



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
January 18-19, 2012

Hallmark Resort
744 SW Elizabeth Street, Newport

Wednesday, January 18, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E, F, and R), 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

The current term of Oregon Watershed Enhancement Board Co-Chair Dan Thorndike ends in January 2012. Co-Chair Quaeempts 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.*

- July 14, 2011, Special Board meeting via teleconference; and
- September 13-14, 2011, Board meeting in Roseburg.

D. Legislative and Budget Report

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, will update the Board on the 2011-2013 OWEB budget, the upcoming 2012 legislative session, and agency activities in preparation for the 2013 legislative session. *Information item.*

E. 2011-2013 Spending Plan and Grant Cycles - Public Comment and Board Consideration of Options

[Background at 9:30 a.m.; Public Comment at 10:45 a.m.]

Prior to hearing public comment, Tom Byler, Executive Director, will provide background information on the proposed spending plan for the biennium. The Board has reserved time for public comment on the spending plan. The Board will not accept any written materials at this time. Any written comments pertaining to the proposed spending plan must be received by agency staff by the January 10, 2012, deadline. After hearing public comment, Director Byler will lead a discussion with the Board on the proposed spending plan. *Action item.*

F. Public Comment - General [1:00 p.m.]

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

G. 2011-2013 Transition Biennium Priorities and Work Plans

Tom Byler, Executive Director, will lead a discussion with the Board on work plans to implement agency priorities over the biennium. *Information item.*

H. Executive Director Update

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

I. Local Partner Presentations

Representatives of local watershed and conservation organizations have been invited to give presentations to the Board. *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, and local officials who are OWEB's partners supporting watershed restoration activities.

*Immediately following the meeting until 6:00 p.m.
D Deck Promenade
Hallmark Resort
744 SW Elizabeth Street, Newport*

Thursday, January 19, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E, F, and R), 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. Integrated Water Resource Strategy

John Jackson, Chair of the Water Resources Commission, will update the Board on the integrated water resource strategy and lead a discussion with the Board on the public comment draft of the strategy. *Information item.*

K. Land and Water Acquisition Program

Staff will request Board action on the land acquisition grant program, including the acceptance of applications for the remainder of the biennium and proposed actions to address the backlog of applications and focus of the program. *Action item.*

L. Land Acquisition Grant Awards – Coastal Wetlands Grants and Deferred Acquisitions

Staff will request Board action on two land acquisition transactions that have been previously deferred for consideration of due diligence materials and a delegation of authority to the director to award federal funds for three Coastal Wetlands grants. *Action item.*

M. Governor's Office

Brett Brownscombe, Governor's Natural Resources Policy Advisor, will update the Board on the Governor's natural resource priorities and the Oregon Plan for Salmon and Watersheds. *Information item.*

N. Forest Health Issues

Greg Sieglitz, Monitoring and Reporting Program Manager, and Brett Brownscombe, Governor's Natural Resources Policy Advisor, will introduce a proposal from The Nature Conservancy and Oregon Solutions requesting funding to support local forest collaborative watershed restoration activities and statewide coordination efforts. *Action item.*

O. Partnership Program

Staff will update the Board the status of existing and proposed partnership programs and request funding for the remainder of the biennium consistent with the decisions made in the spending plan. *Action item.*

P. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will lead a discussion on the Watershed Council Support Work Group concept in preparation for proposed Board action at the March 2012 Board meeting. *Information item.*

Q. Public Comment [approximately 3:00 p.m.]

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

R. 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 18 at 1:00 p.m. and Thursday, January 19 at 3:00 p.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, Board Co-Chair*
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: *Vacant*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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2012-2013 Board Meeting Schedule

Due to budget considerations, we are re-assessing scheduled Board meeting locations.

March 13-14, 2012 in Salem
June 12-13, 2012
September 11-12, 2012

January 16-17, 2013
March 12-13, 2013
June 11-12, 2013
September 10-11, 2013

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



Oregon

John A. Kitzhaber, MD, Governor

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January 5, 2012

MEMORANDUM

TO: Interested Parties

FROM: Tom Byler, Executive Director

SUBJECT: Agenda Item E-1, 2011-2013 Biennium Spending Plan
Attachment A Correction

An error was discovered in the spending plan table in Attachment A to OWEB's staff report *Agenda Item E-1, 2011-2013 Spending Plan*, dated December 16, 2011. The error involves the failure to accurately reflect funding available for the Deschutes Special Investment Partnership, and has no impact on the amounts of funding proposed for any other line items listed in the table.

The error affects two line items in the table. First, under the Partnerships section, the table showed a reduction of \$400,000 from funds awarded to the Deschutes SIP in September 2011. Second, the \$400,000 was mistakenly moved to a line item in the Acquisitions section to support a Deschutes SIP acquisition this biennium.

The correct situation is that the Deschutes SIP acquisition required only \$200,000, and that funding is available through remaining SIP funds awarded by the Board in 2009-2011. In addition, the Willamette SIP acquisition number in this line item has been corrected from \$1.6 to \$1.8 million. This funding is available through Willamette SIP funds awarded in 2008. Lastly, the \$400,000 removed from the Deschutes SIP line item in the Partnerships section has been restored, so the total now reflects the September board award of \$2.5 million. These adjustments are reflected in the appropriate line items in the Acquisitions and Partnerships sections of the updated table to Agenda Item E-1, as contained in the attached Corrected Attachment A, dated January 5, 2012.

We apologize for any confusion caused by the oversight. Again, none of the funding amounts for the other line items were altered due to the error. However, the total funding available increased slightly, and the percentages associated with Options A and B are also slightly changed as a result of the correction. Please take these changes into account as you read the E-1 staff report.

Attachment

Corrected Attachment A dated January 5, 2012

**Agenda Item E-1: 2011-2013 Biennium Spending Plan
Corrected Attachment A
Proposed OWEB 2011-13 Spending Plan Options
January 5, 2012**

	Option A	Option B
Regular Grants:		
Restoration Sept 2011	8.100	8.100
Restoration after Sept 2011 (inc staged awards)	17.100	22.925
Technical Assistance (TA) Sept 2011	0.700	0.700
TA after Sept 2011	1.000	0.800
Monitoring	1.700	1.500
Outreach	0.600	0.600
Assessments	0.000	0.000
June 2011 Grant Awards (for holdover of Mar 2011 awards)	1.300	1.300
TOTAL	30.500	35.925
% of assumed Total Budget	44.7%	52.6%
Partnerships:		
Deschutes SIP-awarded Sept 2011	2.500	2.500
Deschutes SIP-reserve	1.500	0.000
Willamette SIP-awarded Sept 2011	1.750	1.750
Willamette SIP-reserve	1.250	0.000
Klamath SIP	0.400	0.000
Whole Watershed Restoration Initiative (WWRI)-awarded Sept 2011	0.250	0.250
WWRI	0.250	0.000
Conservation Reserve Enhancement Program (CREP) TA	0.800	0.800
CREP	0.500	0.500
TOTAL	9.200	5.800
% of assumed Total Budget	13.5%	8.5%
Acquisitions:		
Sept 2011	1.750	1.750
After Sept 2011	4.900	4.000
Deschutes & Willamette SIP (200 & 1.8 from 2008/2009 awards)	2.000	2.000
TOTAL	8.650	7.750
% of assumed Total Budget	12.7%	11.3%
Local Capacity:		
June 2011 Capacity grants	10.000	10.000
Sept 2011 Capacity grants	2.300	2.300
TOTAL	12.300	12.300
% of assumed Total Budget	18.0%	18.0%
Miscellaneous:		
Effectiveness Monitoring	0.500	0.300
Oregon Plan/Governor Priorities	1.500	0.700
Ecosystem Services	0.250	0.125
Business Practices	0.100	0.100
Weed Grants	2.500	2.500
Small Grants	2.800	2.800
Research	0.000	0.000
TOTAL	7.650	6.525
% of assumed Total Budget	11.2%	9.6%
TOTAL	68.300	68.300



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December 16, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

**SUBJECT: Agenda Item E-1: 2011-2013 Biennium Spending Plan
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This staff report seeks Board approval of a proposed updated spending plan to guide OWEB grant investments for the remainder of the 2011-2013 biennium.

II. Background

At the September 2011 OWEB meeting, the Board discussed and approved an initial spending plan to guide the agency's grant investments for the 2011-2013 biennium. During that meeting Board members expressed an interest in a more comprehensive view and approach for the spending plan. This report offers an updated spending plan proposal that more fully describes agency program investments for the biennium.

This section describes the funding available for OWEB this biennium. It also explains a unique set of factors that influence the spending plan.

A. Available Funding

OWEB's overall budget consists of two basic parts. One part involves funds to support the day-to-day operations of the agency. The legislature appropriated a total of \$5,987,696 to support these functions from Lottery, federal and salmon license plate funds. The second part involves the funds available for the Board to distribute as grants or contracts during the biennium. These funds total \$67.9 million for the biennium and are comprised of Lottery, federal and salmon license plate funds. These are the funds available for the spending plan.

OWEB's funding sources each have specific, defined purposes. 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 and PCSRF funds may be distributed through a competitive grant process or by direct allocation by the Board. A third and relatively small funding source is salmon

license plate funds, which may be used to support a wide range of conservation-related grant types.

In November 2011, Congress approved funding for PCSRF for Federal Fiscal Year 2012 at a total of \$65 million. Along with other eligible state and tribal entities, OWEB will apply to the National Marine Fisheries Service (NMFS) for a grant from this funding to supplement our 2011-2013 budget. OWEB has the authority to receive and expend \$5.7 million in federal funds without having to seek permission from the legislature this biennium. News of PCSRF grant decisions from NMFS will likely occur by mid to late spring in 2012. If OWEB receives 2012 PCSRF grant funding, those funds could be available for OWEB grants by the fall of 2012.

Because at this time it is not clear how much funding OWEB may receive, for purposes of the spending plan discussion in this report, we are not including the 2012 PCSRF funds. If PCSRF funding is received later in the biennium, the Board can decide the best use of those funds at that time.

B. Factors Influencing the Spending Plan

There are a number of factors that influence the Board's choices regarding the spending plan for this biennium. These factors include:

1. Bad Economy and Declining Revenues

Until last biennium, Measure 66 Lottery Fund revenues showed tremendous growth. The increasing revenues allowed OWEB to make significant grant investments across the state, supporting long-standing programs while at the same time investing in new initiatives.

Since 2008, the economic downturn has had a substantial impact on communities and businesses throughout the state and nation. Many of us have had family, friends or neighbors lose jobs or deal with financial difficulties. The budget for the State of Oregon is not immune from the bad economy. When the economy struggles, General and Lottery fund revenues can decline, impacting the delivery of state services. The economic downturn has impacted Lottery Fund revenues in 2009-2011 resulting in a revenue shortfall for OWEB that required administrative actions to rebalance the agency biennial budget during the 2009-2011 biennium. OWEB's 2009-2011 and 2011-2013 budgets contain about 25 percent less Lottery Funds compared with the 2007-2009 budget.

Declining General Fund and Lottery Fund dollars sometimes forces difficult choices between the support of state services. In a recent example that impacted OWEB, approximately \$13 million out of a \$15 million 2010 PCSRF grant from the NMFS was used to support other natural resources agency budgets this biennium. These funds would otherwise typically have supported OWEB grants.

The state economy continues to struggle, resulting in General Fund and Lottery Fund revenues performing below expected levels for the 2011-2013 budget. As a result, some state agencies are considering or in the midst of layoffs in response to the revenue shortfall. State revenue forecasts show General Fund revenues down \$277 million and Lottery Funds down \$28 million for the first six months of the biennium. Based on these forecasts, OWEB expects as much as \$1.9 million in Lottery Fund grant dollars, originally anticipated in the

agency budget, will be unavailable this biennium. The proposed spending plan assumes these dollars are not available.

Federal funds may also 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 future allocations of PCSRF, beyond 2012, are uncertain.

2. Measure 76 and Budget Decisions

Measure 76 (2010) retains the basic structure of its predecessor, Measure 66 (1998). For example, the overall 15 percent dedication of Lottery Funds remains 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 OWEB's spending plan. For example:

- a. 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.
- b. Measure 76 prohibits grant funds from being used for grants to state or federal agencies. This change resulted in the legislature redirecting Measure 76 operating funds and Pacific Coastal Salmon Recovery Fund dollars to support other agency programs that were previously supported with capital funds (e.g., the Fish Screen Program at the Oregon Department of Fish and Wildlife and Noxious Weed Control and Threatened and Endangered Plant Programs at the Oregon Department of Agriculture)
- c. Another budget-related outcome of Measure 76 was the legislature's decision to support watershed council and soil and water conservation district capacity with Measure 76 Lottery Funds grant funds (65 percent funds) rather than with operating funds (35 percent funds).

All of these changes have resulted in less funding being available for restoration and other types of OWEB grants.

III. Proposed Spending Plan

OWEB spending plan options for 2011-2013 are set out in Attachment A. The proposed spending plan is organized into five broad program areas: Regular Grants; Partnerships; Acquisitions; Local Capacity; and Miscellaneous. For the biennium, the Board has a total of \$67.9 million available for grant-related decisions. The Board has already awarded \$36 million of these funds at the June and September 2011 meetings. Previously awarded funds are depicted in the shaded areas of the spending plan document. Each program area has subcomponents listed either as previous awards or recommended reserves.

The proposed spending plan document offers two scenarios (Options A and B) for the Board to consider to guide the distribution of limited funding for the remainder of the biennium. Option A was developed with the goal of continuing support for all program areas, even if funding is

significantly less than stakeholders have come to expect in recent years. This approach recognizes there is value in all of the different OWEB investments within the broad program areas. This approach is also premised on the notion that the revenue shortfall is a short term problem, and that eliminating funding for programs is not a strategic response for the long term.

Option B emphasizes continued support for restoration grants. Funding for restoration grants has been the backbone of OWEB grant investments over the years. This option would bring OWEB's funding support for restoration grants closer to the level of the last two biennia. A consequence of this approach would be more dramatic reductions of funding for a number of other program areas.

The following sections describe the five program areas and highlight key points for the Board to consider concerning the impacts of the two spending plan options for each program area.

A. Regular Grants

This program area involves OWEB's six-month grant offerings. This includes grants for restoration, technical assistance, monitoring, watershed assessments, and outreach. The regular grant program pre-dates OWEB, and many consider it the foundation of the agency's grant investments. It offers a competitive process that emphasizes locally identified conservation needs and priorities, and is available to applicants across the state.

Over the years, the regular grant program has received the largest proportion of funding compared with other program areas. For context, during the 2007-2009 biennium, the regular grant program received 47.6 percent of the funds available to the Board, amounting to \$43.8 million out of a total \$92 million available. Of the \$43.8 million, OWEB awarded \$36.4 million to restoration grants, \$3.2 million to technical assistance grants, \$1.2 million to outreach grants, and \$400,000 to assessment grants. In the 2009-2011 biennium, the regular grant program received 58.2 percent of the available funding, consisting of \$37.5 million out of a total \$64.4 million available. Of the \$37.5 million, the Board awarded \$32.7 million to restoration grants, \$2.2 million to technical assistance grants, \$1.9 million to monitoring grants, and \$700,000 to outreach grants.

The proposed spending plan sets out two options for the regular grant program area.

1. Option A recommends regular grants receive 44.9 percent of total funding available (\$30.5 million of \$67.9 million). Most grant types would be funded under this approach, with the exception of watershed assessments. Staff recommend the Board consider funding for assessments in future biennia. This option would offer significantly less funding for regular grants than has been awarded in the past two biennia (\$43.8 million in 2007-2009; and \$37.5 in 2009-2011). Based on recent biennial funding levels for this program area, the funding proposed in this option would fall well below the expectations and needs of local partners. Under this scenario, the OWEB management team recommends the Board consider eliminating the final grant cycle of the biennium. This action would allow more funding to be available for the remaining two cycles. It also avoids the considerable time commitment applicants would need to go through to compete in three grant cycles with greatly diminished chances of receiving grant funding. More detail and a request for Board consideration of this approach in Agenda Item E-2.

2. Option B recommends regular grants receive 53 percent of available funding (\$35.9 million of \$67.9 million). This proposal adds \$5.425 million to restoration grants, which could justify retaining the last grant cycle of the biennium. Adding funding to restoration grants has significant consequences in other program areas, however. Under this option, funding would be reduced for technical assistance, monitoring, the Deschutes Special Investment Partnership (SIP), Willamette SIP, Whole Watershed Restoration Initiative, acquisitions, effectiveness monitoring, Oregon Plan/Governor's priorities, and ecosystem services; and funding would not be offered to initiate the Klamath SIP.

B. Partnership Investments

This program area includes a number of grant investment programs that are made outside of the regular, six-month grant process. Partnerships focus on specific ecological outcomes and involve identified partners and geographic areas of investment. Partnership investments promote accelerated restoration work on a large, landscape scale that is not possible under the regular grant program. These partnerships also create opportunities for OWEB to strategically align our funding with the goals and objectives of other public and private funders.

Our involvement in one partnership investment, the Conservation Reserve Enhancement Program, pre-dates the creation of OWEB as a state agency. More recent partnerships include the Whole Watershed Restoration Initiative, Deschutes SIP, and Willamette SIP. The potential initiation of the Klamath SIP is part of the spending plan discussion. All of these programs are intended to achieve certain ecological objectives and expected to take multiple biennia to achieve.

The percentage of funding for partnership investments has ranged widely for OWEB in the previous two biennia. In 2007-2009, partnerships received 17.5 percent of the total Board awards (\$16.138 million of \$92 million). In 2009-2011, partnerships received 6.5 percent of Board funding (\$4.165 million of \$64.4 million). The significant swing in funding percentages for this program area is in part due to the evolving nature of the program. In 2007-2009, \$6 million was awarded to the Willamette SIP. This funding supported that effort through the 2009-2011, so no new funds were requested for the Willamette SIP last biennium. In addition, there were some partnership efforts funded in 2007-2009 (Oregon 150 grants; Salmon Season State of Emergency Grants) that were intended for only that biennium.

1. Option A would provide funding for all existing partnerships to continue, although in some cases at levels below the needs and expectations of local partners. This approach would also include funding to initiate the Klamath SIP. The funding under this option would involve 13 percent of the total available for the biennium (\$8.8 million out of \$67.9 million).
2. Option B would significantly reduce funding for the Deschutes and Willamette SIPs and the Whole Watershed Restoration Initiative. This option would not provide funding to start up the Klamath SIP. The funding under this option would involve 7.9 percent of the total available for the biennium (\$5.4 million out of \$67.9 million).

C. Acquisitions

Under Measure 66, 65 percent of Lottery Funds for watershed purposes were limited to “capital” uses for on-the-ground restoration and land and water acquisition projects. Under this arrangement, most of OWEB’s funding was limited to these two purposes. During the Measure 66 era, OWEB never assigned a percentage of funding for acquisition grants. Instead, funding for acquisitions was bundled into the overall capital fund spending plan and ultimately determined by the number of successful applications in any given biennium, both through the regular grant program and SIPs. Over this period, OWEB averaged about 9-10 percent of its total awards on acquisitions. OWEB funded acquisitions at 8.3 percent and 10.1 percent of the total available funding for the past two biennia, respectively.

Under Measure 76, the 65 percent portion of Lottery Funds is no longer limited to restoration and acquisition purposes. These funds may now be used to cover a wider range of grants, including technical assistance, monitoring, assessments and outreach. This fact— combined with the reality of increasing stakeholder expectations and needs and reduced revenues for the biennium—strongly suggests the need for the spending plan to identify a specific amount of funding set aside for acquisitions.

There are two additional factors influencing the spending plan for acquisitions that involve the need to address critical issues facing the acquisitions program. First, there is currently a backlog of 16 acquisition applications that involve 30 individual transactions pending due diligence review. This is a substantial workload that staff are working hard to address with limited resources. A staff strategy to reduce the due diligence backlog is proposed for Board consideration in Agency Item K. The strategy involves reducing the current due diligence queue by asking the Board to deny funding to some of the pending applications based on administrative rule criteria. The strategy further proposes to not accept new acquisition applications until the backlog is sufficiently reduced. This approach will also allow OWEB to process the highest priority applications pending in the due diligence queue so that the Board can consider grant awards this biennium. Staff believe these measures will help to concentrate OWEB’s focus on eliminating the backlog and get the program back on track.

Second, staff believe the time is ripe to consider fundamental changes to the policies, priorities and processes for the acquisitions program. In recent years, the demand for acquisitions has exceeded OWEB’s staff capacity to process the acquisitions in a timely manner. In addition, a number of stakeholders have expressed interest in OWEB considering new approaches to acquisitions. OWEB identified a number of acquisition program issues raised through a work group process during the first half of 2011. We recommend the Board, staff and stakeholders revisit and expand that process to shape the future direction of the acquisitions program during the next year.

In light of spending plan constraints, the due diligence backlog, and desire to shape the future direction of the program, OWEB is not facing a “business-as-usual” situation for acquisitions. Therefore, staff recommend a focused and strategic approach to address these issues. This approach, as it pertains to the spending plan, involves reserving sufficient funds to support high priority applications in the due diligence queue and successful new applications submitted in October 2011. Under this proposal, OWEB would not accept new acquisitions applications

until it has significantly reduced the due diligence backlog. Staff recommend that the earliest date to accept new applications be no sooner than April 2013.

A more detailed description of the status of the acquisitions program, and goals and strategies for the biennium is contained in Agenda Item K.

1. Option A recommends acquisitions receive 12.7 percent of total available funds (\$8.65 million out of \$67.9 million). This amounts to an overall increase in funding percentage and amount for the program compared to the previous two biennia (8.3 percent or \$7.6 million in 2007-2009; and 10.1 percent or \$6.48 in 2009-2011). The funding set aside for acquisitions in this option is intended only to cover current applications pending in the due diligence queue and applications received in October 2011. Per the explanation above, no new acquisition applications would be accepted prior to April 2013.
2. Option B recommends the acquisitions program receive 11.4 percent of total available funds, at an amount of \$7.75 million. Like Option A, the funding from this scenario would only be used for pending applications in the due diligence queue and new applications received in October 2011. With \$900,000 less funding, Option B would allow the Board to fund fewer applications from this pool than Option A.

D. Local Capacity

The funding in this program area supports the organizational capacity of key local partners—watershed councils and soil and water conservation districts. The funding also funds the capacity of entities that support councils and districts, like the Network of Oregon Watershed Councils and the Oregon Association of Conservation Districts. Acting as critical liaisons with local landowners, and by frequently serving as the developer, applicant and implementer of projects, these local partners are integral to the overall success of OWEB's programs. In OWEB's early years, the overall statewide capacity funding for councils and districts hovered around \$4 million each. In 2007-2009, the Legislature increased funding for councils and districts to \$5 million each, and the Board awarded an additional \$1 million. The combined increase in funding resulted in councils and districts receiving a total statewide increase in funding of approximately 50 percent. This increased level of funding support was continued for the 2009-2011 and 2011-2013 biennia.

1. Option A recommends local capacity receive 18.1 percent of total available funds (\$12.3 million out of \$67.9 million). These funds were awarded by the Board at its June and September 2011 meetings. In comparison, the local capacity program area received 13.3 percent of funding in 2007-2009 (\$12.2 million) and 19.1 percent of funding in 2009-2011 (\$12.3 million). Of the \$12.3 million, \$100,000 was awarded to the Network of Oregon Watershed Councils and another \$100,000 was awarded to support the Oregon Association of Conservation Districts. The remaining \$100,000 was awarded to support training, workshops, and other related needs of local watershed groups. Because funds have already been awarded for these purposes, no reductions are proposed for this program area.
2. Option B proposes no changes to Option A.

E. Miscellaneous

This program area involves a number of important programs that support OWEB's mission. Included in this area are effectiveness monitoring, Oregon Plan/Governor priorities, ecosystem services, funding to support the business practices review associated with Measure 76 transition work plan goals, Oregon State Weed Board grants, research grants, and the Small Grant Program. OWEB investment in this program area has varied over time. Some investments have remained consistent (Small Grants), while others have not received funding every biennium (research grants and ecosystem services). In the past two biennia, the level of overall OWEB investment in this program area ranged from 13.4 percent of total available funds (\$12.323 million of \$92 million) to 6.1 percent of total funds (\$3.9 million of \$64.4 million). In the past, Weed Grants were not a part of OWEB's grant funds. This program is now supported with OWEB funds, resulting in a \$2.5 million increase in this program area.

1. Option A proposes 11.3 percent of total available funds to support this program area (\$7.65 million of \$67.9 million). This would provide full support to Small Grants and weed grants (both awarded funding in 2011), and maintain adequate funding to support effectiveness monitoring and ecosystems services. This approach would also include \$1.5 million to assist with emerging priorities from the Governor's Office, including forest health issues and renewed efforts under the Oregon Plan for Salmon and Watersheds. This option does not propose funding for research this biennium, but staff recommend consideration of research funding in future biennia.
2. Option B proposes 9.6 percent of total funding support (\$6.525 million). Under this option, funding would essentially be reduced by 50 percent for the Oregon Plan/Governor's priorities and ecosystem services line items. Effectiveness monitoring would be reduced by 40 percent. These reductions would limit OWEB's ability to lead and participate in these activities during the biennium.

IV. Recommendation

All OWEB programs contribute to important local and state efforts to improve watershed health. OWEB greatly appreciates the excellent work of local partners throughout the state who develop and implement actions that support our programs. The reduced funding in OWEB's 2011-2013 budget forces difficult choices for the agency spending plan. OWEB recognizes that with limited funding, spending plan choices can have significant impacts on our local partners. There is no scenario that allows OWEB to fund all programs sufficiently, nor can all needs and expectations be met.

By approving the spending plan, the Board is not awarding funds. Instead, the spending plan acts as the blueprint for OWEB grant investments for the remainder of the biennium. The approved spending plan will signal the amount of funding available in different program areas and will help the Board, staff, and stakeholders plan and act accordingly.

Of the two spending plan options set forth in this report, the OWEB management team recommends the Board approve Option A. This option provides the best opportunity for all programs to continue, even though some will operate with significantly less funding than expected.

Attachment

A. Proposed OWEB 2011-2013 Spending Plan

**Proposed OWEB 2011-13 Spending Plan Options
December 16, 2011**

Attachment A

	Option A	Option B
Regular Grants:		
Restoration Sept 2011	8.100	8.100
Restoration after Sept 2011 (inc staged awards)	17.100	22.925
Technical Assistance (TA) Sept 2011	0.700	0.700
TA after Sept 2011	1.000	0.800
Monitoring	1.700	1.500
Outreach	0.600	0.600
Assessments	0.000	0.000
June 2011 Grant Awards (for holdover of Mar 2011 awards)	1.300	1.300
TOTAL	30.500	35.925
% of assumed Total Budget	44.9%	52.9%
Partnerships:		
Deschutes SIP-awarded Sept 2011 (less .400m for SIP Acq below)	2.100	2.100
Deschutes SIP-reserve	1.500	0.000
Willamette SIP-awarded Sept 2011	1.750	1.750
Willamette SIP-reserve	1.250	0.000
Klamath SIP	0.400	0.000
Whole Watershed Restoration Initiative (WWRI)-awarded Sept 2011	0.250	0.250
WWRI	0.250	0.000
Conservation Reserve Enhancement Program (CREP) TA	0.800	0.800
CREP	0.500	0.500
TOTAL	8.800	5.400
% of assumed Total Budget	13.0%	8.0%
Acquisitions:		
Sept 2011	1.750	1.750
After Sept 2011	4.900	4.000
Deschutes & Willamette SIP (.400 from above & 1.6 from 2008/2009 awards)	2.000	2.000
TOTAL	8.650	7.750
% of assumed Total Budget	12.7%	11.4%
Local Capacity:		
June 2011 Capacity grants	10.000	10.000
Sept 2011 Capacity grants	2.300	2.300
TOTAL	12.300	12.300
% of assumed Total Budget	18.1%	18.1%
Miscellaneous:		
Effectiveness Monitoring	0.500	0.300
Oregon Plan/Governor Priorities	1.500	0.700
Ecosystem Services	0.250	0.125
Business Practices (inc in \$54.4m)	0.100	0.100
Weed Grants	2.500	2.500
Small Grants	2.800	2.800
Research	0.000	0.000
TOTAL	7.650	6.525
% of assumed Total Budget	11.3%	9.6%
TOTAL	67.900	67.900



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December 16, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

SUBJECT: **Agenda Item E-2: 2011-2013 Regular Grant Cycles
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This report presents options for grant cycle deadlines for the 2011-2013 biennium. The report also proposes options for Board approval for grant types to solicit for the remainder of the 2011-2013 biennium.

II. Background

The Board has broad authority and discretion regarding OWEB grant offerings. Under Oregon Administrative Rule (OAR) 695-004-0010, “the Board may allocate funds to support projects for restoration, monitoring, technical assistance, education and outreach. . . .” (emphasis added). 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 2003-2005 biennium, but the types of grants offered have varied by cycle. The Board typically sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB’s legislatively adopted budget and Board approved spending plan.

