts to already degraded and fragmented wetland ecosystems. The consequences for losing wetland ecosystems and their associated services will potentially affect all of Oregon's systems—natural, built and developed systems, public health and safety, and Oregon's economy.

Examples of the effects of a loss or reduction in wetland ecosystem services include increased flood damage to residences, commercial buildings, bridges, culverts, and roadways; increased need for new and expanded drinking water treatment facilities; and increased need for water storage facilities for flood control and to meet seasonal water demand.

The loss of wetland ecosystems and services will have indirect consequences on a range of economic activities. Loss of coastal wetlands that provide habitats can eventually reduce the value of Oregon's commercial and recreation fishing industries. Loss of seasonal wetlands and coastal wetlands will impact waterfowl and shorebird populations and may reduce the revenue generated from hunting, birding, and other recreation activities. Loss of wetlands that provide flood protection may result in higher damage costs as a result of increased flood related damages. Loss of wetlands that purify water may result in the need for expanded or additional drinking water treatment facilities. Loss of wetlands that provide water storage may result in the need for the construction of expanded and additional infrastructure to prevent flooding and to meet summer time water demands.

Risks that are *More likely than not* to occur

Risk 10. Increased frequency of extreme precipitation events and incidence and magnitude of damaging floods

Extreme precipitation events have the potential to cause localized flooding due partly to inadequate capacity of storm drain systems. Extreme events can damage or cause failure of dam spillways. Increased incidence and magnitude of flood events will increase damage to property and infrastructure, and will increase the vulnerability of areas that already experience repeated flooding. Areas thought to be outside the floodplain may now experience flooding. Many of these areas have improvements that are not insured against flood damage, and thus floods will probably result in catastrophic property damage and losses. Finally, increased flooding will increase flood-related transportation system disruptions, thereby affecting the distribution of water, food, and essential services.

Risk 11. Increased incidence of landslides

Increased landslides will cause increased damage to property and infrastructure, and will disrupt transportation and the distribution of water, food, and essential services. Widespread damaging landslides that accompany intense rainstorms (such as "pineapple express" winter storms) and related floods occur during most winters. Particularly high-consequence events occur about every decade; recent examples include those in February 1996, November 2006 and December 2007.

Selecting Short-Term Priority Actions

Once the work group finalized its inventory of climate risks, the next tasks were 1) to assess the basic state agency capacities to address the identified risks; and 2) to compile a list of immediate or short-term actions that are needed to improve Oregon's capacity to address the risks. This effort was primarily an initial scoping exercise. Over the course of about two months in early 2010, the work group listed about 120 mostly short-term actions that are needed to effectively address the identified risks. Finally, resource

considerations made it paramount to limit the list of needed actions to a few relatively low-cost actions. All the identified actions are listed in summary form under each risk in section 2 of the framework.

Clearly, given the state general fund budget situation that has developed since early 2010, new resources are not likely to be available to implement any more than only a few of the needed actions, if any. It thus became necessary to identify a limited set of *top priority, short-term, low-cost actions* from the list. In consultation with agency directors, the work group prioritized needed actions according to the estimated costs and benefits of each one relative to all the other actions. In selecting priority actions, the workgroup based its assessment on a very general idea of the *relative magnitude of the costs and benefits* for each of the actions. In attempting to narrow its focus on low cost, high benefit actions, the work group assigned high, medium, and low cost and benefit values to each action, *relative* to the costs and benefits of the other actions, using the following guidelines in the evaluation:

Costs

- Costs to the state: The approximate personnel cost to implement the action.
- Costs to private landowners and businesses: Costs to private parties and businesses of implementing the action.
- Costs to the public *and* to particular communities: All other costs to the public, including infrastructure costs and costs to local governments.

Benefits

- Higher priority actions respond to *higher* likelihood of risks.
- Avoided costs: Reduced losses and damage from climate conditions that will be achieved in a 30-40 year timeframe if the actions are implemented now.
- Higher priority actions address the effects of more than one risk.

Finally, after compiling the information on risks, needed actions, and the relative costs and benefits of a set of “first cut” needed actions, the agency directors overseeing development of the framework made a final selection of *short-term priority actions*, which are central to the framework, for implementation in the 2011-2013 biennium.

More time and considerably more detailed information about the costs and likely benefits of needed actions are needed to improve the process of identifying priority actions. The work group’s inventory of gaps and actions is by no means exhaustive, nor is it intended to be the last word in identifying climate change adaptation priorities. This framework represents a starting point and initial assessment of state capacity to deal with present and future climate risks.

The table on the following pages lists the short-term priority actions needed to improve Oregon’s capacity to address the identified climate risks.

Climate Risks and Short-Term Priority Actions	
<i>Very likely to occur</i>	
1.	Increase in average annual air temperatures and likelihood of extreme heat events
	Enhance and sustain public health system capacity to prepare for and respond to heat waves and smoke emergencies, and improve delivery of information on heat events and cooling centers, especially for isolated and vulnerable populations.
2.	Changes in hydrology and water supply; reduced snowpack and water availability in some basins; changes in water quality and timing of water availability
	Maintain the capacity to provide assistance to landowners to restore wetlands, uplands and riparian zones to increase the capacity for natural water storage.
	Improve real-time forecasting of water delivery and basin yields to improve management of stored water.
	Improve capacity to provide technical assistance and incentives to increase storage capacity and to improve conservation, reuse, and water use efficiency among all consumptive water uses.
<i>Likely to occur</i>	
3.	Increase in wildfire frequency and intensity
	Include wildfires in planning to reduce vulnerability to natural hazards.
	Restore fire-adapted ecosystems to withstand natural recurring wildfires.
	Develop short- and medium-term climate change adaptation strategies for forests and other fire-prone habitats, and improve development standards to reduce exposure to fire risk at the urban-wildland interface.
	Improve the capabilities of public health agencies to plan for and respond to the public health and safety risks of wildfire emergencies.
4.	Increase in ocean temperatures, with potential for changes in ocean chemistry and increased ocean acidification
	Increase research on the impacts of changes in ocean temperature and chemistry on estuarine and near-shore marine habitats and resources, including commercial and recreational fisheries.
5.	Increased incidence of drought
	Improve capacity to provide technical assistance and incentives to increase storage capacity and to improve conservation, reuse, and water use efficiency among all consumptive water uses.

6.	Increased coastal erosion and risk of inundation from increasing sea levels and increasing wave heights and storm surges
	Inventory and map coastal shorelands that are at risk of erosion or inundation, or are barriers to shoreline migration, and develop long-term state and local adaptation strategies for shorelands.
7.	Changes in the abundance and geographical distributions of plant species and habitats for aquatic and terrestrial wildlife
	Identify ways to manage ecosystems that will improve their resilience to changes in climate conditions.
8.	Increase in diseases, invasive species, and insect, animal and plant pests
	Increase monitoring, detection and control measures for pest insects and plant and wildlife diseases.
	Increase surveillance and monitoring for climate-sensitive infectious diseases to humans.
	Increase outreach and community education about disease and invasive species prevention measures.
	Seek new means of securing resources to detect and combat diseases and invasive species.
9.	Loss of wetland ecosystems and services
	Support implementation of priority actions for Risks 2, 5, 6, 7, and 10 related to hydrologic changes, drought, coastal erosion and inundation, habitats, and flooding.
<i>More likely to occur than not</i>	
10.	Increased frequency of extreme precipitation events and incidence and magnitude of damaging floods
	Inventory past flood conditions and define and map future flood conditions.
	Improve capability to rapidly assess and repair damaged transportation infrastructure, in order to ensure rapid reopening of transportation corridors.
11.	Increased incidence of landslides
	Develop public education and outreach on landslide risks and how to adapt to landslide risks.

Existing Adaptive Capacity

The state and local communities are not without resources already to begin to adapt to the effects of climate change. Important elements of Oregon's basic capacity to adapt to the effects of future climate conditions include the following:

- Oregon has a strong capacity at present to respond to wildfires.

- Oregon is making investments to restore and protect ecosystem services like habitats, riparian structure, and wetlands, which will reduce or mitigate the effects of future climate conditions on people, communities and infrastructure.
- Oregon’s wetland and waterway regulatory program protects important ecosystem services that will become increasingly important in a changing climate.
- There is some capacity at the state and local level to respond to emergency events like floods, fires, and windstorms to reduce damage and loss of life.
- Local land use plans are required to identify significant natural resources—including wetlands and riparian areas—that help reduce or mitigate the effects of future climate conditions on people, communities and infrastructure.
- Local land use plans are required to identify natural hazards that are subject to climate change, like flood, landslides, and coastal erosion.
- Oregon has an extensive network of state and county public health officials and authorities.

The current and future ability to successfully adapt to climate risks will rely in part on maintaining these and other program capabilities at the state level.

Implementing the Framework

Implementing the short-term priority actions will get Oregon started on a long-term path to improve community resilience across the state. Implementing the priority actions will begin the process of factoring information on climate risks into a broad suite of decisions at the federal, tribal, state and local level that affect land use, infrastructure, and natural resources over the next 30 to 40 years. But if implementation of the framework is limited to just the priority actions, several important issues will remain unaddressed. The framework includes a series of recommendations related to these issues, which themselves are not tied exclusively to any one risk.

1. Identify Research Needed for Management

Just like all planning efforts, the anticipated future conditions that form the foundation for the framework involve some uncertainty. Further planning for climate change should involve continued identification of needed research to help ensure that measures being considered are the most appropriate measures. In particular, research is needed on the potential economic costs and benefits of alternative adaptation strategies.

Recommendation for Research

- Compile an inventory of research needed to improve the effectiveness of adaptation measures at the state and local levels.

2. Monitoring for Management

Monitoring is an underappreciated element of effective resource management. Oregon agencies draw on information from many sources, and may monitor a variety of conditions, to improve agency efficiencies and the management of resources. The foundation of information for managing natural resources and state infrastructure could be improved, however, and such improvements will almost invariably improve Oregon’s ability to respond to the effects of future climate conditions.

Recommendation for Monitoring

- Compile an inventory and maps of current surveillance (for diseases) and monitoring (for environmental conditions) efforts, and assess the feasibility of integrating different monitoring efforts into a statewide monitoring system.

3. *Agency Program Assessments*

State agencies already have some important capacities to prepare for, respond, and adapt to the effects of future climate conditions. However, the challenge that climate variability and change present to Oregon agencies is that conditions are changing faster than has generally been experienced before. Therefore, it is important that agency policy, program, and permit choices in the future incorporate information about likely future climate conditions, so as to avoid policies that might have clear climate-related future costs.

Recommendation for Agency Program Assessments

- State agencies should undertake an initial broad-scale assessment to identify policy and program elements that could result in decisions that place people, resources or infrastructure at risk.

4. *Integrating Economic Information into Adaptation Planning*

Development of this framework has been somewhat hampered by the absence of reliable information about either 1) the economic costs of projected changes to Oregon's climate, especially over time; and 2) the likely cost to effectively respond to such changes, especially at the local level. The framework had to be developed on the basis of the estimated magnitude of costs—of both the effects of climate conditions and actions to address those effects—relative to other effects and actions. It is necessary to improve the economic foundation for future adaptation planning.

Recommendation for Economic Information

- Agencies should work with economists and climate adaptation specialists and existing groups or institutes with expertise in economics to compile a white paper to frame the economic questions, analyses, and data that can be used to improve the effectiveness of planning for climate variability and change.

5. *Mainstreaming Adaptation*

Climate variability and change will affect all of the agencies that developed this framework and nearly every sector of Oregon's economy in the coming decades. Mounting and maintaining an effective response effort within state government will require ongoing coordination and collaboration between agencies. Given the continuing long-term challenge, climate preparation and adaptation needs to be 'mainstreamed' into agency programs and operations.

Recommendation for Mainstreaming Adaptation

- The agency directors' group and the interagency work group that have developed the framework should be formalized. The directors, as a steering group, should provide oversight for the coordinated implementation of the short-term priority actions and the implementation recommendations outlined here.

6. *Intergovernmental Coordination*

Building resilience to the effects of climate change will require coordination among all levels of government, and should include non-government entities as well. The most effective adaptation strategies will be implemented at the local or regional level, but may well be a function of state or federal initiatives. The private and non-profit sectors will also be actively engaged at the local, statewide, and national scale in building resilience in areas such as the economy and social welfare. Activities at all levels will need to be coordinated to assure cost effectiveness and to avoid working at cross-purposes.

Recommendation for Intergovernmental Coordination

- Oregon state agencies should consult with federal agencies, Native American tribal governments, representatives of local governments, and the private and nonprofit sectors to identify ways to coordinate the implementation of climate adaptation initiatives.

7. *Integrating Adaptation and Mitigation Strategies*

There is very little in the way of credible scientific challenge to the conclusion that much of the change in climate at the global scale is being driven by increased carbon dioxide emissions from the combustion of fossil fuels. One of the priority overarching actions of an adaptation framework should be to renew the commitment to reducing the generation of greenhouse gasses. Implementation and future revisions of the Framework should involve collaboration with the bodies that have principal responsibilities for implementing Oregon's Roadmap to 2020 developed by the Oregon Global Warming Commission.

Recommendation for Integrating Adaptation and Mitigation Strategies

- Over the next year, state agencies and the OGWC should assess existing emission reduction strategies to determine how best to incorporate climate change preparedness considerations.

8. *Communications and Outreach*

Given the breadth of Oregon's exposure to the effects of climate variability and change, the somewhat unpredictable nature of some climate-related events, and the potential to make decisions that increase vulnerability to various effects of climate change, it is critical to increase communications and outreach with the public about preparing for climate change. Communication and outreach efforts to inform Oregonians about the likely effects of future climate conditions should include information on how individuals and communities can reduce exposure to climate-related risks, and on how individuals can become involved in community-level efforts to prepare for climate change.

Recommendation for Communications and Outreach

- State agencies and the OGWC should collaborate on ways to improve messaging and outreach to the public related to preparing for climate change.

These next steps are designed to build the long-term infrastructure within Oregon state government needed to address climate impacts that will continue to affect Oregonians in

the coming decades. These next steps, in conjunction with the short-term priority actions, represent the beginning of Oregon's effort to build resilience into every element of Oregon's economy and the natural and governance systems that sustain it.

The Framework Report

The Climate Change Adaptation Framework report contains more information than can be presented in this brief Summary of Key Findings and Recommendations. Please refer to the framework report for additional detail on

- The need to plan for variable and changing climate conditions.
- A summary of the scientific research related to each risk.
- Information on the time scale for the risk.
- Additional likely consequences of the risk.
- Agency actions that address the risk.
- Additional needed actions.
- Details on implementing the priority actions.

The Framework is an important first step in a collaborative state-level effort to address the challenges of preparing for and adapting to variable and changing climate conditions in Oregon. It lays the groundwork for expanded collaboration and coordination at all levels of government, and with citizens and the private and nonprofit sectors.

Adaptation Framework: Participating Agencies

Agency	Agency Directors Team	Work Group
Department of Agriculture	Katy Coba	Stephanie Page
Department of Energy	Bob Repine	Bill Drumheller
Department of Environmental Quality	Dick Pedersen	Annette Liebe
Department of Fish and Wildlife	Roy Elicker	Holly Michael Sara O'Brien (contract) Dave Fox
Department of Forestry	Marvin Brown	Andrew Yost
Department of Geology and Mineral Industries	Vicki McConnell	Don Lewis
Department of Human Services Public Health Division	Mel Kohn	Michael Heumann
Department of Land Conservation and Development	Richard Whitman Jim Rue	Bob Rindy Jeff Weber
Parks and Recreation Department	Tim Wood	Jim Morgan
Department of State Lands	Louise Solliday	Anna Buckley
Department of Transportation	Matthew Garrett	Margi Lifsey Elizabeth Hormann
Water Resources Department	Phil Ward	Barry Norris
Oregon Watershed Enhancement Board	Tom Byler	Greg Sieglitz
Oregon Climate Change Research Institute	Phil Mote	Kathie Dello
Climate Leadership Initiative	Bob Doppelt	Roger Hamilton Steve Adams
Oregon Sea Grant	Dr. Stephen Brandt	Pat Corcoran
Oregon State University Extension Service	Scott Reed	
Oregon State University Institute for Natural Resources	Lisa Gaines	Bobby Mauger
Global Warming Commission	Angus Duncan	
Office of the Governor	Mike Carrier	Ivo Trummer Christine Valentine
Business Oregon	Tim McCabe	

Oregon Climate Assessment Report

Legislative Summary



Earth's climate has changed in the past, though the recent magnitude and pace of changes are unprecedented in human existence. Recent decades have been warmer than at any time in roughly 120,000 years. Most of this warming can be attributed to human activity, primarily burning fossil fuels (coal, oil and natural gas) for energy. Burning fossil fuels releases carbon dioxide and other heat trapping gases, also known as greenhouse gases, into the atmosphere. This warming cannot be ascribed to natural causes (volcanic and solar) alone. It can be said that human activities are primarily responsible for the observed 1.5 °F increase in 20th century temperatures in the Pacific Northwest. A warmer climate will affect this state substantially.

Future regional climate changes in Oregon include:

Increases in temperature around 0.2-1°F per decade

Average annual air temperatures will increase through the 21st century. The amount of warming depends partly on the rate of greenhouse gas emissions.

Warmer and drier summers

Seasonal changes of climate are typically more relevant for decision makers and for studying impacts. The most consistent changes in global climate models show a regional warming and drying in the summer. The multi-model average decrease for summer precipitation is 14% by the 2080s.

There is some evidence that extreme precipitation will increase in the future

Though trends in extreme daily precipitation over the 20th century have been ambiguous in Oregon, there is some indication that such events will increase in the 21st century.

Sea level rise

It is near certain that global mean sea level will increase, possibly by 2-4 feet by 2100. By the mid 21st century, the rate of sea level rise will exceed vertical land movement on the Oregon Coast. Submerged areas will experience erosion and flooding impacts.

Key findings:

Summer water supply will decrease as a result of reduced snowpack and summer precipitation. The presence of a winter snowpack is crucial for summertime water supply in much of Oregon. A viable water supply is needed for irrigation, residential and commercial water use, fish propagation and survival and overall ecosystem health. Snowpack in the Pacific Northwest is particularly sensitive to warming. By mid-century, Cascade snowpacks are projected to be less than half of what they were in the 20th century, with lower elevation snowpacks being the most vulnerable. Water demands are projected to increase throughout the 21st century, particularly in urban areas, posing an additional stressor to water availability.

Availability, quality and cost of water will likely be the most limiting factor for agricultural production systems under a warmer climate. Many Oregon irrigation systems are fed by snowmelt and stored in reservoirs. With an increase in temperature irrigation demands will be greater. There may be new opportunities for agriculture in a warmer climate: the growing season may be extended and yields may be more plentiful. A potential opportunity exists for a longer growing season and yields may be greater. Oregon's wine regions have seen the length of the frost-free period increase from 17 to 35 days. However, more research is needed on irrigation technologies and new crop adapta-

tions. Associated management of new invasive plant pathogens, insects and weeds is needed.

Wildfire is projected to increase in all Oregon forest types in the coming decades. Warmer and drier summers leave forests more vulnerable to the stresses from fire danger west of the Cascades. Wildfire in forests east of the Cascades is mainly influenced by vegetation growth in the winters that provides fuel for future fires. An increase in fire activity is expected for all major forest types in the state under climate change. Large fires could become more common in western Oregon forests.

Frequency and magnitude of coastal flooding events may continue to increase. Storminess and extreme storm events have been increasing, leaving coastal areas vulnerable to flooding and erosion. North Pacific winter storm track is projected to shift northward in the 21st century, meaning slightly fewer, but more intense storms.

Many plant and animal species on land, in freshwater, and in the sea have and will shift their distributions and become less or more abundant. In a warmer climate, plant and animal species may have to shift upward or northward on land, and deeper or northward at sea. Rare or endangered species may become less abundant or extinct; insect pests, invasive species and harmful algal blooms may become more abundant.

Changes to the marine environment including increasing water temperatures. Substantial increases in water temperatures in the ocean are likely and will exceed natural variability. The ocean also absorbs carbon dioxide (CO₂) from the atmosphere, which forms carbonic acid and is making waters corrosive to certain species.

Oregon's economy, like many other states, is likely to be affected by a changing climate and by policies addressing projected changes. There is still much work to be done in developing a complete assessment on the economic impacts of climate change in Oregon. However, the work to date suggests that climate change poses economic risks to the state. The magnitude of the impact will depend on the rate of physical change, the willingness of humans to alter their behaviors, and the resilience of our ecosystems.

The important drivers of greenhouse gas emissions are population, consumption, and the emission intensity of the economy (e.g. tons of equivalent carbon dioxide per unit of economic output).

We are already experiencing the impacts of climate change in Oregon. Given these observed and anticipated impacts, prudent measures to adapt should be taken now. Resilience needs to be built into human communities and fostered in natural communities to deal with the adverse impacts on of climate change. The State of Oregon has undertaken a substantial adaptation planning effort drawing heavily from the conclusions regarding the state of climate science found in this report.

The full report can be obtained by calling Julie Cope at the Oregon Climate Change Research Institute at 541-737-5705 and is available for download at www.occri.net/ocar.

The Oregon Climate Change Research Insititute is a network of over 100 researchers across the Oregon University System and affiliated state and federal labs. OCCRI is housed in the College of Oceanic and Atmospheric Science at Oregon State University.



Oregon

Theodore R. Kulongoski, Governor

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December 29, 2010

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item Q: Lawsuit Settlement Affecting Floodplain Regulation
January 19-20, 2011 OWEB Board Meeting**

I. Introduction

This report briefs the OWEB Board on an issue that could have an affect on both land development and restoration actions in Oregon's floodplains. Richard Whitman, Director of the Department of Land Conservation and Development, will present the issue to the Board at the January meeting.

II. Background

The Federal Emergency Management Agency (FEMA) administers a program providing flood insurance and community rating for flood insurance throughout the country. The flood insurance program sets certain requirements for communities to participate, including requirements for mapping of floodplain areas and limitations on development in certain areas. Under Oregon's Statewide Land Use Planning Goal 7, all cities and counties in Oregon must participate in FEMA's flood insurance program. This requirement makes it important for Oregon to be aware of requirements associated with the flood insurance program.

In 2003, a federal lawsuit, *National Wildlife Federation v. FEMA*, contended that administration of the national flood insurance program was in violation of the federal Endangered Species Act.

In 2004, the U.S. District Court for the Western District of Washington State found that FEMA's administration of the flood insurance program was a federal action subject to Section 7 consultation requirements under the federal ESA. The court found that implementation of the flood insurance program impacts use of the floodplain and could therefore impact salmon. The order required FEMA to consult with NOAA Fisheries under the ESA. NOAA Fisheries issued a Biological Opinion on the matter in September of 2008. The Biological Opinion included elements that affect FEMA's floodplain mapping, minimum floodplain management criteria, and community rating system. The results of the Biological Opinion require significant changes to all three elements of the FEMA program in Washington.

On July 10, 2010, FEMA settled a similar lawsuit affecting Oregon. FEMA and NOAA Fisheries have initiated consultation on the matter. The Department of Land Conservation and Development, at the request of Governor Kulongoski, initiated a conversation with the federal agencies to determine how Oregon's approach to activities in and near floodplains will shape the proposed action and resulting Biological Assessment.

Since the flood insurance program affects 259 communities throughout the state, it could have great significance for community development. Since many river restoration projects occur within the floodway or floodplain, they may also be affected.

III. Further Steps

OWEB staff will be involved with the Oregon Plan Core Team working on this issue and will use the forum as an opportunity to discuss approaches to recognizing river restoration actions that would not impede riverine function. It would be a preferred outcome to allow restoration actions to be evaluated with different criteria than development activities.

IV. Recommendation

This is an information item only. No Board action is required.

APPROVED BY THE BOARD MARCH 15, 2011
Oregon Watershed Enhancement Board
January 19, 2011
OWEB Board Meeting
Corvallis, Oregon

Minutes

OWEB Members Present

Miles Brown
Dan Carver
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Kim Kratz
Meta Loftsgaarden
Will Neuhauser
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Wendy Hudson
Miriam Hulst
Melissa Leoni
Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Liz Vollmer-Buhl
Liz Redon
Megan Kleibacker
Lisa Seales
Andy Kittel
Thom Whittier
Jennifer Ayotte
Kendra Smith
Wayne Phillips
Stacy Vynne
David Zielinski
Karen Fleck-Harding
Christine Hurst
Tom O'Brien
Nan Evans
Jerry Nicolescu

Members Not Present

Skip Klarquist
Eric Quaempts
Patricia Smith

Board Co-Chair Daniel Heagerty announced that this would be the last meeting for Board member Miles Brown from BLM and thanked him for his service on the Board. His replacement will be Michael Haske, Deputy State Director, Resource Planning, Use and Protection, BLM. Will Neuhauser was introduced as a new public-at-large member of the Board replacing Diane Snyder.

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas.

B. Minutes

Minutes of the September 14-15, 2010, Board meeting in Garibaldi were unanimously approved.

C. Executive Director Update

Executive Director, Tom Byler, briefly reported on the following program updates:

1. Biennial Conference

OWEB's 11th Biennial Conference was held November 15-17, 2010, at the Pendleton Convention Center. OWEB staff received positive feedback on the conference. A survey

has gone out to attendees and staff will report back to the Board on the final evaluation. Highlighted at the conference were interactions with the Confederated Tribes of the Umatilla Indian Reservation at a reception and a First Foods dinner at the Longhouse. As explained in a presentation by Board member Eric Quaempts, the First Foods approach connects primary foods with the culture and traditions of the Tribes.

2. Oregon Plan Biennial Report

To meet our statutory requirement, OWEB staff distributed a four-page Oregon Plan Biennial Report Executive Summary to the Governor and legislative natural resource committee members. A more detailed report is available on OWEB's web site allowing it to be updated easily and continuously.

3. Secretary of State Audits Update

The Secretary of State's Audits Division has conducted three separate audits on OWEB activities.

Lottery Funds Fiscal Audit

This audit was concluded prior to OWEB's September 2010 meeting and a final report was distributed to Board members.

Performance Audit

The Secretary of State's office began interviewing OWEB Board members, staff, grantees, watershed councils, SWCDs, state and federal agencies, and others in April 2010. Staff expect to receive the final audit report shortly after the Board meeting.

Environmental Management Fund Audit

For the first time, OWEB was included in the annual audit of the statewide Comprehensive Annual Financial Report – Environmental Management Fund. OWEB's review has been completed, and staff are waiting for a meeting to discuss the audit and any potential findings.

The Board asked for time at the March Board meeting to reflect on the audit reports.

4. October 18, 2010 Grant Cycle Update

A total of 202 grant applications were submitted to OWEB for its October 18 grant cycle. Staff have communicated with applicants our desire to fund the October 2010 grant cycle as fully as possible at the March 2011 Board meeting. We have let them know that there are still significant uncertainties around non-capital funding for the October cycle. Applicants have also been notified that worst case scenario could occur resulting in non-capital Board awards (Technical Assistance, Monitoring, and Education/Outreach) for the October cycle being delayed until the agency is given a budget for 2011-2013.

5. 2007-2009 Small Grant Program Report

Board members were provided with the Small Grant Program Biennial Report that provides background information about the program and summarizes Small Grant Program awards for the biennium.

6. OWEB Partnerships Update

Board members were provided with an update on the following partnerships:

- Willamette SIP
- Deschutes SIP
- Whole Watersheds Restoration Initiative
- Conservation Reserve Enhancement Program

7. 2010 Coastal Wetlands Grants

Board members were provided an update on the following 2010 Coastal Wetlands Grants awarded by the U.S. Fish and Wildlife Service:

- Coquille Valley Wetland Conservation and Restoration
- Miami Wetlands Conservation and Restoration Project
- Tillamook Bay Wetlands Acquisition and Restoration

The next step is for OWEB to complete the review of pending applications and consider the award of state funding. These projects will be added to the backlog of applications awaiting review by OWEB staff in the Acquisitions Program. See Agenda Item S.

D. Legislative and Budget Overview

Tom Byler, Executive Director, provided an update on OWEB's 2009-2011 budget, the status of 2011-2013 budget process, and on the 2011 Oregon Legislature, including proposed legislation.

2009-2011 Budget

Decreased Lottery Fund revenues resulting from the economic downturn forced OWEB, along with other agencies that received dedicated Lottery Funds to develop plans to rebalance their 2009-2011 budgets. The next revenue forecast will be on February 15, 2011. OWEB's managers will continue to consider adjustments to our budget rebalance plan in response to this revenue forecast.

Although OWEB was awarded \$15 million in PCSRF for Federal Fiscal Year 2010, we have not yet requested expenditure limitation from the Legislature. If additional expenditure authority is not obtained, or if other remaining unallocated non-capital funds are "swept" to build other agency budgets for the 2011-2013 biennium, it is possible that the March 2011 Board awards may be delayed until funding is available. The Governor's Recommended Budget is scheduled to be released on February 1, 2011, so we will know more then on how to proceed. Staff intend to keep NMFS informed on legislative allocations of PCSRF funds should they propose to use some of the funds for other agencies.

2011-2013 Budget Process

OWEB's Agency Request Budget was submitted the end of August for consideration and possible inclusion in the Governor's Recommended Budget for the 2011-2013 biennium. The Governor's Recommended Budget is scheduled to be released on February 1, 2011. The Legislatively Adopted Budget is finalized in June 2011.

2011 Legislature

Melissa Leoni, Senior Policy Coordinator, is also OWEB's Legislative Coordinator. Ballot Measure 71 passed and will change the schedule of the 2011 legislative session. That measure requires the legislative assembly to meet each year, limits regular sessions to 160 calendar days in odd-numbered years, and 35 calendar days in even number years, and allows

regular session to be extended by five days with an affirmative vote of two-thirds of the members of each chamber. The Legislature met for a three-day organizational session January 10-12, 2011, and will return on February 1 for the 160-day session. The anticipated end of the session will be June 30, 2011.

The November election results have impacted the composition of membership in the House and Senate. The Senate is controlled by the Democrats, but the House is evenly divided between the Republicans and Democrats.

Director Byler and Melissa Leoni, Senior Policy Coordinator, will schedule time with members of the natural resources legislative committees to brief them on OWEB, and the implementation of Ballot Measure 76. The Co-Chairs will also meet with legislative committee members later in the spring. OWEB will likely be engaged in more policy discussions during the upcoming session than it has since the early years of the agency because of the passage of Ballot Measure 76 and the recommendations that came out of the Ecosystem Services work group process. (See also Agenda Items E and M.)

E. Ballot Measure 76

Melissa Leoni, Senior Policy Coordinator, provided Board members with a presentation showing the specifics of Ballot Measure 76 as compared to Ballot Measure 66. OWEB was created by the 1999 Legislature in response to the passage of Ballot Measure 66 in November 1998.

OWEB will work with the Governor, 2011 Legislature, and stakeholders on legislation to implement Measure 76. OWEB has been asked to participate in a Measure 76 work group formed by Senator Jackie Dingfelder to work on the statutory changes necessary to implement the measure. Senate Bill 342 was introduced to implement the revised constitutional language. When the work group amendments, which will be the version of SB 342 discussed by Senator Dingfelder's committee, are available, staff will forward a copy to the Board.

OWEB staff have convened an internal Measure 76 Implementation Team to prepare for the transition to administer Measure 76 funds in July 2011.

F. Introduction to New Administration

Because Governor Kitzhaber had not yet appointed his Natural Resources Advisor, this agenda item was postponed.

G. Public Comment

- Dave Hansen, Megan Kleibacker, and Sam Chan (Oregon Sea Grant, OSU Extension Service) provided comments on education opportunities as implementation of Measure 76 proceeds.
- Nan Evans, The Nature Conservancy, discussed the implementation of Measure 76 and changes made to improve the draft legislation. She also commented on her support of OWEB's acquisition program.
- Tom O'Brien, Network of Oregon Watershed Councils, talked about Measure 76, asked to be involved in conversations about watershed assessments, urged OWEB to press for legislative approval for federal funds, and gave an invitation for a March 11 event in the gallery at the Capitol with watershed councils and soil and water conservation districts.

- Andy Kittel, Alsea Watershed Council, encouraged the Board to revisit how they look at watershed council support.

H. OWEB Policy and Budget Discussion

Tom Byler, Executive Director, identified this Agenda Item as a starting point for Board discussion concerning numerous policy, budget, and process challenges and opportunities facing OWEB in the coming year. OWEB's strategic direction will be influenced by the priorities of the new Governor and Legislature; however with Ballot Measure 76 implementation OWEB has the opportunity to refocus its strategic direction with a long-term horizon for conservation investments.

Director Byler updated Board members on current activities, complimenting the Fiscal section on the positive Secretary of State audits. He also noted the completion of OWEB's Strategic Plan, containing five goals, nine strategies, and 33 actions. Other program areas OWEB has focused on are watershed council support, restoration/acquisition priorities, ecosystem services, and communications. The Legislature will convene February through June. OWEB has Board meetings in March, June, and September, with a possible Board retreat this summer. There are two grant cycles, October-March, and April-September, and the 2011-2013 biennium starts on July 1, 2011.

OWEB's current priorities are Ballot Measure 76 implementation and any new work that comes from the Legislature. An Acquisitions Work Group has been formed to discuss and address issues associated with OWEB funding for acquisition projects. The 2013-2015 and 2015-2017 council support application and review process will require additional efforts. The goals in the strategic plan will also direct staff work.

Staff will continue to discuss policy and budget considerations at future board meetings, a board retreat, through board subcommittees, and through stakeholder involvement. We will be in the new biennium at the September Board meeting which is typically the meeting to decide on the biennial spending plan. That also might be a good time to evaluate Board subcommittees and consider reconfiguring them to reflect the new policy issues.

Board member questions/comments following Director Byler's presentation are below:

- What did the public vote for with Ballot Measure 76?
- We should stay as flexible as possible and not over-react to challenges
- Measure 76 passed in every county, and statewide by over two-thirds of the votes.
- Would it be premature to revise the strategic plan now?
- The strategic plan needs to be revisited.
- We should continually bring back the strategic plan.
- New ideas are difficult and the strategic plan will give context.
- Is there anything in the strategic plan that runs counter to Measure 76?
- Public perceived that Parks was the reason to sign Measure 76 petitions, not OWEB.
- Voters like conservation, not just parks.
- Acquisition is kind of like a park you can't go to.
- At the March and June board meetings, we should delve deep into the topic areas of the strategic plan.

Director Byler said this was a great discussion and thanked board members for their comments.

I. April 2011 Grant Cycle Offerings

Lauri Aunan, Grant Program Manager, told Board members that although the agency is unsure of the availability of funding for the remainder of the biennium, the agency was taking a “business as usual” approach for the April 2011 grant cycle. For the April 18, 2011, application deadline, she asked Board members to add a technical assistance application solicitation.

Board members unanimously approved a revision to the 2009-2011 grant cycle schedule to add the solicitation of Technical Assistance applications to the April 18, 2011, grant application deadline as shown in Attachment A of the staff report.

J. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, updated Board members on the 2011-2013 Watershed Council Support process. By the January 18, 2011, application deadline, OWEB received 64 council support applications requesting \$9.1 million. No new councils submitted applications.

Ms. Shaff presented a timeline of the process with council support application workshops held in November 2010, council support advisory committee trainings the end of January, Board consideration of council support funding awards at the June 14-15, 2011, Board meeting, and grant agreements signed and mailed to grantees by July 8, 2011.

Ms. Aunan reported on the Watershed Council Listening Session follow-up at the Biennial Conference. The session was attended by eight councils representing four regions and both urban and rural councils. In addition to the Network of Oregon Watershed Councils, Board members Debbie Hollen and Alan Henning attended the session. The session was also available by videoconference. Two areas of general agreement were noted: 1) simplifying and streamlining the council support application; and 2) support for a baseline level of council support funding.

The Board Council Support Subcommittee (Jim Johnson, Dan Thorndike, Alan Henning, and Debbie Hollen) has been discussing the future of local capacity and the watershed council support program. On December 9, 2010, Meta Loftsgaarden facilitated a brainstorming discussion that included “landscape changes” that affect the capacity relationship between councils and OWEB; specific principles and desired outcomes for OWEB’s council support program; identifying potential roles for partners in council support; and tools, priorities, and timeframes for implementing adjustments to council support provided by OWEB. Three categories of recommended actions came out of that meeting: 1) Board leadership and priorities, 2) Funding adequacy and capacity, and 3) Application process and criteria.

OWEB staff have worked with the Board Subcommittee to develop draft Watershed Council Support Principles. Principles 1-3 are process principles for OWEB. Items 4-6 are “outcomes” for councils, and Item 7 is a funding principle for OWEB. The purpose of the principles is to:

- Define what OWEB wants to see as the results of the OWEB council support program, i.e., what outcomes are intended from the investment.
- Provide a framework for answering recurring policy questions (e.g., funding new councils; approving or denying requests for solo funding)

- Provide the basis for potential future administrative rule changes (align OWEB council support program rules with the principles)

OWEB staff requested feedback from Board members and stakeholders on the recommended actions in Attachment C, and the draft Watershed Council Support Principles in Attachment D of the staff report.

During the Board discussion, Board members requested additional information regarding the purpose of OWEB funding for council capacity, the level of OWEB's council support and project investment in councils, and results from the investments. For the March Board meeting, staff will prepare an overview of the purpose of capacity funding, investment levels and results, and a timeline of the long-term and short-term decision points as we work to evaluate and adjust the watershed council support grant program as contemplated by OWEB's Strategic Plan.

K. Willamette Model Watershed Program Presentation

Ken Bierly, Deputy Director, provided a brief overview of the Willamette Model Watershed Program and introduced the following who provided Board members with a presentation.

- Kendra Smith, Bonneville Environmental Foundation
- Liz Redon, North Santiam Watershed Council
- Xan Augerot, Marys River Watershed Council
- Tara Davis, Calapooia Watershed Council

At the conclusion of the day's meeting, OWEB Board members and staff attended an informal reception in the lobby of the LaSells Stewart Center showcasing OWEB-funded research projects. The reception, sponsored by Oregon State University's natural resource departments and programs, was held for local area councils, districts, and local officials.

APPROVED BY THE BOARD MARCH 15, 2011
Oregon Watershed Enhancement Board
January 20, 2011
OWEB Board Meeting
Corvallis, Oregon

Minutes

OWEB Members Present

Miles Brown
Dan Carver
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Kim Kratz
Meta Loftsgaarden
Will Neuhauser
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
David Hammer
Wendy Hudson
Miriam Hulst
Melissa Leoni
Bobbi Riggers
Shannon Schmidt
Tom Shafer
Greg Sieglitz

Others Present

Joe Moll
Jeff Baldwin
Tom Fontaine
Kristen Larson
John Vial
Craig Harper
Charlie Boyer
Steve Wondzell
Jerry Nicolescu

Members Not Present

Skip Klarquist
Jennifer Phillippi
Eric Quaempts
Patricia Smith

L. Deferred Acquisitions

Miriam Hulst, Acquisitions Specialist, briefed Board members on a fee title acquisition application (Waite Ranch, Application #211-102) in the Suislaw Estuary, which was previously deferred by the Board. Due diligence has been completed and the application is ready for funding consideration. The McKenzie River Trust (MRT) requested \$595,000 to purchase the 217-acre agricultural property in the Suislaw River estuary in Lane County. The property will be restored to estuarine intertidal connection.

Board members unanimously approved an award of \$595,000 for the Waite Ranch acquisition project (#211-102), contingent upon:

- A. MRT's agreement to remove all farm infrastructure in accordance with the Environmental Site Assessment and all applicable laws and regulations; and*
- B. MRT's agreement to complete the required habitat documentation in accordance with staff's feedback on the draft document.*

M. Ecosystem Services Update

Renee Davis-Born, Ecosystems Services Coordinator, provided an update on the SB 513 process. The official SB 513 process is complete. The Working Group met nine times and the Ad Hoc

Group four times, to deliberate on the challenges to and opportunities for ecosystem services approaches and markets to help the state meet its restoration and conservation goals. The final report and recommendations were approved by the Oregon Sustainability Board on December 10, 2010, and submitted to the members of the Legislature on December 29, 2010. The full report is available online at www.oregon.gov/OWEB/SB513.shtml. Staff also prepared an Executive Summary identifying ten policy proposals included in the report that, if implemented, would promote the development of an integrated ecosystem marketplace in Oregon. The Office of Legislative Counsel is drafting a bill as a follow-up to the SB 513 process.

Renee Davis-Born also updated the Board about the Willamette Ecosystem Services Pilot Project. OWEB had an opportunity to partner with the Willamette Partnership and The Freshwater Trust on a proposal to the 2010 USDA Conservation Innovation Grant program of the NRCS. The proposed project requested funding to implement a pilot market for ecosystem services in the Willamette Basin by encouraging private investors to fund restoration work that results in ecosystem services credits that could be sold in marketplace. At the September 2010 Board meeting, staff reported that NRCS had declined the proposal. Since then, staff from The Freshwater Trust and the Willamette Partnership have been exploring alternative funding sources. The USDA recently announced a reorganization of the oversight and management of the Department's ecosystem services initiatives, along with concentration areas for on-the-ground testing of ecosystem services concepts. One area of concentration is a Northwest Market Initiative being developed by The Freshwater Trust and the Partnership. They resubmitted a CIG pre-proposal in late December for consideration during the 2011 grant cycle. They are also meeting with municipalities and local restoration practitioners in the Willamette Basin to generate interest in using riparian restoration projects as a natural infrastructure solution for water-quality offsets. In response to a Board member question about any changes that had been made to the pre-proposal prior to resubmission, Bobby Cochran, Executive Director of the Willamette Partnership, noted that some aspects of the proposal (e.g., development of metrics and crediting protocols for ecosystem services) were expanded to broader regional scope.

Greg Sieglitz, Monitoring and Reporting Program Manager, introduced Steve Dettman, Ecotrust, and Kim Titus and Mark Brown from BLM, who briefed Board members on Eastern Oregon Soil Carbon Project. Ecotrust secured funding from BLM to develop and lead an Oregon Rangeland Ecosystem Function Project. OWEB is a collaborating partner in the effort. The project will quantify the links between recommended management practices and the improvement in the functions and delivery of ecological services. Field sampling for this project is being coordinated by Dr. David Hammer, visiting scientist on loan to OWEB from the U.S. EPA.

Now that the SB 513 activities are winding down, staff initiated a discussion with the Board about possible directions for OWEB's Ecosystem Services Program in the future. Renee Davis-Born outlined for Board members current and potential new ecosystem services projects in which OWEB already is or could be involved. Greg Sieglitz described how these opportunities connect to OWEB's programmatic areas and strategic plan priorities and are important for the agency to consider pursuing in the near-term and into the future.

Board members discussed OWEB's potential role in Ecosystem Services. Some expressed concern about the tough budget climate, and noted that prioritizing ecosystem services activities could ensure that the agency is maximizing the ecological return on its financial investments. Areas of interest noted by Board members include metric development to measure important

ecosystem services (e.g., water temperature, nutrient reductions) and facilitating streamflow restoration work in collaboration with other agencies and stakeholders (e.g., the Integrated Water Resources Strategy). Board members also discussed how a potential Klamath SIP could incorporate ecosystems services components as part of a proposal being developed by the Klamath Watershed Partnership, EPA and others. The Board encouraged staff to prepare for a more detailed discussion of ecosystem services programmatic development, especially as it relates to activities in the Klamath, at the March Board meeting.

N. OWEB Research Program Reports

Greg Sieglitz, Monitoring and Reporting Program Manager, briefed Board members on nine research projects funded by OWEB in 2007. In March 2009 a narrower set of research priority focus areas was adopted by the Board, including climate change and local watershed impacts, climate change and salmon returns from the ocean environment, economic evaluations of the role OWEB investment play in local economies and communities, modeling water availability under a changing climate, and terrestrial considerations of invasive species and wildfires.

Steve Wondzell, Pacific Northwest Research Station, informed the Board of his research project. David Hulse, University of Oregon, informed Board members of a joint University of Oregon and Oregon State University study on the floodplains of the Willamette River.

O. Public Comment

- Joe Moll, McKenzie River Trust, updated Board members on the Willamette SIP, and invited them for a tour of Green Island.
- Kendra Smith, Bonneville Environmental Foundation, expressed limitations and concerns about ecosystem services and cautioned the Board to “keep it simple.”

P. Climate Change Adaptation Framework Report

Richard Whitman, Director, Department of Land Conservation and Development, and Kathie Delo, Oregon Climate Change Institute, briefed Board members on the Oregon Climate Change Adaptation Framework document and described work anticipated in 2011. In late 2009, Governor Kulongoski instructed state agencies to develop an Oregon Climate Change Adaptation Plan, and identified key agencies including OWEB to be involved in a work group to develop the Plan. The effort was organized by DLCD.

In December 2010, the Oregon Climate Change Research Institute, Oregon Climate Assessment Report, and the Framework products developed by the state work group were presented to the Senate Interim Committee on Environment and Natural Resources and the House Interim Committee on Environment and Water. Director Whitman anticipated that the reports may be incorporated into the Governor’s office policy considerations as well as the Legislature during its session.

Q. Lawsuit Settlement Affecting Floodplain Regulation

Richard Whitman, Director, Department of Land Conservation and Development, described a recent FEMA/ESA settlement agreement and the implications for local communities throughout Oregon.

R. Gold Ray Dam Removal Presentation

John Vial, Director, Jackson County Roads and Parks, gave a presentation on the removal of Gold Ray Dam.

S. Other Business

Addressing Critical Acquisition Program Needs

Ken Bierly, Deputy Director, briefed Board members on acquisition program needs. OWEB currently has one technical staff position, and one part time temporary clerical position to handle land acquisitions. OWEB's acquisition workload has increased significantly in the past few years due to the following:

- OWEB receives more applications from conservation interests each grant cycle.
- Land acquisition applications are also coming to OWEB through the SIP efforts in the Willamette and Deschutes basins.
- OWEB has been successful in obtaining federal funds for land acquisitions along the Oregon coast and in the Willamette Valley.

The result is a current backlog of more than 19 grant applications involving nearly 30 properties with a new round of grant applications coming in April of 2011.

During stakeholder discussions about Measure 76 implementation, issues surrounding the manner in which OWEB handles land acquisitions has been raised. OWEB staff and stakeholders have proposed forming a work group to have a facilitated discussion about the program.

In order to address the current critical need, OWEB has proposed hiring a temporary staff position to assist in the processing of applications; and would hire a facilitator to assist in the work group conversation with stakeholders interested in the OWEB acquisition program. Funding would come from previously allocated funds that have not been expended or committed by contract or grant.

Board members unanimously approved:

- A. An addition to the purposes of the \$180,000 of non-capital funds (210-921) allocated by the Board in September 2009 for restoration and protection priorities coordination work to include the support of a temporary acquisition staff position at OWEB and acquisition work group facilitation services; and*
- B. Delegate to the Executive Director the authority to distribute the funds awarded in Section III.A. through appropriate grant agreements, contracts, interagency agreements or other means consistent with the purposes identified in this report.*

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
March 15-16, 2011

Jefferson III Conference Room
Red Lion Hotel Salem
3301 Market Street NE

*Directions: From I-5: Take exit #256 to Market Street.
Turn west on Market Street and the hotel is located less than 2 blocks on your right side.*

Tuesday, March 15, 2011

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E and L), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. ***The Board encourages persons to limit comments to no more than five minutes.***

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes

The minutes of the January 19-20, 2011, Board meeting in Corvallis will be presented for Board approval. *Action item.*

C. Executive Director Update

Tom Byler, Executive Director, will update the Board on agency business and late-breaking issues. *Information item.*

D. OWEB 2009-2011 Budget Update

Tom Byler, Executive Director, will update the Board on the status of the OWEB 2009-2011 budget. *Information item.*

E. Public Comment – Pending Grant Applications [approximately 10:00 a.m.]

This time is reserved for public comment on pending grant applications to be considered for funding by the Board. Only comments pertaining to the specific grant applications will be accepted during the meeting. The Board will not accept any written materials at this time. Any written comments pertaining to pending grant proposals must be received by agency staff by the March 4, 2011, deadline. The Board encourages persons to limit comments to no more than five minutes.

F. Board Consideration of Pending Grant Applications

The Board will consider grant applications submitted by the October 18, 2010, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

G. Coastal Wetlands Grants

Ken Bierly, Deputy Director, will request Board action on three projects awarded funding through the 2011 Coastal Wetlands Grant Program. *Action item.*

H. Climate Change Leadership Initiative

Greg Sieglitz, Monitoring and Reporting Program Manager, will provide a summary of recent OWEB sponsored research into climate change and the Resource Innovation Group staff will present their Climate Leadership Initiative work on engaging local stakeholders in climate change preparations at the local watershed level in several Oregon communities. *Information item.*

I. OWEB Effectiveness Monitoring Program

Greg Sieglitz, Monitoring and Reporting Program Manager, and Kyle Abraham, Effectiveness Monitoring Specialist, will update the Board on the accomplishments and priorities of OWEB's Effectiveness Monitoring Program. *Information item.*

Informal Reception - 5:00 – 6:00 p.m.

The Oregon Watershed Enhancement Board invites you to join Board members and staff for a reception for area councils, districts, legislators, and local officials who are OWEB's partners supporting watershed restoration activities.

*Immediately following the meeting until 6:00 p.m.
Red Lion Hotel Salem
3301 Market Street NE*

Wednesday, March 16, 2011

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E and L), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

J. Budget and Legislative

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, will update the Board on the 2011 Oregon Legislature and the 2011-2013 budget process. *Information item.*

K. Strategic Plan Implementation Update

Tom Byler, Executive Director, and OWEB staff will update the Board on action items underway to implement the Board's 2010 Strategic Plan. *Information item.*

L. Public Comment – General [approximately 9:45 a.m.]

This time is reserved for public comment on any matter before the Board.

M. Ecosystem Services Update

Renee Davis Born, Ecosystem Services Coordinator, and Greg Sieglitz, Monitoring and Reporting Program Manager, will discuss with the Board potential priorities and focus areas for an OWEB Ecosystem Services Program, including efforts in the Klamath Basin. *Information item.*

N. OWEB Partnership Investments

Ken Bierly, Deputy Director, will update the Board on the status of OWEB partnership investments and present a proposed process for consideration of special investment partnerships. *Action item.*

O. Willamette SIP Presentation

Ken Bierly, Deputy Director, will introduce a presentation by Pam Wiley and Eric Jones, Meyer Memorial Trust, and Paula Burgess, OWEB contractor, on the status of the Willamette Special Investment Partnership. *Information item.*

P. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Monday, Tuesday, and Wednesday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

A public comment period for pending grant applications will be held on Tuesday, March 15, at 10:00 a.m. The Board will not accept any written materials at that time. Any written comments pertaining to pending grant proposals must be received by the March 4, 2011, deadline. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

A general public comment period will be held on Wednesday, March 16, at 9:45 a.m. for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *Dan Carver*
Environmental Quality Commission member: *Ken Williamson*
Fish and Wildlife Commission member: *Skip Klarquist*
Board of Forestry member: *Jennifer Phillippi*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts*
Public member: *Daniel Heagerty, Board Co-Chair*
Public member: *Will Neuhauser*
Public member: *Patricia Smith*
Public member: *Dan Thorndike, Board Co-Chair*
Public member: *Karl Wenner*

Non-voting Members

Representative of NMFS: *Kim Kratz*
Representative of Oregon State University Extension Service: *James Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Michael Haske*
Representative of U.S. NRCS: *Meta Loftsgaarden*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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Salem, Oregon 97301-1290
503-986-0178
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www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

2011 Board Meeting Schedule

June 14-15, 2011 in Bend
September 13-14, 2011 in Hermiston

For online access to staff reports and other OWEB publications check our web site: www.oregon.gov/OWEB.

March 15-16, 2011 OWEB Board Meeting Executive Director Update #C-1: Biennial Conference

Background

The 2010 Biennial Conference was held at the Pendleton Convention Center on November 15-17, 2010. The conference drew 353 attendees representing the diversity of those interested and involved in watershed restoration in the state.

From initial planning of the event to its conclusion, conference stakeholders were provided several avenues for providing input. In the summer of 2009, a needs assessment survey was sent to nearly 500 potential 2010 attendees. During the conference, presentations were evaluated upon their conclusion; there was also a suggestion box available for any conference-related issue. After the conference, attendees were invited to respond to an online survey. The survey's primary purpose was to evaluate the effectiveness of the conference and several innovations in particular. The survey was short (10 questions) and featured a mix of Likert and open-ended questions. This report is an update on the results of that survey.

Level of Response to Survey

Ninety-five, or 27 percent, of those who attended the conference replied to the survey. This level of response is typical for a post-event online survey and the suggestions and comments provide good information for planning the conference in 2012.

Conference Objectives: Networking and Professional Development

Feedback on the needs assessment survey prior to the conference revealed that attendees value time for networking slightly more than structured instructional presentations. To improve networking opportunities, fewer speakers were scheduled during meals to allow for informal discussions, an attendee directory was published, and the poster and exhibitor sessions were improved upon. Overall, the post-event survey demonstrates that these changes were successful. Those who responded most favorably to the increased time for networking during meals were those who are most experienced in the watershed restoration profession.

Also new to the 2010 conference was the provision of a printed attendee directory which included contact information as well as photos. Over 30 percent of the attendees supplied photos, either via email prior to the conference or at the registration desk at the conference. A majority of attendees (86 percent) found the directory to be helpful; the remainder either did not think it was useful (5 percent) or they were unsure (9 percent). Those who valued the publication the most were those who are new to the watershed restoration community of professionals.

Building on the success of the 2008 conference for increasing the use of adult learning techniques in presentations, the 2010 conference continued to emphasize presentations that were interactive, hands-on, and included practical problem solving activities in addition to lecture style formats. Over half of those responded said it would be a good idea to pair content experts with professionals who are skilled at designing adult learning workshops; over one third were open to the idea, but needed more information.

Next Steps

There are only a few facilities in Oregon that can accommodate our group of 350-400 attendees. In order to take advantage of potential discounts made available now, staff are already thinking about the 2012 Biennial Conference location; Salem, Bend, Portland, and Seaside are likely locations.

Staff Contact

If you have questions or need additional information, please contact Carolyn Devine at carolyn.devine@state.or.us or 503-986-0195.

March 15-16, 2011 OWEB Board Meeting Executive Director Update #C-2: Working Lands Report

Background

Goal 1, Strategy 1, Action 7 of the OWEB Strategic Plan is to “Encourage and support programs that result in positive long-term economic outcomes for landowners while achieving watershed and habitat restoration and conservation.”

In 2009 and 2010, OWEB staff had discussions with the Board Acquisition Subcommittee on the question of how working lands conservation easements – those land conservation projects that include continued private ownership and economic use of a property – are evaluated for funding. OWEB’s current administrative rules focus on habitat, plant community, and species ecological priorities and whether applications meet one or more conservation principles to protect those priorities. In contrast, a number of working lands easement proponents have argued that protection from land division and intensification of use should be sufficient for OWEB funding.

As part of the strategic plan implementation efforts, staff advertised for an independent contractor to analyze programs that fund “working lands” conservation easements and interview interested parties to seek opinions about what working lands easements can contribute to watershed and habitat restoration and conservation in Oregon. The purpose was to compile policy and program information and stakeholder perspectives to help OWEB better determine how its funding can be used for working lands conservation easements that provide long-term economic benefits for landowners in a manner consistent with the Oregon Constitution and OWEB’s mission and statutes.

Working Lands and the OWEB Acquisition Program

The contractor has explored working lands easement programs over the past year and has conducted interviews and developed a report for the Board. The attached Executive Summary provides an overview and describes the findings of the review.

With the passage of Ballot Measure 76 and discussions around implementation of the measure, a number of concerns and issues associated with OWEB’s funding of land acquisition projects have been raised. While many good ideas are proposed in the evaluation of working lands, they nearly all have staffing and capacity implications. A number of the suggestions in the report will be considered during the land acquisition work group process, which is described in Agenda Item C-5.

Staff Contact

If you have questions or need additional information about the working lands report, please contact Ken Bierly, at ken.bierly@state.or.us or 503-986-0182.

Attachment

A Policy Analysis of the Role of Working Land Conservation Easements Using Dedicated Lottery Funds*

Executive Summary

To assess the role of working land conservation easements in achieving the Oregon Watershed Enhancement Board's constitutional mission of watershed protection and restoration using lottery funds, grant programs in three other states, experiences of seven of Oregon's land trusts, information from four federal grant programs, and input from interested parties were reviewed, compiled and evaluated. The resulting report proposes policies to help guide the use of OWEB lottery funds on working land and make these funds more effective in achieving the goals set forth in the Constitution.

Working Land Conservation Easement Funding Programs in Other States

The state easement funding programs reviewed (Colorado, Maryland and Washington) all provide grants for acquiring conservation easements on working land. Colorado's Open Space Program (funded by the lottery) is targeted primarily at preserving open space and important ecological values but recognizes the importance of working land in achieving these goals. The Maryland Agricultural Land Preservation Foundation (funded by a real estate transfer tax) is focused primarily on preservation of farm and forest land but has ancillary environmental goals. Washington's Farmland Preservation Program (funded by tax exempt general obligation bonds) is intended primarily to preserve farmland but can include funds for protection and restoration of ecological resources. Washington's Salmon Recovery program (also funded by bonds) targets restoration and protection of salmon habitat, sometimes on working land. Acquisitions are



The 492 acre Coffey Ranch, east of Prineville. Photo by Brian Ouimette.

mostly *in fee*, often generating public opposition when this results in taking agricultural land out of production. Maryland was the only state with an overarching state-wide agricultural plan.

The four funding programs utilize two fundamentally different approaches: (a) a state-wide evaluation of competing grant applications with the distribution of grant funds across the state determined by the location of the highest ranked projects (Washington's Farmland Preservation Program, Colorado's Open Space Program), and (b) a local or regional evaluation of competing grant applications with the distribution of grant funds across the state predetermined by formula (Washington's Salmon Recovery program, Maryland's Agricultural Land Preservation Foundation).

Coordination with other state and federal funding programs varied and depended on compatibility of program policies and procedures, other institutional barriers, and personalities. Of the three states evaluated, the Colorado Open Space Program appeared to be

* Oregon Watershed Enhancement Board, February 1, 2011.

the most effective at minimizing institutional barriers and providing good communication with federal programs and grant recipients (including land trusts), due in part to a less rigorous and more flexible approach to allocating funds.

Staffing levels of the state programs varied considerably, depending primarily on the frequency of grant cycles (ranging from biennial to twice annually) and the role of staff in board support, policy setting, rulemaking, project evaluation, grant administration, monitoring, and addressing legal disputes (including litigation). Maryland's Agricultural Land Preservation Program—the oldest program evaluated—had the largest staff (seven plus assistance from other agencies) and Washington's Farmland Preservation Program—the newest program—the smallest (0.5 FTE).



Balancing farm use and riparian health at Aspen View Ranch, Mill Creek. Photo by Brad Nye.

Oregon Land Trusts

The Oregon land trusts reviewed for this report (Columbia Land Trust, Deschutes Land Trust, Greenbelt Land Trust, McKenzie River Trust, Oregon Rangeland Trust, Southern Oregon Land Conservancy, and The Wetlands Conservancy) all have acquired conservation easements on working lands. Reasons depend on each land trust's mission and include: preserving farming, ranching and forestry as an important economic activity and valued way of life; preserving vistas of working land; fostering sustainable

agricultural and forestry practices; and preserving important ecological values, including migration corridors, priority habitat, water quantity and quality, and sensitive, threatened and endangered species.



Stein's Pillar, fields, and Mill Creek. Photo by Brian Quimette.

The land trusts acquire easements from landowner donations or through purchase with the assistance of a variety of local, state and federal funding, including: private contributions, foundations, and grants from the Oregon Watershed Enhancement Board, North American Wetlands Conservation Act, Bonneville Power Administration, U.S. Fish and Wildlife, and National Fish and Wildlife Foundation. Land trusts' approaches to prioritizing acquisitions varied from opportunistic (depending on landowners coming forward with a proposed donation or sale), to highly strategic, utilizing a variety of decision support tools based on scientific studies, models, and geographic information systems, to target specific areas and parcels .

The land trusts generally prefer a conservation easement that clearly lays out conservation goals and objectives but leaves details of management, including monitoring and adaptive management strategies, to a management plan agreed to by the landowner, land trust (as grantee), and funding entities. This offers advantages for the landowner and provides a way to modify management practices to compensate for long-term social, economic and

ecological changes, such as those resulting from climate change.

Land trust staffing levels range from one (Oregon Rangeland Trust) to 15 (Columbia Land Trust). Higher levels of staffing are required as trusts become more strategic in targeting acquisitions and engage in large acquisitions involving multiple landowners, funders, and regulatory agencies.

Federal Working Land Conservation Easement Funding Programs

Four federal funding programs were reviewed: the Farm and Ranchland Protection Program, Grassland Reserve Program, Forest Legacy Program, and Bonneville Power Administration's fish and wildlife mitigation grant program.

The Farm and Ranchland Protection Program is a Farm Bill program administered by the Natural Resources Conservation Services (NRCS), providing grants to local entities to acquire conservation easements. The Oregon NRCS office provides a full-time liaison to state and local conservation programs, which has led to better communication and more flexibility than programs in the other states evaluated. Grants have been used to match OWEB grants for working land conservation easement acquisitions. Oregon ranks 13th in the country for total acres (16,000) enrolled in the program.



Buffer between agricultural field and Mill Creek, Aspen View Ranch. Photo by Brad Nye.

Oregon also receives funding from the Grassland Reserve Program, a Farm Bill program administered by NRCS and the Farm Service Agency. However, by policy of the state office, funds are used only for rental contracts, not easement acquisition. In addition to preserving grassland, specific conservation values, such as sage-steppe protection, are targeted in each funding round.



Rotational grazing is used to help maintain oak savanna and upland prairie habitats on a property near Wren that contains a conservation easement. Photo by Greenbelt Land Trust.

Oregon has only participated in the Forest Legacy Program since 2007. One acquisition has been completed (South Eugene Hills, Phase I) and three more are in progress, including the highly publicized Skyline Forest acquisition. Land trusts have been instrumental in facilitating transactions.

Bonneville Power Administration has provided grants for numerous habitat protection and restoration projects in Oregon, including conservation easements on working land. The Nature Conservancy and the Trust for Public Land have been facilitators or grantees in many BPA transactions.

Findings

Everyone interviewed for this report agreed that preservation of ecological values on working land is essential to watershed conservation in Oregon. In addition, they agreed that, if done

properly, conservation easements with accompanying management, monitoring and adaptive management plans are one important way to achieve this.

Respondents noted that acquiring and managing conservation easements on working land offers significant challenges due to complex negotiations between landowners, grantees and funders; the need to ensure protection of ecological values while allowing farming, ranching or forestry; the difficulty in providing for long-term social, economic and ecological changes; hurdles in combining multiple funding sources; and the obligation to provide accountability for public funding.

The cited benefits of working land conservation easements included: the ability to target important ecological values at a landscape and ecosystem scale; allowing conservation land to remain in private ownership; the potential for landowner stewardship; and the ability to provide for continued economic activities and achieve other social goals that result in public support of conservation land acquisition

programs. In addition, in many cases conservation easements offer a more cost-effective approach than fee-simple acquisitions.

The report offers a number of findings and suggestions regarding OWEB working land conservation easement policies, coordination and communication with other funding entities, and the need to explore alternative approaches to conservation on working land, including purchase of ecosystem services.

In order to meet OWEB's constitutional mandate in the future, especially in light of long-term climate change, it is recommended that OWEB establish priorities based on an ecosystem and landscape approach to watershed health, focusing on biodiversity, watershed processes and functions, and ecosystem resilience and adaptability. With this focus, and with much of Oregon's privately owned land in farming, ranching and forestry, it will be increasingly important for OWEB to provide grants for protection and restoration projects on these lands. Conservation easements will be an important tool to help accomplish this.



Willamette River floodplain near Albany: farming on a property that contains a conservation easement.
Photo by Ed Rust.

March 15-16, 2011 OWEB Board Meeting Executive Director Update #C-3: Secretary of State Performance Audit Update

Background

In 2010, the Secretary of State's Audit Division initiated a performance audit of OWEB and the agency's use of Measure 66 funding. The audit was concluded in January of this year and this report provides a summary of the findings and conclusions.

Performance Audit Process

Different from the standard biennial fiscal audit, the performance audit was new to OWEB. The goal of the performance audit was "to provide information to improve public accountability and facilitate decision-making by parties with responsibility for overseeing or initiating corrective action. The issues that performance audits cover vary, but they generally address whether agencies are operating economically and efficiently, or whether agencies are achieving desired results."

Beginning in April 2010, Audits Division staff began extensive interviews with OWEB Board members, OWEB staff, grantees, watershed councils, soil and water conservation districts, state and federal agencies, and others to learn more about OWEB. Concurrently, auditors were provided full access to grant files, databases, and other materials to conduct further research.

This reconnaissance and research work ramped down in October and the Audits Division staff began writing the final report in November of 2010. The overall audit was structured to review OWEB's efforts to help protect and restore watersheds and other natural resources and focus on:

- OWEB's efforts to build capacity and sustainability for local restoration work.
- How and where OWEB develops partnerships.
- Monitoring.
- How and to what extent OWEB applies adaptive management practices and principles.

Final Audit Report and Conclusions

On January 27, 2011, Oregon's Secretary of State released the final performance audit report entitled, "Oregon Watershed Enhancement Board: Continuing Sound Partnerships and Strategies for Restoration and Protection," which was accompanied by a press release.

The audit report provides a very thorough and favorable assessment of OWEB's growth and evolution following the passage of Measure 66 in 1998. The general conclusions of the report include the following:

"Our audit found that OWEB successfully promoted community-based restoration efforts, ensured sound and appropriate remediation, developed productive partnerships with various agencies, and monitored watershed projects to improve its strategies in the future."

"Our audit also found that since its creation in 1999, OWEB has applied adaptive measures by learning from experience, discussing and applying alternative approaches, and making changes to current programs."

The Secretary of State's audit staff were quick to recognize the importance of incorporating findings from the performance audit in the context of a new future for OWEB under Measure 76. The recommendations were framed in a manner that encourages OWEB to continuing building on the successes established through Measure 66 while charting a path forward under Measure 76.

The specific audit recommendations are:

- Develop guidance for and continue to support the establishment of watershed action plans that address local protection and restoration objectives;
- Develop statewide restoration priorities that establish clear, technically defensible, and practicable recovery and restoration objectives on which to base future funding decisions; and
- Continue to work with natural resource agencies and other partners to implement a statewide monitoring plan.

It should be noted that the staff from the Audits Division were very complimentary toward OWEB partners and staff due to the open, helpful, and insightful approach taken during the numerous meetings and interviews that were held.

Next Steps

Director Byler's response letter in which OWEB formally agrees with the Secretary of State's audit recommendations is attached to the back of the final performance audit report. As recognized in the letter, OWEB staff intend to include all three of the recommendations in discussions with the Board over the next year while charting the course under Measure 76 and other important legislative and budgetary considerations.

Board members were provided a copy of the final report and press release via email. A copy may be obtained through the Secretary of State's website at www.sos.state.or.us/audits.

Staff Contact

If you have questions or need additional information, please contact Greg Sieglitz, at greg.sieglitz@state.or.us or 503-986-0194.

March 15-16, 2011 OWEB Board Meeting Executive Director Update #C-4: Watershed Council Support

Background

Goal 2 of OWEB's Strategic Plan is to "support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation." Strategy 2 under Goal 2 is to "evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding and promote strategic partnerships."

Follow up to Board's January Watershed Council Support Discussion

At the January Board meeting, staff presented the recommendations from the Council Support Board Subcommittee regarding potential future directions for OWEB's watershed council support program. During the discussion, Board members requested additional information regarding the purpose of OWEB funding for council capacity, the level of OWEB's council support and project investment in councils, and results from the investments. Staff appreciate the Board's request for understandable data about councils and OWEB's investments. At the March Board meeting, staff will provide a handout outlining the purpose of capacity funding, investment levels and results, and a timeline of the long-term and short-term decision points as we work to evaluate and adjust the watershed council support grant program as contemplated by OWEB's Strategic Plan.

2011-2013 Watershed Council Support Grant Cycle

OWEB received 64 applications for Watershed Council Support by the January 18, 2011, deadline. No applications were received from new applicant councils; all of the applicants have previously received council support awards from OWEB. Two of the applications are from councils that were "new applicants" in 2009 and received the "entry level" award of \$37,500 for 2009-2011 (South Fork John Day Watershed Council and Molalla River Watch). Since they are no longer new applicants, the "entry level" funding limitation does not apply to these two applicants for this grant cycle. Another applicant, the Pudding River Watershed Council, received council support grants from OWEB from 2001-2008, but did not submit an application in 2009. As a previous recipient of council support funding, the Pudding River Watershed Council is not a "new applicant."

OWEB reviewed the applications for eligibility under OWEB's administrative rules. All applicants were determined to be eligible; in a few cases staff requested, and received, additional information to answer questions about eligibility that were not clearly addressed in the application.

OWEB held three trainings for the Council Support Advisory Committee (CSAC) during January 31-February 4 in Gresham, Pendleton, and Eugene. The list of CSAC members can be found in Attachment A. CSAC Team 1 will meet on March 7-8 and Team 2 will meet on March 9-10 in Salem to discuss the applications in a facilitated process to reach consensus scores for the evaluation criteria. Each team is reviewing half of the 64 council support applications, plus three duplicate applications to allow OWEB to assess the consistency of review.

After the March consensus scoring meetings, staff will write summaries of the CSAC's evaluation of each application. Staff will also develop draft merit category rankings based on: 1) the information provided by the applicant; 2) the evaluation criteria in OAR 695-040-0050; 3) the recommendation of the CSAC, with adjustments from the OWEB Executive Director, if any; and 4) the applicant's response to these recommendations [OAR 695-040-0060(3)]. Staff are using the same merit categories used in 2007-2009 and 2009-2011, "Excellent, Very Good, Good, Satisfactory, and Needs Improvement." As discussed by the Board when awarding council support grants in June 2009, councils ranked in the "Needs Improvement" category again in 2011 are likely not to be funded. When staff develop the 2011-2013 funding recommendations, the staff report will address the potential impacts to the watershed and the community if staff recommend "no funding" for councils that ranked in the needs improvement category in both 2009 and 2011.

Staff will send draft merit category rankings and summaries of the CSAC evaluations to the Board and applicants the week of April 25, 2011. Applicants will have until 5:00 p.m. on May 6, 2011 to submit comment letters to OWEB.

Staff will then develop funding recommendations for the June Board meeting, dependent on OWEB's 2011-2013 budget, and based on: 1) An applicant's merit category; 2) Whether the applicant is an umbrella watershed council as defined in OAR 695-040-0020(4); and 3) available funding. Consistent with 2007-2009 and 2009-2011, OWEB will not consider whether the applicant is two or more watershed councils serving unique geographic areas in a single Watershed Council Support grant where the application demonstrates operational economies of scale over two separate grant applications [OAR 695-040-0060(4)]. In the May 2005 Council Support awards staff report, staff realized that the rule language relating to this is imprecise and makes the concept difficult to apply. Erring on the inclusive side, numerous councils might currently fit this definition, resulting in significant additional OWEB awards and resulting in an impact on the base awards for all councils.

For the 2009-2011 council support grant cycle, when the Board met in June 2009 and awarded council support grants, OWEB's budget had not been adopted by the Legislature, but was far enough through the process that OWEB was confident in the content of the final budget. Staff hope that the same circumstances will exist in 2011, allowing the Board to make Council Support grant awards at the June Board meeting.

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at Lauri.G.Aunan@state.or.us or 503-986-0047 or Courtney Shaff, at Courtney.Shaff@state.or.us or 503-986-0046.

Attachment

2011-2013 Council Support Advisory Committee Members

Team 1: March 7-8

John Sanchez	Region 1	Retired – USFS
Brian Barr	Region 2	Geos Institute
Traci Price	Region 3	The Freshwater Trust
Matt Berry	Region 4	USFWS
Kelly Wiedeman	Region 5	Malheur Watershed Council
Brian Wolcott	Region 6	Walla Walla Watershed Council
Steve Hanson	Statewide	Oregon Department of Environmental Quality
Alden Boetsch	Statewide	Bonneville Environmental Foundation

Team 2: March 9-10

Lisa Phipps	Region 1	Tillamook Estuaries Partnership
Harry Hoogesteger	Region 2	South Coast Watershed Council
Megan Kleibaker	Region 3	Oregon SeaGrant
Ron Graves	Region 4	Wasco SWCD
John Stephenson	Region 5	USFWS
John Zakrajsek	Region 6	CTUIR
Katherine Luscher	Statewide	The River Network
Max Nielsen-Pincus	Statewide	Institute Sustain Environ

March 15-16, 2011 OWEB Board Meeting Executive Director Update #C-5: Land Acquisition Program Report

Background

Goal 5, Strategy 1 of the OWEB Strategic Plan refers to the evaluation and improvement of administrative processes related to OWEB grants. During stakeholder discussions about Measure 76 implementing legislation, issues surrounding the manner in which OWEB handles land acquisitions were raised.

At the January 2011 Board meeting, the Board approved using previously allocated funding to address the following critical land acquisition needs:

1. Support a temporary staff position to assist in the processing of acquisition applications; and
2. Hire a facilitator to assist in a work group conversation with groups interested in the OWEB acquisition program.

Temporary Staff

Benjamin Buhayar was hired on February 3, 2011. Benjamin comes from the Department of Justice with a background in real estate law and experience in both private and public transactions. Benjamin will be assisting Miriam Hulst in working on the backlog of land acquisition projects.

OWEB requested a new full time position in its 2011-2013 Agency Request Budget, but the position is not included in the Governor's Balanced Budget. The temporary position is an emergency response to a growing workload demand; a longer term solution and approach will be necessary.

Work Group Development

In order to have a structured discussion about the program, stakeholder interests, and the implications of changes, staff proposed forming a work group to have a facilitated discussion about the program. On January 21, 2011, OWEB announced a solicitation for facilitation services to assist with the land acquisition work group. Proposals were reviewed by a team of two OWEB staff and two land trust representatives on February 2, 2011. The group recommended contracting with Cogan Owens Cogan & Associates, Inc. Facilitation services will be provided by Jim Owens.

Staff met with Mr. Owens in early February and provided him with a list of work group contacts and previously identified acquisition issues. He has been contacting members of the land trust community to flesh out the issues to be discussed. The first meeting of the work group will be held on March 17, 2011. It is expected that the discussions about issues and alternative approaches to address the issues will be completed by mid-May. Staff will report on progress of the work group at the June Board meeting.

Staff Contact

If you have questions or need additional information about the land acquisition work group, please contact Ken Bierly, at ken.bierly@state.or.us or 503-986-0182.



March 2, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item D: 2009-2011 Budget Update**
March 15 and 16, 2011 OWEB Board Meeting

I. Introduction

This staff report updates the Board on the status of OWEB's 2009-2011 budget. The report is for informational purposes only.

II. OWEB Budget Status for 2009-2011 Biennium

A. Lottery Funds

During the current biennium, Oregon's economy suffered a significant downturn. State General Fund revenues declined significantly, forcing significant cuts to many state agency budgets for the 2009-2011 biennium. OWEB receives no General Fund dollars in its budget. However, Lottery Fund revenues also declined this biennium and did not meet expected earnings for the biennium. This has resulted in an impact to OWEB's 2009-2011 budget and spending plan.

The March 2010 revenue forecast estimated that Lottery Fund revenues were down approximately six percent from projections made at the beginning of the budget cycle. This amounted to a shortfall of \$538,000 in non-capital funds and \$2.5 million in capital funds for OWEB. Decreased Lottery Fund revenues resulting from the economic downturn forced OWEB, along with other agencies that receive dedicated Lottery Funds, to develop plans to rebalance their 2009-2011 budgets at the end of the biennium.

In April 2010, the OWEB management team developed a plan to rebalance the OWEB Lottery Fund budget by setting aside \$800,000 in non-capital funds and \$4.5 in capital funds. The planned savings exceeded the revenue shortfall estimated in March 2010. The plan was examined by the Budget Subcommittee at two April 2010 meetings and reviewed by the full Board at the June 2010 meeting.

Subsequent revenue forecasts indicate Lottery Fund revenues have stabilized, but still do not meet levels expected for the biennium. The largest forecasted revenue shortfall was in March 2010, and the forecasts and distributions since that time have been slightly increasing each quarter, with the exception of this last quarter. The most recent revenue forecast, for March 2011, shows a slight decrease in Lottery Fund revenues. Based on this forecast, we

expect OWEB's non-capital funds to be short by \$395,259 and the capital funds to be short by \$1,960,547.

The forecasts over the past year show that there continues to be insufficient Lottery Fund revenues in OWEB's 2009-2011 budget. However, it appears the revenue hole will not be as large as anticipated in March 2010. OWEB will need to balance its budget based on the Lottery Funds made available at the eighth and final quarterly distribution for the biennium. We won't know the final amounts for the eighth quarter distribution until the beginning of May. Once we know the eighth quarter distribution number we will then implement the appropriate adjustments based on the reduction plan. Staff will report on the final rebalance action at the June 2011 Board meeting.

B. Pacific Coastal Salmon Recovery Fund

In the summer of 2010, NOAA Fisheries awarded OWEB \$15 million in federal funds under the Pacific Coastal Salmon Recovery Fund (PCSRF) program for Federal Fiscal Year 2010. PCSRF funds support non-capital grants and other program needs, especially in the second half of the biennium. OWEB does not have expenditure authority in its 2009-2011 budget to utilize these funds.

Staff had anticipated having the opportunity to request additional federal funds limitation in the early weeks of the 2011 legislative session. However, the Governor's Balanced Budget now proposes to use the \$15 million to support agency budgets for 2011-2013, thereby eliminating the possibility to use the PCSRF funds this biennium. Agenda Item J provides more information on the Governor's proposed 2011-2013 budget.

As a result of the budget proposal, there will not be sufficient funding to cover all non-capital needs for the March grant awards. In response to this situation, staff recommend using remaining unallocated non-capital Lottery Funds to support applications that would not be viable, or could not succeed, if not funded until June; Education/Outreach applications that are not clearly eligible for the Measure 76 Grant Fund; and Technical Assistance applications in priority order as recommended by the review teams, with consideration of budget limitations and projects with the most direct connection to on-the-ground restoration projects.

Staff also propose that the Board award funding to the remaining recommended non-capital grant applications with funds available in the 2011-2013 biennium at the earliest opportunity. More information on the March Board awards is contained in Agenda Item F.

III. Recommendation

This is an informational item only. No Board action is required.



March 4, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Carolyn Devine, Education Program Coordinator
Greg Sieglitz, Monitoring and Reporting Program Manager
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Overview and Statewide Projects
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the process for evaluation of the capital and non-capital grant applications submitted for the October 18, 2010, deadline. The report includes budget considerations and a summary of combined funding recommendations for the October 18, 2010, grant cycle, including the Statewide Education/Outreach and Statewide Monitoring grant evaluations and staff funding recommendations.

This report also contains funding recommendations for the second phase of the “staged” award for the Sodom Ditch-Calapooia River Fish Passage Improvement grant (210-3067). A progress report for this project is provided in Section VIII below.

Non-capital funding is extremely limited as we approach the end of the 2009-2011 biennium. The approach to funding non-capital applications is discussed in Section IV of this report.

Section IX of this report discusses policy and legal issues surrounding two applications to help fund cleanup activities at the abandoned Red Boy gold mine. The mine site has been designated as an “orphan site” by the Oregon Department of Environmental Quality. These applications raise significant legal and policy issues. Staff seek Board input, both at the March Board meeting and perhaps through a subsequent discussion by an “ad hoc” subcommittee, on these issues.

II. Background and Summary

A total of 202 grant applications, seeking \$21,307,170 were received by the October 18, 2010, deadline. The breakdown by region, project type, and dollar amount is shown on Attachment A. Two Restoration applications and one Education/Outreach application (211-2036, 211-3065 and 211-3049) in Region 2 and Region 3 were withdrawn by the applicants.

Restoration and Acquisition applications that use capital funds were solicited in this funding cycle, as were Technical Assistance, Monitoring, and Education/Outreach applications that generally use non-capital funds. After being screened for eligibility and completeness, the applications were sent to the six Regional Review Teams (RRTs), which reviewed them for merit and made prioritized funding recommendations to OWEB staff. OWEB staff considered the funding availability and funds budgeted, and integrated the separate RRT recommendations into the staff funding recommendation to the Board.

As explained in more detail below, the three Statewide Education/Outreach applications (Attachment B) were reviewed only by the Statewide Education/Outreach Review Team (EORT).

Following this overview are staff reports containing the OWEB staff funding recommendations for each region.

III. Review Process

The applications were screened for completeness and categorized by application type. The RRTs were sent packets or CDs of eligible grant proposals to read and consider. OWEB staff in each region then scheduled visits to as many sites as possible, emphasizing new applications, acquisitions, and the more complicated projects. All RRT members were invited on these visits and some members were able to participate.

The RRTs met in December and January. For Restoration, Technical Assistance, Monitoring and Education/Outreach, the RRTs evaluated the merit of each proposal. Discussion of Restoration applications included how the proposed project addresses watershed process and function. After classifying applications as “fund” or “no fund,” the RRTs then prioritized the projects recommended for funding by application type. The RRT recommendations are included in each applicable regional staff report. The recommended funding amount and any special conditions are identified in the tables attached to each regional staff report. For Acquisition applications, the RRTs only discussed the ecological and educational value of the proposed acquisition.

The EORT met in Salem in December to review the three Statewide Education/Outreach grant applications and discuss five main aspects of each proposal: the applicant's understanding of audience needs; the design of the activities; whether or not the activities will lead toward the intended outcomes; the process for evaluation; and the proposal's overall value toward furthering the broader goal of developing and maintaining healthy watersheds.

The review teams’ evaluations and recommendations in summary form are distributed to all applicants whose proposals were reviewed by that team. Prior to the Board meeting, staff forward to the Board all written comments received from applicants regarding the review team and staff recommendations.

IV. Approach to Non-Capital Funding Recommendations

The October 2010 grant cycle is the last regular grant cycle where funding is governed by Ballot Measure 66 requirements. Ballot Measure 66 revenues are defined by the Constitution and Oregon statute as “capital” – legally allowed only for Restoration and Acquisition applications – and “non-capital” – funding used for Technical Assistance, Monitoring, and Education/Outreach

applications. Non-capital funding has historically been more limited, particularly approaching the end of each biennium. As a result, in the second half of each biennium, OWEB has relied greatly on the influx of federal Pacific Coastal Salmon Recovery Funds (PCSRF) in order to fund non-capital applications that are eligible for salmon funding.

As reported to the Board at its meetings in September 2010 (Director's Update C4 – October 18, 2010 Grant Cycle Update) and January 2011 (Director's Update C4 – October 18, 2010 Grant Cycle Update), staff anticipated having less than \$1 million in non-capital Lottery funds for the October 2010 cycle, making non-capital funding dependent on the new PCSRF funds. As reported in Agenda Item D, OWEB 2009-11 Budget Update, and Agenda Item J, Legislative and Budget staff report, OWEB will not have authority to spend 2010 PCSRF funds until our 2011-2013 budget is finalized.

OWEB staff have communicated with applicants our desire to fund the October 2010 grant cycle as fully as possible at the March 2011 Board meeting. However, we have also alerted applicants about the significant funding uncertainties that exist, and have advised them that non-capital Board awards for the October cycle could be delayed until June 2011 at the earliest, dependent on OWEB's 2011-2013 budget.

The OWEB Board set a *non-capital* funding target of \$2.25 million for the October grant cycle. **Because OWEB lacks sufficient non-capital funding for all of the staff-recommended applications, staff recommend that the Board award a portion of the non-capital applications in March, and signal its intent to award the remainder of the staff-recommended applications at the June Board meeting, dependent on OWEB's 2011-2013 budget.**

In prioritizing applications for awards in March, staff used the following criteria:

- A. Applications that would not be viable, or could not succeed, if not funded until June;
- B. Education/Outreach applications that are not clearly eligible for the Measure 76 Grant Fund; and
- C. Technical Assistance applications in priority order as recommended by the review teams, with consideration of budget limitations and projects with the most direct connection to on-the-ground Restoration projects.

Staff contacted applicants in many cases to confirm the timing of funding needs. Staff recognize that a delay in funding is far from ideal and that it will require changing schedules and other plans for some of the projects. However, due to lack of available non-capital funds this biennium, it is not possible to fund all of the recommended non-capital applications in March.

Each regional staff report contains staff funding recommendations to the Board for the March grant awards, and staff recommendations for future awards at the June Board meeting. Staff recognizes the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

For applications recommended by staff, but not awarded in March due to lack of available non-capital funds, staff propose an agenda item at the June Board meeting for the Board to consider these awards.

V. Statewide Education/Outreach Applications

Based on EORT evaluations and staff consideration of the evaluations and available funding, staff recommend funding for, and recommend that the Board signal its commitment to fund in June, two Statewide Education/Outreach applications (211-7005 and 211-7007).

The projects seek to train adults (volunteer or professional) in principles necessary for effective restoration project implementation. OSU Extension submitted application 211-7005, On-line Watershed Stewardship Phase 2, and seeks continued support for the Master Watershed Stewardship Program. Upon completion, the updated full-length core Master Watershed Stewardship will be online, providing 24/7 access to materials. In addition, they will provide face-to-face field stewardship experiences for the participants. Historically, watershed council coordinators and other professionals have participated in the program.

The Network of Oregon Watershed Councils submitted 211-7007, Education and Outreach which seeks support for Watershed Management Camps, the Network Gathering, and watershed tours.

Both statewide proposals help to ensure that those actively engaged in watershed stewardship have the knowledge and skills to implement effective restoration projects. Supporting continued professional development is imperative for strategic, accountable and efficient uses of restoration grant funds.

VI. Statewide Monitoring Applications

At the time of writing this staff report the Oregon Plan Monitoring Team had not completed review of the monitoring applications. It is anticipated that this will occur prior to the March Board meeting. Recommendations will be presented for funding in June.

VII. Acquisition Applications

Five new land acquisition applications and two new water acquisition applications were reviewed during the October 2010 grant cycle. The applications are described in the appropriate regional staff reports. Two of the five land acquisition applications have been withdrawn by the applicants. The remaining three land acquisition applications are recommended for deferral. One of the two water acquisition applications is recommended for funding; the other is not recommended for funding. The land and water acquisition application review processes are described below. None of the land acquisition applications previously deferred by the Board are ready for a funding decision at this time.

A. Land Acquisition Application Review Process

By rule, land acquisition projects undergo a multifaceted review. Applications are first reviewed by the Board Acquisitions Subcommittee, which recommends whether or not staff should proceed with a due diligence review of the proposed acquisition. Soon thereafter, applications are reviewed by the RRTs for ecological and educational values. The Subcommittee may ask for additional information from the applicant or may ask that specific questions be addressed by the RRT.

If the due diligence review is recommended, staff request an appraisal report, title report and exceptions, option, donation disclosure, environmental site assessment, and proposed conservation easement. An independent review appraiser evaluates the appraisal report.

OWEB's legal counsel at the Department of Justice reviews the title report, exceptions, option agreement, and conservation easement. The environmental site assessment is reviewed by staff at the Department of Environmental Quality.

After the due diligence review is complete, the Subcommittee synthesizes the proposed project's ecological and educational benefits, applicant capacity, partnerships, local support, local and regional community effects, RRT evaluation, and due diligence results into a funding recommendation to OWEB staff. Staff then consider all evaluation criteria, the Subcommittee's recommendation, and available funding resources to develop a funding recommendation to the full Board. The staff funding recommendations are summarized in a separate section in the appropriate regional staff report.

B. Water Lease and Transfer Application Review Process

OWEB has separate administrative rules and a slightly different review process for water acquisition applications. The ecological value of a proposed water acquisition project is based on a project's ability to increase instream flow to address the needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. This evaluation is conducted in part by reference to the Oregon Plan Streamflow Restoration Priorities (2001) and evaluation by the appropriate RRT.

In addition to the ecological review of a proposed project, a review of due diligence materials is conducted. Due diligence materials include a fair market appraisal or other valuation assessment, a written assessment of the water right, the water right certificate, an ownership and lien report, an option agreement, and a donation disclosure statement. The appraisal or other valuation assessment is reviewed by OWEB's review appraiser or a comparable entity. The assessment of the water right is evaluated by the Oregon Water Resources Department to determine its reliability to provide instream benefit. The remaining items are evaluated by staff for consistency with the administrative rules and by OWEB's legal counsel for legal sufficiency.

While not called for by rule, OWEB staff has also engaged the Board Acquisitions Subcommittee in the review of water acquisition applications. Similar to land acquisitions, the staff funding recommendations are summarized in a separate section in the appropriate regional staff report.

VIII. Progress Report for Staged Award

This section reports on the progress to implement the Sodom Ditch-Calapooia River Fish Passage Improvement grant (210-3067) submitted to OWEB in October 2009. At the March 2010 Board meeting, in order to fund further down the line of Restoration applications recommended by the RRTs, the Board awarded \$368,300, and committed to fund the remainder of the request (\$320,035) contingent on the grantee's progress report showing the need for the funding. Attachment C shows the staged award and recommended funding amount.

The project is located in the Calapooia Watershed, eight miles west of the former Brownsville Dam, which OWEB helped fund the removal of in 2008. This application will remove Sodom and Shearer dams; restore the channels with grade control structures to provide fish passage at all flows; develop a design for the "bifurcation" area, where the Calapooia River and Sodom Ditch split; and restore vegetation at construction sites along both channels.

The project is on schedule for implementation in the summer of 2011. The project engineering firm, River Design Group, has completed 90 percent of the project designs and a Biological Assessment — key components to the project’s permitting phase. This project has been several years in development and has involved dozens of landowners, agency staff, and funding partners. Project implementation will be funded by grants already secured from American Rivers, OWEB, and NOAA Fisheries through the Open Rivers Initiative.

All permits for the project are underway and the Calapooia Watershed Council expects to receive local, state and federal permits and approvals during March 2011. Solicitation of contractor bids and selection of a contractor is anticipated in April/May 2011. Staging of project materials will begin in spring, construction is planned to start July 18, 2011, and the goal is to complete all project work by October 15, 2011.

When completed, the project will result in 70 miles of barrier-free river for spring Chinook and winter steelhead – a first for the Willamette Basin.

IX. Policy Issue: Applications for Abandoned Orphan Site Mine Cleanup

In October 2010, the North Fork John Day Watershed Council submitted two applications to OWEB to help fund cleanup activities at the abandoned Red Boy gold mine in northeastern Grant County. The mine site has been designated as an “orphan site” by the Oregon Department of Environmental Quality. Staff have identified legal and policy issues regarding environmental cleanup sites, and seeks Board input, both at the March Board meeting and perhaps through a subsequent discussion by an “ad hoc” subcommittee to further investigate and consider these issues.

More detail on the Red Boy Mine’s history and its current status is provided in the Region 6 staff report. This Overview report provides a summary of the federal and state environmental cleanup law, orphan sites, and abandoned mines information, and the legal and policy issues surrounding cleanup sites and requests for OWEB funding

A. Summary of Applications Submitted for October Cycle

The Technical Assistance application (211-6033) would fund an engineering evaluation to develop preferred design alternatives for treatment systems for acid mine drainage. The Restoration application (211-6035) proposes to replace an existing pipe that routes the drainage to a treatment pond that has become clogged with minerals, and as a result, can overflow, causing intermittent discharge of the drainage to Clear Creek. Clear Creek is a significant spawning and rearing stream for spring Chinook and summer steelhead.

B. State and Federal Cleanup Programs Govern Cleanup of Hazardous Waste Sites

Red Boy Mine is not listed on the EPA’s National Priority List (Superfund). It is, however, listed on DEQ’s Environmental Contamination Site Index (ECSI). Access to DEQ’s ECSI is at: <http://www.deq.state.or.us/lq/ecsi/ecsi.htm>. Red Boy is ECSI No. 2467.

Under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), a responsible party can be required to clean up hazardous waste at a site or pay for cleanup actions conducted by the state, the EPA, or private party.

Oregon has its own superfund law in state statute, which for the most part parallels CERCLA. ORS 465.255 establishes strict liability (to the state or third parties) for cleanup costs and natural resource damages caused by a release of hazardous waste. The list of those strictly liable includes landowners or operators, including persons who became the owner or operator after the time of the acts or omissions that resulted in the release, and who knew or reasonably should have known of the release when the person first became the owner or operator.

C. Orphan Sites

According to DEQ's Annual Environmental Cleanup Report – 2010 (2010 Cleanup Report), orphan sites are highly contaminated properties where parties responsible for the contamination and cleanup are unknown, unwilling, or unable to clean it up. The 1991 Legislature authorized a state Orphan Site Account (OSA) to clean up contamination that poses potentially serious threats to human health or the environment.

As outlined in DEQ's 2010 Cleanup Report:

“Orphan sites include a range of contaminated sites including small businesses, abandoned mines, and larger, “areawide” sites where hazardous substances have affected sources of drinking water. Since 1992, the Account has funded work at more than 60 high-priority Orphan sites, about 20 of which are currently active. . . .”

“The Account is funded primarily through the sale of long-term bonds and cost recovery from responsible parties. Since 1992, the Oregon Legislature has approved DEQ's issuance of bonds totaling about \$41.9 million. . . .”

“While limiting the expenditure of OSA funds to only the highest priority site work, DEQ anticipates these funds will be spent, or nearly spent, by June 30, 2011. Without additional funding, existing OSA site work will not get done in many cases, and new OSA work cannot be initiated.”

DEQ's recent presentation to the Ways and Means Natural Resources Subcommittee indicated that about \$625,000 in OSA funds will remain in June 2011. The Governor's Balanced Budget proposes to issue \$6.74 million in bonds in the latter part of 2011-2013, which if authorized by the Legislature would fund ongoing orphan site operation and maintenance, federal match for Superfund sites in Oregon, and investigation and cleanup through 2013-2015. DEQ staff have indicated that the demand for OSA funds far exceeds available funding, and DEQ has prioritized funding for sites that affect human health.

DEQ staff have indicated there are about 75 designated orphan sites statewide; of those, six are abandoned mines, including the Red Boy Mine. An example of a non-abandoned mine orphan site is Frontier Leather Lagoons, where buried toxic wastes from this former tannery threaten Rock Creek and the Tualatin River Wildlife Refuge (source: DEQ fact sheet, “Cleaning Up Willamette River Basin Orphan Sites,” September 2004).

D. Abandoned Mines in Oregon

According to DEQ staff, DEQ's statewide cleanup database lists about 196 mine sites, with varying levels of pollution issues. There is also a DEQ Abandoned Mine Land work group,

which has identified 232 mine sites in Oregon. Twenty seven have been identified as having discharges or impacts to surface flow, wetlands, or streams.

The Environmental Protection Agency (EPA) has listed two abandoned mines as Superfund sites: the Black Butte Mine in Lane County and the Formosa Mine in Southern Oregon. DEQ staff have indicated that the EPA Superfund program is also short on funding. To date, \$1.5 million has been spent to investigate cleanup for the Formosa Mine, which is located on land owned by the Bureau of Land Management and private land. DEQ's 2004 fact sheet, "Funding Proposals for Formosa Mine Site Cleanup," notes that cleanup of the site is estimated to cost \$10 to \$15 million.

E. Legal Issues

1. Liability

Because of the strict liability imposed by federal and state law, OWEB staff had concerns about the risk of liability to OWEB for providing grant funding. The Department of Justice (DOJ) has indicated that OWEB would likely not incur liability since OWEB's role would be strictly to provide grant funds and not provide any oversight or regulation of work on the site.

OWEB staff also had concerns about whether the watershed council might have risk of liability. DOJ's informal response indicates there is a risk to the council as an "operator" or "arranger." OWEB understands that the council has discussed this issue with DEQ; however, there are questions whether DEQ could shield an owner or operator from potential liability to a third party who might seek to enforce cleanup or damages under cleanup laws. OWEB understands that the council has explored with DEQ the idea for the council to enter into an agreement with DEQ under which DEQ would conduct the on-site contracting and work. Given the complexity and strict liability involved with cleanup laws and cleanup work, it would probably be advisable for the council to seek its own legal advice.

2. Permitting

The Department of Justice has indicated that one of the following will be needed to meet permitting requirements for the treatment system:

- An NPDES permit issued for the site; or
- DEQ's officially documented approval of the contemplated grant activity as a removal or remediation activity.

3. Ongoing Operation and Maintenance

OWEB does not fund maintenance of restoration projects. Any treatment system will need ongoing operation and maintenance. DEQ's OSA does fund ongoing operation and maintenance. However, as discussed above, available OSA funding falls short of the demand, and DEQ has prioritized sites that affect human health for OSA funding.

F. Policy Questions

In researching previous OWEB grants, staff found one mine-related project funded by OWEB in 2001, the Cracker Creek Mining Area Restoration Project (201-391). A report submitted by the grantee, the Cracker Creek Gold Mining Company, states that DEQ agreed

to review the work under the DEQ Voluntary Cleanup Program. It appears from the project report that the primary activity was moving mine tailings away from Cracker Creek, adding soil and seeding the area with grasses. The OWEB grant was \$115,000. The file does not indicate that any legal or policy issues were raised at that time.

OWEB has also funded a few projects to remove mine tailings piled up along streams, including one recommended for funding in this grant cycle for 211-6027, Oxbow Tailings Restoration. In all of these cases, there are no identified mines connected with the tailings, and the sites were known to DEQ but not identified as orphan sites.

OWEB staff have identified the following policy questions, and seek Board feedback. If needed, staff suggest forming an “ad hoc” subcommittee to work with staff to further discuss the policy issues.

1. Should OWEB provide funding for cleanup activities where federal and state law make “responsible parties” strictly liable, and where responsibility for cleanup could be viewed as legally required mitigation?
2. If the Board determines that there are circumstances under which OWEB should provide funding for cleanup activities, are there any funding sideboards the Board would want to establish? For example, the following options could be considered:
 - a. OWEB should not provide funding for sites listed on EPA’s National Priority List (NPL) (note that the Red Boy Mine is not on the NPL).
 - b. OWEB should not provide funding for work on federal lands; federal landowners are responsible and should fund the work (note that the Red Boy mine is not on federal land).
 - c. OWEB should not provide funding for designated state orphan sites (note: as of 2010, there were 75 designated orphan sites statewide).
 - d. OWEB should provide funding for designated state orphan sites only when there is insufficient orphan site funding to fund cleanup, and there is a demonstrated inability of the current landowners to fund their mitigation responsibilities (note: OWEB would need to confirm with DEQ how many orphan sites would be eligible for OWEB grants under this policy approach; orphan site demands currently far exceed DEQ orphan site funds. With respect to the Red Boy Mine, staff have been informed that the current landowners have never furnished financial information to DEQ to establish their inability to fund the work, so they are in the category of unwilling landowners).
 - e. OWEB should consider funding cleanup only for sites on private land where landowners are contributing significant cash or in-kind to the cleanup under DEQ’s voluntary cleanup program.
 - f. OWEB should consider funding cleanup only for sites on state or local public land, as opposed to private land.

X. Budget Considerations

A. Capital Funds

For the first time in the history of OWEB, Lottery revenues declined during the 2009-2011 biennium. Previously, Lottery revenues had increased each biennium: a high point of \$59.5 million was achieved during the 2007-2009 biennium. Given the downturn in revenues, the Board approved a conservative capital funding target of \$8.25 million per cycle at its June 2010 meeting. In the 2007-2009 biennium, the capital funding target was \$9.25 million for each grant cycle.

The February 15, 2011, Revenue forecast showed Lottery revenues had declined again by a modest amount. For the 2009-2011 biennium overall, OWEB staff estimate that capital Lottery funds are down by about \$2 million when compared to OWEB's budgeted funds. Staff planned for this downturn; taking into account the amount held in reserve for rebalancing OWEB's capital budget, staff estimate having approximately \$10.2 million in uncommitted capital funds available for the remainder of the biennium. This also includes unspent grant funds returned from completed grants.

Staff expect that between \$1.4 and \$1.8 million in land acquisition applications may be ready for Board consideration at the June 2011 meeting, which is the last meeting of the 2009-2011 biennium. The total dollar amount of deferred acquisitions submitted through the regular grant program is \$2.8 million.

Staff recommend funding for 68 of the 71 Restoration applications recommended for funding by the RRTs and one water acquisition. Staff recommend funding these applications through the expenditure of \$7,342,755 in *capital* funds.

B. Non-Capital Funds

As discussed in more detail in Section IV of this staff report, above, non-capital funds are far short of the amount needed to meet the Board's funding target. Staff discussed this possibility with the Board in September 2010 and January 2011. Staff has communicated this situation to applicants as described in Section IV of this Overview report.

Table 1 shows the amount of non-capital funding the Board reserved for each non-capital grant type.

Table 1. Non-Capital Budget Reserve and RRT/EORT Recommendations for the October 2010 Grant Cycle

Grant Type	Budget	RRT/EORT Do Fund
Education/Outreach	\$450,000	\$768,496
Monitoring	\$1,350,000	\$817,081
Technical Assistance	\$450,000	\$739,982
Total Budgeted	\$2,250,000	\$2,325,559

Table 2 shows the amount of non-capital funding recommended by OWEB by non-capital grant type for awards in March and June. June awards are dependent on OWEB's 2011-2013 budget.

Table 2. Non-Capital Applications Recommended by OWEB Staff

Grant Type	March Award	June Award	Total
Education/Outreach	\$108,170	\$596,234	\$704,404
Monitoring	\$103,786	\$713,295	\$817,081
Technical Assistance	\$646,824	\$49,976	\$696,800
Total	\$858,780	\$1,359,505	\$2,218,285

Staff recommend funding 22 of the 23 Education/Outreach applications recommended by the RRTs (one was withdrawn by the applicant following the RRT meeting). Staff recommend funding both of the two recommended Statewide Education/Outreach applications. Staff recommend funding all 16 of the Monitoring applications recommended by the RRTs. Staff recommend funding 21 of the 22 Technical Assistance applications recommended by the RRTs. One of the Technical Assistance applications is recommended for deferral.

Staff recommend funding these applications through the expenditure of:

- \$858,780 in *non-capital* funds in March; and
- \$1,359,505 in June, dependent on OWEB’s 2011-2013 budget.

XI. Staff Funding Recommendations

Staff recommendations for Board action are identified by region for the applications indicated in each of the following six regional reports. “Do Fund” applications are indicated on the tables by shading.

A. Capital Funding Recommendations

The statewide funding totals recommended by staff are shown below. Details are contained within each of the attached regional staff reports.

Restoration Applications, <i>Capital</i> Portion	\$7,261,410
Restoration Applications, Staged Awards	\$ 320,035
<u>Water Acquisition Application</u>	<u>\$ 81,345</u>
TOTAL <i>Capital</i> Staff Recommendation	\$7,662,790

B. Non-Capital Funding Recommendations for March 2011

The statewide funding totals recommended by staff are shown below. Details are contained within each of the attached regional staff reports.

Education/Outreach Applications	\$ 108,170
Monitoring Applications	\$ 103,786
<u>Technical Assistance Applications</u>	<u>\$ 646,824</u>
TOTAL March <i>Non-Capital</i> Staff Recommendation	\$ 858,780

C. Recommendations for June 2011 Funding

The statewide funding totals recommended by staff are shown below. Details are contained within each of the attached regional staff reports.

Education/Outreach Applications	\$ 596,234
Monitoring Applications	\$ 713,295
<u>Technical Assistance Applications</u>	<u>\$ 49,976</u>
TOTAL June Staff Recommendation	\$1,359,505

D. Statewide Education/Outreach Application Recommendations

Attachment B shows the proposals and funding amounts for the statewide Education/Outreach applications. The table also indicates, by means of shaded entries, the OWEB staff funding recommendations to the Board. Staff recommend the Board signal its commitment to award funding in June for the two Statewide Education/Outreach applications shown in green shading on Attachment B.

E. Statewide Monitoring Application Recommendations

Recommendations for funding will be presented to the Board at the June Board meeting.

F. Staged Award Recommendations

The Sodom Ditch grantee has submitted the required progress report. Staff recommend the Board award the second stage of funding for 210-3067 as shown in Attachment C to this report.

Attachments

- A. Types of Applications Received and Amounts Requested by Application Type
- B. Statewide Education/Outreach Applications
- C. Staged Award from March 2010 Recommended for Funding

Oregon Watershed Enhancement Board

Types of Applications for October 18, 2010 Revised 11/5/10

	Technical Assistance	Monitoring	Education	Acquisition	Restoration	Totals
Region 1	5	6	6	2	11	30
Region 2	9	3	6	1	22	41
Region 3	8	6	6	1	16	37
Region 4	7	2	2	3	13	27
Region 5	4	4	3	0	24	35
Region 6	4	1	6	0	16	27
Statewide	0	2	3	0	0	5
Totals	37	24	32	7	102	202

Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Education	Acquisition	Restoration	Totals
Region 1	197,283	323,552	110,757	600,000	1,612,338	2,843,930
Region 2	225,215	265,458	156,526	720,000	2,525,394	3,892,593
Region 3	385,569	341,599	208,165	1,200,000	3,045,231	5,180,564
Region 4	256,690	168,723	120,598	927,345	2,188,851	3,662,207
Region 5	123,790	224,742	80,003	0	2,891,596	3,320,131
Region 6	135,046	44,620	170,070	0	1,461,786	1,811,522
Statewide	0	221,957	374,266	0	0	596,223
Totals	1,323,593	1,590,651	1,220,385	3,447,345	13,725,196	21,307,170

Statewide
Education/Outreach Applications Reviewed by the Education/Outreach Team
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-7007	Education and Outreach	94,774	1
211-7005	On-Line Watershed Stewardship Phase 2	59,950	2
Total Education Projects Recommended for June Funding by Staff to Board		\$154,724	

Statewide
Education/Outreach Application NOT Recommended for Funding
by the Education/Outreach Team
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount
211-7006	Preparing Watersheds for Climate Change Training Program	40,612

**Staged Awards Reserve
October 18, 2010 Grant Cycle
Second Stage Award**

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow		
Project #	Project name	
210-3067	Sodom Ditch - Calapooia River Fish Passage Improvement ♦	320,035
Total Restoration Projects Recommended for Second Stage Award by Staff to Board		\$320,035

♦ Total amount is \$688,335 staged award with \$368,300 awarded March 2010 and 320,035 to be awarded in March 2011



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March 1, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 1, North Coast
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the North Coast Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 30 applications for a total request of \$2,843,930 including \$600,000 for Acquisitions. The North Coast Regional Review Team (RRT) recommended to staff 25 applications for funding.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards to be made at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The North Coast RRT met in January 2010 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, Education/Outreach, Monitoring and Technical Assistance applications were reviewed for merit and given a "do fund" or "no fund" recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The RRT recommended 10 Restoration applications, six Education/Outreach applications, six Monitoring applications, and three Technical Assistance applications.

Restoration application 211-1023, Beaver Creek Restoration Project, is an example of how the RRT is using OWEB's adjustments to funding availability for planting projects. OWEB has learned from experience through previously implemented planting projects and from our effectiveness monitoring work that project success depends on a number of factors. For example, it's important to understand and address site potential and site limitations, provide good

site preparation, select appropriate plants and planting locations, provide proper installation of plants, and monitor and take steps to protect and support them until they are established and “free to grow.”

In the past, OWEB rarely funded activities to support establishment of the plantings. OWEB’s updated Restoration application encourages applicants to seek funding (from OWEB or other funders) to support three to five years of plant establishment for plantings that are part of an OWEB-funded project. Plant establishment includes activities necessary for long-term survival of the plantings. Depending on the site conditions, this can include control of invasive weeds (e.g., mulching, weed mats, weed treatment, etc.); control of animal damage to the plantings (e.g., maintaining/replacing caging, fencing or other methods of animal control); and watering or irrigation.

The Beaver Creek Restoration Project proposes to treat one-half mile of lower Beaver Creek with large wood placements, enhance existing wetlands with habitat logs, remove invasive plant species, and plant a combination of native conifers and shrubs along the riparian corridor. During the review process, the RRT recommended increasing the budget to provide sufficient funds for the labor necessary to control invasive plants until the new plantings are large enough to attain free-to-grow status. The original plan relied on landowners to do this work. Reviewers noted that while this approach is sometimes successful, in many instances the landowners cannot provide the necessary time to assure the planting’s survival, and projects suffer as a result. The increased funds will allow a paid crew to conduct the plant establishment work should it become necessary. OWEB staff concur with this recommendation.

The RRT also recommended to staff increased funding for Restoration application 211-1042; staff concur with this recommendation.

Staff concur with the RRT-recommended conditions of funding for Restoration application 211-1027, as described in the Review Team Evaluations for Region 1.

The RRT recommended significant reductions for Restoration application 211-1028; moderate reductions for Restoration application 211-1030; and minor reductions for Restoration application 211-1040. Staff agree with these reductions, as described in the Review Team Evaluations.

Following the RRT meeting, staff recommended budget reductions to application 211-1043, as noted in the Review Team Evaluation.

IV. Acquisitions

Two land acquisition applications were received from Region 1 this grant cycle. One application was withdrawn. The other application is recommended for deferral.

A. Sand Lake Estuary Wetlands Acquisition Project (211-111)

The North Coast Land Conservancy (NCLC) submitted an application requesting \$450,000 to purchase a 167-acre property in the Sandlake Estuary in southern Tillamook County. The project is a resubmission of application 211-109, which NCLC withdrew from the April 2010 grant cycle because of OWEB’s budget and staffing constraints. During the April 2010 grant cycle, the Acquisitions Subcommittee recommended that staff encourage NCLC to resubmit

the application in the next biennium, which staff did. NCLC nonetheless opted to resubmit the application in the October 2010 grant cycle.

The application states that the property contains a wetland gradient, ranging from eelgrass beds to tidally influenced forested wetlands. It also states that three streams, totaling 1.5 miles, flow through the property to the estuary. The property is located near Clay Myers State Natural Area (Whalen Island), which is owned by Oregon Parks and Recreation Department, and another conservation property owned and managed by The Nature Conservancy. The Clay Myers property was acquired in part with OWEB funds.

The Acquisitions Subcommittee and the RRT felt that the property's wetland gradient and high biodiversity give the project high ecological values. Reviewers felt that the project also has high educational value. The Subcommittee nonetheless declined to request due diligence for the project because it concluded that budget and staffing constraints make the project a lower priority for OWEB investment than other applications being considered by the Board. The Subcommittee recommended that staff encourage NCLC to resubmit the application in a later grant cycle. NCLC has withdrawn the application rather than have staff make a no-fund recommendation to the Board.

B. Miami Wetlands Conservation Project (211-114)

The Nature Conservancy (TNC) requests \$150,000 to conserve four properties totaling 77 acres at the mouth of the Miami River, in Tillamook County. The Board visited the properties during the September 2010 Board meeting in Garibaldi. TNC will purchase 61 acres in fee simple and a 16-acre conservation easement.

The properties contain intertidal salt marsh, lowland depressional shrub wetlands, and lowland riparian woodland and shrubland. The application states that restoration, which consists of relocating power lines, filling drainage ditches, creating sinuosity in stream and tidal channels, installing large wood, and re-establishing native vegetation, will increase priority habitats from 33 acres to 65 acres, and result in two additional OWEB priority habitats: lowland non-linear forested wetlands (swamps) and tidally influenced freshwater wetlands. The application also states that restoration is expected to increase stream miles from 0.88 miles to 1.79 miles.

TNC proposes to use the currently requested OWEB funds to match approximately \$318,000 in Coastal Wetlands funds recently awarded to OWEB by U.S. Fish and Wildlife Service for acquisition of the properties and completion of the above-described restoration. A Coastal Wetlands update is provided in Agenda Item G.

At the direction of the Acquisitions Subcommittee, staff notified TNC that OWEB will request due diligence materials for the project as soon as staffing resources are available. The RRT felt that the project has high ecological and educational value. Staff recommend the Board defer consideration of the Miami Wetlands Conservation Project until due diligence materials have been received and reviewed.

V. Staff Recommendation

For the March Board meeting, staff recommend funding for 19 applications for a total award of \$1,587,960: \$1,316,919 for Restoration; \$40,207 for Education/Outreach; \$94,826 for Monitoring; and \$136,008 for Technical Assistance.

Staff recommend that the Board signal its commitment to award the following applications at the June Board meeting, dependent on OWEB's 2011-2013 budget: four Education/Outreach applications for \$70,550; and five Monitoring applications for \$228,726. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the Miami Wetlands Conservation acquisition application (211-114) until the due diligence review is complete.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff funding recommendations for the June Board meeting, shown in green shading.

For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to make June funding awards for the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB's 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

ATTACHMENT A

**Region 1 - North Coast
Acquisition Application Recommended for Deferral by OWEB Staff
October 18, 2010 Grant Cycle**

Project #	Project Name	Total Amount Requested
211-114	Miami Wetlands Conservation	150,000

**Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle**

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-1040	Pebble Creek - Sub-Basin Restoration - Phase I * PE \$9,856	177,850		177,850	1
211-1023	Beaver Creek Restoration Project ** PE \$13,200	70,281		70,281	2
211-1027	Kloppman Large Wood Project on the Clatskanie River ^ EM \$10,934	63,281		63,281	3
211-1021	Ojalla Creek Instream Habitat Restoration	26,400		26,400	4
211-1043	Stage 1 Fivemile Bell Restoration * PE \$37,510	349,780		349,780	5
211-1042	Upper Miami River Restoration Project Phase I **	120,892		120,892	6
211-1028	Farmer Creek Passage Enhancement *	148,644		148,644	7
211-1036	Nelson Creek Riparian Restoration	57,047		57,047	8
211-1030	Upper Yaquina Restoration Phase I * PE \$20,175	210,500		210,500	9
211-1035	North Fork Siuslaw Riparian Restoration Project	92,244		92,244	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,316,919		\$1,316,919	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$1,316,919		\$1,316,919	

* Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 1 - North Coast
Technical Assistance Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-1038	Cleveland Creek Railroad Culvert Replacement	49,638	1
211-1031	Fruitvale Stream Restoration Design	38,740	2
211-1020	Merrill Creek Culvert Replacement ^	47,630	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$136,008	
Total Technical Assistance Projects Recommended for March Funding by Staff to Board		\$136,008	

^ Fund with Conditions

Region 1 - North Coast
Education/Outreach Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-1018	Stream Team Extension V	11,011	1
211-1045	Lower Columbia Watershed Stewardship Project	29,996	2
211-1019	Siuslaw Middle School Stream Team	8,181	3
211-1034	Mapleton Schools Watershed Education Program II	21,362	4
211-1037	Siuslaw Watershed Exploration Camps 2011	14,382	5
211-1029	Natural Resource and Restoration Crew	25,825	6
Total Education/Outreach Projects Recommended for Funding to Staff by RRT		\$110,757	
Education/Outreach Projects Recommended for March Funding by Staff to Board		\$40,207	
Education/Outreach Projects Recommended for June Funding by Staff to Board		\$70,550	
Total Education/Outreach Projects Recommended for March and June Funding to Staff by Board		\$110,757	

Region 1 - North Coast
Monitoring Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-1024	Mid-Coast Monitoring Project	117,002	1
211-1041	Upper Nehalem Rapid Bio-Assessment Phase III	94,826	2
211-1022	Mid-Coast Basin Trend Monitoring	17,044	3
211-1039	2011-2012 Salmon-Drift Water Quality Monitoring	32,945	4
211-1044	Volunteer Water Quality Monitoring Program 2011-2012	11,735	5
211-1025	Tillamook Suspended Sediment Discharge Study	50,000	6
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$323,552	
Monitoring Projects Recommended for March Funding by Staff to Board		\$94,826	
Monitoring Projects Recommended for June Funding by Staff to Board		\$228,726	
Total Monitoring Projects Recommended for March and June Funding by Staff to Board		\$323,552	

Region 1 - North Coast
Restoration Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-1032	Upper Five Rivers Passage	229,900

Region 1 - North Coast
Technical Assistance Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-1026	Tillamook Bay Watershed Culvert Survey	50,000
211-1033	Bear Creek Beaver Protection and Enhancement	11,275

Region 1 - North Coast
Acquisition Application Withdrawn by Applicant
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-111	Sand Lake	450,000



March 4, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Mark Grenbemer, Southwest Oregon Regional Program Representative
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Southwest Oregon Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 41 applications for a total request of \$3,892,593 including one Acquisition application for \$720,000. The Southwest Oregon Regional Review Team (RRT) recommended funding for 22 applications.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards to be made at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The Southwest Oregon RRT met in Merlin in December 2010 to review the applications received in this grant cycle and make recommendations to OWEB staff. All applications were reviewed for merit and given a "do fund" or "no fund" recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The RRT recommended 13 Restoration applications, four Education/Outreach applications, one Monitoring application, and four Technical Assistance applications.

The top-ranked Technical Assistance application, Catching Slough Restoration Project Development (211-2043), consists of an intensive outreach to specific landowners, and development of restoration project designs, permits and proposals for on-the-ground work in the Catching Slough basin that drains into the Coos River estuary. Streams in the lowland area surrounding the estuary have been heavily diked, dredged, straightened, and simplified, leading to increased stream temperatures, high sediment loads, and lack of channel complexity. Future

restoration projects will likely include riparian planting, fencing, culvert replacements and bio-engineered bank stabilization to reduce erosion and sedimentation. The RRT had high confidence that the technical assistance work will result in on the ground improvements in the future that will be important to improvement of critical habitat for juvenile Coho and other salmonids.

Staff concur with the RRT-recommended conditions for two Restoration applications (211-2036 and 211-2045) as described in the Review Team Evaluations for Region 2.

The RRT recommended budget reductions for two Restoration applications (211-2049 and 211-2051) and one Monitoring application (211-2052). Staff concur with these recommendations, contained in the Review Team Evaluations.

The RRT recommended funding only a portion of one Restoration application (211-2057) and one Technical Assistance application (211-2055). Staff concur with these recommendations as described in the Review Team Evaluations.

Following the RRT meeting, staff identified and recommend budget reductions for Restoration applications 211-2046, 211-2054 and 211-2058. The reductions are described in the Review Team Evaluations.

One application, 211-2036, Brush Creek Instream Restoration, was withdrawn by the applicant after the RRT review.

IV. Acquisitions - Coquille Valley Wetlands Conservation Project (211-115)

One land acquisition application was received from Region 2 this grant cycle. It is recommended for deferral.

The Nature Conservancy (TNC) requests \$720,000 to purchase three properties totaling approximately 622 acres of coastal wetlands in the Coquille Valley in Coos County. The application states that the properties will be transferred from TNC to Oregon Department of Fish and Wildlife.

The application states that the properties contain deciduous swamp, freshwater emergent marsh, intertidal freshwater wetland, and lowland riparian woodland and shrubland, for a total of 255 acres of priority habitats. The properties will be acquired in order to restore tidally influenced wetlands. The restoration will entail reconnecting historic tidal channels, removing dikes, filling drainage ditches, installing large wood, grading to create open water areas, removing invasive species, and re-establishing native vegetation. The application states that the restoration will increase the acreage of priority habitats from 255 acres to 622 acres. The application also states that restoration is expected to increase stream miles from 3.04 miles to 6.90 miles.

TNC proposes to use the currently requested OWEB funds to match \$1 million in Coastal Wetlands funds recently awarded to OWEB by U.S. Fish and Wildlife Service for acquisition of the properties and completion of the above-described restoration. A Coastal Wetlands update is provided in Agenda Item G.

At the direction of the Acquisitions Subcommittee, staff notified TNC that OWEB will request due diligence materials for the project as soon as staffing resources are available. The RRT felt that the project has high ecological and educational value. Staff recommend the Board defer consideration of the Coquille Valley Wetlands Conservation Project until due diligence materials have been received and reviewed.

V. Staff Recommendations

For the March Board meeting, staff recommend funding for 18 applications for a total award of \$1,584,536: \$1,490,633 for Restoration; \$8,960 for Monitoring; and \$84,943 for Technical Assistance.

Staff recommend that the Board signal its commitment to award four Education/Outreach applications for a total of \$111,476 at the June Board meeting, dependent on OWEB's 2011-2013 budget. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the Coquille Valley Wetlands acquisition application (211-115) until the due diligence review is complete.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff funding recommendations for the June Board meeting, shown in green shading.

For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to make June funding awards for the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB's 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

ATTACHMENT A

**Region 2 - Southwest Oregon
Acquisition Application Recommended for Deferral by OWEB Staff
October 18, 2010 Grant Cycle**

Project #	Project Name	Total Amount Requested
211-115	Coquille Valley Wetlands Conservation	720,000

**Region 2 - Southwest Oregon
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle**

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-2054	West Fork Smith River Instream Restoration *	132,648		132,648	1
211-2046	Wolf Creek Instream * ^ EM \$57,275	266,171		266,171	2
211-2036	Brush Creek Instream Restoration (Phase I) ^ WITHDRAWN ■	136,600		136,600	3
211-2047	South Sisters Structure Placement Phase V	145,303		145,303	4
211-2045	Hardscrabble and Jack Creeks Fish Passage Restoration ^	59,210		59,210	5
211-2044	Catching Slough Sub-basin Fish Passage Improvements 2011	82,739		82,739	6
211-2058	Curry Sediment Abatement 2010 *	322,191		322,191	7
211-2049	North Umpqua Gravel Augmentation *	31,427		31,427	8
211-2057	Lower Deer Creek Restoration *	78,653		78,653	9
211-2039	Squaw Creek Salmon Habitat Restoration	99,500		99,500	10
211-2051	Steamboat Instream Fish Habitat Restoration 2011 *	33,062		33,062	11
211-2028	Monson Fish Passage and Sediment Abatement	71,689		71,689	12
211-2041	Larson Creek Fish Passage Project	168,040		168,040	13
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,627,233		\$1,627,233	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$1,490,633		\$1,490,633	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions ■ Withdrawn by applicant after RRT review

Region 2 - Southwest Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-2043	Catching Slough Restoration Project Development	30,580	1
211-2055	Umpqua Estuary and Six Tribes TA *	35,255	2
211-2034	Zuiches Habitat Improvement ^	9,350	3
211-2040	Whetstone Creek Corridor Restoration	9,758	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$84,943	
Total Technical Assistance Projects Recommended for March Funding by Staff to Board		\$84,943	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 2 - Southwest Oregon
Education/Outreach Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-2059	Curry County Watershed Education	35,942	1
211-2029	Bear Creek Regional Education Project	30,367	2
211-2053	Umpqua Basin Watershed Stewardship Education Program	18,322	3
211-2062	Non-point Source Pollution Education Package	26,845	4
Total Education/Outreach Projects Recommended for Funding to Staff by RRT		\$111,476	
Total Education/Outreach Projects Recommended for June Funding by Staff to Board		\$111,476	

Region 2 - Southwest Oregon
Monitoring Application Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-2052	North Umpqua Pacific Lamprey Monitoring 2011 *	8,960	1
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$8,960	
Total Monitoring Projects Recommended for March Funding by Staff to Board		\$8,960	

* Listed Amount Reflects Recommended Reduction

Region 2 - Southwest Oregon
Restoration Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-2026	Riley Creek Habitat Restoration	90,993
211-2027	Little Butte Creek Meander Restoration Project	79,829
211-2032	Quartz Creek Restoration - Hardin	50,675
211-2035	Elk Creek Habitat Improvement	42,940
211-2048	Big and Sagabeard Creeks Fish Passage	109,249
211-2061	East Fork/North Fork Riparian Restoration, Phase II	32,923
211-2063	Sucker Creek Channel and Floodplain Restoration - Phase 2	165,520
211-2064	Big Creek Instream Restoration	225,581
211-2065	McMullen Creek Fish Passage, Phase 1	49,214

Region 2 - Southwest Oregon
Technical Assistance Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-2030	Saunders Creek Large Wood	8,691
211-2031	Cove Sediment/Pollution Control Project	11,200
211-2033	Elk Creek Bacteria Source Tracking Design	26,250
211-2050	Elk Creek Instream Restoration Project Development	31,536
211-2060	GRD Rogue River Restoration Phase 1	50,000

Region 2 - Southwest Oregon
Education/Outreach Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-2038	South Umpqua - Elk Creek	8,406
211-2042	Coastal Oregon Riparian Silviculture Guide	36,644

Region 2 - Southwest Oregon
Monitoring Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-2037	Priority Stream Assessments	5,393
211-2056	Ni-les'tun Tidal Wetland Restoration Effectiveness Monitoring 2011-2016	249,543



Oregon

John A. Kitzhaber, MD, Governor

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March 1, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Wendy Hudson, Willamette Basin Regional Program Representative
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 3, Willamette Basin
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Willamette Basin Regional Review Team evaluations, special issues, and staff recommendations for funding.

II. Background

Applicants submitted 37 applications for a total request of 5,180,564, including one Acquisition application for \$1.2 million. One Restoration application (211-3065) was withdrawn by the applicant prior to the Willamette Basin Regional Review Team (RRT) meeting, and one Education/Outreach application (211-3049) was withdrawn by the applicant following the RRT meeting.

The RRT recommended funding for 18 of 36 applications, including the one application that was subsequently withdrawn.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards to be made at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The Willamette Basin RRT met in Salem in January 2011 to review the applications received in this grant cycle and make recommendations to OWEB staff. All applications were reviewed for merit and given a "do fund" or "no fund" recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

During the RRT meeting, Oregon Department of Fish and Wildlife (ODFW) staff gave a short presentation on the agency's plan to develop by 2012, an ODFW project prioritization approach for implementation of Oregon's Lower Columbia River Conservation and Recovery Plan for Salmon and Steelhead. During the RRT's evaluation discussions, reviewers at one point debated

the relative value of projects involving listed salmon and steelhead and projects that involve non-listed species. Some reviewers felt that salmon recovery-related projects should rise to the top under all circumstances; others noted that OWEB's mission is broad, there are a number of factors to evaluate in determining merit and that in some cases, non-salmon recovery-related projects will rise to the top.

This topic has been raised at previous RRT meetings, and staff's guidance has been that under both Measure 66 and Measure 76, OWEB's mission is broad, including both native fish and wildlife and consideration of the Oregon Plan for Salmon and Watersheds and the Oregon Conservation Strategy. OWEB's Management Team has discussed scheduling a future meeting with ODFW to discuss the roles of recovery planning and the Oregon Conservation Strategy in OWEB's grant programs.

The RRT recommended to staff funding for eight Restoration applications, five Education/Outreach applications, four Monitoring applications, and one Technical Assistance application.

Staff concur with the RRT-recommended funding conditions for two Restoration applications recommended by staff for funding (211-3057 and 211-3039), one Education and Outreach application (211-3033), and two Monitoring applications (211-3042 and 211-3055). The conditions for these applications are described in the Review Team Evaluations for Region 3.

Staff also concur with the RRT-recommended budget reductions for one Restoration application recommended by staff for funding (211-3039) and for one Monitoring application (211-3056), as described in the evaluations. Finally, staff concur with the RRT-recommended budget increase for one Restoration application recommended by staff for funding (211-3050).

IV. Acquisitions

One land acquisition application was received from Region 3 this grant cycle. It is recommended for deferral.