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.

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.

OWEB typically solicits for Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring application in each October grant cycle, and Restoration, Acquisition, and Technical

Assistance applications at each April cycle. Assessment applications have been periodically solicited; the last offering was in the April 2008 grant cycle.

At its June 2011 meeting, the Board established board meeting dates and tentative grant cycle schedules, subject to change, for the 2011-2013 biennium. The Board also approved the solicitation of Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring applications for the October 17, 2011, grant cycle. At that time, the Board did not approve solicitation of grant application types for the remainder of the 2009-2011 biennium because OWEB's budget was not final, the Board had not adopted an overall spending plan, and there were questions about implementation of Measure 76. The Board did not adopt regular grant cycle funding reserves for 2011-2013.

The Board made awards for Restoration, Acquisition and Technical Assistance grants at its September 2011 meeting based on receiving a number of good quality applications, including some very "big-ticket" projects that resulted in staged awards (partial awards in September, with future funding committed and reserved).

III. Budget Considerations

As reported in Agenda Item E-1, 2011-2013 Biennium Spending Plan, a variety of factors has combined to affect OWEB's grant funds, including a bad economy, declining General Fund and Lottery Fund revenues, state budgeting decisions to shift PCSRF funds from grants to natural resource agency operations, uncertainty over the receipt of additional PCSRF funds, and changes under Ballot Measure 76. As a result, for 2011-2013, OWEB's grant funds are not able to meet the expectations of its many stakeholders. For the regular grant program, the management team recommended Option A spending plan proposes a total of \$30.5 million for the biennium, compared with \$37.5 million in 2009-2011 and \$43.8 million in 2007-2009. With this level of reduction for regular grant funding, staff considered options for how to most effectively and efficiently deliver the program and meet program goals and stakeholder needs, realizing not all needs can be met.

IV. Options for Grant Cycles and Offerings

Grant Program staff met several times this fall to discuss the types of grants offered and number of grant cycles, given the funding proposed in the spending plan options. Grant staff agree that dividing Outreach and Monitoring funding between two cycles (October 2011 and October 2012) is not a good approach. This conclusion is based on the spending plan funding options for Outreach and Monitoring applications, together with more than \$1 million in Outreach and more than \$2 million in Monitoring applications submitted in October 2011. Staff's proposed grant cycle options for Board consideration (Attachment A) are consistent in offering one cycle (October 2011) for Outreach and Monitoring, with any future cycle or offerings to be determined based on availability of PCSRF or other funding.

Grant staff did not reach agreement on whether to offer four full grant cycles this biennium for Restoration and Technical Assistance grants, or a reduced three-cycle approach. The management team does have a recommended approach, discussed in more detail below and in Section V.

The Grant staff also considered setting lower caps for certain types of applications (Technical Assistance applications are currently capped at \$50,000), or eliminating certain activities as eligible for Technical Assistance this biennium, as a way to help make limited funding go

farther. Staff also considered eliminating the request for effectiveness monitoring as part of Restoration applications as a way to stretch limited Restoration dollars. However, staff believe more in-depth analysis and discussion is needed to make informed recommendations.

At this time staff are not recommending any new application funding caps or changes to the types of Technical Assistance grant offerings. If the Board or stakeholders are interested in these ideas, staff could explore them and bring options to the Board at its March 2012 meeting.

In recent biennia, staff have awarded “staged” awards to very expensive grants to minimize the impact of a single large application in any one region. The Board awarded staged funding as recently as September 2011. Staff strongly recommend that, based on the level of funding available for regular grants, the Board should not award any additional “staged” awards for the remainder of the biennium.

Finally, as discussed in more detail in Agenda Items E-1 and K, staff are recommending no new acquisition application offerings until OWEB has significantly reduced the due diligence backlog. The earliest date to accept new applications would be no sooner than April 2013.

Attachment A contains two options for regular grant cycle deadlines and grant type offerings for the 2011-2013 biennium. Attachment A also notes that the Watershed Council Support offering is subject to change based on Board action at the March 2012 Board meeting (see staff report for Agenda Item P, Watershed Council Support Update).

Attachment B provides an estimate of the likely impact of the grant awards for the October 2011 cycle on the remaining grant cycles, depending on whether OWEB offers the typical suite of four grant cycles for 2011-2013, or reduces the total number of grant cycles to three. Clearly, Attachment B cannot precisely depict what will actually occur, but it shows the range of number of grants OWEB can likely fund based on the average request per region and the number of remaining cycles for each grant type. More funding is available per cycle if OWEB offers fewer cycles; less is available per cycle if more cycles are offered.

The management team has considered the pros and cons of the two options, as discussed below.

A. Option 1

- Four cycles for Restoration and Technical Assistance (April 2011, October 2011, April 2012, and October 2012).
- One cycle (October 2011) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined, depending on additional PCSRF or other funding, and Board priorities.
- Acquisitions offered only in April 2011 and October 2011, as discussed in Item E-1 and Item K staff reports.

1. Pros

- Applicants have more opportunities to re-submit an application that is not funded. For example, sometimes an applicant, whose project was not funded in one cycle, uses the feedback provided by the Regional Review Team to revise the proposal and then re-submits in the next cycle with greater success. However, with lower levels of funding available in each cycle, an applicant’s chances may not be significantly increased.

- If additional funding does become available, the Board can adjust the October 2012 cycle to add Outreach and Monitoring.
- Provides more opportunity for more applicants to get consideration. For example, sometimes a change in staffing results in an organization missing one grant deadline, but they are ready to apply for the following cycle. With only one cycle, if applicants are not ready by April 2012, they will have to wait a year to submit a restoration or technical assistance application.

2. Cons

- Because OWEB will be able to fund significantly fewer applications per cycle than has been the case in the past three biennia, applicants, reviewers and OWEB staff will expend significant time, effort, and resources each cycle for fewer grants on the ground. It may be more cost- and resource-effective for OWEB, and potentially for applicants, if the same amount of funds is awarded over two cycles rather than three, funding the same overall level with less cost and workload. This may be an important consideration during a time when agencies are facing potential additional budget cuts due to General Fund and Lottery revenue shortfalls.
- The ability of grant program staff to participate in important transition biennium efforts will be very constrained, because there is very little “down” time from back-to-back grant cycles. In particular, this is OWEB’s opportunity to invest in looking at our programs, policies and priorities, and address changes in funding and other things that have changed over the past 10-15 years. It’s important that this review involve grant program staff who have great knowledge and experience, but time will be very limited if grant cycles don’t change.

B. Option 2

- Three cycles this biennium for Restoration and Technical Assistance (April 2011, October 2011, and April 2012).
- One cycle (October 2011) for Outreach and Monitoring, with future Outreach and Monitoring cycles to be determined, depending on additional PCSRF or other funding, and Board priorities.
- Acquisitions offered only in April 2011 and October 2011, as discussed in Item E-1 and Item K staff reports.

1. Pros

- Awards remaining regular grant funds “in hand” in two cycles rather than three, which is more cost- and time-effective, especially during a time of reduced resources. Spreading grant dollars more thinly over three more cycles means that more applications that were not funded may be resubmitted, while they may not have a better chance of being funded.
- Grant program staff can be more effectively involved in the Measure 76 program and policy planning and other key transition biennium work, such as partnerships and acquisitions. In developing program, policy, and priority changes, it will be important to involve OWEB staff who do the program work, to make sure that we understand the pros and cons of proposed changes and that changes will be understood by OWEB grantees and grant reviewers and are ready for

implementation. Without effective involvement by grant program staff, changes may take more time and be less easily implemented.

2. Cons

- There is a risk for missed opportunities. For example, perhaps the pieces needed for an application are not quite ready in April 2012. There will not be an opportunity to apply in October 2012.
- Applicants have less opportunity to re-submit an application that has not been funded. For example, sometimes an applicant whose project was not funded uses the feedback provided by the Regional Review Team to revise the proposal and then re-submit it with greater success. However, with lower levels of funding available in each cycle, an applicant's chances may not be significantly increased by adding another cycle.
- If additional funding does become available and the Board decides it should be used for the regular grant program, it will be harder to add a whole new cycle than adjusting a cycle already planned for October 2012.

V. Recommendation

As noted in the 2011-2013 Biennium Spending Plan staff report (Item E-1), reduced funding in OWEB's 2011-2013 budget forces difficult choices. OWEB recognizes the significant impacts these choices have on our local partners. Unfortunately, there is no scenario that allows OWEB to fund all programs sufficiently, nor can all needs and expectations be met.

Of the two grant cycle options set forth in this report, the OWEB management team recommends the Board approve Option 2. Given the amount of available funding for the regular grant program, this option provides the most cost-effective way to review and process applications. In addition, by allowing more funding to be available for the remaining two cycles rather than "thinning the soup" among three more cycles, this option avoids the considerable time commitment applicants would need to go through to compete in three grant cycles with diminished chances of receiving grant funding. The management team fully expects that if the Board approves Option 2, the grant program staff will be engaged in a range of work items that need to be addressed as part of OWEB's transition biennium work, as described in Agenda Item G.

Attachments

- A. 2011-2013 Options for Grant Application Deadlines, Offerings, and Board Meeting Dates
- B. Comparing Two Options: An Estimate of the Number of Grants Awarded

2011-2013 Biennium Grant Application Deadlines and Board Meeting Dates

Option 1

<i>For 2011-2013 biennium:</i>	Application Deadline	Application Type(s)	Board Meeting Dates
<i>4 cycles of Restoration, Technical Assistance (3 more)</i> <i>1 cycle for Monitoring and Outreach</i> <i>2 cycles for Land and Water Acquisition (completed)</i>	April 18, 2011	Restoration/Acquisition Technical Assistance	September 13-14, 2011
		N/A	January 18-19, 2012
	October 17, 2011	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012
		N/A	June 12-13, 2012
	April 16, 2012	Restoration, Technical Assistance	September 11-12, 2012
		N/A	January 16-17, 2013
	October 22, 2012	Restoration, Technical Assistance	March 12-13, 2013
	January 22, 2013	Watershed Council Support – subject to change	June 11-12, 2013
Grants funded in the 2013-15 biennium	April 15, 2013	Subject to change; grant types to be determined.	September 10-11, 2013

Option 2

<i>For 2011-2013 Biennium:</i>	Application Deadline	Application Type(s)	Board Meeting Dates
<i>3 cycles of Restoration, Technical Assistance (2 more)</i> <i>1 cycle for Monitoring and Outreach</i> <i>2 cycles for Land and Water Acquisition (completed)</i>	April 18, 2011	Restoration/Acquisition Technical Assistance	September 13-14, 2011
		N/A	January 18-19, 2012
	October 17, 2011	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012
		N/A	June 12-13, 2012
	April 16, 2012	Restoration, Technical Assistance	September 11-12, 2012
		N/A	January 16-17, 2013
		N/A	March 12-13, 2013
	January 22, 2013	Watershed Council Support – subject to change	June 11-12, 2013
Grants funded in the 2013-15 biennium	April 15, 2013	Subject to change; grant types to be determined.	September 10-11, 2013

Comparing Two Options

An Estimate of the Number of Grants Awarded

This chart is an approximation of how many grants of each type could be funded under 2 different options, using **spending plan Option A** from the Spending Plan Staff Report. Figures were derived from several imperfect calculations. The first calculation determines the amount of funds per cycle by dividing the draft spending plan funds for each grant type by the number of potential remaining grant cycles. The second calculation determines the estimated award amount per region by dividing the first number by the number of regions. **This is just an estimate, since OWEB does not divide funding in six equal portions.** The third calculation estimates the number of applications that may be funded by dividing the estimated total award amount per region by the average amount requested. **The chart does not take into account variables such as Regional Review Team recommendations and prioritizations.** This is only an approximation of funding, to help inform the decision regarding the 2 options.

Restoration

Remainder for the Biennium per Draft Spending Plan	\$17,100,000
Anticipated Staged Awards to be Due	\$1,320,756
Remainder	\$15,779,244

Oct. 2011 Grant Cycle	Total Amount Requested	Number of Applications Received	Average Amount Requested
Region 1	\$ 3,593,149.00	15	\$239,543
Region 2	\$ 1,740,223.00	16	\$108,764
Region 3	\$ 2,203,594.00	16	\$137,725
Region 4	\$ 2,523,574.00	12	\$210,298
Region 5	\$ 2,619,980.00	32	\$81,874
Region 6	\$ 2,708,763.00	21	\$128,989
Total	\$ 15,389,283.00	112	\$137,404

Option 1	Option 2
3 Cycles	2 Cycles
2011 Oct; 2012 Apr, Oct	2011 Oct; 2012 Apr
Funds per cycle	Funds per cycle
\$5,259,748	\$7,889,622
Estimated total award amount per region	
\$876,625	\$1,314,937
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
3 - 4	5 - 6
8 - 9	12 - 13
6 - 7	9 - 10
4 - 5	6 - 7
10 - 11	16 - 17
6 - 7	10 - 11
~ 40	~ 60
~35% of the applications funded	~54% of the applications funded

Technical Assistance

Remainder for the Biennium per Draft Spending Plan	\$1,000,000
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Oct. 2011 Grant Cycle	Total Amount Requested	Number Rec'd	Ave. Request
Region 1	\$ 39,956.00	1	\$39,956
Region 2	\$ 231,377.00	7	\$33,054
Region 3	\$ 281,994.00	7	\$40,285
Region 4	\$ 194,717.00	5	\$38,943
Region 5	\$ 152,435.00	5	\$30,487
Region 6	\$ 246,560.00	7	\$35,223
Total	\$ 1,147,039.00	32	\$35,845

Option 1	Option 2
3 Cycles	2 Cycles
2011 Oct; 2012 Apr, Oct	2011 Oct; 2012 Apr
Funds per cycle	Funds per cycle
\$333,333	\$500,000
Estimated total award amount per region	
\$55,556	\$83,333
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
0 - 1	0 - 1
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
~ 9	~ 13
~30% of the applications funded	~40% of the applications funded

OutreachRemainder for the Biennium per Draft Spending Plan **\$600,000**

Oct. 2011 Grant Cycle	Total Amount Requested	Number of Applications Received	Average Amount Requested
Region 1	\$ 85,157.00	5	\$17,031
Region 2	\$ 286,777.00	10	\$28,678
Region 3	\$ 290,675.00	11	\$26,425
Region 4	\$ 53,717.00	2	\$26,859
Region 5	\$ 74,179.00	3	\$24,726
Region 6	\$ 49,865.00	3	\$16,622
Statewide	\$ 184,202.00	4	\$46,051
Total	\$ 1,024,572.00	38	\$26,962

Options 1 & 2	
1 Cycle 2011 Oct Funds per cycle \$600,000	2 Cycles 2011 Oct; 2012 Oct Funds per cycle \$300,000
Estimated total award amount per region	
\$85,714	\$42,857
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
4 - 5	2 - 3
2 - 3	1 - 2
3 - 4	1 - 2
1 - 2	1 - 2
3 - 4	1 - 2
2 - 3	2 - 3
1 - 2	0 - 1
~ 22	~ 12
~60% of the applications funded	~33% of the applications funded

MonitoringRemainder for the Biennium per Draft Spending Plan **\$1,700,000**

Oct. 2011 Grant Cycle	Total Amount Requested	Number Rec'd	Ave. Request
Region 1	\$ 252,384.00	3	\$84,128
Region 2	\$ 940,502.00	7	\$134,357
Region 3	\$ 317,798.00	4	\$79,450
Region 4	\$ 285,245.00	3	\$95,082
Region 5	\$ 140,191.00	6	\$23,365
Region 6	\$ 192,985.00	2	\$96,493
Total	\$ 2,129,105.00	25	\$85,164

Options 1 & 2	
1 Cycle 2011 Oct Funds per cycle \$1,700,000	2 Cycles 2011 Oct; 2012 Oct Funds per cycle \$850,000
Estimated total award amount per region	
\$283,333	\$141,667
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
2 - 3	1 - 2
2 - 3	1 - 2
3 - 4	1 - 2
2 - 3	1 - 2
5 - 6	5 - 6
1 - 2	1 - 2
~ 20	~ 14
~80% of the applications funded	~55% of the applications funded



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January 6, 2012

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 18-19, 2012 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on the 2011-2013 OWEB budget, the upcoming 2012 legislative session, and agency activities in preparation for the 2013 legislative session.

II. 2011-2013 Budget Status

A. Revenue Shortfall

Every two years, the Oregon Legislative Assembly passes a state budget that supports numerous state agencies and services, including OWEB. The state budget is based on expected revenues that will accrue over the two-year budget period. If revenues do not meet expectations, the legislature must act to reduce budgets so that expenditures do not exceed available revenue.

The latest forecast by the State Office of Economic Analysis estimates a shortfall of \$277 million in General Fund and \$28 million in Lottery Fund revenue compared to the original approved budget at the start of the biennium. Another revenue forecast will be released on February 8, 2012. This forecast will be used to inform the Legislature before they make their decisions on whether to rebalance state budgets during the 2012 legislative session.

In light of declining revenue, the Legislative Fiscal Office requested all state agencies supported with General and Lottery funds to develop a reduction options list to help prepare the legislature to address an expected revenue shortfall when they convene in February 2012. LFO requested the reduction options total 10.5%, prioritized in 3.5% increments. OWEB's proposed reductions list involves approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. It is important to note that OWEB's reduction list proposes no cuts to staff positions, open grants, or to the capacity funding for councils or districts. The legislature may or may not take OWEB's reduction options into account as it makes its budget decisions. OWEB's reduction option list for Lottery Fund operating and grant funds are contained in Attachment A.

B. Administrative Restrictions

Due to the revenue shortfall, state agencies are being directed to curtail expenditures. On

December 13, 2011, Governor Kitzhaber and the Legislature imposed a formal hiring freeze on all positions. The hiring freeze will continue at least until the end of the 2012 Legislative session. The freeze may be extended depending on the extent of the budgetary shortfall. State hiring is restricted to those positions essential to state government and/or affects the health, welfare, and safety of the public. Specific criteria and a review process have been developed for agencies to seek an exception to the hiring freeze. Any agency that wishes to fill a vacant position during the freeze period must receive approval from a recently formed Hiring Exception Committee. For the time being, OWEB has postponed filling the Willamette Partnership Coordinator position due to the hiring freeze. OWEB has no other current position vacancies.

OWEB is undertaking additional administrative actions to reduce costs. These actions include scaling back on the production of the biennial report for the Oregon Plan for Salmon and Watersheds, not holding this year's biennial conference, and limiting travel-related expenses, including Board meetings, which will be held in Salem beginning in March as a cost-savings measure.

III. OWEB Budget Notes

OWEB received two budget notes in its 2011-2013 budget. The sections below describe each budget note and staff's plans to implement their requirements.

A. IMST Budget Notes

“The [C]ommittee directs OWEB [Oregon Watershed Enhancement Board] to examine new operational guidelines for Oregon’s Independent Multidisciplinary Science Team (IMST) in order to improve its operations and usefulness to OWEB and other state agencies. As part of its review, OWEB is directed to propose any necessary changes including a new structure for Team membership and new operations guidelines, if necessary, that would allow the IMST to more efficiently and effectively meet its scientific role regarding the Oregon Plan for Salmon and Watersheds. In carrying out this review, OWEB is expected to work with the Governor’s Office and consult with appropriate state natural resources agencies and other interested stakeholders. OWEB will report its recommendations to the Legislature prior to January 1, 2013.”

Staff are working with the IMST co-chairs and the Governor’s Office to plan and implement this budget note. Staff have identified a proposed schedule and have developed a series of alternatives to be discussed with legislators, state natural resources agencies, and stakeholders in early 2012. Since key elements of IMST operations are dictated by statute, one potential outcome may be to propose statutory changes for consideration in 2013. Staff will update the Board in March 2012 on the progress to implement the budget note and the need to put forward a placeholder legislative concept.

B. Watershed Council Support

“The [C]ommittee 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 [C]ommittee thinks that after over a decade of millions of dollars in state investments in watershed council support grants, it is appropriate to review council’s activities and oversight. The [C]ommittee directs OWEB [Oregon Watershed Enhancement Board] 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.”*

As described in Agenda Item P, OWEB is working on portions of the watershed council support budget note through the Council Support Work Group. Staff are also working to identify a process for engaging local government entities in a dialogue around their role in the establishment and oversight of watershed councils. Staff anticipate that the process will involve internal discussion in late January to early February 2012 with the engagement of local government entities in February and March of 2012. It is staff's intent to engage legislators on the process during the February session and then update them on progress in completing the work during the May 2012 legislative days.

IV. 2012 Oregon Legislature

The 2012 session begins on February 1, 2012, and runs for no longer than 35 days. The Oregon Legislature has adopted a schedule with adjournment scheduled for February 29, 2012. As noted in Section II above, the Legislature may consider actions to rebalance the state budget during this period. Staff will follow budget discussions closely over the course of the session.

With respect to policy issues, OWEB staff are aware that the ecosystem services and markets bill (HB 3109) that died during the 2011 legislative session is being introduced in 2012 as two bills. We understand that one bill will be introduced by the Senate Environment Committee and the other identical bill will be introduced by Rep. Chris Garrett. Staff will update the Board on the status of these two potential bills at the Board meeting.

V. 2013 Legislative and Budget Preparation

Although the 2013 legislative session does not begin for another year, state agencies will soon begin to prepare policy and budget proposals. State agency legislative concepts are only submitted to the Legislature by the Governor after a nearly nine month development and review process. Legislative concepts are first submitted by agencies to the Department of Administrative Services (DAS), typically by April 2012. Once approved by DAS, legislative concepts are sent to Legislative Counsel for drafting in fall 2012 prior to pre-session filing by the Governor in December 2012.

Staff do not propose any legislative concepts at this time. Implementation of the IMST budget note, described in Section III above, may identify the need for legislative action. Staff will have further conversations with the Governor's office over the next few months and will present any legislative concepts for Board consideration at the March meeting in order to meet the April DAS deadline.

Concurrently, staff will be preparing the agency's budget proposals, which also will be submitted to the Governor and DAS for possible inclusion in the Governor's Recommended Budget for the

2013-2015 biennium. Staff anticipate bringing draft budget packages to the Board at the March and June 2012 Board meetings prior to the anticipated July 1, 2012, deadline for agency requests.

10 Year Plan for Oregon

A new outcome-based budgeting process for the state is underway, led by the Department of Administrative Services and the Enterprise Leadership Team, comprised of the directors of 25 state agencies. The 10-Year Plan for Oregon is focused on redesigning the way state government builds its budget and makes investment decisions. The new outcome-based budget design is intended to help to make public resources last, and aid decision makers in prioritizing public investments. Staff will brief the Board on the progress of the 10 Year Plan process to date and discuss expected next steps for the effort.

VI. Recommendation

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

Oregon Watershed Enhancement Board

2011 - 2013 Biennium

Agency Number:

69100

Detail of 10.5% Reduction to 2011-13 Legislatively Adopted Budget Level (plus 3.5% Supplemental Ending Balance Adjustment)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Priority (ranked with highest priority first)	Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes	
Dept	Prgm/ Div													
	Op's	Grants	Package 819: Shift Outreach LD FTE to FF-admin - OWEB hopes to minimize this reduction through future opportunities for savings, possible vacancy savings, and management and staff suggestions for savings. Will need limitation for federal funds.		(115,000)			115,000		\$ -				Reduces amount of revenue available to fund 2013-15 permanent Federal Admin positions
	Op's	Grants	Package 819: Shift Ecosystems LD FTE to FF-admin Apr 2012-June 2013 (15 months). OWEB hopes to minimize this reduction through future opportunities for savings, possible vacancy savings, and management and staff suggestions for savings. Will need limitation for federal funds.		(123,000)			123,000		\$ -				Reduces amount of revenue available to fund 2013-15 permanent Federal Admin positions
	Op's	LCREP	Package 819: Reduce the Lower Columbia River Estuary Program by 3.5%.		(8,625)					\$ (8,625)				Jeopardizes matching funds from Washington for EPA funds, as well as the Partnership's ability to leverage an additional \$8million per biennium for salmon recovery efforts, habitat restoration, and ecosystem monitoring.
	Op's	Grants	Package 819: Reduce carryforward limitation for M66 Operating grants that have closed and have a balance of unspent funds available.		(105,522)					\$ (105,522)				Funds are not available for the Board to award to grantees for technical assistance, monitoring or education.
			Subtotal Package 819-1st 3.5% reduction		(352,147)			238,000		\$ (114,147)				
										\$ -				
	Op's	Grants	2nd 3.5% reduction: Reduce carryforward limitation. Grantees submitted higher than estimated grant billings for AY11, therefore, reducing the amount of carryforward needed for AY13.		(342,177)					\$ (342,177)				Revenues were spent down for grants in 2009-11 earlier than anticipated
			Subtotal for 2nd 3.5 reduction		(342,177)					\$ (342,177)				
										\$ -				
	Op's	Grants	3rd 3.5% reduction: Reduce carryforward limitation for M66 Operating grants. Grantees submitted higher than estimated grant billings for AY11, therefore, reducing the amount of carryforward needed for AY13.		(257,823)					\$ (257,823)				Revenues were spent down for grants in 2009-11 earlier than anticipated
	Op's	Grants	3rd 3.5% reduction: Reduce carryforward limitation for Research and Development Operating grants. Grantees submitted higher than estimated grant billings for AY11, therefore, reducing the amount of carryforward needed for AY13.		(84,354)					\$ (84,354)				Revenues were spent down for grants in 2009-11 earlier than anticipated
			Subtotal for 3rd 3.5 reduction		(342,177)					\$ (342,177)				
										\$ -				
				-	(1,036,501)	-	-	238,000	-	\$ (798,501)	0	0.00		

Target

Oregon Watershed Enhancement Board

2011 - 2013 Biennium

Agency Number:

69100

Detail of 10.5% Reduction to 2011-13 Legislatively Adopted Budget Level (plus 3.5% Supplemental Ending Balance Adjustment)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Priority (ranked with highest priority first)	Dept. Initials	Prgm. or Activity Initials	Program Unit/Activity Description			GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes
Dept	Prgm/ Div														

Difference \$ (798,501)



Oregon

John A. Kitzhaber, MD, Governor

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January 6, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item G: 2011-2013 Transition Biennium Priorities and Work Plan
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on efforts to create a framework for advancing discussions on priority policy and program issues during the 2011-2013 biennium. The report is for informational purposes and possible action.

II. Background

In 2010, Ballot Measure 76 renewed 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. Statutory changes to implement Measure 76 were passed by the legislature in Senate Bill 342 in 2011. Both Measure 76 and SB 342 contain modifications to the previous law that need to be considered as OWEB implements its programs.

Perhaps the most significant result of the passage of Measure 76 is that it opened up a long-term funding horizon for OWEB grant investments. This change has compelled OWEB to approach this biennium as a transition period for Board members, staff and stakeholders to consider the future direction of the agency and make appropriate program adjustments. This effort will include the review of a number of our programs to consider changes and improvements to policies, priorities and processes.

In July 2011, Board members and staff met in Maupin to discuss a wide-range of topics relating to OWEB programs and priorities. During this meeting it was acknowledged that this biennium was the appropriate time for OWEB to consider the future direction of agency programs and investment priorities, and to look at the administration of agency programs with the goal of seeking efficiencies and improved delivery of services.

At the September 2011 meeting, the Board discussed approaching the 2011-2013 biennium as a transition period to focus the future direction of the agency and to address high priority program needs. It was recognized that to move forward successfully, several factors would need to be taken into account:

1. Board members, staff, and stakeholders will need to focus substantial time and effort on the issues;

2. OWEB has ongoing program responsibilities that need to continue to be carried out; and
3. OWEB faces considerable challenges to keep up with existing workload demands in several program areas.

OWEB staff are aware of the challenge of taking on these discussions while at the same time maintaining the delivery of essential program services. Toward this end, staff have acted on and are considering options to help meet the workload challenge during the transition period. These 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. Due to recent administrative restrictions on agency expenditures due to the budget revenue shortfall, the ability to fill vacant positions and hire temporary employees are not currently available options.

III. Discussion

This is an exciting time for OWEB to set its course for the long-term and to improve the delivery of program services to our customers. At the January meeting, staff will seek Board input and discussion on the priorities areas for OWEB focus during the transition period. Based on previous discussions with the Board, staff have developed a list of priority focus areas. The list, contained in Attachment A, briefly sets out the issue, who needs to be involved to address the issue, and the general timing for completing the work. The focus areas involve high-level policy issues as well as the development of specific tools to address important needs.

In combination, the priority focus areas involve a significant amount of work that is above and beyond the usual agency business workload. These tasks cannot be carried out simultaneously without negatively impacting the agency's delivery of services for existing programs. However, if work on the priority focus areas is strategically sequenced over a reasonable period of time, the tasks may be carried out effectively while maintaining the strong customer services expected by our stakeholders.

Successfully addressing the priority focus areas, even with staged execution, will require extraordinary effort by Board members, staff and our stakeholder community. This is not a business-as-usual period for the agency. With that in mind, it will be important for clear roles and responsibilities to be established at the board and staff level. Staff believe the use of Board subcommittees will be critical to make timely progress on program policy and priorities issues. In addition, the Board may want to consider forming an executive committee, comprised of subcommittee chairs, to coordinate and consult with the co-chairs during this period. Lastly, reaching out to hear the opinions and perspectives of our stakeholders and the general public will be extremely important. This interface will be essential to help frame issues, develop recommendations and implement actions. Staff will seek input on these ideas at the January meeting.

At the September 2011 meeting, the Board awarded \$100,000 to support business practices assessment work this biennium. In looking at the breadth of issues in the priority focus area list, staff believe funds from the September award could also be effectively used to support facilitation and other administrative needs associated with carrying out those tasks. Staff recommend the Board broaden the purposes of the September award to include contracts, grants,

and other expenses necessary to help carry out the priority focus area tasks identified in Attachment A, including facilitation and other administrative needs.

IV. Recommendation

Staff seek Board input on the ideas set out in this report.

In addition staff recommend the Board:

Amend the award (212-915) of \$100,000 made as part of Agenda Items E and G at the September 2011 meeting, to include contracts, grants, and other expenses necessary to help carry out the priority focus area tasks identified in Attachment A of this report, including facilitation and other administrative needs.

Attachment

A. List of Priority Focus Areas

OWEB 2011-2013 Priority Focus Areas

Based on discussions with the OWEB Board, the following items are recommended priority focus areas developed by the OWEB management team to address during the transition period.

I. Policy and Program Issues

A. Reviewing OWEB's Programs and Priorities in the context of Measure 76

Issue

In response to the passage of Ballot Measure 76 and enactment of SB 342, OWEB needs to engage in a process to review programs, policies and priorities to determine whether changes are desired or needed and implement appropriate changes.

Since 1999, OWEB has developed programs, policies and priorities around the funding constructs and limitations of Measure 66, Pacific Coastal Salmon Recovery Fund, and Salmon Plate funding available to the agency. Measure 76 and its implementing legislation, SB 342, modified Measure 66, most notably by making the funding dedication permanent. Legislators and stakeholders expect OWEB to review its policies, programs and priorities and consider appropriate changes in light of Measure 76 and permanent funding.

This project will involve the Board considering how ecological priorities drive investments, whether investments are driven by grass roots needs or targeted outcomes, the role of local groups and local infrastructure, and the agency's investment strategy, including proportions allocated to different programs and within the regular grant program.

Who needs to be involved?

OWEB needs to initiate a process for Board members, staff and stakeholders to discuss and consider potential changes to agency programs, policies and priorities in light of Measure 76. This project will require a coordinated effort that engages the public and stakeholders to help the Board and staff explore and evaluate options regarding program and funding policies and priorities.

When does it need to be done?

Staff propose this work begin as soon as possible. Completion of the work could involve 12-18 months or more, depending on the breadth and substance of recommendations that arise from the review.

B. Land Acquisition Policies and Processes

Issue

Over the last two years the Board Land Acquisition Subcommittee has approved the due diligence consideration of more than \$7,200,000 in land acquisition applications. This has created a backlog of land acquisition applications that is more than the single staff can reasonably handle. In addition, when there is an open solicitation for grant applications we are seeing approximately 10 new acquisition applications each grant cycle. The inability to effectively process the workload has created a high level of frustration with staff and the land trust community.

Beyond the workload issues, stakeholders have expressed process and program concerns and identified ideas for improvements. In order to effectively address this situation, OWEB must (1) reduce the backlog of pending applications in the due diligence queue this biennium; (2) not add to the backlog by not accepting additional land acquisition applications; and (3) initiate a process to consider and develop recommendations on the future direction of the acquisitions program.

More detail on staff's proposed approach for this program is contained in Agenda Item K.

Who needs to be involved?

Staff will be the primary driver to reduce the application backlog. Staff hope that some of the administrative budget restrictions will be lifted after the February legislative session so that the agency will have additional tools to address the workload. Board members, staff and stakeholders need to take part in the discussions to determine the future direction of the program.

When does it need to be done?

It is the intention of staff to reduce the application backlog to the greatest extent practicable this biennium. Staff plan to develop recommendations on program adjustments, and actions to implement them, this biennium.

C. Watershed Council Support

Issue

Strategy 2 of Goal 2 of the OWEB 2010 Strategic Plan calls for OWEB to "evaluate and adjust watershed council support grant review and funding processes to build capacity, provide base funding, and promote strategic partnerships." In addition, the 2011 Legislature directed OWEB, through a budget note, to report to the legislature regarding:

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; and
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.

A detailed action plan for moving forward with watershed council support issues is contained in Agenda Item P.

Who needs to be involved?

This effort has and will continue to involve Board members, staff and stakeholders.

When does it need to be done?

The plan ultimately seeks to implement a new watershed council support process for the 2015-2017 biennium.

D. Partnership Programs and Processes

Issue

OWEB's partnership portfolio, including Special Investment Partnerships (SIPs), Whole Watershed Restoration Initiative, Coastal Wetlands, and CREP, has evolved during a time when OWEB's revenues were steadily increasing each biennium. The program was created to recognize an alternative approach to leveraging state funds and achieving specific ecological outcomes utilizing a different mechanism than the six month regular grant cycle.

Interest in the partnership programs, has increased with the Board Subcommittee reviewing six statements of interest in 2010. With the changes in the grant funds from Ballot Measure 76, the competition among initiatives forces a consideration of how to balance OWEB restoration investments among local support, responsive grants and directed initiatives. One way to facilitate the conversation around the limits and predictability of investments is to clarify the duration and commitment to each of the partnerships. There is a need to update and clarify the purposes, priorities and processes associated with the different partnerships under the program.

- Ensure OWEB's partnership programs are transparent, efficient, documented and effectively staffed, with clear roles and responsibilities.
- Update and clarify, as needed, OWEB's Board-adopted partnership investment programs with appropriate sideboards regarding the purposes, priorities, duration, level of investment and expected outcomes.

Who needs to be involved?

Discussions involving policies, programs and priorities need to involve board members, staff and stakeholders. The Partnership Subcommittee of the Board will have an active role in the development of recommendations. Efforts to clarify administrative and procedural roles and responsibilities will primarily involve staff.

When does it need to be done?

Work on this effort should begin now. Progress may depend, in part, on direction developing from the Measure 76 discussions as well as emerging needs to balance this effort with other workload demands.

II. Data Management and Improving Service Delivery

A. PCSRF Reporting

Issue

OWEB's programs and grants receive significant federal funding through Pacific Coastal Salmon Recovery Fund grants provided by the National Marine Fisheries Service. NMFS has developed reporting requirements for all its grantees. Meeting these reporting requirements is critical for maintaining and seeking to enhance PCSRF grants for Oregon. Staff efforts to meet the new reporting requirements have been ongoing the past year. The work involves adjusting to new information requirements for project reporting and addressing database issues. This effort includes positioning current and future grants to provide necessary reporting information, but also revisiting the files of thousands of completed grants to ensure all needed data is reported.

Who needs to be involved?

Completing this work involves considerable staff time, primarily from the Monitoring and Reporting section. However, other agency sections have and will be involved to help out. The current administrative restriction on hiring temporary employees has eliminated a key tool the agency hoped to utilize to help review and report on the vast number of completed grants.

When does it need to be done?

There are numerous products and deadlines associated with this effort. However, key deadlines include a progress update in April 2012 and completion of this work in October 2012.

B. Budget Category Streamlining

Issue

Under Measure 66, OWEB capital lottery funds could not pay for indirect costs or cost allocations not directly related to a project. Capital funded projects could not pay for pro-rated costs such as rent, utilities and office supplies. As a result of the capital funding restrictions, multiple, detailed budget categories in grant applications were developed over time. Measure 76 lottery funds do not retain the same capital fund restrictions. As a result, there is an opportunity to simplify and streamline budget categories for future grant applications that will reduce workload and paperwork for grantees and staff.

Who needs to be involved?

Staff will consult with stakeholders as it develops the streamlined budget categories.

When does it need to be done?

Given the significant work associated with Measure 76, council support changes, acquisitions and partnerships, all currently underway or scheduled to begin early in the biennium, staff plan to start work on streamlined budget categories, forms and materials in the fall of 2012 with completion some time in 2013.

C. Online Project Completion Reporting

Issue

OWEB's current paper-based project completion reports are not conducive to capturing electronic information necessary for routine business practices. Moving to final electronic reports allows for better information capture, thereby reducing inefficiencies and streamlining processes. An immediate related need is a new NMFS requirement to report summary project descriptions at the completion of a grant. Other needs for this tool include capturing information about final grant accomplishments and final match. Online completion reporting will improve customer service through providing opportunity for more rapid final report approval, allow for streamlined grantee report submittal, and reduce staff time spent retrieving paper-based reports and hand entering data into databases.

Who needs to be involved?

This work primarily involves staff. Stakeholders will test and help guide the design of the final product.

When does it need to be done?

Staff's goal is to complete this work in time for grants issued following the March 2012 Board awards.

D. Information Technology and Data Compatibility Assessment

Issue

OWEB's current information systems were built over multiple years to serve differing purposes. In some cases the evolution of the systems has lagged behind the evolution of the agency's needs and purposes. Many OWEB staff do not fully understand the agency's databases and information support systems because they have never been fully documented and mapped. This leads to confusion and creates inefficiencies for tasks related to data and information.

Under this project, staff would attain complete documentation of OWEB's Information Systems, and assess the extent and compatibility of OWEB's information systems to support the agency's business needs. Completion of this effort will build a strong foundation for OWEB to take future steps further utilization of information technology and tools such as electronic applications and agreements.

Who needs to be involved?

This work will involve OWEB staff and some consultation from external information management experts.

When does it need to be done?

This work is considered baseline and cross-cutting given it represents the underpinning of each OWEB program. It also has strong connections to the PCSRF Reporting, Budget Category Streamlining, Online Project Completion Reporting, and Business Practices Review. With the current portfolio of Project Focus Areas, and given several are underway or intended to be initiated very soon, staff propose to formally start this work after the spring of 2012.

E. Business Practices Review

Issue

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.

Staff have made 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. Different approaches include staff time intensive processes such as the Lean-Kaizen method that is being widely used by a number of Oregon state agencies, focusing on a staff-driven identification of efficiencies and streamlining specific program processes. Another approach is utilization of third party contractor to undertake a higher level review of OWEB programs and processes to identify areas to gain efficiencies and implement improved best practices.

Who needs to be involved?

This work would primarily involve OWEB staff. Board members would be consulted to help set priorities and regularly briefed on progress. Stakeholders would also be consulted to ensure proposed streamlining and efficiencies would have a beneficial impact on our customers.

When does it need to be done?

This is important work. However, it may be best to first allow some of the policy discussions to move forward. The policy discussions could ultimately alter some programs and processes. It may be premature to engage in business practices review for programs that might undergo changes over the next year or two. On the other hand, it may be timely to streamline current program processes, such as the regular grant program, to free up staff time to work on other priorities. This topic can be revisited later in the biennium.

**January 18-19, 2012 OWEB Board Meeting
Executive Director Update – Agenda Item H**

Table of Contents

1. Ecosystem Services
2. Research Grants – Final Report
3. CREP Technical Assistance Grants
4. Weed Board Grant Update
5. Statewide Regional Review Team Retreat
6. October 17, 2011 Grant Cycle Update
7. Five Year Rule Review Update

January 18-19, 2012 OWEB Board Meeting Executive Director Update #H-1: Ecosystem Services

Background

This report provides updates on activities related to the agency's ecosystem services program. At Board meetings during the last year, staff provided updates about several pilot and proposed projects, including those in the Willamette Basin and eastern Oregon. These projects have been designed to connect the Senate Bill 513 Working Group recommendations regarding ecosystem services and markets with existing OWEB programs and initiatives in ways that can help the agency achieve its mission.

Willamette Basin Ecosystem Services Pilot Project

At the March 2010 Board meeting, the Board supported OWEB's participation in a grant proposal by The Freshwater Trust (TFT) and Willamette Partnership (WP) to the U.S. Department of Agriculture's 2010 Conservation Innovation Grant (CIG) program, which is overseen by the Natural Resources Conservation Service (NRCS). The proposed project sought funding to develop, integrate and apply ecosystem services market approaches in the Pacific Northwest. In August of 2011, NRCS awarded \$966,722 to TFT to support the proposal.

One component of this work, the Willamette Ecosystem Services Project, pilots an ecosystem services market in the Willamette Basin by encouraging private investors to fund restoration work that results in ecological outcomes and ecosystem services credits that could be purchased in a marketplace. The project is utilizing private investment secured by TFT to finance riparian restoration projects that meet rigorous eligibility requirements and adhere to verification and registration protocols required for ecosystem services crediting. TFT is working closely with local restoration practitioners (e.g., Model Watershed Councils) to plan, implement, maintain and monitor these restoration projects. The WP will verify, certify and register the ecosystem services credits from the projects.

OWEB's role in the Willamette Ecosystem Services Project is to provide grant funds to backstop private investment in high-quality restoration work. In 2010, the Board targeted its commitment of \$400,000 from the 2007/2009 Willamette SIP budget for the purchase of completed riparian restoration projects. This "conservation buy" of ecosystem services credits will quantify the ecological outcomes of restoration projects in the form of improvements to ecosystem processes and functions. At the March 2010 Board meeting, the Board approved this pilot project to 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 pilot project offers an opportunity for alignment between OWEB's strategic investments (e.g., restoration priorities articulated for the Willamette Model Watersheds) and ecosystem services approaches.

Staff aim to achieve two objectives with the project: 1) Test the ability to measure, track and ensure restoration outcomes stemming from the agency's investments through time by conducting multi-year monitoring with ecosystem services metrics and applying long-term stewardship; and 2) Explore the potential for private funding to complement awards made by OWEB and other public entities and provide additional revenue for on-the-ground restoration.

Staff initiated implementation planning for this collaborative project, including coordination among TFT, WP and the SIP Model Watershed Partners, during the Fall of 2011. OWEB will engage in cooperative agreements with TFT and potentially other project partners to clearly define roles and responsibilities associated with the project, along with an agreed-upon process for implementing the project and delivering results. In addition, staff will develop grant agreements and/or other appropriate contractual instruments that articulate ecological criteria and fiscal accountability requirements associated with funding for specific restoration projects. At future Board meetings, staff will provide updates about the status 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 estimate and monitor the effects of restoration practices on the ecological function of rangeland systems.

Phase 1 of this project resulted in the development of a Rangeland Function Tool that predicts the potential for specific sites to deliver specific ecological benefits, such as water infiltration and storage and soil-carbon storage. The tool does not require completion of complicated and expensive soil sampling and hydrological monitoring, rather, it draws on existing data, research findings, and expert opinion. The Rangeland Function Tool enables landowners, land managers, and restoration funders to assess baseline condition at a site and prioritize management options and restoration investments based on potential ecological improvements. The initial phase of the OREF 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 provided increased funding in recent years.

For Phase 2, the project partners have secured resources for follow-up work in two areas: 1) funding from the Jubitz Foundation and OWEB will support pilot testing of the Rangeland Function Tool to assess its accuracy in predicting ecological outcomes from voluntary restoration projects; and 2) additional funding from BLM for further exploration of how rangeland management can mitigate for climate change impacts. The partners also are coordinating with related efforts, such as Defenders of Wildlife's sagebrush metric development and Oregon Solutions' juniper and biomass core group convened by the Governor's Office, to identify opportunities for collaborative application of OREF tools and resources. Finally, OWEB and BLM are exploring the possibility of collaborative monitoring of juniper treatments to inform both agencies' investments in this type of restoration.

Staff Contact

If you have questions or need additional information, please contact Renee Davis-Born, Ecosystem Program 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.

January 18-19, 2012 OWEB Board Meeting Executive Director Update #H-2: Research Grants Report

Background

This report provides a summary of the OWEB research grant program and describes the approach staff proposes related to a cessation of research grant offerings until additional revenue for the biennium is realized.

Restoration and Protection Research Fund

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’s 2006 Open Solicitation for Research Grants

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.

OSU completed the external review of the project proposals requested by OWEB in mid-April 2007. A review of each proposal was conducted by 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 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.

OWEB Board’s 2009 Revised 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 form and 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

A) Subsequently, the Board also included a broader range of ecosystem services exploration in the economic evaluation focus area.

Research Program Accomplishments

The projects funded under the research grant banner have largely concluded in the past year, with many wrapping up in the last few months. All grants funded through OWEB's research program have been designed to focus on applied research needs and have not been solely conceptual or theoretical in nature. As a result, most projects have yielded data, information and techniques that are being used in other OWEB sponsored grants and activities or in parallel programs designed to achieve complimentary outcomes to the agency's program. Attachment B provides an overview summary of the projects funded, the outcomes from the research, and some examples of how and where the results are being used.

Future for OWEB Research

A convergence of several significant factors has influenced the staff recommendation to the Board found in the 2011-2013 Spending Plan (Agenda Item E). With the removal of the Restoration and Protection Research Fund through legislation accompanying Measure 76, reduced Lottery revenue through the economic recession, and increased demand for funding in other OWEB program areas, staff recommend withholding funding to the research grant spending plan line item until additional revenue is realized. Research activities for salmon and steelhead can line-up with Pacific Coastal Salmon Recovery Fund goals and this along with future Measure 76 lottery funds could be future sources of revenue to support research. Staff will work with the Monitoring and Research subcommittee to establish the policy choices pertaining to future OWEB Research Grant opportunities.

Staff Contact

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

Attachments

- A. Research Priority Focus Areas Adopted by the Board in March 2009
- B. Overview of Funded Research Projects

**March 18-19, 2009 OWEB Board Meeting
Research Priorities - Agenda Item K**

Table of Contents

1. Modeling Water Availability in a Changing Climate

Cost: \$175,000, M66 Research Non-capital funds

2. Climate Change and Local Watershed Impacts

Cost: \$150,000, M66 Research Non-capital funds

3. Ocean Response to Climate Change - Sea Level Rise and Coastal Impacts

Cost: \$100,000, M66 Research Non-capital funds

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

Cost: \$165,000, M66 Research Non-capital funds

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
Linking Coldwater Refuges into a Framework for River and Floodplain Restoration	<p>Identification of potential coldwater habitats that currently exist in the Willamette River mainstem and describe to what extent native fish are using these areas.</p> <p>Developed a <i>spatial framework</i> that can track landscape changes in the Willamette River floodplain over time.</p>	<p>A majority of the coastal cutthroat trout that were tagged for this study remained in or moved to coldwater habitat throughout the summer. Cutthroat trout did not occupy the coldest temperatures available, but instead used habitat that was slightly cooler than the mainstem Willamette.</p>	<p><u>This information is being used to guide Willamette Special Investment Partnership acquisition and restoration projects.</u> This helped to identify and prioritize potential areas in the Willamette River that would likely respond favorably to restoration or preserving coldwater habitats.</p>	<p>Continue to implement the spatial framework for prioritizing and tracking restoration projects in the Willamette River floodplain through coordination of Willamette Special Investment Partnership. Require reporting to the <i>spatial framework</i> a requirement of grant agreements.</p>
Fiber-optic Observation of Stream Function and Condition: Demonstration and Application	<p>Projects designed to evaluate use of high-resolution fiber-optic cable for measuring stream temperature conditions, groundwater temperature interactions, cooling of wetland infiltration, and measuring effective shade.</p>	<p>Fiber-optic cable can be used effectively to identify cool water inputs through either groundwater or hyporheic flow. Cable can be used to measure longitudinal stream temperature changes at a scale that was not previously possible.</p>	<p><u>Fiber-optic technology is used annually in Upper Middle Fork John Day IMW</u> to inform effectiveness of instream restoration activities. Information from this research study will help prioritize locations for instream restoration projects based on identification of cool water locations that already exist on the landscape.</p>	<p>Identify logistics to acquiring equipment and test implementation through select watershed councils. OWEB could share the utility of this technology to restoration and monitoring practitioners.</p>
Recovery of Wild Coho Salmon in Salmon River Basin	<p>Evaluation of coho salmon life history after termination of coho</p>	<p>Coho salmon used estuary extensively during juvenile phases. Several life</p>	<p><u>This work was conducted and used in an area of significant OWEB</u></p>	<p>Continue research on this project for additional life cycles to understand long-</p>

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
	salmon hatchery program.	history patterns were identified.	<u>investment in acquisition and restoration on the north coast.</u> Several stream habitat inventory sites identified low quality rearing habitat; Information was gathered that will inform restoration project locations where coho salmon abundance was high, but habitat quality was low.	term recovery trends. Increase delivery of information to local restoration practitioners.
<p>Effect of Tide Gates on Juvenile Coho Movement and Residence Time in Estuarine Habitats</p>	Timing and frequency of juvenile salmonid movement comparing top-hinge and side-hinge tide gates.	Tide gates limited juvenile salmonid movement, specifically coho salmon. Side-hinged tide gates were open for longer periods and influenced movement less than top-hinged tidegates. Water temperature and salinity may have also affected juvenile movement and certain life stages were more susceptible to water chemistry changes. Designs that simulate low velocity flow and deep-	This research is being used <u>to plan and implement restoration projects in the watershed where research was conducted.</u> It is also <u>being made available to other parts of the north and south coasts.</u> Replacement of tide gates is an ongoing maintenance task for landowners and drainage districts. Information from this research will help implement more fish-friendly designs. In	Evaluation of the smolt to adult survival ratio may help identify how downstream movement ultimately alters life-history expressions of coho salmon. Newer technology could allow for more accurate fish detections and less impact to tagged fish. Integrate this information into the OWEB grant program and the regional review team process.

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
		water depth at tide gates are preferred.	addition, consideration of allowing some amount of salt-freshwater interaction would allow a range of salmonid life histories to adapt to water chemistry changes.	
<p>Mapping Current Conditions and Modeling the Dynamic Responses of Riparian Vegetation and Salmon Habitat in Oregon</p>	<p>Test the viability of evaluating riparian vegetation stand characteristics by using remote sensing techniques. Use modeling to forecast the various effects of restoration on riparian vegetation, channel morphology and fish habitat.</p>	<p>LiDAR is a valid tool for determining the riparian condition (canopy cover, height). In the Upper Middle Fork of the John Day river modeling suggests that in order to improve stream tributary habitat passive restoration may be most effective. Active restoration would be required to improve habitat in the mainstem river.</p>	<p><u>This technique and the information gained is being used in the Upper Middle Fork John Day Intensively Monitored Watershed.</u> Continuing to acquire and organize LiDAR data statewide in a common format may lead to an effective method of tracking riparian condition over time. OWEB could use this for tracking agency performance measures. OWEB can use information as a baseline to track changes over time and forecast how additional restoration activities could improve riparian vegetation and salmon habitat.</p>	<p>Identification of LiDAR availability and future data acquisition is necessary. Costs are still relatively high for this technology. Provide outreach to deliver modeling tools to local restoration practitioners to help identify future conditions based on restoration activities. Coordinate with Oregon LiDAR Consortium to evaluate potential sampling design for tracking changes in riparian areas.</p>

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
<p style="text-align: center;">Development of Physiological Health Criteria to Assess Habitat Quality in Degraded and Recovering/Restored Stream Systems</p>	<p>Assessed proteins developed in red-band trout, which indicate increased stress levels due to elevated temperature levels.</p>	<p>Fish responded to elevated stream temperatures by producing heat shock proteins. Fish also had lower growth rates and were unable to store higher levels of body fat compared to cooler stream conditions. Prey items were also studied and were not limiting to potential fish growth.</p>	<p><u>This method was evaluated for use in the Upper Middle Fork John Day IMW.</u> In addition to numeric standards for water quality, a fish physiology standard is now possible. This may help implement local effectiveness monitoring goals to evaluate short-term effects on fish health and abundance on a shorter time scale compared a 3-4 year salmonid life cycle.</p>	<p>Increase the applicability of this information by applying to west-side Oregon streams. Investigate the potential to reduce physical tissue sample size required to test on other fish species or life stages.</p>
<p style="text-align: center;">Integrated Dynamic Landscape and Coho Salmon Model</p>	<p>Develop GIS and statistical models that define the relationship of coastal coho salmon to landscape scale watershed processes and evaluate the changes to coastal coho salmon abundance that may result from in-stream and riparian restoration.</p>	<p>Major landscape features (drainage basin area, stream gradient, etc.) predicted greater coho salmon densities. Fewer anthropogenic disturbances also predicted greater coho salmon densities, but to a lesser extent.</p>	<p><u>The first comprehensive information on historic splash dam locations on the Oregon coast was developed and distributed.</u> Information on locations that have high predicted densities and production of coastal coho salmon will help to prioritize restoration projects and describe the types of restoration projects that are likely to improve</p>	<p>Additional information on coastal coho salmon spawning vs. non-spawning stream reaches will improve modeling relationships. Application of these models to additional coastal basins could increase efficiency of restoration projects for increasing coastal coho salmon.</p>

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
			salmon based on life-cycle limiting factors.	
Reconstructing Water Temperatures in Oregon Streams through Analysis of Growth Increments in Long-lived Pearlshell Mussels	Compared historic stream temperature and discharge data to freshwater mussel growth rates.	Mussel growth from regions in this study grew at relatively uniform rates. Mussel growth is slower when stream discharge is high and growth is high when stream discharge is low.	Additional study on this topic is necessary to provide valid relationships to climatic conditions over time including relationships to stream temperature.	Relationships could be understood through study of longer-lived individuals approximately 100 years instead of 20-year average in this study.
Modeling Water Availability in a Changing Climate	Identification of local watersheds that would be sensitive or insensitive to changes in summer stream flow based on climate change models.	Researchers have developed base models for climate change effects on stream flow based on changes in precipitation and estimates of how quickly water moves through the watershed.	Research is not completed, but preliminary results have produced spatially explicit maps that can be used as a decision support tool to focus restoration dollars on projects that are more likely to improve water quality under changing climatic conditions.	A final report expected in 2012 will deliver the results of the project.
Climate Change and Local Watershed Impacts	Adapt regional climate change modeling to local watersheds. Identify climate preparedness strategies by engaging local partnerships and	There is a wide range of capacity and understanding of climate change. To deal with local watershed impacts the local restoration	<u>This information is being used in local climate compact development in the Willamette basin.</u> Continue to provide information to local	OWEB should continue to engage groups to understand the effects of climate change in Oregon as additional information is being developed

Oregon Watershed Enhancement Board: Research Program Summary

Project:	What it was:	What was learned:	How is/will information be used:	Next steps:
	citizens. Provide information to integrate climate preparedness strategies into an adaptive management framework.	practitioners will need additional support and assistance to continue applying climate change information.	groups who are performing restoration activities. OWEB could provide information on climate change and adaptation to climate change through local trainings and workshops.	regularly.

DRAFT

January 18-19, 2012 OWEB Board Meeting

Executive Director Update #H-3: CREP Technical Assistance Grants

Background

The Oregon Conservation Reserve Enhancement Program (CREP) was approved in September 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).

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 funded a review of the program to 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. OWEB has funded CREP technical assistance (CREP TA), either directly or through SWCD capacity since 2002.

Staff and representatives from the Oregon Department of Agriculture, Oregon Association of Conservation Districts, Natural Resources Conservation Service (NRCS), and FSA (the "CREP Partnership"), began meeting regularly in 2009 to evaluate CREP TA and to develop an alternative for future funding of Oregon CREP TA. The CREP Partnership proposed to fund outcome-based CREP TA grants in 2011-2013 independently from the funding for SWCD capacity or OWEB's "regular" technical assistance grant program.

The Board endorsed the proposal in June 2011 and 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.

At the September 2011 Board meeting, staff presented OAR Chapter 695, Division 4 rule standards and guidance for application requirements and process, evaluation criteria, agreement conditions, and the distribution of funds for a CREP TA grant cycle. The Board approved the following:

1. The CREP TA grant standards, guidance, and process identified in the staff report;
2. An award of \$800,000 in OWEB funds and \$280,000 in NRCS funds for CREP TA grants; and
3. Delegation of authority to the Executive Director to distribute the CREP TA grants consistent with the criteria and processes identified in the staff report.

2011-2013 CREP TA Grants

Application materials were posted on October 3, 2011 and applications were due November 3, 2011. OWEB received 13 applications for CREP TA. The review team met on November 29,

2011, to evaluate the applications against the criteria and rank and prioritize those recommended for funding based on the amount requested and available. The review team recommended and staff awarded funding for 11 of the 13 CREP TA applications received by the November 3, 2011, deadline. The following table lists the grants awarded on December 7, 2011.