A. South Eugene Hills Acquisition Project (211-116)

The City of Eugene requests \$1.2 million to purchase two non-adjacent, primarily upland properties totaling 400 acres south of Eugene, in Lane County. The application was previously submitted twice to OWEB (application 208-105 and application 211-101). Application 208-115, submitted in the October 2007 grant cycle, was withdrawn by the city because it could not secure the necessary match. The city withdrew application 211-101 from the April 2010 grant cycle because of OWEB's budget and staffing constraints. During the April 2010 grant cycle, the Acquisitions Subcommittee recommended that staff encourage the city to resubmit the application in the next biennium, which staff did. The city nonetheless opted to resubmit the application in the October 2010 grant cycle.

The application states that the project is a key component of a multi-year partnership effort to conserve oak and prairie habitats, which are identified as a high priority for protection in numerous studies. The properties also have small amounts of riparian habitat. If the properties are acquired by the city, they will provide recreational and habitat connections between Eugene's Ridgeline Park System and the West Eugene Wetlands.

The Acquisitions Subcommittee felt that the properties present an important opportunity to further protect ecological connectivity of highly imperiled oak and prairie habitats in South Eugene. The Subcommittee also recognized the city's capacity to accomplish high-quality restoration and education on the properties it acquires for conservation. The RRT felt that the project has high ecological value and medium educational value.

The Acquisitions Subcommittee concluded that budget and staffing constraints make it infeasible to consider both properties for an OWEB investment. The Subcommittee directed staff to proceed with due diligence for only the South Eugene Meadows property, which the Subcommittee and RRT felt has higher ecological values than the other property proposed for purchase. Staff notified the city that OWEB will request due diligence materials for South Eugene Meadows as soon as staffing resources are available. Staff and the Acquisitions Subcommittee recommend the Board defer consideration of the South Eugene Hills Acquisition Project until due diligence materials have been received and reviewed.

OWEB was recently notified that ODFW is interested in contributing approximately \$1 million in funding from the Willamette Wildlife Mitigation Agreement with the Bonneville Power Administration (BPA) for the purchase of the South Eugene Meadows property. Under this scenario, OWEB would contribute approximately \$750,000 to the transaction. However, it is unclear whether OWEB can participate in this arrangement without the agency's funding being used as mitigation under the BPA agreement. Staff are exploring options and will keep the Acquisitions Subcommittee and Board updated on this issue.

V. Special Issues – Sandy Basin Projects and the Sandy River Flood Event

Two applications (211-3057 and 211-3039), both recommended for funding by the RRT and staff, occur in the Sandy Basin, a recovery zone for ESA-listed salmon and steelhead. Both are ambitious, large-scale projects, requesting \$284,433 and \$678,209, respectively. The Sandy Basin Partnership (a consortium of government agencies, non-profits, and the Sandy Basin Watershed Council) has been discussing the potential of a Sandy Basin Special Investment Partnership (SIP) proposal with OWEB staff.

The RRT recommended funding for Phase 2 of the Salmon River Aquatic Habitat Restoration project (211-3039). Several reviewers questioned whether the application was premature, which accounted for its relatively low ranking (8 of 8). These reviewers were concerned that the wood proposed for use in the engineered log jams was undersized and would not survive a major event. A week after the RRT meeting, a major event did occur in the Sandy Basin. The contractor immediately conducted a preliminary appraisal of the flood impacts, which revealed that 75 percent of the existing structures from previous large wood projects had failed in some fashion.

As a result, OWEB staff recommend the Board fund only the side channel work, and not large wood placements in the main channel. This recommendation reduces the award to \$176,221 from an initial request of \$678,209. The applicant and contractor have committed to conducting more field assessment work as the high winter flows recede. In the Review Team Evaluation, staff encourage the applicant to consider submitting a Technical Assistance application in April to explore alternatives for large wood design, given the size and dynamic nature of the system.

VI. Staff Recommendations

For the March Board meeting, staff recommend funding for nine applications for a total award of \$1,112,068: \$1,073,568 for Restoration; and \$38,500 for Technical Assistance.

Staff recommend that the Board signal its commitment to award funding for the following applications at the June Board meeting, dependent on OWEB's 2011-2013 budget: Four Education/Outreach applications for \$133,519, and four Monitoring applications for \$112,340. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Staff and the Acquisitions Subcommittee recommend to defer consideration of the South Eugene Hills acquisition application (211-116) until the due diligence review is complete.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff funding recommendations for the June Board meeting, shown in green shading.

For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to make June funding awards for the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB's 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 3 - Willamette Basin
Acquisition Application Recommended for Deferral by OWEB Staff
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-116	South Eugene Hills Acquisition Project	1,200,000

Region 3 - Willamette Basin
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-3041	Canyon-Owl Steelhead Habitat Improvement Project	163,962		163,962	1
211-3048	Hollyer Prairie Enhancement Project	27,050		27,050	2
211-3067	Shotpouch Creek Restoration Phase 1: Fish Passage	203,061		203,061	3
211-3057	Sandy Basin Anchor Habitat Vegetation Restoration Project Phase 2 * PE \$50,820	260,899		260,899	4
211-3050	Clear Creek Large Wood Placement Project **	56,113		56,113	5
211-3040	Kime Oak Savanna and Prairie Restoration ^ EM \$5,460	110,380		110,380	6
211-3032	Delph Creek and Porter Road Fish Passage Improvement Project *	75,882		75,882	7
211-3039	Salmon River Aquatic Habitat Restoration Project Upper & Lower Miller Quarry *	176,221		176,221	8
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,073,568	\$0	\$1,073,568	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$1,073,568	\$0	\$1,073,568	

* Listed Amount Reflects Recommended Reduction ** Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 3 - Willamette Basin
Technical Assistance Application Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-3061	Recruiting Landowners Beyond Early Adopters	38,500	1
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$38,500	
Total Technical Assistance Projects Recommended for March Funding by Staff to Board		\$38,500	

Region 3 - Willamette Basin
Education/Outreach Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-3035	Watershed Rangers Education Project	20,000	1
211-3033	Connecting People to Place: A Citizenry of Clackamanians *	34,749	2
211-3049	Enhancing Student Engagement in Field-based Education in the Willamette Valley WITHDRAWN ■	39,594	3
211-3062	Willamette Watershed Stewardship Project	29,749	4
211-3060	Slough School Education Program	49,021	5
Total Education Projects Recommended for Funding to Staff by RRT		\$173,113	
Total Education Projects Recommended for June Funding by Staff to Board		\$133,519	

* Listed Amount Reflects Recommended Reduction ■ Withdrawn by applicant after RRT review

Region 3 - Willamette Basin
Monitoring Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-3058	Freshwater Mussels in Johnson Creek	30,966	1
211-3056	Upper Molalla River Rapid Bio-Assessment * ^	26,100	2
211-3042	North Santiam, South Santiam and Calapooia Effectiveness Monitoring Project ^	36,544	3
211-3055	Middle Willamette Water Quality Characterization	18,730	4
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$112,340	
Total Monitoring Projects Recommended for June Funding by Staff to Board		\$112,340	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

ATTACHMENT B

Region 3 - Willamette Basin
Restoration Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-3031	Zena Forest Oak Habitat Restoration Phase II	244,023
211-3036	Willamette Confluence Invasive Control Project: Phase I	123,706
211-3037	Upper Poodle Creek Fish Passage, Channel and Riparian Restoration	210,573
211-3038	McKenzie Oxbow Restoration	66,489
211-3043	Calapooia River Middle Reach 2 Restoration	176,231
211-3045	Cedar Creek Culvert Replacement	240,730
211-3053	Veteran's Park Habitat Restoration	279,937

Region 3 - Willamette Basin
Technical Assistance Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-3030	Native Plant Materials Coordination	49,886
211-3044	Calapooia River Reach 4 Project Designs and Permitting	50,000
211-3046	Row River Floodplain Restoration Phase I	49,100
211-3051	Gales Creek Restoration Plan	48,493
211-3052	Butte Creek Subwatershed Assessment and Action Plan	49,800
211-3059	Tacoma Street Fish Habitat Enhancement Design	49,790
211-3064	Scappoose Landing Reconnection	50,000

Region 3 - Willamette Basin
Education/Outreach Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-3054	Creekshed Stewardship Initiative (CSI)	29,552

Region 3 - Willamette Basin
Monitoring Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-3034	Willamette Headwaters Water Quality Monitoring Project	101,464
211-3047	STREAM Water Quality Monitoring Program	127,195

Region 3 - Willamette Basin
Restoration Application Withdrawn by Applicant
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-3065	Major Gregory Young Memorial Salmon Enhancement Project	110,425



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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March 1, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Rick Craiger, Central Oregon Regional Program Representative
Ken Bierly, Deputy Director

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 4, Central Oregon
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Central Oregon Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 27 applications for a total request of \$3,662,207, including one land acquisition proposal and two water acquisition applications for a total of \$927,345. The Central Oregon Regional Review Team (RRT) recommended funding for 18 applications.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The RRT met in Redmond in January 2011 to review the applications received in this grant cycle and make recommendations to OWEB staff. All applications were reviewed for merit and given a "do fund" or "no fund" recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The RRT recommended to staff funding for nine Restoration applications; one Education/Outreach application; one Monitoring application; and seven Technical Assistance applications.

Staff would like to point out that of the nine Restoration applications recommended for funding by both the RRT and staff, five are in the Klamath Basin. In addition, the one water acquisition recommended for funding is also from the Klamath Basin. The Technical Assistance proposals

were also a real highlight for Region 4 in this cycle. The RRT recommended funding all seven proposals, finding them important for future restoration work. Deming Ranch Sprague Fish Passage (211-4030) would complete an analysis and engineered design to construct a new stream channel for a 1.2 mile reach of the South Fork Sprague River near Bly in the Klamath Basin. The stream was straightened and diked 50 years ago. The design will also accommodate fish passage for Lost River suckers and redband trout, now blocked by a diversion weir in this stretch of the river.

Staff concur with the RRT-recommended funding conditions for 211-4039 and the RRT-recommended budget reductions for 211-4023, 211-4026 and 211-4036. The budget reductions and funding conditions are described in the Review Team Evaluations for Region 4.

IV. Acquisitions

One land acquisition application and two water acquisition applications were received from Region 4 this grant cycle. The land acquisition application was withdrawn by the applicant. One of the two water acquisition applications is recommended for funding; the other is not recommended for funding.

A. Black Drake Ranch - Fivemile Creek Stream Flow Restoration (#211-110)

The Klamath Basin Rangeland Trust (KBRT) is requesting funding for the Black Drake Ranch - Fivemile Creek Stream Flow Restoration project to transfer the water right to in-stream purposes. The application requests \$81,345 to fund half of the cost of permanent acquisition of a right to 287.1 acre feet of water, or 2.39 cubic feet per second (cfs), for transfer to an in-stream right.

The water rights are owned by Black Drake Ranch, which has been working with the Klamath Basin Rangeland Trust (KBRT) to reduce irrigation and adjust grazing management to conserve water use. The water rights acquisition is part of a group of significant restoration actions taken in the upper basin by the U. S. Forest Service and on the ranch by the landowner and the KBRT. The lands of the ranch are enrolled in the Agricultural Water Enhancement Program of the Natural Resources Conservation Service (NRCS).

This grant application was reviewed by staff, the Central Oregon RRT, and the Board Acquisition Subcommittee.

1. Project Proposal

The Black Drake Ranch diverts flow from Fivemile Creek, tributary to the North Fork of the Sprague River for distribution throughout the ranch property for irrigation purposes. The proposal includes two points of diversion on Fivemile Creek (Attachment C, Figure 2) and three certificated rights. The priority dates of the rights are January 16, 1961 and December 6, 1971. The water from these rights can be protected to the confluence with the North Fork of the Sprague (approximately one mile) and subsequently to the Sprague (another mile further downstream). An analysis conducted by Steve Parrett, Goldin Water Resource Management, and confirmed by the Oregon Water Resources Department (WRD), concluded that the water can be legally protected in-stream.

If funded, the KBRT will file a transfer for the right. Upon completion of the final certificate, OWEB will release funds for the transfer.

The purchase protects flow in a reach where significant habitat restoration has occurred. The acquisition will protect habitat for redband trout, Lost River and Klamath large-scale sucker fish, and Columbia spotted frog. The project is in a flow restoration priority area as identified by Oregon Department of Fish and Wildlife (ODFW) and WRD. The project will contribute to the agreed protection of 30,000 acre feet in the Klamath Basin Restoration Agreement (KBRA).

Protection of stream flow is a logical conclusion to a significant list of restoration activities that include: riparian fencing and rotational grazing, head cut repairs, fish screening and provision of passage at diversions, improvement to in-stream habitat, riparian planting, noxious weed control, and removal of check dams. The cumulative effects of these activities have placed Fivemile Creek in a greatly improved ecological trajectory. The protection of water in-stream is logical insurance for the success of the restoration work.

The valuation of the water rights was based on an analysis KBRT requested from WestWater Research. The valuation analysis focused on the Wood River Valley and Sprague River watersheds in the Upper Klamath Lake Watershed and produced a price range of \$1,699 to \$2,320 per acre for reliable water rights in the Sprague River watershed. The unit price for the water rights in this project was determined to be \$1,700 per acre and \$566.67 per acre-foot. The water rights are valued at the lower end of the price range because they are relatively junior rights in the area.

2. Application Review

The application is timely to addressing a critical need for the Klamath Basin. This is the first water rights acquisition in the Klamath Basin. The process has included all of the elements contained in OWEB's administrative rules at OAR 695-046-0040, including ecological benefits, financial partners and support for the project, effect on the local and regional community, and the soundness of the legal and financial terms of the proposed transaction.

The Board Acquisition Subcommittee reviewed the application on November 10, 2010 and January 27, 2011, and identified it as a high priority for funding. The Central Oregon RRT reviewed the project on January 11, 2010. In addition, OWEB asked Andrew Purkey of the National Fish and Wildlife Foundation (NFWF) to review the application. The review is attached to the staff report. (Attachment D)

The RRT considered the ecological merit of the proposed water acquisition and concluded that the project is a great compliment to the restoration completed in the Fivemile drainage. The RRT indicated that Fivemile Creek is "one of the best streams in the National Forest" and that the water conservation action will be important for sucker recovery and habitat maintenance for redband trout, and possibly for salmon if they obtain access to the basin. The RRT also was interested in seeing the project go forward because it provided the first dedication of water to meet the KBRA water conservation outcome. The project was strongly supported by the RRT as having high ecological merit.

The review by Andrew Purkey considered the four criteria described in rule. The acquisition provides ecological benefits of increased seasonal habitat for aquatic species,

including candidate and listed species, increased summer flow for more than two miles of Fivemile Creek and the North Fork of the Sprague River. The lease will help to improve water quality conditions. The project has full match (50 percent cost share) committed from the NFWF, which will also support the transaction and monitoring costs of the project. The project is also supported by the ODFW, U.S. Forest Service, NRCS, and U.S. Fish and Wildlife Service. The owner sees the water rights acquisition as an integral part of his operation at this time, and there does not appear to be any evidence of detrimental effects on the local and regional community. There is strong support for cooperative solutions to water use like this in the basin.

The Acquisition Subcommittee agrees that the project has high ecological merit, but wished to see as a condition of a grant that measurement of the protected water be provided. OWEB staff has consulted with the applicant and WRD staff to identify appropriate documentation of flow protected by the acquisition.

3. Conclusion

Staff recommend the Board award \$81,345 of capital funds to the Fivemile Creek Instream Water Acquisition grant application (211-110) with the condition that the applicant provides the documentation and measurement process to assure the water is protected.

B. Tumalo Feed Canal Water Conservation Project (211-112)

The Deschutes River Conservancy (DRC) is requesting funding for the Tumalo Feed Canal Water Conservation Project (Phase 2) to fund a permanent instream water right transfer from Tumalo Creek and Crescent Lake tributary to the Deschutes River in Deschutes County. The application requests \$581,000 to fund the remaining costs of a piping project and provide permanent acquisition of a right to 158.01 acre feet of water, or 0.44 cfs, for transfer to an in-stream right.

The water rights are owned by the Tumalo Irrigation District (TID), which has been working with the DRC to reduce canal losses and conserve water use. The piping project has been funded with \$820,000 from OWEB and \$1 million from the Bureau of Reclamation. This is the second phase of at least a five phase project. Completion of all five stages will result in conserved water of approximately 20 cfs. Since the initial submittal, the TID has reduced the request to \$439,429 with a water savings of 0.34 cfs.

This grant application was reviewed by staff, the Central Oregon RRT, and the Board Acquisition Subcommittee.

1. Project Proposal

DRC and TID have secured \$2.7 million (\$820,000 from OWEB grant 211-4008) for the project and are short by an estimated \$581,000 for completion of the piping project. Tumalo Irrigation District has submitted a Conserved Water Right Application to the WRD, which has issued a final order and certificate of instream conserved water. The TID has until October 31, 2015, to file a notice of completion to prove the right. Cost share funders include the Bureau of Reclamation through funding to DRC, a Watersmart grant to TID (\$1 million), and a Department of Environmental Quality Clean Water Revolving Loan of \$249,000.

The proposal includes five certificated rights, which date from August of 1900 through June of 1907. The Crescent Lake storage rights date to 1911. The more recent Tumalo rights (1905 and 1907) cannot be assured to be satisfied 100 percent of the time. The applicant has conducted an analysis to demonstrate that protection of these rights would result in protected water in-stream. The WRD Deschutes Watermaster has reviewed the analysis and identified the likelihood of providing protected water with the application.

2. Application Review

The Board Acquisition Subcommittee reviewed the application on November 10, 2010, and January 27, 2011, and identified significant issues with recommending the project for further consideration. The Subcommittee was concerned that the only way to evaluate the price of the water was to look at the remaining cost of piping the canal. Secondly, they were concerned that OWEB already has a significant investment in the restoration (piping) project. Third, for the relatively small increment of water, the cost was too high and the ecological benefit too low.

The RRT reviewed the project on January 11, 2010. The RRT considered the ecological merit of the proposed water acquisition and concluded that the project is an additional increment in a larger project that, when completed, will have a significant benefit for decreasing water temperatures in the middle Deschutes River. The RRT also was concerned with the high cost for relatively low increment of benefit. The RRT concluded the project has modest ecological benefit.

The Subcommittee agreed that the project has modest ecological merit and are concerned about the pricing mechanism and precedent set by this approach. The Subcommittee did not recommend it for funding.

3. Conclusion

Staff recommend the Board not award a grant to the DRC for the Tumalo Feed Canal Water Conservation Project.

C. Mill Creek Ridge Acquisition Project (211-113)

The Columbia Land Trust (CLT) submitted an application requesting \$265,000 to purchase two upland properties totaling 143 acres on Mill Creek Ridge, near The Dalles, in Wasco County. The purchases are the first phase of CLT's efforts to protect all of Mill Creek Ridge, which the application states is undisturbed habitat that is highly threatened by residential development.

The application states that the properties contain 40 acres of oak woodlands, an OWEB priority ecological system. Regional staff visited the site, and determined that the woodland is most accurately characterized as mixed oak and Ponderosa pine. The application also states that the properties contain prairie, although acreages are not provided. The properties do not contain streams or other aquatic resources. The application stresses that the properties are in very good condition, with good ecological function and high native wildflower diversity.

The Board Acquisition Subcommittee felt that the properties contain ecological values, but declined to request due diligence. The Subcommittee subsequently made a no-fund recommendation to staff for the project because it concluded that budget and staffing

constraints made the project a lower priority for OWEB investment than other applications being considered by the Board. The RRT also felt that the properties have ecological values, primarily for wildflowers and birds, but concluded that wetland and riparian habitats are a higher priority for conservation in the area. CLT has withdrawn the application rather than have staff make a no-fund recommendation to the Board.

V. Staff Recommendation

For the March Board meeting, staff recommend funding for 16 applications for a total award of \$931,930: \$701,249 for Restoration; \$24,467 for Education/Outreach; and \$206,214 for Technical Assistance.

Staff recommend that the Board signal its commitment to award the following applications at the June Board meeting, dependent on OWEB's 2011-2013 budget: \$145,400 for one Monitoring application; and \$49,976 for one Technical Assistance application. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Staff and the Acquisition Subcommittee recommend the Board fund the Black Drake Ranch Water Right Acquisition application (211-110) and do not fund the Tumalo Feed Canal Water Right Acquisition application (211-112).

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff recommendation for Board awards at the June Board meeting, shown in green shading.

For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to award the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB's 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding
- C. Funding Recommendation: Fivemile Creek Water Transaction Grant Application

Region 4 - Central Oregon
Acquisition Application Recommended for Funding by OWEB Staff
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow		
Project #	Project Name	Total Amount Requested
211-110	Black Drake Ranch - Fivemile Creek Stream Flow Restoration	81,345

Region 4 - Central Oregon
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-4029	Fourmile Creek and Harriman Spring Restoration	68,775		68,775	1
211-4022	Tumalo Creek Stream Gauge	37,230		37,230	2
211-4028	Fish Passage on Sevenmile Creek Below West Canal	42,500		42,500	3
211-4031	Lower Williamson and Spring Creek Habitat Enhancement	82,040		82,040	4
211-4039	Holiday Ranch - Thomas Creek Fish Passage Project ^	143,731		143,731	5
211-4026	Lost River Point Source Restoration *	58,288		58,288	6
211-4034	Riverfront Park Wetland and Riparian Restoration	84,886		84,886	7
211-4027	Snake Creek Fish Barrier Removal * ^	103,623		103,623	8
211-4041	Maxwell Ranch Riparian Restoration Project	80,176		80,176	9
Total Restoration Projects Recommended for Funding to Staff by RRT		\$701,249		\$701,249	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$701,249		\$701,249	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 4 - Central Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-4019	North Canal Dam Fish Passage Design	39,825	1
211-4040	Crooked Creek Reconnaissance and Survey Project	36,358	2
211-4018	MFID Middle Fork Hood River In-stream Flow Assessment	50,000	3
211-4030	Deming Ranch Sprague Fish Passage	50,000	4
211-4037	Using LiDAR to Map Groundwater-Dependent Ecosystems in the Upper Deschutes Basin	49,976	5
211-4035	Rock Creek Restoration Design	15,440	6
211-4023	South Fork Sprague River Habitat Enhancement Design *	14,591	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$256,190	
Technical Assistance Projects Recommended for March Funding by Staff to Board		\$206,214	
Technical Assistance Projects Recommended for June Funding by Staff to Board		\$49,976	
Total Technical Assistance Projects Recommended March and June Funding by Staff to Board		\$256,190	

* Listed Amount Reflects Recommended Reduction

Region 4 - Central Oregon
Education/Outreach Application Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-4036	Outdoor Science Education Camps 2011 *	24,467	1
Total Education/Outreach Projects Recommended for Funding to Staff by RRT		\$24,467	
Total Education/Outreach Projects Recommended for March Funding by Staff to Board		\$24,467	

* Listed Amount Reflects Recommended Reduction

Region 4 - Central Oregon
Monitoring Application Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-4020	Deschutes River Fish Monitoring - Phase 1	145,400	1
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$145,400	
Total Monitoring Projects Recommended for June Funding by Staff to Board		\$145,400	

Region 4 - Central Oregon
Acquisition Application NOT Recommended for Funding
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-112	Tumalo Feed Canal Water Conservation Project (Phase 2)	581,000

Region 4 - Central Oregon
Restoration Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-4021	Ryan Meadow Wetland Restoration	117,567
211-4025	Robinson Springs Redband Trout Habitat Enhancement	37,208
211-4032	South Fork Beaver Creek Tributary Improvement Project	164,544
211-4038	COID I - Lateral Piping and Streamflow Improvement	1,157,583

Region 4 - Central Oregon
Education/Outreach Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-4024	Upper Klamath Basin Education and Outreach	71,663

Region 4 - Central Oregon
Monitoring Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-4033	Crooked River Water Quality Monitoring Program Enhancement	23,323

Region 4 - Central Oregon
Acquisition Application Withdrawn by Applicant
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-113	Mill Creek Ridge Acquisition Project	265,000

Five Mile Creek Water Right Acquisition Project (#211-110) Maps

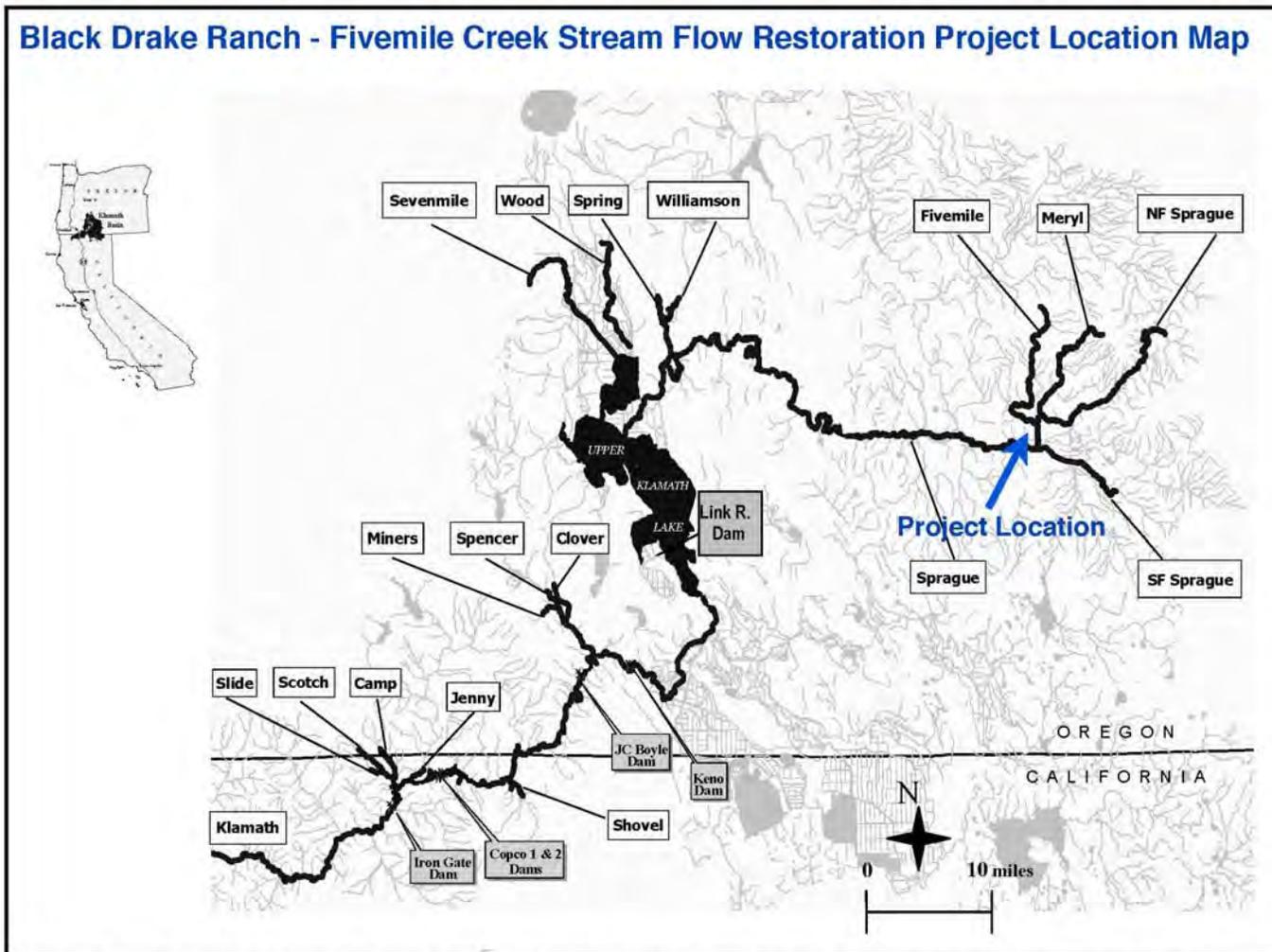
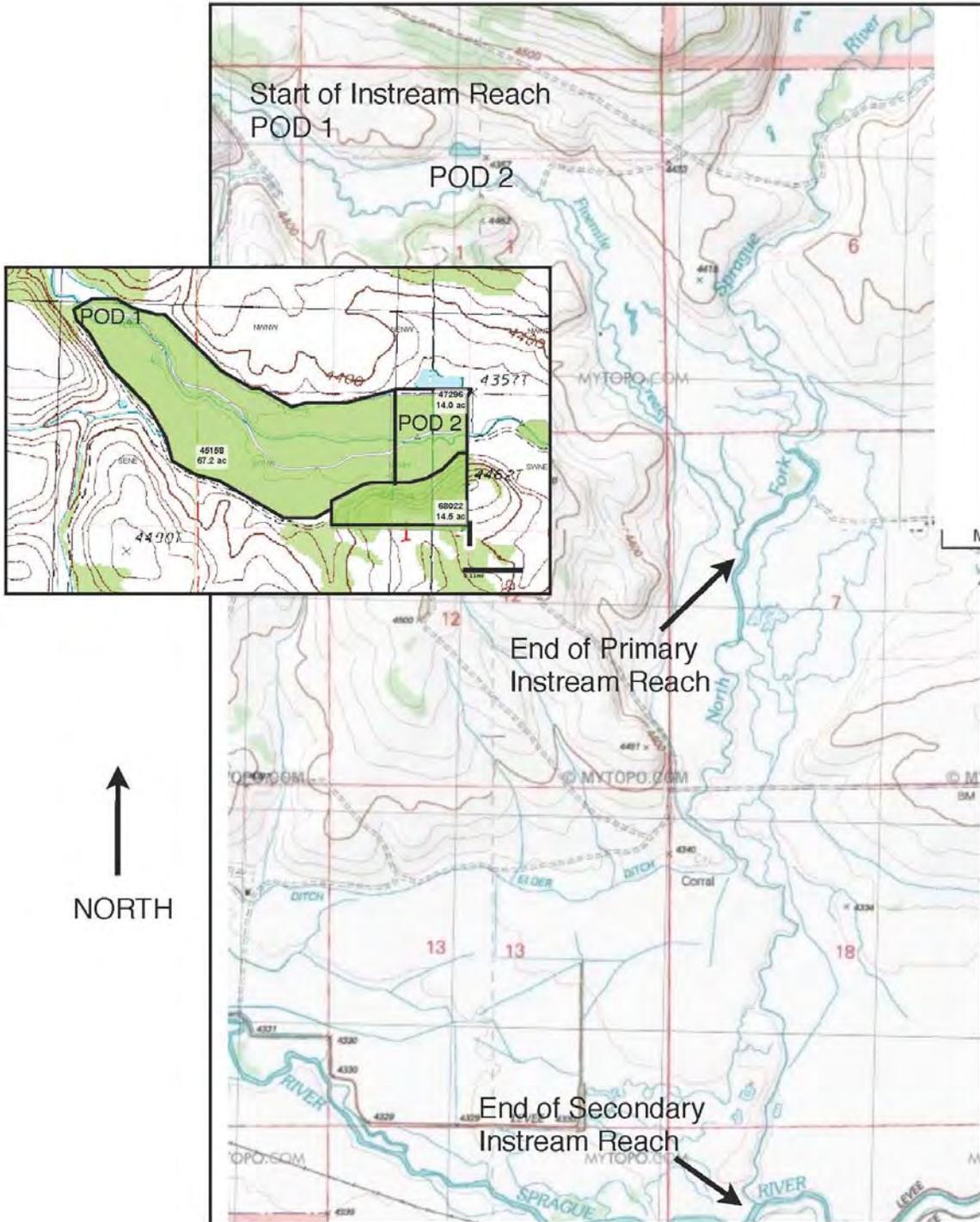


Figure 1. Map of part of the Klamath Basin, California-Oregon, showing locations of hydroelectric project facilities (shaded boxes). Major streams potentially accessible by anadromous fishes if passage is provided are shown in black. (Hamilton et al. 2005)

Figure 2. Black Drake Ranch Water Right Acquisition



Funding Recommendation

Fivemile Creek Water Transaction Grant Application

National Fish and Wildlife Foundation to Oregon Watershed Enhancement Board

February 4, 2011

Per Oregon Administrative Rules (OAR) 695-046-0090(2)(c), the Director of the Oregon Watershed Enhancement Board (OWEB) is charged with making a staff funding recommendation to the OWEB Board on all water acquisition projects considered for funding. Andrew Purkey, director of the National Fish and Wildlife Foundation's (NFWF's) Western Water Programs, has developed the following recommendation for the Director based on criteria found under (OAR) 695-046-0090(2)(c)(A)-(F). The recommendation is based on information provided by the project sponsor, the Klamath Basin Rangeland Trust (KBRT), to NFWF and OWEB.

The transaction purchase of water right certificates 45158, 47296 and 68022 from the owners of Black Drake Ranch (BDR) to increase flow by up to 2.39 cubic feet per second in a 2-mile reach of Fivemile Creek (FMC) and an additional 3-mile reach of the North Fork Sprague River (NFSP) that provides critical habitat for numerous important species, including bull trout, redband trout, and Lost River suckers. The flow is expected to benefit Chinook salmon in the future if they are successfully reintroduced into upper Klamath Basin.

(A) The ecological benefits of a proposed project:

NFWF has based its evaluation of the proposed transaction on the following criteria used for evaluating proposals submitted under other funding programs.

Watershed Planning Criteria. The proposal satisfies the following:

Environmental flow in the stream reach(es) or area(s) addressed by the proposal is identified as a limiting factor for fish and wildlife, biodiversity, and/or ecosystem function in a publicly-available, scientifically credible assessment, study or plan; or through a written statement by a biologist or ecologist with in-depth knowledge of the site.

The Oregon Department of Fish and Wildlife's 2006 Oregon Conservation Strategy (OCS) identifies a conservation opportunity area, EC-15, along the Sprague River including the lower NFSR. The OCS identifies EC-15 as important habitat for the endangered Lost River and shortnose suckers and other "key species" include Klamath basin redband trout and Klamath large-scale sucker. Recommended conservation actions include maintaining and restoring riparian habitat and ecological function, maintain or enhance in-channel watershed function, connection to riparian habitat, flow and hydrology (OCS, page 183).

The 2006 Hatfield Science Team's 5-Year Plan for River Restoration (Sprague River and Tribes) identifies a primary goal of improving water management so that streamflows approximate a more natural hydrograph.

Collaborative and synergistic efforts with other entities are demonstrated with regard to efforts to resolve other factors limiting fish, wildlife, and/or ecosystem function in the target stream or site.

Since 2005, more than \$400,000 has been invested in conservation activities on FMC. One major problem that needed to be addressed was a year-round barrier to fish passage caused by an irrigation diversion dam. The reconstruction of the historic channel provided fish passage and improved fish habitat by reconnecting the creek to its floodplain, increasing the meander length, improving riparian conditions, and simulating natural stream conditions.

The project's primary objective was to recover fish and other aquatic resource populations protected under the Endangered Species Act. The secondary objective was to maintain diverse, self-sustaining fish and other aquatic resource populations. Reestablishing fish passage for native Lost River sucker, Klamath large-scale sucker, and redband trout to upstream spawning habitat during the spring was critical. The project created a passage for the large-scale sucker (*Catostomus* and *Chasmistes*), which is the native migratory fish species with the most limited swimming capabilities.

The project removed a barrier to 26 miles of spawning and rearing habitat. It provided a diverse and enhanced habitat along the 600-foot reconstructed channel. Pools were sustained by the placement of large woody debris and provided excellent cover. Riffles were maintained through the use of spawning gravel and rock fragments, which created excellent spawning areas, as well as stabilizing the channel grade. Backwater wetlands were created, which provided rearing habitat for juvenile fish. Riparian vegetation was planted adjacent to the stream to provide shade, cover, and enhanced habitat.

Other investments include the following activities:

- Extensive, in depth analysis of BDR reaches of FMC and NFSR
- Riparian fencing and rotational grazing of both sides of FMC
- Riparian fencing of both sides of NFSR
- Three major head cut repairs, NFSR and minor headcut repairs
- FMC fish screen, upstream diversion
- FMC fish screen, downstream diversion
- High resolution digital aerial contour mapping of FMC
- Placement of large woody debris and spawning gravel
- Fish census, pre-fish screen and passage at downstream diversion
- Photo point monitoring stations established and spread sheet indexed, FMC & NFSR
- Habitat and temperature monitoring ongoing
- Upper Sprague Watershed Assessment. (Landowner was a co-author.)
- Removal of Juniper
- Riparian planting

- Removal of check dams

Hydrologic Criteria. The proposal satisfies the following:

Environmental flow will be secured and/or protected at both a location and time of year where low flows are a limiting factor for fish and wildlife, biodiversity, and/or ecosystem function.

There is about 15 cfs of rights senior to the proposed project water rights. All the irrigation rights on the stream are typically satisfied and the stream is not currently regulated but this water use leaves the lower 0.25 miles of Fivemile Creek very low on flow from July through September. Flow data indicates the lower reach of Fivemile Creek can drop to 3 to 5 cfs due to irrigation diversions, compared to a natural average base flow of 17 to 19 cfs. The proposed instream transfer would add about 1.5 cfs to the reach, potentially increasing flow by about 30 to 35% in many summer months. The greatest increase in flow will occur in the lowest reach of FMC where water quality is somewhat degraded and summer streamflow is lowest.

Biological Criteria. The proposal satisfies the following:

Native fish, wild fish, and/or wildlife populations are expected to benefit from the proposed project.

The project will address the need for greater summer streamflow and improved water quality in the lower reaches of both Fivemile Creek and the North Fork Sprague River to improve and expand aquatic habitat for redband trout, federally endangered Lost River suckers and bull trout and reintroduced Chinook salmon in the future. The improved streamflow will complement recent extensive fish passage and riparian projects completed in the same project area and allow better connection with the upper watershed of both streams.

There is considerable stream habitat monitoring ongoing in the project reach of FMC and lower NFSR. The USFWS has conducted fish surveys in 2008 and will be continuing those fish surveys in 2011 and every two years into the future -- dependent on available funding. The fish response to the combined effects of multiple restoration actions should indicate the relative health of the stream system in the project area.

(B) Financial partners in and other support for the project:

The total cost of the acquired water is \$162,690. Half of the purchase price has been requested from NFWF and half has been requested from OWEB. The unit price is \$1,700 per acre and \$566.67 per acre-foot.

KBRT hired WestWater Research to conduct a valuation of the Upper Klamath Lake watershed. The valuation focused on the Wood River Valley and the Sprague River watershed and produced a price range of \$1,699 to \$2,320 per acre for fully reliable water rights in the Sprague River watershed. Because the proposed project water rights are fairly junior KBRT proposed the lower end of the price range to the landowner.

(C) The effect of the proposed project on the local and regional community:

NFWF has not discovered any evidence that the previous implementation of this instream lease had any detrimental effect on the local and regional community.

(D) The due diligence review of a proposed project:

KBRT indicated that there was a signed statement from the current landowner that the water had been used over the past five years in accordance with the terms and conditions of the right or that the right is not subject to forfeiture under ORS 540.610. I was unable to find such a letter in the file. However, there is no evidence to suggest that the water right is subject to forfeiture and thus not transferable to instream use.

Recommendation: NFWF supports OWEB funding of this proposed transaction. The positive ecological impacts of the instream water right are well documented in the proposal. The purchase price is also reasonable given a detailed market valuation conducted by WestWater Research.



Oregon

John A. Kitzhaber, MD, Governor

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March 1, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Karen Leiendecker, Eastern Oregon Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 5, Eastern Oregon
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Eastern Oregon Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 35 applications for a total request of \$3,320,131. The Eastern Oregon Regional Review Team (RRT) recommended 26 applications for funding.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards to be made at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The Eastern Oregon RRT met in Baker City in December 2010 to review the applications received in this grant cycle and make recommendations to OWEB staff. All applications were reviewed for merit and given a "do fund" or "no fund" recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

During their evaluation of applications, the RRT spent some time discussing the ranking and prioritizing of juniper treatment projects to improve wildlife habitat, native plant diversity, and watershed function. The Region 5 RRT reviews a lot of these projects every grant cycle, and wants to rank near the top the projects most likely to be beneficial, successful, and effective over the long term.

For juniper treatment projects, the RRT is looking for the type of information recommended by the OWEB-funded Western Juniper Management Field Guide and for which training was provided at well-attended workshops in 2007 and 2008. For example, whether the proposed treatment is in NRCS or ODFW-identified sage grouse leks or high priority areas; the proximity to other juniper-removal projects; physical attributes of the proposed sites (slope, aspect, soils,

Stage 1, 2, or 3 type juniper succession; the composition of the perennial grass stand community; the level of weed infestations such as Medusahead rye); and whether prescribed burning is planned.

In 2009, staff developed a very short and simple checklist to be used by Small Grant Program applicants and reviewers in writing and reviewing juniper treatment applications. Staff are discussing developing a similar, but more detailed, checklist for Regular Grant applicants and reviewers to use in writing and reviewing juniper treatment applications. The checklist, like the Small Grant one, would be based on the Western Juniper Management Field Guide.

The RRT recommended funding for 17 Restoration applications; two Education/Outreach applications; three Monitoring applications; and four Technical Assistance applications.

The RRT recommended, and staff concur with, budget reductions for three Restoration applications: 211-5041, 211-5044 and 211-5047, as described in the Review Team Evaluations for Region 5. Staff also slightly reduced the budget for Monitoring application 211-5031.

Staff concur with the RRT-recommended funding conditions, noted on Attachment A and described in the Review Team Evaluations.

The RRT recommended a budget increase to add nine flow meters to Restoration application 211-5051 (Fletcher Gulch Water Quality Improvement) and a slight increase in 211-5056 to increase fiscal administration. Staff concur with these recommendations.

Due to the limited availability of Measure 66 non-capital funding, staff recommend a \$1,481 reduction in the award for Technical Assistance application 211-5059, ranked fourth of the four recommended by the RRT.

IV. Staff Recommendation

For the March Board meeting, staff recommend funding for 22 applications for a total award of \$1,686,014: \$1,543,705 for Restoration; \$20,000 for Education/Outreach; and \$122,309 for Technical Assistance.

Staff recommend that the Board signal its commitment to make the following additional awards at the June Board meeting, dependent on OWEB's 2011-2013 budget: \$45,851 for Education/Outreach; and \$182,209 for Monitoring. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff funding recommendations for the June Board meeting, shown in green shading.

For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to make June funding awards for the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB’s 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

ATTACHMENT A

**Region 5 - Eastern Oregon
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle**

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-5056	BMV Spur Ditch Elimination ** ^	110,123		110,123	1
211-5055	Little Creek Diversion Dam #1 Replacement *	230,000		230,000	2
211-5033	Rock Creek Riparian Restoration	8,118		8,118	3
211-5036	Upper Grande Ronde Invasive Weed Control	40,000		40,000	4
211-5039	Upper Cow Hollow Water Quality ^	28,747		28,747	5
211-5038	Chalk Butte Water Quality ^	23,345		23,345	6
211-5032	A Small Buncha Bloomin' Juniper Bank Stabilization ^	57,440		57,440	7
211-5037	Charmin Water Quality Project ^	42,667		42,667	8
211-5060	Cottonwood Creek Juniper Control & Spring Development ^	91,812		91,812	9
211-5043	Lytle Irrigation-Induced Erosion Elimination ^	115,028		115,028	10
211-5044	Kindschy Juniper Control * ^	102,284		102,284	11
211-5061	Cow Creek Juniper Control and Spring Development ^	49,405		49,405	12
211-5041	Klamath Irrigation Runoff Elimination * ^	22,562		22,562	13
211-5051	Fletcher Gulch Water Quality Improvement ** ^	528,677		528,677	14
211-5054	Brian Wolfe Restoration Project ^	30,603		30,603	15
211-5047	Dearing Juniper Control Phase I * ^	40,838		40,838	16
211-5040	Heritage Water Quality Improvement ^	22,056		22,056	17
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,543,705		\$1,543,705	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$1,543,705		\$1,543,705	

* Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 5 - Eastern Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-5030	Harney Basin Groundwater Project - Data Analysis	45,650	1
211-5062	Dry Mountain Ranch Riparian Crossing	8,440	2
211-5035	Baker County Conservation Planning ^	45,500	3
211-5059	Pine Creek Valley Reach Restoration - Part II *	22,719	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$122,309	
Total Technical Assistance Projects Recommended for March Funding by Staff to Board		\$122,309	

* Listed Amount Reflects Reduction ^ Fund with Conditions

Region 5 - Eastern Oregon
Education/Outreach Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-5048	Integrated Southeastern Oregon Watershed Education and Outreach	45,851	1
211-5063	Analyzing Juniper for Canopy Cover	20,000	2
Total Education/Outreach Projects Recommended for Funding to Staff by RRT		\$65,851	
Education/Outreach Projects Recommended for Funding by Staff to Board		\$20,000	
Education/Outreach Projects Recommended for June Funding by Staff to Board		\$45,851	
Total Education/Outreach Projects Recommended for March and June Funding by Staff to Board		\$65,851	

Region 5 - Eastern Oregon
Monitoring Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-5031	Grande Ronde Basin Stream Flow Gauging Stations Operations *	72,715	1
211-5046	Warm Springs Irrigation District: Prioritizing Water Quality Improvement Projects *	16,159	2
211-5050	Snake River/Hells Canyon TMDL Agriculture Drain Monitoring, Phase 4 and Report	93,335	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		182,209	
Total Monitoring Projects Recommended for June Funding by Staff to Board		\$182,209	

* Listed Amount Reflects Reduction

Region 5 - Eastern Oregon
Restoration Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-5034	Smith Ditch Water Delivery Improvement Project Phase I	629,000
211-5042	Jordan Creek Water Quality Improvement	85,664
211-5045	Beulah Juniper Control	84,935
211-5049	Bully Creek Water Quality Improvement	176,311
211-5052	Three P's Addition Restoration	215,916
211-5053	Blackburn Pump-back	24,873
211-5057	Wallowa County Weed Control	52,700

Region 5 - Eastern Oregon
Education/Outreach Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-5064	Harney County Weed Board Weed Survey	14,152

Region 5 - Eastern Oregon
Monitoring Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-5058	Powder Basin Monitoring Program - Pilot Project	33,942



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March 1, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Sue Greer, Mid-Columbia Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 6, Mid-Columbia
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Mid-Columbia Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 27 applications for a total request of \$1,811,522. The Mid-Columbia Regional Review Team (RRT) recommended 23 applications.

As explained in Section IV of the Overview staff report, shortfalls in available *non-capital* funding require staff's *non-capital* funding recommendations to be made in two parts: (1) recommended awards for the March Board meeting; and (2) recommendations for future awards to be made at the June Board meeting, dependent on OWEB's 2011-2013 budget.

III. Regional Review Team Recommendations

The RRT met in Pendleton in December 2010 to review the applications received in this grant cycle and make recommendations to OWEB staff. All applications were reviewed for merit and given a "do fund" or "no fund" recommendation. The RRT then prioritized the applications recommended for funding.

The RRT recommended funding for 14 Restoration applications; five Education/Outreach applications; one Monitoring application; and three Technical Assistance applications.

Staff concur with the RRT-recommended funding conditions for two Restoration applications (211-6046 and 211-6048), one Education/Outreach application (211-6043) and two Technical Assistance applications (211-6039 and 211-6040). The conditions are described in the Review Team Evaluations for Region 6.

The RRT recommended budget reductions for Restoration application 211-6048 and Education/Outreach application 211-6043, and staff concur with these recommendations.

Staff recommend that Restoration application 211-6038 be increased by \$2,000 to pay for a water measuring device.

Staff do not recommend funding for one Restoration application, 211-6032 (English Irrigation Efficiency Project), proposing to convert from flood irrigation to sprinkler irrigation. The RRT prioritized it 16 of 16 applications and raised concerns that the application requested OWEB funds for the landowner pivots and sprinklers, which are not eligible for OWEB funding. Without assurance that those components would be part of the project, staff were unsure whether the project could meet its goals. The evaluation notes that a future application should include information about match funding to pay for the above-ground irrigation delivery system parts of the proposal.

IV. Special Issues

The RRT recommended for funding two applications submitted by the North Fork John Day Watershed Council to help fund solutions to acid mine drainage from the Red Boy Mine, designated as an “orphan site” by the Oregon Department of Environmental Quality (DEQ). Application 211-6033 would fund an engineering evaluation to develop preferred design alternatives for systems to minimize or eliminate release of hazardous and toxic substances into Clear Creek. 211-6035 would fund replacement of an existing drain pipe that routes mine drainage into a treatment pond. The pipe has become clogged by the build up of precipitates of iron oxide.

The existing treatment system was put in place to treat surface flow discharges from the Red Boy Mine into Congo Gulch, and into Clear Creek, an important salmonid tributary to the North Fork John Day River in Grant County. Clear Creek is a significant spawning and rearing stream for spring Chinook and summer steelhead. The RRT recognized the environmental benefits of the applications and strongly supports OWEB funding for the projects.

The Overview staff report outlines the legal and policy issues around the proposed projects. OWEB has received information from DEQ’s files regarding the circumstances and status of the Red Boy Mine.

The Red Boy Mine is a historic gold mine located near the town of Granite in northeastern Grant County. The mine last operated sometime prior to 1916, when it was sold at auction. During the 1980s, the U.S. Forest Service (USFS) constructed water pollution treatment systems at the Red Boy Mine and adjacent mines on USFS land, in order to treat acid mine drainage affecting creeks in the area. According to DEQ, the current private landowners purchased the Red Boy Mine property in the early 1990s and have never actively mined the property.

The Red Boy Mine is located in Congo Gulch approximately 50 yards from its confluence with Clear Creek. Clear Creek is a major tributary of Granite Creek in the North Fork John Day River Basin. Despite a long history of major disturbances from mining and other activities, Granite and Clear Creeks are significant spawning and rearing streams for Spring Chinook, Summer Steelhead, and also serve as habitat for several species of resident fish.

Prior to the 1980s, the effects of mine water discharges caused Spring Chinook to halt their migration approximately one mile downstream of the Red Boy Mine. A 1980 USFS stream

survey resulted in the detection of no resident fish in Clear Creek in the vicinity of the Red Boy, Blackjack, and Bluebird mines.

In the 1980s, the USFS constructed a water collection system with a series of settlement ponds. The system consisted of:

- Piping of water from the Red Boy Mine to a series of three settlement ponds located on the Red Boy property;
- Piping of water from the Bluebird Mine under Clear Creek and a USFS roadway to the second of the three settlement ponds located on the Red Boy property; and
- Surface water from the settlement ponds on the Red Boy property is subsequently piped to one large additional settlement pond located on USFS property.

In about 2000, the Red Boy Mine landowners allowed a third party to attempt, on an experimental basis, to recover metals from the Red Boy mine adit¹ discharge. This system removed water from the USFS-constructed piping system and discharged effluent back into the piping system to the first treatment pond. This operation was terminated in September 2001.

In May of 2000, DEQ declared the Red Boy Mine a state Orphan Site project. In 2002, the property owners requested OWEB funding to remove water rock material from the riparian area, reestablish riparian vegetation, and construct an overflow pond for mine drainage water. The Region 5 RRT's evaluation for that application noted that the proposal would have water quality benefits, but there were too many unanswered questions and a lack of detail in the application, and it was not recommended for funding by the RRT.

As noted in the Overview staff report, staff recommend the Board defer a funding decision on the two applications until the June Board meeting, to allow staff and the Board to further investigate and consider the legal and policy issues.

V. Staff Recommendations

For the March Board meeting, staff recommend funding for 16 applications for a total award of \$1,217,682: \$1,135,336 for Restoration; \$23,496 for Education/Outreach; and \$58,850 for Technical Assistance.

Staff recommend that the Board signal its commitment to make the following additional awards at the June Board meeting, dependent on OWEB's final 2011-2013 budget: \$80,144 for Education/Outreach; and \$44,620 for Monitoring. Staff recognize the hardship to applicants from delay of funding, and will make it a priority to release grant agreements as quickly as possible once the future Board award is made.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. Attachment A also indicates:

- OWEB staff "do fund" recommendations for the March Board meeting, shown in yellow shading; and
- OWEB staff recommendation for June awards, shown in green shading.

¹ An adit is an entrance to an underground mine which is horizontal or nearly horizontal.

For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Staff further recommend the Board signal its commitment to make funding awards at the June Board meeting for the applications shown in the green shaded sections of Attachment A to this report, dependent on OWEB’s 2011-2013 budget.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 6 - Mid Columbia
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-6034	Morrow/Grant Co. OHV Park WS Improvements Phase III *	88,085		88,085	1
211-6027	Oxbow Tailings Restoration Phase 1	97,600		97,600	2
211-6050	Lampson Levee Setback and Habitat Restoration	97,985		97,985	3
211-6044	Upper Middle Fork Allotment Improvements - Phase II	47,704		47,704	4
211-6035	Red Boy Mine Restoration Project DEFERRED	41,181		41,181	5
211-6042	Meacham Creek Habitat Restoration Project	500,000		500,000	6
211-6046	Birch Creek Watershed Restoration ^	35,024		35,024	7
211-6028	Kirkpatrick Pasture Enhancement	95,613		95,613	8
211-6030	Bear Valley Riparian Improvements *	44,083		44,083	9
211-6029	Upper John Day Streambank Stabilization Projects	31,044		31,044	10
211-6048	Cottonwood and Cavender Juniper Removal * ^	39,460		39,460	11
211-6025	Fruitvale Water Management Phase 2	15,607		15,607	12
211-6038	Columbia Lane Irrigation Efficiency Project ** ^	43,131		43,131	13
211-6032	English Irrigation Efficiency Project	26,870		26,870	14
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,203,387	0	\$1,203,387	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$1,135,336	0	\$1,135,336	

* Listed Amount Reflects Recommended Reduction ** Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 6 - Mid Columbia
Technical Assistance Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
211-6039	Low Fish Passage Restoration Project	26,125	1
211-6040	Hamby Fish Migration Project	32,725	1
211-6033	Red Boy Mine Assessment DEFERRED	41,201	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$100,051	
Total Technical Assistance Projects Recommended for March Funding by Staff to Board		\$58,850	

Region 6 - Mid Columbia
Education/Outreach Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow			
June Grant Award Staff Recommendations to the Board are Highlighted in Green			
Project #	Project Name	Total Amount	Priority
211-6026	Eastern Oregon Natural Resources Camp 2011	6,000	1
211-6045	Monument Student Watershed Enhancement Team (SWET) Program	16,677	2
211-6024	STELLAR	23,496	3
211-6043	NFJDWC Landowner and Community Outreach Program * ^	21,225	4
211-6031	Adventure Days	36,242	5
Total Education/Outreach Projects Recommended for Funding to Staff by RRT		\$103,640	
Education/Outreach Projects Recommended for March Funding by Staff to Board		\$23,496	
Education/Outreach Projects Recommended for June Funding by Staff to Board		\$80,144	
Total Education/Outreach Projects Recommended for March and June Funding by Staff to Board		\$103,640	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 6 - Mid Columbia
Monitoring Application Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

March Grant Award Staff Recommendations to the Board are Highlighted in Yellow

June Grant Award Staff Recommendations to the Board are Highlighted in Green

Project #	Project Name	Total Amount	Priority
211-6049	Walla Walla River Bed Stability and Flow Monitoring ^	44,620	1
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$44,620	
Total Monitoring Projects Recommended for June Funding by Staff to Board		\$44,620	

^ Fund with Conditions

Region 6 - Mid Columbia
Restoration Applications NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-6036	Hermiston Irrigation District T Line Project	116,089
211-6047	Berry Creek Culvert Replacements	87,363

Region 6 - Mid Columbia
Technical Assistance Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-6041	Birch Creek Instream Flow and Fish Barrier Outreach	34,995

Region 6 - Mid Columbia
Education/Outreach Application NOT Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

Project #	Project Name	Total Amount Requested
211-6037	Promoting Stewardship of Umatilla's Natural Resources	45,250



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March 2, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director
Miriam Hulst, Acquisitions Specialist

SUBJECT: **Agenda Item G: Coastal Wetlands Grants
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This agenda item was anticipated to request Board action on three projects awarded funding through the 2011 Coastal Wetlands Grant Program so that OWEB could enter into the appropriate grant agreements for the federal funds. The federal funds are not needed at this time for the project applicants and OWEB to proceed with evaluation and funding of the state match applications.

Staff will brief the Board on the status of the Coastal Wetlands Grants at the June Board meeting. Staff will likely request Board action on these projects at the same time that staff recommend Board action on the state match grants.

II. Background

The National Coastal Wetlands Conservation Grant Program was established by Title III of P.L. 101-646, Coastal Wetlands Planning, Protection and Restoration Act of 1990. Under the Program, the USFWS provides matching grants to states for acquisition, restoration, management, or enhancement of coastal wetlands. To date, about \$183 million in grants has been awarded to 25 coastal states and one U.S. Territory to acquire, protect or restore over 250,000 acres of coastal wetland ecosystems. Typically, between \$13 million and \$17 million in grants are awarded annually through a nationwide competitive process. Funding for the program comes from excise taxes on fishing equipment, and motorboat and small engine fuels.

In June of 2010, OWEB submitted three applications on behalf of our coastal partners for project funding under the Coastal Wetlands Grant Program. On December 22, 2010, the Secretary of the Interior announced its awards, which included all three applications submitted by OWEB. Combined, the three federal grants total approximately \$2.3 million and require a total state match of just under \$1 million. Staff reported on the 2011 Coastal Wetlands Grants at the January 2011 meeting.

III. Staff Recommendation

No Board action is needed. This is an information item only.



Oregon

John A. Kitzhaber, MD, Governor

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March 4, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item H: Climate Leadership Initiative
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This report provides an update for the Board on the research program investments pertaining to climate change and highlights the results of the Climate Leadership Initiative. Additional written reports on the climate research funded by the Board will be made available at the March meeting.

II. Background

At the time of the 2007 research awards, it was recognized by both staff and the Board that the OWEB Research Priorities were largely focused on anadromous fish. The Board adopted a strategy of revising the priorities to capture a broader range of OWEB interests and needs.

In 2008, the Board established plans to engage in climate change preparedness and adaptation. First, the Board requested and received a variety of presentations at Board meetings from leading experts from the Pacific Northwest in the field of climate change study. The presentations covered important aspects of a changing climate such as water availability, wildfire, vegetation and habitat, and salmon productivity that are all likely to affect OWEB, state agency programs, and grantees in tangible ways. Then in the summer of 2008, the Board contracted with Oregon State University to study the impact of the severe 2007-2008 winter rain and wind storm to gather early indications about restoration project performance information in light of a changing climate. Next, the Board established a theme and focused a large section of the 2008 Biennial Conference on climate change learning and exploration.

Finally, in March of 2009, a narrower set of research priority focus areas were adopted by the Board, including focus areas on climate change through the evaluation of water availability under a changing climate, establishment of forums for understanding and planning for local watershed impacts, the compilation and analysis of projected sea level rise impacts on coastal communities, and the terrestrial considerations of invasive species and wildfires. (Attachment A)

III. Climate Leadership Initiative

The Climate Leadership Initiative (CLI) was established in 2005 under The Resource Innovation Group, a 501(c)(3) organization, with the specific mission of fostering the development and application of innovative thinking and approaches to the complex causes and solutions to climate change. In 2008 and 2009, the CLI established their first locally-based “Climate Future Forums” in both the Rogue River and Upper Willamette River basins to begin a discussion about climate change adaptation with local planners and key decision makers.

In June of 2009, the Board provided funding to expand this effort to other basins including the Klamath River, in both Oregon and California, and the lower Willamette River and tributaries. The CLI staff will provide a presentation at the March Board meeting highlighting the work accomplished to date and discuss important findings and observations.

IV. Recommendation

This is an informational item. No Board action is requested at this time.

Attachment

- A. Research Investments in Priority Focus Areas

Research Investments in Priority Focus Areas

Modeling Water Availability in a Changing Climate

Purpose: Establish summer stream flow risk rating for Oregon watersheds given several climate change scenarios.

Deliverables: Hydrologic classification system for Oregon's basins describing dominance of precipitation (ie. rain vs. snow) and subsurface flow (ie. shallow and fast vs. deep and slow).

Analysis and testing of the models in pilot basins.

Maps of western and central Oregon depicting classification system and risk assessment.

Climate Change and Local Watershed Impacts

Purpose: Develop basin-level understanding of potential climate change impacts on watershed functions and their effects on local communities

Location: Umatilla and Klamath basins and on-line tool development in the Willamette basin.

Deliverables: Community and Ecosystem reports for Klamath and Umatilla basins (see Rogue and Willamette reports).

Scaled-down Intergovernmental Panel on Climate Change vegetation and climate models to each basin.

Recommendations for integrated preparation strategies that provide benefits for natural, human, economic, and built systems.

Ocean Response to Climate Change – Sea Level Rise and Coastal Impacts

Purpose: Establish impact assessment for the Oregon coast, communities, natural systems and estuaries.

Location: Through the West Coast Governor's Agreement on Ocean Health-the entire west coast of the conterminous United States

Deliverables: Develop a series of sea level rise values, at the local and regional scale, based on major global inputs for the years 2030, 2050, and 2100.



Oregon

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March 3, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Kyle Abraham, Effectiveness Monitoring Coordinator
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item I: Effectiveness Monitoring Program
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This report provides the history of the effectiveness monitoring program development, a summary of the work completed since 2004, a description of the program activities underway, and an overview of the effectiveness monitoring program including completed and ongoing projects implemented in various basins throughout Oregon between 2005 and 2010. This report also includes potentially new areas to focus future monitoring efforts.

II. Background

In September of 2004, the Board authorized the initial concepts of an effectiveness monitoring program, which included an effectiveness monitoring workshop, independent review of completed restoration projects, watershed scale studies, modeling future alternatives, and a specific focus on juniper and irrigation efficiency projects. In 2005 and 2006, much of this work was accomplished, including the hiring of an effectiveness monitoring specialist. Several of the concepts are thematic in nature and continue to guide the programmatic approach.

During the Board's planning session in July 2007, a new approach to vetting OWEB program direction ideas was formed through the establishment and use of Board subcommittees. One such subcommittee, the Monitoring and Research Subcommittee, developed a strategic direction and approach to the establishment of a fully rounded effectiveness monitoring program. This approach included the identification of specific scales and prioritized project types. In 2008, the Board adopted this strategy. (Attachments A and B) It is important to note that the effectiveness monitoring concepts and approaches adopted by the Board were purposefully nested within the larger Oregon Plan for Salmon and Watersheds Monitoring Strategy, which was adopted by the Board in 2003. (Attachment C)

More recently, the Board developed OWEB's strategic plan in 2010 and Measure 76 was passed in the fall. With these two significant new developments, staff believe that a check-in with the Board is warranted while keeping in mind the long-term commitments that are necessary to make monitoring programs as effective as possible.

III. Completed Effectiveness Monitoring Projects

The following table provides a snapshot summary of the major effectiveness monitoring initiatives that have been launched and completed in the past several years. Brief descriptions of each project can be found below and more information, including final reports can be found on the OWEB website at www.oregon.gov/OWEB/MONITOR/effective_monitoring.shtml.

Completed Project	Study Years	General Location	Next Steps or Highlights
A. Western Juniper Removal Project Evaluation	2004-2007	Central and South Central Oregon	<ul style="list-style-type: none"> • High success rate in most counties • Need for training
B. Wetland Monitoring (Partnership with Department of State Lands and Xerces Society)	2008-2011	Willamette Valley	<ul style="list-style-type: none"> • Developed and tested standardized wetland evaluation methods • Integration of mitigation and restoration • Improved data quality and maps
C. Conservation Reserve Enhancement Program (CREP)	2008-2009	Sherman, Wasco Counties	<ul style="list-style-type: none"> • High number of invasive species • Small sample • Some aquatic insect improvements
D. Fish Passage Improvement	2008-2010	South Coast and Rogue Basins	<ul style="list-style-type: none"> • High rate of success • Follow-up on a few failed culverts
E. Riparian Enhancement	2008-2010	South Coast and Grand Ronde Basins	<ul style="list-style-type: none"> • Low success rate • Riparian planting guidance
F. Coastal Storm Assessment	2008	North Coast	<ul style="list-style-type: none"> • High rate of survivability

A. Western Juniper Removal Project Evaluation

In 2004, OWEB hired a consultant to evaluate selected juniper removal projects in the Deschutes and John Day River basins. Recommendations were developed to assist in the future selection and prioritization of treatment sites, to offer guidance for a pre-treatment inventory of proposed treatment areas, and to offer treatment options based on project area conditions and site potential. Based on the recommendations, OWEB contracted for a similar analysis of juniper projects in the remaining counties where western juniper is dominant. This contract also included the development of a field manual that provides guidance for the identification and design of successful projects. In addition, three workshops were conducted for watershed councils, soil and water conservation districts, regional review team members, and OWEB staff to provide educational opportunities about best practices when planning and implementing juniper treatments.

B. Wetland Monitoring Partnership

In partnership with the Department of State Lands and Xerces Society, OWEB received a wetland program development grant in 2008 from the Environmental Protection Agency to develop and test a preliminary macroinvertebrate-based monitoring tool, apply the Oregon

Rapid Wetland Assessment Protocol (ORWAP), and develop detailed effectiveness monitoring to assess restoration and mitigation performance. The project was also designed to make improvements to the State's information system and data quality pertaining to wetland mitigation and restoration sites. A related goal was the improvement of information exchange to enhance decision-making pertaining to investments in wetland enhancement.

The monitoring design developed by this project will be implemented by OWEB to build a network of monitoring sites where pre-restoration wetland condition is established and post-restoration conditions are tracked over time.

C. Conservation Reserve Enhancement Program (CREP)

An effectiveness monitoring project was initiated in 2008 to evaluate the CREP program in Oregon. This project compared two approaches to riparian buffers: Oregon's cumulative impact bonus buffers; and the traditional, shorter riparian buffers. The information generated from this project is considered preliminary given that only a handful of projects were sampled and the projects had not had an opportunity to mature. However, the findings describe limited benefits to riparian areas as a result of the CREP investment, primarily in the form of macro-invertebrate improvements. High percentages of invasive species were found and no differences in stream benefits were detected between cumulative impact bonus segments and shorter segments. More study is necessary. (See Section IV. E. below.)

D. Fish Passage Improvement

In 2008, the Board approved the development of an effectiveness monitoring project designed to evaluate the effectiveness of fish passage improvement projects in the South Coast and Rogue River basins. Projects from 1995 through 1998 were chosen because they represent some of the earliest projects implemented under the Watershed Health Program which later developed into the Governor's Watershed Enhancement Board and ultimately OWEB. These projects were also chosen due to their age, which made them the most likely to have matured enough to have either experienced use by salmonids and/or some failure. In 2009, OWEB contracted with a consultant to collect field data from 64 sites in the South Coast and Rogue River basins. Nearly 85 percent of the removed or improved barriers were found to be functioning with juvenile salmon found above the project location where none existed previously. Only eight projects were found to be in need of follow-up modification or repair.

E. Riparian Enhancement

In 2008, the Board approved the development of an effectiveness monitoring project designed to evaluate the effectiveness of riparian enhancement projects in the South Coast and Grande Ronde River basins. Projects from 1995 through 1998 were chosen because they represent some of the earliest projects implemented in the two pilot watersheds initiated under the Watershed Health Program, and they had the highest potential of exhibiting a maturing condition due to their age. In 2009, OWEB contracted with a consultant to collect field data from 77 sites in the South Coast and Grande Ronde River basins. Results indicated that many riparian areas still failed to exhibit maturing riparian conditions and fences designed to keep livestock out were ineffective in more than 50 percent of the Grande Ronde and more than 80 percent of the South Coast project areas. Access to nearly 80 percent of the proposed study areas was not obtainable, which may have impacted the results of the study.

F. Coastal Storm Assessment

At the January 2008 Board meeting, staff recommended funding for research into the effects of the December 2007 storm events on the North Coast on particular restoration project types most vulnerable to impacts from predicted climate change scenarios. In the summer of 2008, OWEB contracted with Oregon State University to coordinate and lead the OWEB Coastal Storm Assessment project. The purpose of this project was to evaluate past and current restoration practices and their relative survival during the significant wind-and-rain storm events. A second objective was to assess how the guidelines used to inform the implementation of these projects may be affected by potential changes in storm events due to climate change. Most projects evaluated were found to have withstood the storm events and those that did not were soon treated and repaired by local restoration practitioners. Large wood placement projects experienced a higher rate of failure.

IV. Continuing Effectiveness Monitoring Projects

A. Livestock Exclusion Partnership (Strategic Plan, Goal 1, Strategy 2)

In response to the recommendations from the Effectiveness Monitoring Workshop, and in collaboration with the Washington State Salmon Recovery Funding Board (SRFB), OWEB began evaluating the effectiveness of livestock exclusion projects in riparian areas. A request for proposals was posted and a contractor was hired in early June 2006. Monitoring was conducted in Lane, Harney, Coos, and Union counties.

OWEB has continued to collaborate with the SRFB on livestock exclusion monitoring. The report for the third year of monitoring was delivered to OWEB in 2010 on results through 2009. Currently, this reach scale effectiveness monitoring project is entering its fifth year of data collection on sites in both Oregon and Washington. This year marks the mid-way point of the study and future data collection will not occur until 2016 at the 10th year after restoration project implementation, with one exception in Harney County that will be surveyed in 2012. Results to date include a significant reduction in sediment delivery to streams. In the near future OWEB staff anticipate requesting additional funding from the Board to continue this effectiveness monitoring project.

B. Small Dam Removal (Strategic Plan, Goal 1, Strategy 2)

In just the last three years, several small to medium sized dams were removed in Oregon. These include Brownsville on the Calapooia River, Chiloquin Dam on the Sprague River, Marmot Dam on the Sandy River, Powerdale Dam on Hood River, and Gold Hill, Savage Rapids, and Gold Ray dams on the Rogue River. In anticipation of this wave of new restoration work, the Board funded effectiveness monitoring of the Calapooia River dam removal projects in 2007. In 2008, funding was provided for Marmot dam removal studies; and in 2009 and 2010 dam removal monitoring was supported for the Savage Rapids and Gold Ray dam removals. With this very active portfolio of dam removal actions in Oregon, coupled with a relatively young field of study and practice, significant opportunities are present to learn from these efforts to inform future work. The OWEB Board elected to take advantage of these opportunities and to play an active role in providing funding to those experts that plan for and study dam removal projects. The Board received an update on this program area at the March 2010 Board meeting and encouraged staff to continue contributing to establishing the best science available for restoration practitioners through OWEB monitoring and research investments.

In 2012, Sodom and Shears dams on the Calapooia River are scheduled for removal. OWEB funding will be utilized to assist with the evaluation.

C. Irrigation Improvements

Irrigation improvements may come in the form of water quantity and/or water quality increases by redesigning irrigation delivery methods to be more efficient or reducing potential sources of contamination. The Board established a pilot basin approach to evaluating the large delivery system irrigation efficiency projects. Two basins were selected to be closely monitored for changes in water quantity in the Upper Deschutes Basin and water quality in the Willow Creek Basin, a tributary to the Malheur River. While significant improvements have been documented in the Upper Deschutes related to flow and in some cases water quality, Willow Creek has been hampered by staffing challenges and limited improvements in water quality. Staff anticipate reassessing the Willow Creek work and may bring a revised strategy to the Board at a future meeting for this project.

In 2010, OWEB was fortunate to obtain an intern from Lane Community College who focused on capturing information from past OWEB investments in smaller irrigation improvement grants from across Oregon. Results demonstrated from mining the OWEB files and contacting grantees and irrigation districts show that a significant amount of water has been saved and in many cases dedicated to in-stream water rights. (Attachment D) This good work represents the first compilation of this important set of accomplishments over the past ten years.

D. Intensively Monitored Watersheds (Strategic Plan, Goal 1, Strategy 2)

The Board has invested in several Intensively Monitored Watersheds (IMWs) in the past few years: Hinkle Creek in southwest Oregon; Trask River on the north coast; Lobster Creek on the mid-coast; and Palouse and Larson creeks in the Coos Basin. The Board has also supported a variety of tasks within IMWs such as salmon Life Cycle Monitoring Stations conducted by Oregon Department of Fish and Wildlife (ODFW) in various basins in the coast range. The central and eastern regions of the state, however, remain under-represented by IMWs.

OWEB has secured four years of funding for IMWs specifically targeted to evaluate habitat improvement for salmon recovery within the mid-Columbia River Basin. The Middle Fork of the John Day River has an active group of tribal, state and federal agency, private, and local interests that are actively implementing a study plan and restoration design for this IMW. The group's plan utilizes existing restoration and monitoring investments by OWEB, the Confederated Tribes, Bureau of Reclamation, Bonneville Power Administration, U.S. Forest Service, The Nature Conservancy, local groups, and others as the foundation. The IMWs continue through funded OWEB research awards and NOAA funding secured through the Pacific States Marine Fisheries Service.

Future IMW needs remain, particularly in central and northeastern Oregon, to establish a complete representation of Oregon's regions and ecosystems. To this end, OWEB has been working with the Pacific Northwest Aquatic Monitoring Partnership (PNAMP), the Oregon Plan Monitoring Team, state and federal agencies, and local groups to establish the appropriate mix of IMWs in Oregon and throughout the Northwest. OWEB staff anticipate

returning to Board to request funding to assist with the continued implementation of this aspect of the Oregon Plan for Salmon and Watersheds Monitoring Plan.

E. Conservation Effectiveness Partnership-OWEB, NRCS, and DEQ (Strategic Plan, Goal 4)

In 2009, staff from the Oregon Office of the NRCS and OWEB began meeting to explore whether shared goals associated with the evaluation of respective grant programs designed to improve water quality and watershed functions and processes could be established. It was quickly determined that a number of commonalities existed between the two agencies related to grant funding opportunities and purposes, the need to conduct programmatic evaluations, and responsibilities to report to the public, grantors, and policy makers about accomplishments and challenges. Early in the discussion, the agencies determined that it was important to incorporate DEQ into the partnership to capture the Total Maximum Daily Load and Section 319 programs in our efforts. DEQ staff also provide significant modeling and evaluation capability along with data and water quality expertise.

The partnership developed the following project goals:

- Building an understanding of the extent of the investment in watershed improvement actions through the agencies' collective grant programs;
- Developing a better understanding of how local organizations are utilizing the agencies respective grant programs, in concert;
- Conducting an evaluation of the impacts of grant investments on water quality and watershed health;
- Producing a description of gaps in the treatment of priority limiting factors and watersheds; and
- Designing tools and methods of reporting accomplishments to the public.

In late 2010, a three-way Memorandum of Understanding was signed by the parties. Staff presented preliminary results and the two top-priority watersheds for the study at the September 2010 Board meeting. The Upper Deschutes and Tillamook Bay watersheds form the first of several study areas that have been identified. Staff will continue to keep the Board updated on the progress and update of this beneficial partnership.

V. Potential New Effectiveness Monitoring Projects

Several priorities for effectiveness monitoring are extensions from previous Board priorities and others have been identified by staff; all will require the allocation of future resources to undertake. Similarly, a number of the continuing effectiveness monitoring focus areas will require financial commitments. Also, with the passage of Measure 76 and the subsequent implementation, there is an expectation for increases in effectiveness, transparency, and accountability. A continued commitment to the Effectiveness Monitoring Program and its initiatives will be one means to deliver on those reporting needs.

Future Effectiveness Monitoring Needs (Attachment E):

- Large wood effectiveness-particularly in large river systems.
- Wetland monitoring in north coast and eastern Oregon (expanding the Willamette work).
- Off channel habitat in partnership with the Salmon Recovery Funding Board and Bonneville Power Administration.

- Fish and water quality (statewide) in partnership with ODFW and DEQ.
- Riparian (statewide); integration of CREP and other riparian evaluation.
- Integration of Ecosystem Services methods and goals (Agenda Item M).

Staff will continue to seek Board input on programmatic direction through future Board meetings and the Board retreat in light of long term goals described in the OWEB Strategic Plan and with the implementation of Measure 76.

VI. Recommendation

This is an information item and no funding action is required of the Board at this time.

Attachments

- A. May 2008 OWEB Board Staff Report
- B. September 2008 OWEB Board Staff Report
- C. Oregon Plan Monitoring Strategy 2003
- D. Irrigation Efficiency Analysis results 2010
- E. Future Effectiveness Monitoring Needs

May 2, 2008

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item E: Monitoring and Research Subcommittee Update
May 20-21, 2008 OWEB Board Meeting**

I. Introduction

This report provides an update to the Board on the progress made to date by the Monitoring and Research Subcommittee and requests action on some alternative grant offerings for the October grant cycle and for early 2009.

II. Background

OWEB has funded Monitoring projects through competitive grant offerings and direct Board awards for many years. The first Research solicitation was offered last year following approval of the OWEB Budget by the 2007 Legislature. In prior biennia, Research projects were funded directly by the Legislature.

At the Board's planning session held July 18-19, 2007 in Maupin, Board members expressed an intent to consider targeted solicitations for a variety of OWEB grant offerings. There was an explicit recognition that the Monitoring and Research grants can and do fill a niche of providing scientific evaluation and discovery that assists in characterizing past accomplishments and describing progress toward goals and objectives of OWEB's programs. Particular interest was expressed by the Board to establish a Monitoring and Research Subcommittee that would develop a set of recommendations for the full Board to consider prior to the 2008 grant solicitation for these two grant types.

At the planning session, it was established that monitoring projects have the inherent capacity to provide data and information that are useful in describing accomplishments undertaken to further the objectives of Measure 66, the Oregon Plan, Recovery Plans, the Pacific Coastal Salmon Recovery Fund, and other large initiatives. It was recognized that without clear targets for prospective grantees to design their work towards, the agency is not likely to have all of its objectives met through these grants. Similarly, with the potential Board offering of an additional Research solicitation this biennium, and the often long term nature of both monitoring and research investments, it is important to act soon in establishing priorities and targets for future grant offerings. These themes have been used to guide the work of the Subcommittee.

V. Next Steps

The Subcommittee identified five types of Monitoring investment principles and strategies for future grant offerings, including the October 2008 grant cycle. These are:

- A. Continue local need-based grant offerings for monitoring projects.
- B. Continue the practice of funding some effectiveness monitoring through restoration grants.
- C. Provide targeted monitoring grant opportunities for specific data needs (eg. Rogue basin fish passage evaluation).
- D. Continue direct funding of contracts for specific monitoring services.
- E. Entertain a research grant offering in early 2009 when enough interest accrues in the Research Fund to warrant a new offering.

While this set of actions accomplishes the tasks outlined at the July 2007 Board Planning Session in Maupin, and provides advance notice of potential changes to the October 2008 monitoring grant solicitation, there is still a need to share these concepts and solicit feedback from local constituents. There is adequate time to take the above principles and ideas and share them with local groups to refine the October grant offering. Staff would like to undertake efforts to solicit feedback on the strategies and principles over the summer and report back to the Board at the September meeting.

August 29, 2008

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item M: Monitoring and Research Update
September 16-17, 2008 OWEB Board Meeting**

I. Introduction

This report provides an update on the Monitoring and Research programs. The report proposes a specific plan of action for utilizing the \$2 million reserved for monitoring as recommended in the spending plan contained in the staff report for Agenda Item D. Staff propose some alternative grant offerings for the October 2008 grant cycle and for early 2009. The report also requests Board action on funding the Non-pareil Dam/Umpqua Coho Pedigree Research Project.

II. Background

OWEB has funded Monitoring projects through competitive grant offerings and direct Board awards for many years. The first Research solicitation was offered last year following approval of the OWEB Budget by the 2007 Legislature. In prior biennia, a small number of Research projects were funded directly by the Legislature.

At the Board's planning session held July 18-19, 2007, in Maupin, Board members expressed intent to consider targeted solicitations for a variety of OWEB grant offerings. There was an explicit recognition that the Monitoring and Research grants can and do fill a niche of providing scientific evaluation and discovery that assists in characterizing past accomplishments and describing progress toward goals and objectives of OWEB's programs. Particular interest was expressed by the Board to establish a Monitoring and Research Subcommittee that would work with staff to develop a set of recommendations for the full Board to consider prior to the 2008 grant solicitation for these two grant types. The subcommittee is comprised of Board members Meta Loftsgaarden, Ken Williamson, and Bobby Brunoe, and is staffed by Greg Sieglitz and Courtney Shaff.

At the planning session, it was established that monitoring projects have the capacity to provide data and information that is useful in describing accomplishments undertaken to further the objectives of Measure 66, the Oregon Plan, Recovery Plans, the Pacific Coastal Salmon Recovery Fund, and other large initiatives. It was recognized that without clear targets for prospective grantees to design their work towards, the agency is not likely to have all of its objectives met through these grants. Similarly, with the potential Board offering of an additional Research solicitation this biennium, and the often long-term nature of both monitoring and

research investments, it is important to act soon in establishing priorities and targets for future grant offerings. These themes have been used to guide the work of the Subcommittee.

III. Monitoring Program Update

At the May 2008 Board meeting, Board members agreed that staff should move forward with an evaluation of which Subcommittee recommendations could be implemented with the October 2008 grant cycle or through other funding tools. The discussion below sets out the staff evaluation and includes spending plan recommendations.

A. General Considerations when reviewing grant applications during the next grant cycle.

- 1. Requiring consistent information** from grantees, and requiring that information to end up in a place (repository) that is easily accessible to others, is an important first step to making data and information readily available for analysis and distribution to the public.
- 2. Monitoring should be connected to restoration projects** whenever possible when the primary objective of the project is educational monitoring. When the logistics and conditions are favorable, OWEB should encourage grantees to site educational monitoring projects on OWEB funded restoration projects. This could provide better a better way to connect the public to OWEB funded restoration projects and could provide more project monitoring and potentially at a reduced cost.
- 3. Better linkage to Total Maximum Daily Loads (TMDLs)** will enhance OWEB's ability to characterize the value of its investments. A stronger assessment of the value provided by riparian projects to the prevention of stream warming is one example. Modeling the British Thermal Units (BTUs) saved through existing or future riparian projects, as compared to pre-project conditions, could provide information about the value and relevance of OWEB-funded projects to other agency programs.
- 4. Reporting results needs to span multiple years** in order to establish trends and provide meaningful information to the public. Annual variation, if not taken in context, is not likely to reveal compelling information nor be an especially useful tool to build citizen understanding (the annual salmon return rate for a population is a good example). Both the monitoring projects and subsequent reports need to be structured around the appropriate number of years to provide meaningful results.

B. Monitoring and Restoration Grant Administration

There are several areas of improvement in the administration of the monitoring and restoration programs that the subcommittee identified as immediate priorities that are described below.

1. Protocols

Not unlike restoration projects, monitoring projects are often successful or not based on the methods used and a clear articulation of the problems or questions that are attempting to be addressed with the action. In restoration grants, guidelines and prescriptions are often established after years of testing and analysis to determine the methods most

appropriate and successful for given circumstances and conditions. Protocols established for monitoring activities are very similar to this. In the case of OWEB grants, the agency does not presently identify or endorse specific protocols for most monitoring activities. Until 2006, when the grant application was modified to request information about protocols, the protocols being used by a prospective grantee were not known in many cases.

Through the Pacific Northwest Aquatic Monitoring Partnership (PNAMP), a variety of protocols related to aquatic monitoring parameters were evaluated and compiled into a list of recommended protocols. OWEB will use this list to inform specific monitoring grant types and make the protocols available to prospective grantees. OWEB staff will look into opportunities for training grantees in the use of new protocols where traditionally different methods have been used.

2. Monitoring Grant Database

As discussed in May, the establishment or identification of a single repository for collecting data under OWEB monitoring grants at the conclusion of the projects is an important mechanism to ensure expedited data capture and retrieval. The Board recognized that data used to demonstrate agency accomplishments should not be difficult to find or report and that we should have data sent to a central location in order to make it accessible to OWEB staff, particularly as we approach 2014. OWEB staff will continue efforts in establishing a database and mapping system that will provide access to data derived from and information about monitoring grants funded by the agency.

3. Restoration Status Reports

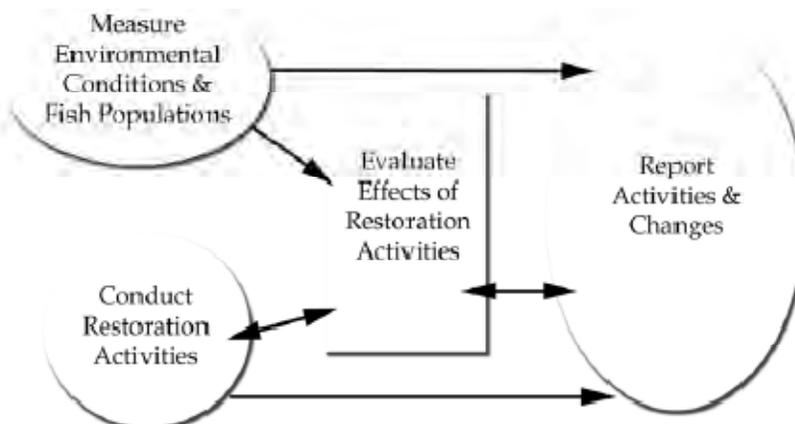
Another source of underutilized information that OWEB requires all grantees to provide is the status report produced for restoration projects. The Board recognized that while collecting status reports for each restoration project is valuable, housing this information in paper reports in hard-copy grant files is not the most useful means for generating an understanding of what we have learned or gained as an organization from our collective investments. OWEB staff will move forward with an initiative to develop a database, data capture, and reporting processes for these reports

4. Post-Project Monitoring Data

A final area of improvement recommended by the Subcommittee, and adopted by the Board in May, is the establishment of an electronic repository of at least some of the information obtained from the post-project monitoring of restoration projects. The Subcommittee suggested staff consider the possibility of contracting for services to develop these databases and electronic means of information capture. Staff will embark on this effort beginning this winter.

**Oregon Plan for Salmon and Watersheds
Monitoring Strategy Overview**

<i>Desired Outcomes</i>	<i>Framework Questions</i>	<i>Implementation Strategies</i>
<p><u>OUTCOME ONE</u> Assessment of watershed conditions and salmon populations</p>	<p>What is the condition and capacity of aquatic habitat and watershed systems?</p>	<p>1. Assess status and trends of watershed conditions and salmon populations regionally.</p> <p>2. Monitor habitat, water quality, biotic health, and salmon, in select watersheds.</p> <p>3. Analyze habitat, water quality and population trends at the landscape scale.</p>
<p><u>OUTCOME TWO</u> Evaluation of Oregon Plan restoration actions, conservation measures, and management practices</p>	<p>What is the benefit of Oregon Plan restoration projects, management practices, and conservation programs relative to adverse impacts and to natural ecosystem variability?</p>	<p>4. Document conservation and restoration projects, activities, and programs.</p> <p>5. Evaluate effectiveness of restoration and management efforts locally.</p> <p>6. Evaluate the combined effectiveness of restoration and conservation efforts in select watersheds.</p>
<p><u>OUTCOME THREE</u> Application of monitoring results for use by policymakers, agencies, and the public</p>	<p>Does the Monitoring Program provide information and analysis for adaptive review of restoration actions, management practices, and Oregon Plan policies?</p>	<p>7. Standardize monitoring collection, management, and analysis efforts.</p> <p>8. Coordinate and support public-private monitoring and partnerships.</p> <p>9. Integrate information and produce data products and reports.</p>



Oregon Plan Monitoring Strategy Details

Outcomes	Questions	Strategies	Example Data
<p>Outcome One: Provide a scientific assessment of watershed conditions and salmon populations.</p> <p>Identify the appropriate indicators of population and watershed condition, the appropriate scales of inquiry, and the appropriate level of precision needed.</p>	<p>What is the condition of aquatic habitat and watershed systems?</p> <ol style="list-style-type: none"> 1. What is the condition of salmon populations at the ESU, Sub-Basin and watershed scale? 2. What is the status and what are the trends in aquatic habitats, water quality, and stream flow? 3. What are the critical factors that limit watershed function and salmon productivity? 4. What constitutes detectable and meaningful changes in habitat condition and populations? 	<ol style="list-style-type: none"> 1. Assess general status and trends for physical habitat, salmon populations, and biotic conditions in Oregon sub-basins and ESU regions at appropriate scales. 2. Monitor habitat capacity, salmon survival and productivity, and biotic processes in selected watersheds within each sub-basin or ESU region. 3. Analyze habitat trends and salmon populations in the context of local or regional effects, landscape influences, and ocean productivity. 	<p>Landscape Characterization: Riparian Condition: canopy composition, site potential. Habitat Condition: channel morphology, fish passage. Salmon: abundance, geographic distribution, life history, diversity, and productivity. Biotic Condition: invertebrate communities, toxics. Water quality: temperature, DO, pH, sediment, bacteria Stream flow: duration, peak flow events, minimum flows.</p>
<p>Outcome Two: Provide an evaluation of Oregon Plan restoration actions and conservation measures</p> <p>Evaluate the relative importance of restoration activities as a contribution to watershed health. Develop analytical models to evaluate changes produced by the Oregon Plan to target conditions and recovery goals.</p>	<p>What is the benefit of Oregon Plan restoration projects, management practices, and conservation programs relative to adverse impacts and natural ecosystem variability?</p> <ol style="list-style-type: none"> 5. What changes are occurring in watersheds that improve stream habitat quality? 6. What are the management practices and programs that enhance or restore watershed functions and salmon populations? 7. What habitat changes and biotic responses result from these projects, practices, and programs? 8. What are the impacts of land use and land management practices on watersheds? 	<ol style="list-style-type: none"> 4. Document implementation of restoration projects, conservation activities, and agency programs. 5. Evaluate the local effectiveness of restoration efforts by monitoring representative samples of specific project, activity, and program types. 6. Evaluate the combined effectiveness of restoration efforts by monitoring habitat and population response in a structured sample of watersheds. 	<p>Broad Scale Indicators: land use/land cover, road density, wetland change, ocean productivity cycles. Instream, riparian, road, and upland project type, number and location. Habitat and biotic indicators of project effectiveness. Compliance rates and effectiveness measures of policy guidelines and rules (i.e. Forest Practices Act Monitoring). Component and cumulative analysis of restoration actions and management program benefits.</p>
<p>Outcome Three: Provide useful information to policymakers, agencies, and the public through efficient and coordinated monitoring</p> <p>Oregon Plan partners coordinate to implement efficient monitoring, employ scientific assessments, and report results in ways that promote adaptive responses and informed participation.</p>	<p>Does the Monitoring Program provide information and analysis for adaptive review of restoration actions, management practices, and Oregon Plan policies?</p> <ol style="list-style-type: none"> 9. Is there sufficient support and guidance for local efforts so that monitoring evaluates restoration effectiveness and contributes to broader scale assessments? 10. Does the Oregon Plan coordinate effectively with state, federal, and tribal assessment and monitoring activities? 11. What is the level of public understanding and acceptance of and participation in the Oregon Plan? 12. Is monitoring information used adaptively to guide actions and to meet Oregon Plan reporting requirements? 13. Does the monitoring help evaluate progress toward environmental benchmarks and salmon recovery goals? 	<ol style="list-style-type: none"> 7. Standardize monitoring designs, assessment protocols, and methods to manage and analyze data. 8. Coordinate and support interagency monitoring programs and public-private monitoring partnerships. 9. Integrate information from multiple sources to produce data products and reports that assess restoration efforts and evaluate progress toward recovery goals. 	<p>Comprehensive documentation of who is monitoring what and where, and what methods are used (agencies, Tribes, watershed councils, SWCD's, landowners, other organizations) Assessment of natural resource data management throughout the Pacific Northwest. Whole stream or watershed surveys, synoptic assessments of salmon populations and water quality, and other OWEB funded and cooperative monitoring. Complimentary Program Data: NW Forest Plan Aquatic and Riparian Monitoring Clean Water Act - DEQ/TMDL implementation. Ag Water Quality 1010 Plans.</p>

Oregon Watershed Enhancement Board: Partners for Improved River Flows and Quality through Irrigation Efficiency

With the help of OWEB funding, the irrigation districts responsible for the delivery of water to the farms and orchards in the Hood River, Deschutes River and Walla Walla River have made significant improvements to both increase the quantity and improve the quality of the water in local areas. Aided by the small and regular grant programs offered by OWEB, the irrigation districts and their farmers have returned 4.7 cfs to the Hood River, 22 cfs to the Walla Walla River and 68.4 cfs to the Deschutes River in many cases through the permanent transfer of water rights back to the state for in-stream uses. This means that more clean water is being left in the river for native fish species. Of equal importance, is the fact that this saved water is returned to instream uses without lessening the productivity of the orchards and farms in the local area.

This was accomplished in each of the watersheds by leveraging regular grants, small grants and more recently through special investment partnerships in the Deschutes. This has allowed the construction of over 4.5 miles of mainline piping to deliver irrigation water with hardly any of the former infiltration or evaporation losses in the Hood River. Concurrently, utilizing over \$290,000 from the OWEB small grant program, individual orchard owners were able to upgrade their hand line and impact sprinkler irrigation systems to micro spray and drip systems with much higher efficiencies. Collectively, 32 of these upgrades on almost 400 acres saved almost 1.3 cfs of water in the Hood River watershed.

In the Walla Walla, OWEB has partially funded twelve projects which have resulted in more than 22 cfs being left in-stream to help fish and protect water quality. Over 10 cfs are now enrolled as instream rights through the Oregon Conserved Water Program administered by Oregon's Water Resources Department. OWEB's share of funding for these 12 projects has totaled approximately \$1,000,000 over the last 10 years. The water savings primarily result from piping over 14 miles of open, leaky irrigation ditches where formerly, huge amounts of diverted river water were lost to evaporation and leakage in the highly porous soils of the area before they ever reached farmer's fields.

In the Deschutes River, irrigation efficiency projects included piping over 29 miles of open, leaky ditches have been, in part, funded with approximately 8.5 million dollars from OWEB. Water from the other irrigation efficiency projects is currently in various stages of evaluation to determine quantities to be enrolled as well.

Truly, the partnership between OWEB, the irrigation districts, orchardists, farmers, and other state and federal agencies has produced a win – win situation for the fish and farmers of these highly productive and beautiful areas of Oregon. Future projects such as these will continue to improve the quantity and quality of Oregon's watersheds throughout the state.

A Conversion Table for Irrigation Water Measurements					
Watersheds	Number of cfs left in-stream	Acre Feet per Day	Gallons per Day	Number of People (US) for all Indoor Uses per Capita per Day	Gallons per 120 Day Irrigation Season
	1	1.98	650K	10,870	78 Million
Hood River	4.7	9.306	3.06M	51,089	367 Million
Walla Walla River	22	43.5	14M	240,000	1.7 Billion
Deschutes River	68.4	135,432	44 M	741,000	5.34 Billion

Every cfs of water left instream is almost 2 acre feet, or about 650,000 gallons of water every single day throughout the irrigation season when agricultural withdrawals leave streams with their lowest flows.

Future Effectiveness Monitoring Needs

A. Large Wood Effectiveness

An abundance of large wood effectiveness monitoring has taken place in the Pacific Northwest in recent years in an effort to determine how functional large wood placements have been (i.e., are the placements continuing to function over time? Are stream habitat conditions being modified as a result of large wood placements?) Effectiveness monitoring of large wood has been implemented as part of several restoration grant agreements and also as part of many other monitoring grants. In response to these past efforts, it may be possible to deliver some outcomes based on the multitude of completed monitoring projects. OWEB is currently monitoring several large wood projects and when these additional monitoring projects are completed it may provide an opportunity to pause and report on the combined outcomes, what worked, what needs improvement and finally is large wood effectiveness monitoring to remain near the top of the list for funding priorities?

B. Wetland Monitoring in North Coast and Eastern Oregon

Recently, completion of wetland monitoring in the Willamette Valley led to development and refinement of potential tools to evaluate the relative success of wetland restoration and mitigation actions in the Willamette Valley. This monitoring may also provide for a network of sampling sites that could be used to provide long term tracking of wetland function and condition using both pre and post restoration evaluation. In the development of this effectiveness monitoring project it was envisioned that this effort would be repeated possibly in the North Coast to also develop and refine tools that could be used by local groups to evaluate wetland condition and function at local levels. This effort is also proposed in the Eastern portion of the state where additional wetland information is needed, particularly in the Umatilla and Walla Walla basins.

C. Off Channel Habitat

Off-channel habitat restoration and channel reconstruction or connection projects often involve extensive use of heavy machinery, significant engineering and modeling of future scenarios. These projects also can be big ticket items from a funding perspective. Recently the State of Washington's Salmon Recovery Funding Board completed the fifth year of a multi-year study of the effectiveness of this project type and found that many of the projects had marginal rates of success. In preliminary conversations with the Northwest Power Planning and Conservation Council staff, this type of project also is found to be of interest to that funding body. With the relatively infrequent, but growing, use of these techniques in an attempt to re-establish historical complexity to riverine environments and the high dollar value of these activities a partnership approach to working with other large funding programs is the preferred method proposed by staff at evaluating these activities. Staff propose to continue to explore the ripeness of a bi-state or multi-state effort at evaluating the effectiveness of off-channel work to gather important information for setting long-term expectations and goals around these complex restoration projects.

D. Fish and Water Quality Statewide

This priority was established by the Board in 2008. Progress has been limited due to staffing limitations and additional new work load priorities associated with the Strategic Plan and Communication Strategy priorities in 2009 and 2010. Nonetheless, establishing a clearer picture of the limitations to water quality that have been relatively recently documented through DEQ's concerted Total Maximum Daily Load development process and ODFW's standardized approach to salmon monitoring is timely. OWEB staff propose to continue the work initiated as a result of the agency's improvements in key performance measurement, with significant help from both ODFW and DEQ, over the next year. The partnership would be designed to capture useful information about the progress made toward improvements in water quality and corresponding improvements in fish populations.

E. Riparian (Statewide)

Findings from the most recent CREP monitoring suggest that a longer time period may be needed to yield more definitive results. A time period of approximately ten to fifteen years is suggested. CREP implementation began in 1998 and additional site selection from across Oregon is likely to produce additional sampling opportunities in the range of ten years post implementation. Additionally, OWEB has recently become aware of an existing requirement to complete CREP effectiveness monitoring on an annual basis as part of the ongoing memorandum of understanding with the Farm Services Agency. Phase I of this effectiveness monitoring was incorporating a statement in the annual CREP report to FSA in January 2011. Phase II will develop a strategic study plan which will satisfy OWEB's annual monitoring requirements. Phase III, which is anticipated to begin in 2012 will be implementation of the study plan. It is anticipated that additional monitoring efforts for CREP can satisfy both this ongoing requirement while also helping to establish a picture of previous riparian restoration projects through the competitive grant process.



March 2, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item J: Budget and Legislative
March 15 and 16, 2011 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on OWEB budget and policy issues during the 2011 legislative session.

II. OWEB Governor's Balanced Budget for 2011-2013

The Governor's Balanced Budget (GBB) for 2011-2013 was released on February 1, 2011. This document includes the Governor's proposal for funding OWEB's budget for next biennium. An overview of the budget is contained in Attachment A. OWEB's budget proposal reflects changes in how Lottery Funds can be distributed under Measure 76, resulting in less funding being available to support state agency budgets than previously was available under Measure 66. The budget also proposes to distribute \$15 million of Federal Fiscal Year (FFY) 2010 PCSRF funds to support agency needs next biennium.

Under the GBB, OWEB retains its core operations, including the three limited duration positions that were part of the 2009-2011 budget. Three additional limited duration positions are proposed in the budget. All three positions would be supported with federal funds to address new federal reporting requirements and coordinate partnership efforts to restore salmon habitat in the Willamette basin. In addition, the GBB proposes to retain the current funding levels for watershed councils and soil and water conservation districts. Staff will describe the proposed budget in greater detail at the March meeting.

As mentioned above, the GBB proposes to utilize 2010 PCSRF for agency budget needs for 2011-2013 because of reduced Measure 76 funding available to support other state agency programs. The GBB recommends using PCSRF on a one-time basis for programs at the Departments of Agriculture, Environmental Quality, Fish and Wildlife, and Water Resources. See Attachment A for more information on the agency programs.

In past years, the National Marine Fisheries Service (NMFS) has not always agreed with proposed uses of PCSRF to support other agency programs. If NMFS does not agree with the proposed uses of PCSRF in the GBB, a different approach to address agency budget needs will have to be considered by the Governor and Legislature. In order to clearly understand the NMFS

perspective on the GBB proposal, OWEB has notified NMFS of the PCSRF budget recommendations and requested a meeting to discuss the state's ideas on how the agency programs can help advance PCSRF objectives. NMFS has agreed to the meeting, which is likely to occur before the end of March. OWEB staff recently met with staff from the other agencies to prepare for the meeting with NMFS. OWEB has also notified Richard Whitman, the Governor's newly-appointed Natural Resources Policy Advisor, of this issue and we expect he will participate in the NMFS meeting.

At this time, OWEB's budget hearing before the Ways and Means Natural Resources Subcommittee is scheduled for the week of April 18.

II. Legislative Policy Issues

OWEB is tracking over 107 bills that have been introduced this session. Most of the bills we are following do not have a direct bearing on OWEB programs, but may impact state agency administration generally, or impact the programs of other state agencies we regularly work with. The following sections briefly describe several noteworthy bills and their current status. Staff will provide an update on the policy bills we're tracking at the March meeting.

A. Senate Bill 342 (SB 342)

SB 342 is sponsored by Senator Dingfelder's Senate Environment and Natural Resources Committee and is intended as the vehicle to make the necessary changes in statute to implement Measure 76 at the start of the 2011-2013 biennium. Senator Dingfelder convened a work group in January to produce final language for the bill with a clear direction to focus on necessary changes. The amendments to SB 342 were made available to the work group on March 1, 2011. The first public hearing on the bill is scheduled for March 3, 2011.

Key provisions of the amendments for OWEB include:

1. Creating the Natural Resources Subaccount, Watershed Conservation Grant Fund, and Watershed Conservation Operating Fund and incorporating the purposes and uses of Measure 76 into the statutes. These provisions include appropriating only the Grant Fund to OWEB; under Measure 76, OWEB is no longer responsible for the Operating Fund;
2. Making consistent references for priorities and funding uses to the Oregon Plan and Oregon Conservation Strategy, watershed health, and native fish recovery programs;
3. Housekeeping language to OWEB statutes related to grants with other funding sources and flexibility to allow funding to be released for parts of projects that do not require permits; and
4. Directing OWEB to review its rules that pertain to the issuing of grants and report to the Legislature by February 1, 2012, on OWEB's efforts to improve the efficiency and effectiveness of grant processes and results.

B. House Bill 3109 (HB 3109)

HB 3109 is sponsored by the same group of legislators that sponsored Senate Bill 513 (SB 513) in 2009. It would expand state policy relating to conserving ecosystems for "long-term ecological, economic, and social benefits" and encourage state agencies and local governments to use market-based approaches to conserve or enhance ecosystem services. The bill would add "maintain and enhance ecosystem services" as an overarching principle guiding Oregon's land-use program.

Several of the policy recommendations that emerged from the SB 513 process are addressed by HB 3109:

1. Directs Governor's Office—with assistance from OWEB—to facilitate review of relevant conservation plans and propose a process for spatially aligning and coordinating these plans;
2. Directs the Institute for Natural Resources to provide information to local governments, state agencies, federal agencies, and conservation organizations to assist in development of integrated ecosystem services methodologies;
3. Authorizes state agencies and local governments to allow use of credits for ecosystem services as compensatory mitigation and establishes guidelines for doing this;
4. Directs state agencies and local governments to compare and cost natural infrastructure as part of new development projects or infrastructure, and names OWEB to coordinate with public and private sector entities to develop technical assistance tools that facilitate the use of natural infrastructure;
5. Encourages state agencies to participate in pilot projects for ecosystem services approaches and methodologies; and
6. Specifies circumstances under which a state agency may purchase credits for ecosystem services, including advancing the agency's mission.

A separate portion of the bill, which was not an outgrowth of the SB 513 process, directs state agencies to structure conservation-related projects and programs (including grant-making) with specific criteria in mind. These include: being consistent with any state conservation plans; ensuring long-term environmental stewardship; addressing multiple conservation values; emphasizing protection of intact ecosystems before restoration; providing incentives to private landowners who voluntarily implement conservation measures; and demonstrating cost effectiveness.

C. House Joint Resolution 29 (HJR 29) and House Bill 2417 (HB 2417)

OWEB is tracking with great interest two bills that could impact OWEB's budget in 2011-2013 and future biennia. HJR 29 proposes a referendum for Oregon voters to amend Measure 76 in a special election, possibly as early as May 2011. A companion bill, HB 2417, as amended, would authorize the special election for the HJR 29 referral.

HJR 29 would make several changes to Measure 76 to reflect the terms of an August 2010 agreement between three conservation groups and several democratic members of the House of Representatives. HJR 29 proposes to: authorize the Legislature to redirect to other purposes any portion of the Parks and Natural Resources Fund created under Measure 76, provided certain economic criteria are met or the Governor declares an emergency, and the action is approved by a three-fifths vote of the Legislative Assembly; allow state agency costs of administering grants to be paid out of grant funds; reduce the percentage of Lottery Funds dedicated to grants from 65 percent to 58 percent; and direct the Legislature to refer to voters the question of continuing the dedication in the general election in November 2034.

Because HJR 29 is a measure intended for referral to voters and HB 2417 establishes the special election, OWEB is not taking a position on either bill. The two bills had initial hearings during the week of February 21, 2011. The next steps for the bills are not clear. Staff will provide more details at the March meeting

D. Consolidation bills

Senate Bill 169 (SB 169) and Senate Bill 521 (SB 521) were the subject of an informational meeting and first public hearing on March 1, 2011 in the Senate Environment and Natural Resources Committee with the House Energy, Environment, and Water Committee in attendance. SB 169 establishes a task force on natural resource agency consolidation to make recommendations by July 1, 2012, to the appropriate interim legislative committees. SB 521 would consolidate a number of state natural resource agencies, including OWEB, into a single Oregon Department of Natural Resources under the authority of a single director and a nine-member Oregon Natural Resources Commission.

There are two other consolidation bills, HB 2456 and HB 3270, that propose to study the consolidation of state agencies, boards, and commissions more generally. Neither bill has been scheduled for a hearing at the time of writing this report.

E. Other Agency Bills

There are at least five bills proposing to amend Oregon's public records statutes, four related to administrative rulemaking, two about public meetings, and two about agency position vacancies. There has been more discussion about the public records bills, but at this time no hearings have been scheduled.

III. Recommendation

This is an informational item only. No Board action is required.

Attachment

- A. Overview of OWEB's 2011-2013 Governor's Balanced Budget



Oregon Watershed Enhancement Board

2011-2013 Governor's Balanced Budget

	2009-2011 Legislatively Adopted Budget	2011-2013 Governor's Balanced Budget
General Fund	0	0
Lottery Funds	66,667,401	68,715,916
Other Funds	2,009,705	1,764,253
Federal Funds	23,220,144	44,106,297
Total Funds	91,897,250	114,586,466
Full-Time Equivalent (FTE)	31.00	34.00

2011-2013 Significant Items

Pkg #100 Program Continuity (3 FTE \$387,498)

Maintains three limited duration positions: an Ecosystem Services Coordinator position (M76 LF-Op); a Federal Reporting Specialist (FF), and an Education Program Analyst (OF-Salmon Plates). The package also approves the reclassification of the Acquisition Specialist and fund shifts the Effectiveness Monitoring Coordinator from M76 LF to FF.

Pkg #120 Federal Commitments (3 FTE \$525,701)

Establishes three limited duration positions: a PCSRF Reporting coordinator (FF); a PCSRF Data Analyst (FF); and a Willamette Partnership coordinator (FF).

Pkg #200 Grants

Provides \$52 million limitation for OWEB grants. Grants no longer limited to "capital" purposes. M76 prohibits grant funds from being distributed to state or federal agencies. Includes \$2.5 million for ODA Weed Control Program grants.

Continues capacity funding for watershed councils and soil and water conservation districts

Provides \$5.1 million to support the operations of councils and districts for 2011-2013. The funding is comprised of one-third M76 LF Operations and two-thirds PCSRF.

Proposed Uses of Pacific Coastal Salmon Recovery Fund (FY 2010)

The GBB proposes using a \$15 million FY 2010 PCSRF grant to support the following agency programs:

- ODFW – \$8,172,363 (48.61 FTE) Supports the Fish Screens Program, Fish and Conservation Recovery, Salmon River and Lower Columbia River Coho Recovery, and John Day Chinook monitoring.
- DEQ – \$2,118,888 (9.08 FTE) Supports TMDL development and implementation.
- ODA – \$1,875,021 (6.8 FTE) Agricultural Water Quality Management Program implementation.
- WRD – \$340,000 (2.0 FTE) Supports two field positions responsible for processing water right transfers, mapping water rights, and collecting streamflow data.
- OWEB -- \$1.5 million (0.0 FTE) Supports watershed grants.

For More Information Contact:

Tom Byler, Executive Director

Oregon Watershed Enhancement Board

tom.byler@state.or.us or 503-986-0180



March 2, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item K: Strategic Plan Implementation Update
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This agenda item continues a discussion about the policy, budget and process issues OWEB faces as a result of passage of Ballot Measure 76 and provides an update on the action items underway to implement the Board's 2010 Strategic Plan. Staff anticipate discussion of these issues will continue into the next biennium and inform future agency actions. Board action is not requested at this time.

II. Background

A. Strategic Plan

At the March 2009 meeting, the Board initiated a strategic planning exercise involving Board members, staff, and stakeholders. The goal was to identify, discuss, and determine OWEB program priorities and actions to focus on between 2009 and 2014. The Board discussed the strategic plan at the June 2009 meeting and reviewed a draft plan at the September 2009 meeting. The Board adopted the content of the plan at the January 2010 meeting. The five goals and nine strategies of the final Strategic Plan can be found in Attachment A.

Also at the September 2009 Board meeting, staff recommended specific actions needing immediate attention under the draft strategic plan. Staff also identified the draft actions that could be carried forward, in whole or part, under ongoing programs, resources, and staffing. Staff updated the Board on these actions during 2010.

B. Ballot Measure 76

In November 2010, Oregon voters passed Measure 76, thereby renewing the constitutional dedication of Lottery Funds for parks and natural resources. Measure 76 retains the essential purposes of its predecessor, Measure 66 (1998). However, one significant change in the new measure is the removal of a sunset date, making the dedication permanent.

Measure 76 creates an opportunity for OWEB to consider its strategic direction with a long-term horizon for conservation investments. As we start operating under Measure 76 in the 2011-2013 biennium OWEB and its stakeholders will have the opportunity to consider adjustments to agency priorities, programs, and business practices.

C. Budget and Policy Issues

The Board and staff first started discussion around the policy, budget and process challenges and opportunities facing OWEB in the coming year at the January Board meeting. There are several factors that will influence the future path of OWEB programs and priorities. As described in Agenda Item J, the Governor's Balanced Budget sets out the Governor's priorities for OWEB's 2011-2013 budget. Over the coming months we will see how the Legislature's budget and policy priorities impact OWEB programs in 2011-2013. Another factor involves the implementation of Measure 76. A third factor may be the initiatives of Governor Kitzhaber to review outdated systems, streamline departments, and create efficiencies and cost savings in state government. Together, these factors present both challenges and opportunities as OWEB moves forward into the 2011-2013 biennium.

III. Discussion

As described above, the Board and staff members first started discussion on this topic at the January Board meeting. At that meeting, Board members asked staff for an update on the work under way to implement actions under the OWEB Strategic Plan. Staff are preparing to provide this update at the March meeting. Staff also plan to update the Board on legislative and administrative policy issues and budget questions that may need to be considered as we prepare for the 2011-2013 biennium.

The fundamental goal for the March discussion is to help the Board to develop an understanding of emerging policy and administrative issues, and an appreciation of the potential timing for key decisions. Staff hope that this will help inform future decisions on taking on new initiatives, updating programs to meet the requirements of Measure 76, and continuing to effectively and efficiently administer current programs. Finding a strategic balance between those issues will be challenging, but nevertheless critical to successful operation of OWEB programs in the 2011-2013 biennium and beyond.

Staff plan to continue this discussion with the Board at the June meeting and into the new biennium.

IV. Recommendation

This is an informational item only.

Attachment

- A. Strategic Plan Goals and Strategies



OREGON WATERSHED ENHANCEMENT BOARD

Strategic Plan

The Oregon Watershed Enhancement Board (OWEB) operates a grant program that helps Oregonians restore and protect rivers and wetlands – providing clean water and healthy habitat for native fish, wildlife and people. OWEB is led by a 17-member citizen board drawn from the public at large, tribes, and federal and state natural resource agency boards and commissions. OWEB grants are funded with a small portion of Oregon Lottery dollars, federal dollars and salmon license plate revenue. By collaborating with citizens, volunteers and landowners in communities throughout the state, OWEB helps Oregonians care for Oregon's watersheds.

Mission: To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

Goal 1 Adaptive Investment

Restore and sustain resilient ecosystems through investments that enhance watershed functions and support community needs.

Strategy 1. Maintain and enhance restoration and protection programs that focus on watershed and ecosystem functions and processes, support sustainable working landscapes, and empower community-based conservation to address economic, social and environmental health.

Strategy 2. Implement monitoring and research programs to build knowledge and strengthen feedback about OWEB investments and critical uncertainties to support adaptive management for outcome improvements.

Goal 2 Local Infrastructure Development

Support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation.

Strategy 1. Establish and articulate policies related to the support and development of a diverse local infrastructure for watershed restoration.

Strategy 2. Evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding, and promote strategic partnerships.

Strategy 3. Provide technical assistance to build capacity, secure additional funding and increase local organizational resilience.

Goal 3 Public Awareness and Involvement

Provide information to help Oregonians understand the need for and engage in activities that support healthy watersheds.

Strategy 1. Make Oregonians aware of the importance of healthy watersheds and inform them, in broad strokes, of what has been accomplished on their behalf through the work of OWEB and others.

Strategy 2. Encourage and facilitate greater exploration and knowledge for those Oregonians who seek greater involvement in watershed and habitat restoration and conservation.

Goal 4 Partnership Development

Build and maintain strong partnerships with local, state, tribal, and federal agencies, nonprofit organizations and private landowners for watershed and habitat restoration and conservation.

Strategy 1. Identify new and expand existing strategic partnerships that leverage OWEB funds and knowledge to achieve healthy watershed and community outcomes.

Goal 5 Efficient and Accountable Administration

Ensure efficient and accountable administration of all investments.

Strategy 1. Continue to evaluate, explore and implement grant administrative processes to maintain and enhance efficiencies at all levels.



March 3, 2011

MEMORANDUM



TO: Oregon Watershed Enhancement Board

FROM: Renee Davis-Born, Ecosystem Services Coordinator
Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item M, Ecosystem Services Update
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This report continues the discussion initiated at the January 2011 Board meeting about how the agency's developing ecosystem services program can and should interface with existing OWEB initiatives. It also describes some specific and emerging ecosystem services-related initiatives in the Klamath Basin. The report describes how these initiatives interface with OWEB's ecosystem services program and the potential Klamath Special Investment Partnership (SIP).

This agenda item addresses Goal 1, Strategies 1 and 2; Goal 2, Strategy 3; Goal 3, Strategy 2; and Goal 4, Strategy 1 of OWEB's Strategic Plan.

II. OWEB Ecosystem Services Program Development

At the January meeting, staff provided the Board with a proposed framework for considering new roles that are emerging for OWEB's participation in ecosystem services and markets. Several of the recommendations from the Senate Bill 513 process connect directly to existing OWEB programs and operations. Others represent potential new priorities and projects that are important for the Board to consider in both the near term and under a longer term planning effort pertaining to Measure 76 implementation.

At the January Board meeting, OWEB staff presented the current and future ecosystem service program areas into several categories: Policy Development; Integrated Natural Resource Planning; Tool Development; Testing/Pilot Projects; Implementation; Education; and Outreach (Attachment A). During the discussion, Board members supported the framework concept as represented in the attachment. The Board also offered additional thoughts about priority objectives and early actions for OWEB's ecosystem services program work including the following:

- Using ecosystem services approaches to identify areas of overlapping resource values and ensure the agency is maximizing the ecological return on its financial investments;
- Collaborating with other agencies to better coordinate programmatic investments that would result in mutually beneficial ecosystem services outcomes (e.g., stream flow restoration and juniper management);
- The potential roles for OWEB stemming from House Bill 3109 (see Agenda Item J);

- Identifying the ecosystem services that have the greatest potential for market development (e.g., water temperature and phosphorus) and supporting metric development for these services; and
- Assessing the nexus between OWEB activities in the Klamath Basin and ecosystem services-related initiatives in the basin being led by federal and state agencies, local partners, and others.

Staff intend to continue the discussion with the Board about these points at the March Board meeting to set the strategic direction for development of the program. A specific portion of the discussion will focus on the Klamath Basin opportunities.

III. Ecosystem Services Initiatives in the Klamath Basin

Several initiatives that involve ecosystem services and markets are underway and in development in the Klamath Basin.

A. Klamath Basin Water Quality Improvement Tracking and Accounting Program

The first initiative is the Klamath Basin Water Quality Improvement Tracking and Accounting Program (KTAP). KTAP is being developed to support Klamath Basin restoration efforts and, to date, has included strong participation by the U.S. Environmental Protection Agency (EPA), Oregon Department of Environmental Quality (DEQ), California North Coast Water Quality Control Board, PacifiCorp, the Willamette Partnership and other partners. The proposed goal of the KTAP is to increase the pace and to reduce the cost of improving Klamath Basin water quality and the recovery of native fish. Specific objectives include:

- Providing a framework to identify opportunities to improve water quality, facilitate basinwide prioritization and implementation of those opportunities, and coordinate funding to address large-scale opportunities;
- Quantitatively connecting how benefits from specific restoration actions help meet nutrient and temperature related water quality goals defined in Total Maximum Daily Loads (TMDLs) at a basin scale (i.e., in both Oregon and California);
- Enabling public and private funders to track water-quality and ecosystem-services benefits from projects implemented to meet regulatory requirements, through government funded restoration and voluntary incentive programs, and/or by private conservation initiatives; and
- Providing measurement tools that are robust, produce consistent results, are routinely adapted to incorporate the best available scientific information, and inform decisions.

B. National Fish and Wildlife Foundation Efforts in California

The second initiative is work by the National Fish and Wildlife Foundation (NFWF), with funding from a 2010 National Conservation Innovation Grant (CIG), to establish an ecosystem market credit for water flow restoration. Although this project is focused in the California portion of Klamath Basin, it aims to develop a ecosystem services crediting protocol to quantify the fish and water-quality benefits of additional instream flow.

The ultimate intent of this work is to expand market-based programs that compensate landowners for the water quantity, fish recovery and ecosystem services improvements resulting from voluntary flow restoration efforts. This project will integrate with emerging

efforts in the Klamath Basin to establish salmon and/or water quality credits under state or federal regulatory programs where flow augmentation is identified as a legitimate mitigation action.

C. Klamath Watershed Partnership's Conservation Innovation Grant Proposal

The third initiative is a project proposed by the Klamath Watershed Partnership (KWP) to improve conservation effects in the Klamath Basin as part of an application to the Natural Resources Conservation Service (NRCS) CIG program. Other project partners are the Willamette Partnership, DEQ, California Water Quality Control Board, EPA, PacifiCorp, NFWF, and The Nature Conservancy. A full application for this proposed project has been requested by NRCS as part of its 2011 CIG program.

The rationale for this project is that a number of programs, including, but not limited to the Klamath Hydroelectric Settlement Agreement, Klamath Basin Restoration Agreement, and NFWF Keystone Initiative, already are or will be investing millions of dollars in restoration in the Klamath Basin in the coming decade. These and other future investments, including OWEB's potential Klamath SIP, would benefit from a coordinated approach that provides tools for quantifying the conservation effects of the substantial financial investment in the basin.

The proposed Klamath Basin CIG proposal will build upon the KTAP work to:

1. Integrate conservation priorities among the various programs to identify areas of overlap for strategic investment;
2. Track conservation efforts with outcome-based metrics, with an emphasis on such ecosystem services as nutrients (i.e., phosphorus and nitrogen), water temperature, wetlands, salmon habitat and instream flow;
3. Pilot and demonstrate the measurement and crediting of ecosystem services through restoration and conservation projects; and
4. Adaptively manage restoration investments by using monitoring results to track progress toward conservation priorities, and making future investment decisions based on this information.

OWEB was invited to partner on this proposal, specifically by making funded restoration projects available as pilots for demonstrating the measurement and crediting of ecosystem services. Through the pending March Board awards, OWEB is poised to contribute more than \$350,000 (Attachment B) in restoration grants that would provide a test-bed for and significant contribution to the CIG proposal, if funded. While this commitment does not require any new funds to be allocated by the Board, it creates the opportunity for possible future awards through both the regular grant program as well as a potential Klamath SIP.

If the CIG proposal proves unsuccessful, this OWEB investment in restoration projects remains an important opportunity to test ecosystem services methodologies that are focused on improving the quantification of ecological outcomes that are desired with our traditional program.

D. Potential Klamath Special Investment Partnership

OWEB staff began exploring the possibility of a partnership investment in the Klamath Basin in 2010. Staff have facilitated four discussions in the basin over the past year with the local

restoration partners, state and federal agencies, Klamath Tribes, and NFWF to explore the possibilities, define opportunities, and discuss explicit connections with other investments in the basin, including the NFWF Upper Klamath Basin Keystone Initiative, U.S. Fish and Wildlife Service program, and Klamath Basin Restoration Agreement. The Klamath partners and OWEB staff have been discussing a potential ecological outcome for a SIP focused on the ecological and hydrologic connectivity of aquatic ecosystems to benefit sucker and redband trout populations, future returning anadromous fish to the basin, and water quality in the Upper Klamath Basin.

Given the discussions around potential outcomes and restoration activities, good alignment exists between this possible OWEB investment area and the Klamath ecosystem services-related projects described above. The Klamath partners have expressed an interest in the use of ecosystem services tools for quantifying restoration results and in participating in any market opportunities that may emerge. This interest contributed to OWEB's support for the Klamath CIG proposal, as described in Section III.C. above.

IV. Summary

Collectively the Klamath Basin initiatives—and in particular through the Klamath CIG proposal—align very well with OWEB's ecosystem services program areas. They will make progress in the areas of Integrated Natural Resource Planning through the integration of conservation priorities and Tool Development through the establishment and refinement of metrics for several ecosystem services that are critically important to OWEB's restoration mission. The KWP project also provides an opportunity for Testing/Pilot Projects and Implementation in the form of using ecosystem services methods to track restoration outcomes emerging from OWEB projects.

In addition, the initiatives listed above address several of the policy recommendations that emerged from the SB 513 process. Ecosystem services also has a strong connection to OWEB's Effectiveness Monitoring Program from the standpoint that the methods used and the goals of attaining quantified ecological outcomes are very similar. The Board has expressed an interest in establishing more definitive outcomes for all of its investments and the testing of ecosystem services methods and ideas provides a means to accomplish that.

Also, with the passage of Ballot Measure 76 and the subsequent statutory modifications, an expectation for increases in effectiveness, transparency, and accountability are delineated. A commitment to the establishment of an ecosystem service program, utilization of ecosystem services methods for documenting outcomes, and integration with traditional OWEB investment areas will be one means to deliver on the new statutory requirements.

V. Recommendation

This is an information item and no action is required of the Board at this time.

Attachments

- A. OWEB Ecosystem Services Program diagram
- B. March Board Awards Region 4

Current and Future Priority Areas for Ecosystem Services

Policy Development	Integrated Natural Resource Planning	Tool Development	Testing / Pilot Projects	Implementation	Education and Outreach
<ul style="list-style-type: none"> • SB 513 staffing (complete) • Follow-up legislation (HB 3109) • ... 	<ul style="list-style-type: none"> • Plan integration with ODFW and DEQ • <i>Priority area/activity alignment among restoration programs in focused areas such as the Klamath</i> • ... 	<ul style="list-style-type: none"> • Ecosystem Services LLC contract (complete) • Soil-carbon project • <i>New tools for measuring other ecosystem services</i> • <i>Valuation tools to provide a ledger of cost/benefit to inform decision-making</i> • ... 	<ul style="list-style-type: none"> • Ecosystem Services LLC contract (complete) • Willamette pilot project • Soil-carbon project • <i>Test of Ecosystem Crediting Platform</i> • <i>Participation in Klamath tracking project</i> • ... 	<ul style="list-style-type: none"> • Soil-carbon project • <i>Use of ES methods to track restoration outcomes from OWEB projects</i> • <i>Integration of ES concepts into Grant Program methods / process</i> • ... 	<ul style="list-style-type: none"> • Fact sheets and outreach materials to improve public understanding about ES • <i>Trainings for councils and districts re: use of metrics and verification of projects</i> • <i>Integration of ES concepts into Grant Program methods / process</i> • ...

Bold = Projects already underway; *Italic = Potential project areas*

Region 4 - Central Oregon
Restoration Applications Recommended for Funding by the RRT
October 18, 2010 Grant Cycle

<i>Restoration Projects provided as match funds for Klamath CIG are Highlighted in Orange</i>					
Project #	Project Name	Capital Funds	Non-Capital Funds	Total Amount	Priority
211-4029	Fourmile Creek and Harriman Spring Restoration	68,775		68,775	1
211-4022	Tumalo Creek Stream Gauge	37,230		37,230	2
211-4028	Fish Passage on Sevenmile Creek Below West Canal	42,500		42,500	3
211-4031	Lower Williamson and Spring Creek Habitat Enhancement	82,040		82,040	4
211-4039	Holiday Ranch - Thomas Creek Fish Passage Project ^	143,731		143,731	5
211-4026	Lost River Point Source Restoration *	58,288		58,288	6
211-4034	Riverfront Park Wetland and Riparian Restoration	84,886		84,886	7
211-4027	Snake Creek Fish Barrier Removal * ^	103,623		103,623	8
211-4041	Maxwell Ranch Riparian Restoration Project	80,176		80,176	9
Total Restoration Projects Recommended for Funding to Staff by RRT		\$701,249		\$701,249	
Total Restoration Projects Recommended for March Funding by Staff to Board		\$701,249		\$701,249	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions



Oregon

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March 2, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director
Melissa Leoni, Senior Policy Coordinator

SUBJECT: **Agenda Item N: OWEB Partnership Investments
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on its current partnership investments and forwards a discussion from the Partnership Subcommittee about the process for considering and allocating staff time to new partnerships. The Board will be asked to approve an expedited process for the 2011-2013 biennium and a new process for considering partnerships in the 2013-2015 biennium.

II. Background

The OWEB Board and staff began considering the idea of providing strategic partnership investments in early 2007. The primary characteristics of partnership investments are that they include specific ecological objectives, specific partner roles and responsibilities, significant matching of OWEB funds, and alternative solicitation and review processes. All partnership investments maintain OWEB fiscal controls, strong technical review criteria, and enforceable agreements.

In September of 2007, the Board approved a funding reserve and adopted criteria for Special Investment Partnerships (SIP). The criteria for SIPs includes ecological significance, importance of OWEB's contribution, triple bottom line (ecological, economic, and community benefits), captures the imagination/high visibility, and ripeness. The Board approved a Deschutes SIP in January and a Willamette SIP in March of 2008. The Deschutes SIP is focused on the effective reintroduction of anadromous fish above the Pelton-Round Butte dam complex. The Willamette SIP is focused on reestablishing channel complexity and floodplain connection along the main stem of the Willamette River.