CREP TA Grant Awards

Application #	Project Name	Grant Award
212-8100-9378	Wasco County Riparian Buffers	\$97,205
212-8100-9380	Columbia SWCD CREP Technical Assistance	\$86,923
212-8100-9381	Douglas County CREP Technical Assistance	\$96,169
212-8100-9382	Gilliam County CREP Technical Assistance	\$23,000
212-8100-9383	Marion-Yamhill Riparian Partnership	\$82,500
212-8100-9384	Upper Willamette Regional CREP Partnership	\$160,907
212-8100-9385	Coos-Curry CREP Technical Assistance	\$90,420
212-8100-9386	Central Oregon Tri-County CREP Program	\$95,964
212-8100-9387	Umatilla County SWCD CREP 2012	\$107,800
212-8100-9388	Snake River Basin CREP Technical Assistance	\$81,000
212-8100-9389	Wheeler County CREP Technical Assistance	\$21,986
TOTAL FUNDED		\$943,874

Next Steps

The CREP Partnership has identified three areas of the state where CREP TA is still needed. The partners will prepare a recommendation for Board consideration in March 2012 for the use of the remaining CREP TA grant funds to address these needs.

Staff Contact

Contact Melissa Leoni at melissa.leoni@state.or.us or 503-986-0179.

January 18-19, 2012 OWEB Board Meeting

Executive Director Update #H-4: Weed Board Grant Update

Background

The Oregon State Weed Board (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.

For the 2011-2013 biennium, the OSWB Grant Program (Weed Grants) for noxious weed control projects is funded with Oregon Lottery grant funds dedicated by Ballot Measure 76 (2010) and administered by OWEB. OWEB and the Oregon Department of Agriculture (ODA) have agreed to work cooperatively in managing and administering the Weed 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 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 OWEB Board approved the Weed Grant standards and guidance at the September 2011 meeting. The Board also awarded \$2,544,125 for Weed Grants for the 2011-2013 biennium; and delegated authority to the Executive Director to distribute funds for Weed Grants consistent with the approved criteria and processes.

2011-2013 Weed Board Grants

ODA accepted Weed Grants for Cycle 24-1 on July 15, 2011 and grants were awarded by the Weed Board on September 26, 2011, with OWEB approval on October 6, 2011. The deadline for Cycle 25-2 is December 30, 2011, with Weed Board action scheduled for February of 2012.

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. 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. The first OSWB discussion on this topic is likely to occur in February 2012.

Staff will update the Board in January and March of any changes to Weed Grants and whether further discussion is needed between OWEB and ODA to coordinate our respective grant programs.

Staff Contact

Contact Melissa Leoni at melissa.leoni@state.or.us or 503-986-0179.

January 18-19, 2012 OWEB Board Meeting

Executive Director Update #H-5: Statewide Regional Review Team Retreat

Background

OWEB regional review teams (RRT) typically hold two application evaluation meetings each year in their regions. Each OWEB region has diverse watershed health and local community issues and needs, and the RRT members' local knowledge is important in forming recommendations for OWEB staff to consider. At the same time, RRTs face similar issues in reviewing applications and there is value in sharing between teams.

With the passage of Ballot Measure 76, there are a lot of ideas about how OWEB might do things differently with a long-term funding horizon. The retreat offered the opportunity to share ideas, identify needs and issues, and find out what RRT members are thinking as OWEB considers its programs and priorities under Measure 76.

OWEB staff discussed the plan for a statewide regional review team retreat during RRT meetings in the spring of 2011. Reviewers supported the retreat, but provided strong feedback that they wanted to see OWEB follow up on ideas generated at the retreat. OWEB solicited RRT ideas for retreat topics through a survey monkey and the top responses were used to plan the agenda.

The Retreat

OWEB's RRTs include 92 members in six regions. Thirty-two reviewers attended the retreat representing each of OWEB's six regions. The retreat was held at St. Benedicts Lodge in McKenzie Bridge and everyone appreciated the rustic location along the McKenzie River and the opportunity to share ideas with other RRT members and OWEB staff.

The 2011 RRT retreat had four objectives:

- Inform RRT members regarding OWEB's plans for charting a course under Measure 76, including check-in on initial Measure 76 changes.
- Brainstorm about Oregon's future and how OWEB funding for restoration and protection fits in. Where do we want Oregon to be 10-20-30 years from now?
- Discuss how the review process is working; reviewer needs and ideas.
- Recognize and appreciate RRT members for their contributions and commitment.

Next Steps and Follow Up

On November 12, 2011, OWEB circulated a draft report of the RRT retreat to attendees for their comments. Three attendees submitted comments by the November 28 deadline and those comments were considered in finalizing the report. The report was shared with all RRT members via email on December 2, 2011, and posted on OWEB's website

(http://www.oregon.gov/OWEB/docs/2011_RRT_Retreat_Report_FINAL.pdf).

The Executive Summary can be found in Attachment A.

A. Priority Topic Areas Follow-Up

It is important for OWEB to meet its commitment to follow up on the priority topics identified by RRT members at the retreat. OWEB's managers and Board are currently considering the agency's transition biennium priorities and what needs to be accomplished during 2011-2013. OWEB grant staff met on December 14 to discuss the results of the RRT

retreat and plans for follow-up and communicating with the RRTs. Some topics have more “clear paths” than others; future “work groups” may be needed for other topics.

Three breakout groups met and discussed different aspects of the review process, including (1) before the review team meeting, (2) review team meeting, and (3) RRT ranking and prioritization. Each breakout group discussed the review process topics and developed ideas for OWEB action. Some topics were more straightforward, and some proposed actions had more consensus, than others. Each breakout group then reported back to the full group, and the full group discussed, asked questions and added ideas. After all groups had reported back to the full group, reviewers were given three “dots” and asked to prioritize the topic areas they thought were most important to see OWEB take some action to follow up. The prioritization of the four topics listed below does not indicate group endorsement of a particular action or solution, just that these were the topics that retreat attendees would like to see OWEB follow-up on.

1. Poor Applications
2. Big Ticket Items and Caps on Restoration Applications
3. Review of Monitoring Applications
4. Review Process

B. Other Important Follow-Up

Several topics did not rank high in the group prioritization process, but generated so much discussion that OWEB believes it is important to follow up.

1. Guidance on letters of support
2. Share the application prioritization matrix tool
3. Encourage models that result in reviewer attendance at site visits

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

- A. Executive Summary

Executive Summary

OWEB Statewide Regional Review Team Retreat, October 26-27, 2011

Overview of OWEB and Regional Review Teams

The Oregon Watershed Enhancement Board (OWEB) is a state agency that provides grants to help Oregonians take care of local streams, rivers, wetlands and natural areas. Community members and landowners use scientific criteria to decide jointly what needs to be done to conserve and improve rivers and natural habitat in the places where they live. OWEB grants are funded from the Oregon Lottery, federal dollars, and salmon license plate revenue. The agency 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 was established as a state agency in 1999 following Oregonians' passage of Ballot Measure 66, which established a constitutional lottery dedication of funding for parks, fish and wildlife, water quality, and watershed health. In 2010, Oregon voters approved Ballot Measure 76, which amends the constitutional lottery dedication of funding for parks and natural resources.

OWEB offers regular, competitive grant solicitations for restoration, acquisition, technical assistance, monitoring, and outreach applications for projects in OWEB's six regions (North Coast, Southwest Oregon, Willamette Basin, Central Oregon, Mid-Columbia and Eastern Oregon). Each region has a technical review team to evaluate applications, known as the "regional review team" (RRT). Regional review teams are established under Oregon Administrative Rule 695-005-0020.

Regional review team members are primarily state and federal agency natural resources personnel who work in that region. Tribal governments and non-governmental organizations are also represented on some RRTs. Each RRT has between 10 and 16 members with different expertise and resource knowledge.

Reviewers read and evaluate applications individually, and for some applications conduct "site visits" to view the proposed project. Reviewers then meet as a group to discuss and evaluate the proposals. The meetings last from one to two days, during which each team evaluates up to 50 applications. Reviewers consider as number of factors including ecological significance, technical merit, and feasibility, likelihood of success, experience of the applicant, whether the proposed budget is reasonable and supports the proposed work, and whether the overall budget reflects the expected watershed health benefit. See OAR 695-010-0060.

For restoration, monitoring, outreach and technical assistance applications, RRTs recommend "do fund" or "no fund." They sometimes recommend funding "with conditions." They then go through a ranking process to prioritize the "do fund" applications. The evaluation and prioritization process is established by Oregon Administrative Rules, including 695-010-0060 (Evaluation Criteria) and 695-010-0070 (Regional Review Process).

For acquisition applications, RRTs do not make funding recommendations, but discuss the ecological and educational value of the proposed acquisition.

The RRTs do not make recommendations directly to the Board, but to OWEB staff. OWEB staff

makes funding recommendations to the Board based on staff's consideration of the RRT's recommendations, the availability of funds, and OWEB policy considerations. Typically, OWEB receives more applications that it can fund.

Purposes of 2011 RRT Retreat

Regional review teams typically hold two application evaluation meetings each year in their regions. Each OWEB region has diverse watershed health and local community issues and needs, and the RRT members' local knowledge is important in forming recommendations for OWEB staff to consider. At the same time, RRTs face similar issues in reviewing applications and there is value in sharing between teams. OWEB's first and, until 2011, only statewide RRT retreat was held in 2002, a few years after OWEB was established by the Oregon legislature.

With the passage of Ballot Measure 76, there are a lot of ideas about how OWEB might do things differently with a long-term funding horizon. The retreat offered the opportunity to share ideas, identify needs and issues, and find out what RRT members are thinking as OWEB considers its programs and priorities under Measure 76.

The 2011 RRT retreat had four objectives:

- Inform review team members regarding OWEB's plans for charting a course under Measure 76, including check-in on initial Measure 76 changes.
- Brainstorm about Oregon's future and how OWEB funding for restoration and protection fits in. Where do we want Oregon to be 10-20-30 years from now?
- Discuss how the review process is working; reviewer needs and ideas.
- Recognize and appreciate review team members for their contributions and commitment.

Planning for the Retreat

OWEB staff discussed the plan for a statewide RRT retreat during RRT meetings in the spring of 2011. Reviewers supported the retreat, but provided strong feedback that they wanted to see OWEB follow up on ideas generated at the retreat. Staff committed to follow up, with the caveat that there would be a lot of ideas, and in order to be successful in follow up, priority items would need to be identified.

OWEB solicited RRT ideas for retreat topics through a survey monkey. The top responses from the survey monkey were used to plan the agenda around the RRT review process. With only two half-days for the retreat, and a goal of providing some "free time" for RRT members to enjoy the setting and informally network with each other, staff recognized there was not sufficient time to resolve particular issues. The goal was to engage reviewers in brainstorming and discussions around top-ranked review process issues, and then have reviewers prioritize which items they felt were most important for OWEB to follow up.

Summary of Retreat Objectives & Outcomes

OWEB's RRTs include 92 members in six regions. Thirty-two reviewers attended the retreat.

Recognize and appreciate RRT members

Reviewers are committed professionals and play a key role in OWEB's grant program. Their participation is a significant reason for OWEB's successful grants for restoration work across the state. Of the 32 reviewers at the retreat, 30 filled out evaluation forms. Overwhelmingly, reviewers felt that OWEB showed its appreciation and support for RRT members, by the location (rustic St Benedicts Lodge along the McKenzie River), OWEB staff preparing all meals, and providing time to informally network and get to know team members from other regions.

Inform review team members about plans as a result of Measure 76

Director Tom Byler attended Day 1 of the retreat and provided an update about the OWEB Board's directions for the "Measure 76 transition biennium" during 2011-2013, and an overview of the changes in OWEB's budgeting as a result of Measure 76 and legislative action. OWEB provided a survey listing potential "transition actions" OWEB is considering, including Measure 76 near-term rulemaking and longer-term discussions about programs and priorities, including OWEB's investment portfolio. Reviewers had the opportunity to indicate their interest in the transition actions. 41% of attendees returned the survey. Of those who returned the survey, 62% indicated an interest in streamlining grant applications. Many attendees also expressed their appreciation of having Tom Byler attend the retreat and appreciated the opportunity to ask questions of Tom about the OWEB Board's direction during the 2011-2013 biennium.

Brainstorm about Oregon's future – where do we want Oregon to be 10-20-30 years from now?

The purpose of the brainstorming was to generate reviewer's thoughts and ideas to share with OWEB staff and Board as they think about OWEB's long-term future and priorities under Measure 76. The brainstorming sessions generated many ideas, but were not intended to, and did not, result in a consensus or recommendation from the group. More detailed notes from the brainstorming sessions can be found in **Appendix A**.

67% of attendees found the brainstorming session around Oregon's future to be thought-provoking and appreciated the opportunity to hear the big picture ideas from other RRT members across regions. There was concern that a lot of ideas were generated with very little time to dive into the details, it will be important to see how OWEB uses the ideas generated.

1. **Watershed restoration should include appropriate incentives for landowners**
 - Several ideas were generated including enhancing tax credits as a tool, and "stacking" different types of incentives to achieve restoration goals.
 - Caveat: there is not enough money to pay everyone to "do the right thing" so caution is needed.
2. **Decisions based on data and monitoring**
 - Reviewers recognize the importance of monitoring and data in determining what is working and communicating results.

3. OWEB Standards and Guidance

- It would be helpful for OWEB to provide applicants and reviewers with more guidance and standards for a number of purposes including consistency of review, adaptive management, monitoring methods, and restoration standards.

4. Communication and Education

- Broader public engagement is needed for restoration success, including landowners, local governments, regulatory agencies, and children.

5. Setting Priorities and Outcomes

- There was a range of ideas about OWEB's priorities, from increasing the priority of conservation and recovery plan efforts for species recovery, to investing in "low hanging fruit" at a smaller landscape scale.

6. Restore for the long-term

- How do we "restore once"? What needs to be in place to accomplish this?
- Several reviewers noted the importance of local, state, and federal regulatory actions and decisions in supporting, or hindering, healthy watersheds. However, it was recognized that OWEB's role is voluntary, not regulatory.

Discuss how the review process is working; reviewer needs and ideas.

Day 2 was focused on breakout groups discussing different parts of the review process, then reporting back to the full group for a group discussion. OWEB staff then asked reviewers to prioritize which topics reviewers wanted to see OWEB take follow-up actions.

The topic areas prioritized by reviewers are, in priority order by number of votes:

1. Poor Applications (20 votes)

Problem/Need: Reviewers have to review a large number of applications. Badly written applications are more difficult to read, evaluate and recommend. Reviewers noted there are good projects with poorly written applications; bad projects with well written applications; and bad projects with poorly written applications. Questions asked but not resolved by reviewers include, "should poor applications be screened out and not sent to reviewers?" A number of ideas were generated (see page 17 of report, and Appendix E).

2. Big Ticket Items and Caps on Restoration Application (combined for 19 votes)

Problem/Need: Reviewers sometimes struggle with recommending and ranking expensive projects such as dam removal and piping projects. There is often significant ecological benefit to these projects, but the concern is that funding these "big ticket" projects could preclude funding for other worthy, less expensive projects. As a result, reviewers often end up prioritizing "big ticket" applications lower with the hope that OWEB will figure out how to fund more small projects and still fund "big tickets." With less grant funds available for grant cycles, OWEB staff said that taking this approach could result in "no-funding" for big ticket applications.

Reviewers were asked how they would approach this problem especially given current funding limitations. There were many different ideas and no consensus on this topic (see page 20 of report, and Appendix E). However, there was interest in the “ranking matrix” tool used by the Region 3 RRT, and whether that could help review teams with difficult prioritization challenges.

3. Review of Monitoring Applications (15 votes)

This topic was not identified by RRT members in the pre-retreat survey monkey, but was identified by the breakout group discussions. During the full group discussion, there seemed to be consensus around two requests.

- Reviewers requested the Oregon Plan Monitoring Team (OPMT) complete its review of monitoring applications and OWEB provide that information to RRTs at least two weeks before the RRT meetings. Reviewers find the information very useful during the application review.
- Reviewers would like to see guidance from the OPMT and OWEB on the types of monitoring projects that should be submitted and implemented around the state.

Reviewers value the role of monitoring to determine whether projects are achieving results, and providing information about whether a particular type of restoration investment is sound.

For more details, see page 17 of report, and Appendix E.

4. Review Process (13 votes)

Reviewers discussed consistency among OWEB regions and how applications are reviewed; the importance and value of diverse team member expertise and knowledge and making sure all points of view are heard; and the idea for more OWEB standardization of guidance and criteria. For more details, see page 19 of report and Appendix E. There seemed to be consensus around the importance of RRT diversity and a well-facilitated evaluation discussion.

- Make sure there is a good facilitated process – don’t let one person dominate the conversation.
- The strength of the RRTs is diverse backgrounds, there is a lot of value in the discussions and having everyone participate. The back and forth dialogue is very valuable.

RRT Retreat Report and Communication

On November 12, 2011, OWEB circulated a draft report of the RRT retreat to attendees for their comments. Comments received by November 28 were considered in finalizing the report. The report was shared with all RRT members via email in early December, 2011, and posted on OWEB’s website. The OWEB Executive Director’s Update for the January 2012 OWEB Board meeting will include the Executive Summary of the RRT retreat.

Next Steps and Follow Up

Evaluation Comments and future RRT statewide retreats

Reviewers appreciated the retreat location, the opportunity to share ideas with other review team members, and OWEB staff. Many reviewers (45%) recommended that OWEB hold a review team retreat every 2 years. OWEB staff will consider all the thoughts and input when considering follow-up and future RRT retreats.

Priority Topic Areas Follow-Up

It is important for OWEB to meet its commitment to follow up on the priority topics identified by reviewers at the retreat. OWEB's staff and Board are currently considering the agency's transition biennium priorities and what needs to be accomplished during 2011-2013. OWEB's staff and managers will discuss the results of the RRT retreat, develop plans for follow-up, and communicate with RRTs. Some topics have more "clear paths" than others; future "work groups" may be needed for other topics.

Other Important Follow-Up

Several topics did not rank high in the group prioritization process, but generated so much discussion that OWEB believes it is important to follow up.

- **Guidance on letters of support**

Prior to the April 2012 grant cycle, OWEB will develop guidance for grantees and RRTs on the role of letters of support in the application review process. Draft guidance will be shared with reviewers for their feedback.

- **Share the application prioritization matrix tool**

Wendy Hudson developed a prioritization matrix that the Region 3 RRT has found very helpful to prioritize the high volume of projects it receives. There was a lot of interest from other RRT members in this tool. The matrix is provided in Appendix G to the full report.

- **Encourage models that result in reviewer attendance at site visits**

There seemed to be consensus from the group that it is appropriate to work with applicants during site visits to clarify questions about the proposed projects and adjust the project based on reviewer feedback, and less appropriate to "re-write" the application during review team meetings by adding a lot of funding conditions.

During the discussion of this topic, it was noted that different review teams had different levels of participation in site visits. Reviewers recognized that applicants could raise concerns about the equity and consistency of how applications are evaluated and recommended by teams that do not attend site visits and thus have more questions about the application. There was a discussion of the importance of attending site visits, and recognition that for larger regions including Region 5, travel time is a significant issue.

OWEB encourages RRTs to consider the Region 3 model or other models that result in reviewer attendance at site visits, particularly for the more complex or higher cost applications.

January 18-19, 2012 OWEB Board Meeting
Executive Director Update #H-6: October 17, 2011 Grant Cycle Update

Background

A total of 215 eligible grant applications were submitted to OWEB on its October 17, 2011, 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 17, 2011

	Technical Assistance	Monitoring	Outreach	Acquisition	Restoration	Totals
Region 1	1	3	5	2	15	26
Region 2	7	7	10	1	16	41
Region 3	7	4	11	1	16	39
Region 4	5	3	2	4	12	26
Region 5	5	6	3	0	32	46
Region 6	7	2	3	0	21	33
Statewide	0	0	4	0	0	4
Totals	32	25	38	8	112	215

Table 2. Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Outreach	Acquisition	Restoration	Totals
Region 1	39,956	252,384	85,157	633,860	3,593,149	4,604,236
Region 2	231,377	940,502	286,777	423,650	1,740,223	3,622,529
Region 3	281,994	317,798	290,675	479,000	2,203,594	3,573,061
Region 4	194,717	285,245	53,717	1,185,152	2,523,574	4,242,405
Region 5	152,435	140,191	74,179	0	2,619,980	2,986,785
Region 6	246,560	192,985	49,865	0	2,708,763	3,198,173
Statewide	0	0	184,202	0	0	184,202
Totals	1,147,039	2,129,105	1,024,572	2,721,662	15,389,283	22,411,391

The application review process started with site visits in each region for selected applications. The Eastern Oregon Regional Review Team met on December 6-7, 2011. Regional review teams for the North Coast and Willamette Basin meet on January 4 and 6, 2012. The Mid-Columbia, Southwest and Central Oregon teams meet on January 9, 11 and 13, 2012.

OWEB's Outreach Review Team met on December 2, 2011, in Salem to review and score the four statewide 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 not yet reserved funding for the remaining regular grant cycles for this biennium. Agenda Item E, at the January Board meeting, addresses grant cycles and funding targets for this cycle and the biennium.

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 18-19, 2012 OWEB Board Meeting

Executive Director Update #H-7: Five Year Rule Review Update

Background

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.

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 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.

Review Process

At the September Board meeting, staff outlined a process for consulting with stakeholders in early fall to determine whether rulemaking is needed to repeal or amend these rules (for example to update the Executive Order reference). If repeal or minor amendment was identified as the preferred option, staff would then engage in a limited rulemaking efforts and bring a recommendation to amend or repeal these rules at the January 2012 Board meeting. Due to project work load this fall, staff were unable to complete the rule amendment or repeal process. Staff will complete the rule review and any associated rulemaking and report to the Board in

March 2012. Staff still continues to believe that the process and rulemaking will only require minimal staff and stakeholder time.

Staff Contact

Contact Melissa Leoni at melissa.leoni@state.or.us or 503-986-0179 with questions about the rule review process.



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January 4, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item J: Integrated Water Resources Strategy
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This report provides background materials on the Integrated Water Resources Strategy (IWRS) and the recently released discussion draft. Board member John Jackson, Chair of the Water Resources Commission, will update the Board on the discussion draft and lead a discussion at the Board meeting.

II. Background

The December 2011 IWRS Discussion Draft is now available for public review and comment. The document features recommended actions in a dozen water-related categories and provides a blueprint for the State of Oregon to follow, as it strives to understand and meet its water needs, now and in the future. A copy of the executive summary is attached to this report. The full document can be accessed online at:

http://www.wrd.state.or.us/OWRD/LAW/docs/IWRS/2011_December_Discussion_Draft.pdf.

In the Foreword, the directors of the four lead agencies – the Departments of Water Resources, Environmental Quality, Fish and Wildlife, and Agriculture – invite the public to provide comments by Thursday, March 15, 2012.

The Water Resources Commission plans to review and discuss this draft during its next scheduled meeting, January 26, 2012. The IWRS Policy Advisory Group will hold its final meeting on March 8, 2012. The Water Resources Commission is scheduled to consider the IWRS for adoption at its August 2012 meeting in Salem.

III. Recommendation

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

Attachment

- A. Executive Summary, Integrated Water Resources Strategy Discussion Draft, December 2011

Executive Summary

Water is one of Oregon's most precious natural resources. With more than 100,000 miles of rivers and streams, 360 miles of coastline, and some of the cleanest lakes in the world, Oregon is renowned for its water. Our rivers and streams not only provide natural beauty, but they supply the water necessary for drinking, recreation, industry, agriculture, and fish and wildlife. Today, however, the management of water resources in Oregon is facing a number of significant challenges. Surface water is nearly fully allocated during the summer months and groundwater is showing declines in many areas. More than 1,861 waterbodies are impaired and not meeting water quality standards. Twenty-four fish species have been identified as threatened or endangered under the Endangered Species Act, while another 31 are listed as state sensitive species.

During 2009, the 75th Legislative Assembly passed House Bill 3369, directing the Water Resources Department to develop a statewide, Integrated Water Resources Strategy (IWRS) to help Oregon meet its future water needs in terms of water quantity, water quality, and ecosystem functions.

House Bill 3369 states that the Water Resources Department shall develop a strategy to implement ORS 536.220(2), which calls for the state to "formulate a coordinated, integrated state water resources policy and provide means for its enforcement, that plans and programs for the development and enlargement of the water resources of this state be devised and promoted and that other activities designed to encourage, promote and secure the maximum beneficial use and control of such water resources and the development of additional water supplies be carried out by a single state agency..."

The bill further clarifies these mandates by stating that the Oregon Water Resources Department "shall design the strategy to meet Oregon's in-stream and out-of-stream water needs." The bill directs the Oregon Water Resources Department (OWRD) to work in close cooperation with the Oregon Department of Environmental Quality (ODEQ) and the Oregon Department of Fish and Wildlife (ODFW), to develop the Integrated Water Resources Strategy and to develop data on an ongoing basis to forecast these needs. The bill also adds the Oregon Department of Agriculture (ODA) to the list of key agencies responsible for reporting progress on the Strategy in 2011. The Environmental Quality Commission, Fish and Wildlife Commission, and the Board of Agriculture shall receive notice prior to adoption of the Strategy.

The Water Resources Commission has responsibility for formal adoption of the Strategy.

The bill requires the Strategy to include objectives as well as actions designed to meet these objectives under the Strategy. It also requires: a description of relevant factors such as population growth and land-use change; plans and recommendations related to the challenges presented by climate change; provisions to ensure communication and partnership with key stakeholders; a description of functions and roles to be played by other agencies; and finally, public policy options and recommendations.

The Recommended Actions resulting from efforts over the past 24 months are summarized as follows:

#1 Understanding Water Resources / Supplies / Institutions

Action 1.A Fill in Knowledge Gaps — Physical Water Resources  

Action 1.B Further Integrate Water Resource Management in Oregon 

#2 Understanding Oregon's Out-of-Stream Needs

Action 2.A Fill in Knowledge Gaps — Long-Term Water Demand Forecasts  

Action 2.B Improve Water-Use Measurement 

Action 2.C Determine Pre-1909 Water Right Claims

#3 Understanding Instream Needs

Action 3.A Fill in Knowledge Gaps – Flows Needed (Quantity & Quality) to Support Instream Needs  

Action 3.B Fill in Knowledge Gaps – Needs of Groundwater Dependent Ecosystems 

#4 The Water & Energy Nexus

Action 4.A Analyze the Effects on Water from Energy Development Projects & Policies 

Action 4.B Take Advantage of Existing Infrastructure to Develop Hydroelectric Power

Action 4.C Promote Strategies that Increase/Integrate Energy & Water Savings

#5 Climate Change

Action 5.A Support Continued Basin-Scale Climate Change Research Efforts 

Action 5.B Assist with Climate Change Adaptation and Resiliency Strategies  

#6 The Water and Land-Use Nexus

Action 6.A Improve Integration of Water Information into Land-Use Planning (and Vice Versa)  

Action 6.B Encourage Low-Impact Development [LID] Practices 

#7 Water-Related Infrastructure

Action 7.A Encourage Regional (Sub-Basin) Approaches to Water and Wastewater Systems

Action 7.B Develop and Upgrade Water and Wastewater Infrastructure

#8 Education and Outreach

Action 8.A Support Oregon's K-12 Environmental Literacy Program

Action 8.B Provide Education and Training for Oregon's Next Generation of Water Experts 

Action 8.C Host Community Education and Training Opportunities

Action 8.D Identify On-going Water-Related Research Needs

#9 Funding

Action 9.A Fund Development and Implementation of Oregon's IWRS  

Action 9.B Fund Water Resource Management Activities at the State Level  

Action 9.C Fund Communities Needing Feasibility Studies for Water Conservation, Storage, and Re-use Projects

Action 9.D Fund Communities Implementing Water Development Projects

#10 Place-Based Approaches

Action 10.A Undertake Regional (Sub-Basin) Integrated, Water Resource Planning 

Action 10.B Partner with Tribes and Neighboring States in Long-Term Water Resource Management

Action #11 Water Resource Development

Action 11.A Increase Water-Use Efficiency and Water Conservation

Action 11.B Improve Access to Built Storage

Action 11.C Encourage Additional Water Re-Use

#12 Public Health and Ecosystem Health

Action 12.A Improve the Safety of Oregon's Drinking Water

Action 12.B Reduce the Use of and Exposure to Toxics and other Pollutants

Action 12.C Implement Water Quality Pollution Control Plans

Action 12.D Improve Watershed Health, Resiliency, and Capacity for Natural Storage 

Action 12.E Develop Additional Instream Protections 

Action 12.F Prevent and Eradicate Invasive Species

Action 12.G Protect and Restore Instream Habitat and Habitat Access for Fish and Wildlife

Action 12.H Assist in the Development of Ecosystem Services Markets 



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January 5, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

SUBJECT: **Agenda Item K: Land Acquisition Program
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This report requests Board action regarding the acceptance of land acquisition grant applications for the remainder of the biennium. It is recommended the Board approve a reduction in the current backlog of applications and direct staff to develop recommendations for the future structure of the program.