In addition to the SIPs, OWEB also funds other targeted partnership investments focused on specific ecological outcomes, including the Conservation Reserve Enhancement Program and Whole Watersheds Restoration Initiative. In light of this significant and growing program area, in 2008, the Board formed a Partnership Investment Subcommittee to provide greater focus on these investments. The Subcommittee meets periodically to review the status of existing partnership projects and to review potential new ideas and proposals before they are introduced to the full Board. In 2008, the Board adopted administrative rules (Division 4) requiring the Board to approve guidance and criteria for approving program or initiative funding that occurs

outside of the regular grant programs. Subsequently in 2009, the Subcommittee and staff developed criteria for evaluating other partnerships seeking Board consideration, which were adopted in June of 2009. Attachment A contains a brief update on the status of OWEB's current partnership investments.

Since 2008 there has been increasing interest in partnerships and the SIP program. Staff have been approached by more than five organizations or groups with ideas for potential SIPs. To date, staff have regularly reported to the Partnership Subcommittee about the interest and have put staff time into those potential partnerships identified by the Subcommittee for further development. Staff and the Board have no mechanism for considering which SIP proposals warrant a more formal consideration and review at this time. As interest has risen, it has become clear that OWEB needs a more formal process to assist the Board and staff in focusing staff time and energy and so as to not waste potential partner's time.

III. 2011-2013 Proposed SIP Process

This section identifies a proposed process for considering SIPs for funding in the 2011-2013 biennium. Since it is only four months until the start of the 2011-2013 biennium and there are five potential SIPs wishing to be considered for funding next biennium, we recommend an expedited process to consider new partnerships for the 2011-2013 biennium. There are also only two Board meetings between now and the September Board meeting when the budget spending plan for the biennium is typically determined. In this process, the proposed partnerships will be evaluated by the Board adopted SIP criteria. The following schedule identifies the forum and actions proposed for the remainder of the biennium.

Month	Group	Action
March 2011	Board Meeting	Discuss proposed process and adopt process for the 2011-2013 biennium.
April 2011	Partnership Subcommittee	Evaluate potential SIPs against criteria and identify Subcommittee recommendations for staff focus on partnerships to develop for the 2011-2013 biennium.
May 2011	Partnership Subcommittee	Finalize Recommendations (if needed)
June 2011	Board Meeting	Board action on proposed staff focus and approval of partnerships for development.
July-August 2011	Staff and Partnership Subcommittee	Staff work with partners to develop biennial funding request, project work plan, and program requirements for each proposed partnership. Proposed partnerships elements are reviewed by Subcommittee.
Sept. 2011	Board Meeting	Board action on budget proposals and partnership agreements for the 2011-2013 biennium.

The proposal requires a two step process. The first step is to have the Board identify any new SIPs that staff will focus on in 2011-2013. The second step is to develop the new SIPs to the point that a proposed budget and agreement can be considered by the Board for integration into the biennial spending plan. Staff propose to use a different process to identify and select partnerships for the 2013-2015 biennium.

IV. 2013-2015 Proposed SIP Process

For the 2013-2015 biennium, staff propose a more extensive solicitation process. Under this process, staff would solicit for and collect statements of interest from parties throughout the state (see Attachment B) 18 months before the start of the biennium. The statements of interest would describe how the proposed partnerships address the criteria the Board has already established for SIPs. The statements of interest would be reviewed by the Partnership Subcommittee and presented at a Board meeting where staff would make recommendations and seek Board approval of proposed SIPs for staff to work on. Staff propose that the review process involve “interviews” or some other means for the Subcommittee to review and evaluate the proposals. Staff and the Subcommittee may also engage technical experts to assist in evaluating the ecological significance of the proposed SIPs.

A decision by the Board will allow public input on which of the proposed partnerships should be considered for the following biennium’s funding. The decision by the Board for staff to work on a proposed partnership, however, does not necessarily mean that it will be funded. A possible schedule for selecting SIPs for the 2013-2015 biennium is outlined below.

Month	Group	Action
January 2012	OWEB Staff	Post and announce Solicitation of Interest
March 2012	OWEB Staff	Compile interest forms
April 2012	Partnership Subcommittee	Review and discuss interest forms
May 2012	Partnership Subcommittee	Interview potential partners
June 2012	Board Meeting	Staff and Subcommittee report to the Board
July 2012	Staff/Partnership Subcommittee	Develop recommendations for potential 2013-2015 SIPs
Sept 2012	Board Meeting	Board action on SIP recommendations
Oct 2012 – March 2013	OWEB Staff	Work with potential partners on potential SIPs
Nov 2012	Partnership Subcommittee	Review progress with all partnerships (existing and potential)
January 2013	Board Meeting	Report to Board on progress of partnerships
April-May 2013	Partnership Subcommittee	Develop potential SIP recommendations for the 2013-2015 biennium
June 2013	Board Meeting	Approve Subcommittee’s recommendations for 2013-2015 SIPs
Sept 2013	Board Meeting	Board action on budget proposals and partnership agreements for the biennium

The proposed process outlined above assumes that the Board is willing and able to allocate additional funding for partnerships and SIPs, which may not be the case.

V. Discussion

The proposed process described Section III will allow the Board to help staff focus their efforts over the next few months in order to prepare for the 2011-2013 biennium by selecting from among the five opportunities that we know about now. The proposed process for the next 2013-2015 biennium described in Section IV provides for a more deliberate process and a structured opportunity for stakeholders to discuss their partnership ideas with the Board.

VI. Recommendation

Staff recommend the Board adopt the process described in Section III and ask staff to come back to the June Board meeting with a recommendation for partnerships to consider for the 2011-2013 biennium.

Attachments

- A. Status of OWEB Partnerships
- B. DRAFT Solicitation of Interest Form

Status of OWEB Partnerships

A. Deschutes SIP

The Deschutes SIP is in its second biennium; OWEB has awarded \$4 million in funding for each of the last two biennia. The Deschutes SIP partners have leveraged OWEB's funds by more than a factor of two. They have a clear track record of accomplishments and OWEB staff have discussed with the partners the timing and accomplishments necessary to complete the objectives of the SIP. There remain critical actions to be taken in the next biennium to ensure that anadromous fish have substantial access to upper basin habitat.

B. Willamette SIP

The funding for the Willamette SIP (\$6 million) in the 2007-2009 biennium was carried over into the 2009-2011 biennium. Project development through the Willamette SIP has been slower than in the Deschutes. There has, however, been a recent and significant increase in interest in projects in the Willamette. OWEB staff are currently working with the Bonneville Power Administration, Oregon Department of Fish and Wildlife, and others to discuss ways to match funding in the Willamette to meet joint ecological objectives.

C. Whole Watersheds Restoration Initiative

The Board awarded \$500,000 to the Whole Watersheds Restoration Initiative for the 2009-2011 biennium, which was awarded through annual solicitations. The program received a significant number of excellent proposals for the second round of the biennium. The remaining OWEB funds will not be enough to fund all the good projects proposed. The U.S. Forest Service remains committed to the program; however they have fewer funds this year over last year for the program. The Bureau of Land Management is proposing to participate in 2012 and Natural Resources Conservation Service is working to make their Wildlife Habitat Incentive Program funds available to match the program's priorities.

D. Conservation Reserve Enhancement Program

Payments for the Conservation Reserve Enhancement Program have been affected by lower than expected participation due to the economic slow down. This impact on enrollment has been felt nationwide. Passage of Ballot Measure 76 may allow for more flexible use of OWEB funds to help with the technical assistance issues the staff and Board have wrestled with in the past.



DRAFT
**Solicitation of Interest for a
Special Investment Partnership with
the Oregon Watershed Enhancement Board**

Date: _____

Organization Name: _____

Partnership Name: _____

Please provide a response to the following criteria in no more than 6 pages with the attachments identified.

1. Ecological Significance. The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.
2. Importance of OWEB's Contribution. OWEB's contribution will be critical, not only to funding the effort, but also to attracting the other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.
3. Robust Partnerships. SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.
4. Triple Bottom Line. Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they've become a part of local custom and culture.
5. Captures the Imagination/High Visibility. The scale, importance, and sustainability of a Partnership will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.
6. Ripeness. To receive a funding allocation from the Board, a Partnership: a) needs to be ready to form and begin functioning to finalize objectives and a work plan; b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB's needs; and c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

Please also provide:

1. A map of the area involved;
2. A list of partners, identifying the roles and contributions of each;
3. A concise description of the ecological objective and the metric(s) proposed to evaluate “completion”; and
4. An estimate of the range of funding needed to achieve the ecological objective.



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March 2, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item O: Willamette Special Investment Partnership
March 15-16, 2011 OWEB Board Meeting**

I. Introduction

This agenda item will update the Board on the actions the partners have been taking in the implementation of the Willamette Special Investment Partnership (SIP). Representatives of the Meyer Memorial Trust (MMT) will join OWEB staff and the Willamette SIP consultant to update the Board on the activities of the partners, identify the accomplishments and challenges to date, and describe the focus for the coming biennium.

II. Background

In March of 2008 the Board approved the Willamette SIP. The Board allocated \$6 million at that time to match the \$1.5 million per year for at least seven years committed by MMT. The Willamette SIP is focused on restoring the channel complexity and floodplain connection of the mainstem Willamette River. The SIP is informed by the Willamette Planning Atlas developed from detailed scientific evaluations by the University of Oregon and Oregon State University.

The early years of the Willamette SIP have focused on neighbor relations, local capacity, information development, and land conservation in addition to implementing restoration projects. OWEB and MMT staff will discuss the accomplishments and understandings that have been built over the last few years. Staff will also describe progress in the intergovernmental collaborations being developed in the Willamette.

III. Recommendation

This is an informational item only. No Board action is required.

APPROVED BY THE BOARD JUNE 14, 2011
Oregon Watershed Enhancement Board
March 15, 2011
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Dan Carver
Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Meta Loftsgaarden
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

Members Not Present

Kim Kratz

OWEB Staff Present

Kyle Abraham
Bonnie Ashford
Lauri Anan
Ken Bierly
Ben Buhayar
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leindecker
Melissa Leoni
Kathy Leopold
Tom Shafer
Courtney Shaff
Greg Sieglitz
Cindy Silbernagel

Others Present

Tom O'Brien
Liz Vollmer-Buhl
Seth Mead
Wayne Hoffman
Amy Charette

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas.

B. Minutes

Minutes of the January 19-20, 2011, Board meeting in Corvallis were unanimously approved.

C. Executive Director Update

Executive Director, Tom Byler, briefly reported on the following program updates:

1. Biennial Conference

A post-conference online survey was completed by 27 percent of those attending the Biennial Conference last November. Networking and professional development were highlighted as successful conference objectives. Planning will soon start for the 2012 Conference. There are a limited number of facilities in Oregon that can accommodate as large a number of attendees as our conference draws.

2. Working Lands Report

In 2010, OWEB hired an independent contractor to analyze programs that fund “working lands” conservation easements and how they could contribute to watershed and habitat restoration and conservation in Oregon. Board members were provided with an Executive Summary giving an overview and findings of the review. A number of the suggestions in the report will be considered by the recently formed land acquisition work group comprised of stakeholders with an interest in acquisitions. Although there are no Board members on the work group, the work group will report back to the Board Acquisition Subcommittee and full Board on the status of discussions and any recommendations.

3. Secretary of State Performance Audit

In 2010, the Secretary of State’s Audit Division initiated a performance audit of OWEB and the agency’s use of Measure 66 funding. The audit, concluded in January 2011, provided a very thorough and favorable assessment of OWEB’s growth and evolution following the passage of Measure 66 in 1998. Overall, it was a positive report and contained three recommendations that staff intend to discuss with Board members while charting the course under Measure 76 and other important legislative and budgetary priorities and considerations.

4. Watershed Council Support

This report updated Board members on the process for the 2011-13 Watershed Council Support grant cycle. Sixty-four applications were received by the deadline, and after evaluation and scoring, will be presented to the full Board for funding consideration at the June Board meeting. At the meeting, staff provided the Board with a watershed council fact sheet including how councils are addressed in OWEB’s statutes and the level of council support funding and council accomplishments. The fact sheet also outlines OWEB’s plans to convene a Council Support Work Group to advise OWEB with respect to streamlining the council support application and funding process in order to focus resources on improved reporting for accountability and tracking of accomplishments; refining eligibility criteria for council support grants; and working with the Network of Oregon Watershed Councils on council effectiveness indicators. The legislative Coastal Caucus sent Director Byler and Board members a letter voicing concerns based on their perceptions of the current state of watershed councils in Oregon. OWEB has committed to report back to the Coastal Caucus on issues raised in the letter.

5. Land Acquisition Program Report

Since the January 2011 Board meeting, OWEB has hired a temporary staff person to assist in working on the backlog of land acquisition projects. An independent contractor was also hired to facilitate a work group of stakeholders interested in the OWEB acquisition program. The first meeting on the work group is scheduled for March 17.

Board members were asked to hold July 26, 27, and 28 for a Board retreat. Governor Kitzhaber has named Richard Whitman as his Natural Resources Director.

D. 2009-2011 Budget Update

Director Tom Byler updated Board members on the status of OWEB’s 2009-2011 budget. OWEB does not receive any State General Fund revenues, which declined significantly this biennium. Lottery Fund revenues that were down early in the biennium have now stabilized, but still do not meet levels predicted for the biennium. Although the revenue shortfall is not as large as

anticipated, OWEB will need to balance its budget based on the final quarterly distribution of Lottery Funds in May. Staff will report on the final rebalance action at the June 2011 Board meeting.

OWEB was awarded \$15 million by NOAA Fisheries under the Pacific Coastal Salmon Recovery Fund (PCSRF) program for FFY 2010. OWEB does not have legislative expenditure authority in its 2009-2011 budget to utilize these funds. The Governor’s Balanced Budget proposes to use the \$15 million to support natural resource agency budgets for the 2011-2013 biennium, thereby reducing the amount of non-capital funds available for grant awards at the March meeting. As a result, staff recommend using remaining non-capital resources to support applications that could not succeed if not funded until June, Education/Outreach applications that may not be eligible for Measure 76 funds, and Technical Assistance applications, in priority order, as recommended by the review teams.

OWEB staff met with NOAA Fisheries on the Governor’s proposed use of FFY 2010 PCSRF funds, and have set up a meeting for the affected natural resource agencies to meet with NOAA. Board members expressed concerned about future PCSRF funding for Oregon, and want to ensure that the use of PCSRF funds by other agencies is related to OWEB’s mission.

E. Public Comment – Pending Grant Applications

- Amy Charette, North Fork John Day Watershed Council, commented on two applications to help fund cleanup activities at the abandoned Red Boy gold mine in northeastern Grant County. Technical Assistance Application 211-6033 would fund an engineering evaluation to develop preferred design alternatives for treatment systems for acid mine drainage. Restoration Application 211-6035 proposes to replace an existing pipe that routes the drainage to a treatment pond. She supported funding now for the Technical Assistance application because they need to sample at high and low flows, with the high flows in April, May, and June.
- Wayne Hoffman, Mid-Coast Watersheds Council, thanked the Board for their efforts, and was available should they have any questions on Applications 211-1021, 211-1023, 211-1029, 211-1030, and 211-1031.

F. Board Consideration of Pending Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the October 18, 2010, grant cycle. Two hundred two grant applications seeking a total of \$21,307,170 were received.

The following identifies the number of applications received by application type and the amount of OWEB funds requested:

Technical Assistance	37	\$ 1,323,593
Monitoring	24	\$ 1,590,651
Education	32	\$ 1,220,385
Acquisition	7	\$ 3,447,345
Restoration	<u>102</u>	<u>\$13,725,196</u>
TOTAL	202	\$21,307,170

After being screened for eligibility and completeness, the applications were sent to the appropriate review teams, who made recommendations to OWEB staff regarding “fund” or “no fund” for

individual projects on their merit and numerically ranked the projects recommended for funding. OWEB staff then developed funding recommendations for Board consideration. The funding recommendations are based on funding availability, the rankings of the reviewers, and staff's evaluation of reviewer recommendations.

The October 2010 grant cycle is the last regular grant cycle where funding is governed by Ballot Measure 66 requirements (capital and non-capital). Due to the limited availability of non-capital funding, and the proposed distribution of PCSRF funds to other natural resource agency programs, staff recommended funding a portion of the non-capital applications in March, and asked the Board to signal its intent to award the remainder of the staff-recommended applications at the June Board meeting, dependent on OWEB's 2011-2013 budget.

Statewide Education/Outreach Applications

Staff recommended funding two applications submitted this grant cycle. Because of the lack of non-capital funds, staff recommended not funding these applications until June at the earliest. Both applications seek to train adults in principles necessary for effective restoration project implementation.

Statewide Monitoring Applications

The Oregon Plan Monitoring Team had not completed review of the monitoring applications. Recommendations will be presented for funding in June.

Acquisition Applications

Five new land acquisition applications and two new water acquisition applications were received during the October 2010 grant cycle. The Board Acquisition Subcommittee reviewed the applications before the regional review team evaluation of the ecological merit and recommended whether staff should proceed with due diligence review. Two of the five land acquisition applications were withdrawn by the applicants and the remaining three land acquisition applications were recommended for deferral. One of the two water acquisition applications is recommended for funding, and the other is not recommended for funding.

There are no other previously deferred acquisitions ready for a funding decision.

Staged Award

Sodom Ditch-Calapooia River Fish Passage Improvement (210-3067)

In March 2010, the Board awarded \$368,300, and committed to fund the remainder of the request (\$320,035) contingent on the grantee's progress report showing the need for the funding. Staff received a positive progress report. The applicant has done a great job and is on schedule to remove the dam in August. Staff recommended the Board award the remainder of the staged award.

Staff recommended funding in March 2011:

- \$7,662,790 Capital (Restoration, October Cycle; Restoration, Staged Award; Water Acquisition Application)
- \$858,780 Non-Capital (Education/Outreach, Monitoring, Technical Assistance)

Staff recommended funding in June 2011:

- \$1,359,535 Non-Capital (Education/Outreach, Monitoring, Technical Assistance)

At the start of each regional grant award presentation, program representatives highlighted a project in their region with a summary of the project, partners, cost, and community involvement.

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager
Tom Shafer, Regional Program Representative
Ken Bierly, Acquisitions

Project Highlighted: Pebble Creek Sub-Basin Restoration – Phase I (211-1040), Upper Nehalem Watershed Council.

Lauri Aunan provided an overview of the Region 1 funding recommendations as presented in the staff report.

Ken Bierly briefly described the two land acquisition applications received in this cycle.
Withdrawn: Sand Lake Estuary Wetlands Acquisition Project (211-111)
Recommended for Deferral: Miami Wetlands Conservation Project (211-114)

REGION 2, SOUTHWEST OREGON

Lauri Aunan, Grant Program Manager
Mark Grenbemer, Regional Program Representative
Ken Bierly, Acquisitions

Project Highlighted: West Fork Smith River Instream Restoration (211-2054), Partnership for the Umpqua Rivers

Lauri Aunan provided an overview of the Region 2 funding recommendations as presented in the staff report.

Ken Bierly briefly described the land acquisition application received in this cycle.
Recommended for Deferral: Coquille Valley Wetlands Conservation Project (211-115)

REGION 3, WILLAMETTE BASIN

Lauri Aunan, Grant Program Manager
Wendy Hudson Regional Program Representative
Ken Bierly, Acquisitions

Project Highlighted: Canyon-Owl Steelhead Habitat Improvement Project (211-3041), South Santiam Watershed Council

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report.

Ken Bierly briefly described the land acquisition application received in this cycle.
Recommended for Deferral: South Eugene Hills Acquisition Project (211-116)

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager
Rick Craiger, Regional Program Representative
Ken Bierly, Acquisitions

Project Highlighted: Fourmile Creek and Harriman Spring Restoration (211-4029), Klamath Basin Rangeland Trust

Lauri Aunan provided an overview of the Region 4 funding recommendations as presented in the staff report.

Ken Bierly briefly described the land acquisition application and two water acquisition applications received in this cycle.

Recommended for Funding: Black Drake Ranch (211-110)

Not Recommended for Funding: Tumalo Feed Canal Water Conservation Project (211-112)

Withdrawn: Mill Creek Ridge Acquisition Project (211-113)

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager
Karen Leiendecker, Regional Program Representative

Project Highlighted: BMV Spur Ditch Elimination (211-5056), Wallowa SWCD

Lauri Aunan provided an overview of the Region 5 funding recommendations as presented in the staff report.

REGION 6, MID COLUMBIA

Lauri Aunan, Grant Program Manager
Sue Greer, Regional Program Representative

Project Highlighted: Meacham Creek Habitat Restoration Project (211-6042), Confederated Tribes of the Umatilla Indian Reservation

Lauri Aunan provided an overview of the Region 6 funding recommendations as presented in the staff report.

In addition, Ms. Aunan described staff's recommendation to defer the Red Boy Mine applications (211-6033 and 211-6035). Deferring action on the two applications until the June meeting will allow staff and the Board time to further investigate and consider the legal and policy issues. Board members were provided with a summary of the two applications submitted for the October 2010 cycle, the state and federal cleanup programs that govern cleanup of hazardous waste sites, information on orphan sites, information on abandoned mines in Oregon, and the legal and policy issues identified by OWEB. An ad hoc Board Subcommittee (Alan Henning, Ken Williamson, Debbie Hollen, Eric Quaempts, Will Neuhauser, and Mike Haske) will work with OWEB staff on the policy issues associated with applications for environmental cleanup sites including orphan sites.

At the conclusion of the region funding recommendations, Board members approved the following motions:

Board members unanimously voted to award the second stage of funding for application 210-3067 as shown in Attachment C to the Overview staff report and signaled their commitment to award funding in June for the two Statewide Education/Outreach applications shown in green shading on Attachment B to the Overview staff report.

Board members also unanimously voted to approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to the Region 1, 2, 3, 4, 5, and 6 staff reports; and signaled their commitment to make June funding awards for the applications shown in the green shaded sections of Attachment A to the regional staff reports, dependent on OWEB's 2011-2013 budget.

G. Coastal Wetlands Grants

Ken Bierly, Deputy Director, briefed Board members on three projects awarded funding through the federal 2010 U.S. Fish and Wildlife Service Coastal Wetlands Grant Program.

- Miami Wetlands Conservation Project in Region 1 (211-114)
- Coquille Valley Wetlands Conservation Project in Region 2 (211-115)
- Tillamook Bay Wetlands Acquisition and Restoration (Project Exodus)

The federal funds are not needed at this time for the project applicants and OWEB to proceed with the evaluation of and funding recommendation for the state match application. Staff will brief Board members on the status of these grants at the June 2011 Board meeting.

H. Climate Leadership Initiative

Greg Sieglitz, Monitoring and Reporting Program Manager, briefed Board members on OWEB's Research Investments in Priority Focus Areas.

- Modeling Water Availability in a Changing Climate
- Climate Change and Local Watershed Impacts
- Ocean Response to Climate Change – Sea Level Rise and Coastal Impacts

Steve Adams, Director, Eugene Climate Leadership Initiative, and former Florida Climate Change Director, provided a presentation to highlight the work accomplished to date by the CLI and discussed important findings and observations. Board members thought this presentation was good background information for a "climate refugee" agenda item at the Board retreat this summer.

I. Effectiveness Monitoring Program

Greg Sieglitz, Monitoring and Reporting Program Manager, and Kyle Abraham, Effectiveness Monitoring Specialist, provided Board members with the history of the effectiveness monitoring program development, a summary of the work completed since 2004, a description of the program activities underway, an overview of completed and ongoing projects implemented in various basins throughout Oregon between 2005 and 2010, and potential new areas to focus future monitoring efforts.

They briefed Board members on completed, continuing, and potential new effectiveness monitoring projects. The completed projects listed below represent a first phase in some cases, with more potential effectiveness monitoring for those project types in other areas or over a longer time period as the next steps.

Completed Projects

- Western Juniper Removal Project Evaluation – Central and South Central Oregon
- Wetland Monitoring Partnership with the Department of State Lands and Xerces Society– Willamette Valley
- CREP Monitoring – Sherman, Wasco Counties
- Fish Passage Improvement – South Coast and Rogue Basins
- Riparian Enhancement – South Coast and Grand Ronde Basins
- Coastal Storm Assessment – North Coast

Continuing Projects

- Livestock Exclusion Partnership with Washington State Salmon Recovery Funding Board
- Small Dam Removal
- Irrigation Improvements
- Intensively Monitored Watersheds
- Conservation Effectiveness Partnership with OWEB, NRCS, and DEQ

Potential New Projects

- Large wood effectiveness-particularly in large river systems
- Wetland monitoring in north coast and eastern Oregon (expanding the Willamette work)
- Off channel habitat in partnership with the Salmon Recovery Funding Board and Bonneville Power Administration
- Fish and water quality (statewide) in partnership with ODFW and DEQ
- Riparian (statewide); integration of CREP and other riparian evaluation
- Integration of Ecosystem Services methods and goals

APPROVED BY THE BOARD JUNE 14, 2011
Oregon Watershed Enhancement Board
March 16, 2011
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Dan Carver
Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Meta Loftsgaarden
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Kyle Abraham
Bonnie Ashford
Lauri Anan
Ken Bierly
Ben Buhayar
Tom Byler
Kristi Cederburg
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Tom Shafer
Courtney Shaff
Greg Sieglitz
Cindy Silbernagel

Others Present

Bruce Taylor
Steve Wise
Lisa Seales
Tom O'Brien
Racquel Rancier
Chris Wheaton
Laura Tester
Steve Denney
Pam Wiley

Members Not Present

Kim Kratz

J. Budget and Legislative

Tom Byler, Executive Director, briefed Board members on the budget process and provided an overview of the Governor's Balanced Budget (GBB) for 2011-2013. OWEB's budget proposal reflects changes in how Lottery Funds can be distributed under Measure 76, resulting in less funding being available to support state agency budgets than previously was available under Measure 66. The GBB also proposes to distribute \$15 million of FFY 2010 PCSRF funds to support other natural resource agency needs next biennium. Those agencies are the Departments of Agriculture, Environmental Quality, Fish and Wildlife, and Water Resources. OWEB, along with the Governor's Natural Resources Director, Richard Whitman, and representatives from those natural resource agencies are meeting with NOAA Fisheries on the proposed uses of PCSRF.

OWEB's budget hearing before the Ways and Means Natural Resources Subcommittee is scheduled for the week of April 18.

Melissa Leoni, Senior Policy Coordinator, briefed Board members on key bills OWEB is tracking. **SB 342** is intended as the vehicle to make the necessary changes in statute to implement Measure 76 at the start of the 2011-2013 biennium.

HB 3109 would expend state policy relating to conserving ecosystems for “long-term ecological, economic, and social benefits” and encourage state agencies and local governments to use market-based approaches to conserve or enhance ecosystem services. The bill would add “maintain and enhance ecosystem services” as an overarching principle guiding Oregon’s land-use program. Renee Davis-Born, Ecosystem Services Coordinator, provided a summary to Board members about this bill and responded to questions.

HJR 29 and HB 2417 could impact OWEB’s budget in 2011-2013 and future biennia. HJR 29 proposes a referendum for Oregon voters to amend Measure 76 in a special election. A companion bill, HB 2417, as amended, would authorize the special election for the HJR 29 referral.

SB 169 and SB 521 were the subject of an information meeting and first public hearing on March 1, 2011, in the Senate Environment and Natural Resources Committee with the House, Energy, Environment, and Water Committee in attendance. SB 169 establishes a task force on natural resource agency consolidation to make recommendations by July 1, 2012, to the appropriate interim legislative committees. SB 521 would consolidate a number of state natural resource agencies, including OWEB, into a single Oregon Department of Natural Resources under the authority of a single director and a nine-member Oregon Natural Resources Commission. HB 2456 and HB 3270 propose to study the consolidation of state agencies, boards and commissions more generally. HB 2855 takes a look at efficiency in state government. SB 41 relates to public records.

Ms. Leoni reminded Board members of a bi-weekly legislative conference call to keep them apprised of legislative issues, with the next call on April 1, 2011.

K. Strategic Plan Implementation Update

Tom Byler, Executive Director, walked Board members through action items identified in OWEB’s Strategic Plan that the Board approved in January 2010. The passage of Measure 76 in November 2010 created an opportunity for OWEB to consider its strategic direction with now a long-term horizon for conservation investments. In addition, the Board may want to revisit the Communications Strategy which was implemented before the passage of Measure 76 since OWEB no longer has a sunset date of 2014. Staff plan to further discuss OWEB’s strategic direction at the Board Retreat scheduled for late July.

L. Public Comment – General

- Tom O’Brien, Network of Oregon Watershed Councils, commented on watershed council effectiveness and that the 10 percent fiscal administration is not enough. A number of councils struggle to make ends meet. He also reported on the legislative outreach day at the capital with 7-10 joint watershed council and soil and water conservation district displays. The Network and OACD are also partnering on a November 9 bridge day between the OACD convention and Network gathering at Sunriver.
- Steve Wise, Sandy River Basin Watershed Council/Sandy River Partners, Sean Welch, River Design Group/Sandy River Partners, and Todd Alsbury, ODFW/Sandy River Partners, updated Board members on the effects the January 2011 flood had on the Sandy Basin.
- Bruce Taylor, Defenders of Wildlife, commented on OWEB’s land acquisition grants, and thanked OWEB for developing a work group to discuss OWEB’s program. He would like

OWEB staff to develop an informal target for acquisitions; 10 percent of OWEB's budget for acquisitions is not enough. The Measure 76 coalition struggled with acquisitions and identified concerns about the review process and due diligence requirements.

- Wayne Hoffman, Mid-Coast Watersheds Council, commented on SIPs and their success in raising match, bringing partners together, and bringing major efficiencies to the process, and suggested that OWEB fund smaller SIPs, such as \$1 million, which might attract more match. For example, he suggested a possible recovery plan SIP on the coast to take advantage of local efforts that are already underway. He noted that the Sandy Basin Partners presentation indicated they appear to be a good opportunity for a SIP.

M. Ecosystem Services Update

Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystem Services Coordinator, reviewed briefly the categories and activities within OWEB's developing ecosystem services program and reported on several initiatives involving ecosystem services and markets under way in the Klamath Basin.

The Klamath Basin Water Quality Improvement Tracking and Accounting Program (KTAP) is being developed to support Klamath Basin restoration efforts. The proposed goal is to increase the pace and to reduce the cost of improving Klamath Basin water quality and the recovery of native fish.

The National Fish and Wildlife Foundation (NFWF) is using funding from a 2010 National Conservation Innovation Grant (CIG) to establish an ecosystem market credit for water flow restoration. The project aims to develop an ecosystem services crediting protocol to quantify the fish and water-quality benefits of additional instream flow. The intent of this work is to expand market-based programs that compensate landowners for the water quantity, fish recovery, and ecosystem services improvements resulting from voluntary flow restoration efforts.

The Klamath Watershed Partnership's Conservation Innovation Grant (CIG) proposal to improve conservation effects in the Klamath Basin is part of an application to the NRCS CIG program. OWEB was invited to partner on this proposal by making funded restoration projects available as pilots for demonstrating the measurement and crediting of ecosystem services. OWEB staff have identified five restoration applications in Region 4, Central Oregon, submitted in October 2010, and awarded on March 15, 2011, to be provided as match funds for the Klamath CIG proposal.

Renee Davis-Born noted the possible connections between, and complementary nature of, these initiatives and discussions about a potential Klamath Special Investment Partnership that have been led by Ken Bierly and Melissa Leoni. OWEB staff have had multiple conversations with local partners regarding potential partnerships in the Klamath Basin, Lower John Day, Sandy, and South Coast. There is a promising overlap between the potential Klamath SIP and ecosystem services. The Klamath Basin initiatives align well with OWEB's ecosystem services program areas, and address several of the policy recommendations that emerged from the SB 513 process. Board members highlighted the importance of projects such as the Klamath Watershed Partnership's proposed CIG in providing tools and resources for local partners to complete the measurement of ecosystem services associated with restoration work. They also discussed that if the measurement tools and capacity are built in a particular location through initiatives such as those in the Klamath, these can be used on other projects both within and beyond the basin.

OWEB staff are also monitoring follow-up legislation to SB 513 (HB 3109).

N. OWEB Partnership Investments

Ken Bierly, Deputy Director, provided Board members with background on how OWEB's partnership investments began and how the two pilot SIPs (Willamette and Deschutes) were developed. OWEB is current involved in the following partnerships: Deschutes SIP; Willamette SIP; Whole Watersheds Restoration Initiative; and Conservation Reserve Enhancement Program.

OWEB has been approached about opportunities for SIPs in the Lower John Day, Lincoln City, Fish Passage, Sandy, Klamath, and the South Coast. Staff working with the Partnership Subcommittee, have been exploring the process for considering and allocating staff time to new partnerships. They have proposed an expedited process for the 2011-2013 biennium, focusing on one or two partnerships, and are proposing a new process for considering partnerships in the 2013-2015 biennium which would involve a more extensive solicitation process. A draft timeline for the solicitation process was included for the 2013-2015 biennium starting in January 2012 with an announcement of solicitation of interest, concluding with Board action on budget proposals and partnership agreements in September 2013.

Board members cautioned that a SIP is not yet set in the Klamath, and questioned the transparency of the process on how SIPs are selected. Some Board members suggested slowing down and taking our time to select a Special Investment Partnership, and others want to jump ahead on proposed SIPs the agency is already aware of.

Board members discussed having a transparent process for selecting partnerships, and the importance of having a strategic discussion before selecting SIPs to fund. Some Board members commented that a couple of opportunities for SIPs are "ripe" and should be acted on now. Urgency vs. development of a solicitation was discussed. A concern was raised that an expedited process for 2011-2013 might now be warranted. Staffing and budgetary concerns with adding additional partnership efforts were raised.

Board members unanimously voted to adopt the process described in Section III of the staff report and ask staff to come back to the June Board meeting with a recommendation for partnerships for the 2011-2013 biennium.

O. Willamette SIP Presentation

Ken Bierly, Deputy Director, and Pam Wiley, Meyer Memorial Trust, updated Board members on the status of the Willamette Special Investment Partnership.

Ken Bierly reported that the Board needs to have a conversation at the June Board meeting regarding OWEB's mitigation policy adopted in March 2009. An issue has come up in the Willamette regarding a settlement agreement between BPA and ODFW on wildlife mitigation for the Willamette River Dams.

P. Other Business

There was none.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board June 14-15, 2011

**AmeriTel Inn
Broken Top/Mt. Bachelor
425 SW Bluff Drive, Bend**

Directions: Off Highway 97, exit Reed Market Road; follow signs to Old Mill District.

Tuesday, June 14, 2011

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E and N), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Review and Approval of Minutes

The minutes of the March 15-16, 2011, Board meeting in Salem will be presented for Board approval. *Action item.*

C. Executive Director Update

Tom Byler, Executive Director, will update the Board on agency business and late-breaking issues. *Information item.*

D. Legislative and Budget Update

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, will brief the Board on the status of OWEB's 2009-2011 and 2011-2013 budgets, and the legislative bills and issues affecting OWEB. *Information item.*

E. Public Comment – General [approximately 10:30 a.m.]

This time is reserved for public comment on any matter before the Board.

F. October 2010 Grant Cycle – June Awards and Policy Discussion

The Board will consider grant applications submitted by the October 18, 2010, application deadline, and held over from the March Board meeting for funding with 2011-2013 funds. The Board will also consider policy on the eligibility of orphan mine sites. *Action item.*

G. 2011-2013 Grant Cycle and Board Meeting Schedule

Lauri Aunan, Grant Program Manager, will discuss the proposed Board meeting and grant application deadline schedule for the 2011-2013 biennium. *Action item.*

H. Administrative Rulemaking

Melissa Leoni, Senior Policy Coordinator, will discuss proposed rulemaking to address recent legislation relating to Ballot Measure 76. *Action item.*

I. Deschutes Special Investment Partnership Presentation

Ken Bierly, Deputy Director, will update the Board on the actions the partners have been taking to implement the Deschutes Special Investment Partnership (SIP). Representatives of the four partner groups, Upper Deschutes Watershed Council, Deschutes Land Trust, Deschutes River Conservancy, and Crooked River Watershed Council, will update the Board on the activities of the partners, identify the accomplishments and challenges to date, and describe the focus for the coming biennium. *Information item.*

Tour – 2:15 p.m.

The Board and OWEB staff will tour projects in the Upper Deschutes basin. These projects are part of the Deschutes Special Investment Partnership funded by OWEB. Transportation will be provided for OWEB Board members and staff. Anyone is welcome to join the tour, but please be prepared to provide your own transportation.

Informal Reception - 5:30 – 7:00 p.m.

The public is invited to join the OWEB Board and staff at a reception sponsored by William Smith Properties.

5:30 – 7:00 p.m.

*Center Court in the Old Mill District, Bend
(next to Anthony's Restaurant)*

Parking - Anthony's at the Old Mill District in Bend offers complimentary parking throughout the "Old Mill District," however the best area to secure parking is located across the river. The additional parking area can be accessed off of Columbia and for your convenience, hosts a footbridge to the restaurant area.

Wednesday, June 15, 2011**Business Meeting - 8:00 a.m.**

During the public comment periods (Agenda Items E and N), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

J. Willamette SIP – ODFW/BPA Agreement

Ken Bierly, Deputy Director, will report on the current status of policy issues related to the recent agreement between Oregon and the Bonneville Power Administration on wildlife mitigation for the Willamette dams, which creates opportunities for conservation in the Willamette basin. *Information item.*

K. Efficiency and Transparency through Technology

Greg Sieglitz, Monitoring and Reporting Program Manager, and Ashley Seim, GIS and Web Site Specialist, will update the Board on the technology tools developed to increase efficiency and transparency around OWEB investments. *Information item.*

L. Deferred Acquisitions

Miriam Hulst, Acquisitions Specialist, will update Board members on land acquisition projects deferred from previous meetings and present funding recommendations for Board consideration. *Action item.*

M. Conservation Reserve Enhancement Program

Melissa Leoni, Senior Policy Coordinator, will update the Board on Oregon's investment in the Conservation Reserve Enhancement Program (CREP), and describe a proposal for funding CREP technical assistance in the 2011-2013 biennium. *Action item.*

**N. Public Comment – Pending Watershed Council Support Applications
[approximately 10:30 a.m.]**

This time is reserved for public comment on Watershed Council Support applications to be considered for funding by the Board. Only comments pertaining to the specific grant applications will be accepted during the meeting. The Board will not accept any written materials at this time. Any written comments pertaining to pending Watershed Council Support proposals must have been received by staff by the May 6, 2011, deadline.

O. Board Consideration of Pending Watershed Council Support Applications

The Board will consider Watershed Council Support applications submitted by the January 18, 2011, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

P. 2011-2013 Partnership Investments

Ken Bierly, Deputy Director, will update the Board on the opportunities for future partnerships and make recommendations for partnership priorities for the 2011-2013 biennium. *Action item.*

Q. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Monday, Tuesday, and Wednesday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

A general public comment period will be held on Tuesday, June 14 at 10:30 a.m. for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

A public comment period for pending watershed council support applications will be held on Wednesday, June 15 at 10:30 a.m. The Board will not accept any written materials at that time. Any written comments pertaining to pending council support proposals must have been received by the **May 6, 2011**, deadline. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *Dan Carver*
Environmental Quality Commission member: *Ken Williamson*
Fish and Wildlife Commission member: *Skip Klarquist*
Board of Forestry member: *Jennifer Phillippi*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts*
Public member: *Daniel Heagerty, Board Co-Chair*
Public member: *Will Neuhauser*
Public member: *Patricia Smith*
Public member: *Dan Thorndike, Board Co-Chair*
Public member: *Karl Wenner*

Non-voting Members

Representative of NMFS: *Kim Kratz*
Representative of Oregon State University Extension Service: *James Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Michael Haske*
Representative of U.S. NRCS: *Meta Loftsgaarden*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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Salem, Oregon 97301-1290
503-986-0178
Fax: 503-986-0199
www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

2011 Board Meeting Schedule September 13-14, 2011 in Roseburg

For online access to staff reports and other OWEB publications check our web site:
www.oregon.gov/OWEB.

June 14-15, 2011 OWEB Board Meeting Executive Director Update #C-1: Land Acquisition Work Group

Background

Goal 5, Strategy 1 of the OWEB Strategic Plan refers to the evaluation and improvement of administrative processes related to OWEB grants. During stakeholder discussions about Measure 76 implementing legislation, issues surrounding the manner in which OWEB handles land acquisitions were raised. In January, staff proposed forming a work group to have a facilitated discussion about the program. Stakeholders supported this approach. Staff anticipated that the work group would focus on:

1. Technical Assistance and Capacity
2. Monitoring Easements
3. Legal Tools for Protecting the State Investment
4. The Application Review Process

At the January 2011 Board meeting, the Board approved using previously allocated funding to hire a facilitator to assist in a work group conversation with groups interested in the OWEB acquisition program.

Work Group Progress

As reported at the last Board meeting, OWEB has hired a facilitator and formed a work group with representatives of the following:

- The Nature Conservancy
- Oregon Department of Fish and Wildlife
- McKenzie River Trust
- North Coast Land Conservancy
- The Trust for Public Lands
- The Network of Oregon Watershed Councils
- The Oregon Association of Conservation Districts
- The Oregon Rangeland Trust
- Deschutes Land Conservancy
- METRO

The facilitator interviewed the work group participants in advance of the first work group meeting and identified a range of topics for consideration by the group. The first meeting was held on March 17, 2011, and focused on work group purpose and scope, work group operating procedures, and prioritization of issues based on the initial interview results. It was clear from the initial interviews by the facilitator and the discussion at the first meeting that there is significant concern about the policy choice of using a conservation easement to protect the investment of public funds for fee simple land acquisition grants. The group also prioritized the evaluation process, evaluation criteria, eligible costs, and capacity issues for additional discussion.

The work group met again on May 3, 2011, to discuss assurance of conservation use of publicly funded acquisition lands, management plans, and eligible costs. The discussion also included a description of the land acquisition related legislative proposal that the Trust for Public Lands was

proposing, independent of the work group. The discussion on May 3 focused on the expectation by OWEB that there would be a legally enforceable protection for the public investment in conservation outcomes for fee simple land acquisitions. Much of the discussion revolved around whether the group could identify situations of lesser risk where OWEB might not require a conservation easement. A subgroup was identified to look at developing a “risk matrix” with suggestions on what the risks might be for each situation and what tool each situation might require. The group also discussed the role of management plans with conservation easements and the difference between rigid language in the easement and flexibility provided in management plans. The group did reach consensus that they would like OWEB to consider changing the eligible costs to include the direct costs of the due diligence review.

The work group met most recently on May 23, 2011, to discuss the grant application review process, including the roles of the Board Subcommittee and the regional review teams, and OWEB’s evaluation criteria. The group discussed alternative ways to bring both local knowledge and conservation biology perspectives to the land acquisition application review process. Funding criteria were also discussed, with a focus on which criteria were evaluated by staff, Board Subcommittee, and regional review teams. The group suggested that OWEB make the process more transparent by providing feedback aligned with the funding criteria earlier in the process. The Oregon Rangeland Trust (ORT) also expressed concern that there was no explicit discussion of “working lands easements” by the group. Staff suggested that the issue be discussed through the evaluation criteria, e.g. OWEB’s preference for ecological outcomes that protect declining species and/or communities. ORT will develop a proposal for the next work group meeting. Another subgroup was formed to develop proposals related to human use of conservation properties, including public access and restoration potential.

The work group is planning to meet two more times, in late June and early July, to finish discussion of these topics and to have a discussion about OWEB and applicant capacity issues. Staff will update the Board Subcommittee this summer on the progress and results of the work group. Staff will then report to the full Board at the September meeting.

Staff Contact

If you have questions or need additional information about the land acquisition work group, please contact Ken Bierly, at ken.bierly@state.or.us or 503-986-0182

June 14-15, 2011 OWEB Board Meeting

Executive Director Update #C-2: Future Changes to Watershed Council Support

Background

Goal 2 of OWEB's Strategic Plan is to "support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation." Strategy 2 under Goal 2 is to "evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding and promote strategic partnerships."

Council Support Workgroup

OWEB staff have convened a Council Support Workgroup to explore the very complex and difficult issues around council support. Workgroup members are listed in Attachment A and include a watershed council representative from each of OWEB's six regions, a board member of the Network of Oregon Watershed Councils, representatives from two private foundations, and two OWEB staff. By the time of the June Board meeting, the Workgroup will have met twice. Staff expect the Workgroup will meet from five to seven times between May and September.

The role of this group is not to make any final decisions regarding changes to the council support program, but to serve as a sounding board and provide advice and recommendations to OWEB staff. Specifically, the Workgroup will be providing feedback and recommendations on:

1. Streamlining the application and funding process in order to focus resources and attention on improved reporting for accountability and performance and tracking of accomplishments.
2. Refining OWEB's eligibility criteria to better ensure that investments go to groups that reflect the interests of the affected watershed and the potential to protect and enhance the quality of the watershed.
3. How OWEB might incorporate council "effectiveness indicators" to be developed by the Network of Oregon Watershed Councils under its proposed Service Strategy.

The Workgroup is building on OWEB's 2010 Council Support Listening Sessions, the watershed council meeting at OWEB's November 2010 Biennial Conference, and the work of the 2010 Council Support Workgroup, and is taking into consideration Measure 76, the OWEB Strategic Plan, the Board Council Support Subcommittee Draft Council Support Principles (Attachment B), and other drivers of change to OWEB's Council Support program.

Staff will present recommendations resulting from the Workgroup to the Board at the September 2011 and January 2012 Board meetings. Attachment C is a draft schedule showing key timelines for changes to the council support program from 2011-2015.

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at Lauri.G.Aunan@state.or.us or 503-986-0047 or Courtney Shaff, at Courtney.Shaff@state.or.us or 503-986-0046.

Attachments

- A. 2011 OWEB Council Support Workgroup Members
- B. Draft Council Support Principles
- C. Draft Council Support Schedule, 2011-2015

2011 Council Support Workgroup

Region 1

Liz Vollmer-Buhl
Siuslaw Watershed Council

Region 2

Harry Hoogesteger
South Coast Watershed Council

Region 3

Matt Clark
Johnson Creek Watershed Council

Region 4

Ryan Houston
Upper Deschutes Watershed Council

Region 5

Adena Green
Owyhee Watershed Council

Region 6

Brian Wolcott
Walla Walla Watershed Council

Network of Oregon Watershed Councils

Denise Lofman
Tillamook Watershed Council

Bonneville Environmental Foundation

Alden Boetsch

Bonneville Environmental Foundation

Kendra Smith

Ford Family Foundation

John Amoroso

Council Support Advisory Member

Max Nielsen-Pincus
Institute for a Sustainable Environment

OWEB Staff

Courtney Shaff
Grant Program Coordinator

Rick Craiger
Central Oregon Program Representative

DRAFT OWEB Watershed Council Support Principles

OWEB's Council Support Board Subcommittee has been discussing the future of local capacity and the watershed council support program and has developed DRAFT OWEB Council Support Principles. The principles would function as a "vision statement" for council support. Principles 1-3 are process principles for OWEB. Items 4-6 are "outcomes" for councils. Item 7 is a funding principle for OWEB. The purpose of the principles is to:

- Define what OWEB wants to see as the results of the OWEB council support program, i.e., what outcomes are intended from the investment?
 - Provide a framework for answering recurring policy questions (e.g., funding new councils; approving or denying requests for solo funding)
 - Provide the basis for potential future administrative rule changes (align OWEB council support program rules with the principles)
1. Any significant changes to council support funding should be phased in to allow councils enough time to adjust to, and plan for, the changes. The 2013-2015 council support grant cycle is the earliest OWEB would implement significant changes.
 2. OWEB's watershed council support funding process should be fair, transparent, understandable, simplified and tailored to the circumstances that OWEB provides continuing support to organizations over many years.
 3. OWEB's watershed council support funding should:
 - A. Provide a base level of funding to help support adequate operations, with a simplified application and award process;
 - B. Provide competitive, supplemental funding to promote and encourage performance; and
 - C. Not provide funding for councils that are not adequately performing or aren't achieving desired outcomes.
 4. Councils that receive OWEB council support funding should meet basic standards of organizational function and accountability (either internally or through external means), such as
 - Board function
 - Personnel management
 - Systems and training
 - Financial management/planning

OWEB is interested in working with the Network of Oregon Watershed Councils around organizational effectiveness standards for councils, or using other third-party information, rather than requesting separate information about organizational function and accountability.

5. The Board and members of a council that receives OWEB council support funding are expected to actively seek to include representatives of all purpose-related stakeholder interests in the watershed(s) served by the council.
6. Councils that receive council support funding must be active in the community, reaching out to stakeholders, building community around watershed restoration, and their actions must result in on-the-ground projects that restore, protect and enhance watershed health.
7. Where appropriate and where it is needed to address OWEB's resource priorities, it is important for a watershed to have at least one well-functioning watershed council, soil and water conservation district or other watershed organization.

Timeline 2011-2015 Watershed Council Support Grants

2011	January	2011-2013 Council Support Application Due
	April –September	Council Support workgroup meets to advise OWEB on: <ul style="list-style-type: none"> Streamlined application and funding processes with improved reporting for accountability and tracking of accomplishments. How might council “effectiveness indicators” (to be developed by the Network of Oregon Watershed Councils as part of its proposed Service Strategy) be incorporated into OWEB Council Support processes. Refined council support eligibility criteria to better ensure that OWEB investments are in local groups that reflect the watershed’s interests, and potential to protect and enhance the quality of the watershed.
	June 13	Board Council Support Subcommittee Meeting on the Network of Oregon Watershed Councils proposed Service Strategy
	June 14-15 Board Meeting	OWEB Board award of 2011-2013 Council Support grants.
	July 1	Grant agreements signed and mailed to councils
	July	OWEB Board Retreat
	September 13-14 Board Meeting	Board adopts 2011-2013 spending plan, including: <ul style="list-style-type: none"> Consideration of local capacity, including: the Network of Oregon Watershed Councils and Oregon Association of Conservation Districts Potential supplemental council support and SWCD awards, dependent upon OWEB’s budget and June council support awards Request Board permission for council support program rulemaking.
	October	Rulemaking Advisory Committee formed for council support rulemaking.
2012	January Board Meeting	Board discussion of watershed council support rule changes.
	March/September	Board adopts watershed council support rule changes.
	October/November	Posting and training on Watershed Council Support application materials.
2013	January	2013-2015 Council Support Application Due
	January	Earliest possible completion of the Network of Oregon Watershed Councils “effectiveness indicators”.
	June Board Meeting	OWEB Board award of 2013-2015 Council Support grants.
	July 1	Grant agreements signed and mailed to councils
2014		Any additional changes to council support grant program would need to be identified and rule changes, if needed, adopted by March/September 2014.
	October/November	Posting and training on Watershed Council Support application materials.
2015	January	2015-2017 Council Support Application Due
	June Board Meeting	OWEB Board award of 2013-2015 Council Support grants.

June 14-15, 2011 OWEB Board Meeting Executive Director Update #C-3: Ecosystem Services

Background

This report provides updates on activities related to the agency's developing ecosystem services program. At recent Board meetings, staff described several projects, including legislative proposals that follow up on Senate Bill 513, and pilot projects in the Willamette Basin, Klamath Basin, and eastern Oregon.

More information about House Bill 3109, which proposes to advance recommendations from Senate Bill 513 and identifies an OWEB role for implementation, will be discussed in Agenda Item D, Legislative and Budget Update.

Willamette Basin Ecosystem Services Pilot Project

At the March 2010 Board meeting, the Board supported OWEB's participation in a grant proposal by the Willamette Partnership and The Freshwater Trust to the U.S. Department of Agriculture (USDA) 2010 Conservation Innovation Grant (CIG) program. The proposed project seeks funding to implement a pilot market for ecosystem services in the Willamette Basin by encouraging private investors to fund restoration work that results in ecosystem services credits that could be sold in a marketplace. OWEB's role in the proposed project is to provide grant funds that could be used as a backstop option to reimburse private investors for high-quality restoration work if a market does not materialize.

The applicants submitted a refined proposal to the 2011 CIG program at the encouragement of USDA administrators. The Natural Resources Conservation Service (NRCS) is expected to announce final decisions about awards in mid-June 2011. At the September 2011 Board meeting, OWEB staff will update the Board about the outcome of this proposal.

Klamath Watershed Partnership Proposal to Improve Conservation Effects

At the March 2011 Board meeting, staff described several initiatives involving ecosystem services and markets that are underway and in development in the Klamath Basin, including a project proposed by the Klamath Watershed Partnership (KWP). This project, which was proposed to the NRCS for funding under its CIG program, intends to improve coordination and better measure the effectiveness of restoration and conservation. The rationale for this project is that a number of programs (including OWEB's Regular Grant Program) are and will be investing millions of dollars in restoration in the Klamath Basin in the coming decade. These and other future investments, including a potential OWEB Special Investment Partnership in the basin, would benefit from a coordinated approach that provides tools for quantifying the ecological benefits of the substantial financial investment in the basin. The project proposes to build upon the Klamath Basin Water Quality Improvement Tracking and Accounting Program (KTAP), which was created through a public- and private-sector partnership to increase the pace of and to reduce the cost of improving Klamath Basin water quality and the recovery of native fish.

OWEB is partnering on the KWP proposal by making funded restoration projects available as pilots for demonstrating the measurement and crediting of ecosystem services. Through the March 2011 Board awards, OWEB contributed more than \$350,000 in restoration grants that would provide a test-bed for utilizing measurement tools for ecosystem services to quantify the

results of the agency's investment in these restoration projects. The proposed KWP project offers an excellent opportunity to explore the use of methods that improve the quantification of ecological outcomes that are desired within OWEB's traditional programs.

As mentioned above, OWEB staff will update the Board in September about the outcome of this proposal following NRCS funding decisions.

Eastern Oregon Rangeland Ecosystem Function Project

In the spring of 2010, Ecotrust secured funding from the Bureau of Land Management (BLM) to develop and lead an Oregon Rangeland Ecosystem Function (OREF) Project. OWEB is a collaborating partner in the effort. The project will provide resources and tools to quantify and monitor the effects of various management and restoration practices on the ecological function of rangeland systems. The project partners will draw upon existing data and research to develop an Ecosystem Function Model that quantifies the potential for specific ecological sites to deliver specific ecological benefits—including water infiltration and storage and soil-carbon storage.

The model is also designed to develop information useful to landowners and managers responsible for prioritizing where specific actions should occur to deliver ecological services. OWEB regional staff participated in a recent working session of rangeland experts to inform this model. In late May 2011, staff will meet with Ecotrust and representatives from the Defenders of Wildlife (Defenders) in order to coordinate the OREF model development with an initiative by Defenders to develop a metric for sagebrush habitats for use in outcome-based payments for ecosystem service programs and voluntary and regulated ecosystem services markets.

The OREF project also is assessing the ecosystem-service effects of juniper control, a restoration activity for which OWEB has been providing increased funding in recent years. Specifically, this assessment will describe the relationship between juniper control and ecological functions such as soil-water capture and retention, soil stability, site productivity, and soil-carbon storage. Work on this project is anticipated to wrap up this summer. Staff will update the Board at the September meeting about project deliverables, their contribution to OWEB's work in eastern Oregon, and opportunities to collaborate with Ecotrust, BLM, and others.

Staff Contact

If you have questions or need additional information, please contact Renee Davis-Born, Ecosystem Services Coordinator, at renee.davis-born@state.or.us and 503-986-0029 or Greg Sieglitz, Monitoring and Reporting Program Manager at greg.sieglitz@state.or.us and 503-986-0194.

June 14-15, 2011 OWEB Board Meeting
Executive Director Update #C-4: April 18, 2011 Grant Cycle Update

Background

OWEB received 144 eligible grant applications on the April 18, 2011, deadline. Table 1 displays the number of applications and Table 2 shows the amounts requested from the grant application submissions. The number of restoration applications is slightly down compared with the April 2010 cycle when 110 were submitted. The number of acquisition applications submitted remains high, continuing to create workload and capacity issues.

Table 1. Types of Applications for April 18, 2011

	Acquisition	Technical Assistance	Restoration	Totals
Region 1	2	6	8	16
Region 2	0	13	17	30
Region 3	6	10	15	31
Region 4	1	3	16	20
Region 5	1	2	26	29
Region 6	0	3	15	18
Totals	10	37	97	144

The application review process is underway, with site visits in each region for selected applications. Regional review team meetings will occur during May and June 2011. The Eastern Oregon team meeting was May 24-25; the Southwest Region was June 1; and the Mid-Columbia is June 20-21. Regional review teams in Central and Western Oregon will meet on June 22, 27, and 28.

The April 2011 applications will be funded through OWEB's 2011-2013 budget. The Board has not yet developed a spending plan for 2011-2013. Typically, OWEB's regional review teams recommend roughly 2/3 of submitted restoration and technical assistance applications for funding. If that trend holds for the April cycle, as shown by Table 2, below, the amount of applications recommended for funding will likely exceed available funding based on OWEB's past grant cycle budgets. Based on the review team recommendations, and taking into account available funding, staff will develop funding recommendations for the Board's September 2011 meeting.

Table 2. Dollar Amounts by Application Type

	Acquisition	Technical Assistance	Restoration	Totals
Region 1	863,860	293,384	1,632,489	\$2,789,733
Region 2	0	425,950	2,100,769	\$2,526,719
Region 3	3,403,500	414,341	2,056,482	\$5,874,323
Region 4	1,000,000	138,090	3,566,538	\$4,704,628
Region 5	350,000	75,225	3,074,838	\$3,500,063
Region 6	0	98,496	1,715,650	\$1,814,146
Totals	\$5,617,360	\$1,445,486	\$14,146,766	\$21,209,612

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at lauri.g.aunan@state.or.us or 503-986-0047.



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May 27, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item F: October 2010 Grant Cycle - June Awards and Policy Discussion
June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This staff report recommends funding for non-capital grant applications submitted for the October 18, 2010, deadline which were considered by the Board at its March 2011, Board meeting, but not awarded due to insufficient non-capital funding. The Board signaled its intent to award these grants at the June Board meeting, dependent on OWEB's 2011-2013 budget.

This report also recommends the Board adopt a policy regarding the eligibility of orphan site mines for OWEB funding and clarifying the type of environmental cleanup sites that are not eligible for OWEB funding. Finally, this report recommends funding for the Red Boy orphan site mine applications submitted in October 2010, for which the Board deferred funding consideration pending policy discussions about funding eligibility.

II. Funding Recommendations for the October 2010, Non-Capital Applications

At the March 15-16, 2011, Board meeting, the Board considered applications submitted for the October 18, 2010, deadline and recommended for funding by staff. Because OWEB lacked sufficient non-capital funding, the Board awarded funding for only a portion of the staff-recommended non-capital applications, and signaled its intent to award the remainder of the staff-recommended non-capital applications at the June Board meeting, dependent on OWEB's 2011-2013 budget.

The breakdown of all staff funding recommendations for the October 2010 cycle by region, project type, and dollar amount is shown in [Attachment A](#). Funding tables providing more information about the staff-recommended non-capital applications considered in March, and now recommended for funding, are found in [Attachment B](#).

III. Statewide Monitoring Applications

The March 2011, staff report noted that at the time of writing the staff report, the Oregon Plan Monitoring Team had not completed review of the statewide monitoring applications, and that recommendations would be presented for funding in June. The Oregon Plan Monitoring Team will meet on May 31, 2011, to review two statewide monitoring applications. Staff will provide information on these applications and their funding recommendations in an addendum to this report.

IV. Recommended Policy on Eligibility for Orphan Site Mines

In October 2010, the North Fork John Day Watershed Council submitted two applications to OWEB to help fund activities at the abandoned Red Boy gold mine in northeastern Grant County. The mine site has been designated as an “orphan site” by the Oregon Department of Environmental Quality (DEQ).

The Technical Assistance application (211-6033) would fund an engineering evaluation to develop preferred design alternatives for treatment systems for acid mine drainage. The Restoration application (211-6035) proposes to replace an existing pipe that routes the drainage to a treatment pond that has become clogged with minerals, and as a result, can overflow, causing intermittent discharge of the drainage to Clear Creek. Clear Creek is a significant spawning and rearing stream for spring Chinook and summer steelhead.

During evaluation of these applications, staff identified a number of legal and policy issues regarding environmental cleanup sites. On staff’s recommendation, the Board deferred a funding decision on the two applications pending a subsequent discussion by an “ad hoc” Board Subcommittee to further investigate and consider these issues.

Following the March Board meeting, OWEB staff contacted the Environmental Protection Agency, DEQ, and the Oregon Department of Justice (DOJ) to obtain further technical and legal information. Staff developed policy recommendations, which were discussed by the Environmental Cleanup Ad Hoc Subcommittee during a conference call on April 20, 2011. Board members Mike Haske, Alan Henning, Debbie Hollen, Will Neuhauser, Eric Quaempts, and Ken Williamson participated in the call.

Following discussion, the subcommittee was comfortable with a very limited role for OWEB, reflecting Board members’ concerns that OWEB should not be viewed as a sole funder or strong funding source for mine cleanup, and that it is not appropriate for OWEB to play a role in “environmental cleanup,” but focus on OWEB’s mission.

A. Board Policy Recommendation

Staff recommend the Board adopt the following policy regarding the eligibility of orphan site mines for OWEB funding and clarifying the type of environmental cleanup sites that are not eligible for OWEB funding.

1. General policy against funding activities at environmental cleanup sites

As a general rule, OWEB will not consider funding for activities related to environmental cleanup sites, because (1) federal and state law make responsible parties strictly liable to pay for cleanup, (2) where responsible parties are unknown, unwilling or unable to pay, federal and state laws have created funding programs to pay for cleanup (superfund and orphan site), and (3) environmental cleanup sites can often involve extremely complex situations of liability and technical requirements for cleanup actions that may go beyond what OWEB typically considers “restoration.”

2. Limited Exception for Orphan Site Abandoned Mines on Private Land

Under limited circumstances, OWEB will consider funding for sampling, risk assessment, design, feasibility study, and restoration activities at orphan site abandoned mines located on private land in order to improve water quality and/or fish habitat. OWEB will not

consider orphan site abandoned mines on the National Priorities List or those located on federal land. In those cases it is appropriate that the federal government provide funding.

If the OWEB Board awards funds for specific, limited activities at an orphan site abandoned mine, it is not a commitment to fund future actions at that site. For example, funding a technical assistance grant for a feasibility study does not imply a commitment to fund future implementation actions. Funding a system to treat acid mine drainage to improve fish habitat does not mean that OWEB should fund more extensive remediation/cleanup actions on the site.

3. Orphan Site Abandoned Mine on Private Land – Application Eligibility Requirements

OWEB will accept and consider applications only when all of the following are demonstrated and included in the grant application:

- The site is located on private land.
- The activities proposed in the application have been identified in a watershed assessment or watershed action plan as a high priority action necessary to address limiting factors for significant aquatic resource values. The application must cite the name and page numbers of the applicable assessment or action plan that identifies the activities proposed in the application.
- Other funding options have been explored, and other funding is not available to fully fund the proposed activities. This includes, but is not limited to:
 - If a site is part of a Whole Watersheds Restoration Initiative, funding should be provided through one or more of the WWRI funding partners, if available.
 - DEQ has officially designated the site as an orphan site because responsible parties are “unknown” or “unable to pay,” but DEQ’s Orphan Site Account has insufficient funds. Note: OWEB will not consider funding for an orphan site designated based on the “unwillingness” of the responsible parties.
- A letter from DEQ or EPA confirming that it can provide any necessary oversight and approval of the activities contemplated in the grant application, including design and engineering work. If oversight is not necessary, the letter should confirm that.
- A copy of any DEQ order or agreement (including letter agreement) with DEQ concerning the site.

It may be preferable for OWEB to provide federal Pacific Coastal Salmon Recovery Fund (PCSRF) dollars as a direct grant to DEQ to oversee on-the-ground restoration activities. This approach would ensure that watershed councils and other nongovernmental organizations do not risk liability.

4. For applications that include on-the-ground restoration work, all grant agreements will require the following conditions to be met before OWEB releases any funds:

- OWEB and DOJ have reviewed, and found satisfactory, a signed agreement that commits the landowner(s) to operation and maintenance.
- OWEB has received signed copies of the following documents, if applicable:
 - An NPDES permit issued for the site; or
 - DEQ’s officially documented approval of the contemplated grant activity as a removal or remediation activity.

If neither of the above is applicable or required, OWEB has received written confirmation from DEQ that they are not applicable or required.

- OWEB has received a copy of a signed agreement by the landowner(s), agreeing not to hold the applicant liable for project activities or for any operation and maintenance.

V. Staff Analysis and Recommendations for Deferred Red Boy Mine Applications

At the March Board meeting, the Board deferred funding decisions on the Red Boy mine Technical Assistance and Restoration applications pending the policy discussion outlined in Section IV above.

A. Type of Site and Proposed Activities Meet OWEB’s Policy Sideboards

The Red Boy mine is located on private land, is not on the National Priorities List, and addressing the mine’s acid drainage is identified in a Watershed Action Plan as a high priority action necessary to address limiting factors for federally listed steelhead and salmon. The applications propose (1) a feasibility study and (2) upgrading the pipe used to treat the acid drainage and keep it out of the creeks. These factors meet OWEB’s policy sideboards for the type of site that OWEB will consider funding.

B. Funding Sideboards

The other primary policy sideboard is “other funding options have been explored, and other funding is not available to fully fund the proposed activities.”

1. DEQ orphan site funds not available

DEQ has officially designated the Red Boy Mine as an orphan site based on inability to pay. DEQ has prioritized use of very limited Orphan Site Account funds for sites that affect human health. Orphan site funds are not available from DEQ.

2. Status of Whole Watersheds Restoration Initiative funding

The Red Boy mine is located in the Granite Creek watershed in an area of focus for the Whole Watersheds Restoration Initiative (WWRI), a funding partnership including National Oceanic and Atmospheric Administration (NOAA), U.S. Forest Service, Ecotrust, OWEB, and Bureau of Land Management. The council applied to WWRI for support for the technical assistance work and the restoration work.

a. Technical Assistance Application

WWRI partners, other than OWEB, have agreed to fund more than \$30,000 of the Red Boy mine feasibility study. The council estimates it needs approximately \$14,000 to fully fund the technical assistance work. An application to DEQ for 319 grant funds is currently pending. OWEB staff are checking on the status of the application to DEQ.

Staff recommend that the Board award an amount equal to whatever shortfall exists for the technical assistance proposal at the June Board meeting.

b. Restoration Application

The WWRI has not funded the restoration work. OWEB staff have asked NOAA whether it would consider funding that work through the WWRI. NOAA did not rule it out, but noted legal concerns, including the question of whether “cleanup” work is an appropriate role for NOAA and whether the work would be appropriate for their “community grant fund.” NOAA staff indicated that if the work resulted in structural habitat improvements it might be a fit. The next WWRI cycle is in fall 2011. NOAA staff also indicated that they would not expect a follow up request for the Red Boy mine at that time since the feasibility study was just awarded; they would expect to see results and recommendations from the study before considering additional proposals for the site.

The council did apply to WWRI for this work, but it was not funded; no other funding is available at this time; and future WWRI funding is uncertain. Staff recommend that the Board award \$41,181 for the Red Boy Mine Restoration application at the June Board meeting with the conditions outlined in Section IV.A.4. of this staff report.

VI. Budget Considerations

As discussed by staff at the March 2011 Board meeting, the October 2010 cycle was the last OWEB grant cycle to use Measure 66 capital and non-capital funds. Unfortunately, OWEB did not have sufficient non-capital Lottery or PCSRF funds to fund all of the staff-recommended non-capital applications at the March Board meeting. The Board signaled its intent to award the remainder of the staff-recommended non-capital applications at the June Board meeting, using 2011-2013 grant funds, and dependent on OWEB’s 2011-2013 budget. Staff will provide a budget update at the June Board meeting, but at the time of writing this staff report staff expect the OWEB budget to be certain enough to support these awards.

A. Non-Capital Applications

Table 1 shows the Board’s non-capital budget by grant type for the October 2010 cycle; the amount of non-capital funding by grant type recommended by staff for awards in March and June; and the non-capital funding recommended for the deferred Red Boy mine technical assistance application. The amount of non-capital funding recommended by staff for the statewide monitoring applications will be provided in a separate report.

Table 1. October 2010 Non-Capital Grant Applications

Grant Type	Budget	March Award	June Award	Statewide Monitoring*	Red Boy TA	Total
Education/Outreach	\$450,000	\$108,170	\$596,264			\$704,434
Monitoring	\$1,350,000	\$103,786	\$713,295	TBD		\$817,081
Technical Assistance	\$450,000	\$646,824	\$49,976		\$13,544**	\$710,344
Total	\$2,250,000	\$858,780	\$1,359,535	TBD	\$13,544	\$2,231,859

*Statewide Monitoring applications were not considered by the Board in March; applications will be evaluated by the Oregon Plan Monitoring Team on May 31, 2011.

**OWEB funding may be reduced if DEQ provides funds for this project before the June Board meeting

The March 2011 awards were made using \$858,780 in *Measure 66 non-capital* funds from OWEB's 2009-2011 budget.

Staff recommend the following awards, using grant funds from OWEB's 2011-2013 budget:

- \$1,359,535 for applications considered by the Board in March, but not funded due to insufficient non-capital funds
- \$13,544 for the Red Boy mine technical assistance application considered by the Board in March and deferred for a June funding decision.

B. Capital Applications

The Board's capital budget for the October 2010 grant cycle was \$8.25 million. At the March Board meeting, the Board awarded \$7,662,790 in capital funds, consisting of \$7,342,755 for applications from the October cycle and \$320,035 for the second phase of a staged award from the October 2009 grant cycle.

Based on the May 2011 final distribution of 2009-2011 Lottery funds, staff estimate that approximately \$3.89 million in uncommitted Measure 66 capital funds are currently available. Staff recommend that the Board award \$41,181 for the Red Boy Mine Restoration application.

VII. Staff Recommendation

A. Funding recommendations for October 2010, Non-Capital Applications

Staff recommendations for Board action are identified for the applications indicated in Attachment B to this staff report. Staff recommend funding all of the non-capital applications shown in Attachment B.

B. Board Policy on Eligibility for Orphan Site Mines

Staff recommend the Board adopt the policy regarding the eligibility of orphan site mines for OWEB funding and clarifying the type of environmental cleanup sites that are not eligible for OWEB funding, as outlined in Section IV.A. of this staff report.

C. Funding Recommendations for Red Boy Mine applications

Staff recommend the Board award the Red Boy Mine Technical Assistance and Restoration applications in the amounts shown on Attachment C to this staff report.

Attachments

- A. October 2010 Applications – Final Summary of Funding Recommendations by Application Type
- B. October 2010 Non-capital applications Recommended for Funding in June 2011
- C. October 2010 Deferred Red Boy Mine Applications Funding Recommendations

Funding Recommendations (March and June) for the October 18, 2010 Grant Cycle

Number of Applications Recommended by Region for Funding

Region	Technical		Monitoring		Ed/Outreach		Acquisition	Restoration	
	RRT	Staff	RRT	Staff	RRT	Staff	Staff	RRT	Staff
Region 1	3	3	6	6	6	6	0	10	10
Region 2	4	4	1	1	4	4	0	12	12
Region 3	1	1	4	4	4	4	0	8	8
Region 4	7	7	1	1	1	1	1	9	9
Region 5	4	4	3	3	2	2	0	17	17
Region 6*	3	3	1	1	5	5	0	14	13
Statewide	0	0			2	2	0	0	0
Total	22	22	16	16	24	24	1	70	69

*Includes Red Boy mine application deferrals

Dollar Amounts by Application Type Recommended for Funding

Region	Technical	Monitoring	Ed/Outreach	Acquisition	Restoration
Region 1	\$ 136,008.00	\$ 323,552.00	\$ 110,757.00	\$ -	\$ 1,316,919.00
Region 2	\$ 84,943.00	\$ 8,960.00	\$ 111,476.00	\$ -	\$ 1,490,633.00
Region 3	\$ 38,500.00	\$ 112,340.00	\$ 133,519.00	\$ -	\$ 1,073,568.00
Region 4	\$ 256,190.00	\$ 145,400.00	\$ 24,467.00	\$ 81,345.00	\$ 701,249.00
Region 5	\$ 122,309.00	\$ 182,209.00	\$ 65,851.00	\$ -	\$ 1,543,705.00
Region 6*	\$ 72,394.00	\$ 44,620.00	\$ 103,640.00	\$ -	\$ 1,135,336.00
Statewide/Staged	\$ -		\$ 154,724.00	\$ -	\$ 320,035.00
Total	\$ 710,344.00	\$ 817,081.00	\$ 704,434.00	\$ 81,345.00	\$ 7,581,445.00

*Includes Red Boy mine application deferrals

ATTACHMENT B

**October 2010 Grant Cycle Education/Outreach Applications Recommended for Funding
June 2011 Awards**

Project #	Region	Project Name	Total Amount	RRT/EORT Priority
211-1018	1	Stream Team Extension V	11,011	1
211-1045	1	Lower Columbia Watershed Stewardship Project	29,996	2
211-1019	1	Siuslaw Middle School Stream Team	8,181	3
211-1034	1	Mapleton Schools Watershed Education Program II	21,362	4
211-2059	2	Curry County Watershed Education	35,942	1
211-2029	2	Bear Creek Regional Education Project	30,367	2
211-2053	2	Umpqua Basin Watershed Stewardship Education Program	18,322	3
211-2062	2	Non-point Source Pollution Education Package	26,845	4
211-3035	3	Watershed Rangers Education Project	20,000	1
211-3033	3	Connecting People to Place: A Citizenry of Clackamanians *	34,749	2
211-3062	3	Willamette Watershed Stewardship Project	29,749	4
211-3060	3	Slough School Education Program	49,021	5
211-5048	5	Integrated Southeastern Oregon Watershed Education and Outreach	45,851	1
211-6026	6	Eastern Oregon Natural Resources Camp 2011	6,000	1
211-6045	6	Monument Student Watershed Enhancement Team (SWET) Program	16,677	2
211-6043	6	NFJDWC Landowner and Community Outreach Program * ^	21,225	4
211-6031	6	Adventure Days	36,242	5
211-7007	SW	Education and Outreach	94,774	1
211-7005	SW	On-Line Watershed Stewardship Phase 2	59,950	2
Total Education/Outreach Projects Recommended for Funding to Staff by RRT/EORT			\$596,264	
Total Education/Outreach Projects Recommended for June Funding by Staff to Board			\$596,264	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

**October 2010 Grant Cycle Technical Assistance Application Recommended for Funding
June 2011 Awards**

Project #	Region	Project Name	Total Amount	RRT Priority
211-4037	4	Using LiDAR to Map Groundwater-Dependent Ecosystems in the Upper Deschutes Basin	49,976	5
Total Technical Assistance Projects Recommended for Funding to Staff by RRT			\$49,976	
Technical Assistance Projects Recommended for June Funding by Staff to Board			\$49,976	

**October 2010 Grant Cycle Monitoring Applications Recommended for Funding
June 2011 Awards**

Project #	Region	Project Name	Total Amount	RRT Priority
211-1024	1	Mid-Coast Monitoring Project	117,002	1
211-1022	1	Mid-Coast Basin Trend Monitoring	17,044	3
211-1039	1	2011-2012 Salmon-Drift Water Quality Monitoring	32,945	4
211-1044	1	Volunteer Water Quality Monitoring Program 2011-2012	11,735	5
211-1025	1	Tillamook Suspended Sediment Discharge Study	50,000	6
211-3058	3	Freshwater Mussels in Johnson Creek	30,966	1
211-3056	3	Upper Molalla River Rapid Bio-Assessment * ^	26,100	2
211-3042	3	North Santiam, South Santiam and Calapooia Effectiveness Monitoring Project ^	36,544	3
211-3055	3	Middle Willamette Water Quality Characterization	18,730	4
211-4020	4	Deschutes River Fish Monitoring - Phase 1	145,400	1
211-5031	5	Grande Ronde Basin Stream Flow Gauging Stations Operations *	72,715	1
211-5046	5	Warm Springs Irrigation District: Prioritizing Water Quality Improvement Projects *	16,159	2
211-5050	5	Snake River/Hells Canyon TMDL Agriculture Drain Monitoring, Phase 4 and Report	93,335	3
211-6049	6	Walla Walla River Bed Stability and Flow Monitoring ^	44,620	1
Total Monitoring Projects Recommended for Funding to Staff by RRT			\$713,295	
Total Monitoring Projects Recommended for June Funding by Staff to Board			\$713,295	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

ATTACHMENT C

Region 6

**Deferred Red Boy Mine Restoration Application Recommended for Funding in June 2011
October 2010 Grant Cycle**

Project #	Project Name	Total Amount	Priority
211-6035	Red Boy Mine Restoration Project ^	41,181	5

^ Fund with conditions

Region 6

**Deferred Red Boy Mine Technical Assistance Application Recommended for Funding in June 2011
October 2010 Grant Cycle**

Project #	Project Name	Total Amount	Priority
211-6033	Red Boy Mine Assessment*	13,544	2

*Listed Amount Reflects Recommended Reduction



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June 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item F-1: Oregon Plan Monitoring Team Review of Monitoring Applications October 2010 Grant Cycle - June Awards June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This staff report provides funding recommendations for the statewide monitoring applications submitted at the October 18, 2010, deadline.

II. Monitoring Applications and Oregon Plan Monitoring Team Review

As described in the staff report for Agenda Item F, the Oregon Plan Monitoring Team (OPMT) met on May 31, 2011, to review the two statewide monitoring applications and to identify any critical gaps/concerns in funding recommendations for the “do-fund” regional applications.

The OPMT found no cause to diverge from the funding recommendations developed by staff found in Agenda Item F, Attachment B for the regional monitoring applications. The OPMT identified one situation, for grant application number 211-1022, Mid-Coast Basin Trend Monitoring, where the project is eligible for \$2,500 in monitoring supplies to be provided by the Department of Environmental Quality’s (DEQ) Volunteer Monitoring Program as with past projects. If supplies can be secured from DEQ, the overall project cost would be reduced from \$17,044 to \$14,544.

III. Statewide Monitoring Applications

The evaluation forms for the two statewide monitoring applications are included as Attachment A.

A. 211-7008, Watershed Resilience Assessment Tool (WRAT)

The OPMT thought the concept was well conceived and could provide a useful tool given the correct circumstances. There were concerns about the lack of detail on indicators of resiliency, specific models to be implemented/updated, and what the sensitivity of this tool would be. The support expressed by those, including the Network of Oregon Watershed Councils, may indicate an immediate need to provide local tools that could be used in the near term for assessing the resiliency of restoration actions to climate change. There were questions about data availability in different watersheds and how that would be handled with the model when crossing watersheds. Reviewers also noted that no information could be found about the details of the model, its assumptions, and use to date on the applicant’s website. Reviewers also noted that no additional cash funding would be provided to the project as match. It was noted that the applicant failed to discuss how this project would benefit salmon and salmon

habitat even though climate change planning is a critical element in the management of salmon. Overall, reviewers liked the concept but were unable to determine with confidence what the model is and what it would do. Generally there was lack of details provided in the grant application. These factors lead to the low certainty of success ranking.

The OPMT found the project to have a High benefit to the Oregon Plan for Salmon and Watersheds and a Low certainty of success.

B. 211-7009, Harmful Algal Bloom (HAB) Surveillance Program

The OPMT agreed that there is a need for this type of information, but found that there are many unknowns with potential drivers, predictive capability, and management of land and water for HABs. Reviewers also noted that this program is based on a successful program currently implemented in Washington and thought the monitoring would most likely be successful if following these methods. There was also consensus that HABs pose a serious risk to human health and pets, and that more information should be sought about why/when HABs occur. Reviewers noted that there might also be potential to develop or build upon satellite imagery and remote sensing techniques that have been developed on the East Coast, but assumptions and technique testing was necessary for the West Coast. More information needs to be provided on the potential monitoring sites, why specific sites would be chosen, and the decision framework for site selection.

Overall, the reviewers saw great value in this project and a need for a statewide comprehensive monitoring program for algal blooms. However, concern were expressed about the long-term ability to support and manage such a program through an annual grant process and whether funding for watershed restoration monitoring was the best fit. Funding and support from human health organizations would appear to be a much better fit for this program. Reviewers felt that the pursuit of the many unknowns around when and why HABs occur, the linkages to land use actions, and potential influences from climate change would be a much better focus for OWEB funds. The reviewers recommended forwarding this need to the Governor's Office so that a strategy for developing the monitoring and outreach program could be more widely shared and strategized.

The OPMT found the project to have a Medium benefit to the Oregon Plan for Salmon and Watersheds and a High certainty of success.

IV. Staff Recommendation

- A. Staff recommend do not recommend funding for applications 211-7008 and 211-7009 as shown in Attachment B to this report.
- B. Staff recommend forwarding the request for a statewide harmful algal bloom monitoring program, as found in application 211-7009, to the Governor's Natural Resources Office for consideration as a broader need.

Attachments

- A. October 2010 Statewide Monitoring Application Evaluations
- B. October 2010 Statewide Monitoring Applications Not Recommended for Funding in June 2011

October 18, 2010 OWEB Grant Cycle StateWide Review Team (Region SW)

APPLICATION NO.:	211-7008	PROJECT TYPE:	Monitoring
PROJECT NAME:	Watershed Resilience Assessment Tool (WRAT)		
APPLICANT:	The Resource Innovation Group		
BASIN:	STATEWIDE	COUNTY:	Statewide
OWEB FUNDS REQUESTED:	\$43,300.00	TOTAL COST:	\$68,300.00

Application Description

The results of a state-wide survey conducted by the Climate Leadership Initiative (CLI) in 2009 indicate that watershed councils across Oregon are rightfully concerned about climate change, but lack the tools and knowledge to effectively prepare for impacts. In response to this need, CLI is developing a Watershed Resilience Assessment Tool (WRAT) to help watershed councils assess the relative risk posed by climate change to local streams and rivers. When applied in watersheds across Oregon, the WRAT will provide state policymakers with a comprehensive view of relative watershed resilience, enabling the identification of state priorities for addressing climate-related risks. CLI proposes to use OWEB funding to complete the specification of component indicators within the WRAT, develop an indexing mechanism for comparative purposes, and test the validity of the WRAT in select pilot watersheds representing several different Oregon biomes. Partners include the Oregon Network of Watershed Councils and the staff of three pilot watersheds councils to be selected at a later date.

REVIEW PROCESS

Oregon Plan Monitoring Team Review

The OPMT thought the concept was well conceived and could provide a useful tool given the correct circumstances. There were also concerns about the lack of detail on indicators of resiliency, specific models to be implemented/updated, and what the sensitivity of this tool would be. The support expressed by those, including the Network of Oregon Watershed Councils, may indicate an immediate need to provide local tools that could be used in the near term for assessing the resiliency of restoration actions to climate change. There were questions about data availability in different watersheds and how that would be handled with the model when crossing watersheds. Reviewers also noted that no information could be found about the details of the model, its assumptions and use to date on the applicant's website. Reviewers also noted that no additional cash funding would be provided to the project as match. It was noted that the applicant failed to discuss how this project would benefit salmon and salmon habitat even though climate change planning is a critical element in the management of salmon. Overall reviewers liked the concept but were unable to determine with confidence what the model is and what it would do. Generally there was lack of details provided in the grant application. These factors lead to the low certainty of success ranking.

Benefit to Oregon Plan: High

Certainty of success: Low

Staff Recommendation to the Board

Do Not Fund.

October 18, 2010 OWEB Grant Cycle StateWide Review Team (Region SW)

APPLICATION NO.:	211-7009	PROJECT TYPE:	Monitoring
PROJECT NAME:	Harmful Algal Bloom Surveillance Program		
APPLICANT:	Portland State University		
BASIN:	STATEWIDE	COUNTY:	Statewide
OWEB FUNDS REQUESTED:	\$178,657.00	TOTAL COST:	\$369,380.00

Application Description

Harmful algal blooms (HABs), particularly cyanobacteria blooms, harm human health, fish, and other aquatic life, and degrade aquatic habitat. Human and animal health advisories have been issued by Oregon DHS for over thirty-five lakes and rivers due to high cyanobacteria counts or toxins based on monitoring by the USFS, USACE, DEQ, and watershed councils. Many more waterbodies are identified as potential HAB sites, but most are not monitored due to costs. HABs have not been monitored weekly as recommended by the World Health Organization.

With OWEB and continued partner funding, and cooperation with DEQ and DHS, the Center for Lakes and Reservoirs will create a HAB surveillance program modeled after Washington's Freshwater Algae Control Program. The program will develop and implement protocol for identifying HABs, submitting samples, analyzing toxins, managing data, and will provide rapid website data access. Data will be used to protect and restore human and watershed health.

Oregon Plan Monitoring Team Review

The OPMT agreed that there is a need for this type of information but found that there are many unknowns with potential drivers, predictive capability, and management of lands and waters for HABs. Reviewers also noted that this program is based on a successful program currently implemented in Washington and thought the monitoring would most likely be successful if following these methods. There was also consensus that HABs pose a serious risk to human health and pets and that more information should be sought about why/when HABs occur. Reviewers noted that there might also be potential to develop or build upon satellite imagery and remote sensing techniques that have been developed on the East Coast but assumptions and technique testing was necessary for the West Coast. More information needs to be provided on the potential monitoring sites and why specific sites would be chosen and the decision framework for site selection.

Overall, the reviewers saw great value in this project and a need for a state-wide comprehensive monitoring program for algal blooms. However, there was concern expressed about the long term ability to support and manage such a program through an annual grant process and whether funding for watershed restoration monitoring was the best fit. Funding and support from human health organizations would appear to be a much better fit for this program. Reviewers expressed that pursuit of many of the unknowns around when and why HABs occur, the linkages to land use actions, and potential influences from climate change seemed to be a much better focus of OWEB funds. The reviewers recommended forwarding this need to the Governor's Office so that a strategy for developing the monitoring and outreach program could be more widely shared and strategized.

Benefit to Oregon Plan: Medium

Certainty of success: High

Staff Recommendation to the Board

Do Not Fund. *Staff recommend that the project concept be forwarded to the Governor's Office for a larger discussion and consideration.

ATTACHMENT B

**Statewide
Monitoring Applications NOT Recommended for Funding by the Oregon Plan Monitoring Team
October 2010 Grant Cycle - June 2011 Awards**

Project #	Project Name	Total Amount
211-7008	Watershed Resilience Assessment Tool (WRAT)	43,300
211-7009	Harmful Algal Bloom Surveillance Program	178,657



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May 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

SUBJECT: **Agenda Item G: 2011-2013 Board Meeting Dates and Grant Cycle Schedules; October 2011 Grant Solicitation June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This report presents for Board consideration a schedule of proposed Board meeting dates and grant cycle deadlines for the 2011-2013 biennium. The report also proposes the Board approve grant types for solicitation for the October 17, 2011, grant cycle.

II. Background

In OAR Chapter 695, Division 5, OWEB's rules direct the Board to announce the timing and type of grant applications to be considered. OWEB has offered four grant cycles per biennium since the 2005-2007 biennium. The Board sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB's legislatively adopted budget.

The OWEB Board typically meets four times a year in January, March, June, and September. Board meeting dates are based on grant cycle timing and Board member availability, especially to avoid conflicts with other state natural resource agency boards and commissions.

The Board established board meeting dates and grant cycle schedules for the 2009-2011 biennium at its June 2009 meeting.

III. Budget Considerations

At the time of writing this staff report, we do not know with certainty how much funding will be available for the OWEB grant program during the 2011-2013 biennium. Staff will update the Board on the status of OWEB's 2011-2013 budget and the implementation of Measure 76 under Agenda Item D at the June meeting.

Measure 76 eliminates the distinction between capital and non-capital funds, instead directing 65 percent of the Natural Resources Subaccount to be distributed as grants to entities other than state or federal agencies for projects that achieve the overall purposes described in Measure 76. Depending on how the Legislature directs implementation of Measure 76, this could mean that the Board has greater flexibility in developing its spending plan, since funding targets for different types of grants will no longer be limited by the capital and non-capital legal restrictions

on the use of the grant funds. Under the Measure 66 lottery dedication, non-capital funds supported monitoring, assessments, technical assistance, and education and outreach grant types that could not be funded with capital funds. Non-capital grant funds have been more limited than capital funds under Measure 66.

The Board plans to hold a planning session in July and will discuss OWEB's 2011-2013 spending plan at the September 2011, Board meeting.

IV. Proposed Board Meeting Dates and Application Deadlines

Grant application offerings have been based on a 21-week review cycle. Grant cycle deadlines are coordinated with Board meeting dates to allow for time between a Board funding decision and the next grant application deadline. This timing allows time for grant applicants who are not funded to revise and resubmit their application.

Attachment A contains staff recommendations for grant cycle deadlines and Board meeting dates for the 2011-2013 biennium. With respect to grant deadlines, the proposals for the regular grant cycles and Watershed Council Support offerings are proposed to occur consistent with traditional time frames.

V. October 17, 2011 Grant Cycle

Beginning in October 2007, the October cycle has included Restoration, Acquisition, Technical Assistance, Monitoring, and Outreach grant application offerings. Even though OWEB's 2011-2013 budget is not yet known, staff recommend soliciting these application types for the October 2011, deadline. Staff are not suggesting a Board reserve of 2011-2013 funding at this time. Grant cycle budgets will depend on the Board's 2011-2013 spending plan.

At this time, staff do not recommend soliciting any grant application types for regular grant cycles beyond the October 2011 cycle. Future offerings for these grant types will depend on OWEB's budget, the Board's direction for the 2011-2013 spending plan, and implementation of Measure 76. The Board will discuss future offerings for the biennium at the upcoming September 2011 and January 2012 Board meetings.

VI. Recommendation

Staff recommend the Board adopt the 2011-2013 schedule of grant application deadlines and Board meeting dates, and approve the solicitation of October 17, 2011, grant application types, as shown in Attachment A. This schedule may be subject to change based on OWEB's legislatively adopted budget, the Board's 2011-2013 spending plan, and implementation of Measure 76.

Attachment

A. 2011-2013 Proposed Grant Application Deadlines and Board Meeting Dates

2011-2013 Biennium Grant Application Deadlines and Board Meeting Dates

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
April 18, 2011	Restoration/Acquisition Technical Assistance	September 13-14, 2011 (T-W) Region 2, Roseburg
	N/A	January 18-19, 2012 (W-T) Region 1, Newport
October 17, 2011	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012 (T-W) Region 3, Troutdale
	N/A	June 12-13, 2012 (T-W) Region 5, Burns
April 16, 2012	Subject to change; grant types to be determined	September 11-12, 2012 (T-W) Region 6, John Day
	N/A	January 16-17, 2013 (W-T) Region 2, Gold Beach
October 22, 2012	Subject to change; grant types to be determined	March 12-13, 2013 (T-W) Region 3, Salem
January 22, 2013	Watershed Council Support	June 11-12, 2013 (T-W) Region 3, Salem
April 15, 2013	Subject to change; grant types to be determined	September 10-11, 2013 (T-W) Region 4, Klamath Falls



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May 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item H: Administrative Rulemaking
June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This report seeks Board authorization to initiate permanent rulemaking to update administrative rules directly affected by the passage of Ballot Measure 76 and its implementing legislation, Senate Bill 342.

II. Background

Under Ballot Measure 66 (1998), the Oregon Constitution dedicated 15 percent of net lottery proceeds for parks and watershed protection and restoration. Of the 7.5 percent of the Measure 66 funds dedicated for watershed protection and restoration, 65 percent was required to be “used for capital expenditures,” or on-the-ground restoration and protection projects and the remaining 35 percent could be used to support operational and other watershed enhancement activities.

In 2010, a coalition of conservation organizations filed an initiative to continue the lottery dedication and refine uses of the funds. Ballot Measure 76 qualified for the ballot and was passed by voters on November 2, 2010, with support of more than 69 percent of voters statewide.

Measure 76 continues the dedication of 15 percent of Lottery proceeds to the Parks and Natural Resources Fund, with 50 percent deposited in a Parks Subaccount and 50 percent deposited in a Natural Resources Subaccount. The funds dedicated to the Natural Resources Subaccount are still split 65/35, but the 65 percent is no longer restricted to capital expenditures. Instead, the purposes of 65 percent is for “grants to entities other than state or federal agencies for projects” to achieve defined conservation outcomes. The remaining 35 percent of the Natural Resources Subaccount is available for allocation by the Oregon Legislature to natural resource program support for specified purposes.

Senate Bill (SB) 342 is the bill under consideration by the Oregon Legislature to make the necessary statutory changes to implement Measure 76. If the bill is enacted into law, staff have identified several immediate updates to OWEB’s administrative rules that will be needed to ensure a smooth transition with ongoing programs early in the biennium. Those potential rule changes are the subject of this report. In the longer term, staff recognize the need for the Board, staff and stakeholders to discuss potential changes in programs, processes and policies resulting from Measure 76 and any new statutory guidance.

III. Immediate Administrative Rulemaking Needs

OWEB staff have spent considerable time over the past six months preparing for the transition to

Measure 76. The immediate goal is to make sure OWEB and our stakeholders are prepared to adjust to changes required by Measure 76 as the new biennium begins with minimal disruption to existing programs and processes. Under this approach, OWEB plans to operate its grant programs under existing rules and processes to the greatest extent possible. To do this, staff have reviewed existing rules and processes to identify those that may need to be addressed immediately. Staff have identified three rules that need to be amended if SB 342 is passed by the Legislature:

- Small Grant Program. OAR 695-035-0050(1)(d) and 695-035-0060(1)(d). These two Small Grant Program rules reference the definition of “capital” contained in ORS 541.351(4), which will be deleted under SB 342. Staff propose to continue the Small Grant Program as is over the 2011-2013 biennium, while the Board and stakeholders consider whether there should be any long-term changes to the program. Staff propose to incorporate a “capital” definition into these two rules.
- Restoration Grant Evaluation Criteria. OAR 695-010-0060(2). This Restoration Grant rule currently matches ORS 541.401(3), which is being amended by Section 14 of SB 342, to be more consistent with the Measure 76 language. Staff propose to update the language of this rule to match the SB 342 language.
- Distribution of Funds – Permits. OAR 695-005-0060(5). This rule requires that funds not be released until all necessary permits and licenses have been obtained. This rule is based on a statutory requirement that is being amended in SB 342, to allow OWEB to release funding for parts of projects that do not require permits. In staff’s initial review of this rule, staff believe that the rule may not need to be amended to be consistent with the revised statute, but pending further review and confirmation, staff include this rule revision as a possibility.

IV. Proposed Rulemaking Process

Staff propose to develop administrative rules to address these two or three immediate needs to present to the Board for adoption at the September 2011 meeting. Staff will convene a rules advisory committee of grantees, stakeholders, and staff to review the issues identified in Section III and staff proposed rule amendments. The proposed rule development schedule is described in the following table.

Rulemaking Proposed Schedule

Rulemaking Action	Dates/Deadlines
Board Authorization for Rulemaking	June 14-15, 2011
Rules Advisory Committee Meeting	Week of July 11, 2011
Notice Filed with Secretary of State	July 15, 2011
Draft Rules Finalized	July 22, 2011
Public Comment Materials posted online	July 29, 2011
Notice to Agency Mailing List and Legislators	August 1, 2011
Secretary of State’s Bulletin	August 1, 2011 (published)
Public Comment Period	August 1-22, 2011
Public Hearing – Salem	August 22, 2011
Board Adoption of Rules	September 13-14, 2011

V. Recommendation

Staff recommend that the Board authorize rulemaking to amend OAR 695-035-0050(1)(d), OAR 695-035-0060(1)(d), OAR 695-010-0060(2), and OAR 695-005-0060(5) to address the issues identified in Section III of this report.



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June 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item I: Deschutes Special Investment Partnership
June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This agenda item updates the Board on actions partners are taking in the implementation of the Deschutes Special Investment Partnership (SIP). Representatives of the four implementation partners; Upper Deschutes Watershed Council, Deschutes Land Trust, Deschutes River Conservancy, and Crooked River Watershed Council, will join OWEB staff to update the Board on the activities of the partners, identify the accomplishments and challenges to date, and describe the focus for the coming biennium.

II. Background

In September 2006, the partners presented a concept to restore flow and habitat in support of the reintroduction of anadromous fish above the Pelton and Round Butte dam complex. The concept involved integrated conservation of land and water and restoration of flow and habitat sufficient to ensure the long term survival of reintroduced Spring Chinook, Sockeye salmon, and steelhead in the Deschutes, Metolius, and Crooked River system above Lake Billy Chinook.

In January of 2008, the Board approved the Deschutes SIP and allocated \$4 million. The partners implemented nearly 20 projects during the 2007-2009 biennium from a prioritized list of necessary actions to provide fish passage, improve habitat, conserve habitat, and to restore flows. Each project was developed by the partners and vetted with an advisory group.

In September of 2009, the Board allocated another \$4 million for additional projects. The 2009-2011 projects received significant match from federal stimulus funding, resulting in flow restoration, barrier removal, and habitat restoration projects. OWEB's investment in the Deschutes SIP is matched by \$3.9 million committed to restoration by the Pelton Fund for 2006-2009, approximately \$2.2 million in the Water Rights Fund, and as many as 25 additional funders.

III. Long Term Strategy

The Deschutes SIP has been a strong catalyst for accomplishments in improved habitat and flow in the upper Deschutes tributaries. At the June meeting, the partners will report on their accomplishments and demonstrate the significance of dedicated funding in enhancing the capacity and focus for local restoration efforts. The Deschutes partners will also describe their vision of a long term strategy that involves benchmarks, declared outcomes, means to achieve outcomes, and methods to monitor progress along the way. The strategy also anticipates the question "When will you be done?"

IV. Recommendation

This is an informational item only. No Board action is required.



Oregon

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June 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item J: Oregon – BPA Wildlife Settlement Agreement and OWEB Funding
June 14-15, 2011 OWEB Board Meeting**



I. Introduction

This staff report discusses the recent agreement between Oregon and the Bonneville Power Administration (BPA) on wildlife mitigation for the Willamette dams. This agreement, and the funding for conservation that the agreement requires, creates a significant opportunity for conservation acquisitions in the Willamette Basin. The agreement also raises policy issues around the use of OWEB Lottery funds for these projects.

II. The Willamette Wildlife Mitigation Requirement and the Agreement

Under the 1980 Northwest Power Act, BPA has been required to address the impacts of hydropower dams on fish and wildlife in the Columbia River Basin. The Willamette Basin is the last basin to have wildlife impact issues resolved. For more than thirty years there has been no agreement on the BPA obligations for both the construction and operation of the system of federal dams in the Willamette Basin. While year to year agreements have been in place for wildlife mitigation, disagreements on accounting methods and total obligation remained unresolved. Over the years, the Oregon Department of Fish and Wildlife (ODFW) has acquired a conservation interest in approximately 6,700 acres of land in the Willamette Basin using these mitigation funds.

In October 2010, the State of Oregon and BPA signed a fifteen year agreement to settle BPA wildlife habitat mitigation obligations in the Willamette Valley. The Agreement embodies four main principles;

1. All losses and mitigation will be accounted for in surface area (acres) regardless of habitat type and condition;
2. The total obligation of BPA is capped at \$117,864,424;
3. The total unmet mitigation target for direct and operational losses is set at 16,880 acres; and
4. The agreement is contingent on crediting for 2,958 acres of then pending acquisitions.

The Agreement was signed by the Director of ODFW, Administrator of BPA, and Governor Kulongoski. The Agreement is available online at:

www.dfw.state.or.us/wildlife/willamette_wmp/docs/Willamette_River_Basin_MOU_102210.pdf

The Agreement has a number of provisions relating to the nature of funding available for the mitigation fund and an ODFW operations and maintenance fund, including BPA management of the funding and other fund management provisions. The Agreement recognizes the interest of Oregon treaty tribes and specifies that the parties to the Agreement “intend to work with each Tribe on a government-to-government basis.” The Agreement guarantees a funding level and requires that the properties conserved under the Agreement to be protected by an easement held by BPA. The Agreement requires ODFW to develop a process for selecting sites for conservation by October 2012.

ODFW’s Willamette Wildlife Mitigation Program (Willamette Mitigation Program) has been very active in the implementation of the Agreement. They have hired staff and have held meetings with many groups throughout the Willamette Basin to discuss the program. ODFW has formed an advisory group to assist in the development of project selection criteria. In an early action effort, ODFW has identified projects for Federal Fiscal Year (FFY) 2011.

III. Funding for Federal Fiscal Year 2011

BPA has provided \$2.5 million under the Agreement for FFY 2011. To demonstrate ODFW’s clear intent to actively implement the Agreement, ODFW has identified five projects for use of BPA mitigation funds (Attachment A). Three of these projects are currently under consideration by OWEB through the regular grant and Willamette Special Investment Partnership (SIP) programs:

- Harkens Lake is part of a \$1,800,000 acquisition project that has been reviewed and approved by the Willamette SIP review team. ODFW is proposing to contribute \$520,500 towards the acquisition.
- Horseshoe Lake is connected to the proposed acquisition at Harkens Lake and the Willamette SIP. ODFW has proposed to use \$252,000 to match \$1,800,000 of OWEB funds for Harkens and Horseshoe lakes.
- South Eugene Hills was deferred by the Board in March. ODFW is proposing to use \$1,075,000 to match the \$750,000 requested from OWEB.

A proposed acquisition at Blue Ruin Island does not involve OWEB funding. The fifth proposed acquisition (Ash Island) fell through because the landowner did not wish to sell at the appraised price.

IV. The Mitigation Policy Issue

A. Background

OWEB conservation grant investments are focused primarily on improving fish and wildlife habitat. This serves a different purpose than funding required to compensate for past (or ongoing) environmental damages. OWEB administrative rules for restoration grants (OAR 695-010-0040) specify that projects constructed to meet a state or federal enforcement order, legal judgment, or mitigation requirement are not eligible for funding. The rule was adopted to prevent the use of OWEB funds (public funds) to satisfy a requirement that an individual incurred from an action that adversely impacted the environment.

Following the adoption of the rule, staff began encountering significant and increasing opportunities to leverage OWEB funding with other types of funding that could be construed as being required for mitigation purposes or to be in compliance with a state or federal legal judgment. For OWEB to join in these opportunities and remain consistent with the current rule, staff recommended that OWEB funds be used only for restoration benefits that are above and beyond, or separable, from the actions taken to comply with mitigation or legal judgment requirements. This is a complex and nuanced issue, and the answers often depend on the specifics of an agreement.

In 2006, OWEB staff cooperated with a group of state and federal agencies to develop guidance describing the circumstances where restoration funds may or may not be appropriate in species and wetland mitigation projects. In January of 2008, the agencies released the Oregon Interagency Recommendations that described some conclusions and recommendations for establishing a common approach regarding the appropriate use of public conservation funds in mitigation projects, including wetland mitigation banks and species conservation banks.

In 2009, OWEB staff developed a policy guidance document to clarify these issues for grantees, staff, and grant reviewers. The Board approved the policy in March of 2009. The policy guidance states that “The intent of the administrative rule is to fund voluntary, proactive watershed improvement projects that aren’t specifically required by the state or federal government. For the purposes of this policy, mitigation means activities designed specifically to compensate for the adverse ecological effects of a project or development activities, or to resolve violations of law.” (Attachment B. See Section E for the discussion on Mitigation or Settlement Funds.)

The policy also describes a number of potential situations and whether OWEB funding is eligible to participate in such situations. The policy recognizes that there are opportunities associated with mitigation obligations that may make sense to link with. The Deschutes Special Investment Partnership (SIP) is a case in point where OWEB funding for fish passage, flow improvements, habitat restoration and land conservation is partnered with funding from the Pelton Fund, a fund created as a condition of settlement agreement for the federal relicensing for the Pelton-Round Butte hydroelectric facility. In this situation, the settlement agreement does not require specific projects or quantified outcomes.

B. Willamette Mitigation Agreement Issue

The OWEB rule on mitigation does not apply to land acquisition grants, so partnering with the ODFW’s Willamette Mitigation Program creates no conflict with administrative rule.

With respect to the OWEB mitigation policy, staff reviewed the Agreement’s two areas of mitigation—funding and acreage. Staff do not believe the BPA funding obligation of over \$117 million under the Agreement creates a conflict with the OWEB mitigation policy. BPA is required to meet that funding obligation; partner funding from OWEB or any other entity would not supplant or diminish the BPA responsibility.

The Agreement sets out a specific goal of 16,880 acres as the mitigation target. If this were a strict mitigation obligation, the use of OWEB funds to contribute to the acreage target would

risk reducing the BPA's mitigation obligation and undermine the intent of our mitigation policy. However, the acreage obligation appears to be more of a goal than a strict requirement. There are no consequences for the BPA if the acreage target is not met during the term of the Agreement. As a result, it appears that OWEB funds, if combined with the Willamette Mitigation Program funding, would not replace a BPA requirement to attain a specific number of acres, because there is no such requirement. With this view in mind, staff believe a potential OWEB partnership with the Willamette Mitigation Program would have great similarities to our work with the Pelton Fund in the Deschutes SIP. Staff will explore this question further with the Board at the upcoming meeting.

V. The Opportunity

There are a number of reasons for OWEB to consider actively partnering with ODFW on the use of the BPA funds for conservation in the Willamette Basin. The basin currently supports the majority of the human population and economic activity of the state. Future growth in Oregon will be focused primarily on the Willamette Basin. Arguably, there is no basin in the state that faces greater threats to watershed health.

The Willamette Basin is an area of significant conservation investment for OWEB through the regular grant program and the Willamette SIP. Efforts to achieve conservation in the Willamette Basin require coordination and focus to avoid scattered efforts and limited outcomes. The Agreement encourages interagency cooperation both in criteria development and implementation. There will not likely be another time when commitments of similar funding and interest in conservation meet in the Willamette Basin.

The opportunity to partner with ODFW Willamette Mitigation Program could greatly enhance conservation outcomes in the Willamette Basin. Such a partnership would ideally have:

- A clear set of ecological outcomes identified by, at least habitat type;
- A description of the roles and responsibilities of each of the agencies;
- Clear distinction of how dual benefit (benefit to both fish and wildlife) projects will be handled in cooperation with the Willamette SIP;
- A funding strategy to clearly specify the limits for OWEB contributions; and
- A clear description of interim and program goals.

With a well-developed strategy, there is great potential for OWEB and ODFW to effectively work together to leverage our funding resources and improve habitat conservation in the Willamette Basin.

VI. Recommendation

This is an information item. At the Board meeting, staff will engage the Board in a discussion around the use of OWEB funds in partnership with ODFW, in particular for the three FFY 2011 projects referred to in Section III of this report. Staff will then return at a future Board meeting to further discuss the mitigation policy issue and a possible partnership with ODFW's Willamette Mitigation Program.

Attachments

- A. March 2011 Letter to William Maslen
- B. OWEB Mitigation Policy



Oregon

John A. Kitzhaber, MD, Governor

Department of Fish and Wildlife

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March 2, 2011

William C. Maslen
Director, Fish and Wildlife Program
KEW-4
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Dear Mr. Maslen:

It gives me great pleasure to recommend the following five projects for FY 2011 funding under the Willamette River Basin Memorandum of Agreement (MOA). All five projects are also within Conservation Opportunity Areas (COA) as identified in the Oregon Conservation Strategy (OCS). The projects are listed in order of priority for FY 2011 funding.

The recommended projects are summarized below:

1) Blue Ruin Island (48-acre fee title acquisition)

Blue Ruin Island is a Willamette River floodplain island located at RM 166 in Lane County. This project is sponsored by the McKenzie River Trust. The estimated total cost of this project is \$120,000 with the BPA contribution being the full amount. The cost per acre is \$2,500. The three parcels under consideration total 48 acres, and abut extensive ownership of OPRD lands.

The properties are not farmed and would allow off channel habitat protection and enhancement. There is a unique large slough and alcove area at the north end (downstream end) of Blue Ruin Island and a cold water slough along the west shore that is relatively large in size and 20 feet deep. Fish monitoring has shown that this slough is used by trout in the summer when main-stem water temperatures approach lethal. There are a scattering of cold sloughs in the reach from Peoria to the McKenzie confluence, but very few have the size and depth like the one at Blue Ruin Island. The post-acquisition conservation focus will be on invasive plant removal and some planting of native riparian species.

The project is located in the Willamette River Floodplain COA (WV-03) as identified in the OCS. This property provides priority riparian, floodplain, off-channel cold water functions, and flood refugia habitat for ESA-listed Chinook salmon and many other aquatic and terrestrial species identified in the OCS.

2) Harkens Lake: Horning-Adams Properties (300-acre conservation easement acquisition and a 47-acre fee title acquisition)

Harkens Lake is a large Willamette River flood plain river bend that lies between River Mile (RM) 153.5 and 154.5 in Benton County. This project is sponsored by the Greenbelt Land Trust. The estimated total cost of this project is \$1.74 million (M) with the Bonneville Power Administration (BPA) contribution being \$520,500. The estimated cost per acre is \$1,500. The landowners are a local farming family that wishes to sell in fee the forested portion adjacent to the river (47 acres) to Benton County to be managed consistent to its adjoining county park parcel. The remainder of the property is proposed to be entered into a conservation easement.

The primary conservation opportunities at Harkens Lake are to conserve and restore riparian forests on private lands, and restore floodplain forest function and connectivity on adjoining conservation parcels. Restoring hydrologic function may include reconnecting floodplain depressions and the oxbow (Harkens Lake) to the main river channel by breaching the barriers created by road embankments and revetments. These actions would allow more floodwater to be stored and gradually released during a flood, reducing the severity of downstream flooding. This increased exposure to regular flooding at Harkens Lake would help address impaired flood disturbance regimes and benefit habitat restoration of the priority native floodplain habitats.

The project is located in the Willamette River Floodplain COA (WV-03) as identified in the OCS. This property provides priority riparian floodplain function and flood refugia habitats for ESA-listed Chinook salmon and many other aquatic and terrestrial species identified in the OCS.

3) Horseshoe Lake: Waggle-Stellmacher Properties (204-acre conservation easement acquisition)

Horseshoe Lake is an oxbow slough-lake located along the Willamette River at approximately RM 125 in Benton County. The project includes approximately 204 acres. This project is sponsored by the Greenbelt Land Trust. The total estimated cost of this project is \$840,000 with the BPA contribution being \$252,000. The estimated cost per acre is \$1,235. Currently the landowners farm the inside of the horseshoe (approximately 100 acres). The access is via bridge and is difficult to farm because of the relatively frequent inundation. The landowners would like to maintain ownership of the property and allow restoration to occur on the interior of the horseshoe. A conservation easement would encompass approximately 204 acres. The project is located in the Willamette River Floodplain COA (WV-03) as identified in the OCS. This property provides priority riparian floodplain function and flood refugia habitats for ESA-listed Chinook salmon and many other aquatic and terrestrial species identified in the OCS.

4) Meisen Property - South Eugene Hills (193-acre Oak Savanna and Mixed Oak Woodland Upland Habitat)

This 193 acre property is located in the South Eugene (Coburg) Hills in Lane County. The total estimated cost of this project is \$2.7 million dollars with the BPA contribution being \$1,075,000. The estimated cost per acre is \$5,570. The project sponsors are The Nature Conservancy and the City of Eugene. The property supports ongoing regional efforts in watershed protection, wildlife habitat protection, open space preservation, and recreation to conserve portions of the largest remaining undeveloped oak woodland and oak savanna habitat in the Willamette Valley.

The City of Eugene will acquire fee simple ownership of property that will conserve rare native plant communities and populations (including the federally listed Kincaid's lupine), protect headwater streams, and provide key recreational and habitat connections between Eugene's 1,400-acre Ridgeline Park System and the 3,000 acre nationally acclaimed West Eugene Wetlands. The property is anticipated to become an integral part of the Ridgeline Park System.

The project is located in the West Eugene COA (WV-23) as identified in the OCS. In addition to providing intact priority Oak woodlands and native prairie habitats, this parcel may be suitable for future habitat restoration for Fender's blue butterfly and Kincaid's lupine. Existing habitat structure provides function for many other priority species and habitats identified in the OCS.

5) Ash Island (137-acre fee title acquisition)

Ash Island is a Willamette River mainstem island located between RM 51 and RM 52 in Yamhill County. This project is sponsored by the Western Rivers Conservancy. The total estimated cost of this project is \$2 M with

the BPA contribution being \$500,000. The cost per acre is \$3,649. The island is approximately 137 acres in size and is currently farmed. Most of Ash Island is covered in sandy fields and the southern end is forested. The elevation of the island ranges from around 50 feet at shoreline to the island's highest point, a "peak" around 80 feet. There is a wooden pile wing wall located at the south end of the channel on the left side of the island. The island is accessible by boat year-round from any nearby Willamette River landing. Acquisition of the property would provide opportunities to benefit both fish and wildlife resources.

Restoration of riparian forest can provide significant nesting and roosting benefits. The proposal is to acquire the island in full fee acquisition and revegetate the lower portion with Oregon ash and other site appropriate tree and shrub species. The OPRD would hold title and manage the property for boat in camping and other passive uses.

The project is located in the Willamette River Floodplain COA (WV-03) as identified in the Oregon Conservation Strategy (OCS). This property provides priority riparian, floodplain function, and flood refugia habitat for ESA-listed Chinook salmon, ESA-listed steelhead, and many other aquatic and terrestrial species identified in the OCS.

I hope that you are as pleased as we are at the quality, diversity, and cost effectiveness of these proposed FY 2011 funding recommendations under the MOA. We look forward to recommending similar opportunities in the future. Please do not hesitate to contact myself or Art Martin, Conservation Program Manager, to discuss these projects further.

Sincerely,



Curtis E. Melcher, Deputy Director
Fish and Wildlife Programs

c: Phillip Key, BPA
Dorie Welch, BPA
Art Martin, ODFW
file



Oregon Watershed Enhancement Board

Policy guidance to clarify eligible uses of OWEB
funds related to mitigation projects and funds

Effective Date: April 27, 2009

Approved By:


Tom Byler, Executive Director

Background

In 2004, the OWEB Board adopted an administrative rule that states:

“The Board will not consider:

(3) A watershed improvement project constructed solely to comply with a state or federal agency enforcement order, legal judgment or mitigation requirement; ...” (OAR 695-010-0040)

This rule was adopted to prevent the use of OWEB funds to satisfy a legal obligation of another party. The staff discussion before the Board on this issue beginning in January of 2008, focused on the desire to prevent the use of OWEB funds from subsidizing development that is required to “mitigate” for an environmental alteration. The Board discussion distinguished between direct permit or other legal requirements (e.g. DSL removal-fill permit requirement, EPA enforcement order, or judicial order to restore a site as part of a legal settlement, etc.) and a general legal requirement (e.g. state law prohibits blocking anadromous fish passage) that is not specific to an individual action.

Since adoption of the rule, a number of questions have arisen concerning the intent and application of the rule. In 2005, OWEB asked the Department of Justice (DOJ) for advice on the applicability of the rule to local government mitigation requirements and whether the rule could be interpreted to make eligible for OWEB funding projects required by state or federal law where there has not been a specific or cited violation that must now be corrected. DOJ advised OWEB that projects required only by local government are eligible for funding because the rule only specifies state and federal actions, but if the local government requirement is imposed solely because of a state or federal requirement for mitigation, the project is ineligible for funding. DOJ also concluded that OWEB’s rules (as currently written) make mitigation projects required by state or federal entities ineligible, regardless of whether there has been an order or judgment reflecting violations of law requiring mitigation.

The Board and staff decided in 2008 not to amend the rule, and instead provide additional guidance for staff, grantees, and grant reviewers. This policy guidance document further defines and clarifies eligibility for projects under OAR 695-010-0040.

OWEB Policy

The intent of the administrative rule is to fund voluntary, pro-active watershed improvement projects that aren't specifically required by the state or federal government. For the purposes of this policy, mitigation means activities designed specifically to compensate for the adverse ecological effects of a project or development activities, or to resolve violations of law.

The following are examples of project and funding situations and explanation regarding whether OWEB funding is eligible to participate in such situations.

A. Required Mitigation

Projects designed exclusively to compensate for the adverse ecological impacts of another project or development, or to address violations of law as required by a state or federal enforcement order, are not eligible for OWEB funding. Specific elements of a mitigation project that aren't required, for example the creation of additional habitat benefits for other species or additional acres of wetlands restored or created beyond those required, may be eligible for OWEB funding if an applicant clearly demonstrates the added value of OWEB's investment and has clear mechanisms for separately accounting for those additional habitat values or acres.

Examples: A developer needs to mitigate for the loss of 10 acres of wetlands. The developer is not eligible for OWEB funding to restore or enhance those 10 acres of wetlands. If however, the developer was working with a landowner who was interested in restoring 15 acres of wetland; the developer could pay the costs associated with the 10 acres required for mitigation and OWEB funding could be used to restore the remaining five acres.

The funding used to support the required mitigation is not eligible to be counted towards the required match for OWEB grants.

Examples: If the developer spends \$100,000 to restore 10 wetland acres as compensatory mitigation and OWEB funds are proposed to support the restoration of an additional five acres, the \$100,000 cannot be used as match for the OWEB grant.

B. Actions Required or Encouraged by State or Federal Law

Projects designed to comply with state or federal law, but where no specific mitigation requirement, judgment, or enforcement order exists are eligible for OWEB funding.

Examples: Fish passage projects designed to comply with ORS 509.580 – 509.910 and agricultural water quality projects designed to implement local agricultural water quality management plans (ORS 580.900 – 580.933) are eligible for OWEB funding. Voluntary actions developed to meet the objectives of an approved recovery plan under the Endangered Species Act (ESA) are eligible for OWEB funding.

If a state or federal agency initiates an enforcement order against a landowner under the Clean Water Act or ESA, the actions required by that enforcement order are ineligible for OWEB funding.

C. Local Requirements

The eligibility of projects designed to address a local government order, judgment, or mitigation requirement, if the requirement is solely a function of local government and does not originate in state or federal requirements are not addressed by the rule. Therefore projects designed to address local government mitigation requirements based solely on local government codes, and not state or federal requirements for such codes, are currently eligible for OWEB funding. However, if a county or city adopts a code to implement a state or federal requirement, then OWEB funds cannot be used on a project to meet those codes.

Staff believe this exception to the rule has only been used once. The exception is also inconsistent with Board intent to fund voluntary, value-added watershed improvement projects and the use of OWEB funds for this purpose is discouraged and will not be considered unless an applicant can demonstrate a compelling ecological benefit from the project.

Examples: Wetland mitigation required as a condition of a local government development permit, because that mitigation is required under Oregon's removal-fill laws, is not eligible for OWEB funding. Mitigation required by a local government permit for impacts in an Environmental Conservation Zone (adopted to address state land use planning goals that do not require mitigation) is technically eligible for OWEB funding, but is not a priority of the Board.

D. Habitat Conservation Plans

A Habitat Conservation Plan (HCP) is used to obtain an incidental take permit from the U.S. Fish and Wildlife Service or NOAA Fisheries under the Endangered Species Act. Actions that meet the discretionary actions under an HCP, and the associated take permit, are eligible for OWEB funding. If the take permit requires specific mitigation actions, including the restoration of habitat values or protection of specific acres of habitat, those activities are ineligible for OWEB funds.

Examples: A restoration project to restore Willamette Valley prairie habitat, which addresses the objectives of a Willamette Valley Prairie HCP, but is not required by the take permit or designed to generate mitigation credits, is eligible for OWEB funding.

A restoration project that is required to mitigate for three acres of Willamette Valley prairie habitat under an HCP and take permit is not eligible for OWEB funding.

A project proposes acquisition of a 20 acre property containing 10 acres of high quality Willamette Valley prairie habitat and then use of the property for mitigation required by the take permit. The acquisition of the property and protection of the 10 existing acres of habitat would be eligible for OWEB funding if the conservation easement held by OWEB specifically describes the habitat to be protected and has a detailed baseline report that maps the acreage, describes the quality of the habitat, and photo documents current conditions. However, the acres and habitat conditions protected with OWEB funds cannot be used for mitigation credits. Mitigation credits could only be generated under the take permit if additional acres are restored or habitat quality is improved above the OWEB easement baseline using other funding sources. The restoration or enhancement activities associated with the mitigation credits are ineligible for OWEB funding and cannot be used as match for the OWEB acquisition grant.

E. Mitigation or Settlement Funds

Where a legal judgment includes the creation of a fund for habitat restoration or protection purposes, but does not identify specific restoration or habitat mitigation projects, OWEB funds are eligible as cost share with, but not as an offset to, these funds to implement specific projects. Examples of these types of funds include Bonneville Power Administration (BPA) mitigation funds, Pelton-Round Butte settlement funds, and other negotiated settlements.

Examples: The Pelton-Round Butte relicensing agreement required the licensee to establish a fund to accomplish two general outcomes, improved fish habitat and increased protected stream flow. The agreement specified a process and criteria, but not individual projects or specific quantified outcomes. Projects designed to meet the two outcomes and that are eligible under the fund are eligible for OWEB funds, and the Pelton-Round Butte funds may be used as match for an OWEB grant. Similarly, BPA mitigation funds aren't targeted to specific projects or property acquisitions and projects that are eligible for BPA funds are also eligible for OWEB funding, and the BPA funds may be used as match.

Alternatively, if a mitigation or settlement fund identified specific parcels to be protected or specific quantified restoration outcomes to be accomplished, these projects would be ineligible for OWEB funding. In this instance, OWEB could partner on the protection of additional habitat acres or stream flow or on restoration actions above and beyond those required by the fund, but not those activities needed to meet the specific outcomes required by the fund.

F. Wetland Mitigation Banking

By statute, "mitigation bank" means a wetland site, created, restored or enhanced to compensate for unavoidable adverse impacts (ORS 196.600(3)). OWEB funds are not eligible to be used to establish a mitigation bank to offset permitted environmental alterations. This is consistent with the January 2008 Oregon Interagency Recommendations developed by OWEB and a number of other state and federal agencies on the use of restoration funds and funding of mitigation banks. The Interagency Recommendations propose that agencies prohibit the use of restoration funds for the purpose of establishing or creating credits for a mitigation bank.

However, the Interagency Recommendations do propose that agencies allow restoration funds to be used with "payment to provide" or "fee-in-lieu" mitigation funds for watershed restoration projects. These funds are payments made to agencies in lieu of physical compensatory mitigation, which are then used to finance other voluntary conservation actions that result in resource benefits that equal or exceed the original mitigation obligation. OWEB funds could be used with these types of funds on a restoration projects in a similar fashion to the Required Mitigation situation described in Section A.

Examples: A watershed council working with a landowner who is interested in restoring 15 acres of wetland could restore five acres using "fee-in-lieu" funds and apply to OWEB to fund the restoration of the remaining 10 acres. This is possible only if the 10 acres restored with OWEB funds are not used to establish a mitigation bank or generate additional mitigation credits and there is an accounting of the habitat values achieved through each funding source. The "fee-in-lieu" funds also cannot be used as match because they are required to achieve a specific mitigation obligation.

G. Conservation Banking

Conservation banks are permanently protected privately or publicly owned lands that are managed for endangered, threatened, and other at-risk species. A conservation bank is a market enterprise that offers landowners incentives to protect habitat, including selling habitat or species credits to parties who need to compensate for environmental impacts.

Since conservation banks have not yet been established in Oregon, OWEB will treat projects involving conservation banking on a case by case basis and will develop guidance as conservation banking policy and standards are more fully established.

H. Ecosystem Services Markets

Ecosystem services mean the environmental benefits arising from the conservation, management, and restoration of ecosystems. Currently there are individual markets for carbon, wetlands, habitat, open space, and hazard reduction. There is also an effort underway in Oregon to develop an integrated ecosystem services marketplace, but similar to conservation banking, the policy and standards have yet to be established. Further guidance needs to be developed related to leveraging OWEB funds with ecosystem services market funds.

Examples: In the OWEB land acquisition program, the purchase price of the interest to be acquired is currently valued using standard real estate methods for both land and water right interests. Where OWEB funds are requested to protect existing riparian or oak savannah habitat through a land acquisition grant, those protected acres should not subsequently be used to create carbon credits using another market valuation of the interest already protected with OWEB funding. At some future time, OWEB may want to consider the market values of carbon sequestration in its due diligence evaluation of land acquisition grants to ensure that it is only paying fair market value for the ecosystem services acquired.



Oregon

John A. Kitzhaber, MD, Governor

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www.oregon.gov/OWEB



June 3, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ashley Seim, GIS and Web Site Specialist
Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item K: Efficiency and Transparency through Technology
June 14-15, 2011 OWEB Board Meeting**

I. Introduction

This report provides an update on various actions to communicate about OWEB investments and outcomes, and the initial steps taken by staff to explore available options for increased efficiency and accountability utilizing technology advances as described in the OWEB 2010 Strategic Plan.

II. Background

At the January 2010 Board Meeting, staff updated the Board on the Strategic Plan immediate priority action items and communication products. Part of that update focused on implementation of Goal 3, Strategy 1, Action 4 of the Strategic Plan, which relates to the compilation of a history of OWEB investments and ecological outcomes (“Decade of Investments”). This compilation consists of maps, stories, web site narratives, data, and information about OWEB investments and outcomes.

At the June 2010 Board Meeting, staff demonstrated proposed changes to the OWEB web site (www.oregon.gov/OWEB) and presented other investment and outcome reporting tools, including the OWEB Investment Tracking Tool and the Fish Passage Project Viewer. Additional investment reporting tools that were presented included the Defenders of Wildlife’s Conservation Registry, the Institute for Natural Resources’ Oregon Explorer, and the NOAA Fisheries’ Pacific Coastal Salmon Recovery Fund data viewer.

III. Updates and Additions to Existing Online Tools

Since June of last year a number, of improvements have been made to the OWEB web site including adding the themes and images from the microsite (www.healthywatersheds.org) to increase the linkage between the two sites, and updating content to reflect new information.

The OWEB Investment Tracking Tool data was updated to incorporate newly funded grants and to update the status of newly completed grants. In addition, new functionality was added including an option to download an Excel spreadsheet of queried data and additional tools for navigating the map.

The partnership with the Oregon State University Institute for Natural Resources continues to be strong and improvements have been made to the tools maintained by this partnership. These include the addition of a search capability by OWEB grant number and an updated dataset that now includes Oregon Watershed Restoration Inventory (OWRI) data through 2009. In addition, improvements to the Advanced Mapping Tool on the Oregon Explorer web site suggested by applicants were completed. The Advanced Mapping Tool is used by OWEB grant applicants without access to GIS software for simple map creation and to obtain project location information for grant writing and OWRI reporting. This mapping tool is provided free-of-charge to its users.

IV. Moving Forward – Opportunities for Increased Efficiency, Transparency and Accountability

As OWEB moves forward with implementation of Ballot Measure 76, staff have begun to identify ways in which products and processes can be more efficient and user friendly. The following opportunities are a couple of areas where OWEB could make changes. These and other opportunities will be discussed at the June meeting and at future Board meetings.

A. OWEB Web Sites

OWEB has an opportunity to partner with the Department of Administrative Services (DAS) Oregon E-Government Program. The E-Government program's mission is to help state agencies move information, forms, and payment processes to the Internet. The E-Government Program provides web site support, e-commerce, intranet, Oregon GovSpace (an online collaboration tool), and data.oregon.gov (a data repository available to the public). Over the next year, the E-Government program will be transitioning to a new contractor that will support more functionality, flexibility, and options for customization in its products and services.

OWEB will be required to move its current web site to the new platform. With this transition, OWEB will be available to capitalize on an opportunity to more fully utilize the services DAS offers in the E-Government Program.

B. Online Tools

OWEB will continue to work with the DAS Geospatial Enterprise Office to update and add functionality to the OWEB Investment Tracking Tool, including new grant datasets, adding a display of federal funding contributions, and scoping new ways to link related projects. The Conservation Registry and Oregon Watershed Restoration Tool will be updated annually with new OWRI datasets. The long-term plan for the Fish Passage Viewer is to provide more basin views as resources allow. Staff will continue to explore new ideas for additional functionality for these tools to benefit users. Staff have also begun discussing an interest in moving towards online grant applications. This development will be presented and discussed in more detail at future Board meetings.

V. Recommendation

This is an information item and no action is required of the Board at this time.



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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May 27, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Miriam Hulst, Acquisitions Specialist
Ben Buhayar, Acquisitions Specialist
Ken Bierly, Deputy Director

**SUBJECT: Agenda Item L: Deferred Acquisitions
Ecola Creek Forest Reserve Addition (#209-112)
June 14-15, 2011 OWEB Board Meeting**

I. Introduction

This staff report provides information about a fee title acquisition application for a property (Attachment A) east of the City of Cannon Beach (the City). The application was previously deferred by the Board for due diligence review. Due diligence is complete and the application is now ready for funding consideration.

II. Summary of Grant Application

The City requested \$1.4 million to acquire an 805-acre Oregon Department of Forestry (ODF) property worth approximately \$3.8 million (the Property). Staff and the City subsequently determined that OWEB funds would need to be granted as a reimbursement after the City acquired the Property, for the reasons described in Section VII below. The City obtained the Property in a land exchange with ODF and is now requesting OWEB funds to offset expenses it incurred in the exchange.

The City acquired the Property because ODF planned to divest itself of the Property and consolidate its holdings elsewhere. To divest itself of the Property, ODF made it available for trade with industrial timber companies. If the Property had been acquired by an industrial timber company, the Property's significant natural resource values would have been diminished by a timber harvest. The City now owns and manages the Property for healthy riparian and wetland function, fish and wildlife habitat, municipal water quality, and community involvement.

III. Ecological Benefits

The application states that the Property contains OWEB priority ecological systems, including 15.75 miles of stream (both banks), three miles of floodplain/outwash lowland riparian, linear wetlands; lowland depressional shrub wetlands; 173 acres of lowland non-linear forested wetlands (spruce and alder swamps); and 276 acres of Sitka spruce-dominated forest, with spruce ranging in age from 50 to 130 years old. The Property's streams are connected to the wetlands and floodplains in an undisturbed, broad valley floor. OWEB priority species that have been

documented on the Property include coho salmon, steelhead, Chinook salmon, great-blue heron, bald eagle, and peregrine falcon.

The Property is adjacent to the Ecola Creek Forest Reserve, a 220-acre area owned by the City of Cannon Beach and managed for watershed protection, environmental education, and recreation. The City's purchase of Ecola Creek Forest Reserve was funded in part by OWEB grant #205-001 in September of 2004. The application states that protecting the Property will build on Ecola Creek Forest Reserve's conservation benefits, and result in the protection of the majority of the habitat in the lower Ecola Creek subwatershed and nearly all of the floodplain forest and riparian wetlands associated with the west and north forks of Ecola Creek. The application states that approximately three miles of the Property's streams have been designated as a Core Salmonid Area by the Oregon Department of Fish and Wildlife and the Oregon Plan for Salmon and Watersheds. The application does not explicitly state the OWEB conservation principles with which the project is consistent. However, from the information provided, it is clear that the project will at a minimum protect a large intact area and complement an existing network of conserved sites.

The Ecola Creek watershed is the municipal water supply for the City. The application states that the Property is part of the City's source area for groundwater, and that the source area for surface-fed drinking water encompasses the west fork of Ecola Creek. Conserving the Property will have an added benefit of helping to protect the City's drinking water supply.

The Region 1 Review Team (RRT) was very supportive of the project, stating that the project has outstanding ecological merit. The Property contains stream and wetland systems that are high functioning, and provide extensive off-channel refuge habitat for wintering salmonids. The RRT thought that if the Property was logged, its fish and wildlife benefits would be significantly reduced.

IV. Capacity to Sustain the Ecological Benefits

The application states that the City has 25 years of leadership in resource planning. The City currently owns and manages Ecola Creek Forest Reserve, funded in part by OWEB, and described in Section III above. In 2010, the City submitted a project progress report for the Ecola Creek Forest Reserve. The report described the management activities the City undertook during the first five years of its ownership of the reserve. The management activities included invasive species control, road repair, conifer augmentation in riparian areas, a marbled murrelet survey, and installation of an informational kiosk. The report states that the City has allocated funds to continue forest-health improvements such as thinning and riparian planting.

V. Educational Benefits

The application states that the Property will be used informally by interest groups for passive education events such as guided hikes and classroom field programs. The North Coast Land Conservancy and the Ecola Creek Awareness Project have recently led nature walks at the Property, to educate citizens on topics ranging from salmon migration to lichen identification. The City recently received a technical assistance grant from the National Park Service to develop the concept of a natural history park that includes the Property.

The RRT felt that the project has outstanding educational merit, because the Property is adjacent to City-owned property that is already used for conservation education. The RRT felt that this

project could be especially meaningful for the City's residents because protecting the Property helps safeguard the City's drinking water. The public would be given ample opportunity to see first-hand the conservation of water quality and fish and wildlife habitat.

VI. Project Support and Community Effects

The application states that the project is supported by ODF and Ecola Creek Watershed Council, among other entities. Additionally, the City's residents voiced their support for the project by voting to approve a bond measure, which made the project possible, as described in Section VII below. Protecting the Property helps to safeguard the City's water supply, and affords residents educational opportunities.

VII. Financial and Legal Terms

After the City submitted the grant application, the City's voters passed a bond measure authorizing the City to sell bonds to raise funds for the purchase of the Property. However, the City could not purchase the Property directly because this would result in a reduction of ODF's forest land base. Instead, the City used the funds raised by the municipal bonds to purchase industrial timberland that it in turn traded to ODF for the Property. Now, the City seeks to retire some of its bond obligations with grant funds from OWEB.

Staff and the City determined that OWEB could not have contributed funds before completion of the land exchange. This is because OWEB requires a conservation easement in return for its funds, and the City could not grant a conservation easement on the Property without first acquiring title to the Property via the exchange process. The City understands that its decision to complete the exchange will not influence the Board's funding decision, and that the Board is not responsible for the financial consequences of the exchange.

A. Property Title

Review of the Property's title revealed a utility line easement typical of utility line easements that OWEB has considered and accepted in the past. The Department of Justice suggested, and staff concur, that OWEB require the City to build a working relationship with the utility company to ensure that activities allowed by the utility line easement are conducted in a manner that minimizes risks to the Property's conservation values.

B. Appraisal

OWEB's review appraiser identified several deficiencies in the City's initial appraisal of the Property. These deficiencies, which predominantly related to timber valuation, were addressed in a recent appraisal revision. OWEB's review appraiser determined that the revised appraisal meets applicable standards.

C. Other Due Diligence Results

The environmental site assessment (ESA) did not identify evidence of potential adverse environmental conditions on the Property, and concluded that no further environmental assessment of the Property is warranted. The Department of Environmental Quality reviewed the ESA and agreed with its conclusions.

Review of the purchase option agreement did not reveal risks to an OWEB conservation investment in the Property.

VIII. Recommendation

On November 5, 2008, the Acquisitions Subcommittee directed staff to proceed with a due diligence review of the project. The Subcommittee and RRT determined that the project has funding for the project, high ecological and educational value. Staff and the Acquisitions Subcommittee recommend funding contingent on the City's agreement to add language to the conservation easement to the effect that the City will employ best efforts to reduce the risk of the power line easement and coordinate with the utility company to that end.

Staff recommend the Board award \$1.4 million in funding for the Ecola Creek Forest Reserve Addition (#209-112) contingent on the City's agreement to add language to the conservation easement as noted above.

Attachment

- A. Project Map

Ecola Creek Forest Reserve Addition OWEB Acquisition Grant 209-112

Oregon Watershed Enhancement Board
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CANNON BEACH



Ecola Creek Forest Reserve Addition

Ecola Creek Forest Reserve

Legend

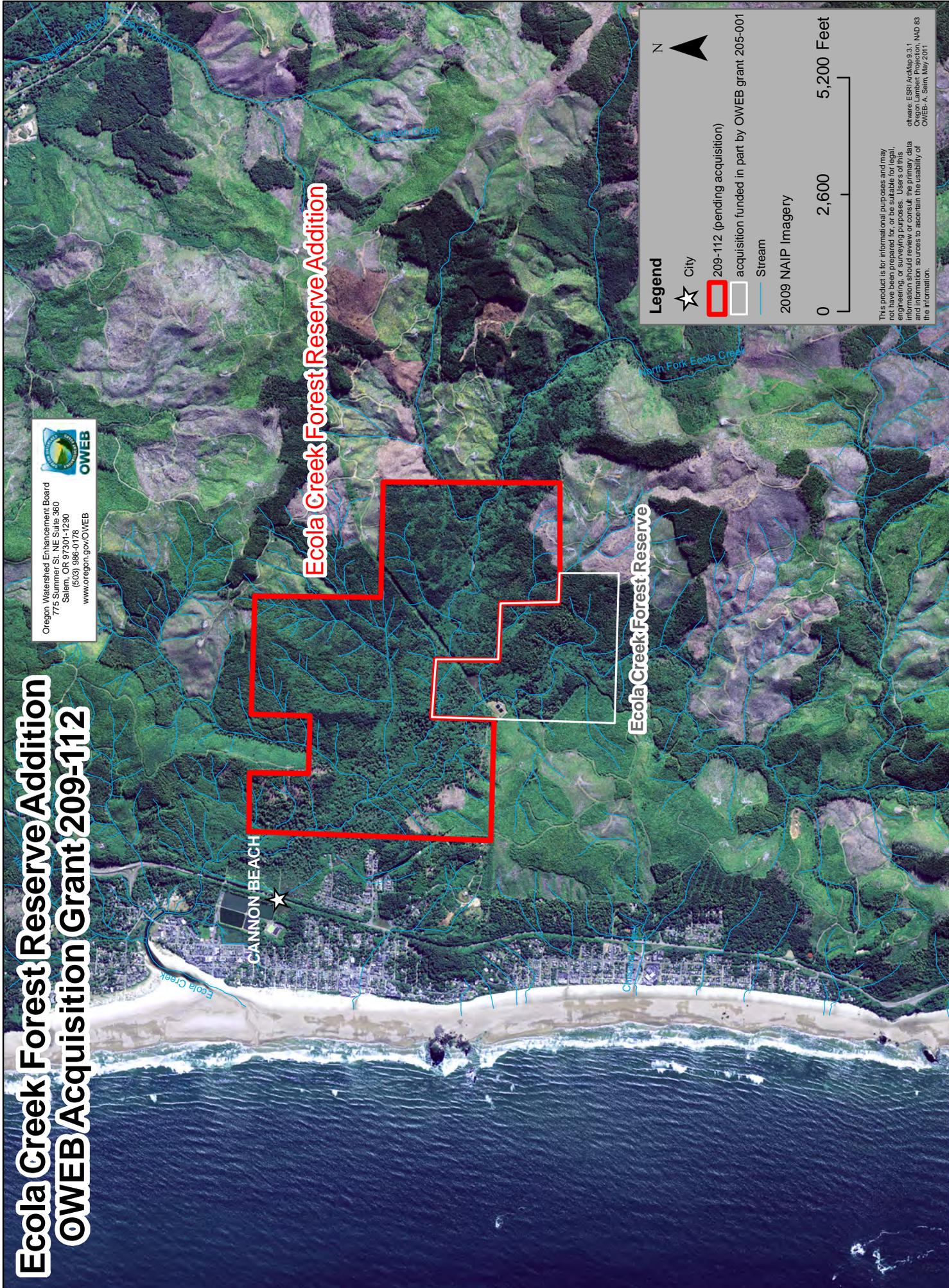
- City
- 209-112 (pending acquisition)
- acquisition funded in part by OWEB grant 205-001
- Stream

2009 NAIP Imagery

0 2,600 5,200 Feet

This product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Source: ESRI/ArcMap 9.3.1
Oregon Lambert Projection, NAD 83
OWEB-A, Salem, May 2011





Oregon

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June 6, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

SUBJECT: **Agenda Item M: Conservation Reserve Enhancement Program
June 14-15, 2011 OWEB Board Meeting**

I. Introduction

This report updates the Board on Oregon's investment in the Conservation Reserve Enhancement Program (CREP), and describes a proposal for funding CREP technical assistance in the 2011-2013 biennium.

II. Background

In 1997, Oregon initiated discussions with the U.S. Department of Agriculture (USDA) about the possibility of developing a state-federal cost share program that focused on improving riparian conditions in agricultural areas of the state. The Oregon Conservation Reserve Enhancement Program was approved in September 1998 with a signing ceremony by Governor Kitzhaber and the Secretary of Agriculture in October 1998.

As an offspring of the Conservation Reserve Program, CREP is a voluntary program for agricultural landowners. This unique state and federal partnership allows landowners to receive incentive payments and conservation rental payments from the Farm Services Agency (FSA) for establishing long-term, riparian buffers on eligible land. The Oregon CREP was initially developed to address listed salmon streams; the program was later modified to assist in addressing stream water quality issues (primarily temperature).

The Oregon CREP Agreement requires Oregon to pay for 20 percent of the overall program costs. CREP uses state funding for partial payment (25 percent) of all conservation activities (fencing, off-stream watering, site preparation, plant materials, planting, etc.). In addition to the direct landowner payments for conservation activities, OWEB has participated in providing funding for outreach, technical assistance, and program coordination. The Oregon Departments of Agriculture, Forestry, and Water Resources have also assisted in CREP implementation and coordination.

As early as 2001, some groups expressed concern that the program was not being promoted to sufficiently address the significant agricultural riparian restoration needs in Oregon. In 2001, OWEB contracted with the Oregon Department of Agriculture (ODA) and Oregon Association of Conservation Districts (OACD) to review the program and evaluate the barriers to broader implementation. The report identified technical assistance as a significant barrier. The Board responded by providing funding for technical assistance positions in soil and water conservation districts (SWCD) in 2002.

Since 2007, CREP technical assistance (CREP TA) has been funded out of the Board award for SWCD capacity to supplement the base funding approved by the Legislature. ODA and Soil and Water Conservation Commission have then decided how much of that \$1 million award to allocate for CREP TA and the distribution to individual SWCDs. For the 2009-2011 biennium, the Board also authorized \$500,000 of Lottery “capital” funds to support CREP TA directly associated with signed contracts.

CREP TA is not funded in all areas of the state and there has been little change since 2002 in who receives the funding. A few SWCDs use other funding (e.g. a local tax base or Bonneville Power Administration funds) to support CREP TA. Otherwise landowners rely on the USDA agency partners for CREP TA.

CREP TA has primarily included funding for staff positions to assist landowners with conservation plan development and implementation. CREP planning and implementation also includes completing required Endangered Species Act and cultural resource reviews. In recent years, cultural resource reviews have become more of a limiting factor to implementing CREP plans and contracts because of State Historic Preservation Office requirements.

III. CREP Status

The Oregon CREP Agreement requires OWEB to report annually to the FSA summarizing the status of enrollments under CREP and progress in fulfilling its technical assistance, monitoring, and coordination responsibilities. The 2010 Annual Program Accomplishment Report will be distributed at the June meeting.

Enrollment numbers have declined since the 2008 peak, which is a trend seen in other states during the recession, but appear to be picking up again. Oregon’s CREP enrollment totals for the first quarter of federal fiscal year (FFY) 2011 are more than 65 percent of the FFY 2010 totals. This increase in enrollment could signal a need to re-evaluate our assumptions about the amount of funding needed to support Oregon’s share of the CREP cost-share payments over the 2011-2013 biennium, since conservation practices are typically implemented within two years of contract signing. Staff will work with FSA over the summer to evaluate the signup trends to propose an appropriate amount for CREP cost share payments in the 2011-2013 spending plan.

IV. CREP Technical Assistance

Staff and representatives from the ODA, OACD, Natural Resources Conservation Service, and FSA, have been meeting over the past few years to evaluate CREP TA and to develop an alternative for funding Oregon CREP technical assistance. Staff briefed the Partnership Subcommittee on the alternatives considered and the recommended proposal on May 3, 2011. Staff also briefed the Soil and Water Conservation Commission (SWCC) on May 12, 2011. The three alternatives are briefly described in the following sections.

A. Status Quo

This alternative continues the existing funding mechanism for CREP TA, which is that CREP TA is funded through the SWCD capacity award by the Board with the ODA and SWCC deciding how much of that funding to spend on CREP TA and how the funding will be distributed. Currently, OWEB has an interagency agreement with ODA to manage the funds. ODA has contracts with the SWCDs receiving CREP TA funding and ODA takes a small amount of the overall funding to support oversight of the CREP TA contracts. All reporting is submitted to ODA, which approves the reports and submits payment requests to OWEB.

OWEB makes payments directly to the SWCDs. Based on the language in Ballot Measure 76, it does not appear that all parts of the current arrangement can continue with resources from the Measure 76 Grant Fund, since OWEB is required to manage those funds as grants and ODA is not eligible for the grant funding.

B. Status Quo with Measure 76 Update

Under this alternative, OWEB would approve an additional amount of funding in September 2011 for SWCD capacity that could be used to support CREP TA. OWEB, ODA, and the SWCC would decide how the funds will be used, including whether any funding will be allocated to support CREP TA and the processes for “grant” administration. Under the Measure 76 Grant Fund, OWEB will manage the SWCD grants, including those providing CREP TA. OWEB and ODA will need to work out grant oversight and management roles and responsibilities.

This alternative would maintain the status quo, while recognizing the differences required by Measure 76 in the processes related to grant solicitation, evaluation, and management. This alternative does not address the SWCC’s ongoing concern about statewide CREP coverage, and does not provide an avenue for providing funding to entities other than SWCDs who are interested in providing CREP TA. Additionally, this alternative does not address the ongoing funding gap problem between the end of one biennium (June 30) and the timing of a funding decision (September – October).

This funding alternative also does not support the OWEB Board’s 2010 Strategic Plan Goal 2 of supporting a strong local infrastructure, and this alternative makes training and retaining talented people more difficult because of the significant uncertainty around when decisions will be made and how much funding will be available. The status quo does not provide resources or incentives for addressing the ongoing cultural resource issues for CREP contracts.

C. CREP TA Grants Proposal (Recommended Alternative)

The intent of this proposal is to address some of the issues that have been identified with Oregon CREP TA and the other two alternatives. Under this alternative, OWEB would fund CREP TA grants independently from the funding for SWCD capacity and OWEB’s “regular” technical assistance grant program. CREP TA grants would instead be funded with the Measure 76 Grant Funds and included in OWEB’s 2011-2013 Spending Plan.

Under this proposal, CREP TA Grants will be outcome based and eligible entities will not be limited to SWCDs. Selection criteria will include how the applicant will conduct outreach, service and complete CREP contracts, address cultural resource reviews, and comply with federal security requirements. Local partnerships around CREP will be encouraged, especially where CREP and its significant federal funds leverage can assist in meeting local and regional conservation and recovery plans. The goal is also to offer two year grants to increase certainty for local providers. OWEB and ODA still need to work out whether there will be any shared oversight and management roles associated with these grants, since many of the grantees will be SWCDs.

Recognizing OWEB’s need to delay significant decisions on 2011-2013 investments until September 2011, at the earliest, this proposal includes a recommendation for “bridge funding” to assist existing CREP TA providers with the transition to the new criteria and funding process.

At the June meeting, staff would like to engage the Board in a discussion about the elements of the proposal, including the attached draft grant criteria. (Attachment A. Staff will also request Board approval of bridge funding for the currently funded positions shown in the table below. Work will then continue over the summer to refine the proposal and grant criteria in preparation for a September 2011 decision.

Recommended Bridge Funding for July 1, 2011 to December 31, 2011

SWCD	Bridge Amount
Baker Valley	\$20,000.00
Curry	\$22,500.00
Douglas	\$22,500.00
Gilliam	\$3,750.00
Jefferson	\$22,500.00
Klamath	\$22,500.00
Linn	\$18,000.00
Polk	\$22,500.00
Sherman	\$7,500.00
Umatilla	\$22,500.00
Wasco	\$29,500.00
Wheeler	\$3,750.00
Yamhill	\$22,500.00
Totals	\$240,000.00

V. Recommendation

Staff recommend the Board endorse the proposal in Section IV.C. of this report and award \$240,000 for the CREP TA grants to the soil and water conservation districts listed in the table in Section IV above.

Attachment

A. Draft 2011-2013 CREP Technical Assistance Grant Criteria

Draft 2011-2013 CREP Technical Assistance Grant Criteria

Basic Criteria

1. Proven ability to manage grants and staff.
2. Application must specifically identify how the applicant will address the following items (either themselves or with partners – partners must submit letters):
 - a. Outreach
 - b. Completing and servicing contracts
 - c. Cultural resources/NEPA
 - d. Security
3. Application must clearly identify outcome-based criteria against which the grant can be judged (what do you expect to accomplish each year and over the two year period of the agreement?)

Ranking Criteria

1. Priority will be given to applicants that demonstrate a significant need. Need includes significant watershed health or recovery plan limiting factors where riparian restoration is needed and could be addressed through CREP with focused outreach efforts or landowner engagement. Applicants should list the plans, partnerships, and priorities that support the description of need and describe how CREP fits with these plans, partnerships, and priorities.
2. Priority will be given to applicants that demonstrate a significant demand for CREP technical assistance, which includes large numbers of landowners signed up for CREP who need plans developed.
3. Applicants will be ranked on their capacity to meet that need or demand, and the commitment by the local partnership to successfully address the need or demand. If the applicant's initial request is for CREP technical assistance to complete outreach only, the applicant will also be scored on their identified plan to service future contracts. This will need to include letters of commitment from identified partners.
4. Priority (extra points) will be given to multi-county proposals where the need or demand for CREP technical assistance is not significant enough to justify a single county proposal, and where the counties involved have clearly identified and articulated how the local partnership will support and manage the project and position across the entire geography, within the individual communities, or amongst the partnership organizations.



Oregon

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June 7, 2011

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator

**SUBJECT: Agenda Item O: 2011-2013 Watershed Council Support
June 14-15, 2011 OWEB Board Meeting**

I. Introduction

This report describes the application and review process, funding alternatives, and a recommendation for funding the 2011-2013 biennium Watershed Council Support grants. OWEB received 64 council support applications by the January 18, 2011, deadline with a total request of \$9.1 million. No applications were received from new applicant councils; all of the applicants have previously received council support awards from OWEB.

OWEB reviewed the applications for eligibility under OWEB's administrative rules. All applicants were determined to be eligible; in a few cases staff requested, and received, additional information to answer questions about eligibility that were not clearly addressed in the application.

Goal 2 of OWEB's Strategic Plan is to "support an enduring, high-capacity local infrastructure for conducting watershed conservation and restoration." In consideration of OWEB's Strategic Plan, it is important that limited watershed council support funds are invested as effectively as possible. As described in more detail below, under OWEB's merit-based council support funding rules, 72 percent of council applicants scored at the "Excellent" and "Very Good" merit levels.

Staff and the Board Council Support Subcommittee recognize that councils with low merit scores can be doing good work and have local support in their communities. OWEB's recommendations are not meant as a negative judgment; rather, the recommendations reflect to what extent the council demonstrates the characteristics of an effective council as envisioned in OWEB's merit-based funding rules.

Following Board direction from the 2009 council support grant cycle, staff recommend, and the Board Council Support Subcommittee supports, the "Do Not Fund" category for four councils for 2011-2013, as described in more detail in Section V.B. of this staff report. This was a very difficult recommendation to make. However, staff and the Board Council Support Subcommittee believe it is the right recommendation, based not only on the direction of the OWEB Board, but also the need to ensure an effective investment of public funds in Oregon's watershed councils.

II. Background

From 1997 through 2001, Watershed Council Support (Council Support) grant applications were accepted, reviewed, and awarded along with applications for other project types. Council Support applications were reviewed based on the scope of work and a description of accomplishments submitted by the applicants.

In January 2001, the Board asked staff to explore options for incorporating geographic and biological values into the process for evaluating and awarding Council Support grants. OWEB also was given a budget note from the 2001 Legislative Joint Ways and Means Natural Resources Subcommittee indicating legislative interest in a merit-based approach to funding watershed councils.

In March 2004, the Board adopted rules outlining a merit-based application and evaluation grant program for Council Support.

Costs eligible for Council Support funding are council coordinator salary and benefits; operating costs such as utilities, rent, travel, printing and training; risk management and accountability assurance costs; and fiscal management of the council support grant award not to exceed 10 percent of direct costs.

Under OWEB's rules, awards to councils are based on:

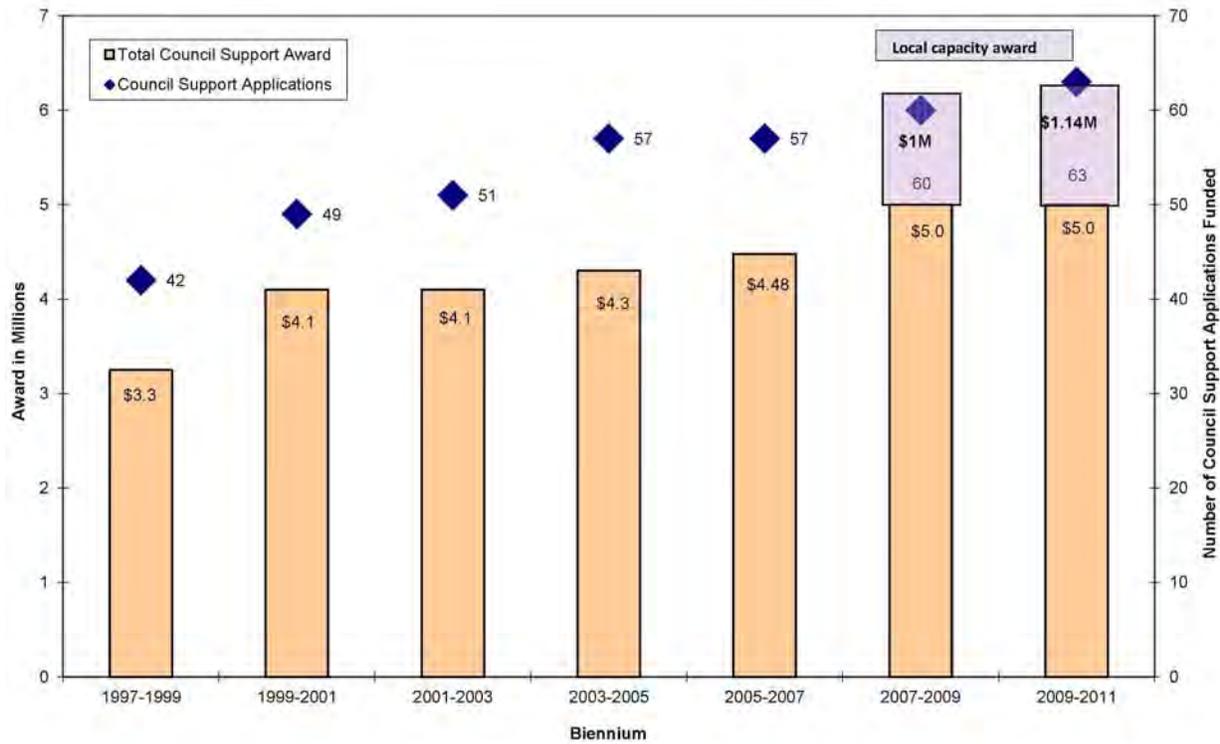
- an applicant's merit category;
- whether the Board decides to award bonuses for umbrella ("a" or "b") councils or multiple ("c") councils within one application; and
- how much funding is available.

OWEB's merit category placements are also based on:

- The recommendations of the Council Support Advisory Committee;
- The recommendations of OWEB's Director; and
- The applicant's response to these recommendations, specifically whether the response demonstrates an egregious error in the review process.

The chart on the following page shows the history of Council Support and local capacity funding from 1997-1999 through 2009-2011. For 2009-2011, the Board awarded \$5 million in Council Support at its June 2009 Board meeting. Once OWEB's budget was known, and because there were sufficient resources, the Board approved additional non-capital funding to support local capacity, including an additional \$1.14 million for watershed councils.

Watershed Council Support Award History 1997-2011



III. 2011-2013 Application and Evaluation Process

A. Application

The 2011-2013 application was substantially the same as the 2009-2011 application, with some changes made as a result of the recommendations of the 2010 Council Support Work Group. Questions in the application were designed to address the following seven criteria:

- Criteria #1** A well organized council is committed to organization improvement.
- Criteria #2** A well organized council is engaged in active management of the organization.
- Criteria #3** A well organized council has an effectively functioning organization and governance structure, and is increasing citizen participation.
- Criteria #4** An effective council takes a leadership role in watershed activities.
- Criteria #5** An effective council plans strategically.
- Criteria #6** An effective council works collaboratively with partners.
- Criteria #7** An effective council makes progress toward goals.

In addition, questions in the last section of the application covered organizational information and were scored by OWEB staff based on the recommendation of the 2010 Council Support Work Group. Questions in this section covered topics such as fiscal management, organization make-up, and organization improvement efforts.

The application also included a section called “special circumstances.” This section provided the opportunity for councils to describe the staffing situations and demographic or social issues that influence their work. The objective of the “special circumstances” section was to provide reviewers with a context for evaluating the accomplishments of each council.

B. Evaluation Process

OWEB’s evaluation process is outlined in the agency’s administrative rules, and was the same process used in 2007-2009 and 2009-2011. The Council Support Advisory Committee (CSAC) had 16 members, divided into two teams. Each team was comprised of one person from each of OWEB’s regions and two statewide representatives. For a list of CSAC members, see Attachment A. The role of the CSAC was to evaluate applications and make criteria score recommendations to OWEB staff.

After pre-scoring the applications, the CSAC met for facilitated “consensus scoring sessions.” At the sessions, the CSAC teams discussed the applications and developed consensus scores for each application on the seven criteria. In developing the criteria scores, the reviewers considered how well each application demonstrated an effectively functioning organization that is accomplishing effective watershed protection and restoration.

Application scores reflect a range of effectiveness. For example, in scoring “Criteria #3b, A well-organized council is increasing citizen participation,” reviewers assigned scores with a range of 0-5, using the following guidance:

- 1: The applicant makes a weak demonstration of processes to increase citizen participation. For example, only passive steps to maintain and enhance citizen participation are mentioned, such as posting website information, mailings and newspaper articles. Direct communication with potential participants is not mentioned, and/or none of the activities listed in questions 27 and 28 address element 3.
- 3: The application demonstrates that the council has adequate active processes in place to increase citizen participation. Examples of active communication tools may include: sign-up sheets with follow up phone calls, public events like workshops, tours, presentations and open houses, booths at fairs, volunteer appreciation events, a system for tracking and managing citizen participation or new member packets, and/or some of the activities listed in questions 27 or 28 address element #3.
- 5: The application demonstrates that the council has active, strongly effective processes in place to increase citizen participation, leading to increased citizen participation in council activity.

The reviewers were asked to focus on the criteria and avoid comparing councils to each other as they scored the applications. The reviewers also considered the level of funding previously received, the accomplishments of each council, and special circumstances described by the council in its application. As contemplated by OWEB’s council support rules, the reviewers also asked for, and received, OWEB regional program representative comments on the evaluation criteria and the applications.

In a few cases, following the CSAC consensus scoring, OWEB staff requested, and the Director approved, adjustments to specific criteria scores based on detailed information provided by staff, which demonstrated that a specific criteria score was a gross anomaly.

OWEB staff then applied weighting factors to each criteria score, resulting in one merit score for each application. The range of possible merit scores is 0 - 100. Council effectiveness and accomplishment criteria were weighted more heavily than council organizational structure criteria.

The merit scores and Director recommendations were used to assign merit categories based on natural breaks in the scores. The merit categories “Excellent” (99-87), “Very Good” (85-77) “Good” (74-65) and “Needs Improvement” (56) are the same categories used in the 2009-2011 award process. In 2009, OWEB used the “Satisfactory” category; however, due to the natural breaks in the scores and the fact that, overall, councils scored higher in 2011-2013, staff recommend not using the “Satisfactory” category in the 2011-2013 merit rankings.

Staff also recommend a new “Do Not Fund” category (55-45) for 2011-2013 based on Board direction during the 2009 council support grant process. The Director recommended assignment to this category based on review of the CSAC recommendations and consideration of councils’ history of performance, as discussed in more detail in Section V.B. below.

C. Observations on the Process

The council support grant process is very resource-and time-intensive for OWEB staff, reviewers, and applicants. Even without making significant changes to the application and review process, the process requires dedicated staff time ranging from about 0.25 to more than 1 FTE over a 15-month period. The work ranges from updating the application, training applicants and reviewers, managing the application review and recommendation process, leading the Board Subcommittee work, to writing the grant agreements for each award.

Similar to 2009-2011, the 2011-2013 evaluation process was fair and consistent, but not perfect. Some of the application questions were confusing for applicants. The reviewers primarily rely on what was in the application and there were instances where information provided in the application did not accurately reflect the council. As noted above, as contemplated by OWEB’s rules, the regional program representatives provided supplemental information when reviewers had questions. In addition, due to the diversity of councils, evaluations will always involve an element of subjectivity.

The review sessions went very well. The reviewers were very prepared, engaged, and thoughtful in their deliberation of the applications. The two review teams were consistent in how they scored applications (as shown by the duplicate review of three applications, which the two teams scored consistently).

During the four day application review meeting, the Council Support Advisory Committee members consistently commented on how impressed they were with the level of activity and accomplishments across the state. After the review process, over 72 percent of all council support applications ranked in the Very Good and Excellent categories.

IV. Individual Grant Awards

The rules governing Council Support [OAR 695-040-0060(4)] state that individual Council Support grant awards will be based on four factors:

- (a) *An applicant's merit category.*
- (b) *Whether the applicant is an umbrella watershed council as defined in OAR 695-040-0020(4).*
- (c) *Whether the applicant is two or more watershed councils serving unique geographic areas in a single Watershed Council Support grant where the application demonstrates operational economies of scale over two separate grant applications.*
- (d) *Available funding.*

Available funding is a key consideration in the recommended amount of the individual grant awards. The base level of council support funding in the 2011-2013 Governor's Balanced Budget for OWEB is \$5.1 million. In 2009-2011, based on sufficient available funding, the Board supplemented the base budget council support award by \$1.14 million at the September 2009 meeting, for a total council support award of \$6.14 million. At this time, OWEB's budget bills have not made it completely through the legislative process. However, staff are optimistic that there will be sufficient funds to support a supplemental award for 2011-2013. The Board may consider additional local capacity funding options at the September 2011 Board meeting.

A. Merit Category Placement and Evaluations

As described in Section III.B. above, the merit scores and Director recommendations were used to assign merit categories. The merit categories "Excellent", "Very Good", "Good" and "Needs Improvement" are the same categories used in the 2009-2011 award process. Staff also recommend a new "Do Not Fund" category based on Board direction during the 2009 council support grant process.

General characteristics of councils in these merit categories include, but are not limited to:

Excellent: *Councils that scored "Excellent" strongly impressed reviewers because they were working effectively in all areas, with a strongly effective and highly functioning organization; very strong leadership in the watershed; a highly collaborative approach; excellent strategic planning; and impressive progress in implementing a diversity of restoration, outreach, monitoring and other projects that are tied to watershed limiting factors..*

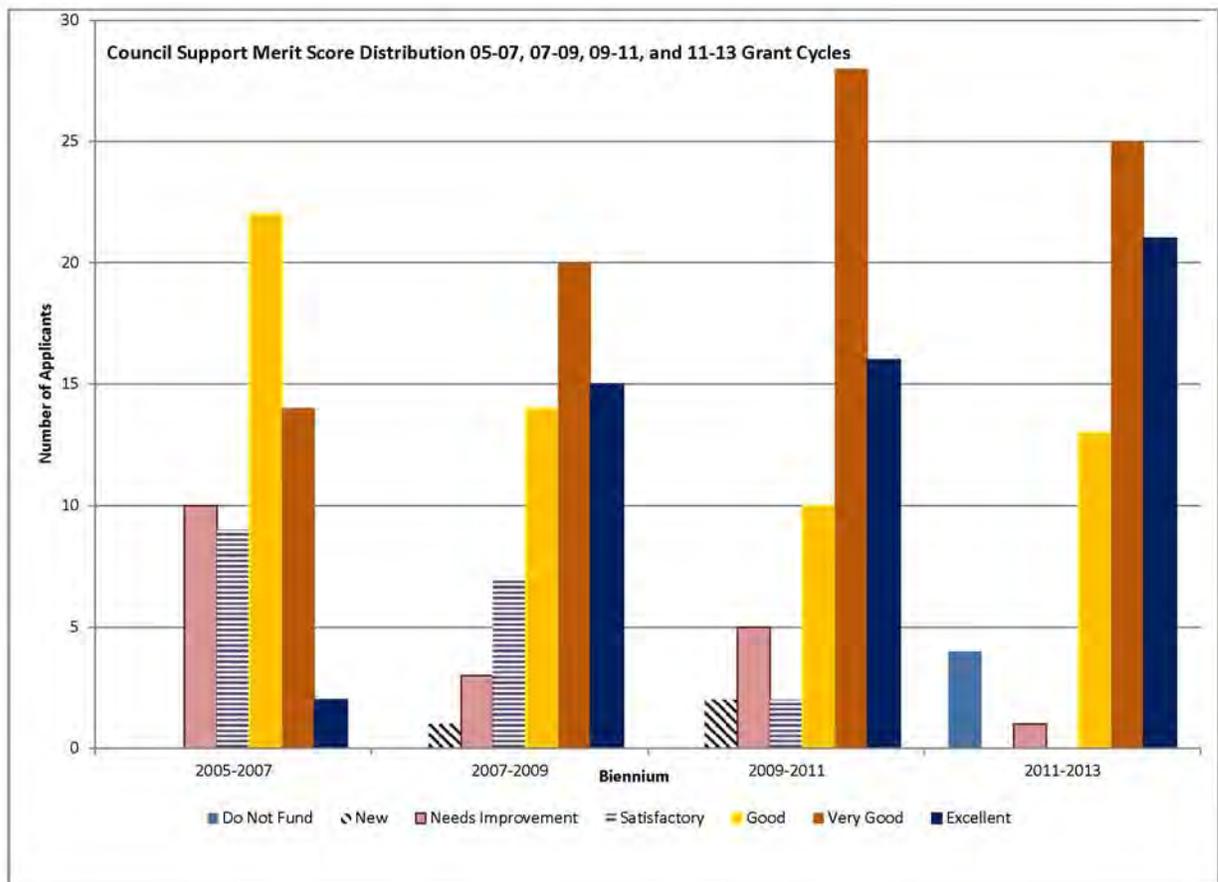
Very Good: *Councils that scored "Very Good" implement a diversity of projects and address watershed limiting factors. These councils are also clear leaders in their watersheds. The reason that they are "Very Good" and not "Excellent" is because reviewers found they were lacking effectiveness in their organizational structure or capacity. For example, their work plan development process or board structure did not demonstrate a strongly effective, functioning organization and governance structure.*

Good: *Councils that scored "Good" are implementing some good projects that are tied to some watershed limiting factors, but typically lack strong leadership and/or their strategic planning processes were weak.*

Needs Improvement: Councils that scored “Needs Improvement” demonstrated inadequate performance in most of the evaluation categories. For example, the application does not describe how the work plan is developed, the description of the council’s organization and governance structure and functions is weak, and the examples indicate the council does not have a leadership role in the community and/or they do not appear to augment or enhance agency efforts.

Do Not Fund: Councils were placed in the “Do Not Fund” category based on the CSAC scoring recommendations, because they demonstrated the characteristics of a Needs Improvement council for 2011-2013, and had been in the Needs Improvement category for 2009-2011 and/or because of staff consideration of councils’ history of performance.

The table below shows a comparison between the distribution of merit categories for 2005-2007, 2007-2009, 2009-2011 and 2011-2013. Compared to the previous Council Support grant cycles, more council support applicants are ranked in the “Very Good” and “Excellent” categories. This reflects the reviewers’ comments noting how impressed they were with the accomplishments and work of councils in general.



Staff prepared written summaries of the CSAC evaluations. Evaluations were designed to provide specific feedback to applicants on each of the seven evaluation criteria, plus the OWEB evaluation of organizational information. Staff made every effort to provide constructive feedback to the applicants that related directly to the merit category placement

and that identified specific areas where the council performed well during the last biennium and needed improvement.

Copies of all the evaluations were sent to Board members and applicants on April 22 and 25, 2011, respectively. Applicants had until 5:00 p.m., Friday, May 6, 2011, to submit written comments. Applicant comment letters are being sent to the Board along with this staff report. OWEB's response to any comment letters will be available at the Board meeting.

Staff and the Board Council Support Subcommittee reviewed the applicant comment letters on May 10, 2011, and do not recommend changes to merit category placements or to the proposed individual grant awards based on applicant responses provided in the written comments. Information provided in the comment letters did not demonstrate that there were any egregious errors in the evaluation of the applications.

B. Approach to Merit Category Award Levels

The recommended level of individual grant awards is based on the following approach:

- Keep base awards for each merit category as close as possible to the base awards for 2009-2011.
- Provide proportionately higher levels of base awards for "Excellent" and "Very Good" councils.
- Create a "Do Not Fund" merit category based on Board direction during the 2009 council support grant process. The Director recommended assignment to this category based on review of the CSAC recommendations and consideration of councils' history of performance, as discussed in more detail in Section V.B. below.

Attachment B to this staff report shows the amount of funding awarded in 2009-2011 and the proposed funding for 2011-2013. Comparing 2009-2011 to 2011-2013, shows that most councils will receive lower awards, some significantly lower, under both the \$5.1 million and \$6 million funding scenarios. This is due to the following factors:

- Councils have moved up or down in merit category placement; for example, three councils that were "Excellent" in 2009-2011 ranked "Very Good" in 2011-2013 and two councils that ranked "Good" in 2009-2011 ranked "Excellent" in 2011-2013.
- Compared to 2009-2011, five more councils are ranked in the "Excellent" category.
- In 2009, two councils that had not previously received OWEB council support funding submitted applications and were awarded \$37,500, consistent with OWEB's new applicant funding policy. These two councils are now eligible to receive increased funding based on their merit category ranking.
- More councils that are eligible for the (a)/(b) umbrella bonus (the largest bonus) are ranked "Excellent" than in 2009-2011.

C. Umbrella Council Bonus Awards

As defined in OAR 695-040-0020(4), umbrella watershed councils include (a) those that provide support and coordination for at least three watershed groups or councils, have a coordinating council, shared staff, and a single Council Support grant, and (b) those that provide service to a watershed area containing three or more 4th-field hydrologic units. OWEB's rules also refer to (c), two or more watershed councils serving unique geographic

areas in a single Watershed Council Support grant where the application demonstrates operational economies of scale over two separate grant applications.

1. History of Umbrella Awards

In 2005, the Board awarded 57 council support grants including umbrella bonuses to 13 watershed councils. An additional 30 percent was awarded to the five (a) councils, 15 percent to the six (b) councils, and 35 percent to the two (a) and (b) councils.

In 2007 and 2009 the Board again awarded umbrella bonuses to 13 watershed councils. An additional 18 percent was awarded to the five (a) councils, 9 percent to the six (b) councils, and 22 percent to the two (a) and (b) councils.

OWEB has never awarded bonus funding based on “whether the applicant is two or more watershed councils” (subsection (c) in the rule, above).

2. Recommended umbrella awards for 2011-2013

For 2011-2013, staff identified four type (a) umbrella councils, six type (b), and three type (a)/(b) councils. Staff recommend the Board award additional funds to these umbrella councils, *above the base award* allocated by the Board. Staff and the Board Subcommittee recommend that the type (a), (b), and (a)/(b) umbrella councils receive an additional 18, 9, and 22 percent, respectively, of their base award. This is the same umbrella bonus as was awarded in 2007-2009 and 2009-2011.

3. Continue the practice of no multiple “(c)” council awards

The Board has never awarded bonus funding based on “whether the applicant is two or more watershed councils” (subsection (c) in the rule, above). In the May 2005 Council Support awards staff report, staff realized that the rule language relating to this is imprecise and makes the concept difficult to apply. Erring on the inclusive side, numerous councils might currently fit this definition, resulting in significant additional OWEB awards. Staff and the Board Subcommittee recommend continuing to *not* award additional funds for potential multiple “c” councils on the basis of the rule’s imprecise language and the impact it would have on the base award for all watershed councils.

V. Special Funding Considerations

A. Needs Improvement Merit Category

The Upper South Fork John Day Watershed Council (212-063) ranked in the “Needs Improvement” category for the first time this biennium (the council was a new applicant in 2009). Staff recommend that the 2011-2013 grant agreement include clear, specific performance benchmarks for areas where the council had weak scores and needs to improve, and provide that if the council fails to meet those benchmarks, it will be cut off from the remainder of its council support award. Staff also recommend, consistent with Board direction from 2009, that the grant agreement for this council clearly state that if the council fails to meet specific performance benchmarks, and/or if it is ranked in the lowest category again in 2013-2015, there is a high likelihood it will not be funded in the 2013-2015 biennium.

B. Do Not Fund Category

OWEB staff recognize the significance of a "Do Not Fund" recommendation and do not make this recommendation lightly. However, staff and the Board Council Support Subcommittee believe it is the right recommendation, based not only on the direction of the OWEB Board, but also the need to ensure an effective investment of public funds in Oregon's watershed councils.

It's important to note that councils who do not receive council support funding remain eligible to apply to OWEB for project grants. There are several examples of councils that do not receive council support funding from OWEB, but implement restoration work with OWEB project grants. Further, the "Do Not Fund" recommendation for 2011-2013 is not a permanent bar for possible future council support grants for these councils.

As discussed by the OWEB Board during the 2009 council support grant process, the Board was concerned about the inability to provide adequate levels of council support funding to high-performing councils, and continuing to provide council support grants to low-performing councils. The Board directed staff to give the "Needs Improvement" councils clear notice that if they were ranked in the lowest merit category twice in a row, there was a high likelihood they would not be recommended for funding. Based on that Board direction, the grant agreements for all 2009-2011 "needs improvement" councils provided that *"if the council falls into the "Needs Improvement" category again in 2011-13, there is a high likelihood it will not be funded in the 2011-2013 biennium."* OWEB staff met with each of these councils in person, shortly after finalization of the 2009-2011 grant agreements, to discuss this direction.

In October 2009, in conjunction with the Network of Oregon Watershed Council Gathering, OWEB held a training for "Needs Improvement" councils and at least one of their board members. The training covered some of the areas in which the councils' scores had been weakest. Following the training, OWEB staff contacted each "Needs Improvement" council to offer the opportunity of mentoring with high performing councils. Two of the 2009-2011 "Needs Improvement" councils – the Smith River Watershed Council and Upper Rogue Watershed Association – took advantage of this opportunity and worked with mentors from other councils.

During the Council Support Advisory Committee evaluation meetings, OWEB staff informed the reviewers of each council's 2009-2011 "Needs Improvement" status and that if the council were to rank in the "Needs Improvement" category again in 2011-2013, it would likely not be funded. The reviewers struggled in their evaluation of the Greater Oregon City, Mid-Willamette, and Middle Deschutes councils, because the reviewers had the desire to find something positive in each application. After discussing the evaluation criteria and the councils' applications, the CSAC agreed these councils are not performing adequately. Conversely, reviewers noted improvement in the Smith River Watershed Council and Upper Rogue Watershed Association, and their scores resulted in a merit category of "Good" for these two councils that were ranked "Needs Improvement" for 2009-2011. These two councils were the ones who worked with council mentors following the 2009 training.

In order to follow through on the Board's direction with respect to councils that rank "Needs Improvement" twice in a row, the Director recommends placement of the Greater Oregon City, Mid-Willamette, and Middle Deschutes councils in a "Do Not Fund" category. As discussed in more detail below, in each case, staff's assessment is that the decision not to provide council support funding is not likely to significantly impact the level of service to the watershed, and the council either did not provide OWEB with any response to these recommendations, or the written responses do not change the recommendations.

In addition, the Director recommends that one council be placed in the "Do Not Fund" category as a result of considering the reviewers' evaluation of the application and OWEB's knowledge of the council's significant lack of performance over the past four years. This council received the lowest CSAC scores for 2011-2013; did not apply for council support funding in 2009-2011; was ranked "Satisfactory" (the fourth out of five merit categories) in 2007-2009 and did not fully spend its 2007-2009 council support award. More information about the reasons for this recommendation is provided below.

1. Mid-Willamette Watershed Alliance 212-033

(formerly Salem-Keizer Watershed Councils)

This council is located in Region 3. The council began in 1998 as an alliance of four neighborhood associations and first applied for OWEB council support funds in 1999. With OWEB encouragement, the four groups reformed into the Mid-Willamette Alliance in time for the 2009-2011 Council Support grant cycle. This was the only 2009-2011 "Needs Improvement" council that failed to meet its contractual benchmarks as outlined in the council support grant agreement, and as a result, OWEB terminated the council's award in July of 2010. At that point, the council had spent less than half of its \$69,500 award. The City of Salem stepped in to help the council complete its one open OWEB Technical Assistance grant.

The CSAC score and merit category ranking reflects among other things, the council's weak organizational effectiveness, failure to identify its role or niche in the watershed, and lack of restoration or monitoring actions related to watershed limiting factors.

The OWEB Director recommends a "Do Not Fund" merit category placement for this council based on the repeated lowest merit category ranking and the council's failure to meet its 2009-2011 grant agreement requirements.

If OWEB does not provide council support funding, staff do not believe that it will result in a significant change in the level of service to the watershed. The council has functioned for many years more as a group of neighborhood associations and, as reflected in the reviewers' evaluation comments, projects have typically been trash pick-ups, weed removal, and trail maintenance rather than focused on watershed limiting factors. The council has been without a coordinator since July 2010.

2. Middle Deschutes Watershed Council 212-044

This council is located in Region 4, and is comprised of the Trout Creek and the Willow Creek Watershed Councils. They first applied for OWEB council support funds in 1997. A part-time coordinator is employed for both councils. The council has not applied for or

been awarded any regular OWEB grants, but has received and implemented nine grants through OWEB's small grant program since 2007.

The CSAC evaluation reflected the reviewers' struggle to understand what the council does, its niche in the watershed, and what it wants to do. The council has very few active members, minimal attendance at meetings, and limited representation from key stakeholders in the watershed. According to the three previous council support applications and to OWEB staff's knowledge, the council has implemented very few projects related to the watershed limiting factors listed by the council in its council support applications.

The OWEB Director recommends a "Do Not Fund" merit category placement for this council based on the repeated lowest merit category ranking, which reflects among other things the lack of engagement in the community, lack of diverse representation on the board, and limited history of restoration actions related to watershed limiting factors. The council did not submit a comment letter in response to this recommendation.

Staff's assessment is that this "Do Not Fund" recommendation is not likely to result in a significant change in the level of service to the watershed. As noted above, the council can still apply to OWEB for project grants. Further, the Jefferson SWCD is very active in this watershed, has successfully applied for and been awarded OWEB restoration, technical assistance, and monitoring applications, and is implementing projects that address watershed limiting factors.

OWEB staff recognize that the council currently employs a part-time coordinator and regret that the 'do not fund' recommendation will eliminate funding used to pay the coordinator salary and other operating expenses.

3. Greater Oregon City Watershed Council 212-059

This council is located in Region 3 and was a new applicant in 2007. Since that time, the council has applied to OWEB for three grants (one assessment and two restoration). The Board awarded two of the grants. The regional review team did not recommend the most recent restoration application for funding, and the applicant did not resubmit it.

The CSAC evaluation reflected reviewers' concerns that the council did not demonstrate active management; organizational structure; leadership; planning; and accomplishments.

The OWEB Director recommends a "Do Not Fund" merit category placement for this council based on the repeated lowest merit category ranking, which reflects among other things, very weak performance in all areas including lack of showing a leadership role in the watershed; inadequate strategic planning; and very limited scope of accomplishments.

The council, Clackamas County Department of Transportation, Oregon City, Metro, and SOLV submitted comment letters in response to this recommendation. OWEB staff reviewed the comment letters and did not find information demonstrating that the evaluation of the application had egregious errors.

Staff's assessment is that the "Do Not Fund" recommendation is not likely to significantly impact the level of service to this watershed. As noted above, the council can still apply to OWEB and other funders for project grants. Further, the Clackamas SWCD is active within the watershed boundaries and is implementing restoration and technical assistance projects that address watershed limiting factors.

OWEB staff recognize that the council currently employs a part-time coordinator and regret that the "do not fund" recommendation will eliminate funding used to pay the coordinator salary and operating expenses.

4. Pudding River Watershed Council 212-031

The Pudding River Watershed Council is in Region 3 and received its first OWEB Watershed Council Support grant in 2001. Its merit category ranking in 2007-2009 was "Satisfactory," the fourth of five categories. The council did not fully spend its 2007-2009 grant and did not apply for OWEB council support funds in 2009-2011. During much of 2009, the council was largely inactive, without a coordinator, and with a very limited board.

The CSAC evaluation found the council lacking in focus and productivity. Reviewers were concerned about lack of board leadership and the council's capacity to succeed, as well as very weak organizational structure and a complete lack of project prioritization processes. The reviewers' criteria scores resulted in the lowest overall merit score of any council.

The Pudding River Watershed Council did not rank "Needs Improvement" twice in a row, as contemplated by the Board in its "Do Not Fund" direction to OWEB staff. However, the Director considered the reviewers' evaluation and scoring, OWEB's experience with the council's inability to adequately perform, and lack of clarity over board membership and leadership, in making the "Do Not Fund" recommendation.

Specifically, in addition to failing to fully spend its 2007-2009 council support grant, the council did not complete its required council support grant project completion report. OWEB staff worked with the council's fiscal agent to ensure the report was completed. Similarly, the council's fiscal agent also submitted the project completion report for the council's 2007 action plan grant from OWEB, when the council was unable to do so. More recently, the council has been unable to respond in a timely manner to OWEB requests for information and to clearly articulate the roles and responsibilities of staff and the board related to council activities.

The council submitted a comment letter in response to OWEB's recommendations. OWEB staff reviewed the comment letter and provided a response. OWEB appreciates the passion of the council members for their watershed, but the letter did not provide any information that demonstrated the CSAC or the Director made an egregious error in the evaluation of the application or in the development of the recommendation and does not change the staff and Board Council Support Subcommittee "Do Not Fund" recommendation.

Based on the council's continued lack of progress towards improving its organizational governance and management and lack of actions related to watershed limiting factors, the "Do Not Fund" recommendation is not likely to result in a significant change in the level of service to the watershed. The Pudding River Watershed is an important watershed and does need an effective, functioning watershed council; and the "Do Not Fund" recommendation for 2011-2013 is not a permanent bar to potential future council support funding for the council.

It is not clear to OWEB whether the council currently employs a coordinator. The council's comment letter refers to an "incoming coordinator." A new coordinator was introduced at a March 2011 council meeting, but in April the coordinator emailed OWEB to advise they were no longer working for the council.

VI. Funding Alternatives

Attachment B shows what individual awards would be under the \$5.1 million and \$6 million funding scenarios. Attachment B also shows the individual Council Support awards for the 2009-2011 biennium. Staff and the Board Council Support Subcommittee are concerned that the base awards are less than the base awards in 2009-2011 for councils ranked Excellent, Very Good and Good because of the level of funding available and the distribution of merit categories based on the CSAC scores.

Staff and the Board Council Support Subcommittee recognize that the work of watershed councils is critical to the success of OWEB's objectives to promote and implement voluntary cooperative conservation actions. Supporting the capacity of councils has direct and positive benefits, including protecting and improving water quality; restoring and maintaining habitat needed to sustain healthy and resilient populations of native fish and wildlife; maintaining diversity of plants, animals and ecosystems; and involving people in voluntary actions to protect, restore and maintain ecological health.

Staff and the Board Subcommittee would like to increase funding for watershed councils to the highest practicable level. However, pending final resolution of OWEB's budget and legislation to implement Ballot Measure 76, staff and the Board Subcommittee recommend the Board approve funding for councils at the \$5.1 million level proposed by the Governor's Balanced Budget. This funding level is contingent on OWEB's legislatively adopted budget.

The Board may consider additional local capacity funding options at the September 2011 Board meeting. At this time, staff are optimistic that funding will be available. By the September meeting the Board will have a clearer understanding of the availability of funding for the 2011-2013 biennium.

Regardless of when OWEB's budget is passed, grant agreements will be written to be effective starting July 1, 2011.

VII. Recommendations

OWEB staff and the Board Subcommittee recommend the following:

- A. The Board adopt the \$5.1 million funding level for Council Support with the individual award amounts at the \$5.1 million level, as shown on Attachment B. This funding level

and the individual award amounts are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

- B. The Board award umbrella watershed councils an additional amount of 18, 9, and 22 percent of the base award for (a), (b), and (a)/(b) type umbrella watershed councils, respectively. These additional umbrella awards are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

Attachments

- A. Council Support Advisory Committee members
- B. Funding Alternatives and Individual Awards
- C. Watershed Council Map

2011-2013 Council Support Advisory Committee Members

Team 1

John Sanchez	Region 1	Retired – USFS
Brian Barr	Region 2	Geos Institute
Traci Price	Region 3	The Freshwater Trust
Matt Berry	Region 4	USFWS
Kelly Wiedeman	Region 5	Malheur Watershed Council
Brian Wolcott	Region 6	Walla Walla Watershed Council
Steve Hanson	Statewide	Oregon Department of Environmental Quality
Alden Boetsch	Statewide	Bonneville Environmental Foundation

Team 2

Lisa Phipps	Region 1	Tillamook Estuaries Partnership
Harry Hoogesteger	Region 2	South Coast Watershed Council
Megan Kleibaker	Region 3	Oregon SeaGrant
Ron Graves	Region 4	Wasco SWCD
John Stephenson	Region 5	USFWS
John Zakrajsek	Region 6	CTUIR
Katherine Luscher	Statewide	The River Network
Max Nielsen-Pincus	Statewide	Institute Sustain Environ

DRAFT
Proposed Council Support Funding Levels
2011-2013

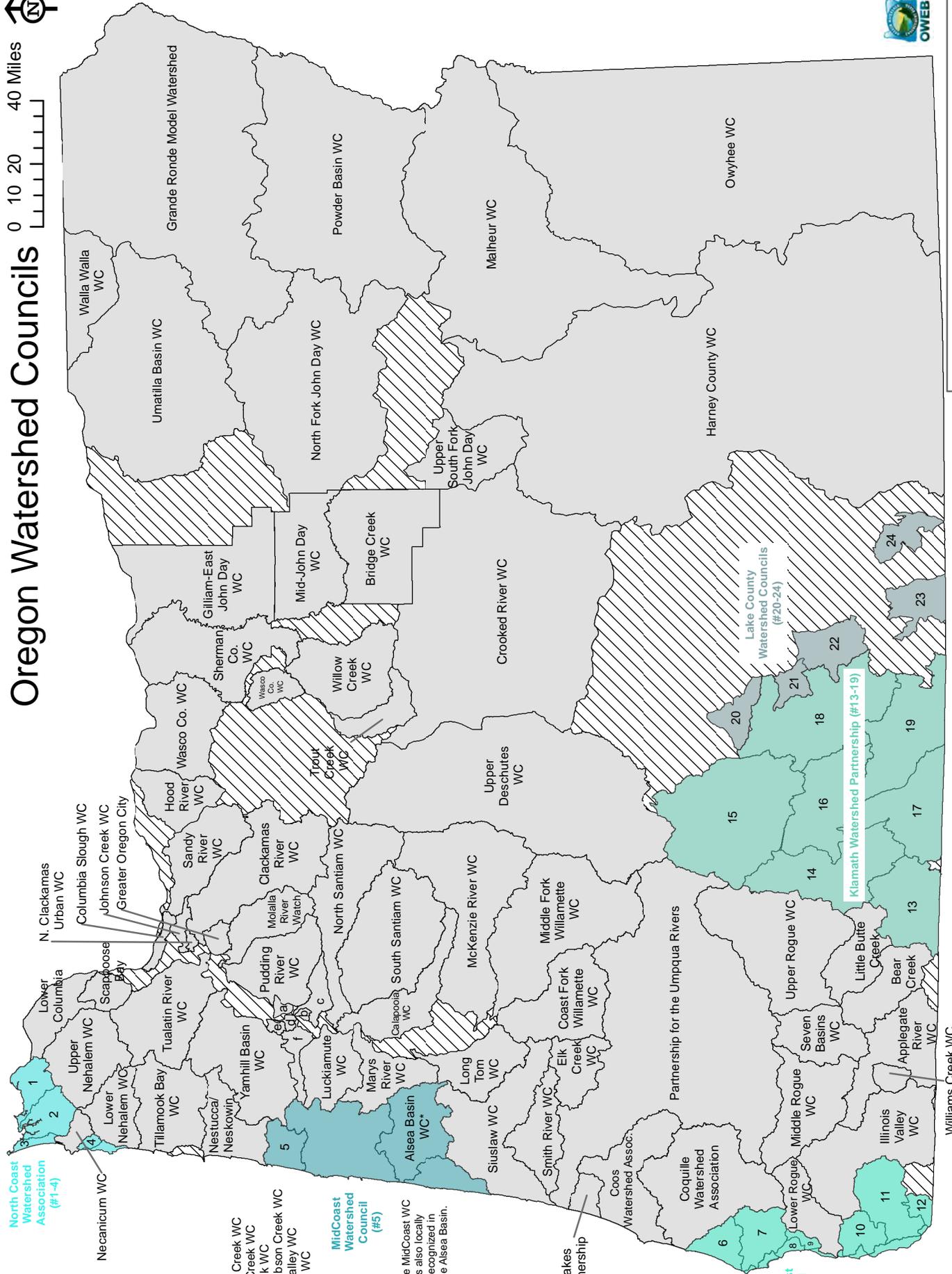
App#	Applicant (by merit score)	\$5.1 million	\$6 million	Awarded 09-11	Merit Score
	(a), (b) or ((a)/(b)) next to the applicant name, indicates an umbrella council.	The award amounts include the umbrella awards of 0.18, 0.09, and 0.22 times the base award for type (a), (b) and ((a)/(b)) umbrellas respectively.			
212-027	Long Tom WSC	\$92,000	\$106,750	\$109,750	99
212-010	Coos Watershed Association	\$92,000	\$106,750	\$109,750	98
212-026	Johnson Creek WSC	\$92,000	\$106,750	\$109,750	97
212-047	Upper Deschutes WSC	\$92,000	\$106,750	\$109,750	95
212-052	North Fork John Day WSC	\$92,000	\$106,750	\$99,750	94
212-030	North Santiam WSC	\$92,000	\$106,750	\$99,750	93
212-018	Partnership for the Umpqua Rivers (b)	\$100,280	\$116,358	\$119,628	93
212-045	Lake County WSCs (a)/(b)	\$112,240	\$130,235	\$117,705	92
212-038	McKenzie WSC	\$92,000	\$106,750	\$89,600	92
212-034	Sandy River Basin WSC	\$92,000	\$106,750	\$109,750	91
212-016	South Coast WSC (a)	\$108,560	\$125,965	\$129,505	91
212-054	Walla Walla Basin WSC	\$92,000	\$106,750	\$109,750	90
212-043	Hood River WS Group	\$92,000	\$106,750	\$99,600	89
212-058	Luckiamute WSC	\$92,000	\$106,750	\$99,750	89
212-003	MidCoast WSC (a)	\$108,560	\$125,965	\$129,505	89
212-056	Owyhee WSC (b)	\$100,280	\$116,358	\$108,728	88
212-017	Tenmile Lakes Basin Partnership	\$92,000	\$106,750	\$109,750	88
212-022	Calapooia WSC	\$92,000	\$106,750	\$109,750	87
212-051	Malheur WSC (a)/(b)	\$112,240	\$130,235	\$108,728	87
212-006	Siuslaw WSC	\$92,000	\$106,750	\$109,750	87
212-015	Stream Restoration All of the Middle Rogue	\$92,000	\$106,750	\$89,600	87
212-007	Tillamook Bay WSC	\$81,750	\$97,000	\$109,750	85
212-004	Upper Nehalem WSC	\$81,750	\$97,000	\$109,750	85
212-061	Lower Nehalem WSC	\$81,750	\$97,000	\$99,750	84
212-036	South Santiam WSC	\$81,750	\$97,000	\$99,750	84
212-023	Clackamas River Basin Council	\$81,750	\$97,000	\$109,750	83
212-041	Crooked River WSC (b)	\$89,108	\$105,730	\$108,728	83
212-005	Nestucca-Neskowin WSC	\$81,750	\$97,000	\$99,750	83
212-035	Scappoose Bay WSC	\$81,750	\$97,000	\$99,750	83
212-020	Seven Basins WSC	\$81,750	\$97,000	\$89,600	83
212-025	Columbia Slough WSC	\$81,750	\$97,000	\$99,750	82
212-049	Grande Ronde Model WS (b)	\$89,108	\$105,730	\$119,628	82
212-012	Illinois Valley WSC	\$81,750	\$97,000	\$89,600	82
212-048	Wasco Area WSCs	\$81,750	\$97,000	\$99,750	82
212-029	Middle Fork Willamette WSC	\$81,750	\$97,000	\$99,750	81
212-037	Tualatin River WSC	\$81,750	\$97,000	\$99,750	81
212-021	Elk Creek WSC	\$81,750	\$97,000	\$99,750	80
212-014	Lower Rogue WSC	\$81,750	\$97,000	\$99,750	80
212-001	North Coast WS Assn (a)	\$96,465	\$114,460	\$117,705	79
212-053	Umatilla Basin WSC	\$81,750	\$97,000	\$89,600	79
212-024	Coast Fork Willamette WSC	\$81,750	\$97,000	\$99,750	78
212-042	Gilliam-East John Day WSC	\$81,750	\$97,000	\$79,480	78
212-050	Harney WSC (b)	\$89,108	\$105,730	\$99,960	78
212-062	Necanicum WSC	\$81,750	\$97,000	\$99,750	78
212-057	Powder Basin WSC (b)	\$89,108	\$105,730	\$108,728	78
212-028	Marys River WSC	\$81,750	\$97,000	\$89,600	77
212-011	Coquille Watershed Association	\$70,750	\$83,850	\$89,600	74
212-009	Bear Creek WSC	\$70,750	\$83,850	\$91,800	73
212-039	Yamhill Basin WSC	\$70,750	\$83,850	\$99,750	73
212-002	Lower Columbia River WSC	\$70,750	\$83,850	\$83,666	71
212-060	Smith River WSC	\$70,750	\$83,850	\$69,500	71
212-013	Little Butte Creek WSC	\$70,750	\$83,850	\$89,600	70
212-055	Mid John Day-Bridge Creek WSC	\$70,750	\$83,850	\$79,480	70
212-008	Applegate River WSC	\$70,750	\$83,850	\$99,750	69
212-046	Sherman Area WS Council (a)	\$83,485	\$98,943	\$86,815	69
212-040	Klamath WS Partnership (a)/(b)	\$86,315	\$102,297	\$121,695	68
212-064	Molalla River Watch	\$70,750	\$83,850	\$37,500	68
212-032	Rickreall & Glenn-Gibson Cr WSCs	\$70,750	\$83,850	\$89,600	68
212-019	Upper Rogue WS Assn	\$70,750	\$83,850	\$69,500	65
212-063	Upper South Fork John Day WSC	\$41,895	\$52,665	\$37,500	56
212-059	Greater Oregon City WSC	\$0	\$0	\$64,020	55
212-044	Middle Deschutes WS Councils	\$0	\$0	\$62,700	53
212-033	Mid-Willamette WA	\$0	\$0	\$69,500	47
212-031	Pudding River WSC	\$0	\$0	\$0	45
		\$5,100,000	\$6,000,000	\$6,140,454	

Excellent
Very Good
Good
Needs Improvement
Do Not Fund



0 10 20 40 Miles

Oregon Watershed Councils



North Coast Watershed Association (#1-4)

- 1. Necanicum WC
- 2. Upper Nehalem WC
- 3. Lower Nehalem WC
- 4. Lower Nehalem WC

a. Claggett Creek WC
 b. Pringle Creek WC
 c. Mill Creek WC
 d. Glenn Gibson Creek WC
 e. Spring Valley WC
 f. Rickreall WC

MidCoast Watershed Council (#5)

*The MidCoast WC is also locally recognized in the Alesia Basin.

Tennile Lakes Basin Partnership

South Coast Watershed Councils (#6-12)

- 6. Floras Cr./New River WC
- 7. Elk/Sixes River WC
- 8. Port Orford WC
- 9. Euchre Creek WC
- 10. Hunter Cr./Pistol River WC
- 11. Chetco WC
- 12. Winchuck WC

North Coast WA

- 1. Nicola/Wickiup WC
- 2. Youngs Bay WC
- 3. Skipanon WC
- 4. Ecola Creek WC

MidCoast WC

- 5. Salmon-Drift WC

South Coast WC

- 6. Floras Cr./New River WC
- 7. Elk/Sixes River WC
- 8. Port Orford WC
- 9. Euchre Creek WC
- 10. Hunter Cr./Pistol River WC
- 11. Chetco WC
- 12. Winchuck WC

Klamath Partnership

- 13. Upper Klamath River
- 14. Upper Klamath Lake
- 15. Upper Williamson River
- 16. Lower Sprague/Williamson

Lake County WC

- 20. Silver Lake
- 21. Upper Sycan
- 22. Upper Chewaucan
- 23. Goose Lake
- 24. Warner Valley

Legend

- Watershed Council
- No Active Watershed Council

Oregon Watershed Enhancement Board
www.oregon.gov/OWEB
 (503) 986-0178



Oregon

John A. Kitzhaber, MD, Governor

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June 7, 2011



MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item P: OWEB Partnership Investments
June 14-15, 2011 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on the opportunities for future Special Investment Partnerships and makes recommendations for 2011-2013 biennium priorities. The Board will be asked to direct staff efforts to develop partnership approaches in the Klamath and South Coast basins and to consider adding resources through the Whole Watershed Restoration Initiative for the Sandy River Basin.

II. Background

In 2007, the Board initiated a discussion of the nature of investments throughout the agency. The Board recognized that there were differences between our responsive grant offerings through the regular grant and small grant programs, as compared to program level partnerships. OWEB's funding of partnerships began with the Farm Service Agency to establish riparian buffers in agricultural lands through the Conservation Reserve Enhancement Program. OWEB then joined the Whole Watersheds Restoration Initiative (WWRI), a partnership with the U.S. Forest Service, National Marine Fisheries Service, Ecotrust, Bureau of Land Management, and others. These two partnerships significantly leverage state funds with federal funds to achieve specific ecological outcomes.

Board discussions in 2007 led to the development of the Special Investment Partnerships (SIP) program. The conversation was inspired in part by actions of partners in the Upper Deschutes Basin to create a locally developed strategy to facilitate access to and habitat conditions for reintroduction of anadromous fish above the Pelton-Round Butte dam complex. In 2007, the Board adopted SIP criteria (Attachment A).

In early 2008, the Board approved a SIP in the Deschutes Basin (January 21, 2008) and awarded \$4 million to fund a list of potential projects identified by the partners and reviewed by a larger group of advisors. At the March 2008 Board meeting, the Willamette Basin SIP was approved by the Board and awarded \$6 million. These SIPs have been active in pursuing the objectives established and approved by the Board. In September of 2009, the Board invested an additional \$4 million in the Deschutes SIP.

III. SIP Development Process

At the time that the Board adopted the SIP criteria, staff were talking with local partners about at least six potential SIPs, including a potential Klamath SIP related to the relicensing of the Klamath River dams.

Since 2007, staff have also engaged in discussions about other possible SIPs, including in the Lower John Day, South Coast, and Sandy River basins. A number of groups from around the state continue to express interest in OWEB funding additional SIPs.

To date, staff have regularly reported to the Board Partnership Subcommittee and have put staff time into the potential SIPs identified by the Subcommittee for further development. Staff resources, however, cannot support the range of interests expressed and OWEB cannot financially support all the local interest in SIPs. As interest has risen, it has become clear that OWEB needed a more formal process to assist the Board and staff in focusing staff time and resources, and so as to not waste potential partner's time.

At the March 2011 meeting, the Board approved an expedited process to consider potential new SIP candidates. The Partnership Subcommittee was charged with working with staff to develop a recommendation for the Board to consider in June.

IV. SIP Statements of Interest

In early April, staff distributed a request for Statements of Interest via email to groups that had expressed interest in a SIP. As a result of the solicitation, staff received statements of interest from six organizations. (Attachment B) The following is a brief summary of each statement of interest.

A. Upper Klamath Basin SIP

The National Fish and Wildlife Foundation (NFWF) has adopted a "Keystone Initiative" in the Upper Klamath Basin to address limiting factors for listed sucker species and red band trout. A group of partners from the basin submitted a detailed Statement of Interest designed to enhance ecological and hydrological connectivity in the upper basin. The statement includes a draft list of restoration priorities and proposed evaluation metrics. The partnership includes a broad group of interests, is connected to the Keystone Initiative, and supports the Klamath Basin Restoration Agreement (KBRA).

B. South Coast SIP (Wild Rivers Coast Alliance)

The owner of the Bandon Dunes Golf Courses is committed to sustainability outcomes for the watersheds of the South Coast, from the Coquille River to the California border. Local planning effort have been supported by a consulting team from the east coast and directed by local partners. The Statement of Interest identifies four objectives that range from land-sea connection to promoting working landscapes. The unique aspect of this partnership is the potential private funding partner. The South Coast estuaries are also small, fragile systems that can be significantly affected by either directed conservation action or by development pressure.

C. Sandy River Basin Partnership

The Sandy River Basin Partners have been working together for salmon and steelhead recovery for more than a decade. The partners have developed a whole basin “anchor habitat” based prioritization of restoration opportunities, and from that have developed a focused restoration plan for the Salmon River tributary. The Statement of Interest focuses on the Salmon River, Still Creek, and the Lower Sandy River. Over the years, this partnership has been funded by OWEB grants through the regular grant program and the WWRI.

D. Water for Irrigation Streams and Economy (WISE)

The WISE partnership was another potential SIP considered by staff as early as 2007. There has been a long term effort in the Rogue basin to remove fish passage barriers and to eliminate the use of intermixed streams and irrigation ditches. The outcomes anticipated would be increased protected stream flow and improved water quality. The Statement of Interest looks for funding for feasibility studies and environmental analysis.

E. Willow Creek Piping Project

The Lower Willow Creek Working Group and Vail Irrigation District has been working to systematically pipe the District’s irrigation lateral canals. OWEB has supported past efforts through the regular grant program. The ecological objective is water quality improvement. The separation of irrigation waters from cattle feeding areas is expected to reduce bacteria. Facilitating the change from flood irrigation to sprinkler is intended to reduce sediment loss from fields and reduce sediment and nutrient inputs to streams. The Statement of Interest looks for assured funding to complete piping of the lateral canals with local match for on-farm improvements.

F. Catherine Creek Public/Private SIP

The Union Soil and Water Conservation District (SWCD) submitted the partnership proposal with the U.S. Forest Service to improve watershed conditions by accelerating fish and habitat restoration on private and public lands to address federally listed fish species. The Statement of Interest is broad and is intended to build on existing local restoration efforts.

V. Evaluation of Responses

The Statements of Interest were emailed to all members of the Partnership Subcommittee. The Subcommittee met with staff on May 11, 2011, to review the submittals. The Subcommittee looked at each Statement of Interest and evaluated them based on their fit with the established SIP criteria. The following is a summary of the review considerations and conclusions of the Subcommittee members:

A. Upper Klamath Basin SIP

The Subcommittee was impressed with the focus, clarity of purpose, and logic in the Statement of Interest. The Subcommittee asked staff to work further with the partners to address the acquisition of water in their proposed list of projects. The Subcommittee unanimously agreed that the Upper Klamath Basin SIP should be considered as a candidate for the coming biennium.

B. South Coast SIP (Wild Rivers Coast Alliance)

The Subcommittee struggled with this Statement of Interest because it covered a broad range of activities and wasn't clear about OWEB's role. They were, however, unanimous in their interest in continuing to participate in the development and focus of the effort. The Statement of Interest did not have the focus or specifics of the Klamath Statement of Interest, but the Subcommittee liked the sustainability and private match elements, and saw the unique nature of the South Coast as a place deserving of focused attention. The Subcommittee unanimously agreed that the South Coast SIP should be considered as a candidate SIP for the coming biennium.

C. Sandy River Basin Partnership

The Subcommittee was impressed with the tight organization of the Statement of Interest and the long track record of accomplishment by the Sandy River Basin Partners. The partners have been very successful through OWEB's regular grant program and the Sandy Basin is a "priority basin" for the WWRI. The Subcommittee expressed an interest to recognize the important work and strong partnership in the Sandy River Basin with the allocation of additional funds through the WWRI for the Sandy. By this recognition, the Sandy River Basin Partnership would not be considered a candidate SIP nor receive funding through the regular grant program. Instead, the Partnership would be considered for additional focus through OWEB's contribution to the WWRI in 2011-2013.

D. Water for Irrigation Streams and Economy (WISE)

The Subcommittee did not feel that the focus of the Statement of Interest was broad enough. The goals of the project were recognized as the type of effort that would be worth considering for a targeted investment. However, funding a feasibility study and environmental analysis is outside the focus of the SIP criteria and suggests the proposal is not yet ripe for SIP. The Subcommittee unanimously recommended the WISE project not be a candidate SIP for 2011-2013.

E. Willow Creek Piping Project

The Subcommittee recognized that the Lower Willow Creek Working Group has a strong track record and has been successful in securing funds through the OWEB regular grant program. While significant progress has been made, the Subcommittee felt that the Statement of Interest focused on too narrow a suite of activities to address water quality issues in the basin. The Subcommittee unanimously recommended the Willow Creek partnership not be a candidate SIP for 2011-2013.

F. Catherine Creek Public/Private SIP

The Subcommittee unanimously agreed that the Statement of Interest was premature since partnerships are still developing and the two organizations that developed the Statement have not connected with the other major restoration players in the watershed. The Subcommittee unanimously recommended the Catherine Creek Public/Private SIP not be a candidate SIP for 2011-2013.

VI. Discussion

The Subcommittee and staff recommend the Klamath and South Coast proposals be considered as candidate SIPs for the 2011-2013 biennium. No other new SIP proposals will be considered this biennium. The candidate SIP status does not guarantee funding. It does mean, however, that OWEB is committed to further development of the candidate proposals. The level of commitment of staff and grant resources will depend on Board priorities and spending plan discussions that will occur early in the biennium.

In addition, the Subcommittee discussed the need for staff to develop a work plan for further development of the two candidate SIP proposals. The Subcommittee asked staff to work with the Klamath partners to address flow protection and develop a clear description of the implementation process. Staff was also directed to work with the South Coast SIP partners to focus the role that OWEB can play, develop a list of specific projects and activities for the near future, and better define the outcomes that might be achieved from a long term effort on the South Coast.

The Subcommittee also asked staff to ensure there is a Board discussion of adding funding to the WWRI targeted to the Sandy River Basin. Staff will bring forward a proposal for WWRI, including the option for additional funding for the Sandy River Basin, at a future meeting.

VII. Recommendations

Staff recommend the Board approve the Subcommittee recommendation to declare the Upper Klamath Basin and South Coast proposals as SIP candidates for the 2011-2013 biennium.

Attachments

A. SIP Criteria

B. Statements of Interest

(Due to the size of this attachment, please see OWEB's web site if you're interested in seeing the following submittals. www.oregon.gov/OWEB)

B-1:Upper Klamath Basin

B-2:South Coast

B-3:Sandy River Basin

B-4:Water for Irrigation Streams and Economy (WISE)

B-5:Catherine Creek

B-6:Willow Creek Piping Project

OWEB Special Investment Partnership Criteria

- 1. Ecological Significance.** The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.
- 2. Importance of OWEB's Contribution.** OWEB's contribution will be critical, not only to funding the effort, but also to attracting other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.
- 3. Robust Partnerships.** SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.
- 4. Triple Bottom Line.** Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they have become a part of local custom and culture.
- 5. Captures the Imagination/High Visibility.** The scale, importance, and sustainability of an SIP will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.
- 6. Ripeness.** To receive a funding allocation from the Board, a Partnership: (a) needs to be ready to form and begin functioning to finalize objectives and a work plan; (b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB's needs; and (c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

Upper Klamath Basin Concept Proposal to the Oregon Watershed Enhancement Board Special Investment Partnership

A. Ecological Objective

Provide a concise description of the concept's ecological objective.

*Implementing the proposed SIP will contribute to chemical, thermal, and physical aquatic conditions that will benefit fish populations and water quality in the Upper Klamath Basin by re-establishing, improving, and sustaining the **ecologic and hydrologic connectivity of aquatic ecosystems** in the catchment above the Link River Dam and in Spencer Creek. Expectations for outcomes of planned activities are described below and in Table 1 and Table 2, but overall the SIP is expected in the long-term to help prepare Upper Basin aquatic ecosystems to support re-establishment of anadromous salmonids, contribute to recovery of sensitive, threatened and endangered fish in the Upper Basin, and incrementally improve water quality. Table 1 identifies all priority activities to address connectivity needs on a sub-watershed basis, and Table 2 is a draft identifying the initial 2-year work plan for the proposed SIP.*

The proposed SIP will pursue an overall ecological outcome compatible with other Upper Basin programs. Multiple restoration and enhancement programs are either underway or are forthcoming in the Upper Basin, each with similar but distinct goals and objectives. A major portion of the KBRA is its Fisheries Program (see KBRA Section 9.2.6), which will implement a cohesive, collaborative, basin-wide ecosystem enhancement program intended to a) restore and maintain ecological functionality and connectivity of historic fish habitats; b) re-establish and maintain naturally sustainable and viable populations of fish to the full capacity of restored habitats; and c) provide for full participation in harvest opportunities for fish. Similarly, the National Fish and Wildlife Foundation's Upper Klamath Basin Keystone Initiative seeks to "...restore watershed conditions to conditions that support increased distribution and abundance of Lost River sucker, shortnose sucker, and redband rainbow trout over the next ten years."

B. Consistency of Concept with OWEB Mission

Briefly discuss how your concept is consistent with OWEB's mission. 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. The agency's Special Investment Partnership (SIP) is designed to support efforts that advance OWEB's mission, but that might also require a level of support different from that provided through OWEB's regular grant program.

The proposed SIP concept is consistent with OWEB's mission as it aims to address the underlying cause of poor watershed function in the Upper Klamath Lake basin (ecological connectivity), which has proven over the years to directly impact local communities and economies. As the proposed SIP concept is a strategic niche within

larger-scale basin restoration plans, it is an approach that could not be adequately met by the regular grant program, both in terms of focus and funding timeframes and levels.

For over a decade now, the Upper Klamath Basin has been recognized nationally as a poster child for conflicts over water and fisheries. It has become apparent to many that while conflicts center on water availability, water quality, and fisheries, the true fundamental causes of the conflicts are disrupted ecosystem processes that subsequently interfere with the delivery of the ecosystem services that people rely upon. Most notably, the Klamath Basin Restoration Agreement and the Klamath Hydroelectric Settlement Agreement reflect this understanding among a diverse coalition by agreeing to collaboratively embark on a large-scale, long-term ecosystem enhancement program. Parties to these agreements intend them not only to repair and stabilize the Klamath Basin ecosystem, but also to repair and stabilize the Klamath Basin economy.

A SIP would provide needed matching funds to leverage support from other large-scale programs, such as the National Fish and Wildlife Foundation Upper Klamath Basin Keystone Initiative, the U.S. Fish and Wildlife Service Partners of Fish and Wildlife Program, and the Klamath Basin Restoration Agreement. Such reliable matching funds would also open the doors to new funding possibilities. SIP funding would also provide base funding for stand-alone projects that significantly complement provisions of these programs.

The time is right for a Strategic Investment Partnership with OWEB in the Upper Klamath Basin. Since the 2001 Upper Basin water crisis, disparate management, conservation, and stakeholder groups have achieved an unprecedented level of collaboration and partnership in efforts to build the foundation for complimentary large-scale restoration programs. The proposed SIP would simultaneously aid in the extension of these efforts and take advantage of the momentum behind ongoing work.

C. Consistency with SIP Principles

Discuss how your concept is consistent with the following SIP principles.

1. Ecological Significance. *The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.*

The Upper Klamath Basin (Upper Basin) watershed has a rich heritage of unique and abundant native species, yet some areas have been altered to such an extent that re-establishing and sustaining ecologically healthy conditions is a challenge. Natural processes that sustain functional ecosystems have been impaired, causing declines in some native fish populations and completely extinguishing others. In the Upper Basin, three fish species are listed under the Endangered Species Act (Lost River sucker, shortnose sucker, and bull trout), a fourth is designated as a State sensitive species

(Klamath redband rainbow trout), and salmon and steelhead are extinct above Iron Gate Dam.

Fish population responses by these species reflect impaired ecosystem processes. Both lateral processes connecting river channels to adjacent riparian areas, floodplains, and uplands, and processes connecting watershed components longitudinally, have been damaged in some areas. As a result, fish populations are challenged by inadequate water and habitat quality, and migration impediments or barriers. The Klamath Basin Restoration Agreement (KBRA), which among other things intends to re-establish anadromous salmonids in the Upper Basin, along with other fish recovery and watershed restoration plans, call for extensive actions to improve ecological health and habitat quality in the Upper Basin.

The underlying assumption of the proposed SIP is that human impacts in the Upper Basin have modified ecosystems in a manner that has changed the nature and magnitude of processes that create and sustain river, floodplain, and lake ecosystems, which is summarized herein by the concept of connectivity. Bisson et al. (2009) articulated a conceptual basis for connectivity that can be translated to aquatic ecosystems in the Upper Klamath Basin:

“... connectivity includes migratory pathways along rivers and their tributary systems as well as unimpeded lateral connections between main channels, secondary channels, and floodplains. Ecological connectivity is similarly critical for processes essential to the function of freshwater ecosystems, including a wide variety of complex aquatic and terrestrial interactions that regulate channel dynamics, food webs, and water quality ... removing barriers to movement and improving natural linkages between terrestrial and aquatic ecosystem processes to re-create normative riverine conditions has become an important conceptual foundation for salmon restoration programs ...”

Bisson et al. (2009) and others (e.g. Dale et al. 2000; Poole et al. 2004; Rieman 2006; and Beechie et al. 2010) have structured their views of habitat management and/or ecosystem restoration around the concept that normative riverine conditions result from natural variability in the physical processes producing the natural range in habitat diversity, and that management actions should seek to retain the natural range in these physical processes as opposed to attempting to provide perceived optimal habitat conditions everywhere. Therefore, restoring natural process regimes and their characteristic variability will result in levels of habitat diversity and ecological connectivity that are adequate to support healthy native ecosystems.

In no way does this mean that the proposed SIP or any other of the collaborative ecosystem enhancement programs would target restoring completely natural, pre-European settlement conditions in the Upper Basin. Such an outcome is not possible, and seeking such an outcome would be anathema to long-term, sustainable, collaborative enhancement of Upper Basin aquatic ecosystems. The value in the

connectivity concept described above is that it leads Upper Basin enhancement programs to a focus on ecosystem process, and away from trying to build what is perceived to be “good habitat”. Such an approach sets the stage for generating realistic expectations for ecological outcomes at multiple scales ranging from individual projects to basin-scale enhancement programs.

Lack of connectivity in time and space is a useful way to organize and conceptualize an approach to enhancing watershed function in the Upper Basin. Lateral connectivity — across the floodplain — is interrupted by levees, degraded riparian conditions, and degraded and disconnected riparian wetlands. Longitudinal connectivity — up and downstream — is interrupted by fractured habitats, structural barriers and diversions, and disconnected springs and tributaries. Temporal connectivity of processes at multiple scales (e.g. daily, seasonally, annually, decadal, etc.) is interrupted in complex ways that are linked to spatial connections. The cumulative effects of these impaired connections are manifested in changed variability and magnitudes of flow, temperature, sediment, and nutrient regimes, and in altered riparian plant community dynamics.

Members of the local restoration community have developed an integrated plan focused on moving present patterns of hydrological and ecological connectivity in riparian corridors back towards normative conditions. Focusing on Upper Klamath Lake, its tributaries, and Spencer Creek (Figure 1) reflects the desire to improve water quality, and to improve conditions for native redband trout and the endangered suckers, to prepare sub-basins for the return of anadromous salmonids. Actions intended to address specific causes of impaired connectivity, and their expected ecological outcomes, are summarized in Table 1. Conditions of aquatic ecosystems in the Upper Klamath Basin vary such that some areas are impaired substantially whereas others are in relatively good condition. Accordingly, enhancement actions will represent a spectrum of approaches ranging from re-establishing processes that have been entirely lost to preserving processes that are more-or-less intact.

2. Importance of OWEB’s Contribution. OWEB’s contribution will be critical, not only to funding the effort, but also to attracting the other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.

An OWEB SIP effort would play an invaluable role in the current push towards watershed and community stabilization in the Upper Klamath Basin. As described previously, the Klamath Basin is in the midst of an historic effort to meet mutual environmental, economic, and social goals set forth by varied stakeholders, as evidenced by the KBRA and KBHA. A large portion of these efforts is aimed at Basin-wide watershed restoration activities. The SIP investment, focused on the Upper Klamath Lake watershed, would be paramount both towards reaching restoration goals in the watershed, as well as providing recognition of progress towards KBRA implementation, and needed impetus for other groups to join the effort.

Aside from stimulating the KBRA/KBHA, there are three key ongoing activities that the proposed OWEB SIP would complete or stimulate. First, the National Fish and Wildlife Foundation has selected the Upper Klamath Lake watershed as a Keystone Initiative, and adopted a ten-year Business Plan developed by the local partners aimed at stabilizing the endangered sucker and redband trout populations. Secondly, the USFWS Partners for Fish and Wildlife program has been actively implementing restoration activities on private lands aimed primarily at de-listing endangered fish species. The proposed SIP would fulfill a niche within each of these programs, aiming specifically at the ecological connectivity issues that underlie watershed function and direct use of the NFWF and USFWS funds in a strategic manner. Third, various stakeholders are currently exploring the possibility of developing an ecosystem services credit market for restoration in the Upper Klamath Basin. Development of such a market will involve close monitoring of ongoing restoration activities ... an OWEB SIP would present a solid base of projects to be made available as pilot projects to provide the data necessary to translate restoration projects into ecological services provided.

It cannot be stressed enough that a SIP in the Upper Klamath Lake watershed would provide the momentum, funding levels, and focus needed to advance current restoration plans into realities.

3. Robust Partnerships. *SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.*

The past few years have demonstrated great growth in the strength and collaboration of partners in the Upper Klamath Basin. State and federal agencies, Tribes, agricultural organizations, non-governmental organizations, and other stakeholders have formed strong partnerships and are currently collaborating on plans to repair and enhance the ecosystem processes that are needed to sustain watershed conditions that produce robust fish populations. This proposed SIP highlights these partnerships, both in the coalition of partners who have organized this proposal, as well as existing and potential funding partners.

There is a wide coalition of partners bringing this SIP proposal forward, including private organizations, the Klamath Tribes, and local, state and federal agencies who, through a series of meetings, decided that an OWEB SIP was the best way to move forward to address some of the priority ecological issues facing the Upper Klamath Lake watershed. Participants at these initial meetings included the Klamath Tribes, Ducks Unlimited, Klamath Watershed Partnership, Klamath Basin Rangeland Trust, The Nature Conservancy, National Fish and Wildlife Foundation, Ranch & Range Consulting, Upper Klamath Water Users Association, Klamath Soil & Water Conservation District, Oregon Water Resources Department, Oregon Department of Fish and Wildlife, Natural Resource Conservation Service, National Oceanic and Atmospheric Administration, USFWS – Partners & Refuges.

From these initial meetings, a core group of partners was selected to move forward with the actual application process. The Klamath Tribes, KBRT, KWP, TNC, SWCD, UKWUA, Ranch & Range Consulting, and USFWS have worked closely together to develop a realistic plan, including timelines, cost estimates, goals, and evaluation metrics for the SIP. These partners and their roles are described in Table 3.

As described in question #2, there are several current and future opportunities for funding partnerships with OWEB towards meeting the proposed SIP goals. The National Fish and Wildlife Foundation Keystone Initiative dedicates funds through local groups implementing NFWF's Klamath Business Plan. NFWF has been closely involved in the SIP discussions, and is eager to strengthen their partnership with OWEB in the Klamath by jointly working towards ecological connectivity and a functional Upper Klamath Lake watershed. The USFWS is equally interested in an OWEB SIP partnership through their Partners for Fish and Wildlife Program. The USFWS is closely involved with development of the SIP proposal, and is eager to collaborate with OWEB on ecological connectivity restoration efforts in the Klamath Basin.

The Klamath Basin Restoration Agreement and ecosystem services credit market effort described in #2 are in late and early (respectively) stages of development, and stand to be additional partners in the Klamath SIP in future years. The SIP would encourage the implementation of both programs. The proposed SIP activities and 2-year workplan were based on the larger-scale restoration priorities developed for the Upper Klamath Basin under the KBRA, so work done under the SIP would directly meet KBRA restoration goals. SIP projects would provide the information necessary to develop an ecosystem services credit market, and could become part of the market.

4. Triple Bottom Line. *Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they’ve become a part of local custom and culture.*

The Klamath Basin has regularly been in the news for the social and economic impacts of natural resource management. The close tie between watershed function and social and economic stability is clearly demonstrated in the Basin. The Upper Klamath Lake watershed is recognized as one of the primary keys to reaching balance in the Basin. Restored function in the lake watershed should provide the water, water quality, and fisheries support necessary to be able to meet the ranching, farming, fishing, and Tribal needs in the Upper Basin and downstream. As ecological connectivity has been identified as a primary underlying cause of poor watershed function, the proposed SIP will address the connectivity issues.

The KBRA restoration plan and partners currently working in the Upper Klamath Lake watershed are focused on working with private landowners to implement needed restoration in such a way that profitable farming and ranching operations will continue.

Most of the priority activities are on private agricultural land, but the partners realize that maintaining a viable agricultural community is absolutely necessary for ecological, social, and economic health. Past restoration activities by involved partners attest to this fact. The KBRA, KBHA, NFWF Business Plan, and proposed SIP aim to not only repair and stabilize the Klamath Basin ecosystem, but also to repair and stabilize the Klamath Basin economy.

5. Captures the Imagination/High Visibility. The scale, importance, and sustainability of a Partnership will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.

As mentioned previously, the Klamath Basin, and particularly the Upper Basin, has been in the national spotlight for conflict over water and fisheries management. However, in recent years the spotlight has been on the Basin not for conflict but for compromise and coordination in developing solutions towards restoration of the Basin's ecology and economy.

Many Upper Basin landowners have incorporated conservation-based funding and thinking into their operations, such that the culture of improved water conservation and aquatic restoration is increasingly a normative activity associated with productive land uses. The Klamath Tribes have a profound cultural interest in returning aquatic ecosystems in the Upper Basin to a state that will produce harvestable fisheries and many other resources. Because of the national spotlight that has shone on water management issues in the Klamath Basin over the last decade, efforts undertaken through the SIP have the potential to capture imaginations and raise environmental awareness locally, regionally, and even nationally, while also solidifying Oregon's reputation as a leader in aquatic resource management and conservation.

6. Ripeness. To receive a funding allocation from the Board, a Partnership: a) needs to be ready to form and begin functioning to finalize objectives and a work plan; b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB's needs; and c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

Collaboration between partners and conditions in the Basin make the region ripe for a SIP on all counts. Partners have already developed proposed objectives and long-term and 2-year work plans, as well as reasonable implementation goals. The proposed SIP work plans were developed out of strategic planning effort done for the KBRA and NFWF Business Plan, but are focused specifically on the proposed niche for the SIP to address ecological connectivity. Partners involved with on-the-ground implementation are all experienced with the normal OWEB grant process and have proven to be capable, effective, and efficient project managers. Through multiple conversations with OWEB staff, the partners have a good understanding of the SIP implementation process, and are ready, willing, and able to receive funding to manage a variety of

projects. Additionally funding partners such as NFWF and USFWS are not only ready to move forward with SIP implementation, but have taken a proactive role in developing the proposed plan.

Since the 2001 “water crisis”, disparate management, conservation, and stakeholder groups have achieved an unprecedented level of collaboration and partnership in efforts to build the foundation for complimentary large-scale restoration programs. The proposed SIP would simultaneously aid in the extension of these efforts and take advantage of the momentum behind ongoing work. The time is right for a Strategic Investment Partnership with OWEB in the Upper Klamath Basin.

D. Evaluation

Provide a concise description of the metric(s) proposed to evaluate “completion” or your efforts.

The overall goal of the proposed SIP is to re-establish, improve, and sustain the ecologic and hydrologic connectivity of aquatic ecosystems in the Upper Klamath Lake watershed and Spencer Creek. While direct measurement of this goal is difficult, partners plan to use metrics associated with select key activities that directly impact identified breaks in connectivity. Success of the Upper Klamath Basin SIP can be evaluated in terms of progress through the steps to achieve previously defined outcomes. Please note that the same approach and metrics are being tracked and used to determine progress in the NFWF Klamath Keystone Initiative.

Metric to be tracked	Two-Year Outcome Goals *	Long-Term Outcome Goals *
Acres of floodplain protected	120	10,470
# of barrier locations rectified	3	8
# of springs enhanced, improved, or reconnected	3	40
Miles of levee removed, set back, or breached	2	51

* Please note that both the 2-year and long-term goals are still in development.

Another monitoring effort of interest is the Sprague River Past-Project Effectiveness Evaluation, jointly supported by OWEB and NFWF. This collaborative project evaluating the success of past restoration activities will provide valuable guidance to SIP restoration activities, increasing opportunities for effective and efficient use of funds.

Map 1. Geography of the Upper Klamath Basin areas to be included in the proposed Strategic Investment Partnership. The extent of this geography is consistent with that included in the KBRA and the National Fish and Wildlife Foundation's Keystone Initiative for the Upper Basin.

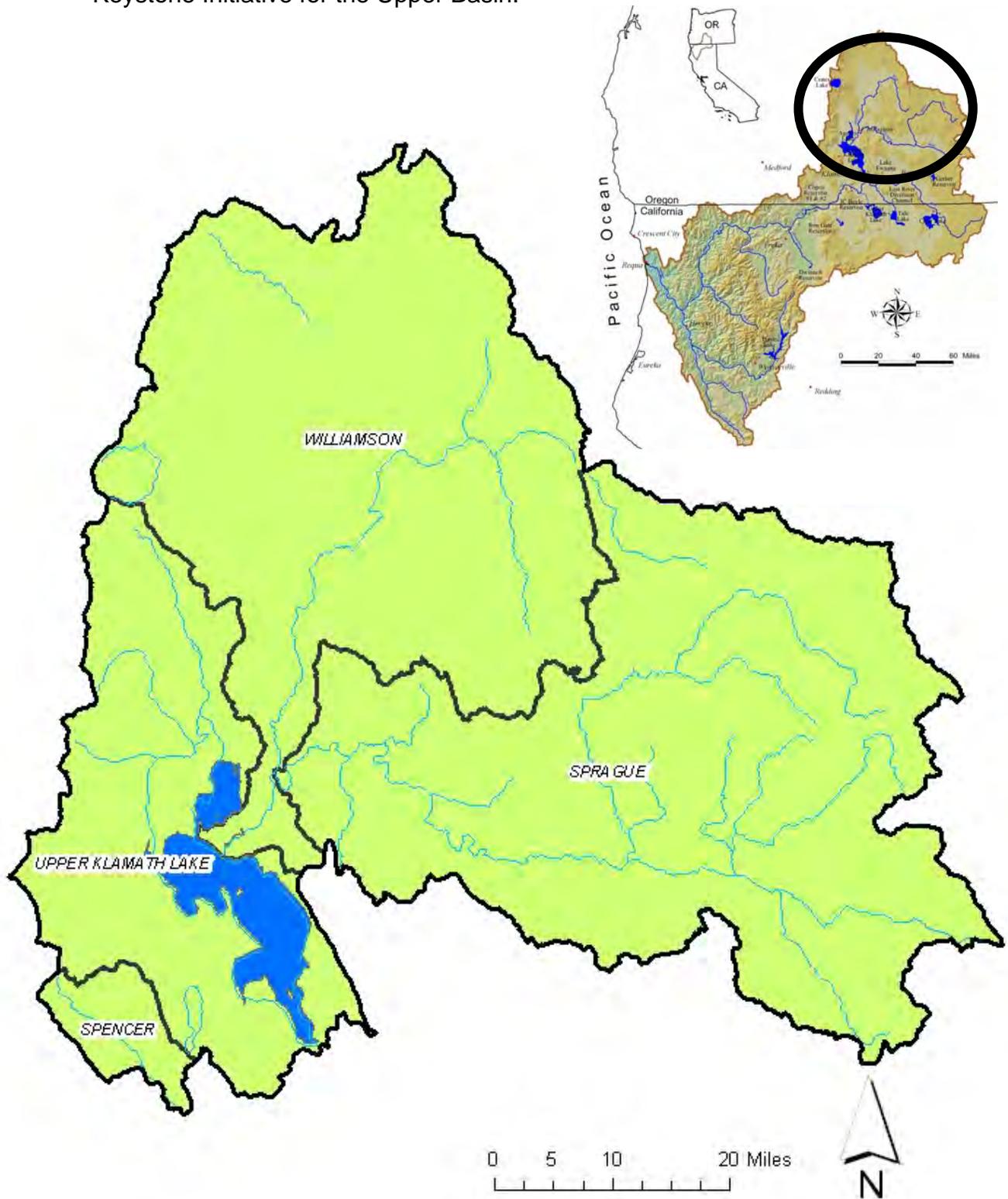


Table 1. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Williamson River						
Main Stem	Riparian Corridor Management	Fence construction and offstream watering	25	50	\$1,320,000	Miles. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	38	1,386	\$2,079,360	Riparian acres. 38 miles of river at 0.057 miles (300 ft) wide = 1,386 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Levee removal, setback, or breaching	1	2	\$300,000	Miles. Levees on lower Williamson River; costs of \$150,000 per mile based on recent projects completed by KFFWO.
		Physical habitat improvements	12	12	\$420,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
		Improve quality of and connectivity among endangered sucker nursery habitats		5,500	\$291,360	Acres. Includes future earthwork and other activities to improve existing habitats and hydrologic connectivity allowing larval fish better access to all nursery areas within the Delta. Cost of moving 58,272 cubic yards of material at \$5 per cubic yard; based on previous work in Delta.
Tributaries	Riparian Corridor Management	Fence construction and offstream watering	2.2	4.4	\$116,160	Miles. Spring Ck, Larkin Ck. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	2.5	91.2	\$136,800	Riparian acres. 2.5 miles of river at 0.057 mi (300 feet wide) = 91.2 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Channel narrowing	2.1	2.1	\$252,000	Miles. Larkin Ck and Sunnybrook Ck. Cost estimates based on KFFWO experience @ \$120,000 per mile. Planning and review required, final delineation may change.
		Physical habitat improvements	5	5	\$175,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
Sprague River mainstem						
Main Stem	Riparian Corridor Management	Fence construction and offstream watering	65.0	130	\$3,432,000	Miles. North Fork (10 miles), South Fork (15 miles), and Sycan below Coyote Bucket (12 miles), main stem (28 miles). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Improving dryland range to reduce need for riparian pastures		19,000	\$3,075,000	Acres. 19,000 acre estimate = 8,000 acres dryland range ripped and re-seeded @ \$75 per acre, plus juniper removal and re-seeding on 11,000 acres of uplands @ \$225 per acre. Intent is to increase dry rangeland alternatives to riparian grazing, may increase water infiltration rate, and may reduce ET water loss via juniper. Planning and review required, final delineation may change.
		Riparian corridor management agreements	85	6,202	\$9,302,400	Riparian acres. Assumes riparian corridor 0.114 miles (600 feet) wide by 85 miles long = 6,202 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22). Includes Sprague tributaries.
	Stream Channel Restoration	Levee removal, setback, or breaching	20	30	\$4,500,000	Miles. Cost is \$150,000 per mile based on previous completed KFFWO projects. Focus is on reconnecting floodplains and re-establishing associated hydrologic processes.
		Whole channel reconstruction	10	15	\$8,298,240	Miles. Fifteen miles on South Fork Sprague, extrapolated costs from Crane Creek project. Extensive planning is required, including manging flood risk to Bly, final delineation may change.
		Physical habitat improvements	22	22	\$2,640,000	Miles. Includes measures to enhance fish use of thermal refugia (e.g. overhangs, narrowing, structural complexity), enhance rearing capacity (e.g. large wood, off channel habitats, structural complexity), enhance spawning habitats (e.g. gravel placement), site-specific narrowing or channel re-alignment. Cost estimated at \$120,000 per mile. Extensive planning and review required, final delineation may change.
		Spring improvement, enhancement, and reconnection		20	\$1,521,380	Number of springs. Includes revegetating and reconstructing outlet channels, substrate treatments, and morphological changes to spring ponds. Guidance from FLIR and TIR coverages.
	Fish Passage	Barrier and impediment removal		2	\$300,000	Number of impediments. Fish passage impediments will be eliminated by modifying two diversions on the South Fork Sprague.

Table 1 continued. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Sprague River tributaries						
Tributaries	Riparian Corridor Management	Fence construction and offstream watering	38	76	\$2,006,400	Miles. Fivemile (2 miles), Fishhole (7 miles), Meryl (5 miles), Trout (3 miles), Snake (2 miles), Deming (3 miles), Whiskey (6 miles), Brown Ck/Spring Ck (4 miles), Sycan from Torrent to Coyote Bucket (6 miles on Teddy Powers Meadow and Sycan Ford). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	52	1,897	\$2,845,440	Riparian acres. Assumes riparian corridor 0.057 miles (300 feet) wide by 52 miles long = 1,897 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22). Includes Sprague tributaries.
	Stream Channel Restoration	Levee removal, setback, or breaching	8	16	\$2,400,000	Miles. Levees on Five Mile (2 miles), Fishhole (4 miles), Merrill (1 mile), Trout (2 miles), Whiskey (4 miles), Sycan (1 mile), Deming (1 mile), Brown (1 mile). Cost is \$150,000 per mile based on previous completed KFFWO projects. Focus is on reconnecting floodplains and re-establishing associated hydrologic processes.
		Whole channel reconstruction	10	10	\$3,000,000	Miles. Brownsworth (0.5 miles), Paradise (0.5 miles), Ish Tish (1 mile), Deming (4 miles), Mercer (1 mile) Fivemile (1 mile), Whiskey (1 mile), Trout (1 mile). Extensive planning and review required, final delineation may change.
		Physical habitat improvements	15	15	\$1,800,000	Miles. Includes measures to enhance fish use of thermal refugia (e.g. overhangs, narrowing, structural complexity), enhance rearing capacity (e.g. large wood, off channel habitats, structural complexity), enhance spawning habitats (e.g. gravel placement), site-specific narrowing or channel re-alignment. Costs estimated at \$120,000 per mile. Extensive planning and review required, final delineation may change.
		Spring improvement, enhancement, and reconnection		20	\$1,000,000	Number of springs. Includes revegetating and reconstructing outlet channels, substrate treatments, and morphological changes to spring ponds.
Fish Passage	Barrier and impediment removal		6	\$450,000	Number of impediments. Fishhole and Whiskey cks.	
Wood River mainstem						
Main Stem Wood	Riparian Corridor Management	Fence construction and offstream watering	12.5	25	\$660,000	Miles. Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements		720	\$1,080,000	Riparian acres. Acreage needed to complete work started by KBRT. Acreage, and \$1,500/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Levee removal, setback, or breaching	3	3	\$450,000	Miles. Does not include the 2 miles above mouth (may be added later, pending analysis). Includes 3 miles immediately south of Weed Road. Costs are based on Wayne Ranch and similar projects completed by KFFWO.
		Physical habitat improvements	15.4	15.4	\$539,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
Wood River Tributaries	Riparian Corridor Management	Fence construction and offstream watering	13	26	\$686,400	Miles. Sun Ck (2 miles), Annie Ck (6 miles), and Crooked Ck (5 miles). Cost to build fence is \$4 per foot used \$5 per foot to account for offstream watering facility cost.
	Stream Channel Restoration	Physical habitat improvements		7	\$75,000	Miles. \$52,000 for upper 5 miles of Crooked Creek, \$21,000 for two miles of Fort Creek.
		Whole channel reconstruction		3	\$1,658,202	Miles. Sun Ck (2 miles), Annie Ck (1 mile). Costs based on Crane Ck and similar projects completed recently by KFFWO.

Table 1 continued. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Sevenmile and Fourmile Creek Systems						
Sevenmile Creek/Canal System	Riparian Corridor Management	Fence construction and offstream watering	3	6	\$158,400	Miles. Short Ck and Crane Ck (not including Forest Service; fence is needed only between McQuiston Road and start of Federal property at Barnes Ranch). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements		175	\$262,500	Riparian acres. Includes Fourmile system. Acreage needed to complete work started by KBRT. Acreage and \$1,500/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Whole channel reconstruction	3.0	4.5	\$2,489,715	Miles. Lower channelized 3 miles on Sevenmile Ck above federally ownership will be restored to 4.5 miles of channel. Costs are based on other recent, similar projects competed by KFFWO. Extensive planning and review are needed, actions will undergo NEPA process, final delineation may change.
Fourmile Creek/Canal System	Riparian Corridor Management	Fence construction and offstream watering	1	1	\$26,400	Miles. Fourmile Creek above Fourmile Canal. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
	Stream Channel Restoration	Whole channel reconstruction	1.5	2.3	\$1,239,156	Miles. Changing lower channelized portion of Fourmile Ck. Costs are based on other recent, similar projects competed by KFFWO.
Spencer Creek						
Buck Lake	In Development					
Spencer Creek	In Development					

Table 2. Two-Year Work Plan

Enhancement actions to be taken under the proposed Strategic Investment Partnership, linked to the causes of the impaired ecosystem process and the expected ecological and social outcomes following the principles recommended by Beechie et al. (2010) for approaching aquatic ecosystem enhancement.

Expected ecological outcomes					
Cause of impaired process	Action	Project scale	Reach scale	Extent of action / Priority areas	Cost of action
Grazing management that prevents riparian plant community succession and therefore prevents attainment of ecological potential.	Riparian corridor management agreements	Riparian corridor uses allow hydro-geomorphological processes to function properly in the long-term.	Re-establish appropriate spatial and temporal rates and magnitudes of lateral and longitudinal connectivity between river channel and riparian zone/floodplain. Improved dynamics associated with thermal regime, sediment and nutrient storage and transport, in-channel and off-channel habitat quality and availability for multiple life stages of fish. Improved ranch management and productivity, better ranch economics, reduced conflict.	Williamson: 20ac Sprague: 50ac Wood: 20 ac 7mile/4mile: 15ac Spencer/Buck: 15 ac UKL tribs: 0	\$ 180,000
	Fence construction and offstream watering	Contributes to implementing ranch management plans and riparian corridor management agreements.		Williamson: 3 Sprague: 5 Wood: 2 7mile/4mile: 0 Spencer/Buck: 2 UKL tribs: 0	\$ 506,880
	Improving dryland range to reduce need for riparian pastures	Expanded flexibility in grazing operations to facilitate reduced reliance on riparian pastures.		Williamson: 0 Sprague: 1,000 ac Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 50,000
Dike construction and channelization has: a) eliminated deltaic processes and wetlands associated with some tributaries to Upper Klamath Lake (UKL); b) disconnected riverine floodplains and channels; c) reduced hydrologic connectivity, species composition, and availability of vegetated nursery habitats for endangered suckers in the Williamson River delta, a legacy of diking and draining.	Re-construct deltaic templates	Tributaries enter UKL in complex deltaic transitions from riverine to lacustrine ecosystems, with many fish habitat and water quality benefits.	Project and reach scales are similar for deltaic projects. Above UKL, removing dikes parallel to the channel may increase floodplain water storage, and increase deposition of sediments and nutrients on floodplains, whereas removing dikes perpendicular to the channel may have the opposite effect. In each case, the outcome moves the system back toward a normative state in which hydro-geomorphological processes can again operate to produce more natural patterns in channel pattern and evolution, flow, habitat, thermal regimes, and water quality.	Williamson: 0 Sprague: 0 Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 2 miles	\$ 165,648
	Levee removal, setback, or breaching	Re-connected flows of water, sediment, and nutrients between channels and floodplains restore more normative flow, habitat, thermal, and nutrient conditions		Williamson: 0 Sprague: 2 Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 300,000
	Whole channel reconstruction	Necessary for most extreme cases. Re-establishes channel-floodplain template in a manner allowing normative processes to function thereafter.		Williamson: 0 Sprague: 2 Wood: 1 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 900,000
	Improve vegetated, deltaic nursery habitats for endangered suckers; residual levee reshaping; re-establish native wetland plants	Increased connectivity among and quality, availability, and diversity of patches of native wetland plants, with concomitant improvements in success of endangered suckers life stages using vegetated nursery habitats.		Williamson: 500ac Sprague: 200 ac Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 50 ac	\$ 39,750
Removal of large woody debris, deactivation of coarse spawning materials by loss of large anadromous salmonids, excessive sediment input resulting from improper riparian management	Physical habitat improvements	Proper addition of large woody debris, and management or addition of spawning gravels suitable for anadromous salmonids would increase production capacity of embryos, fry, and ultimately smolts. Very important to near-term re-introduction efforts that will need to produce sufficient numbers of smolts to begin to re-create Upper Basin stocks.	Williamson: 2 miles Sprague: 8 miles Wood: 3 miles 7mile/4mile: 0 Spencer/Buck: 2 miles UKL tribs: 2 miles	\$ 570,000	
Dikes, roads, and diversions have disconnected springs hydrologically from adjacent waterways; improper riparian management has impaired plant communities and	Spring enhancement and reconnection	Enhancing riparian and aquatic conditions within spring ponds and channels, and re-connecting them to adjacent waterways will restore or expand fish access to thermal refugia and to spawning and rearing habitats.	Williamson: 0 Sprague: 3 springs Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 150,000	
Diversions or culverts impede or prevent fish movements, interrupting life cycles.	Barrier and impediment removal	Longitudinal connectivity re-established quickly in the absence of other barriers	Migratory fish can complete life histories involving long-distance movements.	Williamson: 0 Sprague: 2 barriers Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 1barriers	\$ 225,000
TOTAL COST					\$ 3,087,278

Table 3. Partnerships

Roles and responsibilities of the primary partners involved in SIP development and implementation are described below. Please note that there are additional secondary partners who are not included in this list.

Partner	Roles & Responsibilities
The Klamath Tribes	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Project prioritization ○ Project plan & design review ○ Project implementation
Klamath Basin Rangeland Trust	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
Klamath Watershed Partnership	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Project implementation
The Nature Conservancy	<ul style="list-style-type: none"> ○ SIP Development ○ Project prioritization ○ Project plan & design review ○ Project implementation
Klamath Soil & Water Conservation District	<ul style="list-style-type: none"> ○ SIP Development ○ Project prioritization ○ Project plan & design review ○ Project implementation
Upper Klamath Water Users Association	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
Ranch & Range Consulting	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
US Fish & Wildlife Service	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Provide Matching funds for SIP activities ○ Outside assessment of progress towards goals ○ Project prioritization ○ Project plan & design review
National Fish and Wildlife Foundation	<ul style="list-style-type: none"> ○ SIP Development ○ Provide matching funds for SIP activities ○ Outside assessment of progress towards goals

Special Investment Partnership Proposal
May 1, 2011

Partnership Name: South Coast SIP

Contact Name: Harry Hoogesteger

Title: South Coast Watershed Coordinator, Wild Rivers Coast Alliance Chair

Organization Name: South Coast Watershed Council

Telephone: (541) 247-2755

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South Coast Special Investment Partnership

OVERVIEW

The following proposal outlines the strategy and approach for the South Coast Special Investment Partnership (SIP). The South Coast features 10 wild rivers that form a block of salmonid habitat unlike anywhere else in the lower 48 states. Over 100 miles of coastline include highly productive estuaries and bays, a thriving marine ecosystem, and engaged landowners. The South Coast SIP will work to protect and enhance this pristine landscape always working in partnership with local communities. Below, we describe our strategy, scientific rationale for action, strong partnerships, and proven ability to leverage OWEB's investment.

A. ECOLOGICAL OBJECTIVES

The South Coast SIP is organized around five key objectives that create a holistic framework for enhancing the ecological, community and economic integrity of the South Coast. The SIP's project design and implementation are guided by these key objectives:

- **Improving access and connections of fish to historic habitat:** Land development has altered or eliminated access to historic fish habitat. Removing passage barriers, providing access to overwinter habitat, and providing access to spawning and rearing habitat will increase the carrying capacity and survival of salmonids, and ultimately improve fish populations within South Coast rivers.

- **Enhancing land-sea connections:** The South Coast SIP recognizes the important linkages between the nearshore ocean habitats, freshwater habitats and estuaries that are essential for rearing salmonids. Anthropogenic impacts on land can endanger ocean life, delivering sediment, pesticides and other harmful byproducts to fragile habitats. The South Coast SIP’s “summit-to-sea” approach will give managers the best chance to collect information on these regions, leading to improved management.
- **Improving and securing estuarine habitats:** Estuaries are recognized as one of the most productive habitats for rearing and overwintering salmonids prior to migrating to the ocean. Improved estuaries will also enhance important habitats for migrating waterfowl, raptors, shorebirds and other wildlife, as well as rearing habitats for young marine fish and shellfish.
- **Controlling and monitoring invasive species:** The South Coast SIP will deliver a cooperative and comprehensive approach to prioritizing and controlling invasive species. Invasive species can dominate a landscape, devastating native plants and wildlife populations. Some invasive species, such as gorse and scotch broom, can also cause increased fire danger to humans and property. Past efforts to control invasive species have been sporadic and ineffective, with almost no follow up or post-treatment monitoring.
- **Promoting working landscapes:** The geography of the South Coast SIP includes large agricultural and forest landscapes that have been in family ownership for generations. SIP partners will explore acquisition and easement models that protect the environment and respect families’ historic ties to the land. Supporting local entrepreneurs will also be prioritized.

Throughout the course of the SIP, implementation partners will work to maintain a balanced portfolio of investments to ensure that each key objective is achieved. In addition, partners will promote information sharing and communication across projects to identify best practices that will inform the SIP’s broader implementation strategy, and ultimately achieve greater impact.

B. CONSISTENCY WITH OWEB MISSION

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, also known as “The Triple Bottom Line.” The South Coast Special Investment Partnership (SIP) is a private-public partnership that seeks to follow the mission set by the OWEB, protecting and enhancing 10 estuaries and watersheds between Bandon and the California border while simultaneously improving local economies and communities.

The South Coast SIP addresses all six major conservation issues and 26 actions to resolve, reverse or reduce threats to Oregon’s fish, wildlife and habitat described in the Oregon Conservation Strategy (Oregon Department of Fish and Wildlife February 2006), which is used

by the OWEB board to evaluate project proposals. The SIP includes comprehensive approaches to reducing negative impacts to nearshore ocean habitats – creating strategies to limit invasive species; providing Coho and Chinook salmon, winter steelhead, cutthroat trout and Pacific lamprey access to historic habitat; and improving over-wintering habitat for endangered Coho salmon and winter steelhead. In addition, the South Coast SIP is the first in Oregon to take a “summit-to-sea” approach to healthy watersheds. South Coast residents and visitors are uniquely tied to their local estuaries and river basins, and they rely on the health of the watersheds and the productivity of the nearshore ocean to keep local economies viable and thriving. Finally, the South Coast SIP offers unique opportunities to work with local residents and business owners and encourage large-scale restoration that will improve water quality, promote sustainable agriculture and forestry, and increase freshwater and ocean fish populations – a boon to local economies.

C. CONSISTENCY WITH SIP PRINCIPLES

Clear Ecological Significance

The South Coast SIP’s comprehensive “summit-to-sea” approach includes projects that improve and restore ten watersheds and estuaries, provide essential habitat for endangered species, while reducing the impact of invasive species. Activities will increase understanding of how fish recruit to the nearshore marine environment and enhance nearshore fisheries that provide healthy ecosystems for fish and wildlife.

The South Coast SIP encompasses 10 highly-productive estuaries across two Evolutionary Significant Units (ESUs) for salmonids. Estuaries are one of the strategy habitats identified in the Oregon Conservation Strategy, and South Coast estuaries are essential for the survival of a number of wildlife species. They provide essential migratory and rearing habitat for a number of marine and freshwater fish species and shellfish; mineral spring sources for band-tailed pigeons; as well as migratory stopovers for a variety of migrating shorebirds, seabirds, waterfowl and raptors. The South Coast SIP includes actions on two types of estuaries: those that are dominated by river systems with continuous connections to the ocean, and those that become “bar-bound” in the summer. Each of these estuary types have salmonid populations with unique life histories adapted to each particular estuary system. Unfortunately, many of the estuaries have been impacted by human activities. There is a significant opportunity to benefit a myriad of fish and wildlife species by restoring the historic natural function of these estuaries and tidal flats, while improving connectivity to the ocean.

Loss of access to historic habitat, loss of wetlands and critical slow water/ overwintering habitat has had a dramatic effect on Coho salmon populations along the South Coast. This loss has been identified as the primary limiting factor for Coho salmon (Coquille River Sub-basin Plan, Coquille Indian Tribe for NOAA Fisheries Service, 2007). Using the SIP funding to address these three factors will lead to the recovery of Coho salmon along the South Coast. Restoration will have a positive impact, not only on the local economy through restoration businesses and jobs, but also on sport and commercial fishermen living and working in the region.

Oregon's nearshore marine ecosystems are some of the state's most productive habitats (Cape Blanco Site Conservation Action Plan, The Nature Conservancy, 2008). The area is heavily influenced by intense upwelling during the summer months, making this a highly productive area for the entire food web. Not only does the nearshore provide vital space for salmonids to rear in the ocean prior to spawning, but it also offers critical habitat for other marine fish, shellfish, marine mammals and sea birds. Nearshore habitat is also important for maintaining access to and reducing impacts of commercial and sport fishing, energy development, shipping lanes, and recreation. This SIP program will improve localized fish management, encourage sustainable fisheries, conserve declining fish stocks, and evaluate marine reserves contribution to healthy fish stocks.

Finally, invasive species have a dramatic negative impact on native wildlife and habitats. Much of the work and documentation of invasive species has been patchwork at best, with land management agencies, watershed councils and local weed boards attempting to implement opportunistic programs that are largely underfunded, badly maintained and poorly coordinated with neighboring landowners. The South Coast SIP will take a comprehensive regional approach to managing invasive species – coordinating groups with invasive species expertise and responsibility, prioritizing species and areas in need of work, educating local stakeholders, and providing ongoing maintenance and monitoring to determine effectiveness. Through this process, SIP partners will construct a model for effectively managing invasive species.

Robust and Sustainable Partnerships

The South Coast SIP draws on the combined networks, knowledge and expertise of local communities, nonprofit organizations, and state and federal agencies. The South Coast SIP will also benefit greatly from its co-investor, Mike Keiser, owner of Bandon Dunes Golf Course. The emerging Wild Rivers Coast Alliance (WRCA), funded by Mr. Keiser, is an exciting blend of farmers, ranchers, fisherman, outdoor recreationists, and environmentalists who have joined together around a shared commitment to unite conservation and economic interests. A number of local and dedicated stakeholders involved in WRCA are already demonstrating leadership; working together to further refine the SIP strategy and begin advancing activities. WRCA provides leverage funding for a broad range of projects that promote healthy and vibrant land and waters and support new job opportunities for local residents. In addition to leveraged resources, the South Coast SIP will be enhanced by WRCA's broader programming in areas such as marine conservation, support and technical assistance for local entrepreneurs and sustainable business development. WRCA is also conducting research and implementing projects that explore the intersection of conservation and the economy. Finally, WRCA and the South Coast SIP will benefit from shared project management, strategic planning, and communications.

The Alliance already has a number of pilot programs underway that directly align with the objectives outlined in the South Coast SIP. Sample projects include:

- Negotiating an option and exploring an acquisition strategy for a key parcel on the Elk River
- Developing a new marketing plan to promote local and sustainable halibut
- Conducting a pilot program to map invasive species and inform a large cooperative weed management plan for the South Coast
- Commissioning research to study the economic benefits of restoration and conservation activities along the South Coast, as well as potentially socio-economic benefits of restoring Salmon habitat in the Coquille River Basin
- Genetically mapping fish to inform marine management strategies along the Coast

South Coast SIP Target Partners¹

Non Profits and Foundations	State and Federal Agencies	Community
Wild Rivers Coast Alliance	Oregon State Parks	Cape Blanco Challenge
Freshwater Trust	Oregon Department of Fish & Wildlife	Ports of Bandon, Coquille, Gold Beach, City of Brookings
The Nature Conservancy	US Fish & Wildlife Service	Chambers of Commerce
Port Orford Ocean Resource Team	Bureau of Land Management	Curry and Coos County
Ford Family Foundation	Watershed Councils	Bandon & Coquille School Districts

Importance of OWEB’s Contribution

South Coast partners first proposed a SIP with OWEB five years ago. While local organizations have made great inroads through individual projects, OWEB’s contribution, along with leveraged funding from Mike Keiser and the Wild Rivers Coast Alliance, will catalyze existing activities and help promote coordination amongst implementing organizations along the coast. OWEB’s funding will target a number of ecologically-significant areas and be used as match dollars to leverage and attract other donors looking to invest in an already-established partnership.

Several initiatives are currently underway that would benefit from an influx of resources. For example, fish runs “co-mingle” between the Elk and Sixes Rivers. While Elk River stocks are fairly well understood, Sixes River stocks lack data for good management. Part of our project would help us better understand fish populations in the Sixes River to allow for better freshwater and ocean fisheries management. In the Coquille River, two projects under various stages of development would involve replacing or removing tide gate systems, removing dike and ditch systems, and restoring wetlands that limit access to nearly 3,000 acres of slow water over-winter refugia, which has been identified as the highest-priority limiting factor for Coho salmon in the Coquille Basin. If successful, this project could change the way tide gates are

¹ For a full list of partner roles and responsibilities please see Appendix B.

replaced and used with more “fish-friendly” tide gates that meet fish passage standards and provide access to slow water, overwinter habitat in the entire Coquille River estuary. This project would have a substantial impact on potential recovery of endangered Coho Salmon. The results of this project could be expanded to the entire coast and lower Columbia Basin. Finally, members of the WRCA have finished an extensive strategic planning process, which identified high impact opportunities for projects in the Coquille Watershed, Elk River, New River Bottoms, and Redfish Rocks Marine Reserve. South Coast SIP partners will leverage this research to move strategic projects forward.

Commitment to the Triple Bottom Line

The South Coast SIP is designed with a “Triple Bottom Line” approach. Healthy fish and fishing that are dependent on healthy ecosystems are part of the local custom and culture of the South Coast and the landowners who have long supported restoration projects on their properties. The South Coast SIP will build on this strong foundation by supporting projects that have positive impacts on the ecology and economies of local communities.