II. Current Situation

A. Accomplishments to Date

It has only been three years that OWEB has had a full time staff person to handle land acquisition transactions. In that time the staff person has closed 22 transactions averaging seven transactions per year, which is nearly double the previous pace. During this same period, staff have developed guidance materials for easements, management plans, appraisals, baselines, and Environmental Site Assessments (ESA). Staff have developed specific policy approaches to solve matters associated with both risk management and ESA application in agricultural lands to address conservation concerns that are unique to conservation transactions. In the same time, staff have reviewed 21 management plans and developed guidance for management plans. The accomplishments of OWEB acquisitions staff are substantial, and demonstrate a significant improvement in productivity for the program. However, current workload demand is above and beyond the capacity for one staff person to address in a timely manner..

B. Increasing Program Demand

Demand for acquisition grants has increased significantly in the last three years, from approximately four applications per grant cycle to approximately ten per cycle. In addition, OWEB committed to seven acquisitions through the Willamette and Deschutes Special Investment Partnerships (SIPs). Acquisition program staffing resources remained static (1.0 FTE) during this period of time.

Program demand has resulted in a due diligence backlog of more than \$7.2 million in applications, and a workload that is far too large for one full-time permanent position. The

acquisition program's staffing shortage has caused disappointment, frustration and confusion among applicants, and has also caused staff to forego important functions such as monitoring past investments.

C. Limited Funding

In addition to the program's workload concerns, with the expenditure of \$1,750,000 on acquisitions in September 2011, the investment in land and water acquisitions combined will be a larger percentage of available grant funds than in any previous biennium. At the same time, OWEB faces significant budget constraints this biennium which will force the Board to consider reducing funding for all or some program areas. Even with no further applications, this increase in spending on acquisitions contrasts with overall spending reductions currently affecting other program areas of the agency.

D. Current Backlog

Over the last six years, the Land Acquisition Subcommittee has approved numerous projects for consideration in the due diligence process. (Attachment A) As noted under Section VI of this memo, a number of these have not progressed and remain under consideration. There are nearly \$7.2 million in applications received in prior biennia pending due diligence consideration. In addition, OWEB has requested due diligence on two April 2011 submitted projects. An additional seven land acquisition and two water acquisition applications were received in October 2011.

Taken together, the full suite of applications pending due diligence has the potential to surpass OWEB's funding ability and would exceed staff capacity to manage the program.

E. Acquisition Process

The current land acquisition process has been identified by clients and staff as having too much work for the existing staff. A land acquisition work group was organized during conversations about the implementation of Measure 76. The work group identified two main issues: 1) OWEB holding conservation easements over acquired properties; and 2) the complex review process. Additional issues, including the level of risk for a public funder to take and the level of funding for land acquisitions were not addressed. In conversations with the Land Acquisitions subcommittee, they suggested increased involvement by the subcommittee in discussions regarding risk assessments.

III. Background: Water Acquisitions

While budgeted together and discussed alongside land acquisitions, water right acquisitions are very different from fee simple or conservation interest acquisitions in land. The administrative rules for funding water transactions do not include review by a Board subcommittee – which is a requirement for land acquisitions. The rules rely more on protecting water rights under state (Oregon Water Resources Department) authorities. As a result, water transactions require less staff time than land acquisitions.

IV. Summary of Next Steps

To address the issues outlined above, staff and the Land Acquisitions Subcommittee recommend the following. Details are outlined above and in the next sections:

- The OWEB Board accept an acquisitions program budget as outlined in the spending plan (Agenda Item E).
- The OWEB Board adopt a no-fund recommendation on projects identified under Section V of this memo.
- The OWEB Board direct staff not to accept any new applications for acquisitions until the April 2013 grant cycle in order to address current backlog.
- The OWEB Board direct staff to complete a program evaluation along with partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions.
- The OWEB Board consider having the Land Acquisition Subcommittee review water acquisition applications in the future to provide a consistent review of all acquisition proposals.

V. Reduction of the Backlog of Projects

Staff recommend four specific strategies to tackle the backlog of projects that the Land Acquisition Subcommittee have requested due diligence materials be submitted.

A. Develop a specific set of projects as priority so staff can focus effort on a limited number of projects at any one time. No more than three active projects at any one time will allow the current staff to focus on completing due diligence review and conservation easement negotiations. Staff have developed a schedule for the current list of projects through June of 2012 that will be updated monthly. (Attachment A)

B. Develop additional capacity through contracting in cooperation with the Coalition of Oregon Land Trusts (COLT) to provide additional due diligence assistance to land trusts and other applicants. A contractor familiar with OWEB requirements could add value and expedite the due diligence review in preparation of projects for a Board consideration. Staff have developed a contract solicitation and are prepared to advertise for contractors to provide qualifications and bids.

C. Request the Board direct staff not to accept any land acquisition applications, with the goal of addressing the current backlog prior to April 2013. This will allow staff to reduce the current backlog without taking on additional projects beyond those submitted in October 2011. OWEB staff has discussed this option with the acquisition subcommittee who supports the proposal. In addition, partners and potential applicants have been informed. The timeline for addressing the backlog will be reviewed on a regular basis by staff per Section V.A. above, and updates provided at Board meetings should the deadline need to be adjusted.

D. Request the Board to deny funding for seven projects that either have not had recent activity or do not compete well with more recent projects. The administrative rules that govern land acquisition (OAR 695 Division 45) has broad authority for the consideration of such grant applications. The Board's responsibility is specified in OAR 695-045-0070 "***The Board will make a funding decision on a land acquisition project grant application based on the evaluation criteria listed in Section 695-045-0040. This decision will be based on the information provided by the grant applicant, reviewers, Board Acquisition Subcommittee, and OWEB staff. The Board's decision will be made in the context of program budget and priority considerations.***"

This is the first time staff have recommended a no-fund decision by the Board for applications that have not completed due diligence review. The following applications are being recommended for a no-fund action.

- 1. OWEB Application #203-112 Yaquina Wetlands Acquisition.** This is a Coastal Wetlands grant application from 2002-2003. The federal grant was awarded in September of 2003. The federal grant of \$952,214 was awarded with a required state match of \$317,404. The Wetlands Conservancy obtained a bargain sale and OWEB awarded \$653,404 in federal funds and \$317,404 in state funds and acquired 407 acres (192 acres of wetland and 215 acres of forest buffer). The remaining \$298,810 of federal funds has been carried for the opportunity to acquire additional wetlands. While The Wetlands Conservancy has identified a number of potential properties, they do not have options on any of the properties.
- 2. OWEB Application #208-117 Yaquina II Wetlands Acquisition.** This is another Coastal Wetlands Acquisition grant. The federal grant of \$95,725 was awarded in December of 2007. The state match of \$46,250 has not been awarded. The Wetlands Conservancy has not applied for a state grant to match the federal funds. Recent conversations indicate the landowners of the properties involved are still interested; however there has not been effective action on the part of The Wetlands Conservancy to obtain purchase agreements or apply for the state matching funds.
- 3. OWEB Application #210-108 Bott's Marsh Acquisition.** This is a Coastal Wetlands grant awarded in January of 2009. The federal award was for \$950,000 with a state match of \$325,000. OWEB awarded \$70,000 of the federal grant to the Trust for Public Lands to complete due diligence for the property. The land in question is a controversial property that was identified for development in the comprehensive planning process in the 1970s and 1980s. The landowner has been frustrated over permitting requirements for development since that time. The land ownership is in transition and during the appraisal process it was discovered that the State of Oregon claimed ownership to a significant area of the property as filled state owned submerged lands. The applicant has not been able to resolve the complex issues surrounding the project and has not filed a grant application for the state match.
- 4. OWEB Application #209-106 North Nehalem Bay Protection.** This is one of two Coastal Wetlands grants awarded to OWEB in partnership with the Lower Nehalem Community Trust. The first grant was awarded in January of 2009 for \$629,665 of federal funds matched with \$468,812 of state funds. The Trust has acquired 16 acres with \$531,819 of federal funds and \$437,216 in state matching funds. The Trust has been looking for replacement properties for the use of the remaining \$55,193 of federal funds and \$31,596 of state funds. The federal application was quite specific and the replacement properties are all a significant distance from the north shore of the Nehalem.
- 5. OWEB Application #210-106 North Nehalem Bay Protection Phase II.** The second phase of the acquisition of wetlands fringing the north shore of the Nehalem was funded in January of 2010. The award of \$925,000 of federal funds to match \$583,761 of state funds was to complete the acquisition of fringing wetland properties

along the north shore of Nehalem Bay. The Trust acquired 19 acres with \$451,152 of federal funds and a match of \$275,000 of state Lottery funds. The Trust has been looking for replacement properties; however they have not found any along the north shore of the Nehalem.

6. **OWEB Application #208-111 Maxfield Creek Conservation Easement.** Greenbelt Land Trust applied in October of 2007 for a conservation easement on approximately 76 acres of property at the confluence of Maxfield Creek and the Luckiamute River in Benton County, Oregon. This project is adjacent to the 145 acre Thomas Paine Farms conservation easement, located to the south that was acquired by the Greenbelt Land Trust and funded by OWEB in January 2006. The Board Subcommittee requested due diligence in 2008. The Executive Director of the Greenbelt Land Trust has changed in the interim and the project has not been a high priority.
7. **OWEB Application #209-101 Necanicum Forest (Falleur Property).** The North Coast Land Conservancy submitted an application requesting \$1,314,960 (\$1,590,000 total project cost) to purchase three properties totaling 212 acres along the Necanicum River in Clatsop County in September of 2010. One of the properties (37 acres) was closed in July of 2011 for \$145,000. The North Coast Land Conservancy has an option to purchase an additional 117 acres. The North Coast Land Conservancy has been unable to obtain legal access other than foot path access to the property to date. The regional review team found the site to be an important riparian floodplain site and recognized the significance of the property as a freshwater link to the tidal conservation acquisitions in the basin. However, with the full extent of the property not being available, the value is diminished. The property does include riparian habitat along both sides of the Necanicum River. The North Coast Land Conservancy is strongly committed to the acquisition but does not have alternative funding.

Given other conditions, these projects could be managed. The Coastal Wetlands grants require coordination with the U.S. Fish and Wildlife Service, who have become more restrictive about the substitution of properties over the years. They now will only allow substitutions within the area of the original application. While the “area of the original application” is not clearly defined, it is clear when there are specific parcels proposed that others are not part of the proposal. At the very least there would need to be a reevaluation of the application once a replacement parcel is obtained.

The Wetlands Conservancy has communicated that the original parcels proposed for acquisition in grant application 208-117 are available and the North Coast Land Trust is anxious to pursue the acquisition of the Weyerhaeuser property. There are insufficient staff resources to add these to the list of projects without either putting them at the end or bumping other projects that are in the priority list. (Attachment A)

VI. Continuing Conversations about Process, Protection Tools and Priorities

Without a thorough look at and change to the approach OWEB manages land acquisition projects, the staff will soon be back in a backlog situation soon after additional applications are accepted. To avoid that situation, a broad conversation and difficult decisions need to be made. There are three major policy matters to be addressed to ensure both the state interest in the protection of the use of dedicated funds is protected and the conservation priorities are

effectively served. The three major areas needing consideration are: 1) evaluation of process efficiency and transparency, 2) consideration of risk to public funds use both in the short-term and long-term, and 3) consideration of refining conservation targets or scaling conservation targets to staff capacity.

A. Evaluation of Process Efficiency and Transparency

During the discussions following passage of Ballot Measure 76, many members of the Land Trust community opined that a more transparent or objective process could be employed for considering land acquisition applications. A structured conversation around this topic is critical to build confidence in the evaluation process and recalibrate the current process that is defined in administrative rules.

B. Consideration of Risk to Public Funds

Currently OWEB obtains a conservation easement for each fee acquisition funded by the program. The purpose of the conservation easement is to ensure the dedicated public funds provide the conservation benefits proposed in an application. It is agreed by all parties that a conservation easement is the strongest form of protection. A previous discussion with the Land Trust community has suggested a “streamlined” conservation easement. While such a document has not been produced, further discussion is necessary to consider alternative approaches with different levels of risk to the public funds. A wide range of discretion is available and policy options need to be thoroughly explored to focus on changes that balance risks and requirements.

C. Consideration of Refined Conservation Targets

An open solicitation for land conservation grants neither targets conservation objectives nor clearly identifies where investments may be the most strategic. Alternative offerings that highlight different eco-regions or conservation opportunity areas may warrant consideration. This topic has the potential to both refine the program and frustrate the Land Trust community. The depth and quality of the discussions necessary to adequately address this issue is significant. It took OWEB 18 months and two outside consultants to develop the prioritization system we have adopted by rule at this time. It will take a similar effort to make significant changes to it.

VII. Recommendations from Staff and the Land Acquisitions Subcommittee

A. The Board adopt a no fund recommendation for the state and federal funds involved in the following grant applications:

1. Application 203-112 Yaquina Wetlands Acquisition;
2. Application 208-117 Yaquina II Wetlands Acquisition;
3. Application 210-108 Bott’s Marsh Acquisition;
4. Application 209-106 North Nehalem Bay Protection;
5. Application 210-106 North Nehalem Bay Protection Phase II;
6. Application 208-111 Maxfield Creek Conservation Easement; and
7. Application 209-101 Necanicum Forest (Falleur Property).

B. The Board direct staff not to accept any new applications for land acquisitions prior to the April 2013 grant cycle to give staff time to address the current backlog.

- C. The Board direct staff to accept water acquisition applications but make funding recommendations within the budget adopted for the acquisition program (Item E-1 - Spending Plan).
- D. The Board direct staff completes a program evaluation along with partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions.

Attachment

- A. Land Acquisition Priorities 1-4-2012

Land Acquisition Priorities 1-4-2012

Project	Applicant	Effort/Focus
January		
Pitcher Property	Greenbelt Land Trust	RHD/Baseline/GA/Closing
Pond Property	Deschutes Land Trust	CE/GA/Baseline/Hearing/Closing
Ecola Creek	City of Cannon Beach	GA/Closing
Horseshoe Lake (3 properties)	Greenbelt Land Trust	CEs/Baselines/RHDs/Appraisals/Water/Access
February		
Horseshoe Lake (3 properties)	Greenbelt Land Trust	CEs/Baselines/RHDs/Appraisals/Water/Access
Coquille - Roseburg Resources	The Nature Conservancy	Site visit/Title/Option/Appraisal/ESA/CE/GA
October Application Review	7 applications	Evaluations and staff report
March		
Horseshoe Lake (3 properties)	Greenbelt Land Trust	CEs/Baselines/RHDs/Appraisals/Water/Access
Coquille - Roseburg Resources	The Nature Conservancy	Title/Option/Appraisal/ESA/CE/GA Title/Access/Reserved Rights/CE/baseline/GA/Appraisal?/ESA?
Cardwell Hills (2 properties)	Benton County	
April		
Coquille - Roseburg Resources	The Nature Conservancy	CE/Baseline/Hearing Title/Access/Reserved Rights/CE/baseline/GA/Appraisal?/ESA?/Hearing?
Cardwell Hills (2 properties)	Benton County	
Horseshoe Lake (3 properties)	Greenbelt Land Trust	Hearing/Closings
Miami- Crabb	The Nature Conservancy	CE/GA/Baseline
May		
Coquille - Roseburg Resources	The Nature Conservancy	Closing
Cardwell Hills (2 properties)	Benton County	Hearing/Closings
Miami - Crabb	The Nature Conservancy	Hearing/Closing
June		
Miami - Parks	The Nature Conservancy	CE/GA/Baseline
Big Creek	The Nature Conservancy	CE/GA/Hearing/Baseline
Pugh Property	The Nature Conservancy	Title/Option/Appraisal/ESA/GA/CE
Beyond June		
Miami - Parks	The Nature Conservancy	Hearing/Closing
Big Creek	The Nature Conservancy	Closing
Doher Property	The Nature Conservancy	CE/GA/RHD/Baseline/Hearing/Closing
Pugh Property	The Nature Conservancy	CE/Baseline/Hearing/Closing
Miami - 2 additional properties	The Nature Conservancy	Everything
Coquille - Bandon Biota (2 properties)	The Nature Conservancy	Everything
Tillamook Project Exodus (3-4 properties)	Tillamook County	Everything
Cardwell Hills (1 CE property)	Benton County	Everything
Bald Hill Farm	Greenbelt Land Trust	Everything



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January 5, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item L: Land Acquisition Grant Awards
Coastal Wetlands and Deferred Acquisitions
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This report requests Board action on delegation of authority to the Director to award federal funds for three Coastal Wetlands grants, and two land acquisition applications in Tillamook County that have been previously deferred for consideration of due diligence materials. Due diligence is complete and the applications are now ready for funding consideration.

II. Coastal Wetlands Grants 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 U.S. Fish and Wildlife Service (USFWS) provides matching grants to states for acquisition, restoration, management or enhancement of coastal wetlands. To date, about \$183 million in grant monies have 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 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. The Coastal Wetlands Grants offer a significant partnership investment opportunity to restore and protect wetland and estuary ecological values, promote strong partnerships, and provide a two to one match of OWEB funds.

To date, OWEB has been awarded more than \$9 million in federal funds for the implementation of coastal wetlands acquisition and restoration in Oregon.

Coastal Wetland Grants Awarded		
Year	Project	Amount
1998	Neawanna wetland acquisition, Seaside	\$170,000
1999	Coos-Coquille wetland acquisition and restoration	\$820,000
	Tillamook wetland acquisition	\$750,000
	Smith River estuarine restoration	\$138,875
2003	Yaquina River estuarine land acquisition	\$952,214
	Circle Creek Wetlands, Seaside	\$750,000

2008	Lint Slough restoration	\$310,000
	Lower Salmon River restoration	\$754,860
	Alsea Acquisition	\$997,350
	Yaquina Acquisition II	\$95,725
2009	Nehalem II	\$629,655
	Botts Marsh	\$950,000
2010	Miami River Estuary Acquisition	\$317,700
	Coquille Valley Conservation	\$1,000,000
	Tillamook Bay Wetlands	\$1,000,000

III. Coastal Wetlands Grants Review Process and Status

In 2010, OWEB was awarded three major wetland grants totaling \$2.3 million. The Oregon Legislature gave the Board the expenditure limitation for the federal funds in OWEB's 2011-2013 biennium budget. The limitation is for the biennium only. If agreements between OWEB and local partners proceed this spring for the three federal grants, there is a tremendous opportunity to accomplish a significant amount of the planned restoration this summer.

Each project partner has submitted an OWEB land acquisition grant application through the regular grant cycle for state matching funds. The applications have been considered by the Board Land Acquisition Subcommittee and reviewed by the respective Regional Review Team. The Miami and Coquille projects have been recommended to go forward with due diligence. The Tillamook project has changed from the initial submittal and staff request that it be resubmitted.

The following sections briefly identify each of the projects and their status, describe the next steps in securing the required state match, and describe the staff recommended action.

A. Miami River Estuary Acquisition

The federal grant for the Miami River Estuary Acquisition is \$317,700 with state match from OWEB of \$150,000 and an additional local match of \$100,000. This project involves four separate properties; one is ready for funding now. (See Section IV.A. below.)

1. Project Description

OWEB was awarded \$317,700 to help acquire and restore approximately 76.2 acres in the Miami River Basin in Tillamook Bay, including 56.7 acres of nationally declining wetlands. This proposal is the second of a two-phase project to improve aquatic habitat by enhancing 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.

This project involves the fee acquisition of three separate properties and a conservation easement on a fourth. The conservation acquisition will protect the significant restoration action conducted by the Tillamook Estuaries Partnership in 2009-2010. The OWEB Board toured this site during its September 2010 meeting. The individual parcels are shown on the attached map of the Miami River Estuary. (Attachment A)

2. Partners

The partners in the Miami River Estuary project are the Nature Conservancy (TNC) and Tillamook Estuaries Partnership (TEP).

3. Process, Status, and Recommendation

Since there are four separate parcels and associated restoration actions, this project will be implemented in stages. One property (Parks) is ready for funding by the Board at this time. Restoration on the Parks property has been completed. The timing on the remaining properties will depend on the land negotiations being conducted by TNC. Completion of the due diligence for the Crabb property is expected before the March Board meeting. Negotiations for the properties on the west side of Highway 101 are ongoing.

Staff recommend the Board delegate the authority to the Director to develop agreements for the federal funds as properties are ready for acquisition. This will allow for agreements to be finalized as land negotiations and due diligence materials are reviewed and approved. Land acquisition will not be complete before the award of state matching funds by the Board.

B. Tillamook Bay Wetlands Protection and Restoration

The federal grant for the Tillamook Bay Protection and Restoration project is \$1,000,000 with \$650,000 of state match and an additional local match of \$1,700,000. The project will involve significant dike removal and allow flood tides to reclaim previously diked land as salt marsh. This project is important to reducing the flooding impacts to Tillamook County. The project also will restore wetland conditions to properties previously purchased with federal funds. The project has changed to address community concerns, however the federal and OWEB funds are targeted to those elements that will provide ecological benefits as well as flood reduction benefits.

1. Project Description

OWEB 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 Coastal Wetlands Grant. The total project cost is estimated at \$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.

The area between the Wilson River and the Tillamook River in Tillamook Bay was diked to prevent flooding and to provide agricultural pasturage for the dairy industry. Diking has been one of the factors affecting flood patterns in the Tillamook area. Highway 101 through the area between the Wilson River and Tillamook River is frequently flooded. The highway provides a critical link between the City of Tillamook and the northern portion of the county. Actions to reduce flooding on Highway 101 have been under discussion in the community for decades. An Oregon Solutions project to develop an acceptable approach was initiated in 2007. These conversations resulted in the project that was proposed for partial funding through the Coastal Wetlands grant.

2. Partners

The partner in the Tillamook Bay Protection and Restoration project is Tillamook County.

3. Process, Status, and Recommendation

The project has had major hurdles thrown at it. Local concerns about converting agricultural lands to wetland have resulted in additional alternatives being evaluated. Tillamook County and Oregon Solutions believe that an acceptable approach has been developed to balance the interests. Tillamook County is actively developing purchase agreements with the appropriate parties and will be poised to complete transactions in the coming year. Staff recommend going forward with the project with the understanding that the County will file an amended application for the state match when the project elements are finalized. Following review of the due diligence materials the staff will present the project to the Board for a funding decision that would involve the federal and state matching funds at that time. This report does not request authority to spend the federal funds on the Tillamook project at this time.

C. Coquille Valley Wetlands Protection and Restoration

The federal grant for the Coquille Valley Acquisition is \$1,000,000 with a state match of \$720,000 of OWEB funds, \$115,000 of Oregon Department of Fish and Wildlife (ODFW) funds, and \$671,000 of local match for the acquisition of three properties and restoration in the Winter Lake area west of Coquille. The property will be transferred to ODFW to be managed as a wildlife management area.

1. Project Description

OWEB 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 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. The Winter Lake area is a diked area drained by the Beaver Slough Drainage District. ODFW is working with the landowners in the District to develop a fish friendly tidegate and to restore tidal inundation to the acquired properties. Restoration is to establish a shrub swamp habitat available for juvenile salmon and other fish.

2. Partners

The partners in the Coquille Valley Acquisition project are TNC, the Coquille Tribe, and ODFW.

3. Process, Status, and Recommendation

The partners are working on a restoration plan and will be prepared to conduct land transactions in the coming year. Staff recommend the Board delegate authority to the Director to develop grant agreements for the federal funds. A portion of the federal funds are programmed for restoration actions that may precede land acquisition. Funding of state matching funds and the federal acquisition funds will be requested upon completion of due diligence review. The staff do not request state match funding at this time.

IV. Deferred Acquisition Applications

Two previously deferred land acquisition applications are ready for Board action. One of the properties is part of a Coastal Wetlands funded project; the other was submitted during the regular grant cycle.

A. Miami Coastal Wetlands Grant (Application #211-114)

One of the four parcels proposed for funding associated with the Miami Coastal Wetlands Grant (see Section III.A. above) is ready for Board action of \$123,000 federal funds Miami Coastal Wetlands grant and \$82,000 Lottery funds for a total of \$205,000.. The Parks property is a fee title acquisition that has been acquired by TNC. (Attachment A)

1. Parks Property Acquisition Summary

The Parks property is 39.5 acres of floodplain of the Miami River immediately upstream of the Highway 101 bridge over the Miami River. The property is appraised at \$205,000. The property has been restored through the breaching of dikes and reconstruction of sinuous tidal channels, which was in 2009-2010. This restoration was conducted by the TEP and the site was visited by the Board during the September 2010 Board meeting in Garibaldi. Vegetation establishment work is still ongoing.

2. Ecological Benefits

The property is in the tidal portion of the Miami River. The Miami River is an important spawning and rearing stream for coho, Chinook and chum salmon. The availability of tidal channels and back water habitat during high flows for overwintering juvenile salmon is critical for the productivity of the Miami River. The restoration action conducted on the Parks property makes more than 39 acres available to sustain juvenile salmon. The property has the opportunity to reestablish intertidal marsh and swamp communities now that restoration has been completed.

The application states that the project does not conserve any OWEB rare or at-risk plant communities. However, restoration will result in the Sitka spruce swamp plant

community, which is an OWEB conservation priority, and which the application states has suffered the greatest percentage of loss of any coastal wetland plant community in Oregon. The application also states that the following priority species use the properties:

- Fish: chum salmon, coho salmon, steelhead, and Chinook salmon
- Amphibians: red-legged frog
- Birds: great-blue heron, and rufous hummingbird

The application states that project is also likely to benefit bald eagle, dunlin, band-tailed pigeon, willow flycatcher, and Pacific slope flycatcher.

The application states that the project has an important water quality component. The Miami River is affected by high water temperatures and bacteria concentrations, low dissolved oxygen levels, and high levels of fine sediments. The restored wetlands will help filter bacteria, sediment, and other contaminants from surface waters before they enter Tillamook Bay.

The North Coast Regional Review Team (RRT) found the project to have high ecological value. The RRT expressed support for the project, noting the importance of the Miami River for chum salmon. The RRT also commented that the properties are located at the river's freshwater-saltwater interface, and therefore are of additional importance to salmon. The RRT concluded that the proposed acquisitions build on the restoration that has been done on the properties to date, and would help to ensure both additional restoration and long-term restoration outcomes. The RRT acknowledged that the properties offer an important opportunity to restore and protect Sitka spruce swamp. The RRT concluded that the properties are threatened by development, and talked about past plans for condominium construction and associated dredging. The RRT felt that if the properties are not acquired for conservation, development proposals are likely to be reinitiated in the future.

3. Capacity to Sustain the Ecological Benefits

The application states that TNC owns and manages nine preserves on the Oregon Coast, has a staff of three dedicated to coastal and marine work, and is currently adding an additional position to the coastal program. However, the application seems to imply that just two of the coastal staff cover the North Coast. The application states that TNC will work closely with the TEP to complete the restoration. TEP has significant experience in restoring wetlands in the Tillamook Bay watershed. The application states that long-term management funding has not yet been identified, but TNC has plans to fundraise for an endowment soon.

4. Educational Benefits

The application states that the project has already begun having educational benefits. Students have received grants to conduct water quality monitoring at the properties and document pre-restoration channel conditions. The application states that TEP will continue to bring students and volunteers to the properties to further educate the public about the value of estuaries. Signage has been posted along Highway 101, which bisects the properties. The project partners will host community tours. The North Coast RRT concluded that the application has high educational value because they are highly visible

to travelers on Highway 101 and conveniently situated for use by school groups and conservation organizations.

5. Project Support and Community Effects

The application states that the economic and social effects of the acquisitions will be minimal because the properties have not been grazed or farmed, or otherwise used for production in many years. Current annual property taxes total approximately \$1011. TNC considers payment in-lieu of taxes if public lands exceed 50% of the property in a given county. More than 62% of Tillamook County lands are public lands, thus the properties qualify for TNC payments in-lieu of taxes. TNC will pay in-lieu property taxes. The project has been supported by the Tillamook County Commissioners, TEP, and a number of community groups in Tillamook County.

6. Financial and Legal Terms

The Coastal Wetlands grant will cover most of the costs (60 percent) with OWEB Lottery Funds covering the remainder (40 percent).

a. Property Title

Review of the property's title revealed several easements, one of which was for a utility line across the property that had been removed during the restoration phase. The holder of the easement chose not to extinguish the easement. Based on conversations with the Tillamook Peoples Utility District and their representations about the reasons they do not wish to remove the easement, staff has concluded that the risk to the conservation values is slight. The rest of the easements pose minimal threat to the property's conservation values.

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.

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 did not require the landowner to make a donation to TNC or a third party. TNC has agreed to OWEB's standard conservation easement for the property with several minor alternation requests. The easement has conditions that satisfy the requirements of the U.S. Fish and Wildlife Service to protect the federal funds.

7. Recommendation

In January 2011, the Land Acquisition Subcommittee directed staff to proceed with a due diligence review because the project is an important opportunity to protect restored tidal wetlands at the freshwater-to-saltwater transition zone of the Miami River in conjunction with four other 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.