SIP partners will leverage the applied research on the benefits of the restoration economy and lessons learned from supporting local entrepreneurs through its partnership with the WRCA. Projects that promote sustainable agriculture or fishing and timber production will have positive long-term effects on OWEB priorities, such as water quality/ quantity and quality of fish and wildlife habitat. Efforts to maintain lands in long-term family ownership will prevent development that can negatively impact watersheds. In addition, given the South Coast’s lack of proximity to markets, efforts that support branding and marketing of locally produced sustainable products will promote wise land use.

On-the-ground conservation projects also have the potential to bring spillover effects to local economies. For example, a recent ECONorthwest Study estimated the economic value of Rogue River Salmon at over \$1.5 billion annually. Restored Coho populations may result in delisting the species in each of the two ESA’s, lessening restrictions on sport and commercial fishing and increasing tourism revenues. New project work also creates an opportunity for the development of more restoration businesses along the coast. Finally, local ports provide a variety of fishing opportunities in the nearshore area that also help sustain jobs and local communities. Evaluating the effectiveness of the new marine reserves, comprehensive habitat mapping, and protecting the nearshore from activities that have negative effects on fish populations all contribute to the economic health of local port communities.

Unique and Visionary Approach

The South Coast SIP presents a unique opportunity for OWEB to invest in a truly integrated effort. The SIP’s bold vision of a “summit-to-sea” approach combines elements of traditional conservation work, landowner-driven acquisition and easement strategies, marine conservation activities, and economic investments in local communities. OWEB’s investment will also be leveraged by the vision and resources of Mike Keiser. Mr. Keiser’s demonstrated commitment

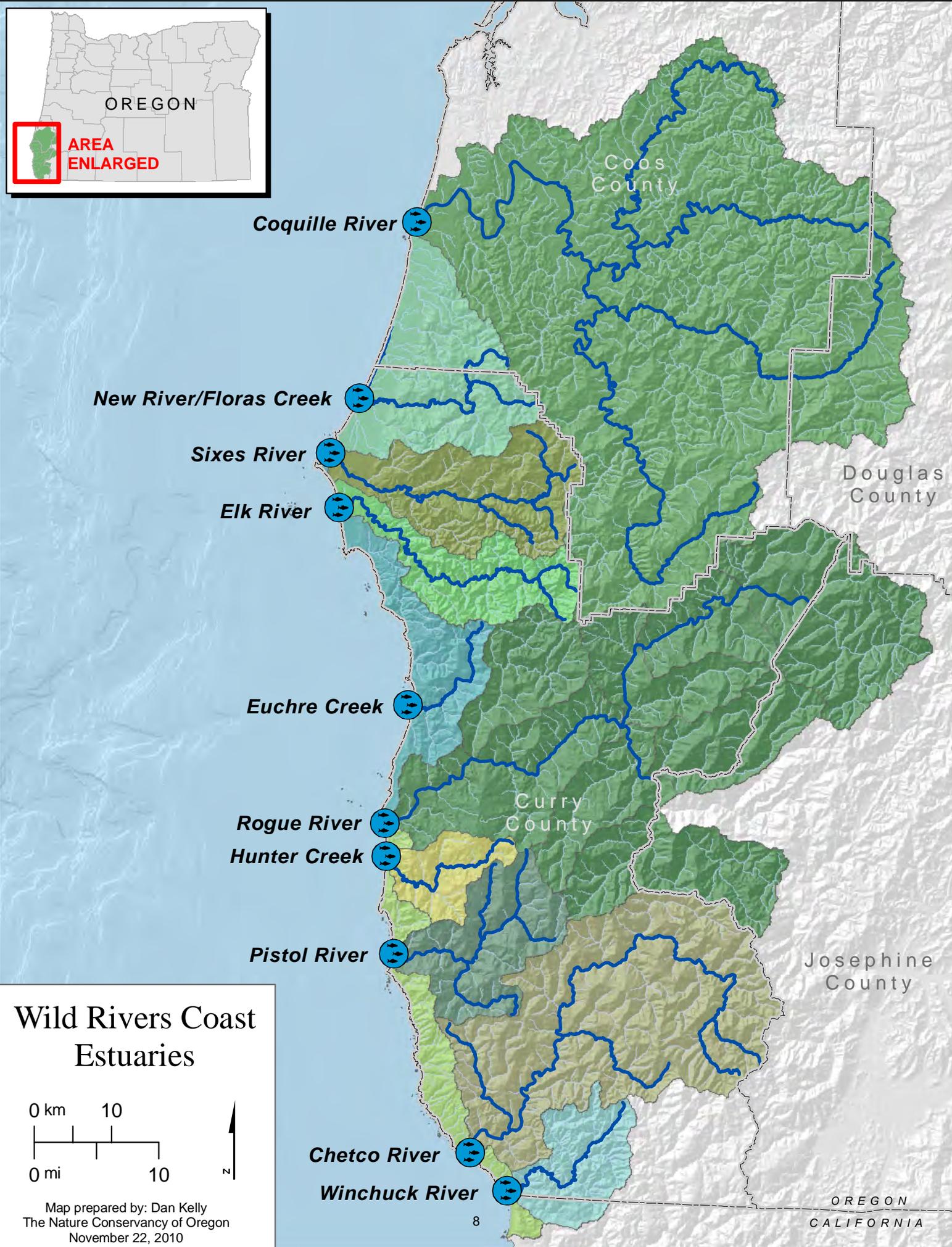
to the South Coast through the Wild Rivers Coast Alliance (WRCA) is indicative of his passion for the region and willingness to invest in innovative and impactful models.

Timely and Poised for Impact

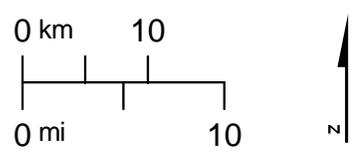
Now is the opportune time to make an investment in the South Coast. With a dedicated group of partners, local and sustainable funding sources, and a wealth of local knowledge and expertise, the South Coast SIP is poised for impact. Over the past year, partners in the South Coast SIP have strengthened their relationships and begun working collaboratively through the WRCA platform. An OWEB–SIP alliance would accelerate this existing coordination and further institutionalize knowledge-sharing across local actors, leading to greater impact.

D. EVALUATION

Ongoing monitoring and evaluation is critical for ensuring the long term impact and sustainability of the South Coast SIP. Partners would monitor the effectiveness of the SIP by tracking project-specific impact indicators, as well as progress toward longer-term objectives. Baseline data for each of the SIP’s five objectives would be conducted at the start of the SIP. Six-month and annual data collection efforts would inform interim evaluations, helping determine the effectiveness and efficacy of specific project interventions. Where necessary, course corrections and adjustments to programming would be made. All monitoring and evaluation data would be made publically available. A sample monitoring and evaluation framework is included in Appendix C.



Wild Rivers Coast Estuaries



Map prepared by: Dan Kelly
The Nature Conservancy of Oregon
November 22, 2010

Appendix B: Partner Roles and Responsibilities

The South Coast SIP anticipates working with the following organizations on project design and implementation:

OWEB: OWEB will contribute its biological expertise, capital investments and support for on-the-ground restoration work, including some project implementation costs, once a final list of projects is approved. OWEB's Ken Bierly is also a member of the WRCA Organizing Committee and will help ensure that activities are aligned.

Mike Keiser and the Wild Rivers Coast Alliance: Mr. Keiser has committed to long-term financial support of the Wild Rivers Coast Alliance, and is donating a substantial portion of proceeds from a new golf course at Bandon Dunes Golf Resort to the Alliance. Alliance funding can help with project incubation, ongoing monitoring and evaluation, capacity building and working landscapes. WRCA partners will also help with project coordination and implementation, as well as subject matter expertise.

South Coast Watershed Council: The South Coast Watershed Council has successfully implemented over 800 on-the-ground restoration projects over the past 15 years and will help lead SIP implementation. The Council has strong programs in restoration, education, riparian silviculture, and monitoring. The Council has received local, state and federal recognition for its conservation work.

The Nature Conservancy: The Nature Conservancy published the Cape Blanco Conservation Action Plan (CAP) (2008) and the Coquille CAP (in development, completion summer 2011), comprehensive assessments of the Elk, Sixes, New River/Floras Creek and Coquille watersheds that outline high-priority projects for ecological sustainability. The Nature Conservancy has a full-time staff person dedicated to South Coast conservation.

Freshwater Trust: Freshwater Trust (FT) has investments in three estuary bioswales (Sixes River; Hunter Creek; Winchuck River). Bioswales remove pollutants and toxins from entering these estuaries. FT is also doing water quality testing to measure effectiveness.

POORT: Port Orford Ocean Resources Team is the winner of NOAA's 2010 Award of Excellence for NGO of the Year. The organization is governed by commercial fishermen, and is a recognized leader in community-based fisheries and ecosystem management. POORT actively promoted and secured Oregon's first marine reserve – Redfish Rock Marine Reserve—and will lead the SIP's marine activities.

Cape Blanco Challenge: CBC is a six-year-old partnership of local ranchers and farmers, timber and fishing operations, Watershed Council, agencies and NGOs. The group works together to implement projects, restore watersheds, and develop acquisitions and/or easements to protect the local environmental and agriculture/ timber/ fishing resources. They bring a strong track record of integrating economics and the environment.

Individual landowners: There is an opportunity to engage over 50 individual landowners across 10 rivers and estuaries in conservation activities.

US Fish and Wildlife Service: The USFWS is in the final stages of restoring over 400 acres of estuary wetlands to historic function in the lower Coquille estuary. The USFWS will support work on the Elk River estuary, including a multi-year program to improve the Elk Spit by removing invasive European beach grass and re-establishing connectivity and overwash with the ocean. In addition, the USFWS administers the Oregon Coastal Program, which is a small restoration grant program for landowners, NGOs, agencies and others along the Oregon coast.

Oregon State Parks: Oregon State Parks is actively working in the Winchuck, Elk, and Sixes estuaries helping with invasive species, fish passage and biowales. Oregon State Parks also manages a number of parks along the South Coast, including lands along the estuaries, and will be a valuable partner in estuary restoration, beach management and invasive species control.

US Forest Service and Bureau of Land Management: USFS and BLM have active grants for Adopt-A-Stream activities in the Floras and New River estuaries and a partnership for education and outreach in the New River “Area of Critical Environmental Concern” (ACEC). Both organizations can help provide funding and technical expertise.

Ports of Brookings, Gold Beach, Port Orford: Brookings presents an opportunity to cooperate on a new boat-washing station that will stop Clorox and bleach from flowing directly into the estuary. New boat-washing stations can also screen and prevent New Zealand mud-snails from entering the Chetco River. Gold Beach presents opportunities to restore mid- and high-marsh eelgrass habitats; add large wood; and enhance off-channel rearing in estuarine sloughs and backwaters. Port Orford will lead ocean literacy and nearshore marine work involving commercial fishermen in building sustainable runs of fish.

Clearwater Cranberries: Local growers on the Elk River and Floras Lake are Salmon-Safe and Food Alliance certified. There is an opportunity work with Clearwater Cranberries to promote sustainable management practice and further develop local sustainable food production by family farms.

Ford Family Foundation. The South Coast SIP will leverage Ford Family Foundation’s local leadership graduates, which include more than 30 community leaders who are trained leaders and facilitators. Past graduates have built bioswales together as high-visibility community projects, complete with interpretive signs.

Curry County schools: The SIP creates an opportunity to integrate watershed and salmon curriculum in the schools, including classroom lessons and field trips to estuaries. Adopt-A-Stream field projects for students include WQ testing, removing noxious weeds, inventorying riparian areas, and planting trees.

All Chambers of Commerce: SIP members have had preliminary conversations with Chamber of Commerce leaders who endorse the SIP concept. Local chambers are already actively promoting the “Wild Rivers Coast” brand.

Watershed Councils: In addition to the South Coast Watershed Council, SIP partners will work closely with the Coquille Watershed Council and other relevant councils to leverage existing restoration work and implementation experience.

Appendix C: Sample Monitoring and Evaluation Framework

Enhancing Land-Sea Connections			
Metrics	# of acres/square miles of ocean bottom habitat mapped from 0-15 fathoms	<p>Size (acres or square miles) of the ocean plume off each estuary</p> <p>Determine the scope and sedimentation within each plume</p> <p>Volume of each river plume</p> <p>Water quality: phosphate, bacteria, nitrate levels, sedimentation and salinity</p>	<p># of outgoing smolts from each estuary (Starting with Elk and Sixes River)</p> <p>Size of smolts leaving each estuary</p> <p>Determine genetic markers for each fall Chinook population</p>
Outcomes	Improved understanding of how anadromous and marine fish recruit to the various habitats	<p>Improvement in water quality of plumes and subsequent habitat for young salmon</p> <p>SIP partners are able to determine how land restoration projects improve water quality and fish habitat in plumes over time</p>	<p>Decreased risk to Sixes River/Elk River Fall Chinook population</p> <p>Improved management for a sustainable terminal area fishery</p> <p>Enhanced local management of local salmon stocks and improved ability of partners to utilize scientific evidence to evaluate sustainability of local fisheries</p>
Improve Access and Connections to Historic Fish Habitats			
Metrics	# and location of current man-made fish barriers within the 10 river basins and estuaries, priority ranking, estimated cost, controlling landowner	<p>Provide number and locations of culverts replaced or removed and summarize by watershed</p> <p>Document other barriers removed or modified by location and watershed</p> <p>Track number of miles/acres of stream habitat and wetland habitat with improved/unrestrained fish access</p>	<p>Document number and location of off channel overwinter habitat and large wood projects implemented by river basin</p> <p>Document the number of acres of off channel, overwinter habitat created or enhanced by watershed</p> <p>Document length of stream miles treated by large wood projects by watershed</p>

Outcomes	Provide SIP partners a current updated and priority list of access projects to begin replacing and modifying	<p>Agencies will be able to evaluate and estimate increased salmonid populations due to barrier replacement.</p> <p>Provide funding agencies, ESA responsible parties and SIP partners with an annual list of barriers improved, replaced or removed</p> <p>Will result in increased access to historic habitat, higher carrying capacity, and improved fish runs</p>	Lack of slow water, overwinter habitat has been documented as a significant limiting factor for a number of species of salmonids. These projects will result in increased carrying capacity and higher survivability of juvenile salmonids and smolts, which will lead to increased fish populations
Improving and Secure Estuarine Habitats			
Metrics	<p># of acres of estuarine wetlands restored or improved by estuary</p> <p># of miles of historic channel restored by estuary</p> <p># of tide gates, culverts, dikes, levees and bridges replaced, improved or removed in each estuary</p>	# of acres of estuary habitat secured from development through agreements, conservation easements or acquisition.	<p># of waterfowl, shorebirds, marine fish species and other wildlife species (beaver and lamprey) utilizing restored estuarine wetlands.</p> <p>Level of water quality parameters (sedimentation, pounds of macroinvertebrates per acre, temperature, bacteria, dissolved oxygen, E-coli, nitrates, phosphorus, etc)</p> <p># bio-swale projects constructed in each watershed</p>
Outcomes	<p>Improved overwinter, rearing and carrying capacity of wetlands</p> <p>Improved access to overwinter habitat that is currently impaired or prevented</p> <p>Increased Coho and Chinook salmon populations</p>	<p>Long term protection of critical habitat within the 10 estuaries</p> <p>increased long term salmonid survival rates leading to improved fisheries.</p>	<p>Prevent ESA listing of species due to habitat restoration and improved populations</p> <p>Document increased benefits to other species (beaver, lamprey, waterfowl, shorebirds etc)</p> <p>Document improved water quality as a result of projects which also results in improved fish and wildlife habitat</p>

Control and Monitor Invasive Species			
Metrics	# of residents and landowners that identify and report new species and populations of invasive species	Identification of species targeted for treatment and removal Breadth of distribution of target species	# workshops and education classes on invasive species conducted in the SIP project area
	# of landowners involved in restoration projects	Level of effectiveness of control methodologies for each targeted species	# of number of participants in workshops and classes
	# of interventions for removing invasive species on private lands	# of acres/stream miles treated monitored and maintained by watershed and by species.	
Outcomes	Landowners increased responsibility for locating, reporting, and treating invasive species populations on their own property	Improved coordination for responding to invasive species Improved prioritization and methodology of species removal Documentation of a coordinated, concentrated, and effective approach to controlling invasive species	The education and incentive program will result in making invasive species control part of the local custom and culture
	Development of a culture of landowner leadership regarding invasive species	Includes a long term approach to treating, monitoring and project follow-up	

Promote Sustainable Working Landscapes			
Metrics	# of acquisitions or easements completed	Level of financing available to local entrepreneurs	# of new business ventures identified
	Level of financing to support easements or acquisitions	Level of sales of local businesses	Capacity of local businesses to package and distribute goods
	Take-out rate for target properties	# of local entrepreneurs promoting sustainable business models	
Outcomes	Establishment of a legacy easement or unique model for South Coast residents	Increased number of profitable and sustainable businesses on the South Coast	Establishment of processing facilities (ex. USDA meat processing facility)
	Long-term protection for key parcels and critical habitat in the SIP region	Establishment of a South Coast brand and expanded market for South Coast products	Profitable business opportunities in familiar ventures, such as dairy or cheese

Sandy River Basin Special Investment Partnership Concept Proposal

Sandy River Basin Partners www.sandyriverpartners.org

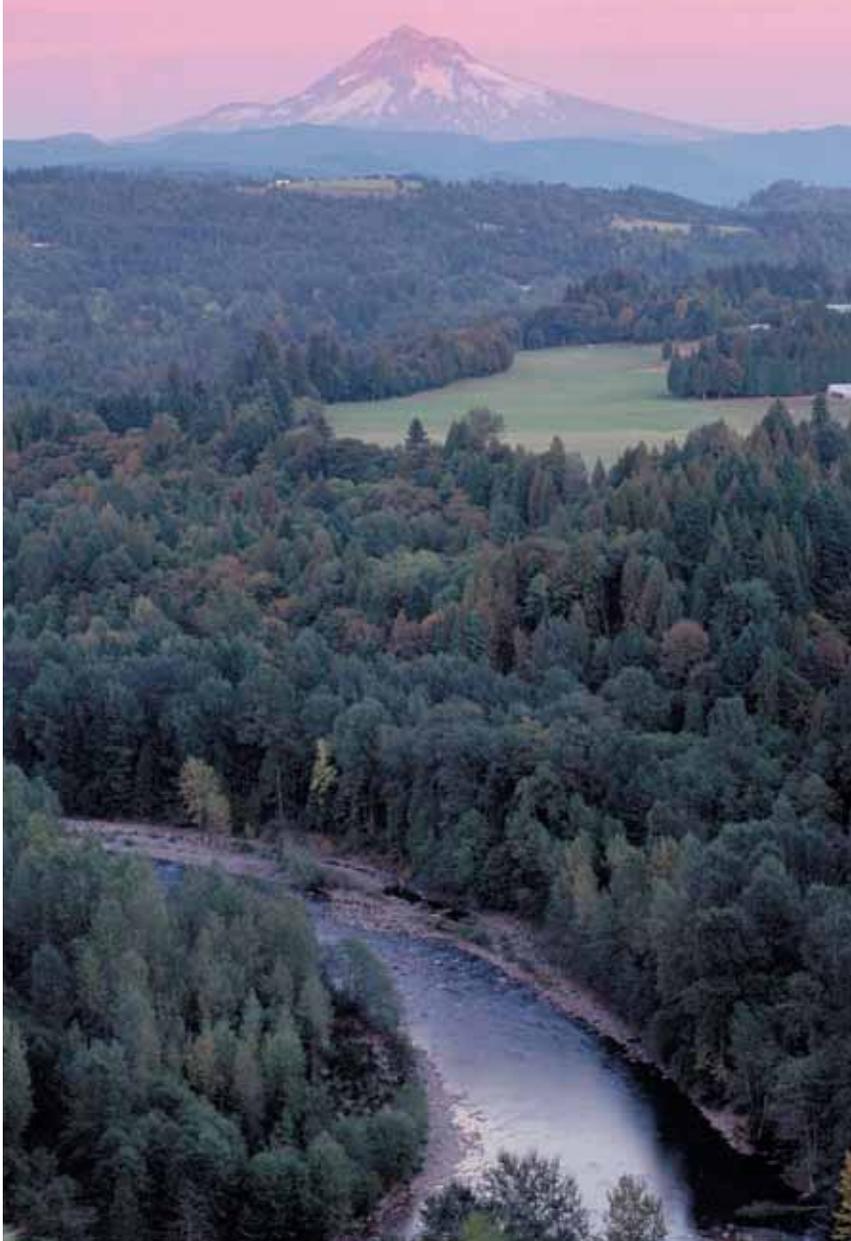


PHOTO BY JOSH KLING/WESTERN RIVERS CONSERVANCY

Contact

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Introduction

The Sandy River Basin Partners (SRBP or Partners) are a coalition of more than a dozen dedicated organizations who have, for more than a decade, brought their collective talents, missions and resources together to tackle the challenge of salmon recovery.

Flowing from Mt. Hood to the Columbia alongside Oregon's largest metropolitan area, the Sandy River is a highly visible example of what we all treasure about Oregon: forests, rivers and mountains that offer habitat for native species, jobs for local economies, and recreation for Oregon families.

A SIP designation would accelerate implementation of a collaboration that already brings:

- Strong working partnerships
- Long-term commitment to the basin
- Technically-rigorous assessments and strategies
- A track record of success and innovation
- A workplan of prioritized projects
- Funding partners to leverage OWEB's investment.

The motivated and capable Oregonians who make up the Sandy River Basin Partners are ready, willing and able to join with OWEB to make great things happen.



Community members discuss project designs at the Salmon River demonstration reach site.

A Ecological Objective

The long-term vision of the Sandy River Basin Partners is to recover sustainable populations of native salmonids in the Sandy River and its tributaries.

In the near term, the Partners are focused on habitat restoration in three priority subbasins: the mainstem Sandy from the mouth to the Zigzag confluence, the Salmon River, and Still Creek. These subbasins currently support the strongest existing populations of threatened salmon and steelhead, and/or are critical to support migration of these anadromous species. Restoration work in these subbasins immediately benefits salmon and steelhead, and is consistent with a “protect the best habitat” approach. More specific ecological objectives are to re-establish and protect: functioning riparian conditions, pool and riffle habitat necessary to spawning and rearing, suitable river flows and temperatures, and access to off-channel habitat for refuge and rearing. We also aim to restore habitat structure and complexity lost due to channelization that occurred following the 1964 flood.

B Consistency of Concept with OWEB Mission

The goals the Sandy River Basin Partners have set for restoration in the Sandy River Basin are wholly consistent with the mission of OWEB to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. The Sandy River Basin Partners have been working since 1999 to restore ESA-listed salmon and steelhead in the Sandy River Basin through collaborative, holistic, and innovative approaches. The resulting basin-scale watershed restoration creates enduring effects improved habitat, while benefitting local communities through increased involvement in restoration and investment of restoration dollars in local economies. In addition to being consistent with OWEB’S mission the work of the Partners in the Sandy Basin aligns directly with the following OWEB restoration principles:

PRINCIPLE 1: Restore Watershed Connectivity limiting key fish and wildlife populations. Projects accomplished and planned in the basin restore connectivity between the aquatic system and the floodplain. **EXAMPLE:** Removal of Marmot Dam restored the Sandy as a free flowing river from Palmer Glacier to the Pacific, opening habitat to migrating populations of salmon and steelhead.



PRINCIPLE 2: Restore Watershed Processes Impacting the Aquatic System, Water Quality-limited Streams, and Wildlife Habitat. Projects accomplished and planned are restoring natural slopes and native riparian forests to reduce sedimentation, restore natural drainage and soil infiltration, provide shade, and promote large woody debris recruitment. **EXAMPLE:** The Mt. Hood National Forest has decommissioned more than 350 miles of Sandy Basin roads, and a coalition of organizations including The Nature Conservancy and the Sandy River Basin Watershed Council, are hard at work to restore native riparian vegetation.



PRINCIPLE 3: Restore Key Habitats and Water Quality for ESA-listed Species. Projects accomplished and proposed in the basin reconnect historic side channels to provide juvenile rearing habitat for ESA-listed juvenile salmonids. **EXAMPLE:** 50% of Salmon River side channels have already been reconnected to the mainstem river and plans are in place to restore the remainder.



PRINCIPLE 5: Address the Symptoms of Disturbance that Impact Fish and Wildlife Populations and Water Quality-Limited Streams. Projects completed and proposed in the basin are designed to undo 1960’s era channelization and create more natural habitat complexity, and well as to deal with elevated water temperatures. **EXAMPLE:** The City of Portland’s habitat conservation plan includes actions to ensure water temperatures in the Lower Bull Run River are suitable for salmon and steelhead.



C Consistency with Special Investment Partnership Principles

1 ECOLOGICAL SIGNIFICANCE

The Oregon Department of Fish and Wildlife and the National Marine Fisheries Service have both designated the Sandy River as a high priority basin for restoring habitat for salmon and steelhead native to the Lower Columbia River Basin. The lower mainstem reaches of Sandy River are particularly important for recovery of late-run fall Chinook. Upper basin reaches are critical for coho recovery. The Sandy River also provides key habitat for native spring Chinook and winter steelhead. All of these fish populations have declined to less than 10 percent of their historical numbers, and are listed as threatened under the federal Endangered Species Act.

The Sandy River is also ecologically significant because of its location downstream of the federal dams on the mainstem Columbia River. Only the Lewis River on the Washington side rivals the Sandy for persistence of a self-sustaining population of native fall Chinook. The Clackamas River is the only other home to a self-sustaining population of native Lower Columbia coho. The Sandy River populations of these threatened native fish play a critical role to successful recovery in the Lower Columbia Basin.



Sandy River Basin Partners and area landowners pull off the river at the former Marmot dam site. The November 2010 float trip completed a preliminary field survey that identified potential restoration sites to be evaluated with funding from National Fish and Wildlife Foundation's Oregon Governor's Fund.

The Partners coordinate Sandy Basin strategies and actions with ODFW's *Lower Columbia River Conservation and Recovery Plan for Oregon Populations of Salmon and Steelhead*. The recovery plan clearly acknowledges the important role the Sandy populations play in meeting Lower Columbia River recovery goals.

2 IMPORTANCE OF OWEB'S CONTRIBUTION

The Sandy River Basin Partners have completed extensive, rigorous plans, building momentum toward on-the-ground implementation. The primary limiting factor the Partners face is funding. Although the SRBP has been successful raising funds and completing projects, planning efforts have led to a point of larger needs and more intensive effort. OWEB's support through SIP designation is critical to accelerating implementation of the suite of actions identified in Sandy Basin restoration plans. Without SIP support many restoration actions will be delayed. Additionally, OWEB's contribution will provide leverage necessary for the Partners to expand their funding network as a result of the stability, longevity, and credibility of a SIP designation. The stability of funding and credibility of having the Sandy River Basin identified as a state restoration priority through the multi-year commitment of a SIP will assist the Partners in capturing the interest of state and federal level funders. The result of this leverage is to speed up habitat actions that contribute to regional recovery.

OWEB SIP funding would accelerate action for the following project types:

- Floodplain/side channel reconnection
- Pool habitat and riffle formation
- Riparian revegetation and complexity improvement
- Land and easement acquisition
- Landowner engagement

3 ROBUST PARTNERSHIPS

Members of the Sandy River Basin Partners have worked diligently for more than a decade to thoroughly analyze habitat conditions, nurture working relationships, and build consensus around scientifically-sound strategies. The partnership has grown from 6 original partner organizations to more than a dozen representing a diversity of NGOs and government agencies. Though individuals have moved on over time, the working relationships amongst the organizations have grown stronger and more productive – a result we believe is particularly important to our ability to sustain restoration effort into the future. (Member organizations and roles are described in the attachment.)

The Partners also take a great deal of pride in the technical quality and rigor of our project planning and in-the-field implementation. The individuals involved are respected by their peers for ambitious goals, persistence in the face of obstacles, and a knack for practical problem-solving. We have a solid track record of drawing these skills together into an effective team and delivering results that have measureable results for the ecosystem.

4 TRIPLE BOTTOM LINE

Restoration in the Sandy Basin = Positive Ecological, Community, and Economic Impact

The diverse restoration work that the Sandy River Basin Partners have accomplished over the last twelve years realizes the triple bottom line concept. The group has endured and sustained itself over the last 12 years to become a part of the local culture in the Sandy River Basin. Partners have involved local businesses directly in restoration efforts that have in turn

generated lasting partnerships and expanded markets for those businesses. For example, restoration of a stream channel on the Resort at the Mountain golf course has expanded habitat to the point that golfers come to the Resort to experience golfing within wild salmon habitat and are advised to watch for spawning fish below one tee area. The plantings have matured such that they provide a harvest source for other native wetland plantings downstream on the Salmon River, and the golf course hosts volunteer maintenance events annually. The project feeds community involvement and supports local jobs by providing a market advantage with conservation minded customers.

Restoration projects at the watershed scale offer a collective boost to market demand for expanded nursery products. An emerging partnership among Metro, BLM, Mt. Hood Community College and others is piloting a Native Seed for Biodiversity project to produce understory vegetation for restoration areas that ultimately would utilize the Sandy's native seed stock to propagate plants for revegetation within the watershed and the nearby region.

SRBP projects have enduring, multi-generational cultural impact. Landowners on the Salmon River side channels are experiencing salmon returning to these areas for the first time post the 1964 flood. These landowners are excited to be able to share this experience with their children and grandchildren. Landowner involvement has generated positive community support for watershed restoration in the process.



Mark McCollister from The Freshwater Trust and Bruce Zoellick from BLM discuss projects to recreate pool and riffle habitat in the Salmon River with local landowners.

5 CAPTURES THE IMAGINATION/HIGH VISIBILITY

Restoration in the Sandy basin represents a compelling story that is unfolding within the state's largest and fastest growing population center and largest media market. The watershed fills the needs for drinking water and wildland recreation to over a million residents of the Portland metro area. The Sandy basin is a mecca for thousands of anglers, hikers, boaters and skiers, featuring federal and state Wild and Scenic rivers, recently expanded Mt. Hood wilderness, and exemplary complex of Cascades biodiversity. Success in the Sandy addresses the challenge of protecting the health of an extraordinary ecosystem and achieving threatened species recovery in an urbanizing, high-growth region. Actions to date have garnered media coverage from numerous local and national media, including coverage by local television, OPB radio and TV, the Oregonian, The New York Times, Portland Tribune, Gresham Outlook, Sandy Post, Mountain Times, and national coverage including a National Geographic Special on Marmot Dam's removal.

The Sandy River Basin Watershed Council in 2011 launched its first Restoration Expo, gathering 85 local residents with partners from 15 agencies and businesses as a resource fair for landowners willing to join restoration efforts. As one community leader from a water user district suggested at the Expo, "We are looking for partners. We are willing to do the right thing if somebody can help us figure out what that is."

Thousands of school children from the Portland metro area come to the Sandy River every year to learn about Oregon's native ecosystems, including rivers and salmon. Programs include Outdoor School sessions housed at a number of Sandy Basin summer camps, as well as Wolfree's Cascade Streamwatch programs at BLM's Wildwood Recreation Area. Portland State University's Student Watershed Research Program has targeted the Sandy among watersheds where it is expanding its citizen science water quality and invertebrate monitoring with high school students and community members.

The Oregonian

THURSDAY
SEPTEMBER 25, 2008

Partnership spawns better salmon habitat

An expert says the work could save taxpayers millions

By **MICHAEL MILSTEIN**
THE OREGONIAN

ZIGZAG — Wheeling above mossy forests on the west slopes of Mount Hood, a Chinook helicopter lowered bundles of logs like matchsticks to re-create some of the most important salmon habitat in the Portland region.

Biologists watched from the ground as the helicopter built logjams in what had once been side channels of the Salmon River, a tributary of the Sandy River. By the end of this week, a backhoe will start reopening inlets to those channels, and once again they will flow with clean, cool water that begins above Timberline Lodge.

The work by a partnership of agencies and groups will resurrect crucial habitat for imperiled

salmon and steelhead in a wild corner of Portland's backyard. It's leading a wave of restoration across the Sandy River system, one of the best hopes for recovery of natural fish populations on the lower Columbia River.

"It's remarkable that you can even think about doing this in a stream 20 miles from Portland," said Brett Browncombe, conservation director at Oregon Trout, one of the leading groups involved. "If you can do it, you can save taxpayers millions by rebuilding fish populations that can sustain themselves."

The Portland Water Bureau is a key backer of the Sandy River work, and is looking to put \$90 million toward the restoration over the next 50 years to offset the impacts of its Bull Run reservoirs

Please see **FISH**, Page B3

Inside

Bull Run conservation plan aims to help fish **B2**
On the Web: sandyriverpartners.org



BELJAMIN BROWN/THE OREGONIAN
A Columbia Helicopters Inc. helicopter puts a log into place this week as part of a project to reconnect and restore side channels of the Salmon River off U.S. 26 west of Zigzag. The logs re-create logjams that provide crucial refuge for imperiled salmon and steelhead.

6 RIPENESS

As the Partners venture into our second decade of effort, we are ready to accelerate implementation of our basin-wide restoration effort. SIP support is critical to our ability to do so. Achievements of the first decade (e.g. voluntary removal of Marmot Dam, decommissioning of more than 350 miles of Forest Service roads, and Portland's commitment to more than 40 actions in the Habitat Conservation Plan) combined with the importance of the basin to the Portland area set up unique conditions for success.

The Partners' science-based assessments are complete, and have been translated into priority restoration work plans. The Partners have prepared a three-year project list for the three priority sub-basins: the Salmon River, Still Creek, and both lower and middle portions of the mainstem Sandy. The list includes more than 100 projects designed to address key limiting factors on priority river reaches. We have determined lead roles among the Partners for particular projects, and fundraising for priority work is in progress.

The Partners also seek to capitalize on community response to visible and intense flood events, particularly the most recent one in January 2011. Along with damaged property and infrastructure, the flood left in its wake greater receptivity among Sandy basin residents to new, sustainable solutions. More landowners are recognizing that the dynamic, migrating Sandy River can't be 'tamed' by conventional riverbank hardening and are becoming more receptive to restoration-based practices. The Partners are responding to this interest and see it as an opportunity to move restoration planning and implementation forward in cooperation with the community.

D Evaluation

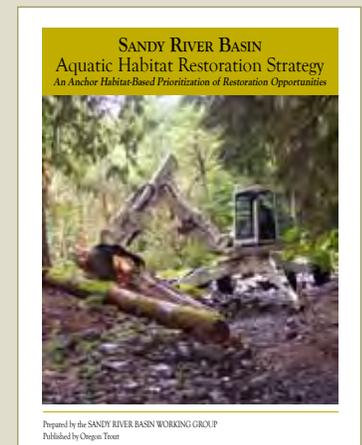
The Sandy River Basin Partners will evaluate completion of restoration efforts according to a triple bottom line of ecological, social, and economic measures:

- Achievement of SRBP restoration targets by priority basin by hierarchical Restoration Strategy objectives. The SRBP goal is to complete physical habitat improvements — measured in stream miles treated, pool and riffle extent restored, off-channel habitat miles reconnected and other quantitative responses to limiting factors — tracked by priority basin
- Agency, landowner and volunteer investment/involvement — diversity of partnership, number, roles and time committed by collaborating organizations and individuals;
- Leveraged funding associated with allocated SIP funds: The SRB Partners have a proven record of substantially matching OWEB project funds. Millions have already been spent on projects and additional millions have been pledged for near term work. The Portland Water Bureau's \$93 million commitment, programmed investments by federal agencies, electric utility habitat funds, and foundation support will multiply the OWEB SIP investment and assemble financial support that will be essential to achievement of basin-wide salmon recovery.

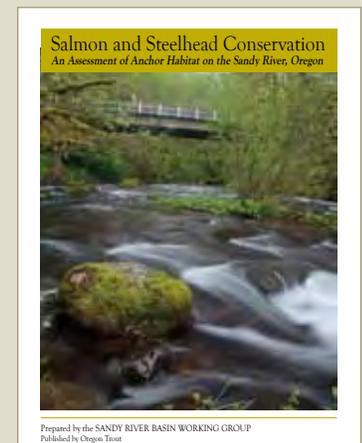
The partners developed an Ecosystem Diagnosis and Treatment model for the Sandy River. The model defines historical conditions in the basin according to 46 habitat attributes as they relate to productivity of the various life stages of the key salmonid species. Local scientists rated current conditions for 136 river reaches in the basin using recent stream surveys. The gaps between historical and current conditions were

Key Technical Products

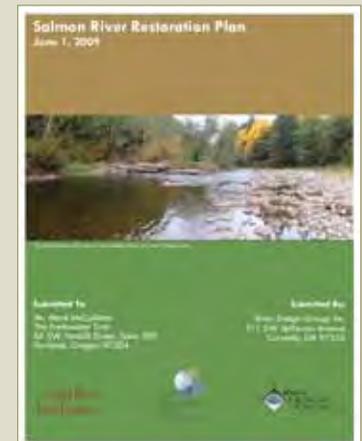
Sandy River Basin Aquatic Habitat Strategy



Salmon and Steelhead Conservation: An Assessment of Anchor Habitat on the Sandy River, Oregon



Salmon River Restoration Plan



used to identify and prioritize habitat improvement actions. The habitat database continues to be updated, and the model is an important tool for assessing restoration progress in the basin. Project designs and project outcomes are evaluated to determine the degree to which we are recreating conditions that are equivalently productive as the historical conditions to which the fish are adapted.

Additionally, in fall 2009 the Partners convened an independent peer review team with expertise in geomorphology, fish biology, and restoration projects in large river systems and asked the team to provide feedback on the proposed restoration treatments in the Salmon River Restoration Plan.

The review team consisted of Paul Powers (USDA Forest Service), Dr. Jeanine Castro (US Fish and Wildlife Service), and Dr. George Pess (NOAA Fisheries). The reviewers were tasked with assessing the compatibility and sequencing of proposed restoration treatments for achieving fish habitat objectives, and asked to provide recommendations and approaches for monitoring habitat and biological response to the restoration actions.

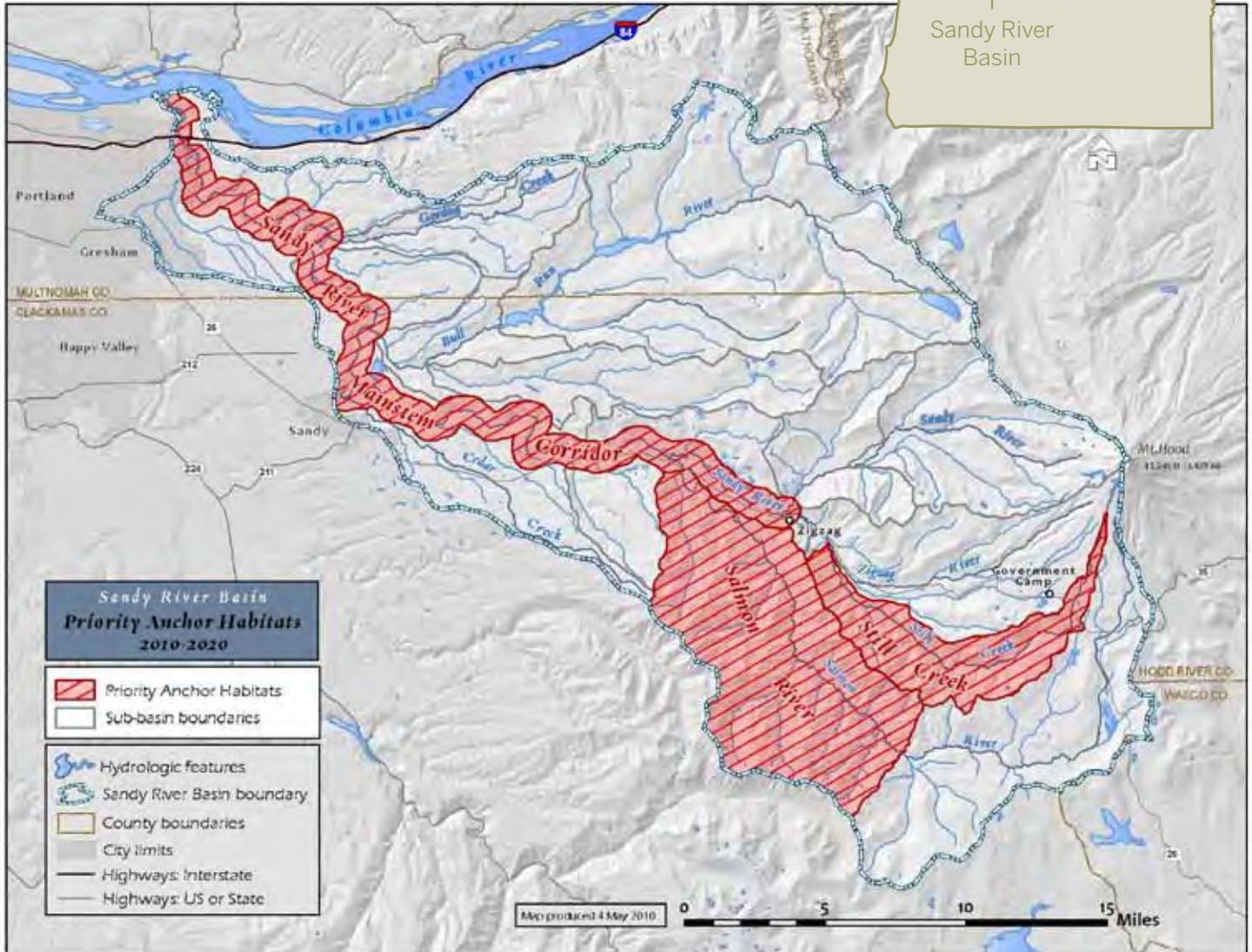
The review team expressed overall support for the plan's approach and conceptual designs for achieving the desired habitat response, and, to increase the likelihood of success, made the following recommendations: 1) Focus initial restoration actions in a discrete area (the demonstration reach described in this proposal); 2) Increase the size and frequency of proposed actions; and 3) Include mid-channel log jams and dike removal as plan actions.

See www.sandyriverpartners.org for more information on the technical foundation underlying the work of the Partners.

Map

The Partners have an ambitious agenda to address the Sandy River Basin as a whole, but realize that will take decades. Our 80-20 strategy: maintain discipline to focus most of our cooperative effort on the priority areas of the Sandy mainstem, Salmon River and Still Creek (the 80 percent), but to also accommodate work throughout the basin that responds to legal and/or financial obligations and opportunities (the 20 percent).

Priority Subbasins for Restoration and Protection Sandy River Basin Partners



For more information on the basis for the prioritization, please visit the background portion of our website:
www.sandyriverpartners.org/background.html

Partnership Roles and Contributions

These Partners will be in the lead for receiving SIP funds to implement projects. They will provide staff to design and manage projects, hire contractors as needed, and raise matching funds from private foundations.

- Sandy River Basin Watershed Council
- The Freshwater Trust
- The Nature Conservancy
- Metro

These Partners will provide technical advice and permitting assistance to SIP funded projects, and will help provide funding to fill gaps not met by SIP. They will also be implementing parallel and complementary projects that do not involve SIP funding.

- Oregon Department of Fish and Wildlife
- Mt. Hood National Forest
- Bureau of Land Management – Salem District Office
- Portland Water Bureau

These Partners help guide policy and work planning, and bring financial, staff and volunteer resources to the table as needed.

- Clackamas County
- Columbia Land Trust
- East Multnomah Soil and Water Conservation District
- Multnomah County
- National Marine Fisheries Service
- Association of Northwest Steelheaders
- Western Rivers Conservancy

In addition to generous funding from OWEB, the following organizations have contributed funding to restoration efforts in the Sandy Basin over the last decade.

- Army Corps of Engineers
- Association of Northwest Steelheaders
- Bureau of Land Management
- Charlotte Y. Martin Foundation
- City of Portland
- City of Sandy
- Clackamas County
- Clackamas Soil and Water Conservation District
- East Multnomah Soil and Water Conservation District
- Ecotrust Whole Watershed Restoration Initiative
- Fish America Foundation
- Metro
- National Fish and Wildlife Foundation
- National Forest Foundation
- National Marine Fisheries Service
- Oregon Department of Agriculture
- Oregon Department of Fish and Wildlife
- Oregon State Parks
- Oregon Weed Board
- Portland General Electric
- Rose E. Tucker Charitable Trust
- Saling Foundation
- Sandy River Guides Association
- Schnitzer Foundation
- SOLV
- The Flyfishers Foundation
- The Nature Conservancy
- The Oregon Wildlife Heritage Foundation
- U.S. EPA
- US Forest Service

Special Investment Partnership Concept Proposal

Date: April 28th, 2011

Partnership Name: Water for Irrigation Streams and Economy (WISE)

Your Name: Bob Jones

Title: WISE President

Your Organization Name: Medford Water Commission

Telephone: (541) 774-2439

Email: Bob.Jones@cityofmedford.org

- A. **Ecological Objective:** The Ecological goals of the WISE Project are to return Bear Creek and Little Butte Creek and all their affected tributaries to more natural flow conditions. This includes (1) removing all but four of the barriers that are part of the irrigation districts and siphoning under the streams, (2) no longer using streams to convey irrigation water, (3) transferring all tributary water rights to instream water rights (~ 10,000 Acre-Feet in an average year), and (4) improving water quality throughout the system by reducing/eliminating return flows off agricultural lands with the districts.
- B. **Consistency of Concept with OWEB Mission:** The overall goals of the WISE Project are to (1) improve the health of the regional watershed including stream flow, water quality and fish passage, (2) increase water availability and reliability for the local irrigation districts (Talent Irrigation District, Medford Irrigation District and Rogue River Valley Irrigation District), and (3) improve the regional economies including fishing, recreation, agriculture and tourism. Southern Oregon is an amazing place to live and the IWSE Project's over-arching goal is to make sure that it stays that way.
- C. **Consistency with SIP Principles:**
1. **Ecological Significance:** The Bear Creek and Little Butte Creek watershed are severely degraded (reference ODEQ). This is largely due to urbanization over the past 150 years, particularly in the Bear Creek watershed. The current Rogue River Basin Irrigation Project includes over 35,000 acres of irrigated lands. The development of this system began over 100 years ago with the construction of hundreds of miles of canals and a series of irrigation reservoirs. Concurrently, population growth in Jackson County centered along Bear Creek, located right in the middle of the irrigation project. Combined, these factors have significantly impacted the health of the local ecology including native runs of Chinook and listed coho. As it was developed, the irrigation system used the local streams as part of the conveyance system dramatically changing

the natural hydrographs and placing numerous fish passage obstructions in the streams. Additionally, agricultural run-off as well as municipal use of the irrigation infrastructure for stormwater management, contributed to degradation of the watershed.

Construction of the WISE Project will eliminate the use of streams as part of the irrigation conveyance system. The Project will also transfer all agricultural tributary water rights to instream water rights and maintain the older priority dates. The Project will provide gravity pressure throughout the irrigation system which will allow for wholesale conversion from flood to more efficient irrigation systems, thus reducing significantly agricultural runoff. In short, all fish barriers associated with the irrigation system will be replaced with siphons, there will be more water in the streams, the water quality of the streams will be significantly cleaner, and the hydrographs for the streams will be more natural. The WISE Project represents the single most important project to improve the health of the Bear Creek and Little Butte Creek watersheds.

- 2. Importance of OWEB's Contribution:** The immediate funding need of the WISE Project is for \$2.1M to complete the Feasibility Study and Environmental Impact Statement (FS/EIS). This phase of the project is partially complete as approximately \$1.3M provided through an EPA grant has been used to complete the Pre-Feasibility Report which includes the majority of the engineering required to complete the FS/EIS. This engineering includes hydraulic modeling and preliminary pipeline design (see www.wiseproject.org to review the document). The funding from OWEB will be used to complete the FS/EIS, the most critical component to advancing the WISE Project. The completed FS/EIS will be used to develop a funding package to begin design and construction of the WISE Project, a multi-year multi phase endeavor.

Without a complete FS/EIS and resultant preferred alternative, the WISE Project cannot move forward. Funding for an FS/EIS of this size has been difficult to acquire thus dragging out the project timeline needlessly. Funding from the OWEB SIP program will be instrumental in developing a funding package to complete the FS/EIS as well as initiate the design and construction phase of the project.

- 3. Robust Partnerships:** Funding partnerships are being developed to assist with completion of the WISE FS/EIS. The City of Medford has contributed more than \$100K, a grant from EPA in the amount of \$894K has been used to develop the FS/EIS to the level it is at currently, and the WISE Partners (TID, MID, RRVID, City of Medford, Medford Water Commission and Jackson County) have jointly funded the project's program management. The Oregon Congressional Delegation led by Sen. Wyden and Rep. Walden, have raised \$500K for the Bureau of Reclamation to act as Lead Agency for the Project. The three irrigation districts will provide much of the pipe installation for the construction phase of the project which will represent %25 - %50 of construction costs.

Currently the WISE Project will initiate a relationship with the National Fish and Wildlife Foundation (NFWF) to participate in funding the FS/EIS. Additionally, the WISE Project is under assessment by the Oregon Solutions team to determine if the project qualifies for their participation. The critical factor, however, is funding the FS/EIS. For once that is completed, local and regional entities will be more easily persuaded to participate in funding this project. Finally, the fact that the construction of the Project will provide for more than 125,000 acre-feet of water being delivered through a closed pipe system will allow for significant amounts of hydro power to be generated (in addition to the pressure provided to all on-farm turnouts). This hydro-power will represent a significant income source for the project with funds being distributed to instream benefits, construction costs, irrigation districts and regional entities.

4. **Triple Bottom Line:** The name of the project says it all – Water for Irrigation, Streams and Economy. The goals of the project are to dramatically improve the instream condition of the Bear Creek and Little Butte Creek watershed. This has been discussed in detail above. One of the main reasons the WISE Project came into being was due to the water issues in the Klamath that came to a head in 2001. The WISE Project has been developed as a proactive approach to addressing water issues here in the Rogue Basin to protect the wonderful way of life that exists here: a combination of agriculture and open space along with limited urban growth. Basically, by dramatically improving the irrigation system, agriculture can remain economically viable here in the Rogue Basin. This would include the continued presence of valuable pear orchards as well as a move from pasture and hay to more valuable row crops. This will greatly reduce the conversion of agricultural land to homes and urban sprawl. But the economic benefits will not be solely limited to agricultural lands, the entire agricultural community including equipment sales, fruit processing, and retail sales will also reap the benefits. The Project will also provide immediate and tangible economic improvements to reservoir recreation as the reservoirs will have more water in them throughout the entire year, recreational fishing including guided tours, and ancillary economies such as wine tasting will also be positively impacted by the implementation of this project.

The long term goal of the WISE Project is to strengthen the local economies that already make the Rogue Basin such a wonderful place to live. The Project will not create a new culture for the area, rather it will strengthen and protect the culture and communities that already exist here.

5. **Capture the Imagination/High Visibility:** The WISE Project team has done a tremendous amount of work to make sure that all of the stakeholders (pretty much everyone who lives in the Rogue Valley) know about and understand the project. We have given of 75 presentations to various stakeholders, civic organizations, agencies, and natural resource commissions. As throughout the west, water is everything. Communities rely on water for their existence and economic well being. The WISE Project is working under the premise that the health of our watersheds and the preservation of our way of

life are dependent on water and how it is used and protected. The WISE Project not only meets those requirements but it also is both a tool for education of the public about the value of water and watersheds as well as agriculture and open spaces, but how these issues can coexist and thrive successfully.

In addition to the presentations, the Project Team has also developed a website, held radio interviews, distributed newsletters, written articles and led field trips (including a trip to Monterey to learn more about how reclaimed effluent can be used as a source for agricultural water.

The result of completing the WISE Project will greatly enhance the health of the local watersheds. However, it will have an even greater impact on future restoration as it will make future restoration projects more successful and provide a highly visible project that highlights the importance and value of a healthy watershed.

6. **Ripeness:** The WISE Project is fully ready to use received funding to complete the FS/EIS. The Project Team has developed the infrastructure (including a Project Advisory Committee - PAC, Executive Committee, and Project Partners) to implement the project. The Project Team has managed the funds so far generated to complete the Pre-Feasibility Study. With the receipt of the necessary funds, the Project Team will be able to complete the FS/EIS within 18 months. This will include filing the FS/EIS by the Bureau of Reclamation for a Record of Decision. The only obstacle at this time preventing the completion of the FS/EIS is a lack of non-capitol funds.
- D. **Evaluation:** Completion of the FS/EIS phase of the WISE Project is simply the final submission of the FS/EIS with a “preferred alternative”. This will be the end of the Planning Phase of the WISE Project. Once that is complete the Design and Construction Phase can begin.

Attachment 1. WISE Project Map

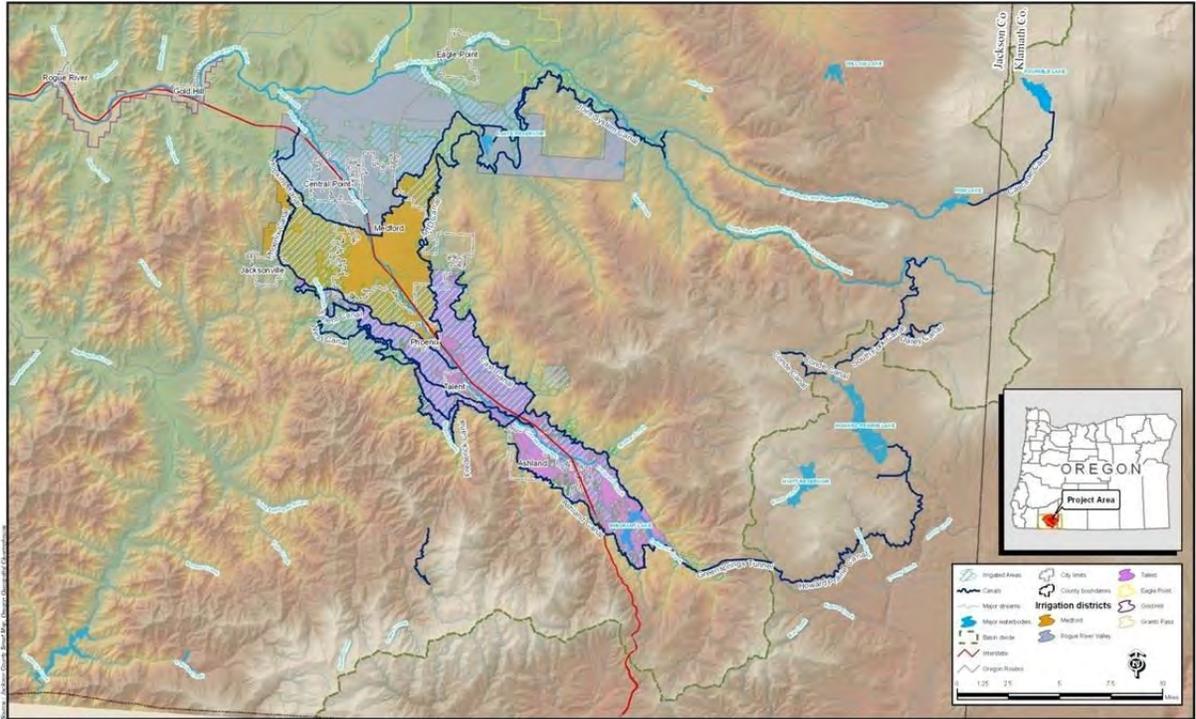


FIGURE 1-1
 WISE Study Area and Land Use Features
 WISE Preliminary Feasibility Study | City of Medford

Attachment 2. WISE Project Partners

The following entities are all members of the WISE Project Advisory Committee (PAC) and have all signed an MOU pledging support of the WISE Project and its goals. Those groups highlighted as members of the WISE Project Partners have provided funding for the project. Additional funds have been provided through the EPA and Bureau of Land Management Title II grant program. All members of the PAC have provided guidance and input into the development of the project including the Pre-Feasibility Study.

City of Medford (Partner): Provided funds to complete phase one of the FS/EIS. Initiated the reclaimed effluent Pilot Project.

Medford Water Commission (Partner): Provided funds to complete initial IPOD study in 2001 that was expanded into the larger WISE Project.

Jackson County (Partner):

Talent Irrigation District (Partner):

Medford Irrigation District (Partner):

Rogue River Irrigation District (Partner):

Bureau of Reclamation:

Rogue Valley Council of Governments:

Rogue Valley Sewer Services:

Oregon Department of Water Resources:

Oregon Watershed Enhancement Board:

Jackson County Farm Bureau:

Jackson County Soil and Water Conservation District:

Waterwatch:

Freshwater Trust:

Bear Creek Watershed Council:

Little Butte Creek Watershed Council:

Rogue Basin Coordinating Council:

Bear Creek Corporation:

Special Investment Partnership Concept Proposal

Date: April 30, 2011

Partnership Name: Catherine Creek Private/Public SIP

Name: Craig Schellsmidt

Title: District Manager

Organization Name: Union Soil & Water Conservation District

10507 N McAlister Rd., Suite 7,

La Grande, OR 97850

Telephone: 541-963-1313

Email: unionswcd@hotmail.com

A. Ecological Objective:

The Catherine Creek SIP focuses on threatened and endangered Salmonids including Snake River Spring/Summer Chinook Salmon, as well as Steelhead and Bull Trout, with the intention of improving watershed conditions by accelerating fish and riparian habitat restoration on private and public lands. Threats and limiting factors within the Catherine Creek Watershed will be addressed by specific actions centered on reconnecting floodplains, improving riparian vegetation, reducing sediment inputs, improving base flows, and increasing fish habitat components. Snake River Spring/Summer Chinook Salmon, as well as overall watershed health, will benefit from addressing the specific ecological components within the Catherine Creek Watershed by implementing restoration projects in a coordinated and systematic manner to restore these components.

B. Consistency of Concept with OWEB Mission:

The Catherine Creek Private/Public SIP is consistent with the OWEB mission by providing a directed restoration program to restore the Catherine Creek Watershed, specifically for Snake River Spring/Summer Chinook Salmon. The restoration efforts will support the larger community of the Grande Ronde Valley by providing assistance to landowners in the form of public education, technical assistance, funding support, and increased capacity to restore the ecological components. In addition, the Catherine Creek Private/Public SIP is consistent with the Oregon Plan for Salmon and Watersheds through coordination with landowners, local, state, and federal agencies, and tribal actions to support restoration efforts. This SIP will meet OWEB's mission by supporting local community economies in efforts to "voluntary" implement restoration actions by private landowners to restore Snake River Spring/Summer Chinook salmon.

C. Consistency with SIP Principles:

1. Ecological Significance.

The ecological significance of the Catherine Creek Private/Public SIP accelerates the restoration of the watershed and fish and riparian habitat on private and public lands. Specific actions addressing the Catherine Creek Watershed threats and limiting factors for Spring Chinook Salmon center on reconnecting floodplains, improving riparian vegetation, reducing sediment inputs, improving base flows, and increasing fish habitat components.

Specific SIP ecological objectives support the following:

- a. Water Quality: Restore water quality through the EPA approved TMDL and Water Quality Management Plan implementation for the Upper Grande Ronde, including the ODA 1010 Agriculture Water Quality Plan. These Plans identify local areas and specific actions to address: principally water temperature and sediment loading.
- b. Water Quantity: Restore base flow conditions to support sustainable populations of Spring/Summer Chinook Salmon. These actions are currently being assessed in the “draft” Catherine Creek Assessment Plan (BOR/Union SWCD). Additional actions are currently being undertaken on Little Creek (a major Catherine Creek tributary) to consolidate inefficient irrigation fish barrier diversions, which improve water usage efficiencies, provides fish passage, and assists returning base flows to the Catherine Creek system (Union SWCD/OWEB/BOR).
- c. Fish Habitat: Restore specific in stream habitat elements for improving Spring/Summer Chinook Salmon survival. These elements and locations are found in the “draft” Oregon Snake River Salmon and Steelhead Recovery Plan (Recovery Plan), the Lower Snake River Aquatic Restoration Strategy, and the Catherine Creek Watershed Action Plan. Complimentary objectives relate to federally listed Snake River Steelhead habitat and Columbia River Basin Bull Trout habitat restoration.
- d. Floodplain Reconnection: Restore high priority reaches within the Catherine Creek system by reconnecting the Catherine Creek mainstem with its floodplain. These actions improve winter rearing for Chinook Salmon, expand water storage capacity, flood protection, and increase riparian vegetation. These actions are currently being assessed in the “draft” Catherine Creek Assessment Plan; identified in the Recovery Plan; and also being implemented through the Conservation Reserve Enhancement Program (FSA/OWEB).

2. Importance of OWEB’s Contribution.

OWEBs contribution is critical, not only to the funding efforts, but also attracting the support and catalyzing actions necessary to achieve the SIP’s objectives. The Catherine Creek SIP accelerates efforts that otherwise have not been initiated or delayed. With OWEB’s contribution funding other matching funding sources are more readily accessible, and cost share possibilities increase, in particular with other federal partners and foundation contributions. OWEB funding promotes this leveraging, thereby accelerating efforts to make possible “whole watershed restoration” instead of limited fragmented efforts.

3. Robust Partnerships.

The Catherine Creek SIP central partners, along with OWEB’s sustaining efforts, are the Union Soil & Water Conservation District, the Wallowa-Whitman National Forest, The Oregon Department of Agriculture, Union County, and the Bureau of Reclamation. The central partners currently are and will remain in communication with our key partners in the Catherine Creek Watershed. Key partners are actively engaged in local watershed restoration efforts and are critical to the Catherine Creek SIP success. These key partners include the Confederated Tribes of the Umatilla Indian Reservation, Grande Ronde Model Watershed Program, Bonneville Power Administration, US Fish & Wildlife Service, Natural Resources Conservation Service, Farm Service Agency, Oregon Department of Forestry, NOAA Fisheries, and Oregon State University Extension Service. A full listing of partners is found at the end of this proposal along with a proposed Steering Committee to oversee, coordinate, and effectively implement the Catherine Creek SIP.

The Catherine Creek Assessment (BOR/Union SWCD), Recovery Plan (NOAA Fisheries), the TMDL/Water Quality Management Plan (EPA/ODEQ/ODA), and the Catherine Creek Watershed Action Plan (USFS) forms the basis of coordinated restoration efforts in Catherine Creek. These Plans identify specific actions in “local” high priority areas, such as the Grande Ronde/Catherine Creek Watershed, the SIP will implement in an accelerated effort.

All partners will contribute project identification and management, design, technical assistance, cost share funding, and effectiveness monitoring in various effort amounts depending on each particular project. The Union Soil and Water Conservation District will contribute landowner/project coordination and assistance, public outreach, SIP administration, and technical assistance as well. The Wallowa-Whitman National Forest will contribute technical expertise in engineering, fisheries, hydrology, riparian restoration, and watershed restoration that can be used on private lands through utilization of the Watershed Restoration and Enhancement Agreement Authority (Wyden Amendment). Other partners such as Bureau of Reclamation will also contribute technical expertise to implementation actions. These partners represent a significant contribution to accelerate restoration actions in Catherine Creek.

A list of specific roles, contributions, and responsibilities will be developed for each central partner and cited in the Partnership Agreement.

4. Triple Bottom Line.

The Catherine Creek SIP development and implementation is Cooperative, Incentive, and Science Based. This private/public partnership builds on the existing private/public foundation of partnering with local landowners to meet their watershed restoration efforts and accelerates those actions.

The Catherine Creek SIP builds on the existing local community restoration efforts currently underway in the Watershed. The SIP is fueled by the “draft” Recovery Plan, the “draft” Catherine Creek Assessment Plan, and the Catherine Creek Watershed Action Plan. All three Plan’s efforts have established community support and have a large public outreach and education component fostering increased watershed restoration actions.

Local, state, federal, and other matching cost share funding, as well as technical assistance available to landowners for completing Watershed restoration actions is significantly increased as a result of the SIP funding commitment. The associated “local” economic benefits related to restoration on this scale is significant as well.

The Watershed restoration and economic benefits produced by this SIP are sustainable over time due to the longstanding efforts by the Union SWCD on private land, and the Wallowa-Whitman National Forest on public lands. These two established entities have collaborated on several successful past and current OWEB funded projects. Consequently, they seek to continue fostering these restoration efforts on a much larger scale with the Private/Public SIP and impacting the local culture with the Catherine Creek Watershed landowners. Infusing watershed restoration efforts into the local community’s dialogue, and improving water quality/quantity, aimed at Spring/Summer Chinook Salmon habitat, will be a key SIP component and a success measure.

5. Captures the Imagination/High Visibility.

The Catherine Creek Private/Public SIP is a highly visible investment for OWEB. The Snake River Spring/Summer Chinook Salmon status in Oregon, particularly the Catherine Creek population, is a significant focus area with a number of local communities, entities, and tribes. Local strong support for restoration actions in the Watershed exist. The Upper Grande Ronde

River Basin, which includes Catherine Creek, is the focus of numerous independent Watershed restoration efforts over the last 25 years. A focused restoration effort on the specific Catherine Creek Watershed has only recently come to the forefront as a result of the Spring/Summer Chinook Salmon imperiled population status. This has increased understanding in the Watershed's importance as a significant part of the "whole" in restoring Spring/Summer Chinook Salmon habitat.

The Catherine Creek SIP builds on this highly visible and revered species directing complex and important watershed restoration program efforts on private and public lands. The SIP allows the partners to conduct this more "whole" watershed restoration effort. The Catherine Creek Watershed has strong community support and engagement. With the core partners leading the SIP efforts, resources, experience, and expertise are available to implement the SIP on a local basis.

6. Ripeness.

The Catherine Creek Private/Public SIP is poised to finalize specific objectives and formulate an action work plan. The SIP, if approved, anticipates implementation can proceed on some actions as early as the Summer/Fall, 2011. Although the initial SIP high priority restoration actions estimate restoration would take 10-15 years with full restoration in about 35 years. The Union SWCD has established landowner contacts and potential projects. Consequently, a significant Catherine Creek SIP benefit is the Union SWCD has already developed these landowner contacts for high priority restoration on private land; as well as the Wallowa-Whitman has restoration actions ready to implement on public lands. These two responsible entities in cooperation with local landowners and other partners will develop and maintain effective partnerships, community communication, and successful implementation strategies within the SIP partnership commitment. This is the partnership commitment established between the Union Soil and Water Conservation District and the Wallowa-Whitman National Forest. These two entities in cooperation with OWEB, the central partners, and the other Watershed entities create significantly strengthened resources to accelerate Catherine Creek Watershed restoration.

Numerous "early action" efforts can be identified. Private land restoration actions are already being implemented in 2011 through the Union SWCD and BOR, with OWEB funding. Headwater actions related to in stream habitat are being implemented by the Forest Service in 2011. Other actions identified in Catherine Creek planning documents are ripe for submittal to partner organizations for leveraged funding. These projects have technical merit, are scientifically credible, and with OWEB SIP funding, would compete strongly for other partnership resources.

D. Evaluation:

The "completion" efforts would be measured by the metrics identified in the Recovery Plan and the Catherine Creek Assessment Plan. These metrics would relate to habitat variables, such as improved or made-available fish passage in stream habitat miles, wetland acres restored, water metrics for irrigation efficiency projects, road's reduction for sediment delivery credit, improved road surfacing/drainage miles, and improved stream temperatures. When the Watershed reaches 80% of identified restoration efforts to be corrected, it is assumed the Watershed will be restored to the point it will sustain the restoration efforts. This sets the Watershed on a trajectory for full restoration in the 35 year time frame. In addition, public outreach methods, resulting materials, and contact numbers, etc., will be evaluated and reported.

A yearly monitoring report would be completed describing the restoration efforts and the SIP status in relationship to the Watershed restoration completion goals for improving Spring/Summer Chinook Salmon survival at this Watershed's scale.

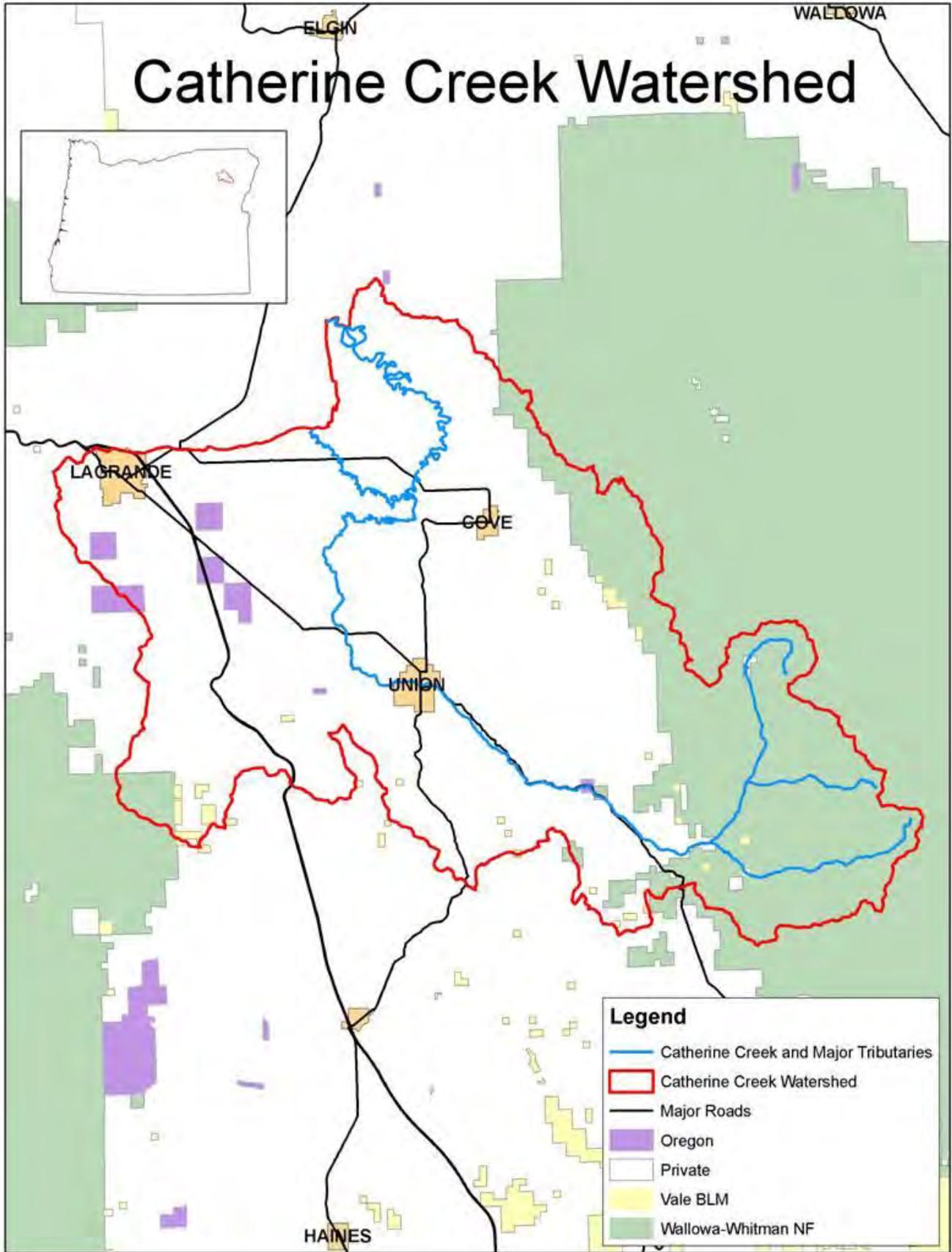
ATTACHMENTS:

- A map of the area involved.
- A list of partners, identifying their roles and contributions.

<u>Partner</u>	<u>Contribution (potential)</u>	<u>Potential Steering Committee</u>
Union SWCD	SIP Administration and Coordination Technical Assistance Project Implementation/Management Monitoring Education/Outreach	Lead Partner
Wallowa Whitman National Forest	SIP Coordination Technical Assistance Project Funding Project Implementation/Management Monitoring Education/Outreach	Lead Partner
Oregon Watershed Enhancement BD	Funding SIP Coordination	Lead Partner
Bureau of Reclamation	Technical Assistance Project Implementation/Management Education/Outreach	Candidate
Oregon Department of Agriculture	Technical Assistance Education/Outreach Monitoring	Candidate
Union County	Education/Outreach Project Implementation/Management Technical Assistance Partnership Support	Candidate
Grande Ronde Model Watershed	Funding (BPA) Education/Outreach	Candidate
NOAA Fisheries	Funding Technical Assistance	Candidate
US Fish & Wildlife	Funding Technical Assistance	Candidate
Oregon Department of Forestry	Technical Assistance Education/Outreach	Candidate
Natural Resources Conservation Service	Technical Assistance Funding Education/Outreach	Candidate

Confederated Tribes of the Umatilla Indian Reservation	Technical Assistance Funding Project Implementation/Management Monitoring	Candidate
Farm Services Administration	Funding (CREP)	Candidate
Oregon Department of Fish & Wildlife	Funding Technical Support Monitoring Education/Outreach	Candidate
Environmental Protection Agency	Funding	Candidate
Corps of Engineers	Funding Technical Support	Candidate
Bonneville Power Administration	Funding Planning Support	Candidate
City of Union	Planning Support	Candidate
Nez Perce Tribe	Technical Support	Candidate
Freshwater Land Trust	Technical Support Funding Planning Support	Candidate
Ducks Unlimited	Technical Support Funding Planning Support	Candidate
Rice Land Conservancy	Planning Support	Candidate

Catherine Creek Watershed



Special Investment Partnership Concept Proposal

Partnership Name: Willow Creek Piping Project

Name: Jerry Erstrom

Title: Project Manager

Organization: Lower Willow Creek Working Group

Phone: 541-881-1417

Email: malheurwc@hotmail.com

Ecological Objectives:

This proposal will take advantage of the opportunity to comprehensively treat a watershed. The lower Malheur and Willow Creek drainages are an area of intensive agricultural production in eastern Oregon. Some farming practices, including open irrigation laterals, cause these drainages to receive excessive levels of sediment, nutrients, and *E.coli*, primarily from irrigation return flow, and contribute to poor water quality. Oregon Department of Environmental Quality ranks the lower Malheur River and Willow Creek as having the second and third worst water quality in the state.

The Willow Creek Piping Project will not address the entire drainage, but will focus on the 35,000 acres adjacent to Willow Creek and the Malheur River. Most of the agricultural activity occurs here, and it is where the majority of water quality concerns exist. This water is important to both local agriculture and fishery needs downstream. Piping irrigation laterals facilitates conversion to sprinklers, reduces the need for hydro-power, reduces tillage and fuel usage, conserves water, improves fish habitat, and benefits the local economy.

The objectives of the Willow Creek Piping Project are to address watershed priorities including:

- Environmental Improvements
- Reduction of Electricity and Fossil Fuel Requirements
- Improved Habitat for Federally Listed Fish Species
- Water Conservation
- Economic Benefits

Consistency of Concept with OWEB Mission:

The Willow Creek Piping Project continues the OWEB mission by proactively focusing on the concerns that are within our power to change. By addressing these issues,

through best management practices, we can effectively improve our watershed. Education is the first step to restoration. We are aware of the main concerns within the Willow Creek and Malheur basins and have concentrated our educational efforts there for many years. In the last five years, through a variety of funders including OWEB, over \$7.8 million has been invested in the restoration of the Willow Creek watershed. This includes over \$1.3 million from private landowners. Along with the projects accomplished by the irrigation district, over 50 projects have been implemented on private lands. These projects have positively affected more than 6,500 acres in the Willow Creek watershed. These restoration efforts are complemented by more than 10 years of water quality and project monitoring data to document the success of our work.

While the accomplishments are substantial, there remains much more to be done. To date, OWEB-funded projects have been funded through the large and small grant programs. The extensive amount of work remaining in the 35,000 acre concentration zone simply cannot be accomplished through these types of grant programs. It will require a longer time-frame and dedicated funding through a number of sources in order to complete the goals.

Consistency with SIP Principles:

Ecological Significance –

In the 1990's, the Malheur Watershed Council and the Malheur SWCD began a program of water quality monitoring that encompassed Willow Creek. The results consistently indicated problems, primarily with bacteria, and a focus group was formed to address the issues. Most of the agricultural activity occurs in the 30,000 acres adjacent to Willow Creek from below Brogan Canyon to the confluence with the Malheur River. This is the area addressed in this proposal.

In response to these issues, the Lower Willow Creek Working Group formed in 2000 under the umbrella of the Malheur Watershed Council. This group consists of local landowners dedicated to promoting practical solutions to water quality and other environmental problems. Since its formation, the working group has sponsored grants for more monitoring, feedlot improvements, irrigation system upgrades, and much more. To solicit landowner involvement, the group conducts town hall meetings, sends out flyers, knocks on doors, and uses word of mouth.

In 2002, the Department of Environmental Quality placed Willow Creek on the 303(d) list for not meeting chlorophyll a (algae) and bacteria standards. Willow Creek has several water quality and social problems. One is the large number of livestock on feedlots near Willow Creek. The concentration of livestock in the Willow Creek drainage is second only to the Tillamook area. A consequence of concentrating large numbers of animals in one relatively small area is that animal waste is bound to get into streams. Large feedlots and dairies have already made the improvements needed to protect water quality as a condition of their permit with the Oregon Department of Agriculture.

Current bacteria sources under human control are tail water from flood-irrigated pastures and small lots where contaminated runoff can reach surface waters. An experiment conducted by Dr. Clint Shock and others showed that tail water from irrigated pastures could contain up to 230,000 *E. coli* colonies per 100 mL of sample. The state's bacteria standard allows only 406 colonies per 100 mL.

A second problem is irrigation-induced erosion. The most common method of irrigating is called furrow irrigation. This method consists of delivering water to a field via a ditch or pipe. Water is then sent by gravity down a furrow (also called corrugates), a narrow trench made by a plow. Crops are grown on raised beds between the furrows. Massive amounts of soil are carried off the fields by the irrigation water. When water reaches the end of each furrow it is collected in a receiving ditch. These tail water ditches eventually lead to Willow Creek.

Experiments and computer modeling have shown that soil losses from furrow irrigation can be as high as 15 to 20 tons per acre per year. About 30,000 acres in Willow Creek are furrow irrigated. If every field eroded at 15 to 20 tons per acre per year that would mean 600,000 tons or about 50,000 dump truck loads of dirt potentially enters Willow Creek each year.

The preferred method for eliminating return flow is for farmers to convert from furrow irrigation to sprinklers. Piping delivery laterals from the main canal will facilitate conversion to sprinklers by providing a gravity pressure water system, making conversion economically feasible. Gravity sprinkling reduces and/or eliminates the need for hydro-power; and, because using sprinkler irrigation systems reduces tillage needed for crop production, fossil fuel use will be reduced substantially as well.

A third issue is that a federally listed fish species, bull trout, resides in the North Fork of the Malheur River. Willow Creek irrigators use water from Beulah Reservoir, a dam on the North Fork. Radio tag studies show some bull trout adults leave the reservoir in April-May and reside in upper basin spawning areas throughout the summer where optimum water temperatures for adult bull trout are present. They return to the reservoir in late October after spawning. During drought years, the reservoir levels become too low to provide quality winter habitat for the fish. Converting open laterals from the main canal to pipe will result in conserving a substantial amount of water that is ordinarily lost to seepage and evaporation each year. Upon completion of this project approximately 12,000 acre/ft of irrigation water should be saved annually. The water savings from improved irrigation efficiency will potentially help maintain a pool in Beulah Reservoir. This will benefit winter habitat for bull trout populations.

The benefits of this proposal have been calculated according to known amounts associated with labor and equipment usage, energy consumption and typical farming practices in this area. Totals are approximated to the nearest reasonable figure. If all irrigation laterals were piped that were able to provide gravity-pressurized water to users, the following would be accomplished:

Environmental Benefits Achieved:

- 800,000 lbs of CO2 emissions eliminated annually.
- 72,000 lbs. of phosphorus annually prevented from leaving the field.
- 240,000 tons of annual soil loss will cease.
- 183.5 billion colonies of E.coli bacteria per acre prevented from leaving the fields as runoff.
- Virtually all evaporation and seepage eliminated.

Energy Conservation Realized:

- 4 – 6 million Kilowatt hours of electricity saved annually.
- 54,000 gallons of diesel fuel per year conserved.

Water Conservation Benefits:

- Approximately 12,000 acre feet of irrigation water should be saved annually.

Economic Advantages Gained:

- 35 jobs potentially created.
- \$162,000 per year in fuel costs saved (this amount is rising rapidly).
- \$229,000 in electrical pumping costs saved annually (also rising).
- At least 23 Oregon businesses involved.
- \$1.8 million generated for the local economies of Ontario and Vale.

Importance of OWEB's Contribution -

OWEB's previous contributions to the Willow Creek and Malheur watersheds have leveraged an additional 78% in contributions from agencies, irrigation districts, conservation groups and private landowners. In the past five years, Vale Oregon Irrigation District (VOID) has piped over 30 miles of laterals. However, there is an additional 83 miles of laterals yet to be piped. The irrigation district is committed to continuing to supply the majority of labor and equipment necessary to accomplish this goal.

The overriding conservation priorities in the Lower Malheur River watershed are a reduction in energy requirements and improved water quality and quantity. The need to focus on these priorities was intensified with the adoption of the Malheur River TMDL. Landowner education during the TMDL process focused on best management practices, habitat requirements, and restoration options necessary in order to move toward meeting the TMDL standards.

The biggest problem landowners and producers face is the cost of making the necessary improvements to protect water quality. Upgrading from furrow irrigation is particularly expensive. While it is true that producers benefit from irrigation improvements by increased yields and conserving water, the benefits are not great enough for most landowners to convert all on their own. Estimates show it could take as long as 15 to 20 years to recoup a farmer's investment in a center pivot. This rate of return is not high enough for most bankers to loan, and in an area that ranks 34th of 36

counties in Oregon for per capita income, the average landowner is not able to make these improvements without help.

In a typical urban setting each landowner has, on average, the ability to personally affect about 0.5 acres. In Willow Creek, with a much sparser rural population of about 500, each landowner can, on average, personally affect 100 acres within their watershed. Through education and the proactive achievements of numerous landowners and the irrigation districts, the majority of Willow Creek landowners are already on-board and enthusiastic about watershed restoration projects – if there are viable financial options.

Robust Partnerships –

The Lower Willow Creek Working Group has enjoyed several dedicated partnerships. Both hands-on and financial contributions have come from many of the expected sources including the Malheur Watershed Council, Malheur SWCD, ODA, ODFW, BOR and other agencies. The private landowners and producers living and working in the Willow Creek watershed have consistently supported and actively participated in the restoration work in this area. The local NRCS office has also willingly partnered with landowners to maximize the ability to accomplish our shared priorities. In 2009, the Willow Creek basin was awarded special AWEF funding of \$1.5 million over five years, although because of federal funding cuts our annual allotment has been significantly reduced for the last two years. The most dependable and devoted partner has been the Vale Oregon Irrigation District. They have supplied the labor and equipment to implement all the irrigation lateral projects to date, so far providing a contribution of approximately \$1.5 million.

Triple Bottom Line –

As has been outlined throughout this proposal, the ecological, community and economic outcomes are all being addressed. The livelihood of the farmers and producers in the Willow Creek and Malheur basins depends on the health of the watershed. A large number of area businesses depend on purchases from and business dealings with local producers. With Malheur County being one of the poorest counties in Oregon, economic decline spells disaster for so many locally owned businesses.

This proposal will directly provide much needed jobs and opportunities for local businesses. The construction phase of the project alone will last four to six years. In addition, yield increases due to more efficient sprinkler irrigation, will increase revenues to producers, which in turn will help the local economies of Vale and Ontario. These benefits will last for the life of the project. VOID will hire additional personnel within the local area for jobs related to labor, equipment operation, engineering and other staff necessary to implement the project.

We have proven through past projects that watershed restoration can benefit both the producer and the environment.

Captures the Imagination / High Visibility –

While Malheur County may be one of the least populated areas in Oregon, we are still the largest. As one of the most concentrated agriculture areas in the northwest, products grown and raised here are sold throughout the nation and the world. What happens here affects Oregon. Over the years, farming and ranching has often received bad press. Some of it deserved, but much of it based in misinformation and conjecture. We have a unique opportunity to produce high-profile accomplishments in eastern Oregon.

With the irrigation lateral piping projects that have been done so far, there is certainly no shortage of exposure among residents. These are BIG projects and everyone sees them, talks about them and wants to know more about them. Many of the points in this proposal are along highway corridors visible to anyone traveling this way. Several large-scale tours have been done with a mixture of local and state politicians, media, tribal representatives, agencies (including the OWEB Board), and interested parties from the farming and ranching communities from around the state and also in Idaho.

The interest and involvement of so many of the area's producers has grown into a true grass-roots effort and a genuine excitement in restoring the watershed. We are becoming more and more involved in the schools and their educational efforts to bring up a new generation of land stewards who desire to leave the land in better condition than they found it. Although some may not consider Malheur County to be highly visible to anyone, we are at the top of the Columbia River watershed within the state of Oregon and water runs downhill.

Ripeness –

As noted throughout this proposal, these objects have been worked on for many years and the procedures are not new. VOID has a majority of their open laterals already engineered and the specifications determined. This is a shovel-ready project. We know the drill, the preparations have been done and we are chomping at the bit. It will not be difficult to sit down and put the details of the project in a concise and reasonable form to begin implementation.

Evaluation:

The evaluation of completion of this proposal is relatively simple. There are approximately 83 miles of open irrigation laterals to pipe in this system. Accomplishments are easy to track since they are tangible and observable. A timeline will be constructed along with short and long-term goals. VOID is experienced in construction of these buried laterals with more than 30 miles accomplished so far.

Expected Partners and Contributions:

These figures are the accomplishments in the Willow Creek watershed over the last five years. They do not include any projects accomplished through NRCS, AWEP, EQIP or the Malheur SWCD. We are proud of this list and let it stand as an example of what we can achieve through our partnerships. We expect to continue with most of these partners in a similar manner.

Total Dollars and In-Kind Match

OWEB (Oregon Watershed Enhancement Board)	\$4,398,998
BOR (Bureau of Reclamation)	\$375,000
MWC (Malheur Watershed Council)	\$12,672
VOID (Vale Oregon Irrigation District)	\$1,499,470
OWC (Orchard Water Company)	\$165,250
WID (Warm Springs Irrigation District)	\$16,060
LWCWG (Lower Willow Creek Working Group)	\$3,890
MCWAB (Malheur County Weed Advisory Board)	\$300
ODFW (Oregon Dept. of Fish and Wildlife)	\$300
ODA (Oregon Dept. of Agriculture)	\$14,030
PF (Pheasants Forever)	\$1,050
LO (Private Landowners)	\$1,315,080

Grand Total **\$7,852,100**

Accomplishments

Total Individual Projects (excluding Laterals) = 56
Total Acres Converted From Flood To Sprinkler = 1,692
Total Miles of Laterals Piped = 33.4
Total Miles of Mainlines Piped = 15.45
Total Miles of Drains and Canals Piped = 4.14
Total Number of Pumpback Systems = 15 systems serving 1,175 acres
Total Number of Off-stream Water Troughs Installed = 19
Total Miles of Pipe for Troughs = 1.93 (10,210 feet)
Total Miles of Cross Fencing = 2.5
Total Miles of Riparian and Wetland Protection Fencing = 13.32
Total Riparian Plantings = 4,000
Total Number of Wetland Filter Ponds = 3
Total Acres of Rangeland Improved = 755
Total Acres Served By Piped Laterals = 6,500

The Willow Creek Piping Project

If all irrigation laterals located 50 feet or more below the Main Canal were piped and equipped with sprinklers, we could provide gravity-pressurized water to 12,000 acres and accomplish the following:

Economic Advantages Gained

- 35 jobs potentially created.
- \$162,000 per year in fuel costs saved.
- \$229,000 in electrical pumping costs saved annually.
- At least 23 Oregon businesses involved.
- \$1.8 million generated for the local economies of Ontario and Vale.

Environmental Benefits Achieved

- 800,000 lbs CO2 emissions eliminated annually.
- 72,000 lbs. of phosphorus annually prevented from leaving the field.
- 240,000 tons of annual soil loss will cease.
- 183.5 billion colonies of E.coli bacteria per acre prevented from leaving the fields as runoff.
- Virtually all evaporation and seepage eliminated.

Energy Conservation Realized

- 4 - 6 million Kilowatt hours of electricity saved annually.
- 54,000 gallons of diesel fuel per year conserved.

Threatened and Endangered Species Supported

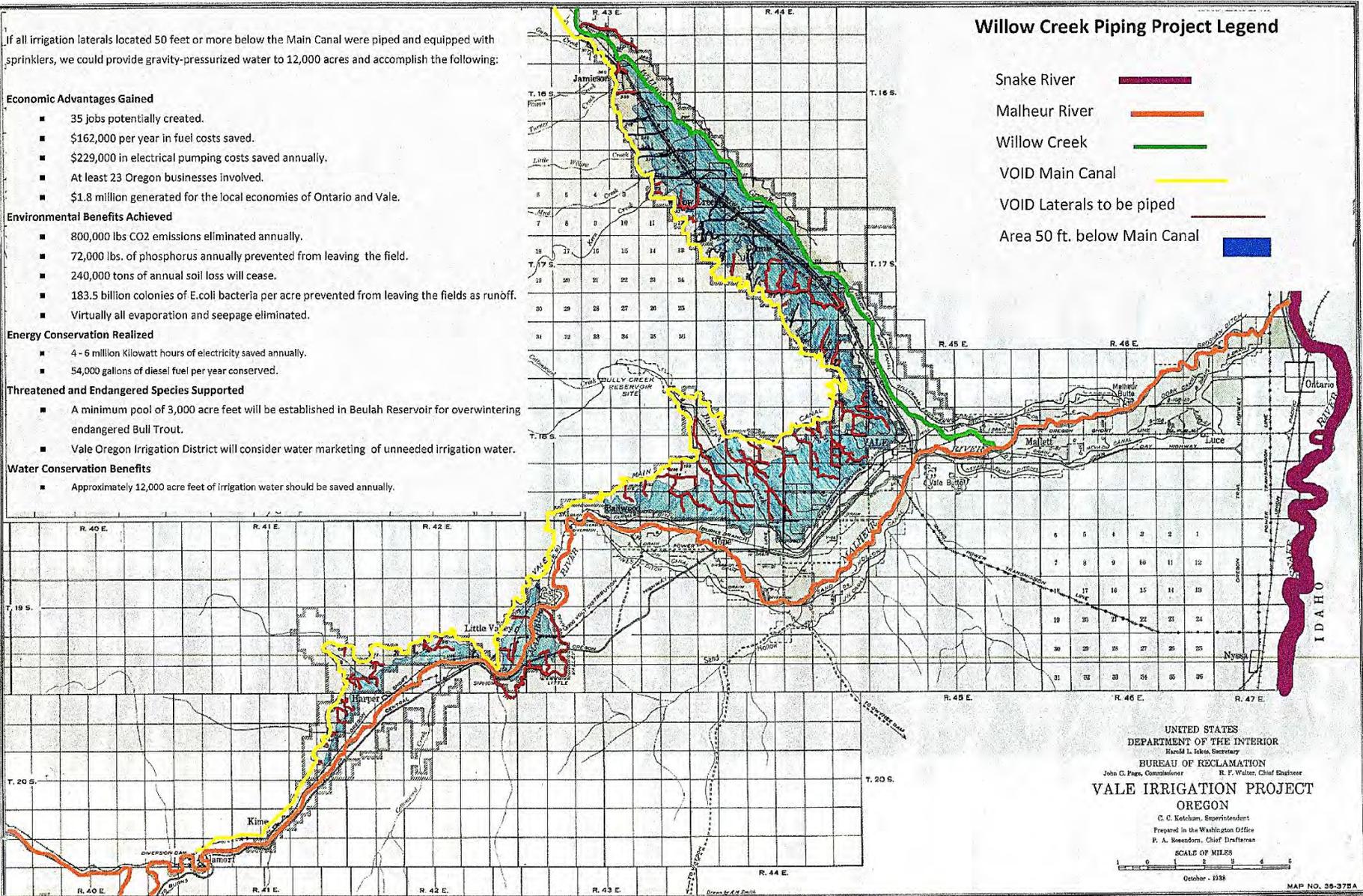
- A minimum pool of 3,000 acre feet will be established in Beulah Reservoir for overwintering endangered Bull Trout.
- Vale Oregon Irrigation District will consider water marketing of unneeded irrigation water.

Water Conservation Benefits

- Approximately 12,000 acre feet of irrigation water should be saved annually.

Willow Creek Piping Project Legend

- Snake River █
- Malheur River █
- Willow Creek █
- VOID Main Canal █
- VOID Laterals to be piped █
- Area 50 ft. below Main Canal █



UNITED STATES
 DEPARTMENT OF THE INTERIOR
 Harold L. Ickes, Secretary
 BUREAU OF RECLAMATION
 John C. Page, Commissioner R. F. Walker, Chief Engineer
VALE IRRIGATION PROJECT
 OREGON
 C. C. Ketchum, Superintendent
 Prepared in the Washington Office
 P. A. Rosendorf, Chief Draftsman
 SCALE OF MILES
 0 1 2 3 4 5
 October - 1938
 MAP NO. 35-378A

APPROVED BY THE BOARD SEPTEMBER 13, 2011
Oregon Watershed Enhancement Board

June 14, 2011
OWEB Board Meeting
Bend, Oregon

Minutes

OWEB Members Present

Dan Carver
Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Kim Kratz
Meta Loftsgaarden
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Jan Lee
Randy Jones
Nan Evans
Tom O'Brien
Bruce Taylor
Lisa Seales
Wayne Hoffman
Steve Wise
Jerry Nicolescu
Jon Burgi
Elmer McDaniels
TJ Woodley
Darek Staab
Chris Gannon
Alan Unger

Members Not Present

none

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas. Board member Trish Smith welcomed the Board to Bend.

B. Minutes

Minutes of the March 15-16, 2011, Board meeting in Salem were unanimously approved.

C. Executive Director Update

Executive Director, Tom Byler, directed Board members attention to the update items in their Board Book. He also provided a brief update on the July Planning Session and announced that the Senate had approved Lisa Phipps as a new Public-at-Large Board member.

1. Land Acquisition Work Group
2. Future Changes to Watershed Council Support
3. Ecosystem Services
4. April 18, 2011 Grant Cycle Update

July Board Planning Session – OWEB has contracted with DS Consulting to help prepare for and facilitate the Planning Session scheduled for July 26-28, 2011, in Maupin.

D. Legislative and Budget Update

Budget

Tom Byler, Executive Director, updated Board members on the status of OWEB's 2011-2013 budget.

- Two budget notes were added regarding Watershed Council Review and IMST Review.
- The Governor's Office is interested in reinvigorating the Oregon Plan for Salmon and Watersheds.
- OWEB has been meeting with NOAA on PCSRF funds being used to support salmon recovery efforts in other natural resource agency budgets.
- OWEB is working with ODA and SWCDs about moving the Weed Program to OWEB.
- The Board will need to take action in mid-July to move legislatively appropriated funds.
- The 2011-2013 spending plan will be discussed at the Board Planning Session in July and may take longer than the September 2011 Board meeting to be finalized.

Board members discussed the impacts to future PCSRF funding resulting from the legislative decision to backfill other natural resource agencies. They also discussed the PCSRF reporting requirements to NOAA and how OWEB will get the needed information from the agencies receiving PCSRF funding.

Legislative

Melissa Leoni, Senior Policy Coordinator, updated Board members on key bills OWEB continues to track.

- SB 342 amends the statutes necessary to implement Measure 76. Ms. Leoni indicated that an amended version is likely to pass.
- HB 3109 relates to environmental markets and ecosystem services. Ms. Leoni indicated that the bill would not likely be adopted.
- HJR 29 also called "Son of 76." Ms. Leoni indicated that there had been no hearing and she was unaware of the bill moving.

E. Public Comment – General

- Nan Evans, The Nature Conservancy, commented on Measure 76 and SB 342.
- Elmer McDaniels, Tumalo Irrigation District, and Jon Burgi, David Evans and Associates, thanked Board members for grants, and specifically thanked Board member Trish Smith for participating in a recent project tour.
- Phil Chang, Deschutes Collaborative Forest Project, briefed Board members on the project.
- Randy Jones, Central Oregon Geographic, Inc., commented on partnership opportunities in the Deschutes SIP.
- Bruce Taylor, Defenders of Wildlife, commented on Measure 76 implementation, SB 342, and HB 3109.

F. October 2010 Grant Cycle – June Awards and Policy Discussion

Lauri Aunan, Grant Program Manager, presented this agenda item to the Board.

A. October 2010, Non-Capital Applications

At the March 2011 Board meeting, the Board considered applications submitted in the October 2010 cycle. Because OWEB lacked sufficient non-capital funding, the Board awarded funding

for only a portion of the staff-recommended non-capital applications, and signaled its intent to award the remainder of the staff-recommended non-capital applications at the June Board meeting dependent on OWEB's 2011-2013 budget.

Board members unanimously approved funding for all of the non-capital applications shown in Attachment B of the Agenda Item F staff report.

B. Board Policy on Eligibility for Orphan Site Mines

In October 2010, the North Fork John Day WC submitted two applications to OWEB to help fund activities at the abandoned Red Boy gold mine in northeastern Grant County. The mine site has been designated as an "orphan site" by DEQ. During evaluation of these applications staff identified a number of legal and policy issues regarding environmental cleanup sites. After the March Board meeting, staff worked with a Board Environmental Cleanup Ad Hoc Board subcommittee to develop policy recommendations to present to the full Board.

Board members unanimously voted to adopt the proposed policy regarding the eligibility of orphan site mines for OWEB funding and clarifying the type of environmental cleanup sites that are not eligible for OWEB funding, as outlined in Section IV.A. of the Agenda Item F staff report.

C. Funding Recommendations for Red Boy Mine applications

After staff and the Board subcommittee worked through the policy recommendations for the two Red Boy Mine applications submitted in October 2010, staff recommended funding for both applications.

Board members unanimously voted to award the Red Boy Mine Technical Assistance and Restoration applications in the amounts shown on Attachment C of the Agenda Item F staff report.

F-1. Oregon Plan Monitoring Team Review of Monitoring Applications October 2010 Grant Cycle – June Awards

The staff report describes two statewide monitoring applications received in the October 2010 cycle that staff did not recommend for funding. However, reviewers and OWEB staff recognized the need for information that would be provided in 211-7009, Harmful Algal Bloom (HAB) Surveillance Program, and recommended forwarding this need to the Governor's office so that a strategy for developing the monitoring and outreach program could be more widely shared and strategized.

Board members voted unanimously to forward the request for a statewide harmful algal bloom monitoring program, as found in application #211-7009, to the Governor's Natural Resources Office for consideration as a broader need.

G. 2011-2013 Board Meeting Dates and Grant Cycle Schedules; October 2011 Grant Solicitation

Lauri Aunan, Grant Program Manager, briefed Board members on a proposed grant cycle schedule and Board meeting dates, based on traditional timeframes with four regular grant cycles, one council support offering, and eight regular Board meetings a biennium.

The October cycle typically has included Restoration, Acquisition, Technical Assistance, Monitoring, and Outreach grant application offerings. Staff recommended soliciting these application types in October 2011. Future grant offerings and grant award funding reserves will be part of the Board's spending plan for 2011-2013 and implementation of Measure 76. Staff noted that the schedule may be subject to change based on OWEBs budget, the Board's 2011-2013 spending plan, and implementation of Measure 76.

Board members unanimously adopted the 2011-2013 schedule of grant application deadlines and Board meeting dates, and approved the solicitation of October 17, 2011, grant application types, as shown in Attachment A of the Agenda Item G staff report.

H. Administrative Rulemaking

Melissa Leoni, Senior Policy Coordinator, briefed Board members on the need to initiate rulemaking to update administrative rules affected by the passage of Measure 76 and its implementing legislation, SB 342.

Staff spent considerable time over the past six months preparing for the transition from Measure 66 to Measure 76. Staff decided to allow some time for OWEB and our stakeholders to adjust to changes required by Measure 76 as the new biennium begins with minimal disruption to existing programs and processes. Staff reviewed existing rules and processes and identified three rules that need to be amended if SB 342 is passed by the Legislature.

Small Grant Program. OAR 695-035-0050(1)(d) and 695-035-0060(1)(d).

Restoration Grant Evaluation Criteria. OAR 695-010-0060(2)

Distribution of Funds – Permits. OAR 695-005-0060(5)

Staff provided a timeline for the rulemaking process beginning in July 2011, and will present proposed rules to the Board for adoption at the September 2011 meeting.

Board members unanimously voted to authorize rulemaking to amend OAR 695-035-0050(1)(d), OAR 695-035-0060(1)(d), OAR 695-010-0060(2), and OAR 695-005-0060(5) to address the issues identified in Section III of the Agenda Item H staff report.

I. Deschutes Special Investment Partnership

Prior to a tour of projects in the Upper Deschutes basin, Ken Bierly, Deputy Director, introduced representatives of the four partner groups involved in the Deschutes SIP, who updated Board members on activities, accomplishments, and challenges in the Deschutes SIP. Presenters were:

Ryan Houston, Upper Deschutes Watershed Council

Tod Heisler, Deschutes River Conservancy

Chris Gannon, Crooked River Watershed Council

Brad Nye, Deschutes Land Trust

APPROVED BY THE BOARD SEPTEMBER 13, 2011
Oregon Watershed Enhancement Board
June 15, 2011
OWEB Board Meeting
Bend, Oregon

Minutes

OWEB Members Present

Dan Carver
Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Kim Kratz
Meta Loftsgaarden
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Rainmar Bartl
Lisa Seales
David Ferguson
Rita Baker
Jamison Cavallaro
Clair Thomas
Shannon Peterson
Sue Mattenberger
Tom O'Brien
Jan Roofener
Krystyna Wolniakowski
David Ross

Members Not Present

none

J. Oregon—BPA Wildlife Settlement Agreement and OWEB Funding

Ken Bierly, Deputy Director, was joined by Chris Wheaton, Oregon Department of Fish and Wildlife, to brief Board members on a recent agreement between Oregon and the Bonneville Power Administration on wildlife mitigation for the construction and operation of Willamette dams. The fifteen-year agreement to settle BPA wildlife habitat mitigation obligations under the 1980 Northwest Power Act was signed in October 2010 and contained four main principles:

1. All losses and mitigation will be accounted for in surface area (acres) regardless of habitat type and condition;
2. The total obligation of BPA is capped at \$117,864,424;
3. The total unmet mitigation target for direct and operational losses is set at 16,880 acres; and
4. The agreement is contingent on crediting for 2,958 acres of then pending acquisitions.

ODFW's Willamette Mitigation Program has been very active in implementation of the Agreement, and identified five projects for FFY 2011 funding. Three of the projects are currently under consideration by OWEB through the regular grant and Willamette SIP programs. Staff discussed OWEB's mitigation policy and its effect on the partnership with ODFW. Staff will return to the Board at a future meeting to further discuss the issue and identify how ODFW's Willamette Mitigation Program can be a partner in the Willamette SIP.

K. Efficiency and Transparency through Technology

Greg Sieglitz, Monitoring and Reporting Program Manager, and Ashley Seim, GIS and Web Site Specialist, updated Board members on various actions to communicate about OWEB investments and outcomes and the initial steps taken by staff to explore available options for increased efficiency and accountability utilizing technology advances.

Ashley Seim highlighted updates to existing online tools including the OWEB Investment Tracking Tool which was recognized by the Governor’s office as an example of utilizing GIS for increased transparency and accountability in state government at the 2011 GIS in Action Conference. Additional features were added to the Oregon Watershed Restoration Tool including an advanced search feature. She also briefed Board members on the increased use of the OWEB web site, OGMS, and OWRI online, and outlined near term maintenance needs for existing tools (OITT; OWRIO; OGMS; and the Fish Passage Viewer).

Several opportunities for new online tools were presented: online grant applications; submission of final report requirements online; document and data upload capability for OGMS; and integrated mapping tools for applications and final reports. She also identified that more planning and information to support new ideas was needed and provided a state map showing Broadband download speed availability and the past use of OWRI online tools by watershed councils. The map was presented as an example of the type of information that will be gathered by staff to support the implementation of more online tools.

L. Deferred Acquisition – Ecola Creek Forest Reserve Addition (#209-112)

Ken Bierly, Deputy Director, briefed Board members on this previously deferred acquisition application originally submitted in October 2008. Due diligence is complete and staff recommended funding at \$1.4 million. The Board was provided with a letter expressing concern about the acquisition and asked staff and Rainmar Bartl, from the City of Cannon Beach to respond to questions raised in the letter.

Board members voted unanimously to award \$1.4 million in funding for the Ecola Creek Forest Reserve Addition (#209-112) contingent on the City’s agreement to add language to the conservation easement as noted in Section VIII of the Agenda Item L staff report, and a condition for OWEB staff to approve the management plan for the property.

M. Conservation Reserve Enhancement Program

Melissa Leoni, Senior Policy Coordinator, and Lois Loop, Farm Service Agency, provided background information on Oregon’s CREP program, and provided Board members with the 2010 CREP Annual Report.

Staff and representatives from ODA, OACD, NRCS, and FSA have been meeting over the past few years to evaluate CREP TA and to develop an alternative for funding Oregon CREP technical assistance. In May 2011, staff met with the Board Partnership subcommittee and briefed the SWCC on three funding alternatives:

1. Status Quo
2. Status Quo with Measure 76 Update
3. CREP TA Grants Proposal

Staff and the Partnership subcommittee recommended option 3. Under this alternative, OWEB would fund CREP TA grants independently from the funding for SWCD capacity and OWEB's regular technical assistance grant program. CREP TA grants would instead be funded with the Measure 76 grant funds and included in OWEB's 2011-2013 spending plan. CREP TA grants would be outcome based and eligible entities would not be limited to SWCDs. Selection criteria would include how the applicant will conduct outreach, service and complete CREP contracts, address cultural resource reviews, and comply with federal security requirements. OWEB and ODA still need to work out oversight and management roles associated with these grants.

Because the Board has not yet developed the 2011-2013 spending plan, staff requested "bridge funding" for July 1, 2011, to December 31, 2011, for currently funded positions shown in the staff report. Board members were briefed on details of the "bridge funding" process.

Board members unanimously voted to endorse the proposal described in Section IV.C. of the Item M staff report dated June 6, 2011.

Board members unanimously approved the CREP TA bridge funding process described in Section III of the Item M-1 staff report dated June 13, 2011, and awarded \$240,000 for the CREP TA grants to the soil and water conservation districts listed in the table in Section IV of the Item M staff report dated June 6, 2011.

N. Public Comment – Pending Watershed Council Support Applications

Prior to the public comment period, Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, briefed Board members on the Council Support process identifying four councils in the Do Not Fund category.

- Tom O'Brien, Network of Oregon Watershed Councils, supported increasing the funding level for council support.
- Jamison Cavallaro, Pudding River WC, supported funding for 212-031, which was not recommended for funding by OWEB staff.
- Clair Thomas, Tillamook Bay WC, commented on making the council support process more transparent, concerns with their 2011 evaluation of "very good" compared with their 2009 evaluation of "excellent," and supported funding for councils at \$6 million.
- Nathan Jackson, Klamath Watershed Partnership, thanked the Board and commented on the challenges of conducting outreach in large geographic areas.
- Rita Baker, Greater Oregon City WC, supported funding for 212-059 which was not recommended for funding by OWEB staff.
- Wayne Hoffman, Mid-Coast WC, commented on the council support process.
- Jerry Nicolescu, Oregon Association of Conservation Districts, supported staff recommendations for funding soil and water conservation districts. (Item Q)

O. 2011-2013 Watershed Council Support

Following staff's overview and public comment, Board members deliberated and asked questions of staff regarding the recommendations for council support funding. Staff responded to the public testimony regarding applications 212-031, 212-007, and 212-059.

Board members discussed the staff recommended funding option, and why staff did not recommend increasing the funding to \$6 million at this meeting. Staff and the Board Council Support subcommittee support increasing funding for watershed councils to the highest practicable

level, but the Legislature is still in session, we have not seen the final paperwork on our budget which passed the Senate and is on the House floor this week, and legislation to implement Measure 76 is still in legislative committees. Director Byler indicated it would be important to have a clear understanding of whether there is any legislative direction around council funding, which will require the final paperwork on OWEB's budget. Additional funding options for local capacity will be considered at the September 2011 Board meeting.

Board members unanimously adopted the \$5.1 million funding level for Council Support with the individual award amounts at the \$5.1 million level, as shown in Attachment B of the staff report. This funding level and the individual award amounts are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

Board members unanimously voted to award umbrella watershed councils an additional amount of 18, 9, and 22 percent of the base award for (a), (b), and (a)/(b) type umbrella watershed councils, respectively. These additional umbrella awards are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

P. OWEB Partnership Investments

Ken Bierly, Deputy Director, updated the Board on opportunities for future Special Investment Partnerships (SIP). At the March 2011 meeting, the Board approved an expedited process to consider future SIP candidates for the 2011-2013 biennium. In early April, staff distributed a request for Statements of Interest via email to groups that had expressed interest in a SIP. Staff received six responses:

1. Upper Klamath Basin SIP
2. South Coast SIP (Wild Rivers Coast Alliance)
3. Sandy River Basin Partnership
4. Water for Irrigation Streams and Economy (WISE)
5. Willow Creek Piping Project
6. Catherine Creek Public/Private SIP

The Board Partnership subcommittee reviewed the Statements of Interest, and selected the Upper Klamath Basin and South Coast proposals as SIP candidates for the 2011-2013 biennium.

The Board subcommittee expressed an interest to recognize the important work and strong partnership in the Sandy River Basin with the allocation of additional funds through the WWRI for the Sandy. Staff will forward a proposal for WWRI, including the option for additional funding for the Sandy River Basin at a future meeting.

Representatives of the groups that submitted Statements of Interest briefed Board members on their efforts.

Upper Klamath Basin SIP

Krystina Wolniakowski, National Fish and Wildlife Foundation

Shannon Peterson, Klamath Basin Rangeland Trust

Nathan Jackson, Klamath Basin Partnership

South Coast SIP

Harry Hoogesteger, South Coast Watershed Council
Steve Denney, The Nature Conservancy

Sandy River Basin Partnership

Steve Wise, Sandy River Basin Watershed Council

Board members unanimously approved the Subcommittee recommendation to declare the Upper Klamath Basin and South Coast proposals as SIP candidates for the 2011-2013 biennium.

Q. Other Business – Soil and Water Conservation District Support Grants

Melissa Leoni, Senior Policy Coordinator, updated Board members on funding for Soil and Water Conservation District (SWCD) support grants in the 2011-2013 biennium and requested approval of \$5.1 million for these capacity grants.

SWCD support grants will be handled differently due to the passage of Measure 76. Staff have been working with ODA to develop a process for implementing SWCD support grants that retains existing processes to the greatest extent while still meeting the requirements of Measure 76. ODA and OWEB will enter into a Memorandum of Agreement outlining the roles and responsibilities of each agency related to the review and approval of grant applications and payments, and the maintenance of grant files. The grant application process has been developed beginning with application submittals due to ODA by August 15, 2011. The application requirements, criteria, evaluation process, agreement conditions, and distribution of funds were outlined in the staff report.

Ray Jaendl, ODA, was present to discuss the process and respond to questions from the Board.

Board members unanimously approved the SWCD support grant standards, guidance, and process identified in Section III of the staff report, award \$5.1 million for SWCD support grants for the 2011-2013 biennium; and delegate authority to the Executive Director to approve SWCD support grants consistent with the criteria and processes identified in Section III of the staff report. This funding level and the individual award amounts are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Special Meeting Notice

July 14, 2011
11:00 a.m.

State Lands Building
Third Floor, Conference Room 303
775 Summer Street NE
Salem

The Oregon Watershed Enhancement Board will meet on Thursday, July 14, 2011, at 11:00 a.m. via telephone conference call to take action on the following:

- A. Delegate authority to the Executive Director to distribute Pacific Coastal Salmon Recovery Funds and Measure 76 Lottery Funds specifically allocated by the Legislature to a particular entity or use for the 2011-2013 biennium.

This action item will be presented to the Board to expedite the initial distribution of funds needed at the beginning of the 2011-2013 biennium.

Board members will participate in this meeting by telephone from multiple locations. The public may attend this meeting at the location listed above. Members of the public may comment only on the agenda item listed above during a public comment period at the beginning of the meeting. The Board encourages persons to limit comments to no more than five minutes.

For further information about the meeting, contact Bonnie Ashford, the Board's Assistant, at 503-986-0181. If special physical, language, or other accommodations are needed for this meeting, please advise Bonnie Ashford as soon as possible, but no later than 5:00 p.m. on Tuesday, July 12, 2011.

A staff report will be available on OWEB's web site www.oregon.gov/OWEB prior to the meeting, and the Board decision on the agenda item will be posted on the web site after the meeting.



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

www.oregon.gov/OWEB



July 12, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item A: Delegation of Distribution Authority and Grant Award for Legislative Allocations of Pacific Coastal Salmon Recovery Funds and Measure 76 Lottery Funds**
July 14, 2011 Special Board Meeting via Teleconference

I. Introduction

This report requests Board action to allocate Pacific Coastal Salmon Recovery Funds (PCSRF) and Measure 76 Lottery funds and delegate distribution authority to the Executive Director for purposes that the 2011 Legislature has specifically allocated to those funds.

II. Background

For the 2011-2013 biennial budget, the Oregon Legislative Assembly has allocated portions of Measure 76 funds and PCSRF funds to other entities. These allocations are directed to other state natural resources agencies and groups focused on watershed health issues, such as the Lower Columbia River Estuary Partnership (LCREP) and the Independent Multidisciplinary Science Team. It is important for the recipient entities to obtain these funds as early in the new biennium as possible to meet their budget needs.

The 2011-2013 biennium is the first under Ballot Measure 76, which was passed by voters in November 2010 and replaced Measure 66. Under Measure 66, OWEB had oversight responsibility for all of the Lottery funds and required interagency agreements to track expenditures and uses of the funds. Measure 76 has changed the relationship between OWEB and the 35 percent of the Natural Resources Subaccount dedicated to “operating” purposes, which are the funds available for state natural resource agencies. Under Measure 76, the Legislature has express authority to delegate the Operating Funds to state natural resource agencies. Measure 76 also requires state agencies receiving the dedicated Lottery funds to report directly to the Legislature on the use of the funds. OWEB no longer has oversight responsibilities over the use of funds in these situations.

OWEB’s 2011-2013 budget includes a Legislative allocation of Measure 76 Operating Funds to LCREP. Because LCREP is not a state agency and is not required to report directly to the

Legislature, OWEB will enter into a grant agreement with LCREP to track and report on the use of these funds.

In the case of PCSRF funds, Board action is necessary to award grants to carry out the legislative allocations. OWEB enters into interagency agreements with PCSRF recipients to track and report on the uses of these funds.

III. 2011-2013 Legislative Appropriations

The 2011-2013 legislative appropriations of PCSRF and Measure 76 Lottery Funds to other entities are contained in Tables 1 and 2 below.

Table 1. PCSRF Legislative Appropriations

Entity/Recipient	Amount	Source of Funds
Oregon Department of Fish and Wildlife	\$13,408,541	PCSRF
Department of Environmental Quality	\$2,118,888	PCSRF
Department of Agriculture	\$1,875,021	PCSRF
Water Resources Department	\$340,000	PCSRF
Independent Multidisciplinary Science Team	\$450,560	PCSRF

Table 2. Measure 76 Legislative Appropriations

Entity/Recipient	Amount	Source of Funds
Lower Columbia River Estuary Partnership	\$248,101	Measure 76 Operating

IV. Recommendation

Staff recommend the Board:

- A. Allocate PCSRF and delegate authority to the Executive Director to enter into the agreements necessary to distribute funding in accordance with Table 1 of Section III of this report; and
- B. Delegate distribution authority to the Executive Director to enter into the agreements necessary for the Measure 76 Lottery funds that the Legislature allocated for the 2011-2013 biennium in accordance with Table 2 of Section III of this report.

APPROVED BY THE BOARD JANUARY 18, 2012
Oregon Watershed Enhancement Board

July 14, 2011
Special Meeting
State Lands Building
Salem, Oregon

Minutes

OWEB Members Present

Dan Carver
John Jackson
Jim Johnson
Skip Klarquist
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Trish Smith
Dan Thorndike

OWEB Staff Present

Bonnie Ashford
Tom Byler
Melissa Leoni

Others Present

Lisa Phipps

Members Not Present

Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
Kim Kratz
Meta Loftsgaarden
Karl Wenner
Ken Williamson

A special meeting via telephone conference call was held on Thursday, July 14, 2011, at 11:00 a.m. The purpose of the meeting was for Board members to consider action items to expedite the initial distribution of funds needed at the beginning of the 2011-2013 biennium.

The telephone conference call meeting included a quorum of the Board. There was no public comment.

Board Co-Chair Dan Thorndike presided over the meeting.

Item A: Delegation of Distribution Authority and Grant Award for Legislative Allocations of Pacific Coastal Salmon Recovery Funds and Measure 76 Lottery Funds.

Tom Byler, Executive Director, provided an overview of the staff report, and responded to Board member questions about PCSRF funds going to other natural resources agencies and whether NOAA Fisheries was aware of and supportive of the legislatively allocated funds. Director Byler reported that he engaged NOAA early in January, and along with the Governor's Office had several meetings with NOAA early in the legislative session. The legislatively allocated

funds were from Oregon’s FFY 2010 PCSRF appropriation. NOAA was assured that this was a one time only legislative allocation using PCSRF for other natural resource agency budgets. OWEB was recently notified that Oregon’s share of FFY 2011 PCSRF is \$12.25 million, which is less than other states, and down from the \$15 million award in FFY 2010.

Melissa Leoni, Senior Policy Coordinator, responded to a question about funding for LCREP, watershed councils and soil and water conservation districts funding. LCREP has received funding from OWEB for several biennia, but since they are not a State agency, Board approval is required to manage the pass through of Measure 76 funds. Funding for councils and districts was approved at the June Board meeting as an Other Business item.

Board members voted unanimously to accept the staff recommendations as shown in Section IV of the staff report.

- A. Allocate PCSRF funds and delegate authority to the Executive Director to enter into the agreements necessary to distribute funding in accordance with Table 1 of Section III of the staff report (see below).

Table 1. PCSRF Legislative Appropriations

Entity/Recipient	Amount	Source of Funds
Oregon Department of Fish and Wildlife	\$13,408,541	PCSRF
Department of Environmental Quality	\$2,118,888	PCSRF
Department of Agriculture	\$1,875,021	PCSRF
Water Resources Department	\$340,000	PCSRF
Independent Multidisciplinary Science Team	\$450,560	PCSRF
TOTAL	\$18,193,010	

- B. Delegate distribution authority to the Executive Director to enter into the agreements necessary for the Measure 76 Lottery funds that the Legislature allocated for the 2011-2013 biennium in accordance with Table 2 of Section III of the staff report (see below).

Table 2. Measure 76 Legislative Appropriations

Entity/Recipient	Amount	Source of Funds
Lower Columbia River Estuary Partnership	\$248,101	Measure 76 Operating

The meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

**Oregon Watershed Enhancement Board
September 13-14, 2011**

**Holiday Inn Express
375 West Harvard Avenue, Roseburg**

Directions: From I-5, take Exit 124 from either North or South. Turn right and the hotel is the first right.

Tuesday, September 13, 2011

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items F, M and N), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

A. Board Member Comments

Board representatives from state and federal agencies will provide an update on issues related to the natural resource agency they represent. This is also an opportunity for public and tribal Board members to report on their recent activities and share information and comments on a variety of watershed enhancement and Oregon Plan-related topics. *Information item.*

B. Board Co-Chair Election

Current Oregon Watershed Enhancement Board Co-Chair Dan Thorndike was elected by Board vote in January 2010 to a two-year term. Co-Chair Thorndike will lead a discussion and vote by Board members to elect one Board Co-Chair position for a new two-year term. *Action item.*

C. Review and Approval of Minutes

The minutes of the following meetings will be presented for Board approval. *Action item.*

- June 14-15, 2011, Board meeting in Salem; and
- July 14, 2011, Special Board meeting via teleconference.

D. Executive Director Update

Tom Byler, Executive Director, will update the Board on agency business and late-breaking issues. *Information item.*

E. Planning Session Report

Tom Byler, Executive Director, will lead a discussion with the Board on the planning and actions identified at the July 2011 Board Planning Session. *Information and possible action item.*

F. Public Comment – General [approximately 10:45 a.m.]

This time is reserved for public comment on any matter before the Board.

G. 2011-2013 Spending Plan

Tom Byler, Executive Director, will lead a discussion with the Board on a proposed spending plan for the use of grant funds for the 2011-2013 biennium. The Board will also consider specific allocations and reserves for local capacity (watershed councils and soil and water conservation districts), partnerships, and Small Grants. *Action item.*

H. Oregon State Weed Board Grants

Melissa Leoni, Senior Policy Coordinator, and Tim Butler and Shannon Brubaker, Oregon Department of Agriculture (ODA) Noxious Weed Control Program, will brief the Board on the Oregon State Weed Board Grant Program and request Board approval of 2011-2013 biennium funding for the program. *Action item.*

I. Conservation Reserve Enhancement Program and Technical Assistance Grants

Melissa Leoni, Senior Policy Coordinator, will update the Board on Oregon’s investment in the Conservation Reserve Enhancement Program (CREP), and request approval of a proposal for funding CREP technical assistance in the 2011-2013 biennium. *Action item.*

Tour – 2:30 p.m.

The Board and OWEB staff will tour the Wolf Creek Basin Restoration Project with the Partnership for the Umpqua Rivers. Transportation will be provided for OWEB Board members and staff. Anyone is welcome to join the tour, but please be prepared to provide your own transportation.

Wednesday, September 14, 2011**Business Meeting - 8:00 a.m.**

During the public comment periods (Agenda Items F, M and N), anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. *The Board encourages persons to limit comments to no more than five minutes.*

J. Acquisition Program/Work Group Report

Ken Bierly, Deputy Director, will update the Board on the outcome of the land acquisition work group, discuss the status of the acquisition program, and propose options for addressing current and future workload issues. *Action item.*

****K. Administrative Rulemaking**

Melissa Leoni, Senior Policy Coordinator, will ask the Board to adopt proposed administrative rule amendments to address recent legislation relating to Ballot Measure 76 and seek Board authorization for a five year rule review and possible rulemaking. *Action item.*

L. Partnership Investments

Ken Bierly, Deputy Director, will update the Board the status of existing partnership programs, including the Candidate Special Investment Partnerships, and make recommendations for the 2011-2013 biennium. *Action item.*

M. Public Comment [approximately 9:45 a.m.]

This time is reserved for public comment on any matter before the Board.

N. Public Comment - Pending Grant Applications [approximately 10:15 a.m.]

This time is reserved for public comment on pending grant applications to be considered for funding by the Board. Only comments pertaining to the specific grant applications will be accepted during the meeting. The Board will not accept any written materials at this time. Any written comments pertaining to pending grant proposals must be received by agency staff by the September 2, 2011, deadline. *The Board encourages persons to limit comments to no more than five minutes.*

O. Board Consideration of Pending Grant Applications

The Board will consider grant applications submitted by the April 18, 2011, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

P. Watershed Council Support Work Group Report

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will lead a discussion with the Board on the direction and concepts recommended by the Watershed Council Support Work Group for adjustments to the watershed council support grant review and funding processes. *Information item.*

Q. OWEB-ODA Partnership

Greg Sieglitz, Monitoring and Reporting Program Manager; Melissa Leoni, Senior Policy Coordinator; Ray Jaendl, Administrator of the ODA Natural Resources Division; and John Byers, ODA Soil and Water Conservation District Program Manager, will report to the Board on the funding and reporting partnership between OWEB and ODA to implement the Agriculture Water Quality Management Plan Program and soil and water conservation district support. *Information item.*

R. Conservation Effectiveness Partnership

Greg Sieglitz, Monitoring and Reporting Program Manager; Kyle Abraham, Effectiveness Monitoring Specialist; Tom Makowski, Natural Resources Conservation Service (NRCS) Water Resources Planning Team Leader; Gene Foster, Department of Environmental Quality (DEQ) Water Quality Division Manager, and Stephanie Page, ODA's Water Quality Specialist will report on the accomplishments of the partnership between OWEB, NRCS, DEQ, and ODA, to conduct a programmatic evaluation of grant investment effectiveness at achieving improvements in water quality and watershed health. *Information item.*

S. Other Business

Meeting Procedures: Generally, agenda items will be taken in the order shown. However, in certain circumstances, the Board may elect to take an item out of order. To accommodate the scheduling needs of interested parties and the public, the Board may also designate a specific time at which an item will be heard. Any such times are indicated on the agenda.

Please be aware that topics not listed on the agenda may be introduced during the Board Comment period, the Executive Director's Update, the Public Comment period, under Other Business or at other times during the meeting.

Oregon's Public Meetings Law requires disclosure that Board members may meet for meals on Monday, Tuesday, and Wednesday.

****Public Testimony:** The Board encourages public comment on any agenda item. However, public testimony must be limited on items marked with a double asterisk (**). The double asterisk means that the item has already been the subject of a formal public hearing. Further public testimony may not be taken except upon changes made to the item since the original public comment period, or upon the direct request of the Board members in order to obtain additional information or to address changes made to proposed rules following a public hearing.

A public comment period for pending grant applications will be held on Wednesday, September 14, 2011, at 10:15 a.m. The Board will not accept any written materials at that time. Any written comments pertaining to pending grant proposals must be received by the September 2, 2011, deadline. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

A general public comment period will be held on Tuesday, September 13 at 10:45 a.m. and Wednesday, September 14 at 9:45 a.m. for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

Tour: The Board may tour local watershed restoration project sites. The public is invited to attend, however transportation may be limited to Board members and OWEB staff. If you wish to join the tour, be prepared to provide your own transportation.

Executive Session: The Board may also convene in a confidential executive session where, by law, only press members and OWEB staff may attend. Others will be asked to leave the room during these discussions, which usually deal with current or potential litigation. Before convening such a session, the presiding Board member will make a public announcement and explain necessary procedures.

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181.

If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *Doug Krahmer*
Environmental Quality Commission member: *Ken Williamson*
Fish and Wildlife Commission member: *Skip Klarquist*
Board of Forestry member: *Jennifer Phillippi*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts*
Public member: *Lisa Phipps*
Public member: *Will Neuhauser*
Public member: *Patricia Smith*
Public member: *Dan Thorndike, Board Co-Chair*
Public member: *Karl Wenner*

Non-voting Members

Representative of NMFS: *Kim Kratz*
Representative of Oregon State University Extension Service: *James Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Michael Haske*
Representative of U.S. NRCS: *Meta Loftsgaarden*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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www.oregon.gov/OWEB

OWEB Executive Director - Tom Byler

tom.byler@state.or.us

OWEB Assistant to Executive Director and Board - Bonnie Ashford

bonnie.ashford@state.or.us
503-986-0181

2012-2013 Board Meeting Schedule

January 18-19, 2012 in Newport
March 13-14, 2012 in Troutdale
June 12-13, 2012 in Burns
September 11-12, 2012 in John Day

January 16-17, 2013 in Gold Beach
March 12-13, 2013 in Salem
June 11-12, 2013 in Salem
September 10-11, 2013 in Klamath Falls

For online access to staff reports and other OWEB publications check our web site: www.oregon.gov/OWEB.



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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September 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item B: Board Co-Chair Election**
September 13-14, 2011 OWEB Board Meeting

I. Introduction

Co-Chair Thorndike will lead a discussion and vote by Board members to elect one Board Co-Chair position for a new two-year term. This report also follows up on Board governance issues discussed at the July 25-27, 2011 planning session of OWEB Board and staff held in Maupin, Oregon.

II. Background

ORS 541.360(3) states that “the voting members of the Board shall select a chairperson from among the voting members of the Board.” In 2000, the Board established the practice of having Board Co-Chairs and agreed to revisit this arrangement annually. In 2008, the Board continued its support of having co-chairs and decided to stagger their terms so that only one co-chair was elected or re-elected each year.

Dan Heagerty was elected to a two year term in January 2009. In January 2011, the Board opted to continue his Co-Chair term through the end of his Board tenure in July 2011. Current Co-Chair Dan Thorndike was elected in January 2011 to fulfill the remainder of former Board member Diane Snyder’s two-year term. The term for that position ends in January 2012.

At the July 2011 planning session, the Board discussed the use of Board Subcommittees and agreed that clarity around the Subcommittee system is needed, including some discussion around:

- What committees exist?
- How are people appointed or selected?
- What are the purposes and functions?
- Clarify roles and responsibilities of Board chair; committee ‘chair’?
- Schedule of all sub-committees shared.
- Meeting summaries shared with all Board members.

Attachment A contains the list of existing Board Subcommittees with current Board membership and staff assignments.

III. Board Governance

At the July planning session, Board members discussed alternative approaches to how the Board carries out its duties. As part of that discussion, the Board discussed strengthening the role of subcommittees, designating a chair for each subcommittee, and creating an executive committee.

In August, staff contacted Board members individually on the question of Board leadership and governance. Board member feedback indicated continued strong support for the current co-chair structure of leadership for the Board. At the same time, a number of Board members expressed interest in an alternative governance model that would assign chairs to subcommittees and create an executive committee. The subcommittee chairs would work with staff to plan the agenda and run subcommittee meetings. The executive committee could help with budget, legislative, and other significant agency issues. Under this idea, OWEB would have one chair, and perhaps a vice-chair who also serves on the executive committee.

Many Board members were interested in the alternative model. At the same time, however, many indicated the co-chair structure was working well and it did not make sense to make a change at this time—especially with the need to address important Measure 76-related transition and agency workload issues this biennium. With Board member input in mind, staff recommend retaining the co-chair structure for Board leadership. Staff also recommend designating chairs to subcommittees. This has the potential to strengthen communication between the Board and staff on key program areas and lead to a deeper level of Board understanding of issues. Over time, if the subcommittee chair approach is working well, it could inform future Board discussions around alternative models for Board governance.

IV. Recommendation

Staff recommend that the Board continue the practice of having co-chairs serving two-year terms and stagger co-chair elections annually.

Staff also recommend that the Board elect a Co-Chair to complete the remainder of the existing vacant position's two year term through January 2013.

Attachment

A. OWEB Board Subcommittees

Board Subcommittees
July 2011

Land Acquisition Subcommittee (established by rule)

Staff: Miriam Hulst, Ken Bierly

Alan Henning
Skip Klarquist
Will Neuhauser

Education and Outreach Subcommittee

Staff: Carolyn Devine, Tom Byler

Jim Johnson
Meta Loftsgaarden
Trish Smith

Watershed Council Support Subcommittee

Staff: Courtney Shaff, Lauri Aunan

Alan Henning
Debbie Hollen
Jim Johnson
Dan Thorndike

Not on Subcommittee

Eric Quaempts
Mike Haske
Lisa Phipps
Doug Krahmer

Partnership Investments Subcommittee

Staff: Ken Bierly

Alan Henning
Meta Loftsgaarden
Jennifer Phillippi
Ken Williamson

Monitoring and Research Subcommittee

Staff: Kyle Abraham, Greg Sieglitz

John Jackson
Kim Kratz
Meta Loftsgaarden
Ken Williamson

Budget Subcommittee

Staff: Tom Byler

Skip Klarquist
Kim Kratz
Meta Loftsgaarden
Karl Wenner

September 13-14, 2011 OWEB Board Meeting Executive Director Update #D-1: Statewide Regional Review Team Retreat

Background

With the passage of Ballot Measure 76, there are a lot of ideas about how OWEB might do things differently with the long-term funding horizon in front of us. OWEB's Regional Review Team (RRT) members are vital to the success of OWEB's programs and the implementation of the Oregon Plan for Salmon and Watersheds.

Statewide Regional Review Team Retreat

In order to seek feedback from RRT members OWEB is planning a statewide RRT retreat for October 26-27, 2011. This retreat will provide the opportunity for OWEB staff and RRT members to gather in a relaxed setting and think about how OWEB's grant review process has operated for the past 10 years and potential ways to do things differently with the long-term funding horizon in front of us.

OWEB staff recognize that this is a time of tight travel budgets for many state and federal agencies and many RRT members are concerned about being approved to travel to the retreat. With this consideration, OWEB staff are working to reduce costs in many ways. The retreat will be held at St. Benedicts Retreat Center in McKenzie Bridge. This location was chosen because of its beautiful setting, relaxed atmosphere, and lodging and food will be well below per diem. OWEB staff recognize that this location is a farther drive for reviewers traveling from eastern Oregon. We hope, however, that the reduced lodging costs, OWEB-covered working meals, and coordinated carpooling will make attendance at the retreat affordable and reviewers who are operating under travel restrictions will be able to attend.

OWEB staff have just begun agenda planning and some of the topics we have identified for discussion include:

1. OWEB Board direction and priorities and what that might mean for the review process.
2. Feedback on future efforts to streamline applications and move toward online applications.
3. The role of the review teams including the importance of site visits, review team procedures, and recommending conditions or changes to proposed projects.
4. Suggestions for how OWEB might approach "big ticket" applications at a time of more constrained grant funds.
5. A discussion of indirect costs as part of project budgets (This was not allowed under Measure 66, but is not constrained by Measure 76. OWEB is developing proposals for consideration and discussion).

Encourage and Support Attendance

It has been many years since OWEB held a statewide review team meeting, and the better the attendance, the more value it will have for OWEB and reviewers. OWEB hopes that Board members will encourage and support attendance by review team members who are staff of their agency or organization, and let OWEB staff know what we can do to facilitate that support.

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at Lauri.G.Aunan@state.or.us or 503-986-0047 or Courtney Shaff, at Courtney.Shaff@state.or.us or 503-986-0046.

September 13-14, 2011 OWEB Board Meeting Executive Director Update #D-2: Ecosystem Services

Background

This report provides updates on activities related to the agency's developing ecosystem services program. At Board meetings during the last year, staff described progress on and results of the Senate Bill (SB) 513 process. In addition, staff provided updates about several pilot and proposed projects—including those in the Willamette Basin, eastern Oregon and the Klamath Basin—in which OWEB is involved and which connect the SB 513 recommendations with existing OWEB programs and initiatives. Finally, staff explained legislative efforts that were an outgrowth of the SB 513 process.

Willamette Basin Ecosystem Services Pilot Project

At the March 2010 Board meeting, the Board supported OWEB's participation in a grant proposal by the Willamette Partnership and The Freshwater Trust to the U.S. Department of Agriculture (USDA) 2010 Conservation Innovation Grant (CIG) program, which is overseen by the Natural Resources Conservation Service (NRCS). The proposed project sought funding to implement a pilot market for ecosystem services in the Willamette Basin by encouraging private investors to fund restoration work that results in ecosystem services credits that could be sold in a marketplace.

Under the proposed project, The Freshwater Trust and the Willamette Partnership would be responsible for "matching" restoration project developers with private investors. These investors would provide financing for projects that meet rigorous eligibility requirements and adhere to verification and registration protocols required for ecosystem services crediting. The Willamette Partnership, using its Ecosystem Crediting Platform, would provide verification services, work with regulatory agencies to certify projects and issue credits, and facilitate registration of project-generated credits on the Market Environmental Registry. This approach ensures that restoration outcomes—in the form of improvements to ecosystem processes and functions—are measured and tracked through time.

OWEB's role in the proposed project is to provide grant funds that could be used as a backstop option to reimburse private investors for high-quality restoration work if ecosystem services market opportunities develop more slowly than anticipated. At the March 2010 Board meeting, staff recommended and the Board agreed that this pilot project would be conducted within the framework of the tributary initiative of the Willamette Special Investment Partnership (SIP) and the Meyer Memorial Trust/Bonneville Environmental Foundation "Model Watershed Program." The proposed pilot project demonstrates alignment between OWEB's strategic investments (e.g., restoration priorities articulated for the Willamette model watersheds) and ecosystem services. This alignment between OWEB priorities and investments and ecosystem markets could deliver private funding for restoration that complements awards made by OWEB and other public entities. The Willamette Partnership and The Freshwater Trust requested up to \$400,000 from OWEB for the proposed project, which staff recommended be made available from the capital funds already allocated by the Board to the Willamette SIP.

Although federal funding was initially declined in 2010, the applicants submitted a refined proposal to the 2011 CIG program at the encouragement of USDA administrators. The proposal included a commitment of up to \$400,000 from OWEB to serve as backstop funding for the purchase of eligible, completed restoration projects in the event that private investors choose to be reimbursed for the implementation costs of projects (i.e., capital expenses at the cost of receipts) rather than make credits available for sale in the marketplace. On August 19, 2011, USDA announced final decisions for the CIG grants, including \$966,722 for the Willamette Basin Ecosystem Services Pilot Project.

This pilot project offers an excellent opportunity to generate interest from the private sector in investing in restoration and to test methods for quantifying ecological outcomes desired from OWEB's traditional investments. Staff now will begin working with the Willamette Partnership and The Freshwater Trust to finalize an agreement between OWEB and the project partners, including articulation of ecological criteria and fiscal accountability requirements for any restoration projects that may seek backstop funding in the future. At future Board meetings, staff will provide updates about planning and implementation of this project.

Eastern Oregon Rangeland Ecosystem Function Project

In the spring of 2010, Ecotrust secured funding from the Bureau of Land Management (BLM) to develop and lead an Oregon Rangeland Ecosystem Function (OREF) project. OWEB is a collaborating partner in this effort, which is an outgrowth of the OWEB research project on ecosystem services, completed in June of 2010 by Ecosystem Services LLC and Ecotrust. The OREF project provides resources and tools to quantify and monitor the effects of various management and restoration practices on the ecological function of rangeland systems.

Phase 1 of this project resulted in development of a Rangeland Function Tool that predicts the potential for specific ecological sites to deliver specific ecological benefits, such water infiltration and storage and soil-carbon storage. The tool does not require completion of complicated and expensive soil sampling and hydrological monitoring, but rather draws on existing data, research findings, and expert opinion. The Rangeland Function Tool enables landowners, land managers, and restoration funders to, a) rank management options across a wide landscape based on potential ecological improvements, b) communicate potential ecosystem function improvements based on site attributes and condition, and c) forecast cumulative improvements toward restoration goals over an entire property or watershed. The initial phase of the project also assessed the ecosystem-service effects of juniper control, one of the most common management activities on eastern Oregon rangelands and a restoration activity for which OWEB has been providing increased funding in recent years.

Now that Phase 1 is complete, the project partners:

- Have secured funding for related work (e.g., additional funding from BLM for further exploration of rangeland management and climate-change mitigation),
- Are pursuing additional funding for testing and refinement of the Rangeland Function Tool, and
- Are expanding the partnership to include other agencies interested in testing and applying the rangeland tool in the context of voluntary restoration projects (e.g., NRCS funding associated with sage-grouse habitat improvements).

Klamath Watershed Partnership CIG Proposal

At the March 2011 Board meeting, staff described several initiatives involving ecosystem services and markets that are underway and in development in the Klamath Basin, including a project proposed by the Klamath Watershed Partnership (KWP). This project, which was proposed to the NRCS for funding under its CIG program, intended to improve coordination and better measure the effectiveness of restoration and conservation. The project proposed to build upon the Klamath Basin Water Quality Improvement Tracking and Accounting Program (KTAP), which is developing tools for measuring the ecological benefits of the substantial financial investment in restoration in the basin, with the ultimate goal of improving water quality and recovering native fish populations.

In August of 2011, USDA announced final decisions about the CIG awards. The KWP project was not awarded funding. During the coming months, staff will continue discussions with agency staff and local partners involved in ongoing initiatives, such as KTAP, about the potential for OWEB projects to provide a test-bed for using ecosystem-services measurement tools to quantify the results of the agency's investment in restoration projects.

House Bill 3109 (HB 3109)

HB 3109 was sponsored by the same group of legislators that sponsored SB 513 in 2009 and proposed that state agencies and local governments use market-based approaches to conserve or enhance ecosystem services. The House Energy, Environmental and Water Committee passed the bill out of committee; however, a hearing for the bill by the Ways and Means Committee was not scheduled prior to the end of the 2011 Legislative session. The bill's proponents and sponsors have signaled intent to introduce a similar legislative concept during the 2012 session. As developments occur on any follow-up legislative initiatives, staff will update the Board.

Staff Contact

If you have questions or need additional information, please contact Renee Davis-Born, Ecosystem Services Coordinator, at renee.davis-born@state.or.us or 503-986-0029 or Greg Sieglitz, Monitoring and Reporting Program Manager, at greg.sieglitz@state.or.us or 503-986-0194.

September 13-14, 2011 OWEB Board Meeting Executive Director Update #D-3: 10 Year Plan for Oregon

Background

The 10 Year Plan for Oregon project is one of Governor Kitzhaber's first initiatives aimed to fulfill his "Rebuilding Oregon's House" promise. The project will work to establish a vision for Oregon's future by targeting specific outcomes and identifying strategies to help make incremental progress towards meeting those outcomes. In addition, the project will design a budget process for the 2013-2015 biennium that utilizes an outcome-based investment framework.

Discussion

The 10 Year Plan for Oregon project is divided into two phases: setting the ten year plan and determining the two year budget process. With the Department of Administrative Services (DAS), the Enterprise Leadership Team (ELT) to lead the effort in setting the ten year plan. The Enterprise Leadership Team consists of approximately 20 agency directors. OWEB does not sit on the ELT.

The ELT has begun working on identifying high level strategies that will support achievement of the outcomes in the 10 Year Plan. Agency workgroups are developing draft recommendations by outcome area: Economy and Jobs; Education; Good Government; Healthy Environment; Healthy People; Livable Communities; and Safety (both public safety and protecting vulnerable people). In September, the ELT will work on analysis of the potential strategies, with the intention of having a complete draft of outcomes and strategies by October 1. The project team has developed a strategy for legislative and citizen engagement in the overall project efforts. This includes briefing of the Legislative Fiscal Office and state budget analysts to orient them to the project and begin to define their roles in the work products.

The 10 Year Plan project could result in a revised process for developing 2013-2015 budget proposals. Staff will update with Board as this process continues.

Staff Contact

If you have questions or need additional information, please contact Tom Byler at Tom.Byler@state.or.us or 503-986-0180.



Oregon

John A. Kitzhaber, MD, Governor

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September 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item E: OWEB Planning Session Report
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This report follows up on key issues discussed at the July 25-27, 2011, planning session of OWEB Board and staff held in Maupin, Oregon. The report is for informational purposes only.

II. Background

Ballot Measure 76, passed by Oregon voters in November 2010, became effective on July 1, 2011. Measure 76 renews the Constitutional dedication of a portion of state Lottery Funds for grants to restore and protect habitat for water quality and native fish and wildlife. The language of Measure 76 is generally consistent with the purposes of its predecessor, Measure 66 (1998). Statutory changes to implement Measure 76 were passed earlier this year by the legislature in Senate Bill 342. Like Measure 76, SB 342 does not significantly revise OWEB's programs or purposes. However, both Measure 76 and SB 342 contain modifications to the previous law that need to be considered as OWEB implements its programs both in the near and long-term.

The advent of Measure 76 is significant for OWEB, creating an opportunity for the agency to administer its programs and priorities in a new light. Following the end of the 2011 legislative session, the OWEB Board and staff met in Maupin to begin framing key issues and focus areas for the agency under the new Measure 76 era.

III. Discussion

At the Maupin meeting, Board members and staff deliberated on a wide-range of topics relating to OWEB programs and priorities. Meeting participants recognized that, due to the passage of Measure 76, the future direction of OWEB's grant investment portfolio is ripe for discussion. It was acknowledged that this discussion should not only include the consideration of future OWEB program and investment priorities, but also look at the administration of agency programs with the goal of seeking efficiencies and improved delivery of services. It was also recognized that for this discussion to be productive, substantial time and effort would be needed to meaningfully involve Board members, staff, and stakeholders.

Of equal significance, there was clear recognition that OWEB has ongoing program responsibilities that stakeholders reasonably expect to continue. Moreover, OWEB faces considerable challenges to keep up with existing workload demands in several program areas.

These combined factors present a significant challenge for OWEB to find the time and resources needed to carry out meaningful discussions about the future of its programs while continuing essential ongoing operations.

Given this context, OWEB's focus for the 2011-2013 biennium is an important question. The following items highlight some key priorities that were identified by the Board at the Maupin meeting:

A. Approach the 2011-2013 biennium a transition period

Measure 76 and SB 342 create an extraordinary opportunity for OWEB to assess its programs and priorities with a long-term investment horizon in mind. These discussions will take time and need to involve Board members, staff and stakeholders. Board members recognize that the current biennium should be viewed as a necessary transition period to serve as the critical time to engage in these conversations.

Board members are sensitive to the challenge of taking on these discussions while at the same time maintaining the delivery of essential program services. This is particularly important given current program workload demands. Board members recognize that it may be necessary to consider alternative approaches to cover this important and substantial additional workload during the transition period.

Toward this end, staff are considering various options to meet the workload challenge during the transition period. Potential options include hiring new positions approved under our biennial budget, contracting services, hiring temporary staff, exploring shared services with other agencies, re-directing duties of staff to address emerging workload needs, and developing temporary, alternative approaches for program delivery.

At the September meeting, the OWEB management team will offer its ideas on a proposed approach to help create the time and resources needed for the Board, staff, and stakeholders to effectively address key issues over the course of the biennium.

B. Assess business practices in OWEB programs

Board members acknowledged that the transition period is an opportune time for OWEB to assess agency business practices. OWEB has not undertaken an organized review and assessment of its program processes and practices. Such a review could lead to more efficient delivery of agency services that will benefit grant applicants, grantees, and other stakeholders, while at the same time allowing greater productivity of limited staff resources to address other unmet program needs. In addition, staff consider this effort an important first step toward the development and use of online tools to improve OWEB grant application and reporting processes, as well as grant management capabilities.

Since the Maupin meeting, staff have made initial inquiries to explore options on how to best approach this effort. This includes talking with staff from several other agencies that have experience with business practices assessments. Staff are learning that there are numerous ways to approach this kind of review and that having clearly defined goals will help refine the scope of the work, make better use of staff time and lead to more successful outcomes. Based on our initial review, staff recommend the Board award \$100,000 to support business practices assessment work this biennium. Board action for this recommendation is requested

in Agenda Item G. Staff will provide more detail on how the business practices assessment will fit into the agency's overall work plan at the September meeting.

C. Consider OWEB's programs, policies and priorities under Measure 76

Board members understood that, with the passage of Measure 76 and SB 342, this biennium is the critical time to consider changes needed to better align OWEB's rules and programs with the new law. On that point, immediate necessary changes are already in the works (see Item K, Administrative Rulemaking), but a more intensive review with stakeholders is warranted.

In addition, Measure 76's elimination of the sunset on the Constitutional dedication of Lottery Funds strongly suggests OWEB begin to view its grant investments through a longer term lens. This also will require a discussion between the Board, staff, and stakeholders.

Taking on these discussions is important for the agency and will need to be addressed in the context of workload issues mentioned above in Section III.A. At the September meeting, staff will propose a process for moving forward with this effort and seek Board input.

D. Other Items

Other issues identified by the Board at the planning session for staff follow-up included presenting a proposed spending plan for the 2011-2013 biennium (see Agenda Item G) and an updated Board subcommittee list (the list and discussion regarding Board governance is contained in Agenda Item B).

IV. Summary

The July OWEB planning session began to lay the foundation for important conversations about the future direction for the agency under Measure 76. This report frames key issues discussed at that meeting. At the September meeting, staff will propose an approach for OWEB to address the key issues over the course of the biennium for Board consideration.

V. Recommendation

This is an informational item. Staff seek Board input on the proposal to address these issues at the September meeting.



Oregon

John A. Kitzhaber, MD, Governor

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September 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item G: 2011-2013 Biennium Spending Plan
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

At the first September meeting of each biennium, the Board considers a plan for the distribution of funding from the OWEB budget. In this report, staff propose a spending plan for \$54.4 million in funds appropriated to OWEB by the Legislature for the 2011-2013 biennium. Staff offer an approach to guide the distribution of funds by describing the potential uses of the funds, recommending fund allocations for specific identified needs, and suggesting reservations of funds for certain purposes.

II. Background

A. Funding Overview

OWEB's two primary sources of funding that inform its spending plan involve state Lottery Funds and federal salmon funds. Measure 76 Lottery Funds may be used for a wide variety of purposes that further the goals of improving water quality and enhancing habitat for native fish and wildlife. Federal Pacific Coastal Salmon Recovery Funds (PCSRF) are used for a range of actions related to the recovery and restoration of salmon or steelhead populations. Lottery Funds and PCSRF funds may be distributed through the competitive grant process or by direct allocation by the Board.

For the September meeting, OWEB has a total of \$54.4 million in funding available for conservation-related investment by the Board. Of those funds, approximately \$51 million are Lottery Fund dollars, \$3.1 are PCSRF funds, and the remainder is a relatively small amount of Salmon License Plate funds.

B. Factors Influencing the Spending Plan

OWEB has roughly the same total amount of funding for conservation related investments as was available in 2009-2011. However, with the passage of Measure 76 and other issues, the calculus for developing OWEB's spending plan has changed from previous biennia. Staff spending plan recommendations this biennium are influenced by a unique combination of factors. The resulting bottom line is that the opportunity to invest in good conservation work

far exceeds OWEB's available resources. This reality makes decisions on spending priorities for the biennium especially difficult.

A brief summary of key factors influencing the 2011-2013 spending plan is contained in the following sections.

1. The Era of Revenue Growth is Over

In OWEB's first decade, Lottery Fund revenues showed tremendous growth. This allowed OWEB to make significant grant investments across the state, steadily support core programs, and invest in new initiatives. The economic downturn of 2008 impacted Lottery Fund revenues, for the first time resulting in a revenue shortfall for OWEB during the 2009-2011 biennium. OWEB's two subsequent budgets contained substantially less Lottery Funds, about 25 percent of the 2007-2009 total.

The most recent state revenue forecast shows Lottery Fund revenues down slightly for the first few months of the biennium. As with last biennium, OWEB could face declining revenues and uncertainty as to whether revenues will fully meet projected budget levels.

Federal funds also appear to be on the decline. While Oregon has fared well in competing for PCSRF funds over the last few years, budget challenges at the federal level suggest that the amounts of future allocations of PCSRF to Oregon are uncertain. Staff are hopeful that the next round of PCSRF funding (from Federal Fiscal Year 2012) will help address funding needs in the second half of the biennium.

2. Passage of Ballot Measure 76

Measure 76 retains the essential construct and purposes of its predecessor, Measure 66 (1998). For example, the overall 15 percent dedication of Lottery Funds is still split evenly between parks and conservation purposes. For the conservation funds, Measure 76 continues the apportionment between operating funds (35 percent) and grant funds (65 percent). However, the purposes of the operating and grant funds were changed somewhat by the measure, and that has impacted legislative budget decisions and will affect OWEB's spending plan.

Key changes include:

- Measure 76 eliminates the "capital" restriction on the use of the 65 percent grant funds. This means that those funds are no longer limited to restoration and acquisition purposes, and may now be used for all OWEB grant types.
- Measure 76 grant funds cannot be used for grants to state or federal agencies. This caused the legislature to redirect operating funds to support other agency programs that were previously supported with capital funds, resulting in a net loss of funding available to OWEB. In addition, this change prohibits OWEB from directly awarding grant funds to other agencies to help with monitoring, planning, and other work that have supported OWEB program objectives in the past.
- Measure 76 grant funds cannot be used for contracting services. OWEB did not receive operating funds for this purpose for 2011-2013. As a result, OWEB may need to redirect other previously awarded but unspent funds to cover contracting needs this biennium.

3. Balancing Priorities

In the era of expanding revenues, OWEB was able to support core and long-standing programs, and invest in new initiatives at the same time. Under the current budget, this will no longer be the case. Continuing our investments and commitments to existing programs is important. At the same time, OWEB has distinguished itself over the years for its ability to support new and innovative approaches to conservation. Finding the appropriate balance between providing adequate funding for existing programs and preserving the ability to assist with emerging, new conservation investment opportunities will be an increasing tension surrounding the Board's spending plan decisions for the foreseeable future.

In light of these factors, OWEB is faced with making near-term funding decisions while at the same time addressing the future direction of the agency under Measure 76. This dynamic underscores the need for OWEB to approach this biennium as a transition period, as discussed in Agenda Item E. With this in mind, staff propose an incremental approach to the spending plan this biennium, requesting the Board allocate funds for items that need funding decisions now and reserving remaining funding to allow additional Board discussion regarding near and long-term priorities.

III. Proposed 2011-2013 Spending Plan

Attachment A summarizes the proposed spending plan. The following sections briefly describe specific investment areas and recommended allocations or reserves.

A. Local Capacity

The OWEB Board and staff have long recognized the critical role of watershed councils and soil and water conservation districts to carry out conservation work that OWEB grant investments support. These groups are key players in developing and implementing local restoration projects with landowners, and improving community awareness of and interest in watershed health. Staff recommend allocating a total of \$2.3 million to support councils, districts, the Network of Oregon Watershed Councils (Network), the Oregon Association of Conservation Districts (OACD), and to support additional capacity building efforts.

1. Watershed Council Support

The work of watershed councils is critical to the success of OWEB's objectives to promote and implement voluntary cooperative conservation actions. In June, pending final resolution of OWEB's budget, staff and the Board Subcommittee recommended funding for watershed council support at the \$5.1 million level. Staff now recommend that the Board approve an additional \$1 million for Watershed Council Support grants as reflected in Attachment B.

2. Soil and Water Conservation Districts

Staff propose \$1 million be allocated to soil and water conservation districts (SWCDs) to implement annual work plan activities that are consistent with uses allowed under the Measure 76 grant funds. As described in Agenda Item Q, additional funding awarded to the SWCDs will be allocated in 43 equal shares, with the four SWCDs in Baker County receiving the equivalent of two shares. Staff propose the Board also delegate distribution authority to the Director to work with the Oregon Department of Agriculture (ODA) and

Soil and Water Conservation Commission to finalize the distribution amounts and process, consistent with the OWEB and ODA agreement contained in Attachment A of Agenda Item Q.

3. Network and OACD

Staff propose awards of \$100,000 each to the Network and OACD. With OWEB funding, OACD will target its primary constituency of the 45 SWCDs to enhance and expand the ability of SWCDs to provide non-regulatory technical and financial assistance to private landowners implementing conservation activities. The Network proposes to help watershed councils increase their capacity and improve their effectiveness and resiliency, also through training, resources and materials, and direct consultation and coaching. The Network and OACD will also continue to develop and foster partnerships between the two organizations, between watershed councils and SWCDs throughout the state, and with numerous other strategic partners. Copies of the OACD and Network grant applications are available on compact disc in the Board's meeting notebook.

4. Local Capacity Fund

In the 2009-2011 biennium, OWEB provided technical assistance funds to support trainings, workshops and coaching to enhance local partners' capacity and effectiveness in watershed restoration work. Staff and the Board Council Support Subcommittee have discussed the need to continue to provide technical assistance funding to support local infrastructure capacity and effectiveness. Staff recommend the Board allocate \$100,000 for contracts and grants for local infrastructure technical assistance and capacity building including trainings, workshops and coaching and delegate distribution authority to the Director.

B. Small Grant Program

Staff recommend the Board allocate funding for the Small Grant Program (SGP) for the 2011-2013 biennium at the level of \$2.8 million, with a distribution of \$100,000 per team. More information about the SGP investments is included in Attachment C; the map showing the SGP areas is available in Attachment D.

C. Restoration Grants

Staff recommend the Board allocate \$8.1 million to the April 2011 grant cycle in Agenda Item O to support restoration grants. Staff will recommend reserves for remaining restoration grant cycles in January 2012.

D. Partnership Investments

1. Conservation Reserve Enhancement Program

CREP is a voluntary program that allows agricultural landowners to receive incentive payments and conservation rental payments from the Farm Services Agency for establishing long-term, riparian buffers on eligible land. The Oregon CREP was initially developed to address listed salmon streams; the program was later modified to assist in addressing stream water quality issues (primarily temperature). As outlined in Agenda Item I, staff recommend awarding \$800,000 for CREP technical assistance needs. Staff anticipate returning at a future Board meeting to seek additional funds to support

Oregon's cost-share for CREP projects. The funding need could be as much as \$1.4 million for the biennium.

2. Special Investment Partnerships (SIP)

a. Deschutes SIP

Deschutes Special Investment Partnership (DSIP) partners effectively utilized \$4 million in each of the last two biennia, and are ready to use additional funds with a long list of \$6 million worth of projects that would carry out DSIP goals. Staff recommend the Board reserve a total of up to \$4 million and from that total make an initial award of \$2.5 million to support immediate needs. Staff anticipate returning to the Board to seek additional funding from reserve funds later in the biennium, depending upon available funding. More detail on the DSIP is contained in Agenda Item L.

b. Willamette SIP

The Willamette Special Investment Partnership (WSIP) has been working with \$6 million in funds that were allocated by OWEB in the 2007-2009 biennium, which averages to about \$3 million per biennium. The WSIP partners are ready for additional funding at this time. Staff recommend an overall reserve of up to \$3 million and from that award \$1.75 for immediate WSIP project needs. Staff anticipate returning to the Board to seek additional funding from reserve funds later in the biennium, depending upon available funding. Additional information is included in Agenda Item L.

c. Klamath SIP

In June, the Board recognized the Klamath Special Investment Partnership (KSIP) as a candidate SIP for this biennium. Staff believe the KSIP partners are poised to move forward and recommend the Board consider an award of funding for the KSIP at the upcoming January Board meeting. More information on the KSIP effort is contained in Agenda Item L.

3. Whole Watershed Restoration Initiative

OWEB has partnered with the U.S. Forest Service, National Marine Fisheries Service, and Ecotrust on the Whole Watershed Restoration Initiative (WWRI) since 2006. OWEB has contributed \$500,000 per biennium over the life of the program. For this biennium, staff recommend the Board award an initial \$250,000 in funds to support the upcoming grant cycle of the WWRI. Staff will return at a future meeting to report on the progress of the program and request the award of additional funds for the second year of the biennium, depending upon available resources. Additional information on the WWRI is included in Agenda Item L.

E. Technical Assistance

Technical assistance plays a key role in developing future restoration grant proposals. Technical assistance grants increase the capacity of OWEB's local partners to engage in project development, planning, design, coordination and permitting. Staff recommend the Board award \$705,366 for technical assistance grants as part of Agenda Item O. Staff will recommend reserves for remaining grant cycles in January 2012.

F. Acquisition Grants

Staff recommend the Board award \$1.75 million for land and water acquisition grants as part of Agenda Item O. Staff will recommend reserves for remaining grant cycles in January 2012.

G. Acquisition Program Capacity

The current workload in the acquisition program significantly exceeds the current staffing level of the agency. More than 30 transactions are currently in various stages of review. Staff have initiated efforts to administratively establish a limited duration land acquisition specialist position to assist with reviewing applications and conducting transactions. Board action is required in order to have funding to support the position. Staff will also extend a temporary position to provide clerical assistance. Staff propose that the Board award \$200,000 in remaining uncommitted Measure 66 Non-capital and Salmon Plate funds to support the additional full-time equivalent position and clerical assistance for the remainder of the biennium. The land acquisition specialist position will assist with grant program processes and the 30 transactions currently in various stages of review. More information on this item can be found in Agenda Item J.

H. Business Practices Assessment

As discussed in Agenda Item E, OWEB has not reviewed and assessed its program processes and practices in a meaningful way since becoming a state agency. Staff believe this type of review would lead to more efficient delivery of agency services to benefit grant applicants, grantees, and other stakeholders. At the same time, improved efficiencies could allow staff greater opportunity to address full program workload needs. Board members have acknowledged that this transition period is an opportune time for OWEB to assess agency business practices. Based on our preliminary analysis, staff recommend the Board reallocate \$100,000 from previously delegated funds (210-920-7666) to the Executive Director for Information and Communications Needs to the Business Practices as discussed above. This will allow the agency to act with greater speed to hire third-party experts and facilitators to assist with the review.

I. Oregon State Weed Board Grants

The Oregon Department of Agriculture (ODA) Noxious Weed Control Program provides a statewide leadership role for coordination and management of state-listed noxious weeds. The Noxious Weed Control Program also supports the Oregon State Weed Board (OSWB) with administration of the OSWB Grant Program, developing statewide management objectives, developing Weed Risk Assessments, and maintaining the State Noxious Weed List. The primary mission of the OSWB is to guide statewide noxious weed control priorities and award noxious weed control Lottery funds.

For the 2011-2013 biennium, ODA Noxious Weed Control staff are funded with the Measure 76 operating funds, while the OSWB Grants, which traditionally have been awarded to non-state entities, are to be funded with the Measure 76 grant funds awarded by OWEB. The legislative intent is for ODA and the OSWB to continue to administer the OSWB grants, and to work closely with OWEB on the management of the grants and issuance of payments.

As detailed in Agenda Item H, staff recommend the Board approve specific OSWB Grant standards, guidance, and processes; award \$2,544,125 for Weed Grants for the 2011-2013 biennium; and delegate authority to the Executive Director to distribute funds for OSWB Grants.

J. Monitoring

Staff will recommend a Monitoring reserve for upcoming grant cycles as part of an updated spending plan in January 2012.

K. Outreach

Staff will recommend an Outreach reserve for upcoming grant cycles as part of an updated spending plan in January 2012.

L. Assessment

Watershed assessments have been completed in most parts of the state. There are still a few remaining areas where assessments are needed, and other areas where updates may be desirable. Staff do not propose an assessment grant offering in October of 2011. Staff also do not recommend reserving funding for assessments with the existing funds. Future assessment grant offerings or potential non-grant awards for this biennium will depend on the availability of additional federal funds.

M. Ecosystem Services

Agenda Item D-2 summarizes the ongoing OWEB involvement in ecosystem services-related projects. There continues to be great interest in ecosystems services ideas, including from the Governor's Office, Oregon Sustainability Board, and others. Staff estimate that as much as \$200,000 could be used to support an array of projects related to ecosystem services. Staff will discuss program priorities and recommend potential funding needs for this area at the January 2012 meeting.

N. Research, Information and Communication Needs

In past years, OWEB has invested in applied-research projects that support program objectives. OWEB has also funded projects to update and improve the agency's information technology tools as well as to strengthen agency communications and outreach. Staff will discuss these program areas more fully and recommend funding needs in January 2012.

O. Oregon Plan Products

Through its funding resources, OWEB supports projects and products from state agencies and other partners that help implement the Oregon Plan for Salmon and Watersheds and other shared objectives. These actions often do not fit well within OWEB's grant cycle process. Examples of past uses of Oregon Plan products funding include stream gauges and measuring devices, digitization of wetland maps, and the Oregon Explorer. Staff are participating in initial conversations with the Governor's Office regarding Oregon Plan priorities for the biennium. Potential investments could include support for salmon stronghold projects and forest health collaboratives. Initial staff estimates suggest that demands for this program area could be in the range of \$2.5 million. Staff will recommend funding needed for this program area at the January 2012 Board meeting.

P. Effectiveness Monitoring and Reporting

Over the past several years, OWEB has engaged in a process to review the effectiveness of its past investments. This work is a key element to inform practices and priorities, and will allow the Board to adapt its investments accordingly. The tasks for the effectiveness monitoring program are particularly challenging; given the need for high quality project data, effectiveness monitoring is often best accomplished through contracting and interagency agreements.

This program area also helps with OWEB's need to report meaningful information on OWEB funded projects for the general public, as well as to meet federal requirements. In a preliminary estimate, staff estimate that the needs for effectiveness monitoring work this biennium could exceed \$1 million. Staff will update the Board on funding needs for this program area at the January 2012 meeting.

I. Recommendation

Staff recommend:

- A. The Board approve the proposed spending plan in Attachment A.
- B. The Board approve the following allocations and delegate distribution authority to the Executive Director to distribute the funds through the appropriate agreements:
 1. \$2.3 million to support councils, districts, the Network, OACD, and to support additional capacity building efforts as described in Section III.A. above.
 2. \$2.8 million for the Small Grant Program, as described in Section III.B. above.
 3. \$8.1 million for Restoration Grants, as described in Agenda Item O.
 4. \$800,000 for CREP Technical Assistance grants, as described in Agenda Item I.
 5. \$2.5 million for the Deschutes SIP, as described in Agenda Item L.
 6. \$1.75 million for the Willamette SIP, as described in Agenda Item L.
 7. \$250,000 for the Whole Watersheds Restoration Initiative, as described in Agenda Item L.
 8. \$705,366 for Technical Assistance Grants, as described in Agenda Item O.
 9. \$1.75 million for Acquisition Grants, as described in Agenda Item O.
 10. \$200,000 for Acquisition Program Capacity, as described in Agenda Item J.
 11. \$100,000 for a business practices assessment process, as described in Agenda Item E and Section III.H. above.
 12. \$2,544,125 for Weed Grants, as described in Agenda Item H.

Attachments

- A. Spending Plan Table
- B. Proposed Watershed Council Support Funding Levels
- C. Small Grant Program
- D. Small Grant Program Area Map

2011-2013 Biennium Non-Capital Spending Plan

Available Funding = \$54.4 million

Program Element	Agenda Item/Section	Sept 2011 Award	Sept 2011 Reserve
Local Capacity: WSC Support	Section III.A.	\$1,000,000	\$0
Local Capacity: SWCD Support	Section III.A.	\$1,000,000	\$0
Local Capacity: Network and OACD	Section III.A.	\$200,000	\$0
Local Capacity Fund	Section III.A.	\$100,000	\$0
Small Grant Program	Section III.B.	\$2,800,000	\$0
Restoration Grants	Section III.C.	\$8,114,759	\$0
Conservation Reserve Enhancement Program	Section III.D.	\$800,000	\$0
Deschutes SIP	Section III.D.	\$2,500,000	\$1,500,000
Willamette SIP	Section III.D.	\$1,750,000	\$1,250,000
Klamath SIP	Section III.D.	\$0	\$0
Whole Watershed Restoration Initiative	Section III.D.	\$250,000	\$0
Technical Assistance Grants	Section III.E.	\$705,366	\$0
Acquisition Grants	Section III.F.	\$1,750,000	\$0
Acquisition Program Capacity	Section III.G.	\$200,000	\$0
Business Practices Assessment	Section III.H.	\$100,000	\$0
Oregon State Weed Board Grants	Section III.I.	\$2,544,125	\$0
Monitoring Grants	Section III.J.	\$0	\$0
Outreach Grants	Section III.K.	\$0	\$0
Assessment Grants	Section III.L.	\$0	\$0
Ecosystem Services	Section III.M.	\$0	\$0
Research, Information, Communication Needs	Section III.N.	\$0	\$0
Oregon Plan Products	Section III.O.	\$0	\$0
Effectiveness Monitoring and Reporting	Section III.P.	\$0	\$0
Totals		\$23,814,250	\$2,750,000

Remaining Unreserved Funds \$27,800,000

**Proposed Local Capacity Funding Levels
September 2011**

Attachment B

App#	Applicant (by merit score)	June 2011 Council Supprt Board Award	September 2011 Local Capacity Award	Total 2011-2013 Award	Awarded 09-11	Merit Score
	(a), (b) or ((a)/(b)) next to the applicant name, indicates an umbrella council.	The award amounts include the umbrella awards of 0.18, 0.09, and 0.22 times the base award for type (a), (b) and ((a)/(b)) umbrellas respectively.				
212-027	Long Tom WSC	92,000	\$16,775	\$108,775	\$109,750	99
212-010	Coos Watershed Association	92,000	\$16,775	\$108,775	\$109,750	98
212-026	Johnson Creek WSC	92,000	\$16,775	\$108,775	\$109,750	97
212-047	Upper Deschutes WSC	92,000	\$16,775	\$108,775	\$109,750	95
212-052	North Fork John Day WSC	92,000	\$16,775	\$108,775	\$99,750	94
212-030	North Santiam WSC	92,000	\$16,775	\$108,775	\$99,750	93
212-018	Partnership for the Umpqua Rivers (b)	100,280	\$18,285	\$118,565	\$119,628	93
212-045	Lake County WSCs (a)/(b)	112,240	\$20,466	\$132,706	\$117,705	92
212-038	McKenzie WSC	92,000	\$16,775	\$108,775	\$89,600	92
212-034	Sandy River Basin WSC	92,000	\$16,775	\$108,775	\$109,750	91
212-016	South Coast WSC (a)	108,560	\$19,795	\$128,355	\$129,505	91
212-054	Walla Walla Basin WSC	92,000	\$16,775	\$108,775	\$109,750	90
212-043	Hood River WS Group	92,000	\$16,775	\$108,775	\$99,600	89
212-058	Luckiamute WSC	92,000	\$16,775	\$108,775	\$99,750	89
212-003	MidCoast WSC (a)	108,560	\$19,795	\$128,355	\$129,505	89
212-056	Owyhee WSC (b)	100,280	\$18,285	\$118,565	\$108,728	88
212-017	Tenmile Lakes Basin Partnership	92,000	\$16,775	\$108,775	\$109,750	88
212-022	Calapooia WSC	92,000	\$16,775	\$108,775	\$109,750	87
212-051	Malheur WSC (a)/(b)	112,240	\$20,466	\$132,706	\$108,728	87
212-006	Siuslaw WSC	92,000	\$16,775	\$108,775	\$109,750	87
212-015	Stream Restoration All of the Middle Rogue	92,000	\$16,775	\$108,775	\$89,600	87
212-007	Tillamook Bay WSC	81,750	\$16,750	\$98,500	\$109,750	85
212-004	Upper Nehalem WSC	81,750	\$16,750	\$98,500	\$109,750	85
212-061	Lower Nehalem WSC	81,750	\$16,750	\$98,500	\$99,750	84
212-036	South Santiam WSC	81,750	\$16,750	\$98,500	\$99,750	84
212-023	Clackamas River Basin Council	81,750	\$16,750	\$98,500	\$109,750	83
212-041	Crooked River WSC (b)	89,108	\$18,257	\$107,365	\$108,728	83
212-005	Nestucca-Neskowin WSC	81,750	\$16,750	\$98,500	\$99,750	83
212-035	Scappoose Bay WSC	81,750	\$16,750	\$98,500	\$99,750	83
212-020	Seven Basins WSC	81,750	\$16,750	\$98,500	\$89,600	83
212-025	Columbia Slough WSC	81,750	\$16,750	\$98,500	\$99,750	82
212-049	Grande Ronde Model WS (b)	89,108	\$18,257	\$107,365	\$119,628	82
212-012	Illinois Valley WSC	81,750	\$16,750	\$98,500	\$89,600	82
212-048	Wasco Area WSCs	81,750	\$16,750	\$98,500	\$99,750	82
212-029	Middle Fork Willamette WSC	81,750	\$16,750	\$98,500	\$99,750	81
212-037	Tualatin River WSC	81,750	\$16,750	\$98,500	\$99,750	81
212-021	Elk Creek WSC	81,750	\$16,750	\$98,500	\$99,750	80
212-014	Lower Rogue WSC	81,750	\$16,750	\$98,500	\$99,750	80
212-001	North Coast WS Assn (a)	96,465	\$19,765	\$116,230	\$117,705	79
212-053	Umatilla Basin WSC	81,750	\$16,750	\$98,500	\$89,600	79
212-024	Coast Fork Willamette WSC	81,750	\$16,750	\$98,500	\$99,750	78
212-042	Gilliam-East John Day WSC	81,750	\$16,750	\$98,500	\$79,480	78
212-050	Harney WSC (b)	89,108	\$18,257	\$107,365	\$99,960	78
212-062	Necanicum WSC	81,750	\$16,750	\$98,500	\$99,750	78
212-057	Powder Basin WSC (b)	89,108	\$18,257	\$107,365	\$108,728	78
212-028	Marys River WSC	81,750	\$16,750	\$98,500	\$89,600	77
212-011	Coquille Watershed Association	70,750	\$14,550	\$85,300	\$89,600	74
212-009	Bear Creek WSC	70,750	\$14,550	\$85,300	\$91,800	73
212-039	Yamhill Basin WSC	70,750	\$14,550	\$85,300	\$99,750	73
212-002	Lower Columbia River WSC	70,750	\$14,550	\$85,300	\$83,666	71
212-060	Smith River WSC	70,750	\$14,550	\$85,300	\$69,500	71
212-013	Little Butte Creek WSC	70,750	\$14,550	\$85,300	\$89,600	70
212-055	Mid John Day-Bridge Creek WSC	70,750	\$14,550	\$85,300	\$79,480	70
212-008	Applegate River WSC	70,750	\$14,550	\$85,300	\$99,750	69
212-046	Sherman Area WS Council (a)	83,485	\$17,169	\$100,654	\$86,815	69
212-040	Klamath WS Partnership (a)/(b)	86,315	\$17,751	\$104,066	\$121,695	68
212-064	Molalla River Watch	70,750	\$14,550	\$85,300	\$37,500	68
212-032	Rickreall & Glenn-Gibson Cr WSCs	70,750	\$14,550	\$85,300	\$89,600	68
212-019	Upper Rogue WS Assn	70,750	\$14,550	\$85,300	\$69,500	65
212-063	Upper South Fork John Day WSC	41,895	\$8,520	\$50,415	\$37,500	56
212-059	Greater Oregon City WSC	0	\$0	\$0	\$64,020	55
212-044	Middle Deschutes WS Councils	0	\$0	\$0	\$62,700	53
212-033	Mid-Willamette WA	0	\$0	\$0	\$69,500	47
212-031	Pudding River WSC	0	\$0	\$0	\$0	45
		5,100,002	\$1,000,000	\$6,100,002	\$6,140,454	

Excellent
Very Good
Good
Needs Improvement
Do Not Fund

Small Grant Program Background for 2011-2013 Spending Plan

Background

In 1999, OWEB was seeking ways to be more responsive to small, straightforward restoration grant applications. During this time, the Legislature added a budget note to OWEB’s budget to encourage the agency to initiate a county-based, local cost-share program.

In January 2002, the Board adopted administrative rules establishing a Small Grant Program (SGP) with the goal to support implementation of the Oregon Plan for Salmon and Watersheds by funding small, straightforward restoration projects designed to improve water quality, water quantity, and fish and wildlife habitat.

Twenty-eight Small Grant Teams consisting of representatives from local watershed councils, soil and water conservation districts, and tribes, have each been allocated \$100,000 per biennium to put toward restoration projects of \$10,000 or less, a total commitment of \$2.8 million in capital (Lottery) funds each biennium to date.

With the advent of Measure 76 and the subsequent legislation in SB 342, the statutory reference to the Measure 66 “capital” definition has been deleted. Consequently, OWEB has embarked upon rulemaking (Agenda Item K) to add a broad replacement definition in the Small Grant Program eligible and ineligible rules. A more thorough review of the SGP rules will be done in the future as we tackle other policy, eligibility, or criteria changes.

The SGP encourages landowner participation in watershed improvement and continues to be extremely popular because of its ability to fund a variety of restoration projects more quickly than OWEB’s regular grant program. To date approximately 1,915 projects have been funded through the SGP. The map (Attachment D) shows the 28 SGP areas across the state.

In September 2009, the Board awarded \$2.8 million in capital funds to the SGP for the 2009-2011 biennium. Small Grant Teams allocated over \$2.6 million for projects in their areas (Table 1), funding 363 grants at an average of \$7,400 per project. Sixteen teams allocated all or nearly all of their \$100,000.

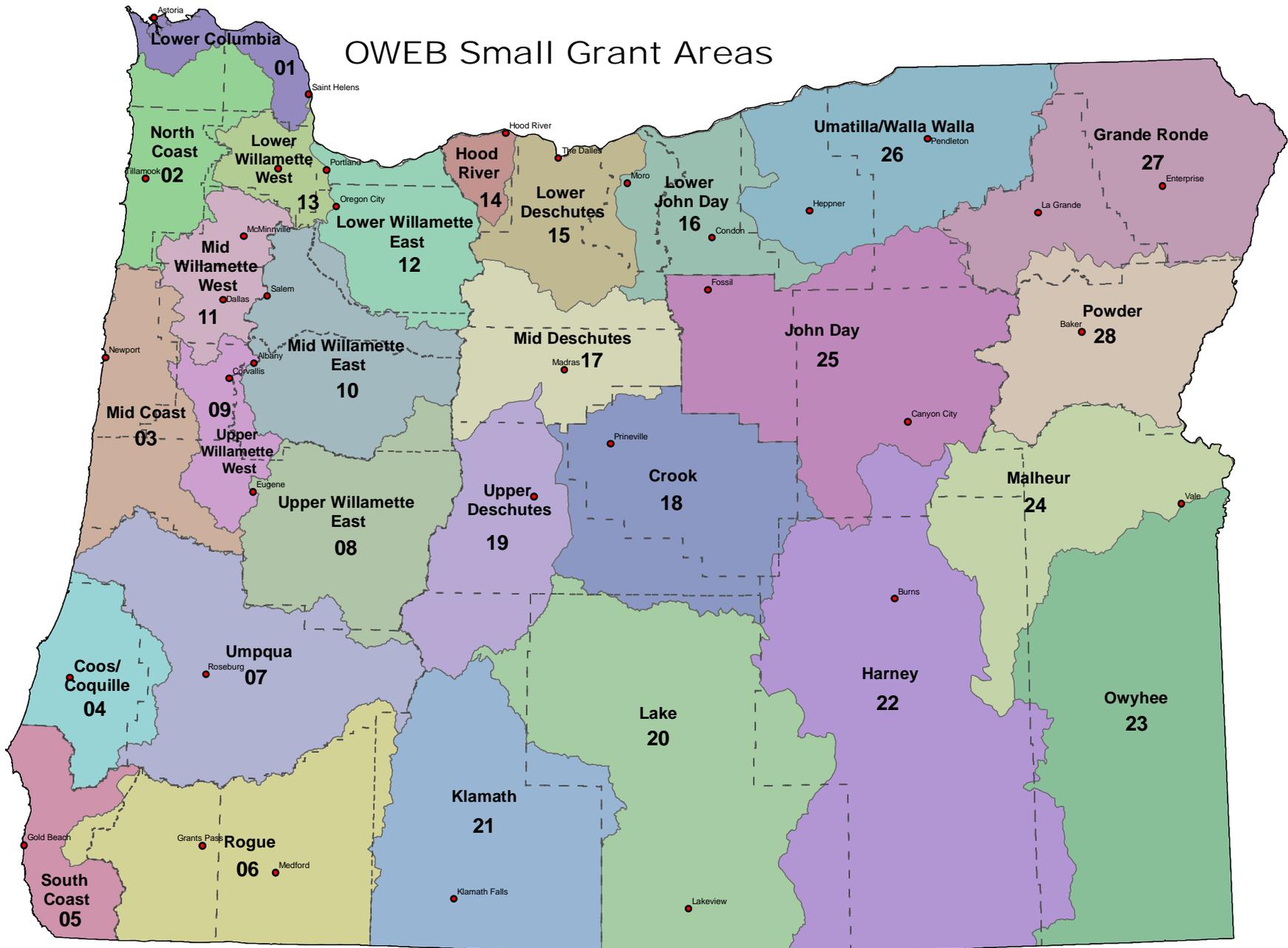
Table 1: Small Grant Funding by Biennium

Biennium	Funding	Allocated	Remaining	# Grants
2001-03	\$2,800,000	\$2,359,322	\$440,678	405
2003-05	\$2,800,000	\$2,496,182	\$303,818	384
2005-07	\$2,800,000	\$2,537,225	\$262,775	378
2007-09	\$2,800,000	\$2,676,365	\$123,635	385
2009-11	\$2,800,000	\$2,623,622	\$176,377	363

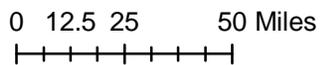
Recommendation

Staff recommend the Board allocate funding for the Small Grant Program for the 2011-2013 biennium at the level of \$2.8 million with a distribution of \$100,000 per team.

OWEB Small Grant Areas



-  Small Grant Areas
-  Counties
-  County Seats



Oregon Watershed Enhancement Board
 775 Summer St, NE Suite 360
 Salem, OR 97301-1290
 (503) 986-0178
<http://oregon.gov/OWEB/>

This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Software: ESRI ArcMap 9.2
 OWEB- A. Seim, November 2007



Oregon
John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360
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August 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item H: Oregon State Weed Board Grants
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report briefs the Board on the Oregon State Weed Board Grant Program and requests Board approval of 2011-2013 biennium funding for the program.

II. Background

The Oregon Department of Agriculture (ODA) Noxious Weed Control Program provides a statewide leadership role for coordination and management of state-listed noxious weeds. The state program focuses on noxious weed control efforts by implementing early detection and rapid response projects for new invasive noxious weeds, implementing biological control, implementing statewide inventory and survey, assisting the public and cooperators through technology transfer and noxious weed education, maintaining noxious weed data and maps for priority listed noxious weeds, and providing assistance to land managers and cooperators with integrated weed management projects. The Noxious Weed Control Program also supports the Oregon State Weed Board (OSWB) with administration of the OSWB Grant Program, developing statewide management objectives, developing Weed Risk Assessments, and maintaining the State Noxious Weed List. (Attachment A)

The OSWB is established under ORS 561.650. The primary mission of the OSWB is to guide statewide noxious weed control priorities and award noxious weed control Lottery funds. The OSWB provides direction to control efforts at the county and local levels. Priorities are developed, in part, through the state noxious weed control policy and classification system. The OSWB is also responsible for awarding noxious weed control grants to assist cooperators in noxious weed control efforts throughout the state. The seven-member board broadly represents weed control interests in the state and has an appropriation to assist counties in special projects and to help support biological control work. The board also develops the State Noxious Weed List.

Until June of 2011, the ODA Noxious Weed Control Program and OSWB Grant Program were funded primarily by Measure 66 "capital" funds. Beginning in 2007, OWEB and ODA entered into an interagency agreement covering the distribution of and reporting on those funds, both for the ODA staffing associated with on-the-ground weed control activities and for the OSWB grants.

For the 2011-2013 biennium, ODA Noxious Weed Control staff are funded with the Measure 76 operating funds, while the OSWB grants, which traditionally have been awarded to non-state entities, are to be funded with the Measure 76 grant funds. The legislative intent is for ODA and the OSWB to continue to administer the OSWB grants, and to work closely with OWEB on the management of the grants and issuance of payments.

III. 2011-2013 Biennium Weed Grants

As previously discussed with the Board, the 2011-2013 biennium will be a transition period as OWEB adjusts to operating under Measure 76. It is our goal to implement programs during this biennium in a way that makes this transition as seamless as possible for our grantees and partners. Under Chapter 695, Division 4 administrative rules, the Board has authority to approve standards and guidance for application requirements and process, evaluation criteria, agreement conditions, and the distribution of funds for watershed enhancement project requests that are separate or distinct from OWEB’s regular grants. A new process is needed to deliver the Oregon State Weed Board Grant Program. To that end, staff at OWEB and ODA have identified a process for implementing weed grants that retains existing processes to the greatest extent while still meeting the requirements of the Measure 76 grant fund.

ODA and OWEB have entered into a Memorandum of Agreement (Attachment B) outlining the roles and responsibilities of each agency related to the review and approval of weed grant applications and payments, and the maintenance of grant files. In general, ODA will continue to solicit, review, and manage the weed grants in partnership with OWEB.

The 2011-2013 biennium OSWB grant cycles are shown in the table below. ODA staff are currently reviewing the July 15, 2011, grant applications in preparation for the September 27-28, 2011, OSWB meeting in Boardman.

Cycle	Application date	OSWB meeting & Grant awarding	Interim report	Final report
24-1	July 15, 2011	September 2011	January 13, 2012	June 29, 2012
25-2	December 2011	February 2012	June 2012	Sept 2012
26-3	July 2012	September 2012	Jan 2013	June 2013
27-4	December 2012	February 2013	June 2013	Sept 2013

A more detailed description about the Weed Board Grants standards and guidance is contained in the following sections.

A. Application Requirements, Criteria, and Evaluation Process

Like OWEB, ODA and OSWB are continuing to operate grant programs under Measure 76 in the short term under existing criteria and policy, including eligible project types and project requirements. (Attachment C) Similarly, ODA and the OSWB plan to use the 2011-2013 biennium to explore options available under Measure 76 and determine whether to make changes to eligibility, criteria, and project requirements. Staff will update the Board on any changes proposed this biennium.

ODA staff prepare application materials and update grant agreement and payment forms as needed. OWEB staff review the application, grant agreement, and payment forms for OWEB

legal and reporting requirements. ODA and OWEB work cooperatively to ensure applications and forms meet the needs of both programs.

ODA reviews applications and makes recommendations to the OSWB. OWEB receives copies of grant applications and participates in the review process, primarily to learn about the program. ODA staff prepare written evaluations of each application. OSWB reviews and takes action on the ODA recommendations in a public meeting. ODA then sends the list of grants recommended for funding to OWEB for the Director's signature.

B. Agreement Conditions and Distribution of Funds

ODA will maintain paper copies of all grant applications, grant proposal evaluation forms, grant agreements, payment requests, and reports associated with the OSWB Grant Program according to records retention requirements. OWEB and ODA will enter into grant agreements for each weed grant. ODA will manage grant information through OWEB's Grant Management System (OGMS) and will scan critical grant paperwork into OGMS. ODA will process payment requests using existing payment request forms and according to the following schedule:

- The release of 50% of the agreement total upon execution of the grant agreement.
- The release of 25% upon receipt and acceptance of the interim report, including an itemized list of expenditures showing at least 50% of the previous payment expended with receipts for equipment or expenditures of \$200 or more.
- The release of the final 25% upon receipt and acceptance of the final report, which must include a comprehensive accounting of all project activities and detailed record of all funds expended (with receipts for equipment or expenditures of \$200 or more).

ODA reviews and approves interim and final reports. OWEB reviews and approves final reports to verify that ODA has approved the final report and all OWEB reporting requirements have been met. OWEB and ODA will work cooperatively on OWEB reporting requirements, including making online tools and training available to OSWB grantees.

IV. Recommendation

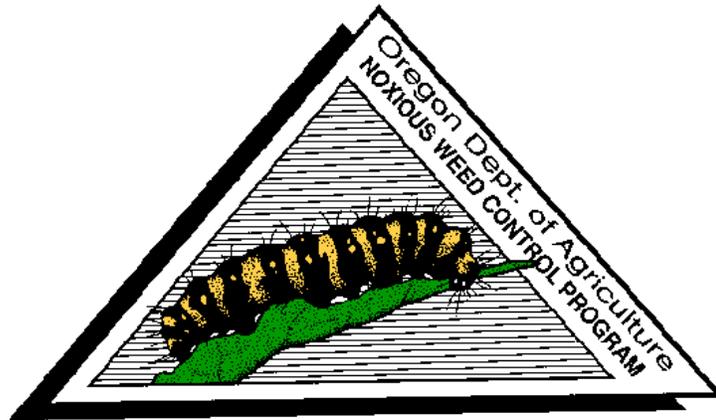
Staff recommend the Board:

- A. Approve the OSWB Grant standards, guidance, and processes identified in Section III and Attachments B and C of this report;
- B. Award \$2,544,125 for Weed Grants for the 2011-2013 biennium; and
- C. Delegate authority to the Executive Director to distribute funds for OSWB Grants consistent with the criteria and processes identified in Section III of this report.

Attachments

- A. Noxious Weed Policy and Classification System 2011
- B. OWEB-ODA Partnership Agreement
- C. Oregon State Weed Board Grant Program – 2011 Grant Criteria

Noxious Weed Policy and Classification System 2011



Oregon Department of Agriculture
Noxious Weed Control Program

635 Capitol Street NE, Salem, Oregon 97301-2532, Tel (503)-986-4621
www.oregon.gov/ODA/PLANT/WEEDS

Mission Statement:

To protect Oregon's natural resources and agricultural economy from the invasion and proliferation of exotic noxious weeds.

Program Overview

The Oregon Department of Agriculture (ODA) Noxious Weed Control Program provides a statewide leadership role for coordination and management of state listed noxious weeds. The state program focuses on noxious weed control efforts by implementing early detection and rapid response projects for new invasive noxious weeds, implementing biological control, implementing statewide inventory and survey, assisting the public and cooperators through technology transfer and noxious weed education, maintains noxious weed data and maps for priority listed noxious weeds, and provides assistance to land managers and cooperators with integrated weed management projects. The Noxious Weed Control Program also supports the Oregon State Weed Board with administration of the OSWB Grant Program, developing statewide management objectives, developing Weed Risk Assessments and maintaining the State Noxious Weed List.

Tim Butler
Program Manager
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503-986-4621

**Oregon Department of Agriculture
Noxious Weed Control Policy
and
Classification System
2011**

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Noxious Weed Control Policy and Classification System

DEFINITION:

“Noxious Weed” means any plant classified by the Oregon State Weed Board that is injurious to public health, agriculture, recreation, wildlife, or any public or private property.

Noxious weeds have become so thoroughly established and are spreading so rapidly on private, state, county, and federally owned lands, that they have been declared by ORS 569-350 to be a menace to public welfare. Steps leading to eradication, where possible, and intensive control are necessary. It is further recognized that the responsibility for eradication and intensive control rests not only on the private landowner and operator, but also on the county, state, and federal government.

WEED CONTROL POLICY

Therefore, it shall be the policy of the Oregon Department of Agriculture (ODA) to:

1. Rate and classify weeds at the state level.
2. Prevent the establishment and spread of noxious weeds.
3. Encourage and implement the control or containment of infestations of designated weed species and, if possible, eradicate them.
4. Develop and manage a biological weed control program.
5. Increase awareness of potential economic losses and other undesirable effects of existing and newly invading noxious weeds, and to act as a resource center for the dissemination of information.
6. Encourage and assist in the organization and operation of noxious weed control programs with government agencies and other weed management entities.
7. Develop partnerships with county weed control officers, universities, and other cooperators in the development of control methods.
8. Conduct statewide noxious weed surveys and weed control efficacy studies.

WEED CLASSIFICATION SYSTEM

The purpose of this Classification System is to:

1. Act as the ODA’s official guideline for prioritizing and implementing noxious weed control projects.
2. Assist the ODA in the distribution of available funds for Oregon State Weed Board grants and county noxious weed control requests.
3. Serve as a model for the private and public sectors in developing noxious weed classification systems.

Criteria for Determining Economic and Environmental Significance of Noxious Weeds is Based Upon:

DETRIMENTAL EFFECTS

1. A plant species that causes or has the potential to cause severe production losses or increased control costs to the agricultural and/or horticultural industries of Oregon.
2. A plant species that has the potential to or does endanger native flora and fauna by its encroachment into forest, range, and conservation areas.
3. A plant species that has the potential or does hamper the full utilization and enjoyment of recreational areas.
4. A plant species that is poisonous, injurious, or otherwise harmful to humans and/or animals.

PLANT REPRODUCTION

1. A plant that reproduces by seed capable of being dispersed over wide areas or that is long-lived, or produced in large numbers.
2. A plant species that reproduces and spreads by tubers, creeping roots, stolons, rhizomes or other natural vegetative means.

DISTRIBUTION

1. A weed of known economic importance which occurs in Oregon in small enough infestations to make eradication/containment possible; or not known to occur, but its presence in neighboring states makes future occurrence seem imminent.
2. A weed of economic or ecological importance and of limited distribution in Oregon.
3. A weed that has not infested the full extent of its potential habitat in Oregon.

DIFFICULTY OF CONTROL

A plant species that is not easily controlled with current management practices such as chemical, cultural, biological, and physical methods.

Noxious Weed Control Classification Definitions

Noxious weeds, for the purpose of this system, shall be designated “A” or “B” and may be given the additional designation of “T” according to the Oregon State Weed Board’s Noxious Weed Classification System.

- **“A” Designated Weed** – a weed of known economic importance which occurs in the state in small enough infestations to make eradication or containment possible; or is not known to occur, but its presence in neighboring states make future occurrence in Oregon seem imminent (Table 1).

Recommended action: Infestations are subject to eradication or intensive control when and where found.

- **“B” Designated Weed** – a weed of economic importance which is regionally abundant, but which may have limited distribution in some counties (Table 2).

Recommended action: Limited to intensive control at the state, county or regional level as determined on a site specific, case-by-case basis. Where implementation of a fully integrated statewide management plan is not feasible, biological control (when available) shall be the primary control method.

- **“T” Designated Weed** – a priority noxious weed designated by the Oregon State Weed Board as a target for which the ODA will develop and implement a statewide management plan. “T” designated noxious weeds are species selected from either the “A” or “B” list (Table 3).

Table I: "A" Designated weeds as determined by ODA

Common name	Scientific name
African rue	<i>Peganum harmala</i>
Camelthorn	<i>Alhagi pseudalhagi</i>
Coltsfoot	<i>Tussilago farfara</i>
Common reed	<i>Phragmites australis, ssp. australis</i>
Cordgrass Common Dense-flowered Saltmeadow Smooth	<i>Spartina anglica</i> <i>Spartina densiflora</i> <i>Spartina patens</i> <i>Spartina alterniflora</i>
European water chestnut	<i>Trapa natans</i>
Flowering rush	<i>Butomus umbellatus</i>
Giant hogweed	<i>Heracleum mantegazzianum</i>
Goatgrass Barb Ovate	<i>Aegilops triuncialis</i> <i>Aegilops ovata</i>
Goatsrue	<i>Galega officinalis</i>
Hawkweed King-devil Meadow Mouse-ear Orange Yellow	<i>Hieracium piloselloides</i> <i>Hieracium pratense</i> <i>Hieracium pilosella</i> <i>Hieracium aurantiacum</i> <i>Hieracium floribundum</i>
Hydrilla	<i>Hydrilla verticillata</i>
Japanese dodder	<i>Cuscuta japonica</i>
Kudzu	<i>Pueraria lobata</i>
Matgrass	<i>Nardus stricta</i>
Oblong spurge	<i>Euphorbia oblongata</i>
Paterson's curse	<i>Echium plantagineum</i>
Purple nutsedge	<i>Cyperus rotundus</i>
Silverleaf nightshade	<i>Solanum elaeagnifolium</i>
Squarrose knapweed	<i>Centaurea virgata</i>
Starthistle Iberian Purple	<i>Centaurea iberica</i> <i>Centaurea calcitrapa</i>
Syrian bean-caper	<i>Zygophyllum fabago</i>
Thistle Plumeless Smooth distaff Taurian Wooly distaff	<i>Carduus acanthoides</i> <i>Carthamus baeticus</i> <i>Onopordum tauricum</i> <i>Carthamus lanatus</i>
White bryonia	<i>Bryonia alba</i>
Yellow floating heart	<i>Nymphoides peltata</i>
Yellowtuft	<i>Alyssum murale</i> <i>Alyssum corsicum</i>

Table II: “B” designated weeds as determined by ODA:

Common name	Scientific name
Armenian (Himalayan) blackberry	<i>Rubus armeniacus</i> (<i>R. procerus</i> , <i>R. discolor</i>)
Biddy-biddy	<i>Acaena novae-zelandiae</i>
Broom	
French*	<i>Genista monspessulana</i>
Portuguese	<i>Cytisus striatus</i>
Scotch*	<i>Cytisus scoparius</i>
Spanish	<i>Spartium junceum</i>
Buffalobur	<i>Solanum rostratum</i>
Butterfly bush	<i>Buddleja davidii</i> (<i>B. variabilis</i>)
Common bugloss	<i>Anchusa officinalis</i>
Common crupina	<i>Crupina vulgaris</i>
Creeping yellow cress	<i>Rorippa sylvestris</i>
Cutleaf teasel	<i>Dipsacus laciniatus</i>
Dodder	<i>Cuscuta</i> spp.
Dyers woad	<i>Isatis tinctoria</i>
English ivy	<i>Hedera helix</i> (<i>H. hibernica</i>)
Eurasian watermilfoil	<i>Myriophyllum spicatum</i>
False brome	<i>Brachypodium sylvaticum</i>
Field bindweed*	<i>Convolvulus arvensis</i>
Garlic mustard	<i>Alliaria petiolata</i>
Geranium	
Herb Robert	<i>Geranium robertianum</i>
Shiny leaf geranium	<i>Geranium lucidum</i>
Gorse*	<i>Ulex europaeus</i>
Halogeton	<i>Halogeton glomeratus</i>
Houndstongue	<i>Cynoglossum officinale</i>
Johnsongrass	<i>Sorghum halepense</i>
Jointed goatgrass	<i>Aegilops cylindrica</i>
Jubata grass	<i>Cortaderia jubata</i>
Knapweeds	
Diffuse*	<i>Centaurea diffusa</i>
Meadow*	<i>Centaurea pratensis</i>
Russian*	<i>Acroptilon repens</i>
Spotted*	<i>Centaurea stoebe</i> (<i>C. maculosa</i>)
Knotweeds	
Giant	<i>Fallopia sachalinensis</i> (<i>Polygonum</i>)
Himalayan	<i>Polygonum polystachyum</i>
Japanese	<i>Fallopia japonica</i> (<i>Polygonum</i>)
Kochia	<i>Kochia scoparia</i>
Lesser celandine	<i>Ranunculus ficaria</i>
Mediterranean sage	<i>Salvia aethiopis</i>
Medusahead rye	<i>Taeniatherum caput-medusae</i>
Old man’s beard	<i>Clematis vitalba</i>

* Indicates weeds targeted for biocontrol agents

Continuation of "B" designated weeds	
Parrot's feather	<i>Myriophyllum aquaticum</i>
Perennial peavine	<i>Lathyrus latifolius</i>
Perennial pepperweed	<i>Lepidium latifolium</i>
Poison hemlock	<i>Conium maculatum</i>
Policeman's helmet	<i>Impatiens glandulifera</i>
Puncturevine*	<i>Tribulus terrestris</i>
Purple loosestrife*	<i>Lythrum salicaria</i>
Ragweed	<i>Ambrosia artemisiifolia</i>
Rush skeletonweed*	<i>Chondrilla juncea</i>
Saltcedar*	<i>Tamarix ramosissima</i>
Small broomrape	<i>Orbanche minor</i>
South American waterweed	<i>Egeria densa (Elodea)</i>
Spanish heath	<i>Erica lusitanica</i>
Spikeweed	<i>Hemizonia pungens</i>
Spiny cocklebur	<i>Xanthium spinosum</i>
Spurge laurel	<i>Daphne laureola</i>
Spurge	
Leafy*	<i>Euphorbia esula</i>
Myrtle	<i>Euphorbia myrsinites</i>
St. Johnswort*	<i>Hypericum perforatum</i>
Sulfur cinquefoil	<i>Potentilla recta</i>
Swainsonpea	<i>Sphaerophysa salsula</i>
Tansy ragwort*	<i>Senecio jacobaea</i>
Thistles	
Bull*	<i>Cirsium vulgare</i>
Canada*	<i>Cirsium arvense</i>
Italian	<i>Carduus pycnocephalus</i>
Milk*	<i>Silybum marianum</i>
Musk*	<i>Carduus nutans</i>
Scotch	<i>Onopordum acanthium</i>
Slender-flowered*	<i>Carduus tenuiflorus</i>
Toadflax	
Dalmatian*	<i>Linaria dalmatica</i>
Yellow*	<i>Linaria vulgaris</i>
Velvetleaf	<i>Abutilon theophrasti</i>
Water primrose	<i>Ludwigia peploides, L. hexapetala, L. grandiflora ssp.</i>
Whitetop	
Hairy	<i>Lepidium pubescens</i>
Lens-podded	<i>Lepidium chalepensis</i>
Whitetop (hoary cress)	<i>Lepidium draba</i>
Yellow flag iris	<i>Iris pseudacorus</i>
Yellow nutsedge	<i>Cyperus esculentus</i>
Yellow starthistle*	<i>Centaurea solstitialis</i>

* Indicates weeds targeted for biocontrol agents

Table III: “T” or target weeds designated by ODA

ODA annually develops a target list of weed species that will be the focus for prevention and control by the Noxious Weed Control Program, sanctioned by the Oregon State Weed Board. Because of the economic threat to the state of Oregon, action against these weeds will receive priority.

Common name	Scientific name
African rue	<i>Peganum harmala</i>
Common bugloss	<i>Anchusa officinalis</i>
Cordgrass	
Common	<i>Spartina anglica</i>
Dense-flowered	<i>Spartina densiflora</i>
Saltmeadow	<i>Spartina patens</i>
Smooth	<i>Spartina alterniflora</i>
Dalmatian toadflax**	<i>Linaria dalmatica</i>
Field bindweed**	<i>Convolvulus arvensis</i>
Garlic mustard	<i>Alliaria petiolata</i>
Giant hogweed	<i>Heracleum mantegazzianum</i>
Gorse	<i>Ulex europaeus</i>
Hawkweed	
Meadow	<i>Hieracium pratense</i>
Orange	<i>Hieracium aurantiacum</i>
Yellow	<i>Hieracium floribundum</i>
Knapweed	
Spotted	<i>Centaurea stoebe (C. maculosa)</i>
Squarrose	<i>Centaurea virgata</i>
Kudzu	<i>Pueraria lobata</i>
Leafy spurge**	<i>Euphorbia esula</i>
Matgrass	<i>Nardus stricta</i>
Paterson’s curse	<i>Echium plantagineum</i>
Perennial pepperweed	<i>Lepidium latifolium</i>
Portuguese broom	<i>Cytisus striatus</i>
Rush skeletonweed	<i>Chondrilla juncea</i>
Saltcedar**	<i>Tamarix ramosissima</i>
Starthistle	
Iberian	<i>Centaurea iberica</i>
Purple	<i>Centaurea calcitrapa</i>
Yellow**	<i>Centaurea solstitialis</i>
Tansy ragwort**	<i>Senecio jacobaea</i>
Thistles	
Plumeless thistle	<i>Carduus acanthoides</i>
Taurian	<i>Onopordum tauricum</i>
Woolly distaff	<i>Carthamus lanatus</i>
Yellowtuft	<i>Alyssum murale, A. corsicum</i>

* **Indicates the majority of efforts are focused on use of biocontrol agents

PARTNERSHIP AGREEMENT
between
OREGON WATERSHED ENHANCEMENT BOARD
and
OREGON DEPARTMENT OF AGRICULTURE

This AGREEMENT is hereby entered into by and between the Oregon Watershed Enhancement Board hereinafter referred to as OWEB, and Oregon Department of Agriculture hereinafter referred to as ODA for the purpose of implementing the Oregon State Weed Board Grant Program for the 2011-2013 biennium.

1. PURPOSE

The Oregon State Weed Board Grant Program funds noxious weed control projects with Oregon Lottery grant funds dedicated by Ballot Measure 76 (2010). Measure 76 grant funds can only be used to:

- (a) Acquire from willing owners interests in land or water that will protect or restore native fish or wildlife habitats;
- (b) Carry out projects to protect or restore native fish or wildlife habitats;
- (c) Carry out projects to protect or restore natural watershed functions to improve water quality or stream flows; and
- (d) Carry out resource assessment, planning, design and engineering, technical assistance, monitoring and outreach activities necessary for projects funded under paragraphs (a) through (c).

The purpose of this AGREEMENT is to outline the roles and responsibilities of OWEB and ODA in implementing the Oregon State Weed Board Grant Program using funding from the Watershed Conservation Grant Fund to meet all applicable legal requirements. ODA and OWEB agree to only fund activities and projects under this agreement that meet the criteria listed in Measure 76.

2. PARTNER MISSIONS, POLICIES AND DIRECTION

OWEB - OWEB administers a watershed enhancement grant program that provides funding to restore, protect, and enhance watershed conditions in the state of Oregon. Under Article XV, section 4b of the Oregon Constitution, OWEB is the agency responsible for administering grant funds out of the Natural Resources Subaccount of the Parks and Natural Resources Fund. OWEB is also responsible for monitoring the implementation and effectiveness of watershed restoration actions.

ODA – ODA Noxious Weed Control Program (ORS 569.175-195) is responsible for coordination with agencies and private landowners for the implementation of education/outreach, survey, monitoring and control projects. In addition, ODA makes recommendations to the OSWB (ORS 569.600-620) who designates State Listed Noxious Weeds and sets priority for control activities

statewide. This fits within ODA’s Mission to “Protect Oregon’s Natural Resources and Agricultural Economy from the Invasion and Proliferation of Exotic Noxious Weeds”.

3. GRANT PROGRAM ROLES AND RESPONSIBILITIES

OWEB and ODA agreed to work cooperatively in managing and administering the Oregon State Weed Board Grant Program. OWEB and ODA agree to process grant agreements and payments in a timely fashion. OWEB and ODA also commit to support frequent communication and interaction between staff in managing the program. OWEB and ODA also agree to regularly communicate about the program and the agencies’ respective roles and responsibilities with the OWEB Board and Oregon State Weed Board.

The following grant program roles and responsibilities are not exclusive but include the major responsibilities of each party in soliciting, evaluating, and managing the Oregon State Weed Board Grants.

Activity	Partner	Role/Responsibility
Program Funding Allocation	OWEB	OWEB Program Manager prepares materials for OWEB Board meeting with ODA staff. Board allocates \$2,544,125 for the Weed Board Grant Program and delegates distribution authority to OWEB Executive Director.
Application and Grant Forms	ODA and OWEB	ODA drafts application materials and finalizes for distribution. ODA updates grant agreement and payment forms to incorporate new requirements. OWEB staff review application, grant agreement, and payment forms for OWEB legal and reporting requirements. ODA and OWEB work cooperatively to ensure applications and forms meet the needs of both programs.
Grant Notice	ODA	Send general notice and application materials to grantees.
Grant Submissions	ODA	Applications are submitted to ODA. ODA Project Manager enters application data (including project summary) into the OWEB Grant Management System (OGMS) and scans the applications into OGMS.
Grant Evaluation	ODA	ODA reviews applications and make recommendations to the Weed Board. ODA staff prepares written evaluations of each application. Weed Board reviews recommendations in public meeting. ODA sends list of grants recommended for funding to OWEB project manager with three copies of each grant agreements for OWEB signature.
	OWEB	OWEB Program Manager receives copies of grant applications and participates in the review process, primarily to learn about the program. Program Manager prepares a funding memo and the grant agreements for Director’s signature. After Director approval, the Fiscal Manager finalizes award amounts and other award information in OGMS, and Program Manager returns the signed grant agreements to ODA.
Grant Agreements (GA)	ODA	After OWEB signs the GAs, the ODA Project Manager checks for outstanding reports and mails the GA to grantees that do not have outstanding reports. Grantee signs the GA and mails it to ODA along with the first payment request. ODA signs the GA and then mails one fully signed GA back to grantee. ODA maintains paper copies of the GA.

Grant Management	ODA	ODA Project Manager enters grant information into OGMS (start and end date, progress report dates, budget category amounts). ODA Project Manager scans grant agreement into OGMS. ODA processes first payment request using the ODA Weed payment request form. ODA Program Manager signs the first payment request form and sends to OWEB for processing. Interim and final reports and payment requests are submitted to ODA. Project Manager reviews and approves interim and final reports for Program Manager approval. Project Manager sends interim payment requests and approved final reports and final payment requests to the OWEB Program Manager. Project Manager scans reports into OGMS.
	OWEB	OWEB processes first, interim, and final grant payments. OWEB Program Manager reviews and approves final report to verify that ODA has approved the final report and all OWEB reporting requirements have been met. OWEB enters the final report date, match, and final expenditure budget categories into OGMS. OWEB sends the original final report back to ODA. OWEB and ODA work cooperatively on OWEB reporting requirements, including federal reporting and the Oregon Watershed Restoration Inventory.

4. GRANT PROGRAM RECORDS

ODA will maintain paper copies of all grant applications, grant proposal evaluation forms, grant agreements, payment requests, and reports associated with the Oregon State Weed Board Grant Program according to records retention requirements.

Landowner and treatment information will not be viewable to the public through the online OWEB Grant Management System. Persons interested in obtaining this information will need to make a public records request to ODA.

If OWEB receives a public record request for Oregon State Weed Board Grant information not available through the online OGMS, the OWEB public records coordinator will forward that request to the ODA Project Manager.

For the purposes of administering the Oregon State Weed Board Grant Program in the 2011-2013 biennium, OWEB will waive OAR 695-005-0060 (6) and (7) to allow the following fund release processes:

- The release of 50% of the agreement total upon execution of the Grant Agreement.
- The release of 25% upon receipt and acceptance of the Interim Report, including an itemized list of expenditures showing at least 50 percent of the previous payment expended with receipts for equipment or expenditures of \$200 or more.
- The release of the final 25% upon receipt and acceptance of the Final Report, which must include a comprehensive accounting of all project activities and detailed record of all funds expended (with receipts for equipment or expenditures of \$200 or more).

For the 2011-2013 biennium, OWEB will also waive portions of OAR 695-005-0060 (1). The only reporting obligations that will hold up the release of new Weed Board Grant agreements, or the

amendment to existing Weed Board Grant agreements for time extensions and award amounts, will be final reports. Similarly, only final report requirements for Weed Board Grants will affect other OWEB grants.

5. IT IS MUTUALLY AGREED AND UNDERSTOOD BY ALL PARTIES THAT:

- A. AGREEMENT. This agreement is for the purposes of defining roles and responsibilities and does not constitute an obligation of funds.
- B. MODIFICATION. Modifications within the scope of the instrument shall be made by mutual consent of the parties, by the issuance of a written modification, signed and dated by all parties, prior to any changes being performed.
- C. COMMENCEMENT/EXPIRATION DATE. This instrument is executed as of the date of the last signature and is effective through December 31, 2013 at which time it will expire unless extended.
- D. TERMINATION. Any of the parties, in writing, may terminate the instrument in whole, or in part, at any time before the date of expiration.
- E. PRINCIPAL CONTACT The principal contacts for this instrument are:

ODA	OWEB
Tim Butler	Melissa Leoni
Oregon Department of Agriculture	Oregon Watershed Enhancement Board
635 Capitol St NE	775 Summer St. NE, Suite 360
Salem, OR 97301-2532	Salem, OR 97301-1290
Phone: (503) 986-4621	Phone: (503) 986-0179
Fax: (503) 986-4786	Fax: (503) 986-0199
Email: tbutler@oda.state.or.us	Email: melissa.leoni@state.or.us

- F. NON-FUND OBLIGATING DOCUMENT. This instrument is neither a fiscal nor a funds obligation document. Any endeavor or transfer of anything of value involving reimbursement or contribution of funds between the parties to this instrument will be handled in accordance with applicable laws, regulations, and procedures.

THE PARTIES HERERTO have executed this instrument

**OREGON WATERSHED
ENHANCEMENT BOARD**

**OREGON DEPARTMENT OF
AGRICULTURE**

Thomas M. Byler, Executive Director

Katy Coba, Director

Oregon State Weed Board Grant Program – 2011 Grant Criteria

Project Types

Projects are restricted to those that restore, enhance or protect fish and wildlife habitat, watershed functions, native salmonid populations or water quality. Grant applications must be for on the ground weed control projects for OSWB listed noxious weeds. Applications may include research, survey, project design if required to complete the control portion of the project. Although, the majority of OSWB funds must go toward on the ground control.

Project Requirements

1. The project must be for the management of state listed noxious weeds.

The OSWB establishes and maintains a list of "A", "B" and "T" designated noxious weeds. Proposed projects shall include only plants listed on the State Noxious Weed List. Examples of projects should include control, and may include; survey, monitoring, prevention, restoration, and education/outreach only when directly related to the control project.

2. The project must demonstrate sound principles of integrated weed management to both protect and enhance watershed health.

Proposed activities should be proven methods that promote, enhance or protect natural resources.

3. Projects will demonstrate specific site management objectives.

Projects demonstrating specific site analysis and project development are desirable. Projects supported by or identified in Weed Management Plans, Site Assessments, Action Plans, Watershed Plans and Federal Management Plans are desired.

4. Projects must have on-the-ground control as a focus.

Projects must exhibit control elements to be considered for funding. Control must be completed within the timelines outlined within each grant cycle. In addition, the majority of OSWB funds must be used toward the control elements of the project.

Project Criteria

Noxious weed management projects will be evaluated using the following criteria:

1. Priority Weed

Projects that relate to the control of weeds listed on the OSWB "A", "B", and "T" lists will be given priority. "A" designated weed projects will score higher than "B" designated weed projects, etc.

2. Cooperation

Projects showing direct evidence of collaboration either by actual funds or in-kind funds between stakeholders and agencies may be given preferences over single-party projects.

3. Restoration

Projects that include not only control elements but also elements of restoration will be given priority. An example would be to incorporate seeding and establishment of desirable vegetation on the control site.

4. Planning

Projects that are part of weed assessment, comprehensive integrated action and monitoring plans are desirable. These plans can be stand alone for the specific project or associated with existing Weed Management Areas, Weed Management Plans, Environmental Assessments, Watershed Restoration Plans, etc. Reference all plans your project may be associated with and provide copies of the plans.

5. Narrative

This section will be reviewed by the OSWB and evaluated based on unique characteristics of the project that may not be covered in the criteria in items 1-4. An example may be a "B" designated weed that is a new invading weed in a watershed and it is a priority to control this weed to protect the watershed.



Oregon

John A. Kitzhaber, MD, Governor

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September 6, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

SUBJECT: **Agenda Item I: Conservation Reserve Enhancement Program and Technical Assistance Grants**
September 13-14, 2011 OWEB Board Meeting

I. Introduction

This report updates the Board on Oregon's investment in the Conservation Reserve Enhancement Program (CREP), and requests approval of a proposal for funding CREP technical assistance in the 2011-2013 biennium.

This agenda item supports Goal 1 (restore and sustain resilient ecosystems), Goal 2 (support an enduring, high-capacity local infrastructure for conducting watershed conservation and restoration), and Goal 4 (build and maintain strong partnerships) of OWEB's Strategic Plan.

II. Background

In 1997, Oregon initiated discussions with the U.S. Department of Agriculture (USDA) about the possibility of developing a state-federal cost share program that focused on improving riparian conditions in agricultural areas of the state. The Oregon Conservation Reserve Enhancement Program was approved in September 1998 with a signing ceremony by Governor Kitzhaber and the Secretary of Agriculture in October 1998.

As an offspring of the Conservation Reserve Program, CREP is a voluntary program for agricultural landowners. This unique state and federal partnership allows landowners to receive incentive payments and conservation rental payments from the Farm Services Agency (FSA) for establishing long-term, riparian buffers on eligible land. The Oregon CREP was initially developed to address listed salmon streams; the program was later modified to assist in addressing stream water quality issues (primarily temperature).

The Oregon CREP Agreement requires Oregon to pay for 20 percent of the overall program costs, including both landowner payments for conservation activities and program activities, such as outreach, monitoring, technical assistance, and program coordination. CREP uses state funding for partial payment (25 percent) of all conservation activities (fencing, off-stream watering, site preparation, plant materials, planting, etc.). Since 1999, OWEB has allocated \$10.5 million to landowner cost-share payments through CREP. The federal CREP contract costs, as of January 2011, were expected to total nearly \$90 million.

As early as 2001, some groups expressed concern that the program was not being promoted to sufficiently address the significant agricultural riparian restoration needs in Oregon. In 2001, OWEB contracted with the Oregon Department of Agriculture (ODA) and Oregon Association of Conservation Districts (OACD) to review the program and evaluate the barriers to broader implementation. The report identified technical assistance as a significant barrier. The Board responded by providing funding for technical assistance positions in soil and water conservation districts (SWCD) in 2002.

Since 2007, CREP technical assistance (CREP TA) has been funded out of the Board award for SWCD capacity to supplement the base funding approved by the Legislature. ODA and the Soil and Water Conservation Commission have then decided how much of that \$1 million award to allocate for CREP TA and the distribution to individual SWCDs. For the 2009-2011 biennium, the Board also authorized \$500,000 of Lottery “capital” funds to support CREP TA directly associated with signed contracts.

Staff and representatives from ODA, OACD, Natural Resources Conservation Service (NRCS), and FSA (the “CREP Partnership”), have been meeting over the past few years to evaluate CREP TA and to develop an alternative for funding Oregon CREP TA. Staff briefed the Board in June 2011 on a CREP TA grants proposal, which proposed to fund outcome-based CREP TA grants independently from the funding for SWCD capacity and OWEB’s “regular” technical assistance grant program. The Board endorsed staff’s proposal. The Board also approved a funding award and process for CREP TA bridge grants to continue funding existing CREP technicians through December 31, 2011. The bridge funding was proposed to give OWEB time to consider funding for the CREP TA grants as part of the 2011-2013 spending plan while avoiding significant disruption to existing local infrastructure.

III. CREP Cost-Share Payments

As of August 31, 2011, OWEB had \$817,000 remaining of the \$1.3 million allocated in September 2009 for CREP cost-share payments. Unlike last year, when OWEB only spent \$500,000 on cost-share payments for the entire year, monthly cost-share payments now total approximately \$100,000. An additional \$1.4 million could be necessary before the end of the biennium to make cost-share payments for CREP. Staff will monitor cost-share payments this fall and will return to the Board in January 2012 with an update and possible fund request.

IV. CREP Technical Assistance Bridge Funding Status

OWEB and ODA have entered into a partnership agreement to award and manage the bridge funding grants for the existing CREP technicians in a way that minimizes the changes needed under Measure 76 grant funds as much as possible. The SWCDs submitted a short application form, and OWEB, ODA, and individual SWCDs have entered into Intergovernmental Agreements (grant agreements). Quarterly progress reports are due to ODA 15 days after the end of each quarter, including an expense tracking sheet and required reporting forms. Once approved, fund requests will be forwarded to OWEB for payment. The final reports will be submitted to ODA by January 15, 2012.

Of the 13 districts awarded bridge funding; only 12 districts have submitted an application. The Polk CREP technician is no longer employed by the district. Polk SWCD intends to submit a grant proposal this fall.

V. CREP Technical Assistance Grants

Under Chapter 695, Division 4 administrative rules, the Board has authority to approve standards and guidance for application requirements and process, evaluation criteria, agreement conditions, and the distribution of funds for watershed enhancement project requests that are separate or distinct from OWEB's regular grants. The standards and guidance for the CREP TA Grants proposal are described in the following sections and attachments to this report.

A. Application Requirements, Criteria, and Evaluation Process

Staff and CREP Partnership have developed proposed evaluation criteria (Attachment A), a draft grant schedule (Attachment B), and have identified review team members (Attachment C). OWEB's usual eligibility criteria will apply. Selection criteria include how the applicant will conduct outreach, service and complete CREP contracts, address cultural resource reviews, and comply with federal security requirements. Priority will be given to applicants that demonstrate significant need and demand for CREP. Priority will also be given to local CREP partnerships where CREP and its significant federal funds leverage can assist in meeting local and regional conservation and recovery plans.

Staff and the CREP Partnership are working on developing a CREP TA grant application packet based on OWEB's Technical Assistance Type 3 (Landowner Recruitment) application for the October 2011 grant cycle. The only significant change will be to Section III (project description) and the Evaluation Worksheet, which will be tied to the proposed CREP TA criteria. Otherwise, all regular grant application requirements, including budget forms, maps, metrics, and the match form will be used.

If approved by the Board, the application packet will be available by Monday, October 3, 2011, and applications will be due by 5:00 p.m. on Thursday, November 3, 2011. The review team will meet on November 29, 2011, to evaluate the applications against the criteria and rank and prioritize those recommended for funding based on amount requested and available. Applicants will be notified by December 7, 2011, and grant agreements are effective January 1, 2012.

B. Agreement Conditions and Distribution of Funds

Grant agreements will be written to be in effect for two years and will expire on December 31, 2013. Applicants will use OWEB's regular payment request forms and procedures, updated as needed for CREP TA, to request funding on a quarterly basis. One significant difference between the CREP TA grants and regular technical assistance grants is that CREP TA grantees will also be required to submit quarterly reports on their progress along with their payment request. The CREP Partnership will then meet quarterly to review progress and assign any needed follow-up to the appropriate team member.

The CREP Partnership will report regularly to the OWEB Board, ODA, and Soil and Water Conservation Commission, and will complete a program evaluation and make a recommendation to OWEB on whether to continue the grant program by September 2013. In order to implement these commitments, the CREP Partnership is working on a partnership agreement, similar to those used in other OWEB partnership investments, to articulate the roles and responsibilities of each organization involved in the partnership.

After the June 2011 meeting, OWEB became aware of an opportunity to receive additional funding from NRCS to support the CREP TA grants. NRCS requires a 50 percent match and that their funds augment the amount of state funding needed to support CREP TA for the biennium. Over the summer, staff worked with Meta Loftsgaarden, NRCS, to work out the arrangements for OWEB to receive and expend \$280,000 in support of the CREP TA grants. The agreement between NRCS and OWEB must be signed as soon as possible in order for the funding to be available to OWEB.

VI. CREP and Riparian Restoration Effectiveness Monitoring

The Oregon CREP Agreement also requires the state to develop and implement an annual monitoring program and to pay all costs associated with the monitoring. As of September 2010, nearly 37,000 acres of land were enrolled in CREP. Staff are currently developing a study plan to evaluate riparian restoration projects funded through CREP and the regular grant program of OWEB. This plan will also incorporate a comprehensive evaluation of OWEB-funded riparian projects and the results from past CREP effectiveness monitoring efforts.

The ten-year monitoring plan for CREP and other riparian restoration projects that is currently being developed may include indicators such as stream shading, aquatic macroinvertebrates, fish habitat, water quality, and vegetation composition. The study will likely follow a Before-After-Control-Impact (BACI) study design for new projects, and it may also include information from past project performance. The study plan will be developed this winter and data collection may begin as early as next spring. At the current time, the intent is to utilize existing financial resources, but staff may return to the Board with a request for additional resources at a future meeting.

VII. Recommendation

Staff recommend the Board:

- A. Approve the CREP TA grant standards, guidance, and process identified in Section V of this report;
- B. Award \$800,000 for CREP TA grants as described in Agenda Item G; and
- C. Delegate authority to the Executive Director to distribute the CREP TA grants consistent with the criteria and processes identified in Section V of this report.

Attachments

- A. Proposed 2011-2013 CREP Technical Assistance Grant Criteria
- B. Proposed CREP Technical Assistance Grants Schedule
- C. Proposed CREP TA Grants Review Team

Proposed 2011-2013 CREP Technical Assistance Grant Criteria

Basic Criteria

1. Proven ability to manage grants and staff.
2. Application must specifically identify how the applicant will address the following items (either themselves or with partners – partners must submit letters):
 - a. Outreach
 - b. Completing and servicing contracts
 - c. Cultural resources/NEPA
 - d. Security
3. Application must clearly identify outcome-based criteria against which the grant can be judged (what do you expect to accomplish each year and over the two year period of the agreement?)

Ranking Criteria

1. Priority will be given to applicants that demonstrate a significant need. Need includes significant watershed health or recovery plan limiting factors where riparian restoration is needed and could be addressed through CREP with focused outreach efforts or landowner engagement. Applicants should list the plans, partnerships, and priorities that support the description of need and describe how CREP fits with these plans, partnerships, and priorities.
2. Priority will be given to applicants that demonstrate a significant demand for CREP TA, which includes large numbers of landowners signed up for CREP who need plans developed.
3. Applicants will be ranked on their capacity to meet that need or demand, and the commitment by the local partnership to successfully address the need or demand. If the applicant's initial request is for CREP TA to complete outreach only, the applicant will also be scored on their identified plan to service future contracts. This will need to include letters of commitment from identified partners.
4. Priority (extra points) will be given to multi-county proposals where the need or demand for CREP technical assistance is not significant enough to justify a single county proposal, and where the counties involved have clearly identified and articulated how the local partnership will support and manage the TA project and position across the entire geography, within the individual communities, or amongst the partnership organizations.

Proposed CREP Technical Assistance Grants Schedule

August 18, 2011	CREP Partnership review draft application forms, grant timeline, review team membership, and grant management documents.
September 2011	Application final proofing and all application parts finalized. Draft email and web site communication about CREP TA grants.
September 13, 2011	OWEB Board consideration of CREP TA Grants at Roseburg meeting.
September 30, 2011	Application materials complete.
October 3, 2011	CREP TA grant application available online with instructions and evaluation form. Email notification distributed to councils, SWCDs, and CREP partners for widespread distribution.
October 2011	Work on grant agreement and reporting forms.
November 2011	Internal and DOJ review of grant agreement.
November 3, 2011	Applications due at OWEB by 5 p.m.
November 4, 2011	OWEB staff review of applications and notification to grantees of any incomplete elements. Grantees have until 4 pm to submit missing items.
November 7-8, 2011	Applications scanned and data entered into OGMS.
November 7-11	OACD convention and Network gathering in Sunriver
November 9, 2011	Applications posted online for reviewers (or CDs sent to reviewers).
November 29, 2011	Review meeting. Full day reserved to evaluate applications, and rank and prioritize those recommended for funding based on funding availability.
December 6, 2011	Complete application evaluations and prepare Director Memo for approval of awards. Submit Memo to Director for approval. Scan signed Memo.
December 7, 2011	Email applicants about funding awards with link to evaluation packet and Director's Memo.
December 16, 2011	Complete grant agreements and send to CREP TA grantees for their signatures.
January 1, 2012	CREP TA grant agreements begin.
January 18-19, 2012	Report to Board on CREP TA grant awards.

Proposed CREP TA Grants Review Team

Meta Loftsgaarden, NRCS

Lois Loop, FSA

Tom Straughan, ODA Water Quality Planner

Heather Rickenbach, ODA Grants Administrative Officer

John Byers, ODA SWCD Program Manager (or new SWCD staff)

Jerry Nicolescu, OACD

Bev Goodreau, OWEB Grant Program Specialist (Small Grants)

Linda Burnett, OWEB Grant Payment Specialist (CREP)

Staff: Melissa Leoni, OWEB



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September 6, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item J: Acquisition Program Status and Issues
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This report summarizes the current status of the land acquisition program and identifies both short term and long term actions to address challenges to the effectiveness of the program. Staff recommend Board reallocation of funds to continue support for an additional position in the acquisitions program.

II. Background

Requests for OWEB funding for land acquisition have grown significantly over the last ten years. The program has changed from a little-used responsive grant program to a strategic program with specific, articulated priorities and a comprehensive process for evaluating applications.

With the development of Special Investment Partnerships (SIP) by the Board in 2008, land acquisition has been a specific option for both the Willamette and Deschutes SIPs. Land acquisition applications have come through each SIP review process and been recommended for funding. In addition to the SIP program, staff have partnered with land trusts to apply for National Coastal Wetlands Conservation Grant Program (Coastal Wetlands) grants from the U.S. Fish and Wildlife Service. OWEB currently has been awarded eight Coastal Wetlands grants for 18 acquisition properties. This funding has significantly increased the acquisitions workload because staff must manage both the federal grant and the OWEB grant for matching funds when implementing a Coastal Wetlands transaction.

The growing volume and complexity of the acquisition applications has resulted in concerns from applicants and a workload beyond the capacity of current staffing. At the January 2011 Board meeting, the Board approved redirecting funding to:

1. Support a temporary staff position to assist in the processing of acquisition applications; and
2. Hire a facilitator to assist with a work group conversation about the OWEB acquisition program.

Temporary staff was hired on February 3, 2011. Benjamin Buhayar has been assisting Miriam Hulst in working on the backlog of land acquisition projects since that time. OWEB had requested a new full time position in its 2011-2013 Agency Request Budget, but it was not included in either the Governor's Balanced Budget or in OWEB's 2011 Legislatively Adopted Budget. The temporary position was an emergency response to a growing workload demand.

OWEB formed an acquisitions work group in February 2011. The work group met four times between March and June of 2011 to discuss the use of a conservation easement to protect the investment of public funds for fee simple land acquisition grants, the application evaluation process, evaluation criteria, eligible costs, and capacity issues. Attachment A is the facilitator's report summarizing the work group process and the conclusions and recommendations resulting from the discussion of land acquisition program issues.

III. Land Acquisition Program Staffing

A. Application Review and Funding

The Land Trust Alliance conducted a conservation capacity research effort in 2006¹. It concluded that a single, full-time staff person could handle from 5-15 land transactions in a year. This survey was of land trusts and only included the time associated with land transactions between a conservation buyer and seller. It did not account for time needed to conduct grant program processes such as application solicitation and review and to attend to post-closing obligations such as monitoring and management planning.

OWEB currently has grant application cycles every six months. In addition, acquisition applications are submitted to the SIP program on a rolling basis. More than 30 transactions are currently in various stages of review. Staff's conclusion is that current workload significantly exceeds the current staffing level of the agency.

The highest priority for ensuring the effectiveness of the program is to provide additional staff to manage the workload. Staff have initiated efforts to administratively establish a limited duration land acquisition specialist position to assist with reviewing applications and conducting transactions. Board action is required to dedicate funding to support the position. Staff will also extend a temporary position to provide clerical assistance. Staff propose that the Board award \$200,000 in remaining uncommitted Measure 66 Non-capital and Salmon Plate funds to support the additional full-time equivalent position and clerical assistance for the remainder of the biennium. The land acquisition specialist position will assist with grant program processes and the 30 transactions currently in various stages of review.

B. Grant Management

The acquisitions work group agreed that it was appropriate for OWEB to hold conservation easements because they are the most effective tool to protect the state's investment in lands acquired with state funds. The effectiveness of a conservation easement, however, is limited if it is not regularly monitored by the holder. Developing the capacity to monitor the more than 50 projects, involving more than 57,000 acres, in which OWEB has easement interests is critical to protect the state's investment of nearly \$30 million. The Land Trust Alliance

¹ Bates, Sylvia. 2007. Conservation Capacity and Enforcement Capability: A Research Report to the Land Trust Alliance. January 2007. 91p

research also indicated that a well-trained, full-time staff person could monitor 50-100 easements in a year depending on the size and complexity of the easements involved. OWEB has easements throughout the state and must develop a regular monitoring program and resolve the potential backlog of easement concerns. These aspects will require additional time.

A recent audit of the federal Forest Legacy Program (U.S. Department of Agriculture Office of Inspector General Audit Report 08601-56-SF, April 2011) found that failure to inspect easements purchased by that program was a significant risk to the protection of the federal funds involved. Similarly, an audit of the federal Wetlands Reserve Program came to a similar conclusion (U. S. Department of Agriculture Office of Inspector General Audit Report 10099-4-SF, August 2008). If there were an audit of OWEB's land acquisition program, a similar conclusion could be made.

Adding a third full-time position to monitor OWEB's portfolio of easements and assist with management planning is an additional crucial need for OWEB to ensure the effectiveness of the land acquisition program. OWEB does not necessarily have to bear the entire cost of the position. The position might also provide services to other state agencies to ensure other state-held conservation easements are inspected on a regular basis (such as easements acquired under the Wildlife Mitigation fund in the Willamette), and therefore the cost of the position could be shared among these agencies. While staff do not have a recommendation at this time, this may be a matter for future Board consideration.

IV. Land Acquisition Priorities and Review Process

The current process used to review land acquisition grant applications was created in 2004. The process was developed in consultation with a rules advisory committee made up of stakeholders and other interested parties. The resultant approach emphasized the role of a Board Land Acquisition Subcommittee in developing recommendations for the Board and limited the role of the Regional Review Teams (RRTs) to the evaluation of ecological and educational values of the proposed acquisition projects. The process was structured such that applicants are not required to submit due diligence materials with the grant application, therefore avoiding significant project expenses before OWEB has indicated whether the application is a priority for funding.

The recent acquisitions work group conversation raised questions about the transparency of the existing review process and the possibility of forming an acquisition review team to replace the RRTs. Changing the review process will require a change in administrative rule. Staff resources will be needed to consult with stakeholders and coordinate a rulemaking process. The issues associated with the review process will be considered by staff and the Board in the coming year.

In 2004, OWEB also established principles and priorities for land acquisition grants, which are incorporated into administrative rule. The priorities include a set of criteria identifying conservation targets across the state and a set of "landscape ecology principles" to enable the review of a proposed acquisition in relation to other conservation actions. The priorities (www.oregon.gov/OWEB/GRANTS/docs/acquisition/AcqPriorities_IntroFramework.pdf) were developed using a work group with significant representation by conservation interests from around the state.

The recent acquisitions work group also discussed altering the priorities from their current qualitative structure to a quantitative structure. To determine if changing the priorities is necessary and appropriate, staff and the Board will need to undertake a focused discussion with interested stakeholders about the goals and future direction of the program. This effort will take significant staff time and technical consideration.

V. Proposed Work Plan

Staff propose that the immediate priority for the acquisitions program is to focus on building staff capacity to manage existing grant program processes, current transactions, and issues arising with past projects. The issues raised and recommendations made by the recent acquisitions work group will be considered along with the other priorities being set by the Board for necessary program adjustments, as discussed in Agenda Items E and G. Staff will report to the Acquisition Subcommittee on a regular basis and to the full Board at future meetings on the status of the program and work plans developed to address the acquisitions work group recommendations.

VI. Recommendation

Staff recommend the Board allocate \$200,000 from remaining uncommitted Measure 66 Non-capital and Salmon Plate funds and delegate authority to the Executive Director to distribute the funds through appropriate agreements and staffing, including support for a full-time limited duration land acquisition specialist position and clerical support, to support the land acquisition program capacity as discussed in Section III.A. above.

Attachment

- A. Land Acquisition Work Group Final Report

**OWEB Land Acquisition Grant Program Review
Facilitator Report
July 2011**

Summary of Process

A Land Acquisition Grant Program Review Work Group process was initiated by the Oregon Watershed Enhancement Board (OWEB) in early 2011 to review OWEB's land acquisition grant program, with the goal to define issues about that program and alternative approaches to address those issues. The impetus for the review was the passage of Ballot Measure 76 and general concerns about the grant process raised by land trusts and other grant applicants.

To define proposed topics and associated questions for work group consideration, Cogan Owens Cogan, LLC (COC) conducted a total of 13 interviews with OWEB staff and Work Group members. The topics defined through these interviews became the basis for structuring a series of four Work Group meetings between March 17 and June 30, 2011. During the process, two subgroups were established to develop recommendations specific to risk assessments associated with conservation easements and public uses/access on land under conservation easements.

At the outset of the Work Group process, it was agreed that the scope should be limited to resolving outstanding administrative issues around the program and that more comprehensive issues related to implementation of Ballot Measure 76 would be better addressed in other forums. Additionally, it was agreed that the focus would be on process rather than funding allocations.

Work group discussions were organized around seven issue areas identified through the interview process. For each issue area, a set of questions was framed as a discussion for each topic.

Meeting summaries and a bibliography of informational materials distributed to the Work Group are attached.

Conclusions/Recommendations

Assurance of Conservation Use of Publicly Funded Acquisition Lands

The conversation on this topic focused on a limited set of questions: (1) Is there a level of risk where a conservation easement isn't necessary and what are the alternatives? (2) Where a conservation easement is the most appropriate tool, are there different ways to apply the conservation easements that are less burdensome?

Conclusions:

- A conservation easement (for fee acquisitions funded by OWEB) is an appropriate tool to protect the public's interests. It is recognized that the agency has concluded that a conservation easement is the best tool available to OWEB to protect the long-term conservation values of its acquisitions.
- Conservation easements by themselves are not precluding certain types of projects.

Recommendations:

- A revised (shortened) conservation easement form should be developed. A single easement form versus multiple forms (short, medium and long forms) should be used.

In response to Subgroup recommendations and Work Group input, OWEB (June 29, 2011 Memorandum) identified potential revisions to the conservation easement it currently uses in three categories. The Work Group endorsed these potential revisions, with the caveat that they will need to be vetted with the larger land trust community before being implemented:

- (1) Changes (four items) that OWEB is likely to adopt because they are more concise and clear than existing provisions and do not alter the substance of existing provisions.
 - (2) Changes (five items) that OWEB is willing to pursue if support from the larger land trust community is demonstrated.
 - (3) Changes that need to be further explored. These include:
 - A shortened list of activities that are inconsistent with protected values and identifying priority of use.
 - Requesting information on the applicant's management intent in the easement but leaving the detail on proposed management to the management plan.
 - Deletion of grantor's representations if these can be obtained in the option or purchase agreement.
 - Consolidation of the right to enter property with enforcement provisions.
- OWEB should develop guidance to landowners about how/when it would step in to enforce easements.

Evaluation Process

Concerns about the evaluation process center on a perceived lack of transparency. There is a perception that once a grant application is submitted, the transparency in the process diminishes. How criteria are evaluated and weighted is also a concern. In addition, there are concerns about the role of the regional review teams and the lack of consistency and the perceived bias of some reviewers against land acquisition.

Conclusions/Recommendations:

- Principles for transparency and objectivity should include:
- The results of the process should be clear. There should be a clear record of why a decision is made or a recommendation is made. Documentation should be made against review criteria.
 - The earlier an applicant gets a written explanation of the status the better.
 - The roles of review parties should be clear and distinct.
 - The reviewers of the conservation value of the project should be available to visit each site.
 - The reviewers should have sufficient training and field expertise to effectively evaluate property and the potential conservation value of a given property.
 - The staff should be available to advise grant applicants or potential grant applicants.
- A statewide committee review process would not be viable. A subset of the regional review teams that focuses just on land acquisitions should be investigated.
- OWEB needs to further investigate the feasibility of some type of pre-application conference that evaluates realty issues, project costs and other factors that directly affect the "fundability" of proposed projects. It is assumed that applicants would be responsible for any pre-application costs.

Evaluation Criteria

Conclusions:

- The issue is primarily one of consistency and transparency in the interpretation of criteria.

- Ongoing work is needed to ensure that human use/access is appropriately considered in criteria.
- There is no inherent bias in the criteria against working land easements. Review of OWEB's Ecological Priorities for Land Acquisition by Basin indicates that there is no advantage provided in those priorities for fee acquisition of a parcel over protection by conservation easement and no advantage for properties with non-working landscapes over working landscapes.
- A shared understanding needs to be built of the value of working lands and the grant application process/criteria.

Recommendations:

- No specific revisions to current criteria were identified.
- Coaching of grant application reviewers on working lands should be provided.

Capacity

Conclusions:

- Additional capacity is needed to process an increasing number of applicants.
- What is meant by realty experience needs to be defined.

Recommendations:

- Opportunities for partnering should be continuously explored.
- In addressing capacity needs, OWEB needs to recognize the difference between its oversight and management responsibilities and allocate resources accordingly.

Management Plans

Conclusions:

- The relationship between management plans and conservation easements is a longer-term issue that should be addressed in a different forum in the new biennium.
- Other partners, e.g. NRCS, BPA, USFS, need to be involved to help address how duplication of efforts can be avoided. These partners could also help address capacity questions as well, i.e. long-term monitoring.
- Examples from other states / entities could be used to avoid recreating the wheel.

Opportunities for Reimbursement of Costs

Recommendations:

- OWEB should develop appropriate administrative rules to allow for reimbursement for due diligence or direct costs based upon standard requirements. This would apply only to funded projects.

Spending Plan

Recommendation:

- Further consideration should be given to development of a spending plan relative to land acquisition grant funding.

Attachments

- Work Group Roster
- Meeting Summaries
 - March 17
 - May 3
 - May 23
 - June 30

Other Documents Reviewed by the Working Group (on file at OWEB)

- Alternative Land Acquisition Application Review Processes (Ken Bierly memo - 3/22/11)
- Acquisition Review Process (diagram)
- Conservation Protection Through Deed Restrictions (Eric Iverson memo – 6/3/04)
- OWEB Ecological Priorities for Land Acquisition by Basin
- Oregon Administrative Rules, Division 45 – Land Acquisition Grants
- Short Form of Conservation Easement
 - Subgroup Comments on OWEB Conservation Easement Template
 - Subgroup Proposed Template for Short Form Conservation Easement
 - OWEB Response to Subgroup Short Form of Conservation Easement Template
- State of Washington Deed of Right to Use Land for Salmon Recovery
- Acquisition Grant Application Review Process Principles (Ken Bierly memo – 6/28/11)



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August 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item K: Administrative Rulemaking
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This report seeks Board approval of proposed administrative rule amendments to update administrative rules directly affected by the passage of Ballot Measure 76 and its implementing legislation, Senate Bill 342. This report also seeks Board authorization to complete a statutorily required five year review of the rules in Division 7, Salmon Season Grants, which must be completed by February 1, 2012.

II. Background

Under Ballot Measure 66 (1998), the Oregon Constitution dedicated 15 percent of net lottery proceeds for parks and watershed protection and restoration. Of the 7.5 percent of the Measure 66 funds dedicated for watershed protection and restoration, 65 percent was required to be “used for capital expenditures,” or on-the-ground restoration and protection projects and the remaining 35 percent could be used to support operational and other watershed enhancement activities.

In 2010, a coalition of conservation organizations filed an initiative to continue the lottery dedication and refine uses of the funds. Ballot Measure 76 qualified for the ballot and was passed by voters on November 2, 2010, with support of more than 69 percent of voters statewide.

Measure 76 continues the dedication of 15 percent of Lottery proceeds to the Parks and Natural Resources Fund, with 50 percent deposited in a Parks Subaccount and 50 percent deposited in a Natural Resources Subaccount. The funds dedicated to the Natural Resources Subaccount are still split 65/35, but the 65 percent is no longer restricted to capital expenditures. Instead, the purposes of 65 percent is for “grants to entities other than state or federal agencies for projects” to achieve defined conservation outcomes. The remaining 35 percent of the Natural Resources Subaccount is available for allocation by the Oregon Legislature to natural resource program support for specified purposes.

Senate Bill (SB) 342 is the bill passed by the 2011 Oregon Legislature to make the necessary statutory changes to implement Measure 76. Staff identified several immediate updates to OWEB’s administrative rules that are needed to ensure a smooth transition with ongoing programs early in the biennium. In the longer term, staff recognize the need for the Board, staff

and stakeholders to discuss potential changes in programs, processes and policies resulting from Measure 76 and any new statutory guidance.

III. Rulemaking Process

After the June 2011 Board meeting, staff developed a draft set of rule revisions and convened a Rules Advisory Committee (RAC) to review and provide feedback on the proposed rule language. The RAC primarily included representatives from watershed councils and soil and water conservation districts from around the state because of the Small Grant Program rule. The RAC also included a representative from the Measure 76 coalition and Senator Dingfelder’s SB 342 work group.

Name	Region/Organization
Stacy Polkowske	R1 – Lincoln SWCD
Denise Lofman	R1 – Tillamook WC
Eric Riley	R2 – Partnership for Umpqua Rivers
Eann Rains	R3 – Clackamas SWCD
Eve Montanaro	R3 – Middle Fork WC
Kate Merrick Conley	R4 – Wasco WCs
Justin Ferrel	R4 – Lake County SWCD
Laurie Owens	R5 – Baker Valley SWCD
Kelly Weideman	R5 – Malheur WC
Debra Bunch	R6 – Mid John Day WC
Brian Stradley	R6 – Sherman SWCD
Bruce Taylor	SW – Defenders of Wildlife

The RAC met on July 12, 2011. Staff then reviewed the proposed rules based on the RAC’s discussion and made the rules available for public comment, which ran from August 1 to August 22, 2011. A public hearing was held on August 22, 2011, in Salem at the State Lands Building. No one attended the August 22 hearing.

IV. Public Comment

OWEB received two questions about the rules and one written comment on the proposed rules. Bruce Taylor with Defenders of Wildlife, who was on the RAC, submitted comments proposing additional language changes to make the rules more consistent with Measure 76 and SB 342, specifically that “I still think it is inappropriate to retain references to “production of fish” and “salmon” in light of the broader constitutional and statutory direction to address habitat for native fish or wildlife.” For example, where rules reference salmon or fish, the language should be updated to reference “native fish or wildlife.” Mr. Taylor also recommends that OWEB update the Restoration Grant evaluation criteria that specifies the use of the Oregon Aquatic Habitat Restoration and Enhancement Guide to include “or other applicable technical guidance.”

Staff agree with Mr. Taylor’s recommendation that OWEB update its rules in light of the broader constitutional and statutory language and have done this with two of the proposed amendments. However, staff do not agree that this is the rulemaking in which to do that thorough review and update. This is a limited, technical rulemaking for seven of OWEB’s 105 rules. While many of the language updates will be straightforward substitutions, some will be substantive and require more of a policy discussion about intent with a broader group of stakeholders.

V. Proposed Administrative Rules

Attachment A shows the public comment version of the proposed rules with the proposed amendments shown in tracked changes. No changes are recommended as a result of the public comment period and staff recommend the Board approve the proposed administrative rules contained in Attachment A.

In general, the proposed amendments change the name of the Measure 66 grant fund to the name of the new Measure 76 grant fund in five rules; amend one of the restoration grant evaluation criteria; and add a broad definition in the Small Grant Program eligible and ineligible rules to replace the statutory reference to the Measure 66 “capital” definition. These rule amendments do not change OWEB policy, grant eligibility, or grant evaluation criteria (except as described in subsection C below). This rulemaking, as described in Section IV above, was also not a thorough review of all of OWEB’s rules to determine whether language referring to salmonids, fish, or fish habitat should be updated with “native fish or wildlife” as used in Measure 76 and SB 342. That will need to be done in the future as we tackle other policy, eligibility, or criteria changes.

A. Grant Fund Name Change (OAR 695-010-0030, 695-010-0060, 695-015-0030, 695-030-0060, and 695-035-0010)

In all five rules, the proposed amendments change the name of the Watershed Improvement Grant Fund (Measure 66) to Watershed Conservation Grant Fund (Measure 76). A late amendment to SB 342 retained the old Measure 66 funds and created the Measure 76 funds through new statute, instead of amending the existing statutes. Until this amendment to SB 342, staff had planned to administratively change the fund name with the Secretary of State Archives Division. This amendment made it necessary to change the fund name through rulemaking.

B. Small Grant Program. OAR 695-035-0050(1)(d) and 695-035-0060(1)(d)

These two Small Grant Program rules reference the definition of “capital” contained in ORS 541.351(4), which was deleted by SB 342. Staff propose to continue the Small Grant Program as is over the 2011-2013 biennium, while the Board and stakeholders consider whether there should be any long-term changes to the program. These rules have been revised to include a definition that allows projects to “restore, enhance, or protect native fish and wildlife habitat, watershed or ecosystem functions, or water quality” to be eligible for small grant funding. This language is also consistent with the language in Measure 76 and SB 342.

C. Restoration Grant Evaluation Criteria. OAR 695-010-0060(2)

This rule matched ORS 541.401(3), which was amended by Section 14 of SB 342. The proposed amendments will continue to have the rule match statutory language. This rule does modify one grant criteria; the rule change clarifies that restoration projects must provide an ecological public benefit and not just a public information/education benefit. This is consistent with how OWEB has evaluated and funded restoration grants.

VI. Five Year Review

ORS 183.405 requires new rules adopted after January 1, 2006, to be reviewed no later than five years after adoption. The review must determine:

- Whether the rule has had the intended effect;
- Whether the anticipated fiscal impact was underestimated or overestimated;
- Whether subsequent changes in the law require the rule to be repealed or amended; and
- Whether there is continued need for the rule.

OWEB first adopted administrative rules for the Salmon Season State of Emergency Grants (Division 7) in January 2007; they were subsequently amended in 2008. All of the rules in this division are subject to the five year review requirement by February 1, 2012.

A. Background

On April 24, 2006, Governor Kulongoski issued Executive Order No. 06-06, declaring a state of emergency for Oregon's coastal counties impacted by Klamath River fishing restrictions. In response to the Executive Order, OWEB staff developed concepts to (1) create immediate opportunities to employ displaced fishers in salmon recovery-related activities; (2) develop future employment opportunities for fishers for additional salmon recovery restoration work; and (3) significantly expand state and local efforts to recover salmon populations on the Oregon coast.

In response to legal advice, staff developed temporary (emergency) administrative rules to give OWEB the ability to apply award preferences related to the employment of displaced fishers, providing fish habitat benefits, and addressing identified watershed needs. The Board adopted the temporary rules in July of 2006, while staff developed a proposed set of permanent rules. The Board adopted the permanent administrative rules in January 2007.

On April 10, 2008, Governor Kulongoski issued Executive Order 08-10 declaring a state of emergency due to the limitations on ocean commercial and sport salmon fishing, and in response to the serious economic and social impacts facing coastal communities. In order to exercise the preference for grants that hired displaced fishers to perform restoration and other related work under the new Executive Order, OWEB amended the rules in Division 7 to reference the 2008 Executive Order and add eligibility for the charter fleet, which wasn't affected by the 2006 closure. The Board adopted temporary rule amendments in May 2008; the Board adopted permanent rules in September 2008.

The current rules in Division 7 reference the 2008 Executive Order. OWEB last awarded a grant under these rules in 2008. There have been no new executive orders.

B. Proposed Review Process

In 2006, OWEB developed the initial rules in consultation with the Governor's Office, Oregon Salmon Commission, local watershed councils, soil and water conservation districts, Oregon State University Extension, and affected fishers. Staff will consult with these parties in early fall and, by November 15, 2011, will determine whether rulemaking is needed to repeal or amend these rules (for example to update the Executive Order reference). If

rulemaking is needed, staff will propose the repeal or amendments for public comment by December 1, 2011, with a public comment period and public hearing to occur by January 2012. Staff will then make a recommendation to amend or repeal these rules at the January 2012 Board meeting.

Staff anticipate that the review and any associated rulemaking will require minimal staff and stakeholder time. If initial discussions with stakeholders identifies more extensive issues, staff will return to the January 2012 Board meeting with a revised rulemaking proposal that considers existing staff resources and Board priorities.

VII. Recommendation

Staff recommend:

- A. The Board approve the proposed administrative rules contained in Attachment A of this staff report.
- B. The Board authorize the five year rule review process and potential rulemaking for Division 7, Salmon Season Grants, as described in Section VI.

Attachment

- A. SB 342 Immediate Rulemaking – Public Comment Rules

Oregon Watershed Enhancement Board
SB 342 Immediate Rulemaking: Proposed Amendments for Public Comment

Division 10 - Restoration Grants

695-010-0030

Watershed Restoration Priorities

For grant applications to be funded by the Watershed ~~Improvement~~Conservation Grant Fund, the following preferences will apply:

- (1) Projects that address altered watershed functions affecting water quality, water flow volume and duration, and the production capacity for fish over projects that address site-specific land use problems where the greatest benefit is to a private resource or land.
- (2) Projects that include removal or remediation of human-caused alterations (roads, culverts, channelization, etc.) to improve water quality and/or fish habitat over projects that enhance naturally functioning systems.
- (3) Projects that change land management practices to address the causes of chronic disturbances to the watershed over projects that address only symptoms of disturbance.
- (4) Projects with direct evidence of collaboration between stakeholders and agencies over single-party projects.
- (5) Projects focusing on upslope and upstream treatments over projects focusing on downslope and downstream treatments, unless the project addresses tidal-driven systems or addresses other specific issues (e.g. historic losses) that encompass whole watershed conditions.

695-010-0060

Evaluation Criteria

(1) Project applications will be reviewed for compliance with the items in OAR 695-005-0030 and 695-010-0050.

(2) Watershed restoration projects funded from the Watershed ~~Improvement~~Conservation Grant Fund must provide a public benefit ~~through~~by supporting improved:

- (a) Water quality;
- (b) ~~Native F~~ish or wildlife habitat; or
- (c) ~~Public information or education on a w~~atershed or ecosystem function.

(3) Watershed restoration project proposals must meet the following criteria to be considered for funding by the Board:

- (a) The project demonstrates sound principles of watershed management;
- (b) The project uses methods adapted to the project locale;
- (c) The project complies with state land use planning goals and is compatible with acknowledged comprehensive plans as required under ORS 197.180; and
- (d) The project meets the requirements in the *Oregon Aquatic Habitat Restoration and Enhancement Guide*.

(4) Watershed restoration projects meeting the criteria established by subsection (1) above will be further evaluated on the basis of the extent to which the project:

- (a) Is based on a watershed assessment or other analytical tool that identifies specific watershed health problems;
- (b) Is part of a watershed action plan or other strategic plan that prioritizes subwatersheds or project types within subwatersheds;
- (c) Clearly defines and addresses a watershed health problem or known limiting factors;

- (d) Has clearly stated objectives and is likely to meet these;
 - (e) Will be implemented using a clearly defined method to address the problem;
 - (f) Provides educational opportunities or promotes public awareness of watershed enhancement benefits;
 - (g) Fits within the context of past and planned future restoration efforts in the watershed;
 - (h) Improves watershed function;
 - (i) Treats the causes of the identified problems, rather than treating symptoms;
 - (j) Encourages the use of non structural methods to enhance riparian areas and associated uplands;
 - (k) Includes funds or in-kind services from non-Board sources;
 - (l) Is proposed in the context of fish and wildlife species life stages, upland conditions and year-round watershed functions;
 - (m) Takes into consideration the quality of the watershed above and below the project area;
 - (n) Takes into consideration known potential future events that may affect the success of the project;
 - (o) Takes into consideration potential impacts to other properties and streams in the area;
 - (p) Is ready to be implemented; and
 - (q) Identifies and evaluates alternatives to address the identified problem.
- (5) Watershed restoration projects shall also be evaluated based on the following administrative and fiscal criteria:
- (a) The amount of the administrative costs relative to the project's fiscal management complexity;
 - (b) The applicant's past grant record with regard to timely project completeness, accounting and reporting as well as whether past projects were completed as proposed, using information provided by Board staff;
 - (c) The extent to which the personnel costs reflect the tasks involved in implementing the project;
 - (d) Whether the direct costs and match values reflect local market rates; and
 - (e) Whether the overall budget reflects the expected watershed health benefit.

Division 15 - Education and Outreach Grants

695-015-0030

Education and Outreach Priorities

For grant applications to be funded by the Watershed Improvement-Conservation Grant Fund, the following preference shall apply: Watershed and riparian education projects that provide education and awareness about watershed processes for landowners over projects that create curriculum materials.

Division 30 - Assessment and Action Plan Grants

695-030-0060

Assessment and Action Plan Priorities

For grant applications to be funded by the Watershed Improvement-Conservation Grant Fund, the following preferences will apply:

- (1) Watershed assessment projects that address whole basin conditions to focus restoration needs over single-function research projects; and
- (2) Projects developed from a watershed-level assessment and analysis of conditions that includes an action plan for restoration or enhancement of watershed functions.

Division 35 - Small Grant Rules

695-035-0010

Small Grant Program

(1) The Oregon Watershed Enhancement Board (OWEB) may provide funding for a locally administered Small Grant Program from its Watershed ~~Improvement~~Conservation Grant Fund. Funds may be allocated for the Small Grant Program in amounts and at times decided by the Board.