B. Dooher Wetlands Acquisition (Project #212-107)

Another application for a project located in the Tillamook estuary is ready for Board action. The Dooher property application was submitted by TNC through the regular grant cycle in April of 2011. The Dooher property is a fee acquisition project, located along the Kilchis River that has been acquired by TNC. (Attachment B)

1. Dooher Property Acquisition Summary

TNC requests \$405,000 in reimbursement from Lottery Funds for its purchase of a 66-acre former dairy farm on the Lower Kilchis River in Tillamook County. TNC purchased the property for \$537,150 in November 2010, to restore it to tidally influenced wetlands. This application is a resubmission of application #211-104, which TNC withdrew because the Acquisitions Subcommittee did not recommend it for due diligence review due to workload and the unresolved restoration opportunity. Subsequently, OWEB funded a Technical Assistance grant and TNC has completed a restoration plan and purchased the property in the period between the two application deadlines.

2. Ecological Benefits

The property borders the Kilchis River and Stasek Slough. The application states that upon restoration, three miles of waterways will abut the property. The property was previously diked, ditched, and tide-gated to create a pasture suitable for grazing cows. The application states that the property will be restored to three acres of intertidal salt marsh, 10 acres of lowland nonlinear forested wetlands, 41 acres of tidally influenced freshwater wetlands, and 10 acres of lowland riparian woodland and shrubland.

The application indicates that the property does not currently contain at-risk plant communities, but that the project will complement Squeedunk Slough, which is located directly across the Kilchis River from the property. The application states that Squeedunk Slough is one of the largest remaining Sitka spruce swamps in the entire Tillamook basin.

The application states that the property, upon restoration, will benefit the following priority species: chum salmon, coho salmon, steelhead, bald eagle, great-blue heron, band-tailed pigeon, dunlin, Pacific slope flycatcher, rufous hummingbird, willow flycatcher, and northern red-legged frog.

The RRT stated that the property presents an excellent opportunity to reconnect Stasek Slough to the Kilchis River, thereby enhancing the slough's degraded water quality and increasing important estuarine habitat for salmonids. The RRT also stated that the property presents an important opportunity to restore Sitka spruce tidal swamp for the benefit of priority species such as great-blue heron. Restoring Sitka spruce swamp, an especially rare wetland type, will build on the ecological benefits of Squeedunk Slough. The RRT agreed that the swamp 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 stated that it will be important for TNC to control invasive plants at the property. The RRT felt that TNC has the capacity to restore the property and successfully engage neighboring landowners, which could result in a showcase project that will augment the tidal wetland restoration work that TNC and TEP are currently conducting in the Miami River estuary.

3. Capacity to Sustain the Ecological Benefits

The application indicates that TNC has three staff dedicated to coastal and marine work, but provides information about just two of the staff. The application states that TNC is currently hiring a fourth staff person for the coast, to provide additional capacity to manage preserves. The application also states that TNC has a freshwater scientist and a bio-hydrologist who assist with restoration and management of tidal and freshwater habitats on the coast.

The application states that no stewardship funding has been raised for the property, but that TNC has plans to raise money for a Tillamook Bay endowment. The endowment will include funds for long-term management of the property. The application states that TNC's coastal staff have dedicated time in their work plans for stewardship activities at the property. The application states that restoration work will be funded through a combination of grants and yearly operating funds for TNC's coastal program.

4. Educational Benefits

The application states that after restoration, the property will be open to the public for limited, light recreation on a day-use basis. No pets or vehicles will be allowed. TNC anticipates that TEP will use the property for its outreach efforts. The North Coast RRT noted that Tillamook High School has an active natural resources education program, and that the property will serve as a good outdoor classroom. The RRT also noted that the property is on TEP's water trail, and therefore will be visible to recreational users of the estuary.

5. Project Support and Community Effects

The application states that \$800 of property taxes were paid in the prior year. Although TNC is a certified non-profit and therefore is not required to pay property taxes, it has an internal policy of optional in-lieu payments if the amount of government lands exceeds 50 percent of the county's land base. Tillamook County has 62 percent of its land base in government ownership, and therefore the application states that the county "qualifies" for in-lieu payment. TNC will pay in-lieu taxes for the property.

The application states that the economic and social impacts of this project are minimal because the Dooher family had no interest in continuing to dairy farm, and could not find another farmer to lease the land.

The application has letters of support from two of the three County Commissioners. While there is general opposition in the Tillamook basin to any loss of agricultural lands, the opposition has not been voiced to OWEB about this project.

6. Financial and Legal Terms

The property resulted from a partition of the farm that left the farm infrastructure in the ownership of the Dooher family. TNC purchased only the pasture portion of the farm. The Dooher home site is east of the property. The home site, as partitioned, is smaller than minimum lot size for this area. Staff believes that this variance from local land use requirements was conditioned on the property being held for conservation purposes. The application states that there are no structures, water rights, encumbrances, possessory interests, adverse easements, or encroachments on the property.

a. Property Title

The Department of Justice and staff review have not identified any title issues that would affect the planned restoration to achieve conservation values on the property. OWEB and TNC have agreed, through the restoration design process, to consider whether modifications to the dike maintenance agreement are needed to better protect both the restoration activities and neighboring property.

b. Environmental Site Assessment

The 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.

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 did not require the landowner to make a donation to TNC or a third party. TNC has agreed to OWEB’s standard conservation easement for the property; the required habitat documentation will be included in the easement.

7. Recommendation

In August 2011, the Land 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 Trask River. 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 proposed restoration actions.

V. Summary of Currently Proposed Projects

The table below provides a funding summary for all projects identified above.

Project Name	Coastal Wetland Funds	OWEB Lottery Fund Match	Other Match	Total
Miami R Estuary Acquisition	\$317,700	\$150,000	\$100,000	\$567,700
Coquille Valley Wetlands Protection and Restoration	\$1,000,000	\$720,000	\$786,000	\$2,506,000
Parks Property Acquisition-Miami	\$123,000	\$82,000	*	\$205,000
Dooher Wetland Acquisition	N/A	\$405,000	\$184,035.	\$589,035

* Additional match may be provided on closing

VI. Staff Recommendation

Staff recommend the Board:

- A. Delegate to the Director the authority to enter into the appropriate grant agreements for the \$1,317,700 in USFWS funds for the Coquille and Miami projects to accomplish the acquisition and restoration as identified in the 2010 federal grant applications described in Section III of this report. The delegation of authority is conditioned on the

understanding that use of federal funds for land acquisition will be conditioned upon the Board approving the necessary state match following full due diligence review.

- B. Award \$123,000 of federal funds from the Miami Coastal Wetlands Grant (Parks Property) and \$82,000 of Lottery Funds for application 212-114 as described in Section IV.A.
- C. Award \$405,000 of Lottery Funds for application 212-107, Doohar Wetlands Acquisition.

Attachments

- A. Miami Coastal Wetlands Properties
- B. Kilchis River Wetland Property



Miami Wetlands: Parks Property in the upper right



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January 6, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager
Renee Davis-Born, Ecosystem Program Coordinator

**SUBJECT: Agenda Item N: Forest Health Issues
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

In this report, staff recommend the Board initiate a phased approach to fund a proposal to support local Federal Forest Collaborative processes during the 2011-2013 biennium.

II. Background

Historically, relatively frequent, low-intensity fires were important naturally occurring events critical to maintaining the health of the ponderosa pine and mixed-conifer forests of southwest and eastern Oregon. Fire suppression and other land-use changes during the last century have resulted in overstocked forests characterized by increased fuel loads and lower quality habitat for native species. These changes, which are most prevalent on federally managed lands, have put Oregon's forested watersheds and surrounding communities at risk.

Much of this land needs active restoration to improve wildlife habitat and watershed function and improve the safety of nearby communities. The Nature Conservancy (TNC) estimates that 10 million acres of forest on lands managed by the U.S. Forest Service (USFS) and Bureau of Land Management (BLM) in Oregon require treatment (see Attachment A). However, controversy and litigation over federal forest management decisions has limited the ability of these agencies to actively manage forests for either timber production or restoration. These limitations have resulted in forests that are at risk for uncharacteristic wildfire and insect and disease outbreak. Conservation scientists estimate that, at the current pace of restoration, it would take 75 years to restore the health of these forests.

III. Federal Forestlands Advisory Committee and Local Forest Collaboratives

In 2009, the Federal Forestlands Advisory Committee (FFAC), which was convened by the Governor and Oregon Board of Forestry, published a report about federal forestlands management in Oregon and made recommendations for action that would create forests that are ecologically sustainable, economically viable, and appreciated by all stakeholders. The report identifies five state and local strategies for action, most of which are focused on increasing the pace of forestland restoration through the work of local forest collaborative partnerships, or "forest collaboratives."

Over the last 10 years, several forest collaboratives have been formed around Oregon to enable communities to effectively participate in management decisions on federal forests and woodlands (see Attachment B). The purpose of these groups is to help improve forest health on federal forestlands by:

- Building trust among diverse local stakeholders for ecologically and economically sustainable forest management solutions;
- Identifying scientifically informed and socially acceptable forest management projects;
- Assessing forest health conditions and planning projects at the landscape-scale to address high-priority needs; and
- Defining and delineating the amount and characteristics of older forests that should be conserved and reestablished to maintain ecological sustainability and resiliency as part of a landscape assessment.

Upon completion of the FFAC report, the Governor's Office working with Oregon Solutions created an Implementation Working Group (IWG) to advance the report's recommendations. The purpose of the IWG, which consists of public- and private-sector and non-profit representatives, is to "support landscape-scale, active restoration of federal forestlands by identifying and removing barriers to restoration of forest and watershed health." To date, the IWG has focused its efforts (see Attachment C) on the dry, fire-prone forests of eastern and southern interior Oregon and is:

- Helping collaboratives identify local forest health priorities, develop landscape-scale forest restoration plans, and find agreement for active management;
- Advocating for sustainable and predictable supply of biomass and merchantable timber; and
- Advocating for supportive state and federal policy.

The forest collaboratives, in concert with the IWG, are working to restore forested watersheds and create jobs and maintain forest-sector infrastructure in rural communities in Oregon. In his November 3, 2011 testimony to the Oregon Board of Forestry, Governor Kitzhaber underscored the importance of the collaboratives in addressing critical natural resource issues facing the state:

"... Gaining collaborative agreement across diverse constituents on public forest management provides stability, and in a world of increasingly limited funding, the consensus these local forest collaboratives produce represents a sound place to invest. That said, the ecological, social, and economic needs we face today demand restoration work at a larger scale. I will continue to support forest collaboratives – but will also challenge them to advance project work at a pace and scale that is meaningful for forest and community health..."

IV. Relationship to OWEB

Goal 2 of the OWEB 2010 Strategic Plan is to "support an enduring, high capacity local infrastructure for conducting watershed restoration and conservation." Traditionally, OWEB has thought of local infrastructure as being focused largely on watershed councils and soil and water conservation districts (SWCDs). However, other community-based, collaborative groups also have formed since the inception of the Oregon Plan for Salmon and Watersheds, including forest collaboratives.

Similar to watershed councils, these collaboratives bring together representatives from federal, state and local government, conservationists, timber interests, tribes and other local stakeholder groups to develop a clearly defined vision and strategic goals for restoration. While the focus of the collaboratives is forested watersheds, the cooperative approach they utilize to plan and implement high-quality restoration work mirrors that of watershed councils. In fact, several existing and emerging collaboratives in southwest and eastern Oregon include participation by councils and SWCDs.

Forest collaboratives hit on all three aspects of OWEB's mission: 1) helping to protect and restore healthy watersheds and natural habitats while 2) supporting thriving communities and 3) strong economies. This "triple bottom line" approach is consistent with other existing OWEB investment areas, such as the Special Investment Partnerships. Collaboratives also offer an opportunity for the agency to continue its expansion into upland restoration. Over the last decade, investments in upland projects have been steadily increasing. This increase is largely the result of OWEB and our partners expanding restoration efforts from a primary focus on instream-type work to a more diverse portfolio of activities to meet a variety of restoration needs. Focus by collaboratives on forested areas of watersheds underscores the agency's holistic view of watershed restoration. Finally, forest collaboratives generally are organized around areas of 100,000 acres or larger in size. This scope enables OWEB to scale-up geographically. This is similar to OWEB's involvement in the Whole Watershed Restoration Initiative (WWRI), a federal-state-local collaboration that carries out watershed restoration at large geographic scales. As with WWRI, the landscape-scale framework used by the collaboratives provides an opportunity for agency investments to help achieve restoration priorities at a significant geographic scale.

The work being conducted by forest collaboratives is not unlike the restoration activities being supported through OWEB funding. In fact, the agency already funds projects similar in nature to this type of restoration. During the 2007-09 and 2009-11 biennia, OWEB funded over \$4.1 million in forest health-related projects (e.g., fuel reduction, juniper treatment). For example, at the September 2010, the Board awarded \$187,250 for the Grande Ronde Healthy Forests 2010 Project (211-5002). The Grande Ronde Model Watershed and Oregon Department of Forestry (ODF), among other partners, received funding to treat 580 acres "to improve long-term forest health and vigor by reducing stand densities." This grant continued work conducted previously under another OWEB grant award (206-150) for \$144,807.

V. Funding Proposal and Future Considerations

On behalf of the forest collaboratives, the Governor's Office, and ODF, TNC and Oregon Solutions have submitted (see Attachment D) an 18 month proposal (to be completed during the remainder of the 2011-13 biennium) that would support local planning and implementation capacity of the forest collaboratives and address statewide coordination needs for the IWG process. The total amount needed to cover these activities for the remainder of the biennium is \$696,681.

By way of background, TNC is a collaborative, science-based conservation organization. Their staff are engaged directly in the restoration of Oregon's frequent-fire forests through participation in several local forest collaboratives. TNC promotes a scientifically sound and ecologically based approach to advancing landscape-scale forest restoration through technical and scientific support, leadership, facilitation, and development of innovative funding strategies

to enable treatment of forested watersheds. Oregon Solutions was formed with the passage of the State of Oregon's Sustainability Act in 2001 and is based within the National Policy Consensus Center at Portland State University. The organization builds collaborative approaches to governance with the goal of solving problems by identifying solutions that support economic, environmental, and community objectives.

TNC proposes to take the lead on providing scientific support, technical assistance and facilitation to forest collaboratives. They also will develop restoration principals and guidelines, and evaluate approaches to improve planning and implementation efficiencies. Finally, TNC will conduct research on innovative funding strategies to accelerate forest restoration. They propose to work with IWG partners and local collaboratives to build broad agreement in support of an ecologically based approach to prioritizing and implementing forest restoration across the landscape.

Oregon Solutions proposes to take the lead on supporting implementation of the FFAC recommendations through coordination of the statewide IWG process and, to a lesser extent, providing assistance to local forest collaboratives to enable them to break through barriers and build consensus for forest restoration that provides ecological and socio-economic benefits.

The TNC and Oregon Solutions proposal is intended to utilize OWEB funding to maintain critical momentum with local collaboratives while a longer term state policy and funding strategy is developed in concert with the Governor's Office and ODF. It is important to note that the Governor's Office, ODF, and the project applicants have signaled that they do not consider OWEB to be a long-term source of funding for local forest collaboratives, and that the request before OWEB will not be repeated in the future. That said, OWEB may want to consider its role, if any, as the agency gains greater familiarity with collaborative efforts over the course of the current biennium.

Staff recognize that the Board will require time to deliberate on the role that OWEB desires in forest restoration work that helps achieve the agency's mission and grant-making objectives. Staff also acknowledge the important work underway by forest collaboratives and the IWG and the obvious nexus to OWEB's support for local infrastructure to implement high-quality, large-scale restoration. Given this, staff propose that OWEB take a phased approach to support this proposal. The first phase will involve initial funding to support TNC and Oregon Solutions to make progress on draft work plans from January to September 2012 (see Attachment E). The funding required to support these activities during this 9-month period is \$345,340. Staff further propose that TNC and Oregon Solutions report progress on their efforts to implement actions under the first phase of the work plan to the Board at the September 2012 meeting. At that meeting, staff anticipate requesting that the Board consider awarding funds to support the remaining work under the second phase of the work plan that will be submitted by TNC and Oregon Solutions prior to September. Based on the spending plan proposed in Agenda Item E-1 Option A, staff are confident sufficient funds will be available to support the second phase of the project at that time.

Between now and Summer of 2012, staff intend to continue the dialogue with the Board about various aspects of the federal forest collaboratives including: 1) progress on work plans made by TNC and Oregon Solutions, in concert with the forest collaboratives and IWG; 2) status of discussions involving the Governor's Office, TNC, Oregon Solutions, state and federal agency

partners (including ODF, USFS and the Natural Resources Conservation Service, in particular) non-profits, the private sector and others regarding long-term funding for the collaboratives' work; and 3) the desired role of OWEB in forest restoration efforts now and into the future.

VI. Recommendation

Staff recommend the Board:

1. Award \$345,340 in initial funding for local planning and implementation capacity, including support for local forest collaborations, and statewide coordination support for the Federal Forestlands IWG as described in Attachment E. Funding would enable work between January and September of 2012 and be distributed as follows:
 - a. \$248,340 in funding to The Nature Conservancy, and
 - b. \$97,000 in funding to Oregon Solutions.

2. Direct staff to request The Nature Conservancy and Oregon Solutions to report progress on its efforts at the September 2012 Board meeting and to seek Board approval for the second phase of the 18 month proposal for Board consideration in September.

Attachments

- A. Fact sheet and map of forest health departure from historic condition
- B. Map of existing local forest collaboratives in Oregon
- C. IWG Action Plan Framework and Results to Date
- D. 18 month Project Proposals-TNC and Oregon Solutions
- E. Draft 9 month Work Plans for Phase I Actions-TNC and Oregon Solutions

Putting Oregonians Back To Work



RESTORING HEALTHY, SAFER OREGON EASTSIDE FORESTS

THE SITUATION.

Our forests are in trouble. Forests cover nearly half of Oregon and many are unhealthy — they don't match historic conditions and pose a risk for severe wildfire. Today in Oregon, 9.5 million acres of frequent-fire forests are moderately or highly departed from historic condition, **that's 30% of our forested landscape with potentially unhealthy and unsafe conditions.**

Restoring Eastern and Southern Oregon forests can help:

- Prevent severe wildfire
 - Protect communities
 - Provide clean water sources
 - Create and sustain jobs
 - Supply mills in rural communities
 - Restore vital habitat for fish and wildlife
-

THE CHALLENGE.

Over the last 100 years, fire suppression efforts have rendered our forests dense and overcrowded. In Oregon and throughout the West, fire often rages hotter and longer. Currently, nearly 10 million acres are at risk of unnaturally severe wildfires.

SOLUTIONS.

- Around the state **collaboratives are building trust, finding common ground, creating solutions and demonstrating success.** Conservationists, federal land managers, loggers, local citizens and more are developing science-based treatments to restore our forests.
- Treatments involve **removing small trees and commercial timber from overstocked forests** to improve forest health and wildlife habitat, making forests more resilient to future fires.
- This work requires new **state and federal funding.**

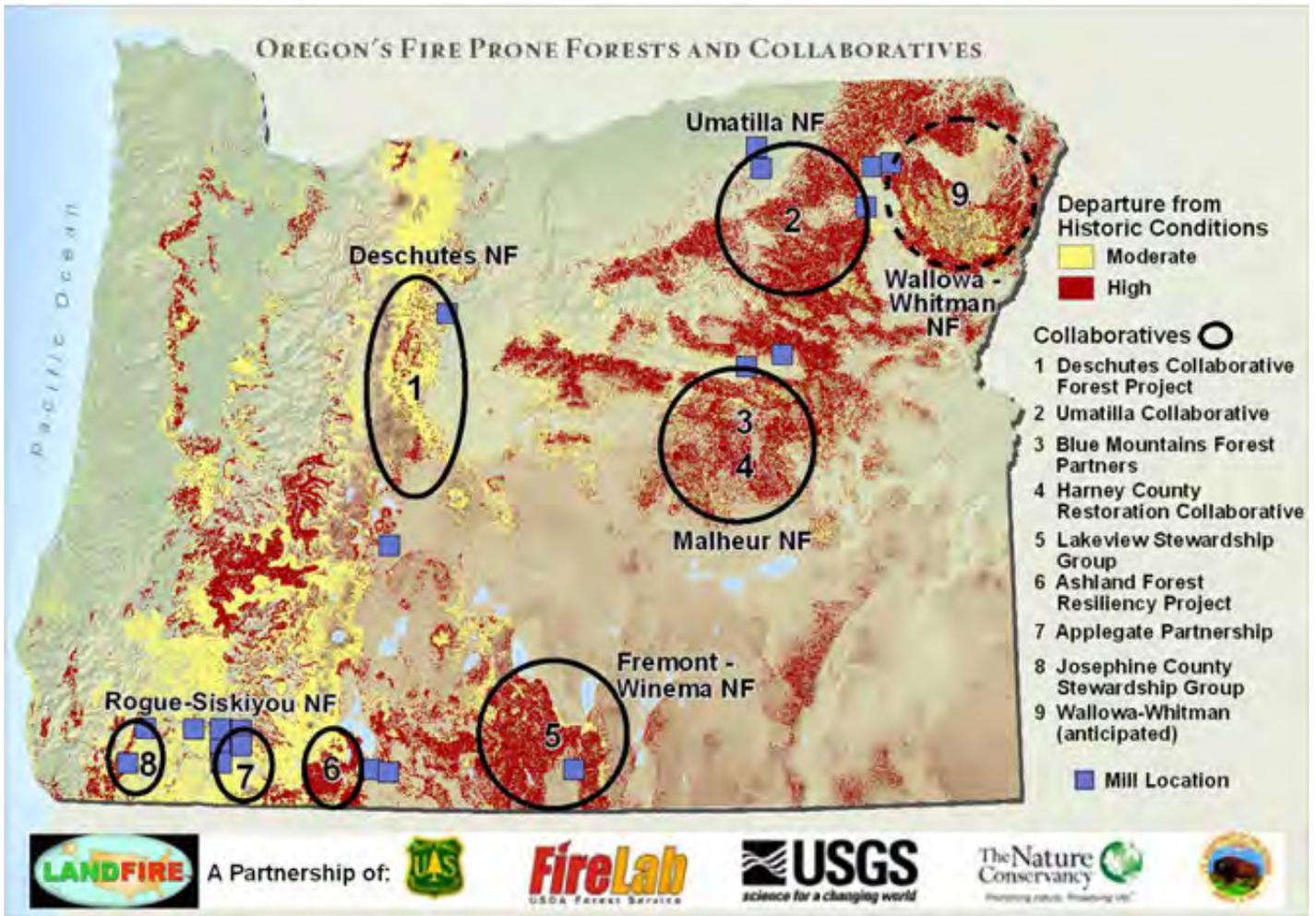
INVESTMENT. WE NEED YOU TO:

- **Secure state funding for collaboratives: invest \$900,000 annually** to facilitate ecologically based forest restoration work.
- **Augment and increase federal funds: invest an additional \$43 million annually.** Current forest restoration covers 180,000 acres a year on federal lands. But to address the problem, we need - 500,000 acres treated per year. An infusion of \$43 million will triple restoration treatments on 7 eastside national forests, providing an additional estimated harvest of 444 million board feet, sustaining local mills and 4,400 jobs.



Oregon photos by Rick McEwan, Charles Quinn/TNC and Craig Bienz/TNC.

(Continued on back)



Local collaboratives are developing science-driven solutions for fire-prone forests in Oregon.

**FOREST SOLUTIONS ARE SUPPORTED BY:
 THE FEDERAL FOREST LAND
 IMPLEMENTATION WORKING GROUP.**

Oregon Governor's Office, United States Forest Service, Bureau of Land Management, National Resources Conservation Science, Fish and Wildlife Service, Oregon Department of Forestry, Oregon Department of Fish and Wildlife, Oregon Department of Energy, Oregon Watershed Enhancement Board, Oregon Department of Environmental Quality, National Policy Consensus Center, Oregon Solutions Network, The Nature Conservancy, Sustainable Northwest, American Forest Resources Council, Oregon Forest Resource Institute, Crag Law Center, Western Environmental Law Center, Association of Oregon Counties, Ochocho Lumber and Oregon Restaurant & Lodging Association and more.

FOR MORE INFORMATION:

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 821 SE 14th Avenue, Portland, OR
 Phone: (503) 802-8100
 E-mail mstern@tnc.org

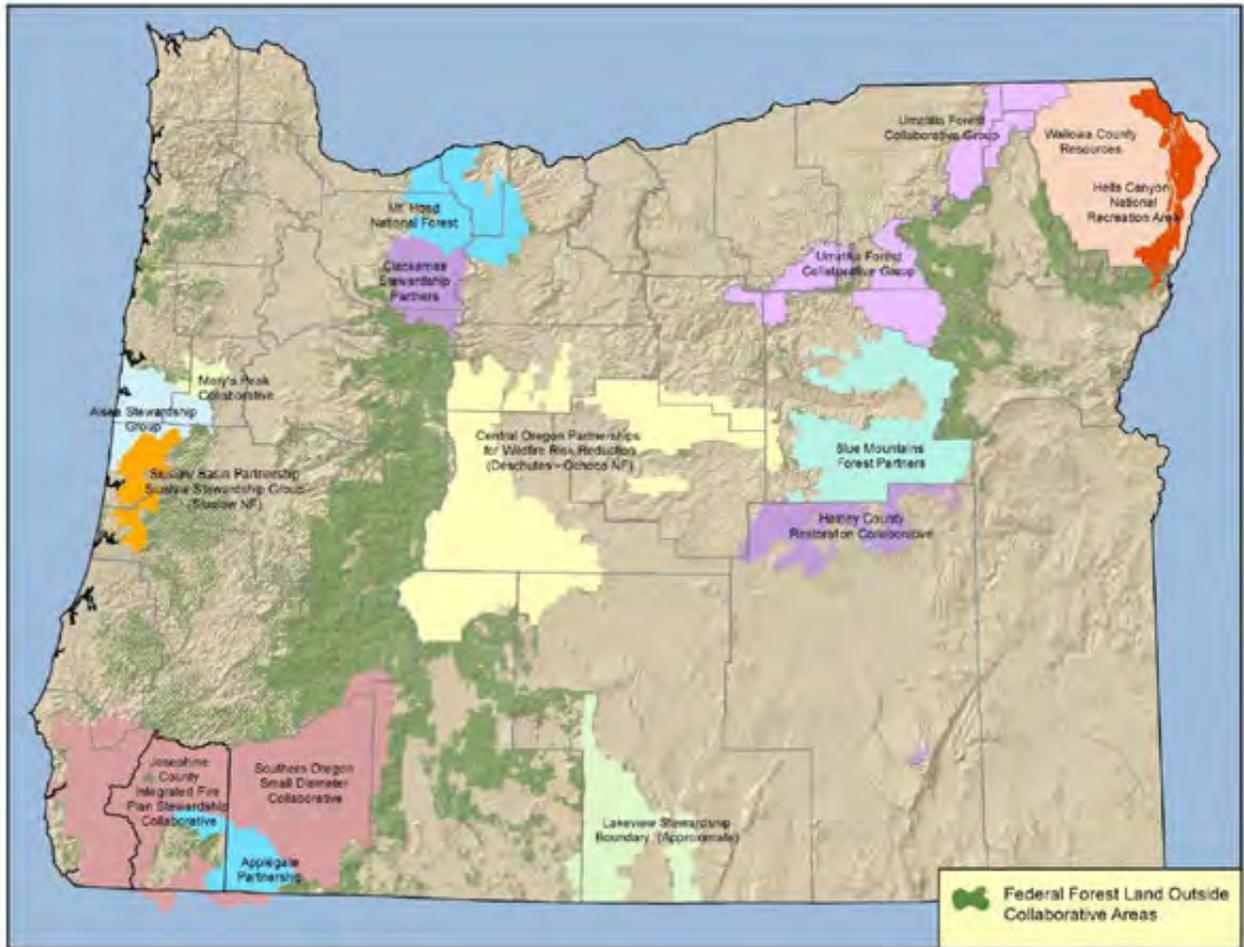
FAST FACTS:

At the current pace of restoration, it would take **75 years to restore these forests.**

In Oregon, about 75 percent of the population's **drinking water comes from forests.**

One of the larger collaborative forest groups in the state is **helping create 108 jobs with \$3.8 million** in labor income over 10 years.