695-035-0050

Eligible Small Grant Projects

- (1) The Small Grant Program will fund only those projects that:
 - (a) Demonstrate in the Small Grant Project application a clear watershed benefit to aquatic species, wildlife, or watershed health.
 - (b) Are consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.
 - (c) Adhere to OWEB administrative rules, OAR 695-005-0010 - 695-005-0060 and 695-050-0010 - 695-050-0050.
 - (d) ~~Meet the definition of "capital expenditure" under ORS 541.351(4).~~Implement a project to restore, enhance, or protect native fish or wildlife habitat, watershed or ecosystem functions, or water quality.
 - (e) Are implemented in a manner consistent with the Oregon Aquatic Habitat Restoration and Enhancement Guide.
 - (f) Use and clearly identify in the small grant application technical guidance from at least one of the approved sources in OAR 695-035-0030(3), and cite in the application the practice code(s), or the page number and paragraph, for the technical guidance source listed.
 - (g) Where applicable, have been approved for technical sufficiency by the appropriate state agency, or by the appropriate tribal government for projects on Tribal Trust Lands.
- (2) Small Grant Projects to be completed in phases on the same property are eligible for Small Grant Project funding, provided only one phase is submitted for funding consideration per OWEB fiscal year, and provided all phases occur at different locations on the property. In general, OWEB encourages multi-phased project applications to be submitted through the OWEB Regular Grant Program.
- (3) Teams must select from the following list when identifying priority watershed concerns for their Small Grant Area:
 - (a) Instream Process and Function;
 - (b) Fish Passage;
 - (c) Urban Impact Reduction;
 - (d) Riparian Process and Function;
 - (e) Wetland Process and Function;
 - (f) Upland Process and Function;

- (g) Water Quantity and Quality/Irrigation Efficiency;
- (h) Road Impact Reduction.
- (4) The following project types are eligible for funding. Teams are encouraged to be strategic in identifying eligible project types in an effort to better support salmon recovery objectives and Agricultural Water Quality Management Area Plans. Teams may petition OWEB to allow project types not appearing on the list, as described in OAR 695-035-0020(9)(c).
 - (a) Instream Process and Function.
 - (A) Improve Instream Habitat: place large wood, boulders, or salmon carcasses;
 - (B) Manage Erosion: bioengineer stream banks, slope stream banks, or develop water gaps, streambank barbs;
 - (C) Eradicate or Control Exotic Aquatic Species.
 - (b) Fish Passage.
 - (A) Remove Irrigation or Push-Up Dams: install alternatives (e.g., infiltration galleries, point-of-diversion transfers) or convert from gravity diversion to pumps;
 - (B) Remove and/or Replace Culverts (as a condition of funding, such projects require ODFW or ODF technical review and approval, or tribal government review and approval for projects on Tribal Trust Lands, using a standard OWEB form; and for culverts under state roads, a 50 percent ODOT match);
 - (C) Remove or Replace Stream Crossings (as a condition of funding, such projects require ODFW or ODF technical review and approval, or tribal government review and approval for projects on Tribal Trust Lands, using a standard OWEB form).
 - (c) Urban Impact Reduction.
 - (A) Install Stormwater Runoff Treatments (e.g., create bioswales, pervious surfaces, native plant buffers, green roofs);
 - (B) Create Off-Channel Flood Storage;
 - (C) Employ Integrated Pest Management.
 - (d) Riparian Process and Function.
 - (A) Manage Nutrient and Sediment Inputs through managed grazing (e.g., fencing and developing off-channel watering) and plantings;
 - (B) Manage Vegetation: plant or seed native riparian species, propagate native riparian plants, or control weeds in conjunction with a restoration project;
 - (C) Employ Integrated Pest Management.
 - (e) Wetland Process and Function.
 - (A) Manage Nutrient and Sediment Inputs: fence out livestock or develop alternative watering sites;
 - (B) Manage Vegetation: control weeds (in conjunction with a restoration project), or plant native wetland species;
 - (C) Restore Wetlands: excavate or remove fill, or eliminate drainage structures;
 - (D) Employ Integrated Pest Management.
 - (f) Upland Process and Function.
 - (A) Manage Erosion on Agricultural Lands: terrace land; employ laser leveling; create windbreaks; install water and sediment control basins (WASCBs); develop filter strips/grassed waterways; manage mud (e.g., gravel high-use areas, develop paddocks); seed bare areas (OWEB may require a grazing management plan, if appropriate, prior to release of funds. For post-fire areas, seed only where natural regeneration is unlikely -- e.g., on slopes of 30 percent or more -- or where it can be demonstrated that seeding would retard or prevent the spread of noxious weeds); or reduce tillage.

- (B) Manage Nutrient and Sediment Inputs to Streams through the management of grazing, vegetation cover, animal waste, or irrigation runoff.
- (C) Manage Vegetation: prescribed burning, except when conducted as part of a commercial harvest; non-commercial thinning; control/remove juniper (except late-seral/old growth); plant or seed (native upland species or native beneficial mixes preferred); or control weeds (in conjunction with a restoration project). Projects for prescribed burning to reduce fuel loads require ODF technical review and approval, or tribal government review and approval for projects on Tribal Trust Lands, using a standard OWEB form.
- (D) Manage Wildlife: install water guzzlers.
- (E) Employ Integrated Pest Management.
- (g) Water Quantity and Quality/Irrigation Efficiency.
 - (A) Recharge Groundwater: roof water harvesting;
 - (B) Implement Irrigation Practices (e.g., pipe existing ditch, install drip or sprinkler systems, install automated soil moisture sensors where water and electrical savings can be documented, or recover or eliminate tail water). Such projects must either not adversely impact the current level of groundwater in a Groundwater Management Area, or must measurably reduce the diversion of water at the point of diversion. As a condition of funding, irrigation efficiency projects require local watermaster technical review and approval, or tribal government review and approval for projects on Tribal Trust Lands, using a standard OWEB form.
- (h) Private Road Impact Reduction.
 - (A) Decommission Roads;
 - (B) Improve Surface Drainage: surface road drainage improvements, gravel surfacing, stream crossings.

695-035-0060

Ineligible Small Grant Projects

- (1) The Small Grant Program will not fund projects that:
 - (a) Do not demonstrate a clear watershed benefit to aquatic species, wildlife, or watershed health.
 - (b) Are not consistent with the local Small Grant Team's priority watershed concerns, as identified in their program grant agreements with OWEB.
 - (c) Do not adhere to OWEB administrative rules: OAR 695-005-0010 - 695-005-0060, 695-035-0010 - 695-035-0070, and 695-050-0010 - 695-050-0050.
 - (d) Do not meet the definition of "capital expenditure" under ORS 541.351(4); implement a project to restore, enhance, or protect native fish or wildlife habitat, watershed or ecosystem functions, or water quality.
 - (e) Do not use and clearly identify in the small grant application technical guidance and standards from one of the approved sources listed in OAR 695-035-0030(3).
 - (f) Are at the same location as, and are identical to, projects that have already been funded, are currently being funded, or are currently being considered for funding through either the Small Grant Program or the OWEB Regular Grant Program.
- (2) The following project types are ineligible for funding through the Small Grant Program:
 - (a) Project planning and design not done in conjunction with the implementation of funded restoration or enhancement activities.
 - (b) Routine maintenance.
 - (c) Trash removal.
 - (d) Fish screens and trash racks.
 - (e) Tide gate removal, replacement, or installation.

- (f) Constructed stream bank armoring.
- (g) Development of off-channel watering systems not done in conjunction with fencing a riparian area or managing nutrient and sediment inputs in upland areas.
- (h) Pond cleaning and pond creation (does not include off-channel watering systems and pump-back systems).
- (i) Residential landscaping not done in conjunction with the implementation of funded riparian restoration or enhancement activities.
- (j) Weed control not done in conjunction with the implementation of funded restoration or enhancement activities.
- (k) Projects required as a condition of a local, state, or federal permit, order, or enforcement action (e.g., mitigation projects, manure storage and management projects that are required by a permit from ODA).
- (l) Irrigation practices that adversely impact the current level of groundwater in a Groundwater Management Area, or do not measurably reduce the diversion of water at the point of diversion.
- (m) Irrigation water conservation projects that propose any of the following activities:
 - (A) Irrigation system maintenance or renovation of existing pipe.
 - (B) Restoring a system that has deteriorated due to lack of maintenance and/or inadequate design.
 - (C) Portable pipe (does not include gated pipe) or ditch cleaning.
 - (D) Electrical costs resulting from conversion to pump from flood irrigation.
- (n) Western juniper management that involves the removal of late-seral/old growth juniper.
- (o) Reforestation or tree planting on lands following a commercial harvest.
- (p) Prescribed burning when conducted as part of a commercial operation.
- (q) Commercial thinning.



September 7, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item L: Partnership Investments
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This report summarizes the current status of partnership investments the Board is participating in and makes funding recommendations for the 2011-2013 biennium.

II. Background

The OWEB Board and staff began considering the idea of providing strategic partnership investments in early 2007. The primary characteristics of partnership investments are that they include specific ecological objectives, specific partner roles and responsibilities, significant matching of OWEB funds, and alternative solicitation and review processes. All partnership investments maintain OWEB fiscal controls, strong technical review criteria, and enforceable agreements.

In light of this significant and growing program area, in 2008, the Board formed a Partnership Investment Subcommittee to provide greater focus on these investments. The Subcommittee meets periodically to review the status of existing partnership projects and to review potential new ideas and proposals before they are introduced to the full Board. In 2008, the Board adopted administrative rules (Division 4) requiring the Board to approve guidance and criteria for approving program or initiative funding that occurs outside of the regular grant programs. Subsequently in 2009, the Subcommittee and staff developed criteria for evaluating other partnerships seeking Board consideration, which were adopted in June of 2009.

The following sections provide background on each of OWEB's four active partnership investments.

A. Conservation Reserve Enhancement Program (CREP)

As an offspring of the Conservation Reserve Program, CREP is a voluntary program for agricultural landowners. This unique state and federal partnership allows landowners to receive incentive payments and conservation rental payments from the Farm Services Agency for establishing long-term, riparian buffers on eligible land. The Oregon CREP was initially developed to address listed salmon streams; the program was later modified to assist in addressing stream water quality issues (primarily temperature).

Under the Oregon CREP Agreement, the state is responsible for 20 percent of the overall program costs, including both landowner payments for conservation activities and program activities, such as outreach, monitoring, technical assistance, and program coordination. The Oregon Departments of Agriculture, Forestry, and Water Resources also assist in CREP implementation and coordination. OWEB provides the funding for the partial payment (25 percent) of all conservation activities (fencing, off-stream watering, site preparation, plant materials, planting, etc.) under CREP contracts.

B. Whole Watersheds Restoration Initiative

The Whole Watersheds Restoration Initiative (WWRI) is a partnership with U.S. Forest Service, NOAA Fisheries, and Ecotrust. The WWRI is a targeting effort to focus restoration funding across public and private ownerships within “priority basins” for watershed restoration within “focal watersheds” where restoration action plans have been developed. The initiative is active in Oregon, Washington, and Idaho. OWEB participates only in Oregon with the U. S. Forest Service and National Marine Fisheries Service. The Bureau of Land Management and Natural Resources Conservation Service are cooperating as well and may have a greater role in the future. The Board has awarded \$500,000 to the WWRI each biennium since 2006. Funding is awarded to individual projects through annual solicitations. The 2011-2012 solicitation will be made available in October of this year.

C. Special Investment Partnerships

The goal of the Special Investment Partnerships (SIP) is the same as that of OWEB overall – to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. SIP is a tool that OWEB may elect to use in situations where an important and extremely beneficial project (or group of related projects) requires an interaction or funding mechanism different than those provided by OWEB’s regular grant programs. Partnerships through SIP are defined by these characteristics:

1. Ecological Significance

The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.

2. Importance of OWEB’s Contribution

OWEB’s contribution will be critical, not only to funding the effort, but also to attracting the other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.

3. Robust Partnerships

SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.

4. Triple Bottom Line

Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they’ve become a part of local custom and culture.

5. Captures the Imagination/High Visibility

The scale, importance, and sustainability of a Partnership will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.

6. Ripeness

To receive a funding allocation from the Board, a Partnership: (a) needs to be ready to form and begin functioning to finalize objectives and a work plan; (b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB’s needs; and (c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

III. Partnership Investment Update

A. CREP

The CREP program continues. A more detailed update, including a discussion of a technical assistance grant proposal for the program is in Agenda Item I. As of August 31, 2011, there was approximately \$817,000 remaining from previous Board allocations for CREP cost-share payments. Currently cost-share payments total approximately \$100,000 per month. An additional \$1.4 million could be necessary before the end of the biennium to make cost-share payments for CREP. Staff will monitor cost-share payments this fall and will return to the Board in January with an update and possible fund request.

B. WWRI

Continuation of the WWRI partnership is important at this time since solicitation for applications will be made in October 2011. When considering the Sandy Basin partners as a candidate SIP, the Partnership Subcommittee suggested considering providing targeted funding through the WWRI for the Sandy. Preliminary discussions with Ecotrust and the Sandy Partners have been held. It is hoped that the discussion can be brought forward to the Board in the near future. Staff hope to continue funding the WWRI partnership at up to \$500,000 for the biennium. However, given the need for additional discussion regarding board spending plan priorities for the biennium, staff recommend the Board award \$250,000 to the WWRI for the first year of the biennium at this time and consider the second year funding at a future board meeting.

B. Deschutes SIP

At its January 2008 meeting, the Board approved up to \$4 million for the Deschutes SIP and authorized the Director to follow through with the contracts and agreements necessary to begin implementation of a list of projects and project concepts. The Deschutes SIP was reauthorized and allocated an additional \$4 million at the September 2009 Board meeting.

OWEB staff have been discussing the status of the Deschutes SIP with the partners and are evaluating progress against the goals of the initiative. Figure 1 illustrates the conceptual trajectory of funding over time and the current status from the partners' perspective.

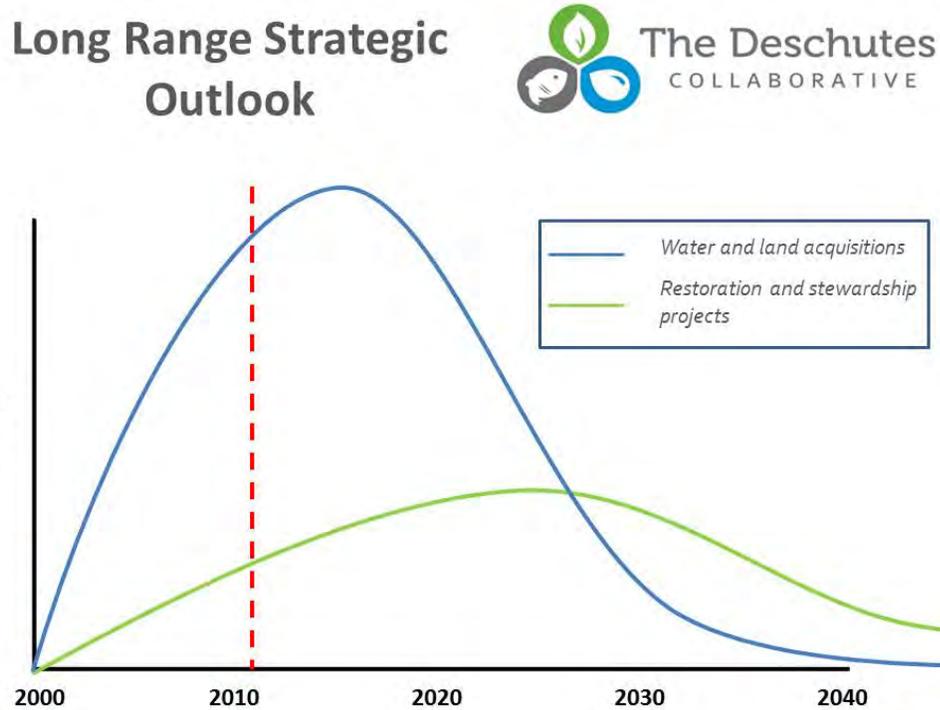


Figure 1: The Funding Trajectory of a Focused Restoration Enterprise

The Deschutes partners have reinvented themselves as the “Deschutes Collaborative” and have identified \$21 million in projects with a \$6 million request from OWEB for the 2011-2013 biennium. (Attachment A) They have also developed a Deschutes SIP Project Highlights handout to describe a few of the opportunities this biennium. (Attachment B) The Deschutes Collaborative has nearly completed the projects funded from the OWEB funds of the last two biennia.

Figure 2 shows the progress made over the last two biennia and the proposed progress for 2011-2013. This illustration shows that significant progress is being made and that additional effort is necessary to achieve the outcome goals that are the foundation of the partnership. While the Deschutes Collaborative has projects for some \$6 million for the biennium, staff request that the Board reserve \$4 million for the biennium and award \$2.5 million for the initial set of projects from the Deschutes.

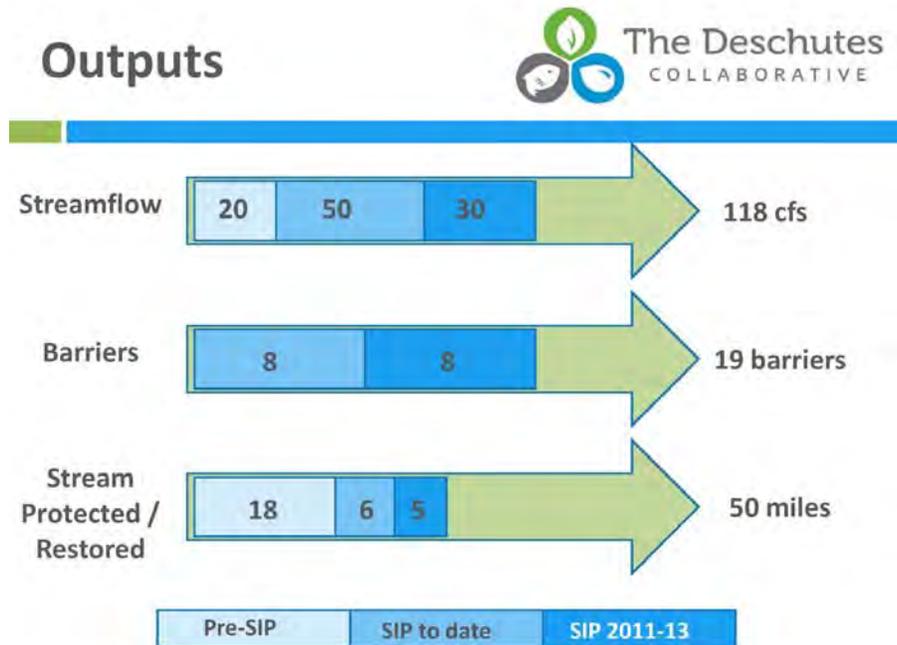


Figure 2: Deschutes SIP Outcomes to Date and Projected for the Biennium

B. Willamette SIP

The Willamette SIP was approved at the March 2008 Board meeting and \$6 million was allocated for the Director to use to implement the partnership with the Meyer Memorial Trust (MMT). The Willamette SIP was adopted with twin objectives for the Willamette mainstem and major tributaries:

1. Re-establish channel complexity and length.
2. Re-connect flood plains with adjacent active channels wherever feasible.

The Willamette SIP has evolved very differently than originally envisioned. The early vision was to conduct restoration on public lands and work with private landowners towards future restoration efforts. However, the restoration efforts on public lands have evolved more slowly than anticipated. The project on Howard Buford State Park has been initiated as proposed, but the project at Luckiamute Landing State Natural Area was smaller than anticipated and the Mission Bottom State Park project fell through. The project at Bowers Rocks State Park appears to be developing for implementation during the 2011-2013 biennium.

Instead, the bulk of the OWEB funds for the Willamette SIP have been used for land acquisition, including a unique opportunity to contribute \$2.5 million towards the acquisition of 1,270 acres at the confluence of the Coast Fork and Middle Fork of the Willamette River. OWEB also has the opportunity to invest in the acquisition of both fee and easement interests in over 600 acres of agricultural lands in the mid-Willamette. These projects will utilize approximately \$1.8 million this biennium.

Another important element of the Willamette SIP is the Willamette Model Watershed Program. This program of MMT and Bonneville Environmental Foundation (BEF) is an effort to “ramp-up” the restoration enterprise of watershed councils in the Willamette. Through a

competitive process, MMT and BEF selected seven groups and have assisted these groups to focus restoration efforts and achieve an increased effect from concentrated effort.

The Model Watershed Program has moved from the planning stages to implementation. OWEB awarded \$1,030,221 in Willamette SIP funds to Model Watershed Program implementation in 2009-2011. The effective continuation of this program is dependent on continued OWEB implementation funding. A good description of the Model Watershed Program is available in the 2010 Progress Report, available online at <http://www.b-e-f.org/wp-content/uploads/2010-ProgressReport/bef-wws-ar-2010-LOWRES.pdf>.

MMT has summarized the restoration continuum (Figure 3) that identifies eight project areas currently in play through the Willamette SIP.

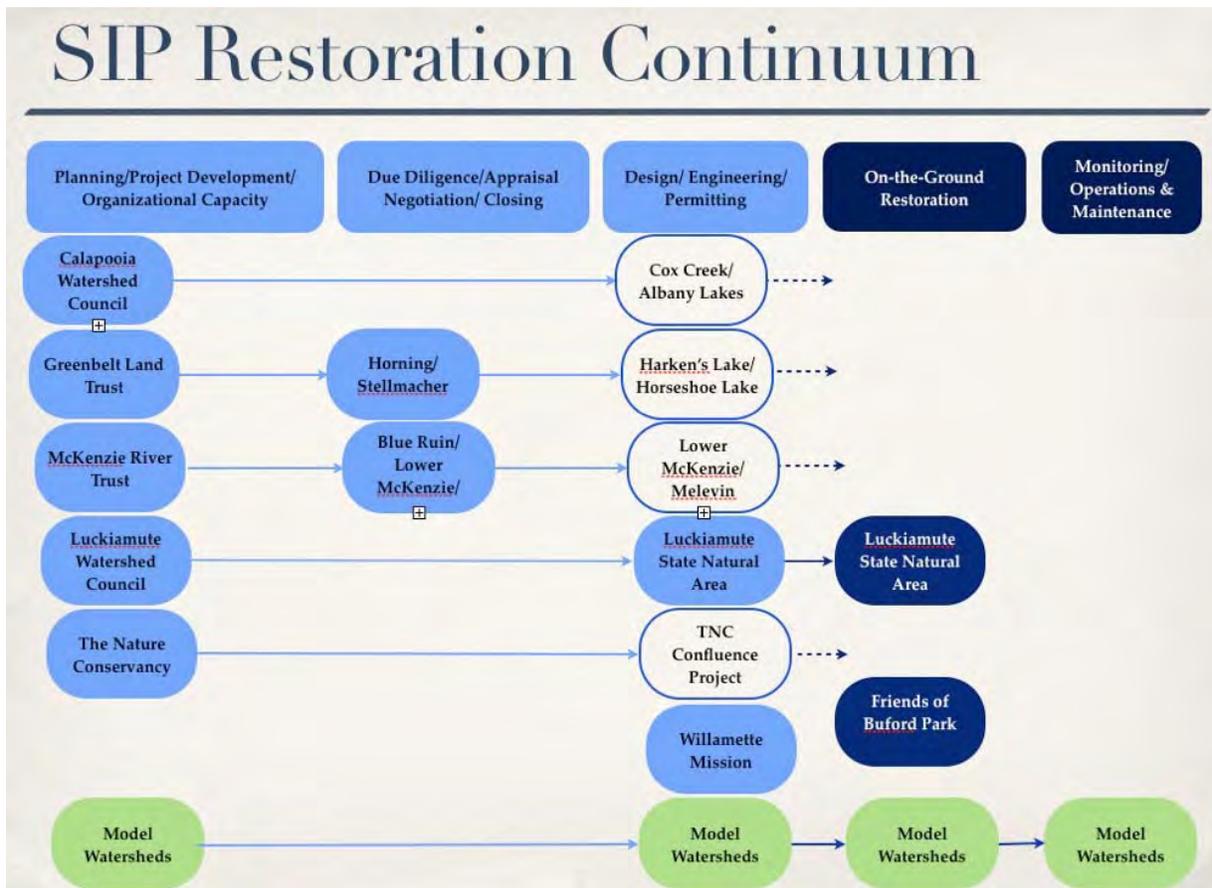


Figure 3: Willamette SIP Progress (from MMT)

Other funding opportunities have also recently become available to integrate into the Willamette SIP. Over the last two years, OWEB and MMT have been intimately involved in discussions with a number of federal agencies on the implementation of the habitat restoration requirements of the Biological Opinion for the management of the Willamette flood control system. OWEB submitted and was awarded funding from Bonneville Power Administration (BPA) to implement a project selection process and implement two or more projects each year.

OWEB has integrated the review of these projects with the SIP Restoration Review Team and has added federal agencies from the oversight group of the Biological Opinion to the Team.

In October of 2010, Oregon and BPA settled the wildlife mitigation obligations under the Northwest Power Act. This settlement provided the Oregon Department of Fish and Wildlife (ODFW) with approximately \$118 million to acquire property to mitigate for the habitat losses from the construction and operation of the Willamette dams. OWEB and MMT staff have been involved with ODFW and others in an effort to develop funding criteria and ensure funders are aligned.

With the award of federal funds to OWEB, OWEB and MMT staff have worked to move towards an annual solicitation of projects for the Willamette SIP. The annual solicitation is timed to meet BPA funding needs and is being coordinated with the ODFW solicitation for land acquisition funding requests. OWEB and MMT solicited pre-application proposals for projects for the first year of the biennium in late July. Staff received six pre-applications requesting approximately \$3 million with an additional request for \$1.5 million from the Model Watersheds.

Staff recommend the Board reserve \$3 million for the Willamette SIP for the biennium with an award of \$1.75 million at September meeting. As a result of the changes in the funding picture for the Willamette, staff would also like to continue a discussion with its partners and the Partnership Subcommittee to bring back a specific proposal to modify the Willamette SIP in January 2012.

IV. Candidate SIPs

At the June 2011 Board meeting, the Klamath and South Coast partnerships were identified as candidate SIP partners for the 2011-2013 biennium. Staff have continued conversations with the partners involved in both areas and have made significant progress in the development of the potential elements of each partnership.

A. Upper Klamath Basin Partnership

The Upper Klamath Basin Partnership consists of the Klamath Partnership (watershed council), Klamath Basin Rangeland Trust, The Klamath Tribes, The Nature Conservancy, and the Klamath Soil and Water Conservation District. The U.S. Forest Service, U.S. Fish and Wildlife Service, Oregon Department of Fish and Wildlife, Natural Resources Conservation Service, and others are also involved. The Klamath Partnership was formed around the National Fish and Wildlife Foundation (NFWF) Upper Klamath Keystone Initiative to restore habitat and improve Lost River and Shortnosed Sucker, and Redband Trout populations.

OWEB staff has discussed the partnership in detail with the local partners. The Klamath Partnership has developed a list of projects (Attachment C) that focus on restoring connectivity (Attachment D) in the upper basin. The general description of the partnership objectives and specific projects focus on both longitudinal and lateral connectivity of habitats in the upper basin. The Klamath Partners are prepared to initiate activities this biennium. OWEB staff have also discussed the potential of adding water acquisition to the Klamath SIP in the future as a separate funding allocation. This issue needs further discussion with the Board and evaluation against budget priorities before it is proposed for action.

The following findings identify the status of the Upper Klamath partnership as it relates to the criteria for approving Special Investment Partnerships:

1. Ecological Significance

The Klamath River has been the symbol of conflict for decades. The basin is a center of ecological diversity. The landscape of wetlands and volcanic peaks is unmatched in the state for freshwater aquatic diversity. The streams and marshes that make up much of the landscape of the Upper Klamath Basin support a large number of endemic populations of invertebrates and fish. The shorebird, waterfowl, and other waterbird populations that the wetlands attract are unparalleled. The eutrophication of Klamath Lake has been an issue of concern for many decades. The Klamath SIP focus on reconnecting the hydrology of the Upper Klamath through reconnecting springs to the lakes, removing fish passage barriers, protecting and restoring riparian habitats and re-meandering straightened channels will help to maintain and support the aquatic species that are unique to the Klamath.

2. Importance of OWEB's Contribution

As a partner with NFWF, OWEB's contribution will be critical for implementation of the Keystone Initiative. OWEB funding will also be important in matching federal funding for the Klamath Basin Restoration Agreement. Partnering with NFWF, OWEB staff can help to catalyze other public and private funding. A SIP investment in the Klamath will be an early launch of the Klamath Basin Restoration Agreement.

3. Robust Partnerships

NFWF has committed funding for a ten year period. They have recently completed a scorecard of their efforts (Attachment E) showing significant progress. The organizing effort that NFWF funding has supported in the Klamath basin is paying off in cooperative efforts across the basin.

4. Triple Bottom Line

The Klamath SIP projects are scaled to the local economy. The projects will result in jobs in the basin. The hard work of the partners to engage the community can assist in overcoming the resistance to restoration actions.

5. Captures the Imagination/High Visibility

The ability to forge positive efforts and outcomes in the Klamath basin across different groups is extremely important for both the state and the nation. The ability to turn the story from one of conflict to one of cooperation is extremely important.

6. Ripeness

The Klamath Partners have a track record of working together under the NFWF Keystone Initiative. They have a specific work plan (Attachment C) and a conceptual framework for project development (Attachment D). OWEB funding can significantly assist the partners in moving forward to achieve their goals of increasing aquatic habitat connectivity.

Staff anticipate further discussion and possible action on the Klamath SIP at the January 2012 meeting.

B. Wild Coast Initiative

The Wild Coast Initiative is a broad group of partners that includes the South Coast Watershed Council, The Nature Conservancy, the U.S. Fish and Wildlife Service, Coquille Watershed Council, Port Orford Ocean Resources Team, and Bandon Dunes Golf Course owner Mike Keiser. The group met on August 24 to continue discussions of their initiative.

Mr. Keiser has contracted with Arabella Philanthropic Advisors to facilitate a local conversation about a south coast conservation initiative. Arabella has been facilitating the conversation since 2010. Mr. Keiser has dedicated the proceeds from one of his golf courses to conservation. The Initiative is hiring an Executive Director to guide the activities from Bandon. OWEB staff have been involved in the conversations about partnering with the Initiative. To date, the conversation has focused on projects that will enhance estuarine productivity and function. The partners recently identified approximately \$1.2 million worth of projects in the South Coast estuaries. Staff will continue with conversations with the partners and bring a fully developed package to the Board at a future time.

V. Interests in Additional Partnerships

The Governor's office has indicated that they are interested in OWEB's focused efforts in the Deschutes and Willamette and would like to see a similar focus on "salmon strongholds." The concept of salmon strongholds is based on the concept of "protecting the best." The concept was developed by the Wild Salmon Center and is used in proposed federal funding legislation. Initial exploratory discussions with the Governor's office have included identifying a limited number of salmon strongholds and providing directed funding to protect and restore habitat to ensure the populations will remain viable through time. This issue will be developed and brought back to the Board in January or March of 2012.

VII. Recommendation

Staff and the SIP Subcommittee recommend that the full Board:

- A. Award \$250,000 for projects approved through the Whole Watersheds Restoration Initiative grant process and delegate to the Executive Director the authority to allocate funds to appropriate projects resulting from the selection process.
- B. Reserve \$4 million for the biennium and award \$2.5 million for the initial set of projects for the Deschutes SIP and delegate the distribution authority to the Executive Director.
- C. Reserve \$3 million for the Willamette SIP for the biennium with an award of \$1.75 million and delegate the distribution authority to the Executive Director.

Attachments

- A. Deschutes SIP Project for 2011-2013
- B. Deschutes Project Highlights
- C. Klamath SIP 2011-2013 Biennium Project list
- D. Upper Klamath Basin SIP Proposal
- E. NFWF Upper Klamath Basin Scorecard

2011-2013 Deschutes SIP Projects

		2011-2013 Biennium							
Name / Location	Lead Organization	Total Potential Projects	High Priority Projects for Funding	Match Funding	Projects in Development	Project Status	Summary	Key Partners	
Whychus Creek & Lake Creek Habitat Restoration									
Rimrock Ranch Stream Restoration	UDWC				\$1,000,000	Design	The project will focus on 2 miles of stream channel restoration to improve spawning and rearing habitat for resident and anadromous fish. It will include >100,000 native plants, 25 acres wetlands created and 0.25 mile of new channel created.	DLT, DRC, USFS, BLM, ODFW, USFWS, Wolfree, CTWS, TNC, OSU	
Spring Creek Riparian and Wetland Restoration	UDWC	\$65,000	\$35,000	\$45,000		Implementation	The project will focus on enhancing the DLT's new Spring Creek easement through riparian planting, weed management and in-stream placement of large woody material.	DLT, ODFW, Private landowners	
TSID to town restoration design - Whychus Creek	UDWC	\$75,000	\$75,000			Design	The four mile reach of Whychus Creek that flows from the downstream end of the TSID project to the edge of the Sisters UGB is facing several issues with road crossings, channel avulsions and diversion dams. Most of this reach is managed by the USFS. This project would include comprehensive restoration planning for this reach.		
Lower Whychus Creek Restoration Design	UDWC	\$125,000	\$100,000			Design	In the past, many of the large privately-opwned raches along Whychus Creek were inaccessible for study and/or restoration projects because of landowner constraints. However, now that the DLT is conserving several of these parcels, it will be important to assess the restoration needs at each site and develop a strategy to restore the most important reaches. The proposed project will evaluate 10+ miles of Whychus Creek between the Bradley property and Rimrock Ranch to identify specific restoration needs and sequencing.		
Fish Passage / Screening									
Sokol Diversion Fish Passage, Screening and Habitat Enhancement	UDWC	\$500,000	\$100,000	\$250,000		Design	The first phase of the project includes the design for the elimination of two fish passage barriers and a fish screen on Whychus Creek upstream of Sisters.	Pelton Fund, Deschutes National Forest, Sokol Family, ODFW, USFWS, NOAA.	
Small Passage and Screening: Whychus Creek	UDWC	\$325,000	\$225,000	\$325,000		Implementation	Includes Leithauser, Uncle John and Runco		
Small Passage and Screening: Lake Creek		\$350,000	\$175,000	\$200,000		Implementation	Includes Suttle Lake, Barton, etc		
Flow Restoration									
Instream Leasing	DRC	\$50,000	\$30,000	\$50,000		Implementation	The project will secure temporary water leases in Whychus Creek and the lower Crooked River including McKay and Ochoco Creeks.	TSID, OID, Landowners, OWRD	
TSID Uncle John Ditch	DRC	\$400,000	\$390,000	\$100,000		Design	The canal piping project will permaenetly restore up to 2 cfs instream to be held in turst by the State of Oregon and elimiate one irrigation diversion on Whychus Creek. The project will be complete in 2012.	TSID, USFS, City of Sisters, Landowners, Pelton Fund	
TSID Main Canal (Phase 4)	DRC				\$500,000	Design	This canal piping project will permanently restore and legally protect 2 cfs instream to be held in trust by the State of Oregon. The project will be completed in 2013.	TSID, Landonwers, BOR, Pelton Fund	
Land Conservation									
Whychus Creek Acquisition (Remund)	DLT	\$2,000,000	\$2,000,000	\$2,000,000		Design	The project will protect 1.8 miles of priority floodplain and provide an oppotunity for comprehensive channel restoration by the UDWC.	UDWC, ODFW, USFS, USFWS	
Watershed Monitoring									
Long-term Integrated Monitoring Project	UDWC		\$55,000	\$68,000		Implementation	The long-term monitoring efforts led by the UDWC are tracking key indicators of watershed health (e.g., water quality, macroinvertebrates, flow, etc.) to answer fundamental questions about restoration effectiveness. This monitoring has been in place since 2001 and is following a peer-reviewed monitroing plan published in 2009. It provides a robust baseline upon which to build understanding of watershed conditions. This monitoring informs all of the restoration projects in the watershed.	UDWC, DRC, Bonneville Environmental Foundation, DEQ, Laird Norton Family Foundation, Bella Vista Foundation, Landowners	
Community Engagement									
Community Engagement in Restoration Efforts	UDWC		\$55,000	\$60,000		Implementation	Engaging the community - students, adults, landowners and leaders - has proven to be critical for accomplishing large scale stream habitat and stream flow restoration projects. This project will focus on working with 1,500 people in on-the-ground restoration efforts, stewardship activities and information programs, thus building the relationships, understanding and trust necessary to tackle ambitious restoration efforts. This effort benefits all of the individual projects in the watershed.	UDWC, DLT, DRC, USFS, School Districts, City of Sisters, Wolfree, Coporate Sponsors, Landowners	

2011-2013 Deschutes SIP Projects

Name / Location	Lead Organization	2011-2013 Biennium				Project Status	Summary	Key Partners	
		Total Potential Projects	High Priority Projects for Funding	Match Funding	Projects in Development				
Lower Crooked River & McKay Creek									
Habitat Restoration									
Lower Crooked River - City of Prineville Restoration	CRWC	\$330,000	\$330,000	\$150,000		Design	This project will improve habitat on 3 miles of the Lower Crooked River through the City of Prineville Urban Growth Boundary. The project will involve removing or lowering levees, constructing off-channel habitat for fish rearing and flood refugia, bank stabilization to reduce erosion, and riparian afforestation.	Crook County Parks and Recreation District, City of Prineville, Mayberry Development, USFWS	
Lower Crooked River Bank Stabilization and Habitat Improvement - Tognoli	CRWC	\$15,000	\$15,000		\$450,000 for implementation	Design	This project will restore floodplain connectivity and instream habitat structure and will provide bank protection and stabilization along 1000 ft of the Lower Crooked River. The project will employ bioengineering approaches to channel stabilization and habitat improvement and serve as a model for for other sites along the Lower Crooked River in need of similar treatment.	Landowners , CTWSRO, NRCS	
Lower McKay Creek Restoration (Penhollow, Armstead, & Woerner)	CRWC	\$150,000	\$120,000	\$40,000		Design	This project will restore floodplain connectivity and wetlands, enhance instream habitat structure, and conduct riparian afforestation on 1.5 miles of McKay Creek.	USFWS, Pelton Fund, Owners	
Fish Passage / Screening									
Opal Springs Passage	CRWC	\$310,000	\$260,000	\$300,000	\$1,000,000 w/ \$3,000,000 match from DVWD	Design	The Opal Springs Dam is a 25 foot fish passage barrier at river mile 1 on the Crooked River. The barrier blocks upstream migration to the 132 miles of upstream habitat on the Crooked River. Designs for a fish ladder to provide passage over the dam have already been completed, and studies of the effects on downstream passage have shown downstream passage mortality to be minimal.	Deschutes Valley Water District, USFWS, ODFW, CTWS, BOR, SWCD	
Stearns Dam Removal Project	CRWC	\$280,000	\$35,000	\$71,000		Design	This project will provide passage into the Bowman Tailrace fishery - a fishery renowned for its excellent habitat and productivity. The project make the existing 5 foot structure passable to up and downstream migrating fish, opening approximatley 13 miles of habitat.	Owners, BLM, Pelton Fund, ODFW	
Rice-Baldwin	CRWC				\$300,000	Design	This project will be complimentary to the removal of Stearns Dam, providing passage into the Bowman Tailrace fishery. The project will make the existing 3 foot structure passable to up and downstream migrating fish, opening approximatley 1 mile of habitat up to Stearns Dam.	Owners, Pelton Fund, ODFW	
Flow Restoration									
McKay Creek Exchange	DRC				\$1,500,000	Design	The project will use an innovative exchange of water rights to permanently restore and legally protect up to 7 cfs instream in McKay Creek	Ochoco Irrigation District, Pelton Fund, Landowners, CRWC, OWRD, NRCS, DBLT	
NUID Water Supply Initiative Phase I	DRC	\$1,000,000	\$995,000	\$3,000,000		Implementation	The project will restore up to 7,880 acre feet (approximately 20 cfs) of flow to the lower Crooked River by implementing conservation measures on North Unit Irrigation District's Main Canal. The project will be complete in 2012.	North Unit Irrigation District, Pelton Fund, BOR	
NUID Water Supply Initiative Phase III	DRC	\$1,000,000	\$995,000	\$2,000,000		Design	The project will restore up to 5,000 acre feet (approximately 15 cfs) of flow to the lower Crooked River by implementing conservation measures on North Unit Irrigation District's Main Canal. The project will be complete in 2013.	North Unit Irrigation District, Pelton Fund, BOR	
Land Conservation									
Ochoco Creek Conservation Easement (Breese)	DLT				\$750,000	Design	This permanent conservation easement will protect 1.2 miles of threatened Ochoco Creek habitat and provide opportunities for habitat restoration by the CRWC.	CRWC, DRC	
McKay Creek Conservation Easement (Parga)	DLT	\$750,000		\$750,000		Design	This permanent conservation easement will protect 1.5 miles of priority McKay and Allen Creek habitat and facilitate flow protection (DRC) and stream restoration (CRWC).	CRWC, DRC	
Lower Crooked River Conservation Easement (Tognoli)	DLT				\$750,000	Design	This permanent conservation easement will protect 2+ miles of the Lower Crooked River and provide stream restoration (CRWC) opportunities.	CRWC, DRC	
Community Engagement									
Community Engagement in Flow Restoration Efforts	DRC		\$10,000	\$10,000		Implementation	Lack of community understanding of complex water management issues is an impediment to restoring instream flows in the Crooked River. This project will focus outreach and education efforts on community members and groups that play a role in local water management decisions. The DRC will take the lead on educating elected officials, irrigation districts, landowners, and local, state and regional watershed groups about the various needs for water in the Crooked River basin.	DRC, CRWC, Ochoco Irrigation District, City of Prineville, Crook County and Landowners	
Sub Total		\$7,725,000	\$6,000,000	\$9,409,000	\$4,050,000				
Grand Total		\$21,184,000							



Deschutes SIP Project Highlights



The Deschutes Collaborative represents a unique partnership between organizations in the upper Deschutes Basin. The Crooked River Watershed Council, Deschutes Land Trust, Deschutes River Conservancy, and Upper Deschutes Watershed Council formed The Deschutes Collaborative with the belief that working cooperatively leads to the best possible outcomes. We work to restore and maintain the watershed conditions necessary for successful salmon and steelhead reintroduction.

The support of the Oregon Watershed Enhancement Board's Special Investments Partnership allowed The Deschutes Collaborative to thrive in the 2010-2011 biennium and has created substantial momentum as we enter the 2012-2013 biennium. As a result, several large conservation and restoration opportunities are now ready for implementation and they lack only the funding to make them a reality. The Deschutes Collaborative is embarking on a \$16 million project portfolio in the coming biennium and requests an Oregon Watershed Enhancement Board commitment of \$6 million. A few of the larger opportunities in this portfolio are highlighted below.

Whychus Creek Acquisition (Remund)

Deschutes Land Trust - \$2,000,000



This land acquisition project demonstrates the effectiveness of long-term collaborative restoration efforts. The 560 acre Remund property lies between the Whychus Canyon Preserve, acquired in 2010, and the Rimrock Ranch Conservation Easement, acquired in 2006. Its acquisition will protect an additional 1.8 miles of Whychus Creek and establish a contiguous 6 mile reach of protected habitat for Oregon Watershed Enhancement Board priority species including chinook salmon, steelhead trout, redband trout, golden eagle, Lewis's woodpecker, and spotted bat. This property is one of the

major floodplain properties on Whychus Creek. The property offers enormous potential to restore the low-gradient, wet-meadow rearing habitat that once made Whychus Creek a primary producer of Deschutes River steelhead. The acquisition will also allow us to remove an unscreened irrigation

diversion, remove the only remaining push-up dam on Whychus Creek, and transfer 45 acres of water rights instream.

**North Unit Irrigation District
Water Supply Initiative**

Deschutes River Conservancy - \$1,990,000



The lower Crooked River flows from Prineville Reservoir, through the City of Prineville, and past Smith Rock State Park. It joins the Deschutes River at Lake Billy Chinook. The river and its tributaries provide for water for agriculture, areas for recreation, and habitat for resident redband trout and reintroduced steelhead trout. Low summer stream flows in the river and its tributaries impair water quality and limit fish populations. This project will restore stream flow while supporting agricultural communities that rely on the river. Canal piping and lining will save approximately

13,000 AF of Deschutes River water. North Unit Irrigation District will use the conserved water to irrigate lands currently served by water that is pumped from the Crooked River. The project will protect an equivalent volume of displaced Crooked River water rights instream in the lower Crooked River. This unique collaborative project will reduce energy use, provide a reliable source of irrigation water for commercial farmers, and restore stream flow to support reintroduced steelhead trout in the lower Crooked River and its tributaries.

Crooked River Fish Passage

Crooked River Watershed Council - \$295,000



Private, state, and tribal fisheries managers have collaborated to reintroduce steelhead trout and chinook salmon into the Crooked River and its tributaries. Fish passage barriers prevent the migration of reintroduced anadromous fish through the river. The Crooked River Watershed Council seeks to remove Stearns Dam, provide passage at Rice Baldwin Dam, and provide passage at Opal Springs Dam. Stearns and Rice Baldwin Dams block passage into the productive Bowman Tailrace fishery. Opal Springs Dam, near the mouth of the Crooked River,

blocks upstream migration to 132 miles of upstream habitat. During this biennium, Oregon Watershed Enhancement Board support will enable the development of removal or passage solutions at Stearns and Opal Springs Dams. Eliminating these migration barriers will be critical to developing self-sustaining anadromous fish populations in the Crooked River.

**Klamath Basin Strategic Investment Partnership
Proposed Project List for January 2012 - June 2013**

Ranking	Project Title	Brief description	Lead partner	CERTAIN or only LIKELY to occur by June 2013?	Match \$ secured or pending	OWEB SIP funds requested (maximum 75% of total project cost)	Additional match \$ needed	Total Project Cost
1	South Fork Sprague/Deming Ranch	Over one mile of channel realignment will replace a straightened and diked reach of the South Fork Sprague River enhancing fish habitat, removing a fish passage barrier, and installing a fish screen. The new 250 acre wetland floodplain will be protected under a WRP easement. This project connects to over 40 contiguous miles of river restoration in the Upper Sprague watershed. Potential site for nutrient monitoring.	US Fish and Wildlife Service	Certain	\$ 580,837	\$ 198,000	\$ 40,000	\$ 818,837
2	South Fork Sprague Channel Reconfiguration (Newman)	Reconfiguration of South Fork Sprague River of approximately .6 miles. Complements upstream channel reconfiguration activity of 1 mile. Includes fencing, off-stream watering system installation. Provides enhanced habitat and passage. Nutrient monitoring is ongoing.	Klamath Watershed Partnership	Likely	\$ 304,798	\$ 140,000		\$ 444,798
3	Monitoring the impact of select restoration projects on nutrient loads	The Klamath Tribes will integrate targeted nutrient monitoring to assess the impact of restoration projects on nutrient loading into their regular water quality monitoring program. This information will assist in the development of the Klamath water quality Tracking and Accounting Program and water quality credits market.	Klamath Tribes	Certain	\$ 5,750	\$ 17,250		\$ 23,000
4	Upper Sprague Irrigation Efficiency	Piping the North Fork Sprague Diversion canal, and installing gated pipe associated with that diversion and three nearby landowners. Reduces diversion rates, increasing instream water availability. Water savings will be measured and transferred instream under the Allocation of Conserved Water program. The amount of water saved is to be determined, but expected to be 10-20 cfs, about 25% of the streamflow. This project is a candidate for nutrient monitoring.	Klamath Watershed Partnership	Likely	\$ 75,000	\$ 90,000		\$ 165,000
5	Upper Klamath Lake Shoreline at Harbor Isle Condos	Restore lake fringe wetlands and shoreline areas along the Upper Klamath Lake improving habitat diversity for fish and migratory birds. This project will connect to adjacent wetland areas north of Harbor Isle and two other shoreline restoration projects at Putnam Point and the south end of Harbor Isle.	US Fish and Wildlife Service	Certain	\$ 90,000	\$ 50,000		\$ 140,000
6	Brownsworth Creek Fish Barrier Removal	Replace a culvert on Brownsworth Creek that is a fish passage impediment for bull and redband trout. This project will provide year round passage for bull trout in Brownsworth Creek.	US Fish and Wildlife Service	Certain	\$ 50,000	\$ 50,000		\$ 100,000
7	Riparian fencing & offstream stockwater	KBRT supports a upper-basin riparian fencing program aimed at installing fences along degraded riparian zones. The local fishing guides association has been involved in identifying and prioritizing sites, discussions with landowners, and fence installation and maintenance. Plans for 2012 include 4.5 miles in the Sprague system, 1.2 miles in the Williamson system, and 1.5 miles in the Wood system. All fencing sites complement parallel restoration projects led by NRCS or USFWS. Some fencing sites to be incorporated in to the nutrient monitoring effort.	Klamath Basin Rangeland Trust Natural Resource Conservation Service	Certain	\$ 85,468	\$ 32,000		\$ 117,468
8	Fish screen on the Sprague River rm25	A fish screen will be installed on a pump irrigation diversion for early-date water rights at rm25. This is in an area known to host high sucker populations, and there is currently no method to screen them from the pump.	Klamath Basin Rangeland Trust	Likely	\$ 50,000	\$ 30,000		\$ 80,000
9	Sevenmile Creek Culvert removal	Replacing a culvert that impedes fish passage and disturbs flows with a bridge on Sevenmile Creek	Klamath Basin Rangeland Trust	Certain	\$ 27,000	\$ 5,000		\$ 32,000
10	Rocky Ford	Largewood placement will provide diverse habitat cover and structure in the Williamson River near the headwaters.	US Fish and Wildlife Service	Likely	\$ 60,000	\$ 30,000		\$ 90,000
11	Threemile Creek Bull Trout habitat enhancement	Additional habitat enhancements will be made in one of the last remaining bull trout populations in the westside systems, including stabilizing natural and manmade barriers to limit brook trout infestation.	Klamath Basin Rangeland Trust	Certain	\$ 5,000	\$ 5,000		\$ 10,000
12	Beatty Gap Riparian	Add large woody debris and plant riparian shrubs; connects to other Sprague Riverine projects.	US Fish and Wildlife Service	Likely	\$ 15,000	\$ 25,000		\$ 40,000
13	Sevenmile Creek fish bypass channel rm9	A bypass channel will be created around the lowest private diversion structure in the Sevenmile Creek system. This structure was identified as an impediment to fish passage. OWEB has currently dedicated \$42,500 for design and implementation of this project, but upon completion of the design it was realized more funds were needed for implementation.	Klamath Basin Rangeland Trust	Certain	\$ 156,387	\$ 20,000		\$ 176,387
14	Paradise Creek Restoration	Restore sinuosity to channel, add large woody debris and plant riparian vegetation, connects to South Fork of Sprague where other riverine restoration is planned/underway. This project is a candidate for nutrient monitoring.	US Fish and Wildlife Service	Likely	\$ 40,000	\$ 100,000		\$ 140,000
15	Sevenmile/Fourmile Flow Restoration (Transaction costs - appraisals, water rights assessments, CWRE mapping, OWRD filing fees, etc.)	Project will permanently increase instream flows in the Sevenmile Creek and Fourmile Creek drainage, thereby improving ecological connectivity from UKL through the lake-fringe wetlands, and to the headwater springs of the stream. The increased flows and improved water quality will benefit suckers, redband rainbow trout, and potentially other riparian species such as Oregon spotted frog and yellow rail.	Klamath Basin Rangeland Trust	Certain	\$ 20,000	\$ 20,000		\$ 40,000
TOTALS						\$ 812,250		\$ 2,417,490

total for certain projects \$ 397,250

Upper Klamath Basin Concept Proposal to the Oregon Watershed Enhancement Board Special Investment Partnership

A. Ecological Objective

Provide a concise description of the concept's ecological objective.

*Implementing the proposed SIP will contribute to chemical, thermal, and physical aquatic conditions that will benefit fish populations and water quality in the Upper Klamath Basin by re-establishing, improving, and sustaining the **ecologic and hydrologic connectivity of aquatic ecosystems** in the catchment above the Link River Dam and in Spencer Creek. Expectations for outcomes of planned activities are described below and in Table 1 and Table 2, but overall the SIP is expected in the long-term to help prepare Upper Basin aquatic ecosystems to support re-establishment of anadromous salmonids, contribute to recovery of sensitive, threatened and endangered fish in the Upper Basin, and incrementally improve water quality. Table 1 identifies all priority activities to address connectivity needs on a sub-watershed basis, and Table 2 is a draft identifying the initial 2-year work plan for the proposed SIP.*

The proposed SIP will pursue an overall ecological outcome compatible with other Upper Basin programs. Multiple restoration and enhancement programs are either underway or are forthcoming in the Upper Basin, each with similar but distinct goals and objectives. A major portion of the KBRA is its Fisheries Program (see KBRA Section 9.2.6), which will implement a cohesive, collaborative, basin-wide ecosystem enhancement program intended to a) restore and maintain ecological functionality and connectivity of historic fish habitats; b) re-establish and maintain naturally sustainable and viable populations of fish to the full capacity of restored habitats; and c) provide for full participation in harvest opportunities for fish. Similarly, the National Fish and Wildlife Foundation's Upper Klamath Basin Keystone Initiative seeks to "...restore watershed conditions to conditions that support increased distribution and abundance of Lost River sucker, shortnose sucker, and redband rainbow trout over the next ten years."

B. Consistency of Concept with OWEB Mission

Briefly discuss how your concept is consistent with OWEB's mission. 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. The agency's Special Investment Partnership (SIP) is designed to support efforts that advance OWEB's mission, but that might also require a level of support different from that provided through OWEB's regular grant program.

The proposed SIP concept is consistent with OWEB's mission as it aims to address the underlying cause of poor watershed function in the Upper Klamath Lake basin (ecological connectivity), which has proven over the years to directly impact local communities and economies. As the proposed SIP concept is a strategic niche within

larger-scale basin restoration plans, it is an approach that could not be adequately met by the regular grant program, both in terms of focus and funding timeframes and levels.

For over a decade now, the Upper Klamath Basin has been recognized nationally as a poster child for conflicts over water and fisheries. It has become apparent to many that while conflicts center on water availability, water quality, and fisheries, the true fundamental causes of the conflicts are disrupted ecosystem processes that subsequently interfere with the delivery of the ecosystem services that people rely upon. Most notably, the Klamath Basin Restoration Agreement and the Klamath Hydroelectric Settlement Agreement reflect this understanding among a diverse coalition by agreeing to collaboratively embark on a large-scale, long-term ecosystem enhancement program. Parties to these agreements intend them not only to repair and stabilize the Klamath Basin ecosystem, but also to repair and stabilize the Klamath Basin economy.

A SIP would provide needed matching funds to leverage support from other large-scale programs, such as the National Fish and Wildlife Foundation Upper Klamath Basin Keystone Initiative, the U.S. Fish and Wildlife Service Partners of Fish and Wildlife Program, and the Klamath Basin Restoration Agreement. Such reliable matching funds would also open the doors to new funding possibilities. SIP funding would also provide base funding for stand-alone projects that significantly complement provisions of these programs.

The time is right for a Strategic Investment Partnership with OWEB in the Upper Klamath Basin. Since the 2001 Upper Basin water crisis, disparate management, conservation, and stakeholder groups have achieved an unprecedented level of collaboration and partnership in efforts to build the foundation for complimentary large-scale restoration programs. The proposed SIP would simultaneously aid in the extension of these efforts and take advantage of the momentum behind ongoing work.

C. Consistency with SIP Principles

Discuss how your concept is consistent with the following SIP principles.

1. Ecological Significance. *The ecological impact, significance of the issues addressed, and the anticipated outcome(s) are large. Ideally, a Partnership contributes to a historic change or surge of progress in, for example, the recovery of a species, the restoration to self-sustainability of an ecosystem, the restoration to health of a river system or watershed, or the launching of an initiative that addresses widespread issues.*

The Upper Klamath Basin (Upper Basin) watershed has a rich heritage of unique and abundant native species, yet some areas have been altered to such an extent that re-establishing and sustaining ecologically healthy conditions is a challenge. Natural processes that sustain functional ecosystems have been impaired, causing declines in some native fish populations and completely extinguishing others. In the Upper Basin, three fish species are listed under the Endangered Species Act (Lost River sucker, shortnose sucker, and bull trout), a fourth is designated as a State sensitive species

(Klamath redband rainbow trout), and salmon and steelhead are extinct above Iron Gate Dam.

Fish population responses by these species reflect impaired ecosystem processes. Both lateral processes connecting river channels to adjacent riparian areas, floodplains, and uplands, and processes connecting watershed components longitudinally, have been damaged in some areas. As a result, fish populations are challenged by inadequate water and habitat quality, and migration impediments or barriers. The Klamath Basin Restoration Agreement (KBRA), which among other things intends to re-establish anadromous salmonids in the Upper Basin, along with other fish recovery and watershed restoration plans, call for extensive actions to improve ecological health and habitat quality in the Upper Basin.

The underlying assumption of the proposed SIP is that human impacts in the Upper Basin have modified ecosystems in a manner that has changed the nature and magnitude of processes that create and sustain river, floodplain, and lake ecosystems, which is summarized herein by the concept of connectivity. Bisson et al. (2009) articulated a conceptual basis for connectivity that can be translated to aquatic ecosystems in the Upper Klamath Basin:

“... connectivity includes migratory pathways along rivers and their tributary systems as well as unimpeded lateral connections between main channels, secondary channels, and floodplains. Ecological connectivity is similarly critical for processes essential to the function of freshwater ecosystems, including a wide variety of complex aquatic and terrestrial interactions that regulate channel dynamics, food webs, and water quality ... removing barriers to movement and improving natural linkages between terrestrial and aquatic ecosystem processes to re-create normative riverine conditions has become an important conceptual foundation for salmon restoration programs ...”

Bisson et al. (2009) and others (e.g. Dale et al. 2000; Poole et al. 2004; Rieman 2006; and Beechie et al. 2010) have structured their views of habitat management and/or ecosystem restoration around the concept that normative riverine conditions result from natural variability in the physical processes producing the natural range in habitat diversity, and that management actions should seek to retain the natural range in these physical processes as opposed to attempting to provide perceived optimal habitat conditions everywhere. Therefore, restoring natural process regimes and their characteristic variability will result in levels of habitat diversity and ecological connectivity that are adequate to support healthy native ecosystems.

In no way does this mean that the proposed SIP or any other of the collaborative ecosystem enhancement programs would target restoring completely natural, pre-European settlement conditions in the Upper Basin. Such an outcome is not possible, and seeking such an outcome would be anathema to long-term, sustainable, collaborative enhancement of Upper Basin aquatic ecosystems. The value in the

connectivity concept described above is that it leads Upper Basin enhancement programs to a focus on ecosystem process, and away from trying to build what is perceived to be “good habitat”. Such an approach sets the stage for generating realistic expectations for ecological outcomes at multiple scales ranging from individual projects to basin-scale enhancement programs.

Lack of connectivity in time and space is a useful way to organize and conceptualize an approach to enhancing watershed function in the Upper Basin. Lateral connectivity — across the floodplain — is interrupted by levees, degraded riparian conditions, and degraded and disconnected riparian wetlands. Longitudinal connectivity — up and downstream — is interrupted by fractured habitats, structural barriers and diversions, and disconnected springs and tributaries. Temporal connectivity of processes at multiple scales (e.g. daily, seasonally, annually, decadal, etc.) is interrupted in complex ways that are linked to spatial connections. The cumulative effects of these impaired connections are manifested in changed variability and magnitudes of flow, temperature, sediment, and nutrient regimes, and in altered riparian plant community dynamics.

Members of the local restoration community have developed an integrated plan focused on moving present patterns of hydrological and ecological connectivity in riparian corridors back towards normative conditions. Focusing on Upper Klamath Lake, its tributaries, and Spencer Creek (Figure 1) reflects the desire to improve water quality, and to improve conditions for native redband trout and the endangered suckers, to prepare sub-basins for the return of anadromous salmonids. Actions intended to address specific causes of impaired connectivity, and their expected ecological outcomes, are summarized in Table 1. Conditions of aquatic ecosystems in the Upper Klamath Basin vary such that some areas are impaired substantially whereas others are in relatively good condition. Accordingly, enhancement actions will represent a spectrum of approaches ranging from re-establishing processes that have been entirely lost to preserving processes that are more-or-less intact.

2. Importance of OWEB’s Contribution. OWEB’s contribution will be critical, not only to funding the effort, but also to attracting the other support and catalyzing the action necessary for achievement of the objectives. In particular, a SIP investment will tend to launch important efforts that otherwise have been stalled or delayed.

An OWEB SIP effort would play an invaluable role in the current push towards watershed and community stabilization in the Upper Klamath Basin. As described previously, the Klamath Basin is in the midst of an historic effort to meet mutual environmental, economic, and social goals set forth by varied stakeholders, as evidenced by the KBRA and KBHA. A large portion of these efforts is aimed at Basin-wide watershed restoration activities. The SIP investment, focused on the Upper Klamath Lake watershed, would be paramount both towards reaching restoration goals in the watershed, as well as providing recognition of progress towards KBRA implementation, and needed impetus for other groups to join the effort.

Aside from stimulating the KBRA/KBHA, there are three key ongoing activities that the proposed OWEB SIP would complete or stimulate. First, the National Fish and Wildlife Foundation has selected the Upper Klamath Lake watershed as a Keystone Initiative, and adopted a ten-year Business Plan developed by the local partners aimed at stabilizing the endangered sucker and redband trout populations. Secondly, the USFWS Partners for Fish and Wildlife program has been actively implementing restoration activities on private lands aimed primarily at de-listing endangered fish species. The proposed SIP would fulfill a niche within each of these programs, aiming specifically at the ecological connectivity issues that underlie watershed function and direct use of the NFWF and USFWS funds in a strategic manner. Third, various stakeholders are currently exploring the possibility of developing an ecosystem services credit market for restoration in the Upper Klamath Basin. Development of such a market will involve close monitoring of ongoing restoration activities ... an OWEB SIP would present a solid base of projects to be made available as pilot projects to provide the data necessary to translate restoration projects into ecological services provided.

It cannot be stressed enough that a SIP in the Upper Klamath Lake watershed would provide the momentum, funding levels, and focus needed to advance current restoration plans into realities.

3. Robust Partnerships. *SIP investments will be made where other partners, with significant funding or other contributions to offer, are available, interested, and likely to join the effort within a reasonable period of time.*

The past few years have demonstrated great growth in the strength and collaboration of partners in the Upper Klamath Basin. State and federal agencies, Tribes, agricultural organizations, non-governmental organizations, and other stakeholders have formed strong partnerships and are currently collaborating on plans to repair and enhance the ecosystem processes that are needed to sustain watershed conditions that produce robust fish populations. This proposed SIP highlights these partnerships, both in the coalition of partners who have organized this proposal, as well as existing and potential funding partners.

There is a wide coalition of partners bringing this SIP proposal forward, including private organizations, the Klamath Tribes, and local, state and federal agencies who, through a series of meetings, decided that an OWEB SIP was the best way to move forward to address some of the priority ecological issues facing the Upper Klamath Lake watershed. Participants at these initial meetings included the Klamath Tribes, Ducks Unlimited, Klamath Watershed Partnership, Klamath Basin Rangeland Trust, The Nature Conservancy, National Fish and Wildlife Foundation, Ranch & Range Consulting, Upper Klamath Water Users Association, Klamath Soil & Water Conservation District, Oregon Water Resources Department, Oregon Department of Fish and Wildlife, Natural Resource Conservation Service, National Oceanic and Atmospheric Administration, USFWS – Partners & Refuges.

From these initial meetings, a core group of partners was selected to move forward with the actual application process. The Klamath Tribes, KBRT, KWP, TNC, SWCD, UKWUA, Ranch & Range Consulting, and USFWS have worked closely together to develop a realistic plan, including timelines, cost estimates, goals, and evaluation metrics for the SIP. These partners and their roles are described in Table 3.

As described in question #2, there are several current and future opportunities for funding partnerships with OWEB towards meeting the proposed SIP goals. The National Fish and Wildlife Foundation Keystone Initiative dedicates funds through local groups implementing NFWF's Klamath Business Plan. NFWF has been closely involved in the SIP discussions, and is eager to strengthen their partnership with OWEB in the Klamath by jointly working towards ecological connectivity and a functional Upper Klamath Lake watershed. The USFWS is equally interested in an OWEB SIP partnership through their Partners for Fish and Wildlife Program. The USFWS is closely involved with development of the SIP proposal, and is eager to collaborate with OWEB on ecological connectivity restoration efforts in the Klamath Basin.

The Klamath Basin Restoration Agreement and ecosystem services credit market effort described in #2 are in late and early (respectively) stages of development, and stand to be additional partners in the Klamath SIP in future years. The SIP would encourage the implementation of both programs. The proposed SIP activities and 2-year workplan were based on the larger-scale restoration priorities developed for the Upper Klamath Basin under the KBRA, so work done under the SIP would directly meet KBRA restoration goals. SIP projects would provide the information necessary to develop an ecosystem services credit market, and could become part of the market.

4. Triple Bottom Line. *Projects implemented by Partnerships will produce ecological, community, and economic outcomes – the “triple bottom line” – through a deliberate effort to produce benefits that sustain themselves over time because they’ve become a part of local custom and culture.*

The Klamath Basin has regularly been in the news for the social and economic impacts of natural resource management. The close tie between watershed function and social and economic stability is clearly demonstrated in the Basin. The Upper Klamath Lake watershed is recognized as one of the primary keys to reaching balance in the Basin. Restored function in the lake watershed should provide the water, water quality, and fisheries support necessary to be able to meet the ranching, farming, fishing, and Tribal needs in the Upper Basin and downstream. As ecological connectivity has been identified as a primary underlying cause of poor watershed function, the proposed SIP will address the connectivity issues.

The KBRA restoration plan and partners currently working in the Upper Klamath Lake watershed are focused on working with private landowners to implement needed restoration in such a way that profitable farming and ranching operations will continue.

Most of the priority activities are on private agricultural land, but the partners realize that maintaining a viable agricultural community is absolutely necessary for ecological, social, and economic health. Past restoration activities by involved partners attest to this fact. The KBRA, KBHA, NFWF Business Plan, and proposed SIP aim to not only repair and stabilize the Klamath Basin ecosystem, but also to repair and stabilize the Klamath Basin economy.

5. Captures the Imagination/High Visibility. The scale, importance, and sustainability of a Partnership will attract public attention not only to the work of that one project but also to the importance of watersheds and of watershed enhancement generally.

As mentioned previously, the Klamath Basin, and particularly the Upper Basin, has been in the national spotlight for conflict over water and fisheries management. However, in recent years the spotlight has been on the Basin not for conflict but for compromise and coordination in developing solutions towards restoration of the Basin's ecology and economy.

Many Upper Basin landowners have incorporated conservation-based funding and thinking into their operations, such that the culture of improved water conservation and aquatic restoration is increasingly a normative activity associated with productive land uses. The Klamath Tribes have a profound cultural interest in returning aquatic ecosystems in the Upper Basin to a state that will produce harvestable fisheries and many other resources. Because of the national spotlight that has shone on water management issues in the Klamath Basin over the last decade, efforts undertaken through the SIP have the potential to capture imaginations and raise environmental awareness locally, regionally, and even nationally, while also solidifying Oregon's reputation as a leader in aquatic resource management and conservation.

6. Ripeness. To receive a funding allocation from the Board, a Partnership: a) needs to be ready to form and begin functioning to finalize objectives and a work plan; b) must have a likely time frame for implementation and completion that is reasonable and fits OWEB's needs; and c) must be at the point developmentally where it both needs and can take advantage of the OWEB funding commitment to further the project.

Collaboration between partners and conditions in the Basin make the region ripe for a SIP on all counts. Partners have already developed proposed objectives and long-term and 2-year work plans, as well as reasonable implementation goals. The proposed SIP work plans were developed out of strategic planning effort done for the KBRA and NFWF Business Plan, but are focused specifically on the proposed niche for the SIP to address ecological connectivity. Partners involved with on-the-ground implementation are all experienced with the normal OWEB grant process and have proven to be capable, effective, and efficient project managers. Through multiple conversations with OWEB staff, the partners have a good understanding of the SIP implementation process, and are ready, willing, and able to receive funding to manage a variety of

projects. Additionally funding partners such as NFWF and USFWS are not only ready to move forward with SIP implementation, but have taken a proactive role in developing the proposed plan.

Since the 2001 “water crisis”, disparate management, conservation, and stakeholder groups have achieved an unprecedented level of collaboration and partnership in efforts to build the foundation for complimentary large-scale restoration programs. The proposed SIP would simultaneously aid in the extension of these efforts and take advantage of the momentum behind ongoing work. The time is right for a Strategic Investment Partnership with OWEB in the Upper Klamath Basin.

D. Evaluation

Provide a concise description of the metric(s) proposed to evaluate “completion” or your efforts.

The overall goal of the proposed SIP is to re-establish, improve, and sustain the ecologic and hydrologic connectivity of aquatic ecosystems in the Upper Klamath Lake watershed and Spencer Creek. While direct measurement of this goal is difficult, partners plan to use metrics associated with select key activities that directly impact identified breaks in connectivity. Success of the Upper Klamath Basin SIP can be evaluated in terms of progress through the steps to achieve previously defined outcomes. Please note that the same approach and metrics are being tracked and used to determine progress in the NFWF Klamath Keystone Initiative.

Metric to be tracked	Two-Year Outcome Goals *	Long-Term Outcome Goals *
Acres of floodplain protected	120	10,470
# of barrier locations rectified	3	8
# of springs enhanced, improved, or reconnected	3	40
Miles of levee removed, set back, or breached	2	51

* Please note that both the 2-year and long-term goals are still in development.

Another monitoring effort of interest is the Sprague River Past-Project Effectiveness Evaluation, jointly supported by OWEB and NFWF. This collaborative project evaluating the success of past restoration activities will provide valuable guidance to SIP restoration activities, increasing opportunities for effective and efficient use of funds.

Table 1. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Williamson River						
Main Stem	Riparian Corridor Management	Fence construction and offstream watering	25	50	\$1,320,000	Miles. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	38	1,386	\$2,079,360	Riparian acres. 38 miles of river at 0.057 miles (300 ft) wide = 1,386 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Levee removal, setback, or breaching	1	2	\$300,000	Miles. Levees on lower Williamson River; costs of \$150,000 per mile based on recent projects completed by KFFWO.
		Physical habitat improvements	12	12	\$420,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
		Improve quality of and connectivity among endangered sucker nursery habitats		5,500	\$291,360	Acres. Includes future earthwork and other activities to improve existing habitats and hydrologic connectivity allowing larval fish better access to all nursery areas within the Delta. Cost of moving 58,272 cubic yards of material at \$5 per cubic yard; based on previous work in Delta.
Tributaries	Riparian Corridor Management	Fence construction and offstream watering	2.2	4.4	\$116,160	Miles. Spring Ck, Larkin Ck. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	2.5	91.2	\$136,800	Riparian acres. 2.5 miles of river at 0.057 mi (300 feet wide) = 91.2 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Channel narrowing	2.1	2.1	\$252,000	Miles. Larkin Ck and Sunnybrook Ck. Cost estimates based on KFFWO experience @ \$120,000 per mile. Planning and review required, final delineation may change.
		Physical habitat improvements	5	5	\$175,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
Sprague River mainstem						
Main Stem	Riparian Corridor Management	Fence construction and offstream watering	65.0	130	\$3,432,000	Miles. North Fork (10 miles), South Fork (15 miles), and Sycan below Coyote Bucket (12 miles), main stem (28 miles). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Improving dryland range to reduce need for riparian pastures		19,000	\$3,075,000	Acres. 19,000 acre estimate = 8,000 acres dryland range ripped and re-seeded @ \$75 per acre, plus juniper removal and re-seeding on 11,000 acres of uplands @ \$225 per acre. Intent is to increase dry rangeland alternatives to riparian grazing, may increase water infiltration rate, and may reduce ET water loss via juniper. Planning and review required, final delineation may change.
		Riparian corridor management agreements	85	6,202	\$9,302,400	Riparian acres. Assumes riparian corridor 0.114 miles (600 feet) wide by 85 miles long = 6,202 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22). Includes Sprague tributaries.
	Stream Channel Restoration	Levee removal, setback, or breaching	20	30	\$4,500,000	Miles. Cost is \$150,000 per mile based on previous completed KFFWO projects. Focus is on reconnecting floodplains and re-establishing associated hydrologic processes.
		Whole channel reconstruction	10	15	\$8,298,240	Miles. Fifteen miles on South Fork Sprague, extrapolated costs from Crane Creek project. Extensive planning is required, including manging flood risk to Bly, final delineation may change.
		Physical habitat improvements	22	22	\$2,640,000	Miles. Includes measures to enhance fish use of thermal refugia (e.g. overhangs, narrowing, structural complexity), enhance rearing capacity (e.g. large wood, off channel habitats, structural complexity), enhance spawning habitats (e.g. gravel placement), site-specific narrowing or channel re-alignment. Cost estimated at \$120,000 per mile. Extensive planning and review required, final delineation may change.
		Spring improvement, enhancement, and reconnection		20	\$1,521,380	Number of springs. Includes revegetating and reconstructing outlet channels, substrate treatments, and morphological changes to spring ponds. Guidance from FLIR and TIR coverages.
	Fish Passage	Barrier and impediment removal		2	\$300,000	Number of impediments. Fish passage impediments will be eliminated by modifying two diversions on the South Fork Sprague.

Table 1 continued. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Sprague River tributaries						
Tributaries	Riparian Corridor Management	Fence construction and offstream watering	38	76	\$2,006,400	Miles. Fivemile (2 miles), Fishhole (7 miles), Meryl (5 miles), Trout (3 miles), Snake (2 miles), Deming (3 miles), Whiskey (6 miles), Brown Ck/Spring Ck (4 miles), Sycan from Torrent to Coyote Bucket (6 miles on Teddy Powers Meadow and Sycan Ford). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements	52	1,897	\$2,845,440	Riparian acres. Assumes riparian corridor 0.057 miles (300 feet) wide by 52 miles long = 1,897 acres * \$1,500/acre. Acreage, and \$/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22). Includes Sprague tributaries.
	Stream Channel Restoration	Levee removal, setback, or breaching	8	16	\$2,400,000	Miles. Levees on Five Mile (2 miles), Fishhole (4 miles), Merrill (1 mile), Trout (2 miles), Whiskey (4 miles), Sycan (1 mile), Deming (1 mile), Brown (1 mile). Cost is \$150,000 per mile based on previous completed KFFWO projects. Focus is on reconnecting floodplains and re-establishing associated hydrologic processes.
		Whole channel reconstruction	10	10	\$3,000,000	Miles. Brownsworth (0.5 miles), Paradise (0.5 miles), Ish Tish (1 mile), Deming (4 miles), Mercer (1 mile) Fivemile (1 mile), Whiskey (1 mile), Trout (1 mile). Extensive planning and review required, final delineation may change.
		Physical habitat improvements	15	15	\$1,800,000	Miles. Includes measures to enhance fish use of thermal refugia (e.g. overhangs, narrowing, structural complexity), enhance rearing capacity (e.g. large wood, off channel habitats, structural complexity), enhance spawning habitats (e.g. gravel placement), site-specific narrowing or channel re-alignment. Costs estimated at \$120,000 per mile. Extensive planning and review required, final delineation may change.
		Spring improvement, enhancement, and reconnection		20	\$1,000,000	Number of springs. Includes revegetating and reconstructing outlet channels, substrate treatments, and morphological changes to spring ponds.
	Fish Passage	Barrier and impediment removal		6	\$450,000	Number of impediments. Fishhole and Whiskey cks.
Wood River mainstem						
Main Stem Wood	Riparian Corridor Management	Fence construction and offstream watering	12.5	25	\$660,000	Miles. Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements		720	\$1,080,000	Riparian acres. Acreage needed to complete work started by KBRT. Acreage, and \$1,500/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Levee removal, setback, or breaching	3	3	\$450,000	Miles. Does not include the 2 miles above mouth (may be added later, pending analysis). Includes 3 miles immediately south of Weed Road. Costs are based on Wayne Ranch and similar projects completed by KFFWO.
		Physical habitat improvements	15.4	15.4	\$539,000	Miles. \$35,000 per mile to increase rearing capacity using large wood and to increase spawning habitat with gravel placement. Emphasis on maximizing productivity and capacity for early life stages of anadromous fish to facilitate reintroduction.
Wood River Tributaries	Riparian Corridor Management	Fence construction and offstream watering	13	26	\$686,400	Miles. Sun Ck (2 miles), Annie Ck (6 miles), and Crooked Ck (5 miles). Cost to build fence is \$4 per foot used \$5 per foot to account for offstream watering facility cost.
	Stream Channel Restoration	Physical habitat improvements		7	\$75,000	Miles. \$52,000 for upper 5 miles of Crooked Creek, \$21,000 for two miles of Fort Creek.
		Whole channel reconstruction		3	\$1,658,202	Miles. Sun Ck (2 miles), Annie Ck (1 mile). Costs based on Crane Ck and similar projects completed recently by KFFWO.

Table 1 continued. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

Reach	Restoration target	Activities	Miles of Stream	Miles, acres, or number of activity	Estimated Cost	Details
Sevenmile and Fourmile Creek Systems						
Sevenmile Creek/Canal System	Riparian Corridor Management	Fence construction and offstream watering	3	6	\$158,400	Miles. Short Ck and Crane Ck (not including Forest Service; fence is needed only between McQuiston Road and start of Federal property at Barnes Ranch). Cost to build fence is \$4 per foot, used \$5 per foot to account for offstream watering facility cost.
		Riparian corridor management agreements		175	\$262,500	Riparian acres. Includes Fourmile system. Acreage needed to complete work started by KBRT. Acreage and \$1,500/acre estimated value (based on existing Federal agreement mechanisms), may be modified by OPWAS (KBRA Sec 16) and/or GCP (KBRA Sec 22).
	Stream Channel Restoration	Whole channel reconstruction	3.0	4.5	\$2,489,715	Miles. Lower channelized 3 miles on Sevenmile Ck above federally ownership will be restored to 4.5 miles of channel. Costs are based on other recent, similar projects competed by KFFWO. Extensive planning and review are needed, actions will undergo NEPA process, final delineation may change.
Fourmile Creek/Canal System	Riparian Corridor Management	Fence construction and offstream watering	1	1	\$26,400	Miles. Fourmile Creek above Fourmile Canal. Cost to build fence is \$4 per foot; used \$5 per foot to account for offstream watering facility cost.
	Stream Channel Restoration	Whole channel reconstruction	1.5	2.3	\$1,239,156	Miles. Changing lower channelized portion of Fourmile Ck. Costs are based on other recent, similar projects competed by KFFWO.
Spencer Creek						
Buck Lake	In Development					
Spencer Creek	In Development					

Table 2. Two-Year Work Plan

Enhancement actions to be taken under the proposed Strategic Investment Partnership, linked to the causes of the impaired ecosystem process and the expected ecological and social outcomes following the principles recommended by Beechie et al. (2010) for approaching aquatic ecosystem enhancement.

Expected ecological outcomes					
Cause of impaired process	Action	Project scale	Reach scale	Extent of action / Priority areas	Cost of action
Grazing management that prevents riparian plant community succession and therefore prevents attainment of ecological potential.	Riparian corridor management agreements	Riparian corridor uses allow hydro-geomorphological processes to function properly in the long-term.	Re-establish appropriate spatial and temporal rates and magnitudes of lateral and longitudinal connectivity between river channel and riparian zone/floodplain. Improved dynamics associated with thermal regime, sediment and nutrient storage and transport, in-channel and off-channel habitat quality and availability for multiple life stages of fish. Improved ranch management and productivity, better ranch economics, reduced conflict.	Williamson: 20ac Sprague: 50ac Wood: 20 ac 7mile/4mile: 15ac Spencer/Buck: 15 ac UKL tribs: 0	\$ 180,000
	Fence construction and offstream watering	Contributes to implementing ranch management plans and riparian corridor management agreements.		Williamson: 3 Sprague: 5 Wood: 2 7mile/4mile: 0 Spencer/Buck: 2 UKL tribs: 0	\$ 506,880
	Improving dryland range to reduce need for riparian pastures	Expanded flexibility in grazing operations to facilitate reduced reliance on riparian pastures.		Williamson: 0 Sprague: 1,000 ac Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 50,000
Dike construction and channelization has: a) eliminated deltaic processes and wetlands associated with some tributaries to Upper Klamath Lake (UKL); b) disconnected riverine floodplains and channels; c) reduced hydrologic connectivity, species composition, and availability of vegetated nursery habitats for endangered suckers in the Williamson River delta, a legacy of diking and draining.	Re-construct deltaic templates	Tributaries enter UKL in complex deltaic transitions from riverine to lacustrine ecosystems, with many fish habitat and water quality benefits.	Project and reach scales are similar for deltaic projects. Above UKL, removing dikes parallel to the channel may increase floodplain water storage, and increase deposition of sediments and nutrients on floodplains, whereas removing dikes perpendicular to the channel may have the opposite effect. In each case, the outcome moves the system back toward a normative state in which hydro-geomorphological processes can again operate to produce more natural patterns in channel pattern and evolution, flow, habitat, thermal regimes, and water quality.	Williamson: 0 Sprague: 0 Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 2 miles	\$ 165,648
	Levee removal, setback, or breaching	Re-connected flows of water, sediment, and nutrients between channels and floodplains restore more normative flow, habitat, thermal, and nutrient conditions		Williamson: 0 Sprague: 2 Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 300,000
	Whole channel reconstruction	Necessary for most extreme cases. Re-establishes channel-floodplain template in a manner allowing normative processes to function thereafter.		Williamson: 0 Sprague: 2 Wood: 1 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 900,000
	Improve vegetated, deltaic nursery habitats for endangered suckers; residual levee reshaping; re-establish native wetland plants	Increased connectivity among and quality, availability, and diversity of patches of native wetland plants, with concomitant improvements in success of endangered suckers life stages using vegetated nursery habitats.		Williamson: 500ac Sprague: 200 ac Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 50 ac	\$ 39,750
Removal of large woody debris, deactivation of coarse spawning materials by loss of large anadromous salmonids, excessive sediment input resulting from improper riparian management	Physical habitat improvements	Proper addition of large woody debris, and management or addition of spawning gravels suitable for anadromous salmonids would increase production capacity of embryos, fry, and ultimately smolts. Very important to near-term re-introduction efforts that will need to produce sufficient numbers of smolts to begin to re-create Upper Basin stocks.	Williamson: 2 miles Sprague: 8 miles Wood: 3 miles 7mile/4mile: 0 Spencer/Buck: 2 miles UKL tribs: 2 miles	\$ 570,000	
Dikes, roads, and diversions have disconnected springs hydrologically from adjacent waterways; improper riparian management has impaired plant communities and	Spring enhancement and reconnection	Enhancing riparian and aquatic conditions within spring ponds and channels, and re-connecting them to adjacent waterways will restore or expand fish access to thermal refugia and to spawning and rearing habitats.	Williamson: 0 Sprague: 3 springs Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 0	\$ 150,000	
Diversions or culverts impede or prevent fish movements, interrupting life cycles.	Barrier and impediment removal	Longitudinal connectivity re-established quickly in the absence of other barriers	Migratory fish can complete life histories involving long-distance movements.	Williamson: 0 Sprague: 2 barriers Wood: 0 7mile/4mile: 0 Spencer/Buck: 0 UKL tribs: 1barriers	\$ 225,000
TOTAL COST					\$ 3,087,278

Table 3. Partnerships

Roles and responsibilities of the primary partners involved in SIP development and implementation are described below. Please note that there are additional secondary partners who are not included in this list.

Partner	Roles & Responsibilities
The Klamath Tribes	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Project prioritization ○ Project plan & design review ○ Project implementation
Klamath Basin Rangeland Trust	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
Klamath Watershed Partnership	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Project implementation
The Nature Conservancy	<ul style="list-style-type: none"> ○ SIP Development ○ Project prioritization ○ Project plan & design review ○ Project implementation
Klamath Soil & Water Conservation District	<ul style="list-style-type: none"> ○ SIP Development ○ Project prioritization ○ Project plan & design review ○ Project implementation
Upper Klamath Water Users Association	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
Ranch & Range Consulting	<ul style="list-style-type: none"> ○ SIP Development ○ Project implementation
US Fish & Wildlife Service	<ul style="list-style-type: none"> ○ SIP Development ○ Post-project effectiveness monitoring ○ Provide Matching funds for SIP activities ○ Outside assessment of progress towards goals ○ Project prioritization ○ Project plan & design review
National Fish and Wildlife Foundation	<ul style="list-style-type: none"> ○ SIP Development ○ Provide matching funds for SIP activities ○ Outside assessment of progress towards goals



Scorecard: Upper Klamath Basin

Summer 2011



Initiative Duration: Phase 1 of 2, 2009 – 2014 (40% complete)

Species Outcome:

Shortnose Sucker (*Chasmistes brevirostris*)
Goal: Growth rate >1



Lost River Sucker (*Deltistes luxatus*)
Goal: Growth rate >1



Klamath Redband Trout (*Oncorhynchus mykiss newberri*)
Goal: Double the # reference reaches that pass in ODFW assessments



Initiative Investment:



Initiative Strategies

Habitat Conservation:



Habitat Restoration:



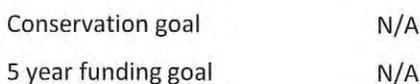
Habitat Management:



Outreach, Policy, Incentives:



Reduction in Species Threats



Research, Monitoring, Evaluation:





Oregon

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August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations Overview
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the evaluation process for the Restoration, Acquisition and Technical Assistance grant applications submitted by the April 18, 2011, deadline. The report also includes budget considerations and a summary of funding recommendations. The report includes progress reports in support of recommended awards for the second phases of two staged awards made by the Board in September 2010.

II. Background and Summary

By the April 18, 2011, grant deadline, OWEB received 144 eligible applications requesting more than \$21 million. The breakdown by region, project type, and dollar amount is shown on the attached table. (Attachment A)

Restoration, Acquisition, and Technical Assistance applications were solicited this cycle. This is the first cycle to be funded under Ballot Measure 76, which became effective on July 1, 2011. Under Measure 76, grant funds are no longer “capital” or “non-capital”; all types of eligible applications can be funded out of the Watershed Conservation Grant Fund.

After being screened for eligibility and completeness, the applications were sent to the six Regional Review Teams (RRTs), which reviewed them for merit and made prioritized funding recommendations to OWEB staff. OWEB staff considered funding availability and integrated the separate RRT recommendations into the staff funding recommendations to the Board.

Following this overview are staff reports containing the OWEB staff funding recommendations for each region.

III. Review Process

The applications were screened for completeness, categorized by application type, and distributed to the RRTs. About half of the reviewers are now receiving CDs of the applications, which has reduced OWEB’s copying and mailing costs (the other half prefer paper copies). OWEB staff in each region then scheduled visits to as many sites as possible, emphasizing new Restoration applications, Acquisition applications, and the more complicated applications. All RRT members were invited on these visits and some were able to participate.

In their RRT meetings, reviewers considered the ecological significance of the proposed project, technical merit, feasibility, likelihood of success, experience of the applicant, and whether the budget supports the proposed work. Given the increasing competitiveness of applications, together with reduced availability of OWEB grant funds, reviewers also considered the overall cost-benefit of applications, particularly for the “big ticket” type of applications, as contemplated by OWEB’s administrative rule 695-010-0070(e) (“whether the overall budget reflects the expected watershed health benefit”). After classifying Restoration and Technical Assistance applications as “do fund” or “no fund,” the RRTs were then asked to prioritize the applications recommended for funding. For Acquisition applications, the RRT only discussed the ecological and educational value of the proposed acquisition and did not make funding recommendations.

The RRT recommendations are included in each applicable regional staff report in this agenda item. The tables attached to each regional staff report identify the staff-recommended funding amount and note whether any grants include funding conditions.

Summaries of the RRT evaluations and funding recommendations were distributed to all applicants whose proposals were reviewed by that RRT. Written comments received from applicants regarding the RRT or staff recommendations by the September 2, 2011, deadline will be forwarded to the Board prior to the Board meeting.

IV. Acquisition Applications

Nine new land acquisition applications and one water acquisition application were reviewed during the April 2011 grant cycle. The applications are described in the appropriate regional staff reports. The water acquisition in Region 4 is recommended for funding. Three of the nine land acquisition applications have been withdrawn by the applicants. Three land acquisition applications are not recommended for funding. The remaining land acquisition applications are recommended for deferral. One land acquisition application previously deferred by the Board is ready for a funding decision. The land and water acquisition application review processes are described below.

A. Land Acquisition Application Review Process

By rule, land acquisition projects undergo a multifaceted review. Applications are first reviewed by the Board Acquisition Subcommittee, which recommends whether staff should proceed with a due diligence review of the proposed acquisition. Soon after, applications are reviewed by the RRTs for ecological and educational values. The Subcommittee may ask for additional information from the applicant or may ask that specific questions be addressed by the RRT.

If the due diligence review is recommended, staff request an appraisal report, title report and exceptions, option, donation disclosure, environmental site assessment, and proposed conservation easement. An independent review appraiser evaluates the appraisal report. OWEB’s legal counsel at the Department of Justice reviews the title report, exceptions, option agreement, and conservation easement. The environmental site assessment is reviewed by staff at the Department of Environmental Quality.

After the due diligence review is complete, the Subcommittee synthesizes the proposed project’s ecological and educational benefits, applicant capacity, partnerships, local support, local and regional community effects, RRT evaluation, and due diligence results into a

funding recommendation to OWEB staff. Staff then consider all evaluation criteria, the Subcommittee's recommendation, and available funding resources to develop a funding recommendation to the full Board. The staff funding recommendations are summarized in a separate section in the appropriate regional staff report.

B. Water Acquisition Application Review Process

The ecological value of a proposed water acquisition project is based on a project's ability to increase instream flow to address the needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. This evaluation is conducted in part by reference to the Oregon Plan Streamflow Restoration Priorities (2001) and evaluation by the appropriate RRT.

In addition to the ecological review of a proposed project, a review of due diligence materials is conducted. Due diligence materials include a fair market appraisal or other valuation assessment, a written assessment of the water right, the water right certificate, an ownership and lien report, an option agreement, and a donation disclosure statement. The appraisal or other valuation is reviewed by an independent reviewer. The assessment of the water right is evaluated by the Oregon Water Resources Department to determine its reliability to provide instream benefit. The remaining items are evaluated by staff for consistency with the administrative rules and by OWEB's legal counsel for legal sufficiency.

While OWEB's administrative rules do not specify a Board subcommittee role, staff have involved the Board Acquisition Subcommittee on water acquisition projects during the final synthesis of the evaluation criteria. The Subcommittee makes a funding recommendation to staff and then staff consider all the evaluation criteria, Subcommittee recommendation, and available funding resources to develop a funding recommendation for the full Board.

V. Progress Reports for Staged Awards

This section reports on the progress to implement the Middle Fork Irrigation District (MFID) Evans Creek Fish Passage and Water Quality Improvements Phase 3 (211-4002) and Horse Heaven Creek Watershed Restoration (211-4010) applications submitted to OWEB in April of 2010. At the September 2010, Board meeting, in order to fund further down the line of Restoration applications recommended by the RRTs, the Board awarded a portion of the funding, and committed to fund the remainder of the request contingent on the grantees' progress reports. Attachment B shows the staged awards and recommended funding amounts.

A. MFID Evans Creek Fish Passage and Water Quality Improvements (211-4002)

This project is piping an irrigation canal that has a history of significant breaches, resulting in sediment pollution of Evans Creek, a biologically important, non-glacial tributary to the East Fork Hood River. Evans Creek is host to ESA listed Lower Columbia ESU winter steelhead and Lower Columbia ESU coho salmon as well as native redband and cutthroat trout.

The grantee has completed the first part of the final phase by installing approximately 5,800 feet of high density polyethylene pipe along with the pertinent fittings and an energy dissipation structure. The pipeline has been backfilled and reseeded with native grasses.

This first portion of the project cost less than originally projected due to MFID employees doing work that was originally to be contracted out. The district was also able to use material

that was available in inventory. One Hundred Thirty Thousand Eight Hundred and Seventy-One dollars and fifty-four cents (\$130,871.54) of OWEB funds were used out of the \$144,714 awarded. In addition to the second stage of funding (\$222,345), the grantee expects to need the remaining \$13,800 from the first award, since the remaining section of the project is located in steeper terrain with more difficult access. MFID plans to pipe the remaining 5,200 feet this fall.

B. Horse Heaven Creek Watershed Restoration (211-4010)

This project covers approximately 11,000 acres in the Horse Heaven Creek watershed (Crooked River), about 20 miles southeast of Prineville, and is the result of collaborative efforts among private landowners, federal land management agencies, and state resource management agencies working toward a common vision of improved watershed health. The project includes juniper management, off-stream water development to remove grazing pressure from riparian areas, and seeding and weed treatments to improve native plant diversity and health.

The first phase of the project has a goal of 70 percent juniper removal across 2,400 acres, with a prescribed burn planned for September 2011. The burn will be followed by seeding on areas where it is not expected that native grasses will regenerate sufficiently. As of mid-July 2011, contractors had completed juniper removal on 1,650 acres and it was expected that all 2,400 acres would be treated by August 2011. The grantee reports that all landowners and project partners are thrilled with the results of the project so far and are eager to continue with the remaining phases of the project.

The staged award of \$156,861 is needed for year two of the project (2011-2012). The grantee will prepare the 1,200-acre juniper treatment unit with flagging of the juniper cut areas in the fall 2011. Juniper thinning will occur during the winter and spring of 2011-2012, and the second burn is planned for fall 2012. Post-burn monitoring of the first juniper treatment area will begin in 2012. Off-channel, upland water developments will be constructed during the summer of 2012. The grantee plans to adjust any aspects of the prescribed burn and the juniper treatment depending upon the success of the 2011 treatment and burn, and applying adaptive management strategies.

The final phase of the project will take place in 2012-2013 and cover 1,280 acres. The final stage of the OWEB grant award (\$165,529) is expected to be needed in fall 2012 and will be requested at the September 2012 OWEB Board meeting.

VI. Budget Considerations

At the time of writing this staff report, the Board has not yet established an overall spending plan or set funding targets for each grant cycle in the 2011-2013 biennium. In addition, as discussed at the July 2011 Board Planning Session, there is a desire to create time for the Board to engage in a strategic discussion with staff and stakeholders about longer-term priorities and programs. As a result, staff have developed the funding recommendations for this first grant cycle of the biennium as a “standalone” funding allocation – it does not set a precedent for future grant cycles. The Board has currently approved three more, with a potential future discussion of holding only two more cycles based on Board direction and workload considerations. Budgets for future grant cycles will depend on the Board’s spending plan.

There is an important change to OWEB's grant funds this biennium. Under Ballot Measure 66, grant funds were either "capital" funds, which generally could be used only for Restoration and Acquisition applications, or "non-capital" funds, which could be used for Technical Assistance, Monitoring, Outreach, and other types of "non-capital" applications. Over the past several biennia, non-capital funds have been more limited than capital funds. Ballot Measure 76 eliminated the distinction between capital and non-capital funds, creating one Watershed Conservation Grant Fund that can be used for all grant types to achieve restoration and protection of native fish and wildlife, water quality, and watershed or ecosystem functions.

In developing funding recommendations, staff did consider the level of grant funds available for 2011-2013 in comparison to 2009-2011. As of August 5, 2011, OWEB has about \$54 million in uncommitted grant funds available for the biennium, including state Lottery funds and Pacific Coastal Salmon Recovery Fund dollars. For comparison purposes, as of September 2009, OWEB had \$54.6 million in grant funds available. While the level of funding available is similar, there are additional demands on the 2011-2013 grant funds, including \$2.5 million for Weed Board grants with legislative expectations. In addition, expectations for OWEB funding continues to grow as a result of partnership investments and the increased capacity of our local partners to develop and implement projects; increasingly large and complex restoration projects; increasing demand for acquisition grants; and other programs and projects that were funded during biennia when revenues were increasing. OWEB will not be able to meet all of the needs this biennium.

In the April 18, 2011, grant cycle, OWEB received 144 Restoration, Acquisition and Technical Assistance applications requesting more than \$21 million in funding. We expect to receive at least this level of request in the October 17, 2011 grant cycle. Typically, more grant applications are submitted in the October grant cycle than in the spring cycle preceding it. In addition, OWEB has approximately \$3.2 million in pending land acquisition applications that were received through the regular grant cycle, which will affect future grant cycles.

VII. Point of Interest: The Role of Big-Ticket Projects

Over the past several years, OWEB has seen a greater number of more complex, large-dollar projects vying for the available resources. The challenge has been to balance support for smaller, shorter-term opportunities with support for larger, longer-term projects, while also making award decisions that assure larger projects that they will receive the funding they need to succeed. This becomes even more challenging this biennium when OWEB will have fewer grant funds and increased demands.

In previous cycles, staff have addressed this issue by recommending that the Board approve "big-ticket" projects with the condition that only part of the funding is awarded at the first decision meeting, with the remaining project funds to be awarded at future Board meetings. This approach allows OWEB to continue to fund a number of projects in all six regions during each cycle. It also requires OWEB staff to carefully track the future commitments made by the Board to ensure accurate calculations of available grant resources.

Staff recommend the Board approve staged awards for three Restoration applications submitted in April 2011: two in Central Oregon, Region 4, and one in Eastern Oregon, Region 5.

In Region 4, the total amount of all Restoration applications recommended for funding by the RRT is \$2,648,973. Staff agree that seven of the 10 RRT-recommended applications are important to fund at this time. One of the applications, 211-4008, Tumalo Feed Canal Piping Phase 3 (\$847,102), continues a project OWEB has previously invested in, and when completed, it will result in 20 cubic feet per second (cfs) of conserved water instream in Tumalo Creek and Crescent Creek in the Upper Deschutes Basin. A staged award is not feasible for the Tumalo Feed Canal Piping project; if OWEB does not award funding in September 2011, the project will lose \$1 million of Bureau of Reclamation funds.

However, staff have worked with the applicants for 212-4013, Sycan River Connectivity (total funding \$566,320) and 212-4001, Dee Irrigation District Piping and Passage Project (total funding \$450,000), to develop staged funding recommendations for these applications. These two applications are recommended for funding with the condition that only part of the funding is awarded at this meeting, with the remaining project funds awarded at a future Board meeting.

In Region 5, the total amount of all Restoration applications recommended for funding by the RRT is \$2,167,774. Staff agree that 13 of the 18 RRT-recommended applications are important to fund at this time. Application 212-5008, Newell Water Quality Improvement Phase I (total funding \$702,020), will address irrigation-induced erosion, estimated at 8,900 tons of sediment annually flowing into the lower Owyhee River. Sedimentation has resulted in listing the Owyhee River on DEQ's 303(d) list of impaired streams. The project is the result of water quality monitoring, which identified highly polluting agricultural drains and has also identified water quality improvements as a result of converting furrow irrigation to sprinklers. The project design is the result of an OWEB Technical Assistance grant. This application is recommended for funding with the condition that only part of the funding is awarded at this meeting, with the remaining project funds awarded at a future Board meeting. Staff have discussed the "staged award" with the applicant.

In addition, staff recommend the second stage of funding for two Restoration applications (211-4002, MFID Evans Creek Fish Passage and 211-4010 Horse Heaven Creek Watershed Restoration) for which the Board, in September 2010, awarded staged funding and committed future funding to complete the projects.

VIII. Staff Funding Recommendations

In developing funding recommendations, staff were very aware of the challenges and demands on grant funds and the fact that funding awarded for this cycle will mean funding that is not available for future grant cycles. At the same time, staff was impressed by the quality of the applications this cycle, and the importance of the projects to watershed health and the restoration economy around the state. As reported by the University of Oregon Ecosystem Workforce Program, every \$1 million of public investment in clean water and habitat restoration creates about 15-24 total jobs and 90 percent of OWEB investments stay in Oregon, hiring local businesses. OWEB's statewide investment in watershed restoration helps support both the local watershed restoration infrastructure, which is critical to capacity for future projects, and the local economy.

Staff also considered the range of recent grant cycle awards. Over the past four years, the September awards for the regular grant cycle have ranged from a high of \$13,374,537 in September 2007 to a low of \$7,909,692 in September 2009. The average total September grant

award over the past four years is \$9,996,217. The total recommended by staff for the April 2011 grant cycle is within this range.

Staff recommend funding for 52 of the 65 RRT-recommended Restoration applications, 17 of the 25 RRT-recommended Technical Assistance applications, and one Water Acquisition application. (Attachment C) Staff also recommend funding for one Land Acquisition application previously deferred by the Board.

Staff recommend funding these grants through the expenditure of \$10,570,125 in grant funds. The statewide funding total recommended by staff is shown below. Details are contained within each of the attached regional staff reports.

For the two staged awards, both grantees have submitted the required progress reports. Staff recommend the Board award the second stage of funding for both projects, as shown in Attachment B to this report.

A. Funding Recommendations

Restoration Applications	\$ 7,735,553
Water Acquisition Application (Region 4)	\$ 1,000,000
Deferred Land Acquisition Application (Region 3)	\$ 750,000
Technical Assistance Applications	\$ 705,366
<u>2 Staged Awards – Restoration Applications (Region 4)</u>	<u>\$ 379,206</u>
TOTAL Staff Recommendation	\$10,570,125

Attachments

- A. Grant Applications Submitted for the April 2011 Grant Cycle
- B. Staged Awards from September 2010 Recommended for Funding
- C. April 2011 Grant Cycle Recommendations

Oregon Watershed Enhancement Board

Types of Applications Received for April 18, 2011

	Acquisition	Technical Assistance	Restoration	Totals
Region 1	2	6	8	16
Region 2	0	13	17	30
Region 3	6	10	15	31
Region 4	1	3	16	20
Region 5	1	2	26	29
Region 6	0	3	15	18
Totals	10	37	97	144

Dollar Amounts by Application Type

	Acquisition	Technical Assistance	Restoration	Totals
Region 1	863,860	293,384	1,632,489	\$2,789,733
Region 2	0	425,950	2,100,769	\$2,526,719
Region 3	3,403,500	414,341	2,056,482	\$5,874,323
Region 4	1,000,000	138,090	3,566,538	\$4,704,628
Region 5	350,000	75,225	3,074,838	\$3,500,063
Region 6	0	98,496	1,715,650	\$1,814,146
Totals	\$5,617,360	\$1,445,486	\$14,146,766	\$21,209,612

Staged Awards
April 18, 2011 Grant Cycle
Second Stage Award

Staff Recommendations to the Board are Highlighted in Yellow		
Project #	Project name	2nd stage award
211-4002	MFID Evans Creek Fish Passage & Water Quality Improvements Phase 3 ♦	222,345
211-4010	Horse Heaven Creek Watershed Restoration ♦♦	156,861
Total Restoration Projects Recommended for Second Stage Award by Staff to Board		\$379,206

♦Total amount is \$314,250; staged award with \$144,714 awarded in Sept. 2010 and \$222,345 to be awarded in Sept. 2011.

♦♦Total amount is \$518,848; staged award with \$199,919 awarded in Sept. 2010, \$156,861 to be awarded in Sept. 2011, and \$165,529 awarded Sept. 2012.

April 2011 Grant Cycle Recommendations

Number of Applications Recommended by Region for Funding

Region	Technical Assistance		Acquisition	Restoration	
	RRT	Staff	Staff	RRT	Staff
Region 1	5	4	0	8	7
Region 2	8	3	0	12	9
Region 3	7	5	0	7	7
Region 4	1	1	1	10	7
Region 5	2	2	0	18	13
Region 6	2	2	0	10	9
Total	25	17	1	65	52

Dollar Amounts by Application Type Recommended for Funding

Region	Technical Assistance	Acquisition	Restoration
Region 1	\$ 193,384	\$ -	\$ 1,581,201
Region 2	\$ 126,644	\$ -	\$ 1,300,789
Region 3	\$ 196,462	\$ -	\$ 1,095,010
Region 4	\$ 36,000	\$ 1,000,000	\$ 1,578,805
Region 5	\$ 75,225	\$ -	\$ 1,501,326
Region 6	\$ 77,651	\$ -	\$ 678,422
Total	\$ 705,366	\$ 1,000,000	\$ 7,735,553



August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations
Region 1, North Coast
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the North Coast Regional Review Team evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 16 applications for a total request of about \$2.8 million. The North Coast Regional Review Team (RRT) recommended to staff 13 applications for funding. Two land acquisition applications were received from Region 1 this grant cycle. One application is recommended for deferral. The other application was withdrawn.

III. Regional Review Team Recommendations

The North Coast RRT met on June 28, 2011, to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

IV. Land Acquisitions

A. Dooher Wetlands Acquisition Project (212-107)

The Nature Conservancy (TNC) submitted an application requesting \$405,000 as reimbursement for costs it incurred in the purchase of a 66-acre former dairy farm on the Lower Kilchis River in Tillamook County. TNC purchased the property in November 2010, to restore it to tidally influenced wetlands. The application is a resubmission of application 211-104 submitted in April 2010, which TNC withdrew because staffing and funding constraints caused the Subcommittee to decline due diligence for the project. The purchase is eligible for an acquisition grant because TNC resubmitted the application in the first grant cycle after the purchase.

The property, which is bordered by 0.8 miles of the Kilchis River and 1.4 miles of Stasek Slough, was previously diked, ditched, and tide-gated to create a pasture suitable for grazing cows. TNC will restore the property by removing tide gates and dikes, filling ditches if needed to speed tidal wetland recovery, planting spruce and other riparian vegetation, and

controlling invasive species. The application states that the property, upon restoration, will benefit OWEB priority species such as chum salmon, coho salmon, bald eagle, great-blue heron, and band-tailed pigeon. TNC has also submitted a technical assistance grant application (212-1012) for the development of a restoration plan for the property. Staff recommend funding for the technical assistance application, as indicated in Attachment A.

The Subcommittee and staff felt that TNC and its project partners have the capacity to ensure that the property is fully restored to tidally influenced wetlands in a manner that successfully engages neighboring landowners and the broader community. The RRT felt that the project presents an excellent opportunity to restore rare wetland types that will enhance water quality and benefit OWEB priority species, and therefore the project has high ecological value. The RRT concluded that the wetland restoration will be a valuable learning experience, both for TNC and its partners, and for neighboring landowners with whom TNC is committed to interacting in a positive manner. The RRT felt that the project has high educational value because the property will serve as a good outdoor classroom for Tillamook High School, which has an active natural resources education program.

Staff recommend the Board defer consideration of the Dooher Wetlands Acquisition Project (212-107) until the due diligence review is complete.

B. Schooner Creek Acquisition Project (212-109)

The City of Lincoln City submitted an application requesting \$458,860 to purchase a 157-acre forested property in the Schooner Creek watershed, which is the city's water source. Although the Subcommittee appreciated the city's interest in gaining control over its municipal watershed, the Subcommittee did not feel that the city's project is among those best aligned with OWEB's priorities. The Subcommittee declined to request due diligence for the project and made a no-fund recommendation to staff. The city opted to withdraw the application.

V. Staff Recommendation

For the September Board meeting, staff recommend funding for 11 applications for a total award of \$1,774,585: \$1,581,201 for Restoration and \$193,384 for Technical Assistance. For the Land Acquisition applications, staff recommend the Board defer consideration of the Dooher Wetlands Acquisition Project (212-107) until the due diligence review is complete.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 1 - North Coast
Acquisition Project Recommended for Deferral by OWEB Staff
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount
212-107	Dooher Wetlands Acquisition Project	405,000
Total		\$405,000

Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-1012	Kilchis River - Dooher Farm Restoration Project ^	50,000	1
212-1011	Waite Ranch Restoration Set-Back Levee Geotech	44,483	2
212-1000	Clatskanie River Fish Passage Improvement Project	49,671	3
212-1004	North Coast Watershed Council Restoration Assistance	49,230	4
212-1009	Schooner Creek Watershed Limiting Factors Analysis	50,000	5
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$243,384	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$193,384	

Region 1 - North Coast
Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-1002	South Fork Necanicum Fish Passage Improvement Project *	491,690	1
212-1013	Siletz Tidal Salt Marsh Connectivity and Fish Passage Project	105,778	2
212-1007	Circle Creek Tributaries Fish Passage and Floodplain Restoration	61,650	3
212-1006	Wald Riparian Fencing/Planting Project ^ PE \$11,851	41,969	4
212-1005	Farmer Creek Road Culvert Replacement *	480,692	5
212-1008	God's Valley Meadows Restoration * ^ PE \$4,431	85,279	6
212-1003	Coho Creek Fish Passage Restoration *	314,143	7
212-1010	Wolf Creek Tributary/10C Road Culvert Replacement	33,072	8
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,614,273	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,581,201	

* Listed Amount Reflects Recommended Reduction PE=Plant Establishment

Region 1 - North Coast
Technical Assistance Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-1001	Hobson Creek Culvert Replacements Design	50,000

Acquisition Project Withdrawn by Applicant
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount
212-109	Schooner Creek Acquisition Project	458,860
Total		\$458,860



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August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Mark Grenbemer, Southwest Oregon Regional Program Representative

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Southwest Oregon Regional Review Team recommendations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 30 applications for a total request of about \$2.5 million. The Southwest Oregon Regional Review Team (RRT) recommended 20 applications for funding.

III. Regional Review Team

The Southwest Oregon RRT met in Roseburg on June 1, 2011, to review applications. The RRT reviewed all Restoration and Technical Assistance applications for technical merit and gave a “do fund” or “no fund” recommendation to each. The RRT recommended budget reductions and funding conditions for some of the applications, as described in the Region 2 Evaluations for April 18, 2011, Applications. The RRT then prioritized the applications recommended for funding.

IV. Staff Recommendation

For the September Board meeting, staff recommend funding for 12 applications for a total award of \$1,427,433: \$1,300,789 for Restoration and \$126,644 for Technical Assistance.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the RRT. For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 2 - Southwest Oregon
Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-2006	South Fork Coquille River Sedimentation and Temperature Action Plan ^	49,905	1
212-2005	Baker Creek Culvert and Fish Ladder Feasibility Analysis ^	34,977	2
212-2018	Myrtle Creek Restoration Planning ^	41,762	3
212-2014	Fish Passage Prioritization	38,601	4
212-2021	Elliott State Forest Road Improvement Surveys and Evaluation **	35,003	5
212-2028	North Fork Coquille Watershed Project Development and Landowner Recruitment	28,251	6
212-2002	Saunders Creek Technical Assistance ^	9,339	7
212-2023	South Fork Coos Basin Aquatic Inventory Surveys	49,800	8
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$287,638	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$126,644	

**Fund Increased ^Fund with Conditions

Region 2 - Southwest Oregon
Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-2019	Wilson Creek Sub-basin Fish Passage & Riparian Enhancement Project * PE \$7,608	186,530	1
212-2017	Upper Scholfield Instream Restoration *	218,843	2
212-2029	Sucker Creek Channel and Floodplain Restoration - Phase 2A	157,047	3
212-2022	North Slough Fish Passage and Water Quality Improvements *	195,514	4
212-2020	West Fork Millicoma River Engineered Log Jams 2012 * ^ EM \$21,028	244,119	5
212-2016	Big and Sagabeard Creeks Fish Passage ^	126,821	6
212-2013	Waggoner Creek Instream Restoration	92,539	7
212-2007	Reveg of areas affected by removal of Gold Ray/Savage Rapids dams * PE \$19,909	31,741	8
212-2010	Lower Shan Creek Restoration ^ PE \$4,417	47,635	9
212-2004	East Fork Coquille River Riparian Restoration	55,979	10
212-2015	Tenmile Creek Restoration ^	59,112	11
212-2001	Riley Creek Habitat Restoration ^	55,396	12
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,471,276	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,300,789	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions EM=Effectiveness Monitoring PE=Plant Establishment

Region 2 - Southwest Oregon
Technical Assistance Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-2000	Applegate Watershed Fish Barrier List Update	27,500
212-2011	Stormproofing Sucker Creek's Roads: TA to Reduce Sediment Source & Protect Aquatic Habitat	46,500
212-2012	Lower Deer Creek Restoration	6,316
212-2025	Eslick Creek Livestock Crossing Design	8,600
212-2027	Little Butte Creek Water Quality Improvement Project	49,396

Restoration Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-2003	Myrtle Point Wetland Enhancement Phase 1	127,018
212-2008	SF Coquille Habitat Enhancement Project	252,000
212-2009	Camp Creek Large Wood Salmon Habitat Restoration	22,650
212-2024	Applegate Valley Forest Health Initiative	34,798
212-2026	Deer Creek Channel and Floodplain Restoration - Phase 1	104,006



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August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Wendy Hudson, Willamette Basin Regional Program Representative
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations
Region 3, Willamette Basin
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Willamette Basin Regional Review Team recommendations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 31 applications for a total request of about \$5.9 million, including \$3.4 million for six Acquisition applications. The Willamette Basin Regional Review Team (RRT) recommended 14 applications for funding. Of the six land acquisition applications, two are recommended for deferral; three are not recommended for funding; and one was withdrawn. One Acquisition application previously deferred by the Board is ready for a funding decision.

III. Regional Review Team

The Willamette Basin RRT met in Salem on June 27, 2011, to review Restoration and Acquisition applications; Technical Assistance applications were reviewed via conference call on June 2, 2011. The RRT reviewed all Restoration and Technical Assistance applications for technical merit and gave a "do fund" or "no fund" recommendation to each. The RRT recommended budget reductions and funding conditions for some of the applications, as described in the Region 3 Evaluations for the April 18, 2011, Applications. The RRT then prioritized the Restoration and Technical Assistance applications recommended for funding. For Acquisition applications, the RRT only discussed the ecological and educational value of the proposed acquisition and did not make funding recommendations.

IV. April 2011 Land Acquisition Applications Recommended for Deferral

A. Bald Hill Farm Acquisition Project (212-101)

Greenbelt Land Trust (GLT) submitted an application requesting \$940,000 to purchase Bald Hill Farm, a 587-acre property located between Corvallis's Bald Hill Natural Area and Benton County's Fitton Green Natural Area. The property is adjacent to Lupine Meadows, a

58-acre oak and prairie conservation property held by GLT and purchased in part with OWEB funds.

The application states that protecting Bald Hill Farm will result in more than 1,400 acres of permanently protected lands near Corvallis. The lands are identified as priority areas for the recovery of 38 native prairie species described in Benton County's recently completed Prairie Species Habitat Conservation Plan. One of the primary goals of the project is to demonstrate how ecological protection and restoration, education, recreation, and local food production can be managed and integrated on one property.

The Subcommittee and staff felt that protecting the property will preserve habitat connectivity, augment a network of conserved sites, and provide a large area in which to advance listed species recovery goals. The Subcommittee decided that the application and GLT's track record demonstrate its capacity to build the partnerships necessary to accomplish its protection and restoration goals for the property. The Subcommittee recommended proceeding with the due diligence review in May 2011.

The RRT expressed strong support for the project, stating that it has high ecological value for the reasons identified by the Subcommittee and staff. The RRT generally agreed that the project is a good opportunity to demonstrate to the community that grazing can be successfully used as a conservation tool, but stated that GLT will need to intensively manage grazing in order to accomplish its goal of prairie improvement. The RRT concluded that the greater Bald Hill area is highly used by the public, and therefore the project is a high-value opportunity to raise community awareness of conservation, and demonstrate that recreation can be compatible with restoration and protection of conservation values.

Staff recommend the Board defer consideration of the Bald Hill Acquisition Project until due diligence materials have been received and reviewed.

B. Pugh Property Acquisition Project (212-108)

The Nature Conservancy submitted an application requesting \$128,500 to purchase a 48-acre property adjacent to Yamhill Oaks Preserve in Yamhill County. Yamhill Oaks Preserve was purchased by TNC in part with OWEB funds.

The application states that TNC will restore oak woodland, upland prairie and oak savannah, and wet prairie on the property. The application states that until 2007, the population of Fender's blue butterfly at Yamhill Oaks Preserve was considered to be 20-40 butterflies. However, the results of a 2009 survey indicate that 173 butterflies are present at the preserve. Acquiring the property proposed for acquisition will support further expansion of the butterfly population, in turn supporting the U.S. Fish and Wildlife Service's recovery goals for the species' northern recovery area. The application also states that the property contains 12 acres of federally designated critical habitat for Fender's blue butterfly and Kincaid's lupine.

The Subcommittee and staff felt that protecting the property is an important opportunity to expand on a previous acquisition investment, thereby advancing listed species recovery goals. The Subcommittee decided that the application and TNC's track record demonstrate its capacity to build the partnerships necessary to accomplish its protection and restoration

goals for the property. The Subcommittee recommended proceeding with the due diligence review in May 2011.

The RRT noted that the populations of Fender's blue butterfly and Kincaid's lupine are thought to be even higher on the property than on Yamhill Oaks Preserve. The RRT agreed that restoring and protecting the property's prairie and oak habitats, together with Yamhill Oaks Preserve, will accomplish an important step in meeting the criteria for a minimum number of self-sustaining Fender's blue butterfly populations in the species' northern recovery area. The RRT concluded that the project has high ecological value.

The RRT thought that the property is not appropriate for educational activities because Fender's blue butterfly and Kincaid's lupine are susceptible to degradation from foot traffic. The RRT concluded that the project has low educational value.

Staff recommend the Board defer consideration of the Pugh Property Acquisition Project (212-108) until due diligence materials have been received and reviewed.

V. April 2011 Land Acquisition Applications Not Recommended for Funding

A. Dupee Valley Acquisition Project (212-100)

The Confederated Tribes of the Grand Ronde (CTGR) submitted an application requesting \$1 million to purchase 1,225 acres of grazing and forestry lands in the South Fork Yamhill River watershed in Yamhill County. The property is one holding, held by a single owner. The application describes the property as a rare opportunity for hilltop-to-hilltop restoration and protection of fish and wildlife resources. The property is located approximately two miles from Yamhill Oaks, a preserve owned by The Nature Conservancy (TNC) and funded in part by OWEB. CTGR wishes to purchase the property to restore it to riparian forest, wet prairie, and oak habitats. The application states that restoration will be implemented by CTGR's Natural Resources Department.

1. Ecological Benefits

The application states that the property currently contains approximately 35 acres of intact oak woodlands and two miles of Dupee Creek. The remainder of the property is in a degraded state. The application states that over 50 percent of the property has been disturbed by forestry and grazing practices, the property's hill slopes were logged within the past ten years, and a portion of the property has been cleared for vineyard development. However, CTGR estimates that upon completion of restoration, the property will contain 688 acres of oak woodland, 20 acres of wet prairie, 80 acres of riparian forest and shrublands, and 367 acres of upland prairie and oak savanna.

The application states that the property currently has no rare or at-risk plant communities, but that after restoration the property will contain 296 acres of white oak/poison oak/ blue wildrye.

The application seems to indicate that the following priority species are likely to occur at the property: acorn woodpecker, American kestrel, chipping sparrow, Oregon vesper sparrow, short-eared owl, streaked horned lark, western meadowlark, black-tailed

jackrabbit, Fender's blue butterfly, white-topped aster, wayside aster, peacock larkspur, Willamette daisy, Kincaid's lupine, and Nelson's checkermallow.

The application states that the proposed project is consistent with all of OWEB's conservation principles, and therefore will: protect a large intact area, stabilize an area on the brink of ecological collapse, secure a transition area, restore function, protect a site with exceptional biodiversity, improve connectivity of habitat, and complement an existing network of conservation sites.

The RRT expressed support for the project, citing the opportunity to implement ridge top-to-ridge top restoration, with a very important oak component, in close proximity to other conserved sites. The RRT acknowledged that CTGR has good experience with prescribed burns. Most RRT members stated that the tribe has the capacity to accomplish restoration. However, the RRT tempered its support for the ecological value of the project with an acknowledgment that the property's size and degraded condition will make restoration a daunting undertaking. Several RRT members spoke further about the property's condition, stating that its degradation makes it unlikely that all of the priority species listed in the application will benefit from the acquisition, and that restoration will be necessary in order to accomplish significant benefits for priority species. The RRT agreed that a natural resources inventory is necessary to gain an understanding of the property's existing resources and identify restoration actions that are appropriate and feasible for the property.

2. Capacity to Sustain the Ecological Benefits

The application states that CTGR's Natural Resources Department includes at least ten staff members who have attained a bachelor's degree or more advanced degree in natural resources management. The department has an extensive wildland fire program that can implement prescribed burns as an oak and prairie management tool. The application also states that CTGR has been very active in providing work opportunities for youth, and typically manages two crews. Financial information provided by CTGR indicates that the Natural Resources Department's 2010 budget was approximately \$6 million.

The application does not clearly state how much funds CTGR has budgeted for restoration and management of the property. It seems that CTGR expects to spend approximately \$613,000 over ten years, with an estimated cost of \$50 per acre per year. The application contains no indication that CTGR checked with nearby conservation property owners to confirm that this per-acre cost is appropriate, nor does the application make a persuasive argument for how this large, significantly altered property can be restored in ten years.

3. Educational Benefits

The application states that CTGR has an active and successful work program for tribal and non-tribal youth and college students, hiring 12-25 young people on an annual basis. The application states that the goal of the employment program is to give young people an introduction to natural resources management principles and an opportunity to develop workforce skills. The application also states that CTGR has dedicated funding for public outreach, but doesn't provide specific information about how this property could be used for outreach.

The RRT acknowledged that CTGR employs young people each summer, but felt that CTGR has not articulated an especially strong plan for project outreach or educational activities at the property.

4. Partners, Project Support, and Community Effects

CTGR plans to use Bonneville Power Administration (BPA) wildlife settlement funds for a portion of the purchase price, as well as pre-acquisition costs and ongoing restoration and management of the property. The application states that because the wildlife settlement selection process is in its “infancy,” it cannot estimate a timetable for this project. No other project partners are apparent. The application was submitted without a letter from the landowner or other letters of support. Staff inquired about these items, and were sent letters dated after the application deadline. Therefore, it seems reasonable to conclude that the project is in an early stage of development.

5. Legal and Financial Terms

The application states that the total project cost is \$5,198,000. This sum is based on the property’s listing price, not on an appraisal. The application indicates that CTGR might decide to hold the property as trust lands. OWEB’s ability to effectively enforce the terms of its normal form of conservation easement may depend upon how CTGR holds title.

6. Conclusion

In May 2011, the Subcommittee declined to request due diligence for the project. The Subcommittee stated that large-scale restoration is needed in order for the property to significantly benefit OWEB priority ecosystems, plant communities, and species. Restoration of the property will be an expensive and complex effort that will require significant organizational capacity and a sustained, multi-year effort by a strong partnership of funders and restoration experts. The subcommittee stated that the application does not demonstrate that CTGR has built the capacity and partnerships necessary to successfully restore the property and maintain the restored conditions in perpetuity.

The RRT concluded that the project has high ecological value, while recognizing that restoration of the property will be an expensive, complex, and lengthy process. The RRT concluded that project has low educational value because the application does not indicate that CTGR has well-developed plans for outreach and educational activities at the property.

At the RRT site visit, staff asked CTGR for additional information about its restoration plans for the property. CTGR told staff that it had not talked to nearby conservation landowners about realistic restoration costs. Staff conveyed cost information, namely that a nearby conservation landowner indicated to staff that maintaining restored prairie and oak conservation values requires four times more funds per acre than CTGR expects to spend restoring highly degraded oak and prairie habitats. CTGR told staff that it has not dedicated its own funds for the restoration, and has not made plans for any partnership other than BPA.

The Subcommittee took into account the RRT's conclusions, and made a final determination not to recommend funding for the project. The Subcommittee feels that in order for the project to be a priority for OWEB, CTGR must build a strong partnership consisting of secured, adequate funding for major restoration; diverse technical expertise for restoration planning and implementation; and secured funding for maintenance of restored conditions. Staff do not recommend funding for the project.

B. Lambert Slough Acquisition Project (212-104)

The Confederated Tribes of the Grand Ronde (CTGR) submitted an application requesting \$750,000 to purchase a 183-acre property on the Willamette River in Yamhill County. The application states that the property is located between river mile 50 and river mile 80, a stretch of the Willamette identified as Anchor Habitat by the Willamette Action Team for Ecosystem Restoration (WATER) Habitat Technical Team.

The application states that 59 acres of the property are currently protected by a Natural Resources Conservation Service (NRCS) floodplain easement. The remainder of the property is being farmed. CTRG wishes to acquire the property to stop erosion and restore floodplain function. The application also states that if the project goes forward, the landowner intends to reserve the right to farm the property for five years after selling it to CTGR.

CTGR staff estimate that 16 percent of the property is prone to annual flooding, 48 percent is prone to flooding once every ten years, and 36 percent of the property is on an elevated terrace that probably floods once every 30-50 years. The application states that CTGR will restore the property by removing agricultural crops, artificial high terraces, and non-native invasive plants, and by planting native species. The application states that there are low areas on the property that could be excavated to cause more frequent flooding, but does not provide further explanation, or state the likelihood that CTGR would investigate the feasibility of this action.

1. Ecological Benefits

The application implies that the property contains one mile of Willamette River and Lambert Slough frontage. The application states that the property currently contains ten acres of riparian forest and shrubland, and 114 acres on which this priority ecological system needs to be restored. The application implies that the remaining 59 acres will be restored under the NRCS floodplain easement, purchased in 2009.

The application does not indicate that there are at-risk plant communities on the property. The application states that the following priority species will benefit from the project: Chinook salmon, Pacific lamprey, coastal cutthroat trout, and steelhead. The application also states that yellow warbler, chipping sparrow, and white-breasted nuthatch might benefit from the project, although they are not known to occur at the property.

The application states that the proposed project will: protect a large intact area, stabilize an area on the brink of ecological collapse, restore function, protect a site with exceptional biodiversity, improve connectivity of habitat, and complement an existing network of conservation sites.

The RRT acknowledged that the property is located within a stretch of the Willamette River that is important for salmon and steelhead, restoration of floodplain function is a priority for the river, and side channel habitat such as Lambert Slough is especially valuable for fish. However, the RRT expressed concerns about the condition of the property, stating that it is seriously degraded, and that the degradation would pose considerable challenges to restoring the property. One RRT member stated that restoring the property is likely to threaten nearby properties and commercial activities, and therefore CTGR could be faced with significant restoration impediments. Several RRT members stated that they are uncertain whether CTGR has the capacity to accomplish the restoration. One RRT member noted that restoration would be hampered by the landowner farming the property for five years after selling it CTGR. Another RRT member pointed out that the intact portion of the property's floodplain is not threatened because it is too wet to farm and is encumbered by an NRCS easement.

2. Capacity to Sustain the Ecological Benefits

The application states that CTGR's Natural Resources Department includes at least ten staff members who have attained a bachelor's degree or more advanced degree in natural resources management. The application also states that the NRD's fish and wildlife program has implemented projects such as instream wood placement, culvert replacement, riparian plantings, and stream bank protection. The application indicates that each year the program recruits 12 volunteers from local universities, and that the volunteers contribute approximately 150 hours to CTGR's fish and wildlife projects.

3. Educational Benefits

The application states that CTGR has an active and successful work program for tribal and non-tribal youth and college students, hiring approximately 25 young people on an annual basis. The application states that the goal of the employment program is to give young people an introduction to natural resources management principles and an opportunity to develop workforce skills. The application also states that CTGR will reach out to local watershed councils and environmental groups, but does not elaborate.

The RRT acknowledged that CTGR employs young people each summer, but felt that CTGR has not articulated an especially strong plan for project outreach or educational activities at the property.

4. Partners, Project Support, and Community Effects

CTGR plans to use BPA funds to match the requested OWEB funds. However, CTGR has not applied for the BPA funds. The application was submitted without a letter from the landowner or other letters of support. Staff inquired about these items, and were sent letters dated after the application deadline. Therefore, it seems reasonable to conclude that the project is in an early stage of development.

5. Legal and Financial Terms

The application states that the total project cost is \$1.4 million. This sum is based on the landowner's stated price, not on an appraisal. The application indicates that CTGR might decide to hold the property as trust lands. OWEB's ability to effectively enforce the terms of its normal form of conservation easement may depend upon how CTGR holds title.

The application states that the landowner is currently marketing another property he owns, and will terminate discussions with CTGR if the other property is sold. If CTGR's proposed purchase moves forward, the landowner will reserve a right to farm the property for five years after its sale to CTGR.

6. Conclusion

In May 2011, the Subcommittee declined to request due diligence for the project. The Subcommittee stated that large-scale restoration is needed in order for the property to significantly benefit OWEB priority ecosystems, plant communities, and species. Restoration of the property will be an expensive and complex effort that will require significant organizational capacity and a sustained, multi-year effort by a strong partnership of funders and restoration experts. The Subcommittee thought that the application does not demonstrate that CTGR has built the capacity and partnerships necessary to successfully restore the property and maintain the restored conditions in perpetuity.

The Subcommittee was concerned about CTGR and OWEB committing staff time and resources to the project because the landowner told CTGR that he is marketing another property and will terminate discussions with CTGR if he is able to sell that property.

The Subcommittee did not support the landowner retaining the right to farm a portion of the property for five years after sale to CTGR, as described in the application. OWEB's reason for investing in the property would be to enable CTGR to restore the property to functioning floodplain in a timely manner; farming the property for five years after the sale would prevent this. The Subcommittee understood that the landowner is reluctant to give up the right to farm the property because it will entail a loss of income. However, proceeds from the sale of property are typically used by landowners to offset the loss of income that the property generated.

The RRT concluded that the project has medium ecological value, while expressing concern about the property's degraded conditions, possible restoration impediments caused by nearby land uses, CTGR's capacity to successfully restore the property to full ecological function, and the landowner's intent to farm the property after its sale. The RRT concluded that project has low educational value because the application does not indicate that CTGR has well-developed plans for outreach and educational activities at the property.

The Subcommittee took into account the RRT's conclusions, and made a final determination not to recommend funding for the project. Staff suggested to CTGR that if it wishes to develop the project further, it contact the Department of Geology and Mineral Industries (DOGAMI). DOGAMI was previously involved in measures to protect land from erosion in the vicinity of Lambert Slough, and could offer valuable insights into the constraints and possibilities of restoring floodplain function there. Staff have also scheduled a meeting with CTGR, to discuss the Willamette SIP and whether CTGR's goals for the property might make it appropriate for funding consideration through the SIP.

C. East Thornton Lake and Kalapuya Interpretive Center Project (212-105)

The City of Albany submitted an application requesting \$250,000 as reimbursement for costs it incurred in the purchase of a 27-acre property in North Albany. The city purchased the property from the Trust for Public Land (TPL) in late 2010. TPL purchased the property from a developer who had received approval from the city to develop a 78-lot residential subdivision on the property. The property contains a portion of a remnant oxbow of the Willamette River.

The city's purchase is eligible for an acquisitions grant because the city submitted the application in the first grant cycle after the purchase. Although the city holds fee title to the property, it needs to raise \$1 million to pay off a loan that TPL provided to the city for the purchase. The city is seeking funds from Oregon Parks and Recreation Department's Local Government Program (\$650,000), private donations (\$100,000) and the balance from OWEB (\$250,000).

The city previously proposed the property for acquisition, in application 209-111, submitted in 2008. The Subcommittee did not recommend the project for due diligence, and the Board made a no-fund decision, because the project was not well aligned with OWEB's acquisition priorities and therefore did not compete well with the other projects being considered by the Board. The current application is substantially similar to the one received in 2008, except that the city has reduced its request from \$2.4 million to \$250,000.

The application states that the city intends to restore the property, and establish a park containing an interpretive facility, interpretive trails, wildlife viewing stations, a play area, and picnic tables.

1. Ecological Benefits

The application states that the property contains four acres of aquatic beds and freshwater emergent marsh, and three acres of riparian forest and shrublands (for a total of 26 percent of the acreage proposal for acquisition). The remainder of the property (19.7 acres) consists of a fallow farm field, which the application characterizes as eventual Western Oregon upland prairie and oak savanna (13 acres) and eventual riparian forest and shrubland (three acres). The application also states that the property contains the following plant communities: Oregon ash/dewey sedge – stinging nettle; bigleaf maple – red alder/sword fern; black cottonwood – red alder/salmonberry; Pacific willow/stinging nettle; creeping spikerush – water purslane marsh; grand fir – bigleaf maple/vine maple; water purslane – waterpepper marsh; Lobb buttercup aquatic bed; and white oak/poison oak/blue wild rye.

According to the application, the project will benefit acorn woodpecker, short-eared owl, American bittern, chipping sparrow, hooded merganser, white-breasted nuthatch, American kestrel, dusky Canada goose, western meadowlark, western gray squirrel, western painted turtle, western pond turtle, and possibly Oregon vesper sparrow, northern red-legged frog, Fender's blue butterfly, and Taylor's checkerspot butterfly.

The application states that the project is consistent with all of OWEB's conservation principles, and therefore will: protect a large intact area, stabilize an area on the brink of ecological collapse, secure a transition area, restore function, protect a site with

exceptional biodiversity, improve connectivity of habitat, and complement an existing network of sites in the basin.

The RRT acknowledged that the property contains populations of both western painted turtles and western pond turtles, and felt that this makes it noteworthy. Furthermore, the RRT thought that the property has the potential to contain a variety of priority habitats after restoration. However, the RRT thought that the property's small size and the surrounding urban development limit its value for priority species. The RRT discussed the fact that water quality in East Thornton Lake is poor, and that reconnecting the lake to the Willamette River could improve the lake's water quality and increase its use by priority salmonid species. The RRT concluded that it is unlikely that the lake will be reconnected to river flows in a meaningful way because reconnection would pose significant flooding risks to homes and other nearby urban infrastructure.

2. Capacity to Sustain the Ecological Benefits

The application states that the city's Parks and Recreation Department will be responsible for management of the property. Currently, the department manages, operates, and maintains more than 800 acres of parks and open space. The department performs its responsibilities with limited staffing. The city anticipates considerable volunteer and partner support for the restoration and management of the site.

3. Educational Benefits

The application states that the property will be used for research by Oregon State University students and will afford other learning opportunities to grade school, high school, and community college students and the general public. The application states that the property was important to the Kalapuya Indians, and that the interpretive facilities described in the application will highlight the property's tribal significance.

The RRT agreed that the educational activities described in the application are valuable undertakings that have good community support. However, the RRT questioned whether the sensitive species present on the property can be protected from impacts created by the high level of education and recreation the city intends to allow.

4. Partners, Project Support, and Community Effects

The Calapooia Watershed Council, Benton Soil and Water Conservation District, Benton County Natural Areas and Parks, Friends of East Thornton Lake, and private citizens have pledged monetary or in-kind contributions. Project supporters include TPL, Oregon State University professors, the Institute for Applied Ecology, and CTGR.

5. Legal and Financial Terms

The application states that the city must repay its loan to TPL by March 2012.

6. Conclusion

In May 2012, the Subcommittee declined to request due diligence for the project. The Subcommittee stated that small urban properties are especially prone to ongoing disturbance, and are not well suited for an OWEB conservation easement built around protecting ecological value. The Subcommittee understood that the lake is currently used by native turtles, but felt that the lake is of limited value for other priority species.

Reconnecting the lake to the Willamette River could improve the lake's water quality and increase its use by other priority species. However, it seems unlikely that the lake will be reconnected to river flows in a meaningful way because reconnection would pose significant flooding risks to homes and other nearby urban infrastructure. Without reconnection, the lake will continue to be of limited value to a diverse suite of OWEB priority species, unlike properties that are more consistent with OWEB's priorities and successfully compete for OWEB acquisition funds.

The RRT felt that the project has medium ecological value, although it raised the same issues as the Subcommittee. The RRT concluded that the project's educational activities have inherently high value, but questioned whether the sensitive species present on the property can be protected from impacts created by the high level of education and recreation the city intends to allow.

The RRT conclusions were taken into account by the Subcommittee, and the Subcommittee determined that the project is not well aligned with OWEB's acquisition priorities and therefore not a priority for funding. Staff and the Subcommittee do not recommend funding for the project.

VI. April 2011 Land Acquisition Application Withdrawn

A. Sandy Basin Schoppert Tract Acquisition Project (212-106)

The City of Sandy submitted an application requesting \$335,000 to purchase six parcels totaling 68 acres of riparian and adjacent upland forested land along the mainstem of the Sandy River in Clackamas County. The Subcommittee did not feel that the city's project is among those best aligned with OWEB's priorities. The Subcommittee declined to request due diligence for the project and made a no-fund recommendation to staff. The city opted to withdraw the application.

VII. South Eugene Hills Acquisition Project (211-116) – Previously Deferred

The City of Eugene submitted an application requesting \$1.2 million to purchase two non-adjacent, primarily upland properties totaling 400 acres south of Eugene, in Lane County. (Attachment C) The Subcommittee concluded in November 2010 that budget and staffing constraints made it infeasible to consider both properties for an OWEB investment. Therefore, the Subcommittee directed staff to proceed with due diligence for only the South Eugene Meadows property, which the Subcommittee and RRT felt has higher ecological values than the other property proposed for purchase.

The application states that in addition to restoring and protecting the property, the city will allow the public to use the property for passive recreation. The application states that the property will be integrated into the city's 1,400-acre Ridgeline Park System, and that public access will be managed in a way that balances it with the protection of vegetation and wildlife. Public access facilities, such as trailheads and associated gravel parking lots, will be addressed in the management planning process.

A. Ecological Benefits

The application states that the project will protect oak woodland, upland prairie and oak savannah, wet prairie, and riparian forest on approximately half of the property's 193 acres.

The application states that upon completion of planned restoration, approximately 80 percent of the property will consist of these priority habitats. Restoration of oak and prairie habitats will consist of removing encroaching non-native vegetation, improving native forb diversity, and possibly reintroducing listed plant species.

The application states that the project will benefit the following at-risk plant communities: Roemer's fescue valley prairie, and white oak/poison oak/blue wildrye. The application also states that the project could possibly benefit California oatgrass valley grassland, white oak/Roemer's fescue savanna, white oak/snowberry/sword fern, Oregon ash/dewey sedge – stinging nettle, and Oregon ash/spreading rush.

The application states that priority species that are likely to benefit from the project include: white-breasted nuthatch, chipping sparrow, Oregon vesper sparrow, western meadowlark, acorn woodpecker, American kestrel, purple martin, yellow warbler, western gray squirrel, red-legged frog, white-topped aster, wayside aster, and Willamette daisy. The application also states that the property contains two remnant populations of spurred lupine and one Kincaid's lupine population in close proximity to one another, and that these populations provide a foundation for restoring habitat for these species and Fender's blue butterfly.

The application states that the proposed project is consistent with all of OWEB's conservation principles, and therefore will: protect a large intact area, stabilize an area on the brink of ecological collapse, secure a transition area, restore function, protect a site with exceptional biodiversity, improve connectivity of habitat, and complement an existing network of sites in the basin. The application explains at length why the Willamette Valley is an area on the brink of ecological collapse, and how the project can help to stabilize critically imperiled oak and prairie habitats.

The RRT was, overall, very supportive of the project, noting its strong consistency with OWEB's conservation principles of protecting sites with high biodiversity and imperiled habitats. The RRT also felt that the project will enhance ecological connectivity and protect headwater streams, both of which will boost watershed function. The RRT concluded that the urban growth boundary's close proximity to the property makes it likely that the property will eventually be used for residential development if it is not acquired for conservation. The RRT concluded that the city has the funding and capacity to restore and maintain the properties it acquires.

B. Capacity to Sustain the Ecological Benefits

The application states that the city has a 17-member staff in the Natural Resource Section, a part of the Parks and Open Space Division. The Natural Resource Section has an annual budget of \$2 million. Ten of the 17 employees are dedicated to on-the-ground operations. The other seven employees provide technical expertise and planning. The staff has won awards for outstanding management of Eugene's natural areas. The staff has long-standing partnerships with the Bureau of Land Management and The Nature Conservancy through the West Eugene Wetlands Partnership. The Parks and Open Space Division has four fulltime employees for coordinating volunteer activities in the city's parks and natural areas.

C. Educational Benefits

The application states that the public's awareness of the Ridgeline Park System is very high due to recreational opportunities, volunteerism, partnership activities and events, and coverage by the media. The application states that acquisition of the property will provide new opportunities to inform and educate the public about the natural resources values that the city is protecting and restoring. The application also states that structured educational opportunities exist due to the presence of local organizations that specialize in environmental education, such as the Willamette Resources and Educational Network (WREN) and Nearby Nature. Furthermore, one of the objectives of the Ridgeline Park System is to provide direct trail connections from nearby schools.

The RRT acknowledged that the project has strong community support. The RRT nonetheless felt that the project has good, not outstanding, educational merit because it seems unlikely that the properties will be used extensively for school-based activities.

D. Partners, Project Support, and Community Effects

BPA is granting matching funds for the purchase and has also allocated funds for three years of restoration and maintenance work. The city is contributing purchase funds from its bond measure for natural areas. The landowner will make a bargain sale donation. TNC is acting as the city's transaction facilitator.

The project is supported by a myriad of local, state, federal, and non-profit entities, such as the Long Tom Watershed Council, Lane Council of Governments, University of Oregon, Representative Paul Holvey, and BLM.

The application state that annual property taxes for the property total only \$513 of Lane County's \$360 million annual tax base. Once the property is acquired for conservation, these taxes will no longer be paid. Despite this, the project has received strong local support.

The application states that the economic effects of this acquisition on the local and regional economy include increased tourism dollars. Promotion of the Ridgeline Park System will strive to attract tourists from around the region and the country. The city plans to coordinate with private property owners who might be interested in establishing camping areas, lodging, and other recreational support facilities along the ridgeline corridor. Additionally, the city will develop maps and promotional materials that include information about trail access, recreational facilities, viewpoints, natural and cultural features, and bicycle touring routes.

E. Legal and Financial Terms

An appraisal of the property was conducted by Duncan and Brown, LLC. The appraisal report, dated March 12, 2011, states that the property's fair market value is \$3.14 million. BPA took the lead in reviewing the appraisal, and issued a review report indicating that BPA is of the opinion that the valuation is sound. OWEB's independent review appraiser analyzed the appraisal, and discussed various aspects of the appraisal and BPA's review with BPA's reviewer to ensure their validity. OWEB's reviewer then issued a letter stating that the BPA review content and format conforms to the appraisal review requirements established by OWEB.

The purchase price of the property is \$2.35 million. Of this amount, BPA is contributing \$886,825, the Board is being asked to contribute \$750,000, and the city will contribute \$713,175. The landowner will make a bargain sale donation of \$790,000, which is the difference between the appraised value and the purchase price.

Legal review of the project's option concluded that it is compatible with an OWEB conservation investment. Legal review of the property's title did not reveal exceptions that pose unacceptable risks to the conservation values that the project will protect and restore. However, there are two power transmission easements in favor of BPA. BPA previously built power lines in the easements. The Department of Justice and staff are of the opinion that the city and BPA need to consult on maintenance activities in the easements, to ensure that the maintenance is conducted in a manner that protects the property's conservation values. The city has previously coordinated with BPA on maintenance of transmission line easement areas, and will do so for the South Eugene Meadows property. BPA has indicated that although it usually reserves the right to build transmission lines on any property to which it contributes purchase funds, it will not request such a reservation for this project because BPA funds comprise less than 50 percent of the purchase price.

An environmental site assessment (ESA) revealed the presence of a former landfill approximately one quarter mile from the property. The Department of Environmental Quality (DEQ), OWEB's independent reviewer of ESAs, reported to staff that it is not concerned about the potential for this closed landfill to impact the property. DEQ stated that the landfill's cap and disposal history, and the land features between the landfill and the property make it unlikely that possible landfill contaminants have migrated onto the property.

Staff and BPA have drafted a conservation easement to be held jointly by OWEB and BPA. The purpose of the conservation easement is the same as OWEB's standard conservation easement template, the permanent protection of the property's conservation values. The city provided feedback to staff on the conservation easement. Staff are of the opinion that the city's feedback does not constitute major revisions of the conservation easement, and therefore the issues raised by the city will not be difficult to resolve.

F. Conclusion

The Subcommittee decided to proceed with due diligence review because it felt that the project will restore and protect imperiled oak and prairie ecosystems in a network of previously conserved sites. The Subcommittee felt that the application and the city's track record demonstrate its capacity to build the partnerships necessary to accomplish its protection and restoration goals for the property. The RRT determined that the project has high ecological value for the same reasons as the Subcommittee. The RRT determined that the project has medium educational value because it felt that the property is not likely to be used extensively by schools. Staff recommend the Board award \$750,000 for the South Eugene Hills Project.

VIII. Staff Recommendations

For the September Board meeting, staff recommend funding for 13 applications for a total award of \$2,041,472: \$1,095,010 for Restoration, \$750,000 for Acquisition and \$196,462 for Technical Assistance.

Staff recommend the Board defer consideration of the Bald Hill Acquisition Project (212-101) and the Pugh Property Acquisition Project (212-108) as described in Section IV until the due diligence reviews are complete. Staff do not recommend funding for the Dupee Valley Acquisition Project (212-100), the Lambert Slough Acquisition Project (212-104), or the East Thornton Lake Natural Area and Kalapuya Interpretive Center Project (212-105) as described in Section V. Staff recommend the Board award \$750,000 for the South Eugene Hills Project (211-116) as described in Section VII.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the RRT. For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding
- C. South Eugene Hills Acquisition Project Map

Region 3 - Willamette Basin
Acquisition Projects Recommended for Deferral by OWEB Staff
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount
212-101	Bald Hill Farm Acquisition Project	940,000
212-108	Pugh Property Acquisition Project	128,500
Total		\$1,068,500

Acquisition Project Recommended for Funding by OWEB Staff
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount Requested
211-116	South Eugene Hills Acquisition Project	750,000
Total		\$750,000

Region 3 - Willamette Basin
Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-3013	Salmon River Post-Flood Analysis and Project Design	42,173	1
212-3001	Oneonta and Horsetail Creeks Floodplain Restoration Project *	37,511	2
212-3026	Valley-wide Plant Materials Cooperative *	39,423	3
212-3006	Sandy River Restorative Flood Response Project * ^	31,245	4
212-3002	Multnomah and Wahkeena Creek Restoration Design *	46,110	5
212-3000	City of Scappoose Floodplain Restoration *	33,700	6
212-3011	Butte Creek Subwatershed Assessment and Action Plan *	33,086	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$263,248	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$196,462	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-3009	Upper Middle Fork Willamette Tributaries Enhancement Project *	282,720	1
212-3004	Owens Jackson-Frazier Collaborative Restoration *	61,115	2
212-3022	South Marsh Prairie and Willamette Daisy Restoration Project *	128,196	3
212-3014	Jack Creek Fish Passage and Habitat Improvement *	199,890	4
212-3023	Ferguson Creek Fish Passage Enhancement and Large Wood Placement	105,695	5
212-3005	North Yamhill Tributary Culvert Removal ^	36,173	6
212-3025	Lower Sandy River Restoration Implementation-Phase I: Happy Creek Reconnection * ^	281,221	7
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,095,010	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,095,010	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 3 - Willamette Basin
Acquisition Projects Not Recommended for Funding by OWEB Staff
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-100	Dupee Valley Acquisition Project	1,000,000
212-104	Lambert Slough Acquisition Project	750,000
212-105	East Thornton Lake Natural Area & Kalapuya Interpretive Center Project	250,000
Total		\$2,000,000

Technical Assistance Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

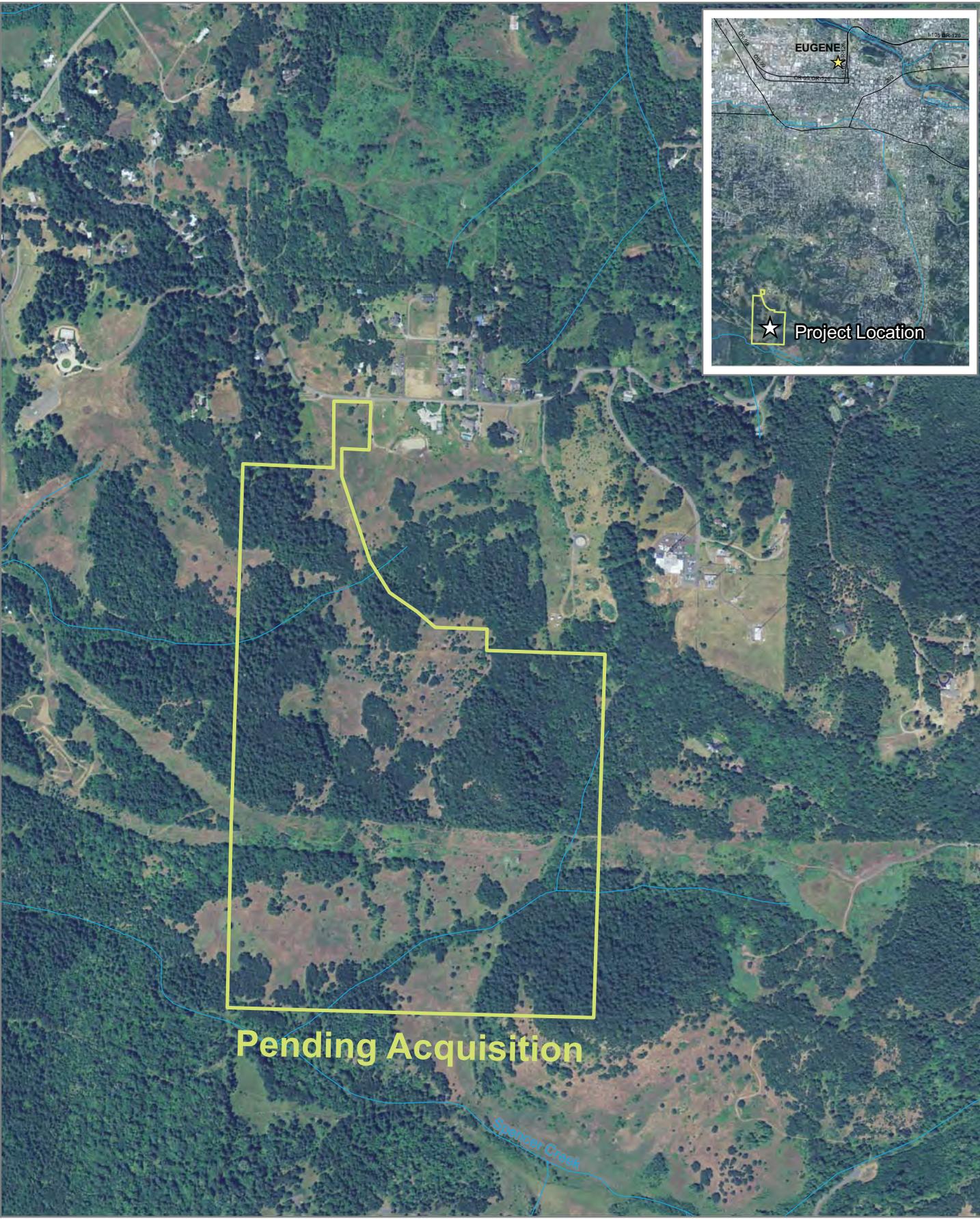
Project #	Project Name	Total Amount Requested
212-3015	Yamhill Shade and Riparian Assessments	28,095
212-3016	Gales Creek Watershed Data Synthesis and Restoration Plan	43,155
212-3020	Rinearson Creek Feasibility Study	24,243

Region 3 - Willamette Basin
Restoration Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-3003	Milk Creek In-stream and Riparian Enhancement	64,262
212-3008	Lost Creek Tributaries Riparian Enhancement Project	176,845
212-3010	Dexter Oak Woodlands Enhancement Project - Phase II	21,658
212-3012	Riparian Restoration and Interpretive Trail	129,740
212-3017	Claggett Creek Enhancement Project	38,554
212-3018	Cedar Creek (Molalla River) Fish Passage Project	76,201
212-3021	Calapooia River Reach 2 Restoration	177,414
212-3024	White Creek Barrier Removals	182,500

Acquisition Project Withdrawn by Applicant
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount
212-106	Sandy Basin Schoppert Tract Acquisition Project	335,000
Total		\$335,000



OWEB Acquisition Grant 211-116 South Eugene Hills

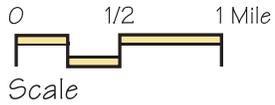


2009 NAIP Imagery

This product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Software: ESRI ArcMap 9.3.1
Oregon Lambert Projection, NAD 83
OWEB- A. Seim, August 2011

Proposed Acquisition Area



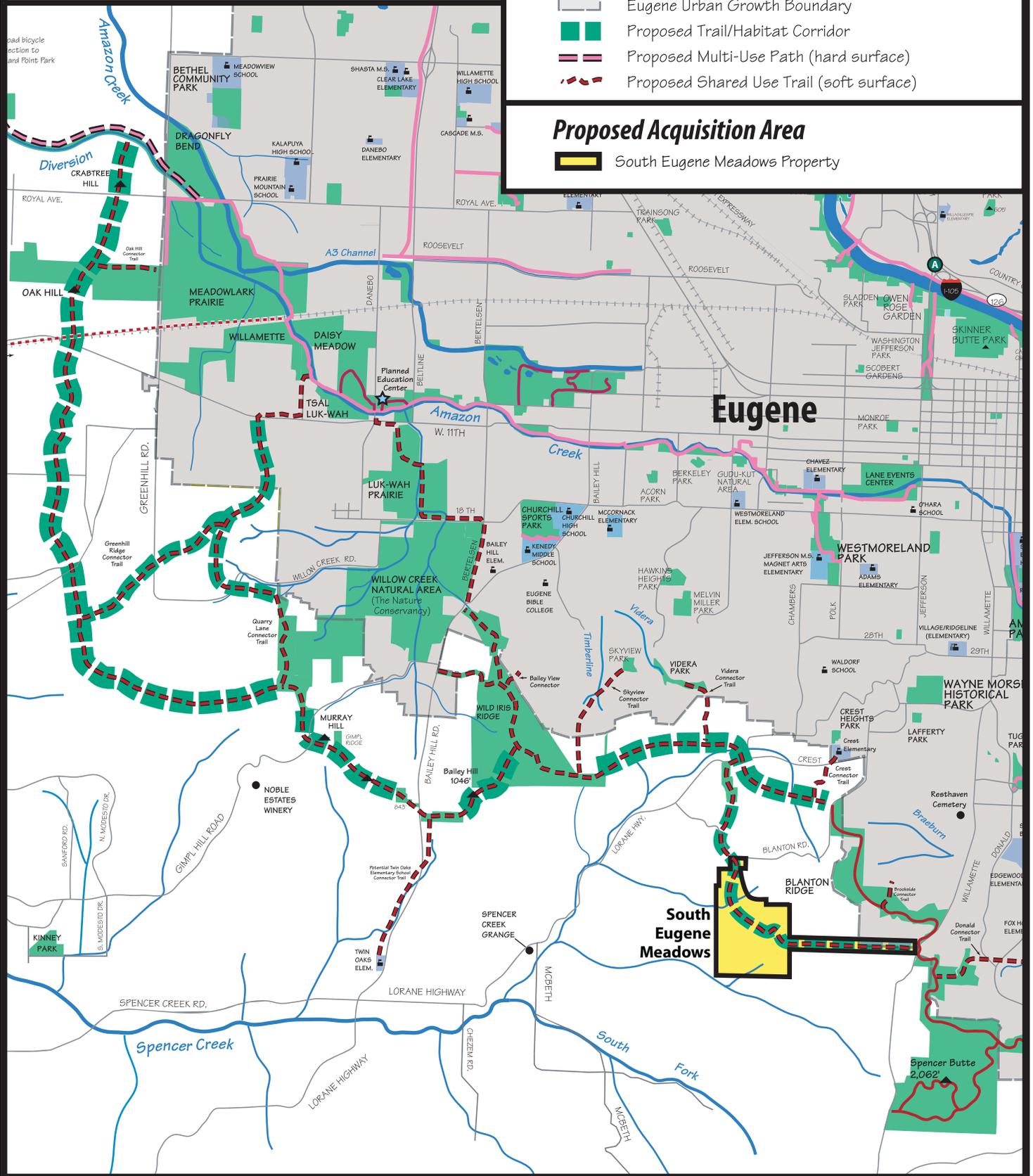
February
2010

Legend:

- Existing Park or Open Space (Public or TNC)
- Existing Multi-Use Path (hard surface)
- Existing Trail (soft surface)
- Existing Combined Hiking/Mnt. Bike Trail
- Major Waterways
- Eugene Urban Growth Boundary
- Proposed Trail/Habitat Corridor
- Proposed Multi-Use Path (hard surface)
- Proposed Shared Use Trail (soft surface)

Proposed Acquisition Area

- South Eugene Meadows Property





Oregon

John A. Kitzhaber, MD, Governor

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NOTE: This report replaces and supersedes the Region 4 staff report dated 8/15/2011.

September 8, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Rick Craiger, Central Oregon Regional Program Representative
Ken Bierly, Deputy Director

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations
Region 4, Central Oregon
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Central Oregon Regional Review Team recommendations and staff recommendations for funding. This report replaces and supersedes the Region 4 staff report dated August 15, 2011. Staff received a comment letter on September 2, 2011, that provided new information that resulted in changes to staff's funding recommendations. Revised information and recommendations are contained in Sections IV.A, IV.B. and VI of this report.

II. Background and Summary

Applicants submitted 20 applications for a total request of about \$4.7 million, including one Acquisition application requesting \$1 million for a water lease. The Central Oregon Regional Review Team (RRT) recommended 11 applications for funding.

III. Regional Review Team

The Central Oregon RRT met in Redmond on June 22, 2011, to review applications. The RRT reviewed all Restoration and Technical Assistance applications for technical merit and gave a "do fund" or "no fund" recommendation to each. The RRT recommended budget reductions and funding conditions for some of the applications, as described in the Region 4 Review Team Evaluations for April 18, 2011, Applications. The RRT then prioritized the Restoration and Technical Assistance applications recommended for funding. For the Acquisition application, the RRT only discussed the ecological and educational value of the proposed acquisition and did not make funding recommendations.

IV. Special Issues

A. "Big Ticket" Items and Staged Award Recommendations

As discussed in the Overview Staff Report, staff recommend a staged award approach for two Restoration applications in the Central Oregon Region (Region 4). Staging these awards

allows staff to recommend funding for seven of the 10 Restoration applications recommended for funding by the RRT.

The RRT ranked application 212-4008, Tumalo Feed Canal Piping Phase 3, as priority eight out of 10 applications recommended for funding. The recommendation reflects continuing disappointment that the Tumalo Irrigation District does not propose to contribute significant in-kind or cash match for a project requesting nearly \$1 million in OWEB funds. Typically, irrigation districts provide significant in-kind or cash match for piping projects; if not, the RRTs and staff recommend that match to be provided as part of staff's funding recommendation to the OWEB Board. Some RRT members also questioned the cost per cubic feet per second (cfs) of the Tumalo Feed Canal Piping project, which they felt was high. However, the RRT as a whole recognized the importance of improving stream flow and water quality in Tumalo Creek and the Deschutes River, and recommended the application for funding.

There is urgency to funding application 212-4008 now. Without OWEB's funds, the district will lose \$1 million in Bureau of Reclamation funds for the project.

The RRT recommend, and OWEB staff concur, that the budget for 212-4008 be reduced to reflect a reduction in the in-house personnel costs and an expectation that the Tumalo Irrigation District provide additional match, either through in-kind contributions or cash. It is not feasible to stage the award for 212-4008. Staff also recommend a condition of funding that final payment will be released upon submittal to OWEB of a certificate of transfer of water to in-stream purposes, of 0.86 cfs in Tumalo Creek and 0.65 cfs (230.73 acre-feet) of storage releases of Crescent Creek.

Staff have worked with applicants for 212-4013, Sycan River Connectivity, and 212-4001, Dee Irrigation District Piping and Passage Project, to develop staged funding recommendations.

The RRT recommended funding of \$556,320 for 212-4013, Sycan River Connectivity. This project would remove all remaining fish passage barriers in the Sycan River and Long Creek systems through Sycan Marsh, thereby increasing large adfluvial redband trout passage in the Upper Sycan watershed and providing access to over 65 miles of new upstream habitat. The project will provide habitat for Endangered Species Act (ESA) listed bull trout, Miller Lake lamprey, two endemic Klamath Basin mussel species, yellow rails, and sandhill cranes. This work complements removal of 10 passage barriers over the last eight years. Staff recommend full funding, with an award of \$202,093 at this time, with the remaining \$354,227 to be awarded from 2011-2013 funds at one or more future Board meetings. These staged award amounts are revised from the August 15, 2011 staff recommendations, based on late-breaking information from the applicant that it needs less funding for the early implementation phase of the project, but will still require the full amount of the OWEB request to complete the project. Staff will request the applicant report to the Board on the progress made to implement the project before Board action on awarding future stages of funding.

The RRT recommended funding of \$450,000 for 212-4001, Dee Irrigation District Piping and Passage Project. This project would pipe the Dee Flat Ditch, resulting in 3 cfs of

conserved water converted to an instream water right for the West Fork Hood River. The ditch currently intersects four streams without fish passage, and passage will be restored to these tributaries of the West Fork Hood River. The river is listed as water quality impaired for water quality, flow, and temperature, and is host to ESA listed summer steelhead, spring Chinook, and Coho salmon.

The applicant has indicated that an OWEB funding commitment is critical, but a staged award is feasible since the first stage of the project will be the purchase of the pipe by the Confederated Tribes of Warm Springs. Staff recommend full funding, with a nominal, initial award of \$10 at this time, and a commitment to award the remaining \$449,990 from 2011-2013 biennium funds in September 2012. Staff will request the applicant report to the Board on the progress made to implement the project before Board action on awarding the additional funding.

B. New Information Results in Revised Funding Recommendations

Staff originally recommended not funding application 212-4006, ranked number seven by the RRT, in order to fund the eighth-ranked application, 212-4008, that faced urgency of OWEB funding needs due to the potential loss of \$1 million in federal funding. When this recommendation was made, OWEB was not aware of any timing or funding match issues for application 212-4006.

By letter dated September 2, 2011, the applicant for 212-4006 informed OWEB that the project had received a significant portion of the match funding through the federal American Recovery and Reinvestment Act, and those dollars would be lost early in 2012 if OWEB funding was not awarded in September. This was new information that was not included in the grant application.

OWEB staff worked with the applicant, Klamath Soil and Water Conservation District, to confirm this new information, including information that additional matching funds had been secured. Staff recommend funding for application 212-4006 at a reduced amount of \$76,067, and with the condition that flow meters be installed for the project.

The result of funding application 212-4006 does not change the overall dollar amount of staff's funding recommendations for September 2011. This is because 212-4006 was funded by reducing the initial staged award for application 212-4013, as described in Section IV.A. above. However, the future staged awards for application 212-4013, to be made in March and/or September, 2012, is increased by \$76,067.

C. Fish Screen Program Funding and Fish Screen for Fish Passage Project

Under Oregon Administrative Rule 695-010-0040, the Board will not consider eligible for funding "a fish screening project eligible for funding through the Oregon Department of Fish and Wildlife's (ODFW) fish screening program." The basis for this rule is that in past biennia, the Oregon Legislature has appropriated Measure 66 funds to ODFW to help fund the fish screening program. With the Measure 76 changes to create one Watershed Conservation Grant Fund administered by one state agency, Measure 76 funds are not going to ODFW for the fish screening program. Further, the 2011 Legislature appropriated \$4 million in federal Pacific Coastal Salmon Recovery Funds (PCSRF) for ODFW's fish screening program, funds that can only be used for projects that benefit anadromous fish.

At the time applications were submitted for OWEB's April 2011 grant cycle, OWEB was aware that the fish screening program might be funded with PCSRF, and if so, would be unable to fund screens for projects that did not benefit anadromous fish. In discussions with regional program representatives and some applicants, it was discussed that in this situation, the projects would not be eligible for funding through ODFW and thus would likely be eligible for OWEB funding.

Application 212-4012, Badger Creek Wilderness Fish Passage, would modify the diversion dam for the Badger Improvement District to provide fish passage on Badger Creek within the Badger Creek Wilderness area in Wasco County. The unscreened diversion consists of a full span concrete dam that blocks fish passage. Badger Creek is a tributary to the White River and has no steelhead. The Region 4 review team ranked this project four out of 10, and noted that the project would open up seven miles of good habitat, eliminate substantial fish entrainment, and have a significant benefit to native redband trout. The application requests OWEB funding for a fish screen to eliminate entrainment in the diversion ditch.

OWEB has received a letter from ODFW stating that the ODFW Fish Screen Cost Share Program is currently funded largely through PCSRF funds, allowable only on projects that benefit anadromous fish. The letter confirms that given these funding restrictions, ODFW will not be able to fund the project during the current biennium.

Under the circumstances, staff believe it is appropriate for OWEB to fund the fish screen for the Badger Creek Wilderness Fish Passage project. This should not be considered a precedent for future applications. OWEB staff will need to consult with ODFW and determine whether additional guidance is needed for future applications.

V. Sevenmile Creek Water Acquisition (212-103)

The Klamath Basin Rangeland Trust (KBRT) submitted a grant application on October 18, 2010, for the Upper Sevenmile Creek Instream Water Acquisition project to lease, with an option to purchase, a water right and transfer it to instream purposes. The application was funded and the lease perfected. KBRT has returned with an application (212-103) to purchase the water right and permanently transfer the water to instream uses. The application requests \$1 million to fund half of the cost of permanent acquisition of a right to 4,368 acre feet of water for transfer to an instream right. Attachment C shows the location of the ranch in relationship to public ownerships in the Upper Klamath.

The JaCox Ranch diverts flow from Sevenmile Creek near River Mile 17 for distribution throughout the ranch property for irrigation purposes. The four surface water rights involved in the application date from 1891, 1898, 1928, and 1971. The water right has been previously leased for instream purposes. The Oregon Water Resources Department (WRD) issued a Final Order approving Instream Lease 479 (IL-479) in January 2005, with a termination date of 2008.

In March of 2009, a lease renewal application was submitted. It was approved in April 2009 with a termination date of September 30, 2013. KBRT and the water right owner executed a three-year Water Rights Instream Lease Agreement in March 2010. That agreement requires IL-479 to remain in effect through 2012 if funding is secured by February 15 of each year to pay the annual lease price of \$114,168. In February 2010, KBRT secured funds from the National Fish

and Wildlife Foundation (NFWF) for the three-year agreement. Match funding from OWEB was approved at the June 2010 regular Board meeting.

The proposed project will make permanent the transfer of the terms of the lease (IL-479) to increase flow in a 17-mile reach of Sevenmile Creek. The instream water right transfer will also supply additional high-quality water to Agency Lake for fisheries, agriculture, and downstream river flow.

A. Ecological Benefits

The Upper Sevenmile Creek flows off the south side of Mt. Mazama and yields a significant amount of water for the size of the catchment. The flows in Sevenmile Creek are augmented by numerous springs and have been identified as a “major refugia retained under climate change” by researchers at the University of California Davis. The upper portion of the watershed is managed by the U.S. Forest Service (USFS), in fact the diversion for this water right is located on USFS managed lands.

The proposal acquisition would add permanent flow to a critically dewatered, two-mile reach of Sevenmile Creek (from the Upper Sevenmile Ditch diversion down to Blue Springs). The restored flow is up to 16.41 cubic feet per second (cfs) starting in April, decreasing to between five and eight cfs restored in August and September. The lease also restores a lesser amount of flow to a 15-mile secondary reach of Sevenmile Creek (to the mouth).

Prior to the lease, Sevenmile Creek was often dewatered from the diversion at River Mile 17 for at least two miles. This reach of the creek is critical; documented effects from the first three years of the lease have shown that flow in this portion of the stream has significantly enhanced access to critical habitat for bull trout, Lost River sucker, and red-band trout. There is a robust monitoring program in place funded by the KBRT, and conducted by Graham Matthews and Associates, Inc., to document effects of the lease and subsequent permanent transfer.

Sevenmile Creek is ranked as a “Highest Stream Flow Restoration Need” in the Oregon Stream Flow Restoration Priorities. The Regional Review Team recognized the documented ecological value of the flow restoration from the monitoring of the temporary lease, which has shown the presence of Oregon spotted frogs, Lost River Sucker, and redband trout. The RRT recognized that the monitoring had shown the greatest species diversity and greatest concentration of redband trout to be in the restored reach. These benefits will be protected permanently with the permanent transfer of water to instream protection.

B. Financial Partners and Support for the Project

The National Fish and Wildlife Foundation (NFWF) has providing funding to support the development and due diligence costs associated with this project. NFWF sees the permanent transfer as a critical element of their Upper Klamath Keystone Initiative. The KBRT and NFWF are working with the U.S. Fish and Wildlife Service (USFWS) and U.S. Forest Service (USFS) to secure match funding for the water right transfer. The project has strong support from the Klamath Watershed Partnership. The Natural Resources Conservation Service (NRCS) and the Environmental Protection Agency have also been strong supporters of the project.

C. Effect on Local and Regional Community

This change in water use comes after a creative effort on the part of the NRCS in cooperation with KBRT. NRCS has administered an Agricultural Water Enhancement Program in the Upper Klamath basin that has allowed ranchers to change grazing practices, reduce water use and become accustomed to a change in management practices that both benefit the management goals for the ranch and conserve water for conservation. This program has engaged landowners on nearly 10,000 acres in the Wood River Valley. The JaCox Ranch lies on the west side of the Wood River Valley and abuts USFS lands to the west.

JaCox Ranch began experimenting with dryland grazing in 2005 under a Bureau of Reclamation Water Bank Irrigation Forbearance Agreement. In 2006, the ranch entered into an NRCS Environmental Quality Incentives Program contract, which continued through 2009. In 2010, JaCox entered into a direct Irrigation Forbearance agreement with KBRT, which is still in effect. Instream Lease 479 has been associated with these agreements since 2005. Over the years JaCox ranch made changes to their land and livestock management to assure continued productivity, as well as participated in and personally carried out extensive monitoring to understand the changes taking place on their property and in Sevenmile Creek.

To maximize productivity under a dryland scenario, JaCox Ranch implemented five notable management changes:

1. Instead of grazing young Holstein dairy cows or cow/calf pairs, JaCox instead grazed yearling stockers. The stockers can be shipped off the property as soon as they gain the desired amount of weight, unlike the Holsteins and pairs which would ideally stay on the property as long as possible. The yearlings are more compatible with the shorter season resulting from lack of irrigation. Stocking rates initially dropped to about 20 percent of irrigated rates, and then rose each year to a level about 70 percent of irrigated rates.
2. Additional cross-fencing was installed to create a few smaller fields which would better accommodate a rotational grazing plan. Ranchers have found that under a dryland scenario, productivity remains higher if fields are allowed periods of rest, instead of being grazed continually as they are under a normal irrigation scenario.
3. Alternate methods of stockwater delivery were explored. Livestock normally accessed drinking water from various irrigation ditches, but without regular irrigation it became more complicated. While JaCox considered drilling a well, they instead more strategically managed the small amount of stockwater that they are allowed to divert from the stream to assure that it could be delivered where needed.
4. Riparian fencing was installed to protect and restore the stream and riparian area. While always good practice, this is especially necessary in dryland pastures, or else the cattle will congregate in large numbers on the stream bank, especially in late summer.
5. JaCox began monitoring groundwater, cattle health, pasture productivity, and vegetation species composition, as well as establishing specific photo points. This information was useful to them to help make management decisions and assure that

the pasture was not headed on a downward trend in terms of productivity and health. JaCox compiles all of the monitoring information each year and their monitoring reports are available (starting in 2006). It should be noted that there was no need to dryland seed or actively change vegetation composition, as the pastures seemed to transition relatively rapidly towards native dryland grass-dominated vegetation. These species were present under irrigated conditions, but the composition was dominated by sedge and rush species. Under dryland conditions the grass species began replacing the sedge/rush species, although they are still present in lesser numbers. An NRCS report on their three-year vegetation study, including several study plots on the JaCox Ranch, is available.

This project can be a showcase for the cooperative use of water for private and public purposes. The changes in management described above have allowed the ranch manager to continue economic production and benefit from a sale of part of his water rights. There does not appear to be any evidence that the previous lease or other instream leases in the Wood Valley have had any detrimental effect on the local and regional community. There is strong support for cooperative solutions to water use like this in the basin.

D. Legal and Financial Terms

WRD will hold the instream transfer in trust for the people of Oregon. WRD has evaluated the water rights through the leasing process and found them to be legally protectable. The proposal will provide WRD the legal right to access the property to ensure the instream transfer is met.

The Department of Justice has reviewed the title and other materials for the transaction and found them to be sound.

The cost of the three year lease will be credited towards the price of an instream transfer, currently in negotiation. The valuation, conducted by WestWater Research, concluded that \$1,503 to \$2,781 per acre is a reasonable purchase price for the Upper Klamath Basin. This equates to be a price of just over \$1,500 to \$2,700 per acre-foot of consumptively used water procured for instream use, or \$300 to \$540 per acre-foot of water transferred instream. The proposed acquisition is valued at \$2,943 per acre-foot of consumptively used water, or \$606 per acre-foot of water transferred instream. Although this price is about 6 percent above the price range originally determined in the regional water valuation study, WestWater Research determined that because the option contract extends through 2013 and credits annual lease payments, which are subject to higher tax rates, the price of \$2,943 is consistent with the estimated price range. This evaluation has been reviewed by the manager of the Columbia Basin Water Transactions Program and found to be accurate and usable for pricing water in the Upper Klamath Basin.

E. RRT and Subcommittee Evaluation

The Acquisition Subcommittee of the Board reviewed the application on August 2, 2011; they identified it as a high priority for funding. The project was reviewed by the Region 4 RRT, who evaluated the project's ecological value and ranked it as high. While water acquisitions are not evaluated for educational value, the RRT also identified the project as having important educational value because of the work with the landowner to continue agricultural operations while protecting water flow instream.

The transfer provides ecological benefits of increased seasonal habitat for aquatic species, including candidate and listed species, increased connectivity for more than 17 miles of Sevenmile Creek, and improved water quality conditions. The project has committed match to support the transaction and monitoring costs of the project and the applicant is finalizing commitments to fund 60 percent of the purchase price. The project is supported by the Oregon Department of Fish and Wildlife, USFS, NRCS, and USFWS. The owner sees the transfer as an integral part of his operation. In staff conversations with the owner, he is very pleased with the outcomes of reduced irrigation and believes with the change in management, he will have better weight gain, maintain his economic benefits from the operation, and retain water instream.

VI. Staff Recommendations

For the September Board meeting, staff recommend funding for ten applications for a total award of \$2,614,805: \$1,578,805 for Restoration; \$1 million for Acquisition; and \$36,000 for Technical Assistance.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the RRT. For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the April 18, 2011, Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding – Revised
- B. Applications Not Recommended for Funding – Revised
- C. Sevenmile Creek Water Acquisition Map – Not attached; no changes made.

Region 4 - Central Oregon
Acquisition Project Recommended for Funding by OWEB Staff
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow		
Project #	Project Name	Total Amount Requested
212-103	Upper Sevenmile Creek Critical Habitat Instream Transfer	1,000,000
Total		\$1,000,000

Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-4017	Crooked River Watershed Council - Shared Hydrologist *	36,000	1
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$36,000	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$36,000	

*Listed Amount Reflects Recommended Reduction

Region 4 - Central Oregon
Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-4000	Sevenmile Creek Historic Channel Enhancement	12,133	1
212-4013	Sycan River Connectivity * ^ #	202,093	2
212-4004	Putnam's Landing Lake Wetland Restoration	47,652	3
212-4012	Badger Creek Wilderness Fish Passage ^	223,375	4
212-4001	Dee Irrigation District Piping and Passage Project * ^ ##	10	5
212-4016	Middle Crooked Riparian Restoration * ^	170,373	6
212-4006	Buck Creek Irrigation Exclusion Project * ^	76,067	7
212-4008	Tumalo Feed Canal Phase 3 * ^	847,102	8
212-4015	Indian Ford Creek Riparian Restoration: Phalarope Phase * ^	20,430	9
212-4018	Malott Tailwater Recovery Project * ^	149,881	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,749,116	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,578,805	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Total amount is \$556,320; staged award with \$202,093 recommended now and \$354,227 from 2011-13 grant funds for March and/or September 2012 Board Award.

Total amount is \$450,000; staged award with \$10.00 recommended now and \$449,990 committed from 2011-13 grant funds for Sept. 2012 Board Award.

Region 4 - Central Oregon
Technical Assistance Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-4003	Odell Creek Hydro Project Decommissioning (Phase 1 Planning)	48,090
212-4009	Lower Crooked River Riparian Zone Restoration and Fish Habitat Enhancement, Ranch at the Canyons, Terrebone, OR	50,000

Restoration Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-4002	Bennett Springs Juniper Thinning	43,748
212-4005	Mt. Stukle Juniper Removal Project	163,005
212-4007	TTDC Diversion Improvement and Habitat Restoration	166,502
212-4010	Robinson Springs Redband Trout Habitat Enhancement, Phase I	61,903
212-4011	Rock Creek Piping Phase I	268,040
212-4019	Klamath Marsh National Wildlife Refuge River Project	100,000



Oregon

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August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Karen Leiendecker, Eastern Oregon Regional Program Representative
Miriam Hulst, Acquisitions Specialist

**SUBJECT: Agenda Item O: OWEB Grant Award Recommendations
Region 5, Eastern Oregon
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Eastern Oregon Regional Review Team recommendations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 29 applications for a total request of about \$3.5 million. One land acquisition application was received from Region 5 this grant cycle. It was withdrawn. The Eastern Oregon Regional Review Team (RRT) recommended 20 applications for funding.

III. Regional Review Team

The Eastern Oregon RRT met in Burns on May 24 and 25, 2011, to review applications. The RRT reviewed all Restoration and Technical Assistance applications for technical merit and gave a “do fund” or “no fund” recommendation to each. The RRT recommended budget reductions and funding conditions for some of the applications, as described in the Region 5 Review Team Evaluations for April 19, 2010, Applications. The RRT then prioritized the applications recommended for funding.

IV. Special Issues

As discussed in the Overview Staff Report, staff recommend a staged award approach for one Restoration application in the Eastern Oregon Region (Region 5). Staging this award allows staff to recommend funding for 13 of the 18 Restoration applications recommended for funding by the RRT.

The RRT ranked application 212-5008, Newell Water Quality Improvement Phase I, as priority 13 out of 18 applications recommended for funding. Staff believe that, despite staff requests that reviewers rank projects by ecological significance and not by concern over the amount of the funding request, reviewers have a difficult time with “big ticket” projects, concerned that their funding will mean numerous smaller, worthy projects will not be funded. Reviewers appreciated that while the total cost of the project is high (to install approximately 4.5 miles of pipe), the

actual budget is very lean and efficient, with 99 percent of the funds going to pipe, fittings and flow meters. Installation will be provided by the Owyhee Irrigation District, which will also provide substantial in-kind match, and engineering will be overseen by the district and Bureau of Reclamation.

As noted in the Overview staff report, the project will address irrigation-induced erosion estimated at 8,900 tons of sediment annually flowing into the lower Owyhee River. Sedimentation has resulted in listing the Owyhee River on DEQ's 303(d) list of impaired streams. The project was prioritized from water quality monitoring data, which identified highly polluting agricultural drains. Monitoring has also identified water quality improvements as a result of converting furrow irrigation to sprinklers and implementation of other best management practices. The project design was funded in part by an OWEB Technical Assistance grant, 210-5015. The work complements previous irrigation conversion projects to address serious water quality problems in the watershed.

Staff recommend full funding, with an award of \$351,010 at this time, with the remaining \$351,010 to be awarded from 2011-2013 funds at the March 2012 Board meeting. Staff will request the applicant report to the Board on the progress made to implement the project before Board action on awarding the additional funding.

V. Lostine-Wallowa Rivers Conservation Easement Project (212-102)

Wallowa Land Trust (WLT) submitted an application requesting \$350,000 to purchase a conservation easement for ranch property at the confluence of the Wallowa and Lostine Rivers in Wallowa County. The Subcommittee did not feel that WLT's project is among those best aligned with OWEB's priorities. The Subcommittee declined to request due diligence for the project and made a no-fund recommendation to staff. WLT opted to withdraw the application.

VI. Staff Recommendations

For the September Board meeting, staff recommend funding for 15 applications for a total award of \$1,576,551: \$1,501,326 for Restoration and \$75,225 for Technical Assistance.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as "do fund" to OWEB staff by the RRT. For some "do fund" projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 5 - Eastern Oregon
Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-5006	Keating Sage-Grouse Habitat Enhancement Planning	45,500	1
212-5020	Sparks Wetland ^	29,725	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$75,225	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$75,225	

Region 5 - Eastern Oregon
Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle

Staff Recommendations to the Board are Highlighted in Yellow			
Project #	Project Name	Total Amount	Priority
212-5023	Phase II Vale WQ Improvement Project ^	38,856	1
212-5000	No Moore #2 in Clover Creek *	71,072	2
212-5004	Kay Young: Working Toward a Fish Friendly Future ^	288,705	3
212-5011	Borge Water Quality Improvement ** ^	22,357	4
212-5013	Big Bend Spur Ditch Elimination ^	139,525	5
212-5016	Silvies River Restoration Fence ^	35,025	6
212-5021	Harper Water Quality System	16,015	7
212-5010	Keeney Water Quality Improvement ** ^	23,270	8
212-5002	Cusick Creek, Bringing Back the Past ^	222,754	9
212-5001	Wildlife and Wetlands Can't Dial 911 ^	56,430	10
212-5005	Giving Keating Sage Grouse a New Home * ^ EM \$40,279	216,909	11
212-5024	Willow Creek Bench Tailwater Recovery *	19,398	12
212-5008	Newell Water Quality Improvement Phase I * ^ #	351,010	13
212-5019	Joseph Creek Noxious Weed Project * ^	25,000	14
212-5025	Beulah Juniper Control ^	102,325	15
212-5007	Jordan Valley Weed Restoration * ^	41,475	16
212-5018	Baker/Union County Underproductive Forest Land Reforestation/Restoration Project	113,000	17
212-5017	West Sandhills Allotment Stockwater Restoration Project	33,638	18
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,816,764	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,501,326	

* Listed Amount Reflects Recommended Reduction ** Listed Amount Reflects Increase ^Fund with Conditions EM=Effectiveness Monitoring

Total amount is \$702,020 staged award with \$351,010 recommended now and \$351,010 from 2011-13 grant funds for March 2012 Board Award

Region 5 - Eastern Oregon
Restoration Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5003	Big Creek Watershed Restoration Project	32,235
212-5009	East Cow Hollow Water Quality Improvement	48,320
212-5012	Homestead Water Quality Improvement Phase II	208,785
212-5014	Little Divide Spring Development	25,380
212-5015	Little Alps Spring Development	20,721
212-5022	3 P's Phase II	202,843
212-5026	Malheur Basin Restoration	225,547
212-5027	Nyssa Bench Water Quality Improvement	25,473

Acquisition Project Withdrawn by Applicant
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-102	Lostine-Wallowa Rivers Confluence Conservation Easement	350,000
Total		\$350,000



Oregon

John A. Kitzhaber, MD, Governor

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August 15, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Sue Greer, Mid-Columbia Regional Program Representative

SUBJECT: **Agenda Item O: OWEB Grant Award Recommendations
Region 6, Mid-Columbia
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This staff report describes the Mid-Columbia Regional Review Team recommendations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 18 applications for a total request of about \$1.8 million. The Mid-Columbia Regional Review Team (RRT) recommended 12 applications for funding.

III. Regional Review Team

The Mid-Columbia RRT met in John Day on June 20 and 21, 2011, to review applications. The RRT reviewed all Restoration and Technical Assistance applications for technical merit and gave a “do fund” or “no fund” recommendation to each. The RRT recommended budget reductions and funding conditions for some of the applications, as described in the Region 6 Review Team Evaluations for April 18, 2011, Applications. The RRT then prioritized the applications recommended for funding.

IV. Staff Recommendations

For the September Board meeting, staff recommend funding for 11 applications for a total award of \$756,073: \$678,422 for Restoration and \$77,651 for Technical Assistance.

Attachment A shows the proposals, funding amounts, conditions (if any), and priority rankings recommended as “do fund” to OWEB staff by the RRT. For some “do fund” projects, the amount shown in the table and the conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding adjustments and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report.

Attachment B shows those applications not recommended for funding at this time by the RRT or by OWEB staff.

Staff recommend the Board approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

**Region 6 - Mid Columbia
Technical Assistance Projects Recommended for Funding
April 18, 2011 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-6005	Bolen Kelly Habitat Walla Walla River	49,296	1
212-6014	MFJDR Weed Assessment and Landowner Coordination Phase I *	28,355	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$77,651	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$77,651	

* Listed Amount Reflects Recommended Reduction

**Restoration Projects Recommended for Funding
April 18, 2011 Grant Cycle**

Staff Recommendations to the Board are Highlighted in Yellow

Project #	Project Name	Total Amount	Priority
212-6008	Mountain Creek Restoration Project Phase II ^ EM \$18,435	152,850	1
212-6015	Rudio Creek Restoration Partnership Phase I * ^	44,751	2
212-6001	ODFW Phillip Schneider WA John Day River Instream Habitat Project * ^	69,847	3
212-6013	MNF Aspen and Fen Wetland Restoration *	56,234	4
212-6016	Blakeslee Push Up Dam Elimination *	29,596	5
212-6004	Mulvaney Upland Improvement Project ^	40,700	6
212-6003	Hermiston Irrigation District T Line Project 2011 ^	115,990	7
212-6007	Gable Creek Water Quality Project * ^	107,941	8
212-6002	Tutuilla and Patawa Creek Re-Vegetation Project ** PE \$3,500	60,513	9
212-6009	WEID Lateral 17 Piping * ^	144,427	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$822,849	
Total Restoration Projects Recommended for Funding by Staff to Board		\$678,422	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions EM=Effectiveness Monitoring PE=Plant Establishment

Region 6 - Mid Columbia
Technical Assistance Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6006	Accessing Industrial Impacts Upper Walla Walla Basin	14,703

Restoration Projects Not Recommended for Funding by the RRT
April 18, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6000	Mountain Creek Watershed Restoration Project	216,500
212-6010	John Day River Bank Stabilization and Restoration	122,112
212-6011	Bansen Irrigation Efficiency	198,789
212-6012	Final Rudio Creek Irrigation Efficiency Project	144,369
212-6017	North Fork John Day Juniper Removal Project	114,444



August 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator

**SUBJECT: Agenda Item P: Watershed Council Support Work Group Update
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

Goal 2 of the OWEB 2010 Strategic Plan is to “support an enduring, high capacity local infrastructure for conducting watershed restoration and conservation.” Strategy 2 of Goal 2 is to “evaluate and adjust watershed council support grant review and funding processes to build capacity, provide base funding, and promote strategic partnerships.”

This memorandum reports on the direction and concepts recommended by the Council Support Work Group for adjustments to the watershed council support grant review and funding processes. This is an informational item for Board discussion and feedback. OWEB staff plan to bring an action item to the Board in March 2012 on streamlining the 2013-2015 council support process, in order to give staff the time to work with councils and others to develop implementation details and revise council support rules for the 2015-2017 council support cycle. This transition period will also provide notice and planning opportunity for councils with respect to potentially significant changes to the council support process and funding.

II. Background

OWEB began addressing Strategic Plan Goal 2 by holding six Watershed Council Listening Sessions around the state in February and March of 2010. The Listening Sessions were intended to engage watershed councils in a dialogue about what makes watershed councils successful and how OWEB watershed council funding and processes might be changed in order to build capacity, provide base funding, and promote strategic partnerships. The dialogue with councils was an important first step to inform OWEB’s strategy to implement Goal 2.

The Council Support Board Subcommittee developed draft Watershed Council Support Principles (Attachment A). These principles were presented at a Council Support Listening Session follow-up meeting at the November 2010 Biennial Conference, and to the Board at the September 2010 (Agenda Item C-5) and January 2011 (Agenda Item J) Board meetings.

The 2011 Oregon Legislature included the following budget note in OWEB’s budget:

“The [Ways & Means Natural Resources] Subcommittee recognizes that watershed councils are essential partners in accomplishing projects to protect, enhance and restore native fish and wildlife habitat and water quality and quantity. The Subcommittee thinks that after over a decade of millions

of dollars in state investments in watershed council support grants, it is appropriate to review councils' activities and oversight.

The Subcommittee directs OWEB to:

- 1. Work with appropriate local government entities to review the process for establishing and overseeing watershed councils, and identify whether any statutory or rule changes are needed;*
- 2. Enhance watershed council reporting to OWEB for accountability and tracking of accomplishments;*
- 3. Review criteria used to determine council eligibility for council support grants, to better ensure that investments go to groups that reflect the interests of the watershed and have proven successful in accomplishing their work plans in the past;*
- 4. Report to the Seventy-sixth Legislative Assembly regarding progress and recommendations.”*

OWEB convened a Council Support Work Group (Work Group) in May 2011 to advise OWEB on:

- A streamlined application and funding processes with improved reporting for accountability and tracking of accomplishments.
- How council “effectiveness indicators” proposed by the Network of Oregon Watershed Councils as part of its Service Strategy might be incorporated into OWEB council support processes.
- Refined council support eligibility criteria to better ensure that OWEB invests in local groups that reflect the watershed’s interests and potential to protect and enhance the quality of the watershed.

Work Group members are listed in Attachment B. The Work Group includes a watershed council representative from each of OWEB’s six regions, a board member of the Network of Oregon Watershed Councils, a council support grant reviewer, representatives from two private foundations, and two OWEB staff. By the time of the September Board meeting, the Work Group will have met seven times and concluded its work. The Work Group did a great job wading through difficult council support topics and staff greatly appreciates the time and energy they committed to the process.

In addition, staff are coordinating and communicating internally about the changes to soil and water conservation district funding as a result of OWEB’s Legislatively Adopted Budget, as discussed in Agenda Item Q. As OWEB develops a more detailed implementation plan for council support changes, we will consider what we are learning from our new role in the district capacity support process, and vice versa.

III. Council Support Work Group Concept

The Work Group’s concept is to move toward an **Outcome Based Review and Award Process**, which contains many similar elements to the draft Watershed Council Support Principles developed by the Council Support Board Subcommittee. The Work Group recognizes that “the devil is in the details” and that it will take time to develop the implementation details and consider how to address potential pitfalls. Overall, the Work Group supports taking the time to provide adequate notice to councils of the coming change, and providing time to transition to the new process, potential new funding levels, and other changes.

The Work Group’s concept and a draft timeline for implementation are shown in Attachment C. The concept includes:

- Moving to work-plan based application materials and periodic progress reports on accomplishments and the challenges to achieving work plan objectives.
- Streamlined review process.
- A more equitable distribution of council support funds for councils that meet the threshold criteria.
- A separate “capacity building” fund to address areas where councils need training or assistance.

OWEB has already begun to test the work plan approach. The grant agreements for councils ranked “good” and “needs improvement” in the 2011-2013 review process require those councils to attend a work plan training to be held around the state in fall 2011, and submit work plans and progress reports during the 2011-2013 biennium. This will provide a learning process for OWEB and councils as OWEB develops the details around the Work Group’s concept.

IV. Next Steps

In order to ensure that OWEB staff have the time needed to develop the details behind the concept, communicate and seek feedback from watershed councils, consider how the proposed Network “effectiveness indicators” might be used in the process, complete rulemaking, and develop new application and review materials, staff will ask the Board in March 2012 to waive the 2013-2015 council support application, review, and award process and carry-over the 2011-2013 council support award amounts to 2013-2015. This will effectively provide a four year council support grant (2011-2015) with the same amount being awarded for 2013-2015 that was awarded in 2011-2013. The rule-based evaluation and funding process currently takes at least 15 months of intensive staff time as well as time from councils and reviewers, and it would not be possible to run that process and do the work needed to fully develop the **Outcome Based Review and Award Process** concept developed by the Work Group and prepare councils for a new process in 2015. OWEB’s council support rules allow for a rule waiver when “doing so will result in more efficient or effective implementation of the Board's grant program.” [OAR 695-040-0080]

Between September 2011 and March 2012, OWEB staff will work with a subgroup of the Work Group to more fully develop the ideas behind the council support carry-over award. Specifically, OWEB staff and the subgroup will consider:

1. Reporting requirements, including PCSRF, for the 2011- 2013 and 2013-2015 grant agreements;
2. Capacity funding options for councils ranked in the “good” and “needs improvement” merit categories;
3. Requiring work plans and progress reports for all councils receiving a council support carry-over award for 2013-2015; and
4. Avenues for developing benchmarks and conditions for councils that fail to perform during the 2011-2013 or 2013-2015 biennium.

V. Recommendation

This is an informational item only. No Board action is required. OWEB staff will update the Board again in January 2012. At the March 2012 Board meeting, staff will ask for a Board decision on waiving the council support rules for 2013-2015 and carrying over council support awards.

DRAFT OWEB Watershed Council Support Principles

1. Any significant changes to council support funding should be phased in to allow councils enough time to adjust to, and plan for, the changes. The 2013-2015 council support grant cycle is the earliest OWEB would implement significant changes.
2. OWEB's watershed council support funding process should be fair, transparent, understandable, simplified and tailored to the circumstances that OWEB provides continuing support to organizations over many years.
3. OWEB's watershed council support funding should:
 - A. Provide a base level of funding to help support adequate operations, with a simplified application and award process;
 - B. Provide competitive, supplemental funding to promote and encourage performance; and
 - C. Not provide funding for councils that are not adequately performing or aren't achieving desired outcomes.
4. Councils that receive OWEB council support funding should meet basic standards of organizational function and accountability (either internally or through external means), such as
 - Board function
 - Personnel management
 - Systems and training
 - Financial management/planning

OWEB is interested in working with the Network of Oregon Watershed Councils around organizational effectiveness standards for councils, or using other third-party information, rather than requesting separate information about organizational function and accountability.

5. The Board and members of a council that receives OWEB council support funding are expected to actively seek to include representatives of all purpose-related stakeholder interests in the watershed(s) served by the council.
6. Councils that receive council support funding must be active in the community, reaching out to stakeholders, building community around watershed restoration, and their actions must result in on-the-ground projects that restore, protect and enhance watershed health.
7. Where appropriate and where it is needed to address OWEB's resource priorities, it is important for a watershed to have at least one well-functioning watershed council, soil and water conservation district or other watershed organization.

2011 Council Support Workgroup

Region 1

Liz Vollmer-Buhl
Siuslaw Watershed Council

Region 2

Harry Hoogesteger
South Coast Watershed Council

Region 3

Matt Clark
Johnson Creek Watershed Council

Region 4

Ryan Houston
Upper Deschutes Watershed Council

Region 5

Adena Green
Owyhee Watershed Council

Region 6

Brian Wolcott
Walla Walla Watershed Council

Network of Oregon Watershed Councils

Denise Lofman
Tillamook Watershed Council

Bonneville Environmental Foundation

Alden Boetsch
Kendra Smith

Ford Family Foundation

John Amoroso

Council Support Advisory Member

Max Nielsen-Pincus
Institute for a Sustainable Environment

OWEB Staff

Courtney Shaff, Grant Program Coordinator
Rick Craiger, Central Oregon Program Representative



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September 6, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator
Greg Sieglitz, Monitoring and Reporting Manager

SUBJECT: **Agenda Item Q: OWEB-ODA Partnership**
September 13-14, 2011 OWEB Board Meeting

I. Introduction

This report updates the Board on the funding and reporting partnership between OWEB and Oregon Department of Agriculture (ODA) to implement the Agriculture Water Quality Management Program (AgWQMP) and soil and water conservation district (SWCD) support. This agenda item is a follow-up to the June 2011 discussion and Board action on SWCD support and also supports Goal 2 of the Strategic Plan to support an enduring, high capacity local infrastructure for conducting watershed and habitat restoration and conservation.

II. Background

Oregon Lottery Funds and Pacific Coastal Salmon Recovery Funds (PCSRF) have been allocated to support watershed councils and SWCDs since 1999. Prior to this biennium, OWEB entered into an interagency agreement to have ODA administer the process to determine funding to individual SWCDs, review and approve work plans, and provide general oversight for SWCDs. In OWEB's 2011-2013 budget, the Legislature allocated Measure 76 Grant Fund and PCSRF funds for SWCD support. This means that SWCD support funding is now an OWEB grant, requiring a different process than has been used in recent years.

At the June 2011 Board meeting, the Board approved standards and guidance under the Division 4 rules for the SWCD support grants. Instead of an interagency agreement, ODA and OWEB have entered into a partnership agreement outlining the roles and responsibilities of each agency related to the review and approval of grant applications, grant management, payments, and the maintenance of grant files. (Attachment A) In general, ODA continues to review and approve SWCD work plans, gauges progress on the work plans, notifies OWEB if payments should be approved based on work progress, and oversees payment accountability, along with all other oversight functions ODA has performed in the past.

As part of a larger funding initiative in the Governor's budget for the 2011-2013 biennium, several state natural resource agencies are receiving PCSRF funds for significant program areas from the FFY 2010 funding to the State of Oregon. Over the next two years, ODA will be supporting its AgWQMP program with the PCSRF dollars (ODA is also providing more than

\$468,000 in matching funds). At the July OWEB Board conference call, the Board ratified the legislative distribution of \$1.875 million to the ODA. OWEB and ODA entered into negotiations at that time and have since completed the interagency agreement guiding the use of the PCSRF funds and describing the reporting requirements associated with the new arrangement.

III. Soil and Water Conservation District Support

From the \$5.1 million awarded in June 2011, each SWCD (except for the four in Baker County) is allocated up to \$18,600 to support district operations and up to \$100,000 to support technical assistance roles and responsibilities under the Oregon Plan for Salmon and Watersheds and more specifically the AgWQMP. This includes the SWCD being the local management agency for ODA and providing technical assistance to landowners. SWCDs are required to submit an application to ODA that contains an annual work plan, overall budget, and a scope of work that is specific to the local management agency and technical assistance tasks under the AgWQMP.

Attachment B contains the list of the 45 SWCDs and the amount of PCSRF and Lottery funds awarded from the 2011-2013 biennium allocation of \$5.1 million. Additional funding awarded to the SWCDs under the 2011-2013 Spending Plan (Agenda Item G) will be similarly allocated to each SWCD. Each SWCD, except for the four in Baker County, would be eligible to receive an additional \$23,250 from a \$1 million award. The four Baker County SWCDs will each receive an additional \$11,625.

OWEB and ODA staff updated the Soil and Water Conservation Commission on August 23, 2011, on the status of SWCD support funding and discussed their recommendation for the use of any additional funding awarded by OWEB. Staff proposed, and the Commission concurred, that additional funding should be made available to the SWCDs to implement annual work plan activities that are consistent with uses allowed under the Measure 76 grant funds.

At the time of writing this staff report, SWCDs were still completing their grant applications, annual work plans, and scopes of work for the \$5.1 million award. OWEB and ODA staff will update the Board at the September meeting on the status of the SWCD support grants and how the partnership is working. Staff will also report on the SWCD support outcomes from the 2009-2011 biennium.

IV. ODA Agricultural Water Quality Management Plan Program

In part to address the federal Clean Water Act, the Oregon Department of Agriculture (ODA) manages the Agriculture Water Quality Management Program (AgWQMP). Passed by the Oregon Legislature in 1993, the AgWQMP assists agricultural operators in preventing and controlling water pollution from agricultural lands. AgWQMP staff work directly with Oregon's soil and water conservation districts (SWCDs), local advisory committees, and other state and federal agencies to implement 38 unique "Agricultural Water Quality Management Plans" that address specific agricultural water quality issues statewide.

ODA staff and the SWCDs work in tandem to implement each area plan. SWCDs provide on-the-ground technical expertise to landowners and ODA provides consultation and oversight. The primary focus is to promote voluntary and cooperative efforts of landowners for water quality improvement, while maintaining regulatory authority to ensure program compliance.

This biennium's PCSRF funding distribution to the AgWQMP consists of supporting three principal components. These are general program coordination responsibilities, agricultural riparian area monitoring, and agricultural, in-stream water quality monitoring. Staff from OWEB and ODA met several times over the past three months to share information about the PCSRF program and the AgWQMP in order to establish a basic understanding of program goals and purposes. From these discussions, a common platform for the approach to monitoring and reporting on AgWQMP outcomes and accomplishments was established. Staff from both agencies have established and renewed working relationships with each other and will continue to work closely together during the remainder of the biennium.

With the reliance upon the FFY 2010 PCSRF funding for the natural resource agencies' budgets this biennium, a much stronger interface will need to be built between program staff in each agency. In addition, focused attention and investment in agencies' information systems and procedures will be necessary to deliver on the joint expectations laid out by the Governor's Office and NOAA Fisheries under this funding strategy. OWEB staff will continue to function as a meeting convener and continue dialogue with ODA (and the other natural resource agencies) to refine the approach to reporting program activities and accomplishments to NOAA Fisheries throughout the biennium. OWEB staff will also be assisting ODA staff (and others) with the semi-annual reporting process requirements and the additional conditions of the PCSRF program. Staff can continue to provide updates to the Board during the biennium as warranted.

V. Recommendation

This is an informational item only. No Board action is required.

Attachments

- A. OWEB-ODA SWCD Support Grant Partnership Agreement
- B. 2011-2013 ODA Distribution to Soil and Water Conservation Districts

**SOIL AND WATER CONSERVATION DISTRICT SUPPORT GRANT
PARTNERSHIP AGREEMENT**
between
OREGON WATERSHED ENHANCEMENT BOARD
and
OREGON DEPARTMENT OF AGRICULTURE

Received By
OWEB
AUG 26 2011

This AGREEMENT is hereby entered into by and between the Oregon Watershed Enhancement Board hereinafter referred to as OWEB, and Oregon Department of Agriculture hereinafter referred to as ODA for the purpose of implementing the Soil and Water Conservation District (SWCD) support grants.

1. PURPOSE

Beginning with the 2007-2009 biennium, the Legislature transferred the line item for the special payments used to support SWCDs from the ODA budget to OWEB's budget. The total payments for SWCDs were to be the same as for watersheds councils, and payments were divided among the SWCDs using the same methodology as has been used in the past. ODA maintained staff positions tasked to review and approve work plans and provide general oversight for SWCDs. OWEB and ODA entered into an interagency agreement to have ODA administer the process to determine funding to individual SWCDs in order to promote a seamless transition and allow continuity in SWCD oversight.

In OWEB's 2011-2013 budget, the Legislature budgeted Lottery Funds and Pacific Coastal Salmon Recovery Funds for SWCD support. Oregon Lottery Funds are now dedicated under Ballot Measure 76. Under Measure 76, grant funds must be awarded by OWEB and can only be used to:

- (a) Acquire from willing owners interests in land or water that will protect or restore native fish or wildlife habitats;
- (b) Carry out projects to protect or restore native fish or wildlife habitats;
- (c) Carry out projects to protect or restore natural watershed functions to improve water quality or stream flows; and
- (d) Carry out resource assessment, planning, design and engineering, technical assistance, monitoring and outreach activities necessary for projects funded under paragraphs (a) through (c).

The purpose of this AGREEMENT is to outline the roles and responsibilities of OWEB and ODA to administer the SWCD support grants. SWCD support grant means a grant to support the capacity of SWCDs to provide technical assistance to landowners, Local Management Agency responsibilities under the Agricultural Water Quality Management Program, and SWCD administration. ODA and OWEB agree that the SWCD support grants activities and projects meet the criteria listed in Measure 76.

SWCD support specifically finances SWCDs to:

- 1) promote landowner participation in the Oregon Plan for Salmon and Watersheds,
- 2) improve landowner involvement in conservation activities that enhance water quality and habitat for salmon,
- 3) provide technical assistance for landowners for the implementation of conservation practices,
- 4) serve as the Local Management Agent to implement Agricultural Water Quality Management Plans, and
- 5) provide assistance in obtaining funding for private lands conservation. SWCDs are a primary interface between OWEB grant funds and rural landowners to implement projects resulting in habitat and water quality improvement.

2. PARTNER MISSIONS, POLICIES AND DIRECTION

OWEB - OWEB administers a watershed enhancement grant program that provides funding to restore, protect, and enhance watershed conditions in the state of Oregon. Under Article XV, section 4b of the Oregon Constitution, OWEB is the agency responsible for administering grant funds out of the Natural Resources Subaccount of the Parks and Natural Resources Fund. OWEB is also responsible for monitoring the implementation and effectiveness of watershed restoration actions.

ODA – The mission of the ODA SWCD Program is to provide support, technical assistance, and administrative oversight to Oregon’s 45 local SWCDs as per ORS Chapter 561.400 and ORS Chapter 568.

3. GRANT PROGRAM ROLES AND RESPONSIBILITIES

OWEB and ODA agreed to work cooperatively in managing and administering the SWCD support grants. OWEB and ODA agree to process grant agreements and payments in a timely fashion. OWEB and ODA also agree to regularly communicate about the program and the agencies’ respective roles and responsibilities with the OWEB Board and Soil and Water Conservation Commission. The following roles and responsibilities are not exclusive but include the major responsibilities of each party in soliciting, evaluating, and managing the SWCD support grants.

Activity	Partner	Role/Responsibility
Program Funding Allocation	OWEB	OWEB staff prepares program and funding information for approval by the OWEB Board. \$5.1 million was awarded in June 2011; additional funding may be awarded by the Board in September 2011.
Application and Grant Forms	OWEB and ODA	OWEB and ODA work cooperatively to ensure that communications, application materials, agreements, and all forms meet the needs of both agencies and minimize change to SWCDs.
Reporting Methods and Processes	OWEB and ODA	OWEB and ODA agree to meet between August 1 and August 26, 2011, to work out the detailed tracking and reporting methods and

		<p>processes that will be necessary for the delivery of project level metrics supported with the PCSRF funds and other leveraged funding. OWEB and ODA agree to work collaboratively to create a template and timeline to assist and guide development of the ODA progress and final reports. The template shall clarify the database structure, format, content, and specific project metrics required to report on the products, outcomes, and deliverables of the SWCD grants. This includes a summary abstract at the initiation and close of the SWCD grants, the benefits to salmon and target species, maps and location information, financial information including match funding, and other relevant metrics.</p>
Grant Notice	ODA	<p>ODA distributes all grant notices, application materials, and other grant forms to the 45 SWCDs.</p>
Grant Submissions and Intergovernmental Agreement (IGA)	ODA and OWEB	<p>Application packets (including scope of work, budget summary, annual work plan and annual budget) and signed IGAs are submitted to ODA. ODA staff (Grants Administrative Specialist and Regional Water Quality Specialist) review the submitted materials and negotiate changes, if needed. ODA forwards a final funding recommendation to OWEB staff with the IGA signed by ODA and the SWCD, and the approved first fund request. OWEB signs the IGA, processes the first fund request, and returns two original IGAs to ODA.</p>
Grant Management	ODA	<p>Scope of Work (SOW) report and financial report are due to ODA 15 days after the end of each quarter, including an expense tracking sheet and the required reporting metrics. SOW report and financial report reviewed and approved by Regional Water Quality Specialist and then forwarded to Grants Administrative Specialist for final review and approval of funds request. SWCD Program Manager signs approved funds requests. Once approved, fund requests will be forwarded to OWEB. ODA will also report quarterly to OWEB on total payments, expenditures, and reporting metrics.</p>
Grant Management	OWEB	<p>OWEB processes the first quarterly payment after signing the IGA. OWEB will review the final expenditure report and reporting metrics in July 2013 to verify that all reporting obligations have been met and to enter a final report date into OGMS.</p>
Fund Reallocation	ODA and OWEB	<p>If there are any funds unallocated (typically from a SWCD forfeiting funds) ODA reallocates funds to other SWCDs for qualified projects. Grants Administrative Specialist determines if there are unallocated funds and reports to Regional Water Quality Specialists. WQ Specialists solicit proposals from SWCDs and selects proposals at Team meetings. Grants Administrative Specialist amends IGA, SOW, and funds request forms for approved projects, including notifying OWEB about the unallocated funds and proposals and preparing the IGA amendment for OWEB's signature. OWEB and ODA approve all amendments to the IGA following the process outlined above for the original IGAs.</p>

4. GRANT PROGRAM RECORDS

ODA will maintain paper copies of all grant applications, grant agreements, payment requests, and reports associated with the SWCD support grants.

For the purposes of administering the SWCD support grants, OWEB will waive OAR 695-005-0050 (1) and OAR 695-005-0060 (6) and (7) to allow the following fund release processes:

- The release of SWCD support grants will not be subject to hold back because of other OWEB reporting obligations.
- The first quarterly payment, including the 2011-2012 Administrative Funds, will be available to individual SWCDs upon receipt and approval of the signed IGA.
- Subsequent quarterly advances will be distributed upon receipt and approval of the Statement of Work Quarterly Progress Report and the SWCD Technical Assistance Budget and Financial Summary for the previous quarter and a Funds Request Form for the next quarter.
- The 2012-2013 Administrative Funds will be made available upon receipt and approval of the SWCD's Annual Work Plan and Budget, and Scope of Work for fiscal year 2012-2013.
- A SWCD will forfeit all or part of the quarterly payment if the SWCD exceeds the balance of funds as outlined in the Intergovernmental Agreement between OWEB, ODA, and SWCD.
- The Douglas SWCD is not eligible for advances under this agreement and can only receive funds from OWEB on a reimbursement basis as outlined in the Intergovernmental Agreement between OWEB, ODA, and the Douglas SWCD.

OWEB will also waive OAR 695-005-0030 (3) and OAR 695-005-0060 (3) and (9), which are OWEB grant match requirements. Individual SWCDs will need to commit to at least \$1 of secured match.

5. IT IS MUTUALLY AGREED AND UNDERSTOOD BY ALL PARTIES THAT:

- A. AGREEMENT. This agreement is for the purposes of defining roles and responsibilities and does not constitute an obligation of funds.
- B. MODIFICATION. Modifications within the scope of the instrument shall be made by mutual consent of the parties, by the issuance of a written modification, signed and dated by all parties, prior to any changes being performed.
- C. COMMENCEMENT/EXPIRATION DATE. This instrument is executed as of the date of the last signature and is effective through December 31, 2013 at which time it will expire unless extended.
- D. TERMINATION. Any of the parties, in writing, may terminate the instrument in whole, or in part, at any time before the date of expiration.

E. PRINCIPAL CONTACT The principal contacts for this instrument are:

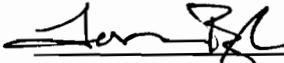
ODA	OWEB
John Byers	Melissa Leoni
Oregon Department of Agriculture	Oregon Watershed Enhancement Board
635 Capitol St NE	775 Summer St. NE, Suite 360
Salem, OR 97301-2532	Salem, OR 97301-1290
Phone: 503-986-4718	Phone: (503) 986-0179
Fax: 503-986-4730	Fax: (503) 986-0199
Email: jbyers@oda.state.or.us	Email: melissa.leoni@state.or.us

F. NON-FUND OBLIGATING DOCUMENT. This instrument is neither a fiscal nor a funds obligation document. Any endeavor or transfer of anything of value involving reimbursement or contribution of funds between the parties to this instrument will be handled in accordance with applicable laws, regulations, and procedures.

THE PARTIES HERERTO have executed this instrument

**OREGON WATERSHED
ENHANCEMENT BOARD**

**OREGON DEPARTMENT OF
AGRICULTURE**

 8/23/11
Thomas M. Byler, Executive Director

 8/23/11
Katy Coba, Director

2011-2013 ODA Distribution to Soil & Water Conservation Districts

# of Districts	Funds	Funds Per District*
45	\$5,100,000	\$118,600.00

SWCD	1, 2 or 4 Districts per County	Funds/District	PCSRF Eligible	PCSRF	M76	TOTAL
Baker Valley *	4	59,300.00	No		59,300.00	59,300.00
Benton	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Burnt River *	4	59,300.00	No		59,300.00	59,300.00
Clackamas Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Clatsop	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Columbia	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Coos	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Crook Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Curry Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Deschutes	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Douglas	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Eagle Valley *	4	59,300.00	No		59,300.00	59,300.00
East Multnomah	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Ft Rock/Silver Lake	2	118,600.00	No		118,600.00	118,600.00
Gilliam Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Grant	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Harney	1	118,600.00	No		118,600.00	118,600.00
Hood River	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Illinois Valley	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Jackson	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Jefferson Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Josephine	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Keating *	4	59,300.00	No		59,300.00	59,300.00
Klamath	1	118,600.00	No		118,600.00	118,600.00
Lakeview	2	118,600.00	No		118,600.00	118,600.00
Lincoln	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Linn	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Malheur Co.	1	118,600.00	No		118,600.00	118,600.00
Marion	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Monument	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Morrow	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Polk	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Sherman Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Siuslaw	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Tillamook Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Tualatin	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Umatilla Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Umpqua	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Union	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Upper Willamette	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Wallowa	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Wasco Co.	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
West Multnomah	2	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Wheeler	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Yamhill	1	118,600.00	Yes	70,833.00	47,767.00	118,600.00
Biennium Totals		5,099,800.00		2,549,988.00	2,549,812.00	5,099,800.00

* 4 districts per county are counted as 2 districts



September 6, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Kyle Abraham, Effectiveness Monitoring Coordinator
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item R: Effectiveness Monitoring Program Update
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

This report provides an update on the Conservation Effectiveness Monitoring Partnership, developed between OWEB, the Natural Resources Conservation Service (NRCS), and the Oregon Department of Environmental Quality (DEQ) in 2010. This partnership is designed to conduct programmatic effectiveness evaluation in support of Goals 1 and 3 in the OWEB Strategic Plan. The report also includes a brief update on additional, major components of the effectiveness monitoring program.

II. Conservation Effectiveness Monitoring Partnership

A. Background

In 2009, staff from the Oregon Office of the NRCS and OWEB began meeting to explore whether shared goals associated with the evaluation of the respective grant program goals of improving water quality and watershed functions and process could be established. It was quickly determined that a number of commonalities existed between the two agencies related to grant funding opportunities and purposes, needs to conduct programmatic evaluations, and responsibilities to report to the public, grantors, and policy makers about accomplishments and challenges. Early in the discussion, the agencies determined that it was important to incorporate DEQ into the partnership to capture the Total Maximum Daily Load and Section 319 grant program.

The goals of the partnership are:

- Build an understanding of the extent of the investment in watershed improvement actions through the agencies' collective grant programs;
- Develop a better understanding of how local organizations are utilizing the agencies respective grant programs, in concert;
- Conduct an evaluation of the impacts of grant investments on water quality and watershed health;
- Produce a description of gaps in the treatment of priority limiting factors and watersheds; and
- Design tools and methods of reporting accomplishments to the public.

B. Early Actions

In the fall of 2010, the partnership developed a Memorandum of Understanding (MOU), which established the formal relationship between the parties, outlined the project goals and timeline, and allowed for data sharing between the project partners.

Next, through GIS analyses and data mining, the partnership developed a long list of sites that included watershed basins where OWEB grants, NRCS investments, and DEQ funding all occur. After careful review of existing resources, two watersheds emerged as “pilot watersheds” where initial evaluation would occur. The Tillamook Bay and Upper Deschutes watersheds were selected due, in large part, to the term and extent of past investment of grant program dollars, the magnitude of projects undertaken, the availability of current data sets for these watersheds, and the potential to detect trends of change. The restoration action goals are the target around which the effectiveness evaluation is centered. The Tillamook Bay (specifically the Wilson River) evaluation focused on reductions of in-stream bacteria, and the Upper Deschutes (specifically Whychus Creek) focused on a combination of increasing streamflow and decreasing stream temperatures.

C. Results to Date

1. Tillamook Bay

Over just the past year, the partnership completed analyses of water quality monitoring data collected in the Wilson River. Results indicate that the suite of conservation and restoration actions accomplished by the local partners have reduced the chance of exceeding the water quality standard for bacteria. Modeling results also indicate that the chance of exceeding the water quality standard will continue to decrease over time. Prior to 2003, the Wilson River regularly exceeded the water quality standard. The benefit of a long-term reliable data set made this analysis possible and practical.

2. Upper Deschutes

Results from Whychus Creek are also promising. Analysis of stream temperature data from 1995 to 2009 indicates that Whychus Creek stream temperatures have decreased following investments in irrigation efficiency projects. In addition, an effectiveness monitoring project approved by the Board in 2008 demonstrated a change in the macroinvertebrate community in Whychus Creek from 2005 to 2009, which suggests the stream is experiencing decreasing stream temperatures and reduction in transports of sediment. There is still opportunity for improvement in order to meet the water quality standards and more investments are planned for the Upper Deschutes.

D. Next Steps

Since the inception of the partnership, the inclusion of key agencies has been a planned and staged activity. Recent discussions on the evaluation of water quality data, particularly on agricultural lands, led to an interest expressed by the Oregon Department of Agriculture (ODA) to be included in this partnership effort. Staff from all four agencies met recently to discuss the benefits of the partnership. The partnership has outlined the potential steps for the inclusion of ODA under the MOU.

Currently, the partnership is engaging in conversations and reconnaissance to identify additional watersheds that may warrant effectiveness monitoring focus. In the coming months, the original site selection list and new locations, based on the agencies' program investment areas, will be evaluated. The partnership is discussing the benefits of evaluating new watersheds with existing monitoring data or focusing resources on certain watersheds to augment existing, but insufficient data.

E. Information Delivery and Outreach

With information and results from the pilot areas now available, the partnership has initiated efforts under the program's outreach goal. Recently, NRCS secured additional funding for contracted services focused on outreach. Soon, the partnership members will be reviewing the RFP responses and selecting a contractor. The partnership will utilize the contractor's expertise along with agency media staff to identify the most efficient and effective method to deliver the results of the program. Results from the partnership effort are expected to be beneficial as communication tools for field staff and landowners to encourage additional restoration and conservation opportunities for the respective agency grant programs.

Over the next year, staff expect to be delivering information on new project areas and will update the analyses from the Wilson River and Whychus Creek results to continue tracking progress and accomplishments. Additional information will be delivered on the partnership goals, such as identifying the extent of ecological restoration that has occurred and how local organizations are using the combination of the agencies' grant programs to implement projects. Results from the education/outreach campaign will be distributed and made available on agency websites.

Staff intend to update the Board in 2012 on these items.

III. Other Effectiveness Monitoring Initiatives

A. Programmatic Updates

Staff continue to focus on time-sensitive priorities associated with gleaning and reporting data, and lessons learned from effectiveness monitoring. Effectiveness monitoring work is continuing on the effects of Sodom and Shearer dam removal, and on the removal of Gold Ray dam last year. The fifth year of a 10-year effectiveness monitoring study through a partnership with the Washington Salmon Recovery Funding Board for reach scale livestock exclusion effectiveness monitoring was completed this summer. Data collection for this effectiveness monitoring project will continue in 2016, which will be the final year. Data collection and reporting is also continuing on watershed scale projects such as the Intensively Monitored Watersheds (IMW) in the Middle Fork of the John Day River, the South Fork Trask River, and others.

At the March 2011 Board meeting, staff identified the high priority effectiveness monitoring needs for the 2011-13 biennium. Among the effectiveness monitoring focus areas were:

- Large wood placement in streams and rivers;
- Off-channel habitat restoration;
- Fish and water quality (statewide) and;
- Riparian restoration (statewide).

With the passage of Ballot Measure 76 and previous Board approval of the strategic direction of the effectiveness monitoring program, it remains critical to continue the long-term monitoring commitments in order to generate definitive and defensible results that form the underpinnings of strategic watershed restoration efforts.

B. CREP and Riparian Restoration Effectiveness Monitoring

In 1998, an agreement between the Farm Services Agency and the State of Oregon developed the Oregon Conservation Reserve Enhancement Program (CREP), which is intended to restore healthy riparian area in agricultural lands. Part of the agreement requires the state of Oregon to develop and implement an annual monitoring program and pay all costs associated with the monitoring. Since 1999, CREP funded projects have resulted nearly 37,000 acres of enrolled land. Staff are currently developing a study plan to evaluate riparian restoration projects funded through CREP and the regular grant program of OWEB. This plan will also incorporate a comprehensive evaluation of OWEB-funded riparian projects and the results from past CREP effectiveness monitoring efforts. A ten-year monitoring plan is being proposed.

Previous CREP evaluation studies completed in recent years (Anderson 2002, Bartuszevige et. al., 2009, and Demeter Design 2010) have yielded mixed results. The 2002 study found that CREP projects had a higher success rate than regular OWEB riparian restoration projects due to programmatic landowner maintenance requirements under CREP. Tree mortality from various factors was found on every site, but the report did not quantify the extent of the mortality. The OWEB-sponsored 2009 study found aquatic macroinvertebrate communities that represent healthy stream conditions present in slightly higher percentages in the CREP buffers than non-buffered streams. However, invasive species were also found to be the dominant species in some CREP study areas. In 2010, an OWEB-funded study of older riparian restoration projects in the South Coast and Grande Ronde River basins discovered that a majority of the projects could not be located and those that were found did not document an improvement when compared to untreated riparian areas.

More information on the ten year monitoring plan can be found in Agenda Item I. Staff will continue to provide updates to the Board on the status and results of the riparian restoration effectiveness monitoring plan in the coming year.

IV. Recommendation

This is an informational item. No Board action is requested at this time.

APPROVED BY THE BOARD JANUARY 18, 2012
Oregon Watershed Enhancement Board
September 13, 2011
OWEB Board Meeting
Roseburg, Oregon

Minutes

OWEB Members Present

Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Meta Loftsgaarden
Will Neuhauser
Lisa Phipps
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Kyle Abraham
Bonnie Ashford
Lauri Anun
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Karen Leiendecker
Melissa Leoni
Tom Shafer
Courtney Shaff
Greg Sieglitz
Cindy Silbernagel

Others Present

Jerry Nicolescu
Tom O'Brien
Derek Johnson
Gail Perrotti
Bruce Taylor
Catherine Pruett
Nancy Nichols
Randy White
Pam Reba
Lisa Seales

Members Not Present

Mike Haske
Kim Kratz
Jennifer Phillippi

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas.

B. Board Co-Chair Election

Board Co-Chair Dan Thorndike, provided background information on how the Board has elected Co-Chairs in the past. There was Board consensus to continue the practice of Board Co-Chairs. Eric Quaempts was nominated to fill the vacant Co-Chair position. He was unanimously elected complete the remainder of Daniel Heagerty's two-year term expiring in January 2013.

Co-Chair Thorndike also briefed Board members on having Board members serve as Chairs of the different Board Committees. Board members were asked to let Dan Thorndike or Tom Byler know of any interest to serve on a Board Committee or if any Board members would like to chair a Committee.

C. Minutes

Minutes of the June 14-15, 2011, Board meeting in Bend were unanimously approved.

Due to a copying error resulting in the omission of page two, approval of the July 14, 2011, Board meeting minutes via teleconference was postponed until the January 2012 Board meeting.

D. Executive Director Update

Executive Director, Tom Byler, briefly reported on the following program updates:

1. Statewide Regional Review Team (RRT) Retreat

With the passage of Measure 76, there are a lot of ideas about how OWEB might do things differently with the long-term funding horizon in front of us. In order to seek feedback from RRT members OWEB is planning a statewide retreat for October 26-27, 2011, at St. Benedicts Retreat Center in McKenzie Bridge. This selection was chosen because of its setting and opportunities to interact. Lodging and food will be well below per diem. Board members were asked to encourage their agency members to attend.

2. Ecosystem Services

The following updates were provided:

- **Willamette Basin Ecosystem Services Pilot Project**
In March 2010, the Board supported submission of a Conservation Innovation Grant (CIG) by the Willamette Partnership and The Freshwater Trust to the USDA. Federal funding was initially declined; however the applicants were encouraged to submit a refined proposal to the 2011 CIG program. On August 19, 2011, USDA announced final decisions for the CIG grants, including \$966,722 for the Willamette Basin Ecosystem Services Pilot Project.

- **Eastern Oregon Rangeland Ecosystem Function Project**
In the spring of 2010, Ecotrust secured funding from BLM to develop and lead an Oregon Rangeland Ecosystem Function (OREF) project. OWEB is a collaborating partner in this effort. Phase 1, which is now complete, resulted in development of a Rangeland Function Tool that predicts the potential for specific ecological sites to deliver specific ecological benefits. The partners have secured funding for related work, are pursuing additional funding for testing and refinement of the Rangeland Function Tool, and are expanding the partnership to include other agencies interested in testing and applying the rangeland tool in the context of voluntary restoration projects. The Governor's Office is interested in ecosystem services as it relates to sage grouse issues.

- **Klamath Watershed Partnership CIG Proposal**
A project proposed by the Klamath Watershed Partnership was proposed to the NRCS for funding under its 2011 CIG program, intended to improve coordination and better measure the effectiveness of restoration and conservation. The KWP project was not awarded funding. OWEB staff will continue working with local partners in the Klamath Basin about the potential for OWEB projects to provide a test-bed for using ecosystem services measurement tools to quantify the results of the agency's investment in restoration projects.

- **House Bill 3109**

HB 3109 did not have a hearing scheduled prior to the end of the legislative session; however, the bill's proponents and sponsors have signaled intent to introduce a similar legislative concept during the 2012 session.

3. 10-Year Plan for Oregon

The 10-Year Plan for Oregon project is one of Governor Kitzhaber's first initiatives aimed to fulfill his "Rebuilding Oregon's House" promise. The project will work to establish a vision for Oregon's future by targeting specific outcomes and identifying strategies to help make incremental progress towards meeting those outcomes. The project is divided into two phases: setting the ten year plan and determining the two year budget process. With the Department of Administrative Services, the Enterprise Leadership Team (ELT) comprised of 20 agency directors will lead the effort. OWEB does not sit on the ELT. By December 2011, state agencies should receive information on a revised process for developing 2013-2015 budget proposals. Staff will update the Board as this process continues.

Director Byler updated Board members on OWEB's budget. The Lottery funds are still down, and we don't know whether we will receive 2012 PCSRF funds. Director Byler also reported that the Governor's Office is looking at reviving and re-energizing the Oregon Plan for Salmon and Watersheds.

E. OWEB Planning Session Report

Public Comment

Russ Hoeflich, The Nature Conservancy, acknowledged work on Ballot Measure 76. He commented that OWEB needs to do business planning and needs to deliver a service while planning. He suggested using stakeholders to help on Board Subcommittees.

Following the end of the 2011 legislative session, the OWEB Board and staff met in Maupin, Oregon, July 25-27, to begin framing key issues and focus areas for the agency under the new Measure 76 era.

Tom Byler, Executive Director, highlighted the following key priorities identified by the Board at the planning session.

A. Approach the 2011-2013 biennium as a transition period.

Measure 76 and SB 342 created an opportunity for OWEB to assess its programs and priorities with a long-term investment horizon in mind. These discussions will take time and need to involve Board members, staff, and stakeholders. Board members are sensitive to the challenge of taking on these discussions while at the same time maintaining the delivery of essential program services. Staff are considering various options to meet the workload challenge during the transition period, such as, streamlining the council support grant application process for 2013-2015, deferring the 2011-2013 biennial conference, temporarily move from two to one grant cycle in 2012 and 2013. Staff will continue discussions with the Board and stakeholders on different options, and will develop a work plan to address what needs to be done.

B. Assess business practices in OWEB programs.

OWEB has not undertaken an organized review and assessment of its program processes and practices since 2004. This transition period is an opportune time for such an effort. Staff

made some initial inquiries to explore options and recommended that the Board award \$100,000 to support business practices assessment work this biennium.

C. Consider OWEB's programs, policies and priorities under Measure 76.

With the passage of Measure 76 and SB 342, it is necessary to better align OWEB's rules and programs with the new law. Agenda Item K addresses required changes; however, more changes are needed that will involve discussions with the Board, staff, and stakeholders.

D. Other Items

In Agenda Item G, staff have prepared a proposed spending plan for the 2011-2013 biennium, and have provided an updated Board subcommittee list.

Board members provided feedback on the options presented as well as offering new options for staff to consider.

- Generally supportive of deferring the Biennial Conference, but would like to see other options for organizational gatherings, maybe with OACD or the Network of Oregon Watershed Councils.
- Generally concerned about how stakeholders would be affected by dropping one grant cycle. If one grant cycle is dropped, the remaining cycle must be sensitive to the timing needs of applicants.
- Raise the level of a small grant from \$10,000 to \$15,000 or \$20,000 to allow smaller projects to get funding.
- Create a block grant program.
- Keeping restoration money on the ground is most critical.
- Look at programs differently to be more efficient.
- Align restoration priorities with Measure 76.
- Need to make the grant process less time consuming.
- Need strong communication.
- Need stakeholder involvement/input.

Staff will continue to work with the Board and stakeholders in the coming months to create a work plan to address issues this biennium.

F. Public Comment – General

- Tom O'Brien, Network of Oregon Watershed Councils, supported additional funding for Council and Districts, and suggested that staff use stakeholders to facilitate subcommittee discussions.
- Gail Grogan Perrotti, Seven Basins Watershed Council, commented on the importance of outreach to OWEB's mission. Outreach is critical to success of watershed restoration. She raised a concern that if the Biennial Conference doesn't happen this biennium, perception could be that OWEB cares more about culverts than bringing people together.
- Pam Reber, Coast Fork Willamette Watershed Council, supported local capacity support, thanked RPRs, and supported streamlining the council support process.
- Nancy Nichols, Siuslaw Watershed Council, supports additional funding for councils and districts, and would like OWEB to keep two grant cycles a year.

- Russ Hoeflich, The Nature Conservancy, commented on PCSRF funding opportunities and challenges. He encouraged the Board to tell stories to Congress supporting PCSRF funding.

G. 2011-2013 Spending Plan

Tom Byler, Executive Director, briefed Board members on the proposed spending plan, showing recommendations for funding awards in September 2011.

A. Local Capacity	\$2.3 million
<i>Watershed Council Support</i>	\$1 million
<i>Soil and Water Conservation Districts</i>	\$1 million
<i>Network and OACD</i>	\$100,000/each
<i>Local Capacity Fund</i>	\$100,000
B. Small Grant Program	\$2.8 million
C. Restoration Grants	\$8.1 million
D. Partnership Investments	\$5.3 million
<i>CREP</i>	<i>Deferred to January 2012</i>
<i>CREP TA</i>	\$800,000
<i>Deschutes SIP</i>	\$4 m (\$2.5 m award in Sept 2011)
<i>Willamette SIP</i>	\$3 m (\$1.75 m award in Sept 2011)
<i>Klamath SIP</i>	<i>Deferred to January 2012</i>
<i>WWRI</i>	\$250,000 for 2011-2012
E. Technical Assistance	\$705,366
F. Acquisition Grants	\$1.75 million
G. Acquisition Program Capacity	\$200,000
H. Business Practices Assessment	\$100,000
I. Oregon State Weed Board Grants	\$2,544,125
J. Monitoring Grants	Deferred to January 2012
K. Outreach Grants	Deferred to January 2012
L. Assessment Grants	Depends on PCSRF
M. Ecosystem Services	Deferred to January 2012
N. Research/Information/Communication	Deferred to January 2012
O. Oregon Plan Products	Deferred to January 2012
P. Effectiveness Monitoring and Reporting	Deferred to January 2012

A number of items in the proposed spending plan were discussed and considered under separate agenda items. Board members expressed concern with not having the entire spending plan at once, noting that a number of items in the spending plan are not going to be considered until the January 2012 Board meeting, and some items are ongoing and some are one-time funding.

Board members unanimously approved the proposed spending plan in Attachment A of the staff report.

Board members also unanimously approved the following allocations and delegate distribution authority to the Executive Director to distribute the funds through the appropriate agreements:

- *\$2.3 million to support councils, districts, the Network, OACD, and to support additional capacity building efforts as described in Section III.A. of the staff report.*

- \$2.8 million for the Small Grant Program, as described in Section III.B. of the staff report.
- \$100,000 for a business practices assessment process, as described in Section III.H. of the staff report and in Agenda Item E.

H. Oregon State Weed Board Grants

Melissa Leoni, Senior Policy Coordinator, was joined by Tim Butler and Shannon Brubaker, ODA, to discuss the Oregon State Weed Board (OSWB) Grant Program.

Until June of 2011, the ODA Noxious Weed Control Program and OSWB Grant Program were funded by Measure 66 “capital” funds. For the 2011-2013 biennium, ODA Noxious Weed Control staff are funded with Measure 76 operating funds, while the OSWB grants are to be funded with Measure 76 grant funds. The legislative intent is for ODA and the OSWB to continue to administer the OSWB grants, and to work closely with OWEB on the management of the grants and the issuance of payments.

Staff at OWEB and ODA identified a process for implementing weed grants that retains existing processes to the greatest extent while still meeting the requirements of the Measure 76 grant fund. Board members were briefed on the Weed Board Grants standards and guidance, including application requirements, criteria, evaluation process, agreement conditions, and distribution of funds.

Board members voted unanimously to:

- Approve the Weed Grant standards, guidance, and processes identified in Section III and Attachments B and C of the staff report;*
- Award \$2,544,125 for Weed Grants for the 2011-2013 biennium; and*
- Delegate authority to the Executive Director to distribute funds for Weed Grants consistent with the criteria and processes identified in Section III of the staff report.*

I. Conservation Reserve Enhancement Program and Technical Assistance Grants

Melissa Leoni, Senior Policy Coordinator, updated Board members on Oregon’s investment in the Conservation Reserve Enhancement Program (CREP) and discussed a proposal for funding CREP technical assistance (TA) in the 2011-2013 biennium.

In September 2009, OWEB awarded \$1.3 million to CREP cost-share payments. Of that amount, approximately \$800,000 remains for CREP projects. Staff will monitor cost-share payments through the fall and return in January 2012 with a more informed estimate of the need.

As described in the staff report and Agenda Item R, staff are developing a study plan to evaluate riparian restoration projects funded through CREP and the regular OWEB grant program. The Plan will be developed this winter and data collection may begin as early as next spring.

The first grants for CREP TA were funded in 2002. In 2007, funding for CREP TA was shifted to be a portion of the additional SWCD capacity funds. With the passage of Measure 76, CREP partners have developed a CREP TA grant proposal separate from SWCD funding and from OWEB’s regular TA grant offering. Bridge funding between the existing funded position and the proposed new grants due November 3, 2011, staff recommended and the Board approve a six month continuation of the existing positions.

The CREP partnership will report regularly to the OWEB Board, ODA, and the SWCC, and will complete a program evaluation and make a recommendation to OWEB on whether to continue the grant program by September 2013.

Board members voted unanimously to:

- A. Approve the CREP TA grant standards, guidance, and process identified in Section V of the staff report;*
- B. Award \$800,000 for CREP TA grants;*
- C. Delegate authority to the Executive Director to distribute the CREP TA grants consistent with the criteria and processes identified in Section V of the staff report.*

At the conclusion of the day's meeting, OWEB Board members and staff toured the Wolf Creek Restoration Project with the Partnership for the Umpqua Rivers and BLM staff. The partners emphasized the rigorous monitoring effort being made to document effects of restoration actions.

APPROVED BY THE BOARD JANUARY 18, 2012
Oregon Watershed Enhancement Board
September 14, 2011
OWEB Board Meeting
Roseburg, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Meta Loftsgaarden
Will Neuhauser
Lisa Phipps
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Kyle Abraham
Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Miriam Hulst
Karen Leiendecker
Melissa Leoni
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Michael Pope
Chrysten Lambert
Lisa Seales
David Ferguson
Chris Gannon
Joe Moll
Craig DeHart
Pam Wiley
Dan Bell
Catherine Pruett
Kendra Smith
Jamison Cavallaro
Nicholas Coffey
Jesse Jones
Jennifer Holderman
Janelle St. Pierre
Liz Vollmer-Buhl

Members Not Present

Kim Kratz
Jennifer Phillippi

J. Acquisition Program/Work Group Report

Public Comment:

- Bruce Taylor, Defenders of Wildlife, commented on the land acquisition grant program. OWEB is the only source of state funding for land acquisitions in Oregon, and funding is needed in order to leverage federal funds. He also supports the staff recommendation for more staff support for OWEB's acquisition program. He feels that during the Measure 76 transition process would be a good time to discuss OWEB's role in land acquisitions.
- Derek Johnson, The Nature Conservancy, commented on the importance of the land acquisition program, wants to help OWEB get through issues to streamline the acquisition grant application process as well as the work group process, and is concerned about the impacts of changing to one grant cycle next year.
- Joe Moll, McKenzie River Trust and President of the Coalition of Oregon Land Trusts (COLT), offered to help OWEB in its review the acquisition process or to serve on Board Subcommittees.

Ken Bierly, Deputy Director, presented this agenda item to the Board. Requests for funding land acquisitions have increased significantly. OWEB dedicated a position to land acquisition for the

first time in the 2009-2011 biennium. OWEB has contracted and outsourced much of the technical review. For the last year and a half, OWEB has part time temporary support staff position dedicated to the acquisition program, and in February 2011, hired part time temporary technical staff to help with the backlog. OWEB requested a full time position in the 2011-2013 budget process, but it did not make it into the Governor's Balanced Budget. OWEB currently has a backlog of more than 30 properties that are in some phase of review or due diligence review.

OWEB established a work group to identify issues and work on approaches to address concerns of the land trust community. A number of good ideas emerged, but unless there is some break in the ongoing work, it will be difficult to follow up on the suggestions of the work group. OWEB is committed to find ways to work more effectively with COLT and the land trust community.

Board members voted unanimously to allocate \$200,000 from remaining uncommitted Measure 66 Non-capital and Salmon Plate funds, and delegate authority to the Executive Director to distribute the funds through appropriate agreements and staffing, including support for a full-time limited duration land acquisition specialist position and clerical support, to support the land acquisition program capacity as discussed in Section III.A. of the staff report.

K. Administrative Rulemaking

Melissa Leoni, Senior Policy Coordinator, briefed Board members on proposed administrative rule amendments needed to update administrative rules directly affected by the passage of Ballot Measure 76 and its implementing legislation SB 342. She also briefed the Board a statutorily required five year review of the rules in Division 7, Salmon Season Grants, which must be completed by February 1, 2012.

SB 342 is the bill passed by the 2011 Legislature to make the necessary statutory changes to implement Ballot Measure 76. Staff identified several immediate updates to OWEB's administrative rules that are needed to ensure a smooth transition with ongoing programs early in the biennium. In the longer term, staff recognize the need for the Board, staff and stakeholders to discuss potential changes in programs, processes, and policies resulting from Measure 76 and any new statutory guidance.

Amendments to the following rules were proposed:

- Grant Fund Name Change (OAR 695-010-0030, 695-010-0060, 695-015-0030, 695-030-0060, and 695-035-0010).
- Small Grant Program (OAR 695-035-0050(1)(d) and 695-035-0060(1)(d))
- Restoration Grant Evaluation Criteria (OAR 695-010-0060(2))

ORS 183.405 requires new rule adopted after January 1, 2006, to be reviewed no later than five years after adoption. As a result of Executive Order No. 06-06, OWEB adopted administrative rules for the Salmon Season State of Emergency Grants (Division 7) in January 2007. They were amended in 2008. All of the rules in this division are subject to the five year review requirement by February 1, 2012. OWEB last awarded a grant under these rules in 2008, and there have been no new executive orders. Staff will consult with stakeholders involved in the creation of the initial rules to determine whether rulemaking is needed to repeal or amend these rules, and will initiate the process if rulemaking is needed.

Board members unanimously approved the proposed administrative rules contained in Attachment A of the staff report and authorized the five year rule review process and potential rulemaking for Division 7, Salmon Season Grants, as described in Section VI of the staff report.

L. Partnership Investments

Public Comment:

The following provided public comment to support continued funding for the Willamette SIP.

- Michael Pope, Greenbelt Land Trust
- Dan Bell, The Nature Conservancy
- Richard Bates and Eric Hartstein, South Santiam Watershed Council
- Kendra Smith, Bonneville Environmental Foundation
- Joe Moll, McKenzie River Trust
- Pam Wiley, Meyer Memorial Trust

The following provided public comment to support continued funding for the Deschutes SIP.

- Tod Heisler, Deschutes River Conservancy
- Chris Gannon, Crooked River Watershed Council
- Ryan Houston, Upper Deschutes Watershed Council
- Brad Chalfant, Deschutes Land Trust

The following provided public comment to support funding for a proposed SIP in the Klamath Basin.

- Krystyna Wolniakowski, National Fish and Wildlife Foundation
- Chrysten Lambert, Klamath Basin Rangeland Trust

Ken Bierly, Deputy Director, briefed Board members on OWEB's four active partnership investments, including CREP, WWRI, Deschutes SIP, and Willamette SIP. He also discussed the status of the candidate SIPs including the Upper Klamath Basin Partnership and the Wild Coast Initiative. OWEB staff are working with the Klamath SIP partners to develop a list of projects and a review process for Board consideration at the January Board meeting. He presented the recommended partnership investment funding recommendations to the Board.

Board members provided feedback on the partnership investments:

- How and when do we wean off the SIPs?
- When do we decide to discontinue the SIP investment in the Deschutes and direct it elsewhere?
- OWEB has built expectations with both Council Support and SIPs.
- Decisions at this meeting set the stage for the next two years.

Board members unanimously voted to:

- A. *Award \$250,000 for projects approved through the Whole Watersheds Restoration Initiative grant process and delegate to the Executive Director the distribution authority through grant agreements for projects resulting from the selection process.*

- B. Reserve \$4 million for the biennium and award \$2.5 million for the initial set of projects for the Deschutes SIP, and delegate the distribution authority to the Executive Director.
- C. Reserve \$3 million for the Willamette SIP for the biennium with an award of \$1.75 million, and delegate the distribution authority to the Executive Director.
- D. Allocate \$280,000 of NRCS funds to the CREP TA grants approved in Agenda Item I, and delegate distribution authority to the Director.

M. Public Comment – General

- Jerry Nicolescu, OACD, thanked Board members for their support for local capacity funding and invited Board members to attend the 2011 Council and District Joint Conference in November.

N. Public Comment – Pending Grant Applications

- Catherine Pruett, Salmon Drift Creek WC, opposed the proposed change to one grant cycle per year, and supported funding for 212-1009 which fell below the funding line.
- Craig DeHart, Middle Fork Irrigation District, supported funding for Phase 2 of application 211-4002, which was awarded funding for the first phase in September 2010.
- Chris Gannon, Crooked River WC, provided Board members with a progress report on 211-4010, which was awarded funding for year one in September 2010.
- Jennifer Holderman, Lower Nehalem WC, supported funding for 212-3000.
- Janelle St. Pierre, Scappoose Bay WC, supported funding for 212-3000 which fell below the funding line.
- Melyssa Graeper, Necanicum WC, supported funding for 212-1002, 212-1003, and 212-1007, which are recommended for funding.
- Kristle Volin and Bruce Follensbee, Coquille Watershed Association, supported funding for 212-2004 which fell below the funding line.
- Jamison Cavallaro and Nick Coffey, Pudding River WC, supported funding for 212-3011, which fell below the funding line.

O. Board Consideration of Pending Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the April 18, 2011, grant cycle. One hundred forty four grant applications seeking a total of \$21 million were received.

The following identifies the number of applications received by application type and the amount of OWEB funds requested:

Technical Assistance	37	\$ 1,445,486
Acquisition	10	\$ 5,617,360
Restoration	<u>97</u>	<u>\$14,146,766</u>
TOTAL	144	\$21,209,612

After being screened for eligibility and completeness, the applications were sent to the appropriate review teams, who made recommendations to OWEB staff regarding “fund” or “no fund” for individual projects on their merit and numerically ranked the projects recommended for funding. OWEB staff then developed funding recommendations for Board consideration.

The funding recommendations are based on funding availability, the rankings of the reviewers, and staff's evaluation of reviewer recommendations.

Acquisition Applications

Nine new land acquisition applications and one water acquisition application were received during the April 2011 grant cycle. The Board Acquisition Subcommittee reviewed the applications before the regional review team evaluation of the ecological merit and recommended whether staff should proceed with due diligence review. Three of the nine applications have been withdrawn by the applications. Three land acquisition applications are not recommended for funding. The remaining land acquisition applications are recommended for deferral. The water acquisition application is recommended for funding.

One land acquisition application previously deferred by the Board is ready for a funding decision.

Staged Awards

Middle Fork Irrigation District (MFID) Evans Creek Fish Passage and Water Quality Improvements Phase 3 (211-4002)

In September 2010, the Board awarded \$144,714, and committed to fund the remainder of the request (\$222,345) contingent on the grantee's progress report. Staff received a positive progress report, with the first portion of the project costing less than originally projected. In addition to the second stage of funding, the grantee expects to need the remaining \$13,800 from the first award. Staff recommended the Board award the remainder of the staged award.

Horse Heaven Creek Watershed Restoration (211-4010)

The project in the Horse Heaven Creek watershed covers approximately 11,000 acres, and is the result of collaborative efforts among private landowners, federal land management agencies, and state resource management agencies working toward a common vision of improved watershed health. The project includes juniper management, off-stream water developing to remove grazing pressure from riparian areas, and seeding and weed treatments to improve native plant diversity and health. Staff recommended funding \$156,861 for 2011-2012; and \$165,529 for the final stage of the project.

At the start of each regional grant award presentation, program representatives highlighted a project in their region showing the location, issues to be addressed, solution, and expected results.

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager
Tom Shafer, Regional Program Representative
Miriam Hulst, Acquisitions

Project Highlighted: South Fork Necanicum Fish Passage Improvement Project (212-1002), Necanicum Watershed Council

Lauri Aunan provided an overview of the Region 1 funding recommendations as presented in the staff report.

Miriam Hulst briefly described the two land acquisition applications received in this cycle.

Withdrawn: Schooner Creek Acquisition Project (212-109)

Recommended for Deferral: Dooher Wetlands Acquisition Project (212-107)

REGION 2, SOUTHWEST OREGON

Lauri Aunan, Grant Program Manager

Mark Grenbemer, Regional Program Representative

Project Highlighted: West Fork Millicoma River Engineered Log Jams 2012 (212-2020), Coos Watershed Association

Lauri Aunan provided an overview of the Region 2 funding recommendations as presented in the staff report.

REGION 3, WILLAMETTE BASIN

Lauri Aunan, Grant Program Manager

Wendy Hudson Regional Program Representative

Miriam Hulst, Acquisitions

Projects Highlighted:

- Upper Middle Fork Willamette Tributaries Enhancement Project (212-3009), Middle Fork Willamette Watershed Council, and
- South Eugene Hills (211-116), City of Eugene

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report.

Miriam Hulst briefly described the land acquisition applications received in this cycle.

Recommended for Deferral:

Bald Hill Farm Acquisition Project (212-101), Greenbelt Land Trust

Pugh Property Acquisition Project (212-108), The Nature Conservancy

Application Withdrawn: Sandy Basin Schoppert Tract Acquisition Project (212-106), City of Sandy

Not Recommended for Funding:

DupeeValley Acquisition Project (212-100), Confederated Tribes of the Grand Ronde

Lambert Slough Acquisition Project (212-104), Confederated Tribes of the Grand Ronde

East Thornton Lake and Kalapuya Interpretive Center Project (212-105), City of Albany

Recommended for Funding: South Eugene Hills (212-116), City of Eugene

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager

Rick Craiger, Regional Program Representative

Ken Bierly, Acquisitions

Project Highlighted: Badger Creek Wilderness Fish Passage (212-4012), Farmers Conservation Alliance

Lauri Aunan provided an overview of the Region 4 funding recommendations as presented in the revised staff report. Rick Craiger updated the Board on recent events regarding application 212-4008 including the discussion around how instream flow is measured and Tumalo Irrigation District's plans to convene a stakeholder meeting on this topic.

Ken Bierly briefly described the water acquisition application received in this cycle.

Recommended for Funding: Upper Sevenmile Creek Critical Habitat Instream Transfer (212-103), Upper Klamath Basin Rangeland Trust

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager

Karen Leiendecker, Regional Program Representative

Miriam Hulst, Acquisitions

Project Highlighted: Giving Keating Sage Grouse a New Home (212-5005), Keating SWCD

Lauri Aunan provided an overview of the Region 5 funding recommendations as presented in the staff report.

Miriam Hulst briefly described the acquisition application received in this cycle.

Withdrawn by the Applicant: Lostine-Wallowa Rivers Conservation Easement Project (212-102), Wallowa Land Trust

REGION 6, MID COLUMBIA

Lauri Aunan, Grant Program Manager

Sue Greer, Regional Program Representative

Project Highlighted: Mountain Creek Restoration Project Phase II (212-6008), Wheeler SWCD

Lauri Aunan provided an overview of the Region 6 funding recommendations as presented in the staff report.

At the conclusion of the region funding presentations, Board members approved the following motions:

Board members voted unanimously to award the second stage of funding for the applications shown in Attachment B to the Overview staff report.

Board members voted unanimously to approve the staff funding recommendation as shown in the yellow shaded sections of Attachment A to the Region (1, 2, 3, 5, and 6) staff reports, and approved the staff funding recommendation as shown in the yellow shaded sections of Attachment A to the September 8, 2011 Revised Region 4 staff report.

Board members also voted unanimously to award funding for application 212-1009 in the amount of \$11,000.

Board members voted to award funding for application 212-3000 in the amount of \$33,700. (Ken Williamson and Karl Wenner opposed.)

P. Watershed Council Support Work Group Report

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, were joined by Harry Hoogesteger, South Coast Watershed Council, and Liz Vollmer Buhl, Siuslaw Watershed Council, to update Board members on the Watershed Council Support Work Group.

OWEB began addressing Goal 2 of the OWEB 2010 Strategic Plan by holding six Watershed Council Listening Sessions around the state in February and March of 2010. The Council Support Board subcommittee developed draft Council Support Principles which were presented at the Biennial Conference, and the September 2010 and January 2011 Board meetings.

The 2011 Oregon Legislature included a budget note in OWEB's budget directing OWEB to review councils' activities and oversight and report back to the Seventh-sixth Legislative Assembly regarding progress and recommendations.

In May 2011, OWEB convened a council support Work Group to help work through a number of issues raised during the listening sessions. The Work Group comprised of watershed council coordinators, private foundation representatives and members of OWEB's Council Support Advisory Committee met seven times and concluded its work. The Work Group's concept is to move toward an "Outcome Based Review and Award Process" which contains similar elements to the draft Council Support Principles developed in 2010. The Work Group's concept includes:

- Moving to work-plan based application materials and periodic progress reports on accomplishments and the challenges to achieving work plan objectives.
- Streamlined review process.
- A more equitable distribution of council support funds for councils that meet the merit threshold criteria.
- A separate "capacity building" fund to address areas where councils need training or assistance.

Councils ranked "good" and "needs improvement" in the 2011-2013 review process are required to attend a work plan training held around the state in fall 2011, and submit work plans and progress reports during the 2011-2013 biennium. This will provide a learning process for OWEB and councils as details are developed around the Work Group's concept.

To allow OWEB staff time to develop the details behind the concept, communicate and seek feedback from councils, complete rulemaking and develop new application and review materials, staff will ask the Board in March 2012 to waive the 2013-2015 council support application, review, and signal its intent to "carry-forward" the 2011-2013 council support award amounts to 2013-2015. The Board would intend to make the actual award under this "carry-forward" scenario in June 2013, and the amount of the individual awards will be dependent on OWEB's 2013-2015 budget. OWEB plans to work with a subset of the Work Group between now and the March 2012 meeting to develop more details about how the "carry-forward" process would work.

Q. OWEB-ODA Partnership

Melissa Leoni, Senior Policy Coordinator, was joined by Ray Jaendl, Oregon Department of Agriculture, to brief Board members on the funding and reporting partnership between OWEB and ODA to implement the Agriculture Water Quality Management Program and soil and water conservation district support.

In OWEB's 2011-2013 budget, the Legislature allocated Measure 76 Grant Fund and PCSRF funds for SWCD support, which is now an OWEB grant. ODA and OWEB have entered into a partnership agreement outlining the roles and responsibilities of each agency related to the review and approval of grant applications, grant management, payments, and the maintenance of grant files. On August 23, 2011, OWEB and ODA staff updated the Soil and Water Conservation Commission on the status of SWCD support funding and discussed their recommendation for the use of any additional funding awarded by OWEB. The Commission concurred with the staff recommendation to make additional funding available to the SWCDs to implement annual work plan activities that are consistent with uses allowed under Measure 76 grant funds. OWEB Board member Doug Kraemer who represents the Board of Agriculture explained the Commission's involvement in the SWCD funding process.

Included in the Governor's budget for the 2011-2013 biennium was a \$1.875 million allocation of 2010 PCSRF funds to support ODA's Agriculture Water Quality Management Program. OWEB and ODA have completed the interagency agreement guiding the use of the PCSRF funds and describing the associated reporting requirements.

R. Conservation Effectiveness Partnership

Greg Sieglitz, Monitoring and Reporting Program Manager, and Kyle Abraham, Effectiveness Monitoring Specialist, were joined by Gene Foster and Ryan Michie, DEQ; Tom Makowski and Mike Merrill, NRCS; and Ray Jandl, ODA; to provide an update on the Conservation Effectiveness Monitoring Partnership developed between OWEB, NRCS, and DEQ in 2010. The partnership is designed to conduct programmatic evaluation of grant investment effectiveness at achieving improvements in water quality and watershed health. The Goals of the partnership are:

- Build an understanding of the extent of the investment in watershed improvement actions through the agencies' collective grant programs;
- Develop a better understanding of how local organizations are utilizing the agencies respective grant programs, in concert;
- Conduct an evaluation of the impacts of grant investments on water quality and watershed health;
- Produce a description of gaps in the treatment of priority limiting factors and watersheds; and
- Design tools and methods of reporting accomplishments to the public.

Two pilot watersheds were selected where initial evaluation would occur – Tillamook Bay and Upper Deschutes. The Tillamook Bay (specifically the Wilson River) evaluation focused on reductions of in-stream bacteria and the Upper Deschutes (specifically Whychus Creek) focused on a combination of increasing streamflow and decreasing stream temperatures. Results from the Tillamook Bay project indicated that the suite of conservation and restoration accomplished by the local partners have reduced the chance of exceeding the water quality standard for bacteria, and that it will continue to decrease over time. Results from Whychus Creek are also promising and point towards increasing water quality for both stream temperature and sediment parameters.

Recent discussions on the evaluation of water quality data, particularly on agricultural lands, led to an interest expressed by ODA to be included in the partnership effort. The partnership has outlined the potential steps for the inclusion of ODA under the MOU.

Staff are developing a study plan to evaluate riparian restoration projects funded through CREP and OWEB's regular grant program. A ten-year monitoring plan is being proposed to incorporate a comprehensive evaluation of OWEB-funded riparian projects and the results from past CREP effectiveness monitoring efforts.

S. Other Business

There was none.

Having no further business, the meeting was adjourned.