Map of Forest Collaboratives in Oregon



IWG Action Plan Framework and Results to Date

In April 2011, the FFAC IWG adopted a framework for an action plan that includes:

- A. Develop a Landscape Assessment Tool Kit
- B. Create a System to Facilitate and Reduce the Cost and Time for NEPA Analysis and ESA Consultation
- C. Provide Project Staffing Support to Federal Agencies
- D. Provide Support for Engaging with Local Collaboratives
- E. Identify Funding Sources
- F. Create a Subcommittee for Policy Issues

Summary of Results to Date

- Conducting an assessment to identify priority forest health and economic geographies for landscape scale forest restoration assessments.
- Development of a GIS map of local forest health collaborative processes in Oregon.
- Inventory of local forest health collaboratives' status and needs.
 - Discussion with collaborative groups to provide technical assistance including: assistance in conducting a landscape scale assessment, assistance in starting a new collaborative process, assistance in helping to implement a landscape forest health project, and assistance in developing an economic forum.
- Reviewed and commented to USFS R-6 on CFLRP applications. Arranged key local collaborators dialogue with the IWG to review needs in conjunction with CFLRP applications (Deschutes, Fremont-Winema, and Malheur NF).
- Working on “meta-level” needs of all forest collaboratives in Oregon:
 - Partnership to design and deliver a multiparty monitoring guidebook.
 - Development of a “collaborative capacity” grant fund led by USFS Region 6.
 - Early work to develop an Oregon Network of forest health collaborative groups.
- Leveraging funds to help the Malheur National Forest implement forest health projects in Grant and Harney counties where timber supply is badly needed to support the retention of critical infrastructure

Restoring Oregon's Federal Forests

A proposal to Advance Community-Based Collaborative Efforts and Accelerate Landscape-Scale Restoration Work

Submitted to Oregon Watershed Enhancement Board
by The Nature Conservancy
December 19, 2011

This request for \$496,681 is made to fund work identified in the Governor's Requested Budget for the 2011-2013 biennium following recommendations from the Governor's Federal Forest Advisory Council to restore fire prone forested watersheds in southwest and eastern Oregon. Key partners include Central Oregon Intergovernmental Council, City of Ashland, Lomakatsi Restoration Project, Klamath Tribes, Lake County Resources Initiative, Oregon Wild and Southern Oregon Forest Restoration Collaborative and the U.S. Forest Service. Partners and the Conservancy are contributing over \$3 million, and with OWEB funding will support efforts of community-based collaborative to implement forest restoration efforts on federal lands in Oregon. This investment will enable partners to set priorities, develop treatment guidelines and prescriptions, and build consensus for forest restoration that will improve wildlife habitat and watershed function, reduce risk of catastrophic fire, and produce merchantable timber, biomass and jobs. Deliverables include results from fire history and stand reconstruction from SW Oregon, development of principles and guidelines for ponderosa pine, dry mixed conifer, aspen meadows and other key forest types, landscape assessments incorporating stakeholder values leading to prioritization treatment areas on the Deschutes and Fremont-Winema National Forests, and implementation of restoration treatments on 125,000 acres of federal land and 500 acres of private land in the City of Ashland watershed and at Sycan Marsh.

Background: The ponderosa pine and mixed-conifer forests of southwest and eastern Oregon developed with relatively frequent, low-intensity fires. One hundred years of fire exclusion and other land-use practices have resulted in overstocked stands with increased fuel loads and changes in the structure and composition of forests and woodlands. As a result, poor habitat conditions are diminishing the viability of native species in these forests and increasing the threat of uncharacteristic fire, placing Oregon's forest and watersheds and surrounding communities at risk. Nationally, over the past 40 years both the number of fires and average size of large wildfires on Forest Service lands has increased dramatically (Fig. 1); this pattern is generally true in Oregon as well.

Much of this land needs active restoration to improve wildlife habitat and watershed function, and produce merchantable timber, biomass and jobs, and improve the safety of nearby communities. The Nature Conservancy estimates that 10 million acres of forest on lands managed by the Forest Service and Bureau of Land Management need treatment in Oregon. At the current pace of restoration, it would take 75 years to restore the health of these forests. Oregon needs to scale up, and fast.

However, over the past several decades, the overharvest of large trees and associated decline of old-growth dependent species, impacts to water quality, and subsequent litigation of federal forest management decision by conservation and timber interests, has eroded trust and stymied the agencies' ability to actively manage forest – for either timber production or restoration. As a result, annual timber harvest on federal lands in Oregon has dropped over 90% in the past two decades and the forests remain at risk of uncharacteristic wildfire, insect and disease outbreak. That said, agreement on the need to restore these forested landscapes and how to implement treatments, while not universal, is emerging among key stakeholder groups. We need to build on this momentum to break through decades of distrust and gridlock; we need to find more efficient ways to plan and execute restoration, and we need to find creative ways to finance the work including getting more value from the by-products of restoration. Community-based, collaborative groups can help us achieve this. Community-based, collaborative

groups bring representatives from federal, state and local government to work together with conservationists, timber interests, and tribes and other local citizens to develop a clearly defined vision and strategic goals for restoration.

We must advance and incorporate science based ecological principles to insure that treatments have the greatest rate of return. Specifically, we need to conduct landscape scale assessments that prioritize strategic placement of treatments, accounting for reduction of fire risks and restoration of forest structure and composition, while delivering wood product to local mills. And foremost, we must increase the scale of treatments to have landscape-scale effects. The building of trust and agreement among local collaboratives, the integration of enduring ecological principles into the prescriptions and treatments, and the demonstration of successful on-the-ground projects are key to advancing this work.

Collaborative groups have been formed in a number of places throughout Oregon to serve this purpose. In and around the Deschutes National Forest near Bend, 45 partners are restoring 145,000 acres of public and private land. This effort will create and/or maintain 108 jobs over 10 years and \$3.8 million in labor income; it will also improve wetlands and fish habitat, protect municipal drinking water sources for the cities of Bend and Sisters, and provide wood chips to generate biomass energy. Similar efforts are underway in watersheds near Burns, John Day, Lakeview, Ashland, Pendleton and the Applegate Valley. These consensus-driven groups are working toward forest restoration and helping develop forest policies with strong social acceptance critical to moving forward. But the solutions they are searching for require time and money, and the Collaboratives need technical support, leadership and facilitation to assess the conditions of the forests, determine where to act, come to agreement on prescription principles and treatment guidelines, and finally find funding and implementing those actions. In 2009, the Federal Forest Land Advisory Committee convened by the Governor and Oregon Board of Forestry published a report identifying four state and local strategies to increase the pace of restoration, all centered providing assistance to collaborative groups:

- 1) Create a Federal Forestland Liaison Program to facilitate and support federal agency and local community efforts to improve forest health on federal forestlands.
- 2) Assist federal agencies in providing administrative, financial and technical resources to local collaborative partnership to build trust and help identify scientifically informed and socially acceptable forest management projects to improve forest health.
- 3) Local collaborative groups in cooperation with state and federal agencies should first assess forest health conditions and then plan projects at the landscape scale to address high priority needs. By planning at the landscape scale, treatments can be designed to improve the ecological effectiveness and efficiency of actions taken. To address the scale of the problem, it is our recommendation that these collaborative convene around a geographic area of at least 100,000 acres.
- 4) Collaborative groups should define and delineate the amount and characteristics of older forests that should be conserved and reestablished to maintain ecological sustainability and resiliency as part of their landscape assessment.

After publishing the report, the Governor's Office created an Implementation Working Group (IWG) to advance the recommendations. The IWG involves original FFAC members and leaders from state and federal agencies, and non-governmental organizations including The Nature Conservancy, Sustainable Northwest, Oregon Business Council and the Association of Oregon Counties. Its vision is to "support landscape-scale, active restoration of federal forest lands by identifying and removing barriers to restoration of forest and watershed health

The Nature Conservancy is directly engaged in the restoration of Oregon's frequent fire forests in local collaboratives tied to five national forest, including the Rogue River-Siskiyou, Fremont-Winema, Deschutes, Ochoco and Umatilla, and has been asked to engage in a 6th effort starting up in the Wallowa

Whitman. Conservancy staff provide leadership, facilitation, shuttle diplomacy, a strong science based ecological approach to advancing landscape scale forest restoration and delivery of additional funding to advance forest treatments in these landscapes. In all collaboratives we participate in the front line of the collaborative efforts, bring boots on the ground knowledge of ecological principles and the immediate landscape. Additionally, our forest restoration work at Sycan Marsh, including harvest of commercial product integrated with surface and ladder fuel treatments by hand crews and subsequent use of prescribe fire demonstrates on-the ground success, advancing the shared understanding among stakeholders and partners.

Here we propose to advance work consistent with and as prescribed by the Governor's Federal Forest Advisory Council Action Plan by developing restoration principals and guidelines; evaluating approaches to improve planning and implementation efficiencies; providing science, technical assistance and facilitation to six local collaborative efforts; and completing research on innovative funding strategies to accelerate forest restoration. We will work in partnership with the Forest Service and Bureau of Land Management, the FFAC partners and local participants in the collaborative groups to build broad agreement that will support an ecologically based approach to prioritizing strategic placement and implementation of science based treatments across the landscape. And work to implement forest restoration on federal and private lands to demonstrate success.

Actions / Deliverables/Timeline:

Statewide

In support of the FFAC IWG:

- ✓ Draft a white paper assessing innovative funding strategies to support forest restoration on public lands, including stewardship/ecosystem services payments for municipal watersheds, and insurance incentives tied to restoration and fuel reduction. Progress report September 2012; final report June 2013. The Conservancy will hold a workshop for experts/practitioners on restoration principles and guidelines in fire-prone forests (fall 2012)
- ✓ Participate in FFAC-IWG sub-committee on planning and implementation efficiencies. Final Report September 2012.

Deschutes National Forest & Deschutes Collaborative Forest Landscape Restoration Project (CFLRP)

- ✓ Staff the Co-chairs of the Deschutes Collaborative Forest Steering Committee-ongoing
- ✓ Chair the Deschutes Forest Collaborative Restoration Planning Sub-committee,
Deliverable: Principles of ecological restoration to address treatment protocol and prescriptions for these forest types: 1) ponderosa pine, 2) dry, mixed-conifer, 3) legacy stands infected with dwarf mistletoe. Draft Reports completed by September 2012.
- ✓ Coordinate quarterly site visits, field trips and outreach for Deschutes collaborative to advance broader understanding and acceptance of forest restoration actions. Progress Report September 2012; final rpt June 2013.
- ✓ Advance 17,000-acre Popper and 26,000-acre West Bend Restoration Projects; work with USFS staff to integrate collaborative recommendations into treatments/ prescriptions.
 - Spatial analysis of ponderosa pine forest types by structural class – Map Products delivered September 2012
 - Scientific synthesis ponderosa pine restoration principles – Report completed Sept 2012
 - Restoration recommendations submitted to USFS planning team by September 2012
 - Restoration treatments on Popper and West Bend Work 60% complete by Fall 2013
- ✓ Complete the 1,192-acre Glaze Meadow Fuels and Restoration Project & 4,590-acre West Tumbull Hazardous Fuels Reduction Project
 - Complete restoration treatments on Glaze Meadow and West Tumbull by Sept 2012

- Complete two multi-party monitoring reports by September 2012
- ✓ Advance 5,414-acre Ursus and 17,430-acre Drink Restoration Projects
 - Lead two stakeholder field trips by September 2012
 - Co-chair eight restoration planning meetings, four by September 2012, and four by February 2013 – Provide Report of recommendations by June 2013
 - Scientific synthesis of mixed-severity fire regime forests; draft by September 2012 and final report by June 2013
 - Complete draft analysis, mapping and restoration recommendations for ground water dependent ecosystems and use to inform restoration treatments by September 2012. Final report by June 2013
- ✓ Advance 30,000-acre Big Marsh pilot NEPA project focused on ecosystem services
 - Lead internal USFS/UWFWS/ODFW landscape values assessment; values assessment map delivered by September 2012; guide stakeholder driven values assessment process; prioritized values maps developed by September 2012
 - Prepare draft synthesis report of relevant ecosystem services values/elements by September 2012
 - Prepare report outlining process for conducting stakeholder value's assessments for forested landscapes; Draft report completed September 2012; Final Report June 2013

Fremont-Winema National Forest & Lakeview Stewardship Group

- ✓ Convene & support Lakeview Stewardship Group – Implement CFLRP project – ongoing; working with Lake County Resources Initiative
- ✓ Prepare white paper on principles of ecological restoration and treatment prescriptions for aspen meadows in dry ponderosa pine and dry mixed conifer forest types – draft report September 2012; final report June 2013
- ✓ Complete 130-acre Long Creek aspen meadow demonstration restoration project, comparing effects of thin and burn versus burn only treatments; progress report September 2012; final report June 2013
- ✓ Complete 130-acre demonstration treatment on dry ponderosa pine forest type at Sycan Marsh, including implementation of treatments based on USFS model for white-headed woodpecker habitat; treatment completed by September 2012; Final report with monitoring results June 2013
- ✓ Conduct prescribed burning on 1000 acres of dry ponderosa pine/grasslands at Sycan Marsh; Phase I burn plans completed September 2012; Phase II burn plans and 1000 acres treated by Fall 2013
- ✓ Host practitioner's workshop at Sycan in summer 2013 to share lessons and gather feedback on demonstration projects
- ✓ Black Hills Master Stewardship Agreement –
 - Complete Supplemental Project Agreement and Technical Proposal with Klamath Tribes, Lomakatsi and USFS by September 2012
 - Prioritize units for active management and develop restoration treatments and prescriptions by September 2012. Restoration treatments on 26,000 acre project completed Fall 2013
 - Conduct analysis utilizing Integrated Landscape Analysis Protocol (ILAPs) to test utility of ILAPS data for comparing current condition, departure from historic conditions and fire risk as tools to prioritizing treatments across the landscape; progress report September 2012; final report June 2013
- ✓ Help refine treatments and support implementation of Deuce, West and East Drews projects within the Lakeview Stewardship Unit; provide comments September 2012

Rogue River-Siskiyou National Forest and Medford District Bureau of Land Management

- ✓ Implement Ashland Forest Resiliency Master Stewardship Agreement:
 - Develop white paper on ecological restoration principles/treatment prescriptions for legacy stands in dry ponderosa and dry mixed conifer forest types in SW Oregon; draft by September 2012; final report by June 2013
 - Develop white paper on principles of restoration for mistletoe in legacy stands for southwest Oregon; draft report by September 2012; final report December 2013.
 - Develop LIDAR techniques/methods for identifying and delineating legacy groves; integrate into collaborative process for development of treatments; draft report September 2012; final report June 2013
 - Complete research project with Southern Oregon University, developing metrics to assess and track change in community attitudes and support for active forest management in the Ashland city watershed; progress report September 2012; final report June 2013
 - Complete restoration treatments on 3100 acres in the Ashland Watershed, including commercial helicopter logging of materials within roadless areas
- ✓ Prepare white paper summarizing findings of fire history, stand reconstruction and patch/gap analysis for Ashland Watershed, and initiate data collection for the Applegate Valley, Illinois Valley and Cascade Foothills; field work completed, progress report September 2012; final report June 2013. Use preliminary findings to inform restoration strategies and treatment prescriptions
- ✓ Review and provide technical recommendations on the 6,000-acre Butcherknife Slate Restoration project on the Rogue River-Siskiyou National Forest; comments by September 2012
- ✓ Implement 290-acre ecological based fuels reduction project on City of Ashland and private lands in Ashland Watershed; 90 acres completed by September 2012; 290 acres by Fall Dec 2013
- ✓ Complete 1 million acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative to prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon; incorporate climate change model into priorities for oak restoration; use results to inform future Collaborative Forest Landscape Restoration proposals. Progress report September 2012; final report June 2013
- ✓ With Southern Oregon Forest Restoration Collaborative, conduct multiparty monitoring on Medford BLM Secretarial pilot project; progress report September 2012; final report June 2013

Umatilla National Forest

- ✓ Serve on leadership committee support start-up of this group; progress report September 2012; Final report June 2013
- ✓ Provide recommendations on treatments and prescriptions for Kaylor restoration project; progress report September 2012. Final Report June 2013

Ochoco National Forest

- ✓ Develop work plan resulting from proposal submitted to National Forest Foundation
- ✓ Support community outreach and planning; 2 day workshop with stakeholders and development of draft collaborative action plan by September 2012.
- ✓ Facilitate landscape scale values assessment process with stakeholders; provide preliminary assessment and map products by September 2012; final report by June 2013

TNC Budget

Totals automatically round to the nearest dollar.

	A	B				C	D	E	F
Itemize projected costs under each of the following categories:	Unit Number	Unit Cost	Partner Contributions non-match thru Sept 2011	Cash Match Funds thru Sept 2011	OWEB Funds thru Sept 2011	Total Partner Contributions non-match	Total Cash Match Funds*	Total OWEB Funds	Total Costs All Funds
	(e.g., # of hours)	(e.g., hourly rate)							(add columns C, D, E)
PROJECT MANAGEMENT. Includes <i>actual in-house staff or contractors</i> who coordinate project implementation. Line items should identify who will be responsible for project management and their affiliation.									
staff to manage project at state and local collaboratives	1.0 FTE x 1.5yrs = 1.5FTE	\$107,515/FTE	16,127		56,446	32,254		112,891	145,145
									0
									0
									0
SUBTOTAL (1)			16,127	0	56,446	32,254	0	112,891	145,145
IN-HOUSE PERSONNEL. Includes <i>only</i> applicant employee costs and the portion of their time devoted to this project.									
staff to implement work and produce deliverables with forest collaboratives	4.5 FTE for 1.5yrs = 6.75FTE	\$70,132/FTE			165,225.5	142,941		330,451	473,392
									0
									0
									0
SUBTOTAL (2)			0	0	165,226	142,941	0	330,451	473,392
CONTRACTED SERVICES. Labor, supplies, and materials to be provided by <i>non-staff</i> for project implementation.									
Partners	\$60/hour	600			18,000			36,000	36,000
USFS Ashland Forest Resiliency; implementation by City of Ashland and Lomakatsi Restoration Project	Part of \$6.4M Master Stewardship Agreement	various		116,667		233,333			233,333
Contract to partners and entities to implement commercial treatments, ladder and surface fuel prescriptions, prescribed burns, lab analysis of fire scars		various		1,393,155					2,911,309
						2,786,309	125,000		
SUBTOTAL (3)				1,509,821	18,000	3,019,642	125,000	36,000	3,180,642
TRAVEL. Mileage, per diem, lodging, etc. Must use current State of Oregon rate.									
car rental + gas	25 days	\$60/day			750			1,500	1,500
mileage	2000 miles	\$0.555/mi			550			1,100	1,100
food and lodging	50 days	\$100/day			2500			5,000	5,000
SUBTOTAL (4)					3800		0	7,600	7,600
SUPPLIES/MATERIALS. Refers to items that typically are "used up" during the project. Costs to OWEB must be directly related to on-the-ground work. Group similar supplies and materials on the same line.									
									0
									0
									0
SUBTOTAL (5)						0	0	0	0
PRODUCTION. Design, video production, printing, direct mail, film developing, etc.									
									0
									0
									0
									0
SUBTOTAL (6)							0	0	0
EQUIPMENT. List equipment costing \$250 or more per unit . Useful life of equipment is for the duration of project and will be used only for this project. Identify any portable equipment (items with useful life of generally 2 years or more). Must be property of a governmental entity, tribe, watershed council, SWCD, institution of higher learning or school district.									
									0
									0
									0
									0
SUBTOTAL (7)							0	0	0
[Add all subtotals (1-7) from above] CATEGORY TOTALS (8)					243,471	3,335,717	125,000	486,942	3,806,779
FISCAL ADMINISTRATION. Not to exceed 10% of Category Totals (8) Funds . Compute by multiplying by 0.10 or less. Costs associated with accounting; auditing (fiscal management); contract management (complying with the terms and conditions of the grant agreement); and fiscal reporting expenses for the OWEB project, including final report expenses (e.g., film developing) for the grant.									
					4,869			9,739	9,739
									0
FISCAL ADMINISTRATION TOTAL(9)					4,869	0	0	9,739	9,739
[Add Category Totals (8) & Fiscal Total (9)] BUDGET TOTAL (10)					248,340	3,335,717	125,000	496,681	3,816,518
* The totals for these two columns must mirror the match totals provided in Section II(9) of the application and on the attached Match Funding form (Attachment A). Match should be for the technical assistance phase only and not for the restoration phase.									

Oregon Solutions
Proposal for Funding for Implementing the FFAC Recommendations
12/15/11

This request for \$200,000 is made to fund work identified in the Governor's Requested Budget for the 2011-2013 biennium. The funding will support Oregon Solutions to implement the FFAC recommendations. This investment will engage and expand community-based collaborative forest restoration efforts on federal lands in Oregon, enable partners to break through barriers and build consensus for forest restoration that will improve wildlife habitat and watershed function, reduce risk of catastrophic fire, and produce merchantable timber, biomass and jobs.

Background: The ponderosa pine and mixed-conifer forests of southwest and eastern Oregon developed with relatively frequent, low-intensity fires. A hundred years of fire exclusion and intensive land use have resulted in overstocked stands with increased fuel loads and changes in the structure and composition of forests, woodlands and shrublands. As a result, poor habitat conditions are diminishing the viability of native species across the state and increasing the threat of uncharacteristic fire.

Much of this land needs active restoration to reduce the risk of uncharacteristic wildfire and improve wildlife habitat and watershed function, while producing merchantable timber, biomass and jobs, and improving the safety of nearby communities. The Nature Conservancy estimates that 9 million acres of forest on lands managed by the Forest Service and Bureau of Land Management need treatment in Oregon, but at the current pace of restoration, it would take 75 years to do so. Oregon needs to scale up, and fast.

To break through decades of distrust and gridlock, we need to create collaborative, consensus-based solutions. We need to find more efficient ways to plan and execute restoration, and we need to find creative ways to finance the work including getting more value from the by-products of restoration.

Community-based, collaborative groups can help us achieve this. Community-based, collaborative groups bring together representatives from federal, state and local government to work together with conservationists, timber interests, tribes and local citizens to develop a clearly defined vision and strategic goals for restoration.

Collaborative groups have been formed in a number of places throughout Oregon to serve this purpose. These consensus-driven groups are working toward forest restoration and helping develop forest policies with strong social acceptance critical to moving forward. But the solutions they are searching for require time and money. New collaborative groups are forming on Forests lacking this forum, including the Umatilla National Forest and early discussions with the Wallowa Whitman National Forest.

Oregon Solutions: Roles and Responsibilities:

Oregon Solutions builds collaborative governance systems to bring sustainable solutions to community-based problems that support economic, environmental, and community objectives and are built through the collaborative efforts of businesses, government, and non-profit organizations.

Actions / Deliverables:

Statewide

Facilitate and support the vision and purpose of the FFAC IWG, including:

- ✓ Coordinate implementation of the work identified in the FFAC IWG Action Plan (April 2011)
- ✓ Build support and advance opportunities for sustainable and predictable supply of biomass and merchantable timber
- ✓ Work to address needs and barriers brought forward by local collaborative groups and federal land managers, and identify opportunities to leverage resources to address each effectively with the FFAC Implementation Working Group. **ATTACHMENT D**
- ✓ Support capacity needs in local collaborative groups by working with the National Forest Foundation to secure and distribute at least \$200,000 annually to priority local forest collaborative groups to advance active forest management. (See: [Community Capacity and Land Stewardship Program](#))
- ✓ Support drafting by TNC and review of innovative funding strategies to support forest restoration on public lands, including stewardship/ecosystem services payments for municipal watersheds, and insurance incentives tied to restoration and fuel reduction.
- ✓ Build support for supportive state and federal policy
- ✓ As necessary, assist existing local forest collaborative groups with identifying local forest health priorities, develop landscape-scale forest restoration plans to address high-priority needs, and find agreement for active management and treatments to improve the ecological resiliency and efficiency of actions taken.
- ✓ As necessary and appropriate, identify opportunities to support emerging collaborative forest restoration groups in dry, fire prone forests including the Umatilla, Rogue-Siskiyou and Wallowa-Whitman National Forests.

Work specific to National Forests

Umatilla National Forest

- ✓ Facilitate/support start-up of the Umatilla Forest Collaborative Group.
- ✓ Facilitate the identification of and a process for initial collaborative projects on the Forest, including the 30,000 acre Kahler Project on the Heppner District
- ✓ Provide recommendations on restoration treatments and prescriptions.

Deschutes, Malheur, Ochoco and Fremont-Winema National Forests

- ✓ Support collaborative development of a monitoring strategy that integrates ecological monitoring protocol in the national Collaborative Forest Landscape Restoration Program to the local monitoring efforts on the Deschutes CFLRP and any new CFLRP projects awarded in Oregon;

- ✓ As requested support outreach to advance broader understanding and acceptance of forest restoration actions.
- ✓ As requested help support collaborative process to develop and refine project recommendations.

Rogue River-Siskiyou National Forest and Medford District Bureau of Land Management

- ✓ As requested foster and support completion of the 1 million acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative and the USFS to prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon; incorporate climate change model into priorities for oak restoration; use results to inform future Collaborative Forest Landscape Restoration proposals.

Budget

January 2012 – June 2013

18 months \$200,000

First 9 months:

January – September 2012:

Staff	\$91,000
Expenses	<u>6,000</u>
Total	<u>\$97,000</u>

2nd 9 months:

October 2012 – June 2013

Staff	\$ 97,000
Expenses	<u>6,000</u>
Total	<u>\$103,000</u>

Draft TNC WORK PLAN – January-September 2012

Total: \$248,340

Actions / Deliverables – Statewide

- 1) In support of the FFAC IWG, draft a white paper assessing innovative funding strategies to support forest restoration on public lands, including stewardship/ecosystem services payments for municipal watersheds, and insurance incentives tied to restoration and fuel reduction (Progress report by September 2012);
- 2) Hold a workshop for experts/practitioners on restoration principles and guidelines in fire-prone forests (Fall 2012); and
- 3) Participate in IWG subcommittee on planning and implementation efficiencies (Final report by September 2012).

Actions / Deliverables – Support for Specific Forest Collaboratives

- 1) Deschutes Collaborative Forest Landscape Restoration Project (CFLRP) on the Deschutes National Forest
 - a. Staff the Co-chairs of the Deschutes Collaborative Forest Steering Committee (ongoing);
 - b. Chair the Deschutes Forest Collaborative Restoration Planning Sub-committee
 - i. Deliverable: Principles of ecological restoration to address treatment protocol and prescriptions for three forest types: 1) ponderosa pine, 2) dry, mixed-conifer, and 3) legacy stands infected with dwarf mistletoe. (Draft reports completed by September 2012);
 - c. Coordinate quarterly site visits, field trips and outreach for Deschutes collaborative to advance broader understanding and acceptance of forest restoration actions (Progress report by September 2012);
 - d. Advance 17,000-acre Popper and 26,000-acre West Bend Restoration Projects by working with USFS staff to integrate collaborative recommendations into treatments/ prescriptions
 - i. Spatial analysis of ponderosa pine forest types by structural class (Map products by September 2012)
 - ii. Scientific synthesis ponderosa pine restoration principles (Report by September 2012)
 - iii. Restoration recommendations submitted to USFS planning team (by September 2012)
 - iv. Begin restoration treatments on Popper and West Bend
 - e. Complete the 1,192-acre Glaze Meadow Fuels and Restoration Project & 4,590-acre West Tumbull Hazardous Fuels Reduction Project
 - i. Complete restoration treatments on Glaze Meadow and West Tumbull (by September 2012)
 - ii. Complete two multi-party monitoring reports (by September 2012)
 - f. Advance 5,414-acre Ursus and 17,430-acre Drink Restoration Projects
 - i. Lead two stakeholder field trips (by September 2012)
 - ii. Co-chair eight restoration planning meetings (four by September 2012) and begin developing recommendations

- iii. Scientific synthesis of mixed-severity fire regime forests (Draft by September 2012)
 - iv. Complete draft analysis, mapping and restoration recommendations for ground water dependent ecosystems and use to inform restoration treatments (by September 2012)
 - g. Advance 30,000-acre Big Marsh pilot NEPA project focused on ecosystem services
 - i. Lead internal USFS/UWFWS/ODFW landscape values assessment (Values assessment map delivered by September 2012)
 - ii. Guide stakeholder driven values assessment process (Prioritized values maps developed by September 2012)
 - iii. Prepare draft synthesis report of relevant ecosystem services values/elements (by September 2012)
 - iv. Prepare report outlining process for conducting stakeholder value's assessments for forested landscapes (Draft report completed by September 2012)
- 2) Lakeview Stewardship Group on the Fremont-Winema National Forest
- a. Convene and support Lakeview Stewardship Group;
 - b. Begin implementation of CFLRP project, working with Lake County Resources Initiative (ongoing);
 - c. Prepare white paper on principles of ecological restoration and treatment prescriptions for aspen meadows in dry ponderosa pine and dry mixed conifer forest types (Draft report by September 2012);
 - d. Complete 130-acre Long Creek aspen meadow demonstration restoration project, comparing effects of thin and burn versus burn only treatments (Progress report by September 2012);
 - e. Complete 130-acre demonstration treatment on dry ponderosa pine forest type at Sycan Marsh, including implementation of treatments based on USFS model for white-headed woodpecker habitat (Treatment completed by September 2012);
 - f. Conduct prescribed burning on 1000 acres of dry ponderosa pine/grasslands at Sycan Marsh (Phase I burn plans completed September 2012);
 - g. Black Hills Master Stewardship Agreement
 - i. Complete Supplemental Project Agreement and Technical Proposal with Klamath Tribes, Lomakatsi and USFS (by September 2012)
 - ii. Prioritize units for active management and develop restoration treatments and prescriptions for 26,000 acres (by September 2012)
 - iii. Conduct analysis utilizing Integrated Landscape Analysis Protocol (ILAPs) to test utility of ILAP's data for comparing current condition, departure from historic conditions and fire risk as tools to prioritizing treatments across the landscape (Progress report by September 2012)
 - h. Help refine treatments and support implementation of Deuce, West and East Drews projects within the Lakeview Stewardship Unit (Provide comments by September 2012)
- 3) Collaboratives in Southwest Oregon on the Rogue River-Siskiyou National Forest and Medford District Bureau of Land Management
- a. Implement Ashland Forest Resiliency Master Stewardship Agreement
 - i. Develop white paper on ecological restoration principles/treatment prescriptions for legacy stands in dry ponderosa and dry mixed conifer forest types in SW Oregon (Draft by September 2012)

- ii. Develop white paper on principles of restoration for mistletoe in legacy stands for southwest Oregon (Draft report by September 2012)
 - iii. Develop LIDAR techniques/methods for identifying and delineating legacy groves; integrate into collaborative process for development of treatments (Draft report by September 2012)
 - iv. Complete research project with Southern Oregon University, developing metrics to assess and track change in community attitudes and support for active forest management in the Ashland city watershed (Progress report by September 2012)
 - v. Complete restoration treatments on 3100 acres in the Ashland Watershed, including commercial helicopter logging of materials within roadless areas
 - b. Prepare white paper summarizing findings of fire history, stand reconstruction and patch/gap analysis for Ashland Watershed, and initiate data collection for the Applegate Valley, Illinois Valley and Cascade Foothills (Field work completed and progress report by September 2012);
 - c. Review and provide technical recommendations on the 6,000-acre Butcherknife Slate Restoration project on the Rogue River-Siskiyou National Forest (Comments by September 2012);
 - d. Implement 290-acre ecological based fuels reduction project on City of Ashland and private lands in Ashland Watershed (90 acres completed by September 2012);
 - e. Complete 1 million-acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative to prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon habitat; incorporate climate change model into priorities for oak restoration; and use results to inform future Collaborative Forest Landscape Restoration proposals (Progress report by September 2012); and
 - f. With Southern Oregon Forest Restoration Collaborative, conduct multiparty monitoring on Medford BLM Secretarial pilot project (Progress report by September 2012)
- 4) Umatilla Forest Collaborative Group on the Umatilla National Forest
 - a. Serve on leadership committee and support start-up of this group (Progress report by September 2012); and
 - b. Provide recommendations on treatments and prescriptions for Kahler restoration project (Progress report by September 2012)
- 5) Developing Collaborative on the Ochoco National Forest
 - a. Develop work plan resulting from proposal submitted to National Forest Foundation;
 - b. Support community outreach and planning, including 2-day workshop with stakeholders and development of draft collaborative action plan (by September 2012); and
 - c. Facilitate landscape-scale values assessment process with stakeholders (Preliminary assessment and map products by September 2012)

Draft OREGON SOLUTIONS WORK PLAN – January-September 2012

Total: \$97,000

Actions / Deliverables – Statewide

- 1) Facilitate and support the vision and purpose of the FFAC IWG, including:
 - a. Coordinate implementation of the work identified in the FFAC IWG Action Plan (April 2011) consisting of:
 - A) Develop a Landscape Assessment Tool Kit,
 - B) Create a System to Facilitate and Reduce the Cost and Time for NEPA Analysis and ESA Consultation,
 - C) Provide Project Staffing Support to Federal Agencies,
 - D) Provide Support for Engaging with Local Collaboratives,
 - E) Identify Funding Sources,
 - F) Create a Subcommittee for Policy Issues;
 - b. Build support and advance opportunities for sustainable and predictable supply of biomass and merchantable timber;
 - c. Work to address needs and barriers brought forward by local collaborative groups and federal land managers, and identify opportunities to leverage resources to address each effectively with the FFAC IWG;
 - d. Support capacity needs in local collaborative groups by working with the National Forest Foundation to secure and distribute at least \$200,000 annually to priority local forest collaborative groups to advance active forest management;
 - e. Support white-paper drafting by TNC and review of innovative funding strategies to support forest restoration on public lands, including stewardship/ecosystem services payments for municipal watersheds, and insurance incentives tied to restoration and fuel reduction;
 - f. Build support for state and federal policy that enables ongoing implementation of the FFAC recommendations;
 - g. As necessary, assist existing local forest collaborative groups with identifying local forest health priorities, develop landscape-scale forest restoration plans to address high-priority needs, and find agreement for active management and treatments to improve the ecological resiliency and efficiency of actions taken; and
 - h. As necessary and appropriate, identify opportunities to support emerging collaborative forest restoration groups in dry, fire-prone forests including the Umatilla, Rogue-Siskiyou and Wallowa-Whitman National Forests.

Actions / Deliverables – Support for Specific Forest Collaboratives

- 1) Umatilla Forest Collaborative Group
 - a. Facilitate/support start-up of the group;
 - b. Facilitate the identification of and a process for initial collaborative projects on the Forest, including the 30,000 acre Kahler Project on the Heppner District; and
 - c. Provide recommendations on restoration treatments and prescriptions.

- 2) Collaboratives in the Deschutes, Malheur, Ochoco, Wallowa-Whitman and Fremont-Winema Forests
 - a. As necessary, support collaborative development of a monitoring strategy that integrates ecological monitoring protocol in the national Collaborative Forest Landscape Restoration Program to the local monitoring efforts on the Deschutes CFLRP and any new CFLRP projects awarded in Oregon;
 - b. As requested support outreach to advance broader understanding and acceptance of forest restoration actions; and
 - c. As requested help support collaborative process to develop and refine project recommendations.

- 3) Southern Oregon Restoration Collaborative
 - a. As requested, support completion of the 1 million-acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative and the USFS (and BLM, as appropriate) to i) prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon habitat; ii) incorporate climate change model into priorities for oak restoration; and iii) use results to inform future Collaborative Forest Landscape Restoration proposals.



Oregon

John A. Kitzhaber, MD, Governor

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January 5, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item O: OWEB Partnership Investments
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on the status of current partnerships and requests funding for partnership investments consistent with the staff recommendations made in the spending plan staff report (Agenda Item E).

II. Background

OWEB has looked for ways to partner with others to allow state funds to go as far as possible. In the process, partnerships have been developed to maximize the use of federal U.S. Department of Agriculture funds for riparian restoration on agricultural lands (Oregon Conservation Reserve Enhancement Program) and to provide whole watershed restoration across public-private boundaries with the U.S. Forest Service and others (Whole Watersheds Restoration Initiative). Additionally the Board has identified the strategy of targeting specific geographic and ecological outcomes in a long term investment approach to achieve specific goals (Special Investment Partnerships). The Willamette Special Investment Partnership is the subject of a separate report (Item O-1). The Deschutes Special Investment Partnership is a mature effort that is making progress on the ecological outcomes anticipated when initiated. Staff are proposing the Board consider funding the Klamath Special Investment Partnership as a partnership with the National Fish and Wildlife Foundation (NFWF) and a number of local groups in the Klamath basin.

Together, these partnerships offer successful alternative approaches to leveraging state funds to achieve local restoration and conservation objectives using processes separate from OWEB's six month grant cycle. The following sections provide a brief update on the status of OWEB partnerships.

III. 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. 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. 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.

Enrollment in CREP continues across the state. An update on the solicitation and award of technical assistance grants for the program is contained in Agenda Item H. Staff have also been monitoring the rate of cost-share payments this fall, and based on the funding remaining from the 2009-2011 allocation for CREP cost-share payments, we estimate that an additional \$500,000 will be needed in the 2011-2013 biennium. Staff are not requesting Board action on the funding allocation at this time and will return at a future meeting with that request.

IV. Whole Watersheds Restoration Initiative

Ecotrust has solicited grant applications with a deadline of December 15, 2011. The Board awarded \$250,000 for the state cost share for projects in Oregon for this round. The solicitation for application will again occur in the fall of 2012 for projects in focal watersheds of priority basins. Staff will report on the number of applications and total request for Oregon at the Board meeting. Staff is working with Ecotrust and the other partners to evaluate the effectiveness of the program. Staff is requesting the award of the reserved \$250,000 for the remainder of the biennium.

V. Deschutes SIP

The Deschutes Collaborative requested \$6,000,000 for the 2011-2013 biennium. The Board awarded \$2,500,000 in September 2011 and reserved \$1,500,000 for the remainder of the biennium. The partners have developed grant applications for eight projects from the list approved by the Board. The Deschutes SIP Review Team has reviewed six of the projects and has forwarded recommendations to OWEB for grant awards. The projects are awaiting the Director's approval and completion of a Memorandum of Agreement for the biennium.

A review of the Board-approved project list (Attachment A to Agenda Item L, September 2011) by staff has identified that the partners included a monitoring project and an outreach project for the 2011-2013 biennium. Prior to this biennium, all partnership efforts were funded with "capital" funds as defined under Ballot Measure 66. The passage of Ballot Measure 76 has now eliminated the distinction between "capital" and "non-capital" funds.

The Deschutes SIP team identified outreach, monitoring, and project design as necessary activities for completion of the critical projects to facilitate reintroduction of anadromous fish into the upper Deschutes. In 2009-2011, a number of project design grants were funded with "capital" where the project was implemented as a subsequent action.

This issue was raised with the Board Partnership Committee, which discussed the nature of OWEB's investments in the SIPs, the inclusion of outreach and monitoring projects within SIPs, and whether to make a clear policy call on the intention for the use of SIP funds. The Committee recognized the value of these types of projects, but was concerned about inclusion of these types of projects in the SIPs. The Committee considered three options to take to the Board in January in view of the lack of notice to the partners and the limited options for addressing the applications in another manner. The options included not awarding the monitoring and outreach

applications and asking the Collaborative to find other funding, clarifying the intent for SIPs and allowing consideration of these projects through the Deschutes SIP, or moving the applications to the October regular grant cycle.

The Committee recommended that staff clarify the intended use of grant funds for the SIPs and allow consideration of these two projects this biennium with the understanding that future monitoring and outreach projects will not be eligible for future SIP funding. The Committee felt strongly that OWEB SIP funding be dedicated towards achieving the ecological outcomes and other funds, specifically outside of OWEB, should be used to support the important work of outreach and monitoring.

Staff recommend that the Board award the reserved \$1,500,000 for the projects on the September 2011 list, with the understanding that future SIP funding will only be available for project implementation or design.

VI. Upper Klamath Basin SIP

The Upper Klamath Basin Partnership consists of the Klamath Watershed 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's (NFWF) *Upper Klamath Keystone Initiative* to restore habitat and improve Lost River and Shortnosed Sucker, and Redband Trout populations.

At the September Board meeting, staff reported on its discussions with the Partnership and NFWF. Staff presented a list of projects that focus on restoring connectivity in the upper basin, and a general description of the partnership's objectives and specific focus on both longitudinal and lateral connectivity of habitats in the upper basin. The Klamath Partnership has updated its project table (Attachment A) and is prepared to initiate activities this biennium. Staff recommend that the Board approve the Upper Klamath Basin Partnership and award \$400,000, consistent with the spending plan recommendation described in Agenda Item E-1, for the 2011-2013 biennium.

The following sections evaluate 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 remeandering 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 NFWF Keystone Initiative. 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, and will be important state matching funds for federal restoration funds in the basin.

3. Robust Partnerships

NFWF has committed funding for a ten year period and is tracking the significant progress already made in meeting the ecological objectives. The organizing effort that NFWF funding has supported in the Klamath basin is paying off in cooperative efforts across the basin. OWEB and NFWF are finalizing a Memorandum of Understanding detailing how the two funders will collaborate in 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 A) and a conceptual framework for project development (Attachment B). OWEB funding can significantly assist the partners in moving forward to achieve their goals of increasing aquatic habitat connectivity.

The Partnership Committee met by conference call on November 30, 2011. The Committee discussed the ongoing partnerships and the staff proposal to go forward with the Klamath SIP funding. The Committee supported the proposed \$400,000 award on the condition that the commitment be reviewed at the end of the biennium and additional funding be considered against other agency programs. The Committee also wished to see that the Klamath SIP had clear terms of engagement and boundaries.

VII. Partnership Program

Staff have proposed regular meetings with the Partnership Committee to develop a work plan to address issues associated with the Partnership Program. The proposed work plan will include the following issues:

- Development of clear limits to each partnership;
- Criteria for considering new partnerships as they relate to budget and significance of the objectives; and
- Workload considerations for the program.

VIII. Recommendations

Staff recommend the Board:

- A. Direct staff that SIP funding be dedicated towards achieving ecological outcomes (design and implementation) with the one-time approval of Deschutes SIP funds for the outreach and monitoring projects identified in September 2011;
- B. Direct staff to work with the Partnership Committee to develop an analysis of the terms of engagement for each partnership with the view of being able to predict the “completion” of each funding initiative; and
- C. Approve the Upper Klamath Basin SIP proposal and project list as shown in Attachments A and B.

Staff further recommend that the Board approve the following Lottery Fund awards and delegate distribution authority to the Executive Director:

- A. \$250,000 in Lottery Funds for the second year of the WWRI;
- B. \$1.5 million of Lottery Funds to the Deschutes SIP; and
- C. \$400,000 in Lottery Funds to the Upper Klamath SIP.

Attachments

- A. Klamath SIP 2011-2013 Biennium Project list (updated)
- B. Upper Klamath Basin SIP Proposal

**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 (<i>maximum 75% of total project cost</i>)	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	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
4	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
5	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
6	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 Williamsom 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

Ranking	Project Title	Brief description	Lead partner	CERTAIN or only LIKELY to occur by June 2013?	Match \$ secured or pending	OWEB SIP funds requested (<i>maximum 75% of total project cost</i>)	Additional match \$ needed	Total Project Cost
7	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
8	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
9	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
10	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
11	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
12	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
13	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
TOTALS					total for certain projects	\$ 775,000		

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.

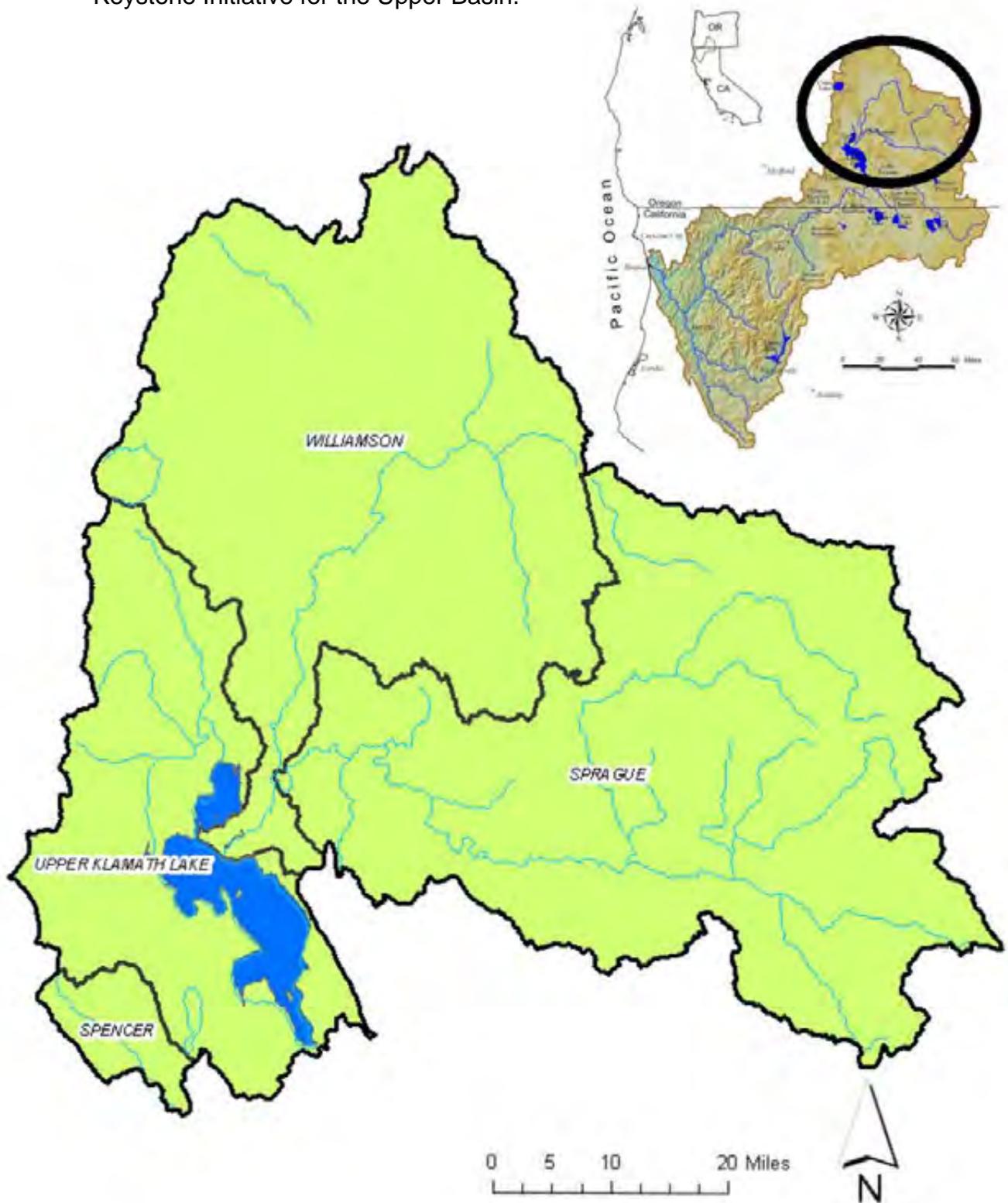


Table 1. Proposed Long-Term Klamath Basin Strategic Investment Partnership Restoration Priorities

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



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January 5, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

SUBJECT: **Agenda Item O-1: Willamette Special Investment Partnership
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This staff report discusses the current status of the Willamette Special Investment Partnership (SIP), discusses recent actions in the Willamette that affect the SIP, and asks the Board to approve the award of reserved funds for the partnership.

II. The Willamette Partnership

In March of 2008, the Board approved the Willamette SIP. The Willamette SIP was seen as a significant opportunity to demonstrate the ability to address significant ecological outcomes with robust funding partnerships in an area of high visibility. Staff have made regular reports to the Board on the progress and activities of the partnership.

The partnership is unique in that it involves close coordination with a private foundation funding partner, the Meyer Memorial Trust (MMT). The initiative was built on an extensive research program previously conducted by a consortium of Universities funded primarily by the Environmental Protection Agency (EPA). The Willamette River Basin Planning Atlas (http://www.fsl.orst.edu/pnwerc/wrb/Atlas_web_compressed/PDFtoc.html) provides an unprecedented context and guidance for the initiative. The Willamette SIP was organized around two ecological outcomes: 1) Reestablish channel complexity and length; and 2) Reconnect flood plains with adjacent active channels wherever feasible. Since there were no active projects available to list for funding in 2008, the Board adopted a more generic or aspirational list of restoration actions based on the assumption that work on public lands would be relatively easier than work on private lands in the floodplain. (Attachment A) This report provides a transition from that list to a more specific, focused list of projects that have developed as a result of the work completed since 2008.

The partnership with MMT and their Willamette Initiative (<http://www.mmt.org/willamette-river-basin-restoration>) provides the opportunity to explore the benefits of focused funding from a private philanthropic organization and a state agency. The initial partnership focused on MMT funding activities not supportable by OWEB "capital" funds. MMT funded much of the project development costs as projects were identified with the notion that OWEB would fund implementation.

III. Additional Attention to the Willamette Basin

Since the 2008 Board decision and joint efforts of MMT and OWEB to fund restoration actions in the Willamette, four major actions have taken place that change the funding dynamics and roles of other agencies in the Willamette basin. The four major actions as detailed below are: A) completion of the Willamette Flood Control Biological Opinion; B) award of funding for the habitat restoration requirement of the Biological Opinion to OWEB; C) settlement of the wildlife habitat losses from construction and operation of the Willamette River dams; and D) passage of Ballot Measure 76. Each of these actions have an influence on the opportunities and limitations of the Willamette SIP as originally conceived.

A. Willamette Flood Control Biological Opinion

The two federal regulatory agencies responsible for listed species under the Endangered Species Act each issued a biological opinion (BiOp) addressing the effects of the operation of the Willamette Flood Control program on listed species. The National Marine Fisheries Service addressed the effects of the operation of the dams and other actions (mostly revetment structures) on steelhead and spring Chinook salmon. The U.S. Fish and Wildlife Service addressed the effects of the program on Oregon chub and bull trout.

The BiOp created a formal, federally organized decision process for actions affecting listed species in the basin. OWEB is a participant in the main-stem habitat group (Habitat Technical Team). As noted below, the SIP projects fit well in this process and in this context, OWEB SIP projects have a wider audience than before.

B. BPA Funding for BiOp Implementation

One of the specific conditions (Reasonable and Prudent Actions) of the BiOp is for the action agencies to carry out a habitat restoration program on off-site (off-Corps project) lands. The requirement was structured for Bonneville Power Administration (BPA) to fund the projects through the Northwest Power and Conservation Council (Council) process.

OWEB, with the cooperation of the Habitat Technical Team, submitted a proposal to the Council to solicit and facilitate Habitat Technical Team review of projects in cooperation with Willamette SIP projects. The Council approved the proposal and BPA awarded a contract for staffing the effort and funding the projects. The grant from BPA for \$500,000 per year allows OWEB to add a staff person to assist with the Willamette SIP program and provides additional funding for projects.

C. Willamette Wildlife Settlement

Oregon has been in settlement discussions with BPA for more than 20 years over the appropriate compensation for wildlife habitat losses from the construction and operation of the Willamette dams. In October, 2010 the Oregon Department of Fish and Wildlife (ODFW) developed a settlement agreement with BPA, the elements of which were discussed with the Board in June of 2011. The settlement of the accrued wildlife habitat losses to the construction and operation of the Willamette Flood control dams dedicated some \$118 million for conservation land acquisition by BPA. Development of criteria and selection of parcels for funding is the responsibility of ODFW.

The settlement agreement between ODFW and BPA required at least ten percent of the projects to be “dual benefit”, meaning benefit to both fish and wildlife species. Dual benefit projects have all been floodplain projects directly compatible with the Willamette SIP. Over the past three years the primary use of OWEB funding has been for conservation land acquisition to allow floodplain restoration in the future. Nearly 3,000 acres of floodplain habitat has been established in some form of conservation status as a direct result of the SIP funding.

Since BPA funding will now be utilized on acquisitions that could be funded by the Willamette SIP, focusing OWEB funds on restoration design and implementation on conserved lands would be an effective way to focus the Willamette SIP for the near future.

D. Effects of Measure 76

The Willamette SIP was funded with \$6 million for the 2007-2009 biennium. The program started slowly and the available funding lasted until the end of the 2009-2011 biennium. The increased momentum on projects and increased capacity to develop projects will require significant funding. However, the reduction in funds made available as a result of the 65%-35% split in Measure 76 funding has resulted in the managers proposal of \$1,750,000 awarded in September with a reserve of \$1,250,000 for the 2011-2013 biennium. This restriction requires staff to look at ways to focus the program.

E. Ecosystem Services

OWEB has teamed up with The Freshwater Trust (TFT) and the Willamette Partnership, two non-profit conservation organizations, as part of a Conservation Innovation Grant awarded by the Natural Resources Conservation Service to TFT. This Willamette ecosystem services pilot project, that the Board approved in 2010, will demonstrate the viability of securing private investment in restoration activities and test the use of newly developed ecosystem services metrics to increase OWEB’s ability to report on restoration outcomes. The pilot is an outgrowth of Senate Bill 513, which was signed into law in 2009. It created a working group of public and private sector representatives to explore alternative paths to environmental regulation through the development of ecosystem services approaches and markets in Oregon with the ultimate goal of maintaining ecological benefits, encouraging environmental restoration, and sustaining local economies.

OWEB and our CIG partners are actively coordinating with the Meyer Memorial Trust/Bonneville Environmental Foundation “Model Watershed Program.” This framework aligns OWEB’s strategic investments in the capacity of the model watershed councils with the pilot project demonstration of how private investment can be used to implement high-quality, large-scale riparian restoration projects with certified and verified ecological benefits through time. The Board’s reserve in March 2011 of \$400,000 from the 2008 Willamette SIP award is intended to act as a “backstop” to the pilot project through the purchase of completed and verified riparian restoration projects. In most aspects, the projects implemented through the pilot will be identical to those funded through the OWEB regular and partnership grant programs. The differences are found in the certification of delivering measurable and verifiable ecological outcomes and guaranteed monitoring and maintenance for a 20 year term. OWEB staff will continue to work on the details of project management, agreement development and collaboration within the agency and with external partners.

IV. Funds Leveraged through Willamette SIP Investment

As a result of the initial \$6 million invested by OWEB in the Willamette SIP and the match from MMT and others, the funding leveraged has been tremendous. The table below provides a general summary on funding related to the project.

Investment Committed			
Investor	2007-2011	2011-2013	Notes
OWEB	\$6,240,700*	\$3,000,000	\$1,250,000 contingent on Board approval of reserve.
MMT	\$3,392,970	\$2,351,000	
BPA Wildlife mitigation funds	\$772,500	\$5,000,000**	\$118,000,000 to be invested over the next 10 years. Not all funding goes to floodplain projects.
BPA HTT funds	\$500,000	\$500,000	Includes staff salary
Total Investment	\$10,906,170	\$10,851,000	

- \$283,267 of research funds for monitoring tools
- **estimated

V. Proposed Program Focus

At this Board meeting and over the coming months, the goal of the review of the Willamette SIP is to focus the program, align it with the MMT Willamette Initiative and BPA funding, reflect the changes in funding available in the Willamette, clarify the type of projects that will be funded through the SIP, and clarify the extent of the floodplain efforts in the tributaries to the Willamette.

A. Alignment with the MMT Willamette Initiative and BPA Funding

Over the coming months, staff will work with MMT, BPA and the Board Partnership Subcommittee to develop a specific alignment proposal to ensure coordination and leveraging of funding.

As a start, staff request the Board approve a focus of funding for the Willamette SIP dollars NOT include any funding for land acquisitions within the Willamette SIP area. This recommendation is based on Section III.C. above; which notes that extensive BPA wildlife mitigation dollars are now available specifically for acquisitions.

B. Coordination with Willamette Model Watershed Program

One very successful outcome of the projects developed under the 2008 MMT Willamette Initiative and embraced by the Willamette SIP was the establishment of the Small Watershed Focus, which resulted in the Willamette Model Watershed. While the project was developed specifically through the MMT Willamette Initiative, it has not always been clear what resulting work the SIP would fund through the Model Watershed.

To provide clarification and transparency in the process, it is proposed the board direct staff to limit Model Watershed funding through the SIP to only those projects that provide riparian restoration benefits (including invasive weed control, site preparation, fencing, planting, etc.), as those projects most closely align with the outcomes identified in the Willamette SIP

tied to the Small Watershed Focus. Other project elements (large wood placement, fish passage, monitoring, outreach, etc.) will be eligible to compete through the regular grant process. This proposal has been vetted with the partners (MMT, BEF, Model Watershed participants). They support the clear distinction and understand the reasons for limiting the use of SIP funds.

C. Tributary Floodplain Considerations

There has also not been clarity about how far up the tributary streams the Willamette SIP extends. The staff report and Board approval in 2008 were not clear on what was included in tributary reaches. With the mapping of the two-year flood conducted for MMT, the biologically active portion of the floodplain can be readily identified. This area should be the limit for OWEB funding. Areas beyond the backwater effect at the two-year event in tributaries will not be eligible for Willamette SIP funding. Portions of the map are still in draft form and will be made available when complete.

VI. Revised Project Table

In 2008 the Board adopted a table (Attachment A) that did not identify many individual projects, instead identified ecological objectives and typical types of restoration activities. This approach allowed staff to develop projects for funding. Since 2008, the funding partners have been able to identify specific projects. Staff have re-crafted a proposed project table for the 2011-2013 biennium (Attachment B) that identifies specific projects, previous funding, and estimated funding needs for 2011-2013. As noted in the table, investments exceed the amount of funding the board has approved and staff has proposed for the biennium. Similar to the Deschutes SIP, this project table lists all potential projects, but only those that are ready AND fall within the amount approved by the Board will go forward.

Each of the projects are mapped (Attachment C) to show the relation of the individual projects to the anchor habitats used to prioritize activities by the technical team advising the Willamette SIP. The funding table includes significant investment made by MMT in information development, capacity enhancement, project development, and design.

VII. Staff Recommendations

Based on the significant changes to state and federal agency focus on the Willamette basin and development of specific projects, staff recommend the Board:

- A. Adopt the proposed project table (Attachment B) for 2011-2013 Willamette SIP funding;
- B. Direct staff to not consider funding applications for land acquisition using Willamette SIP funds for the 2011-2013 biennium;
- C. Direct staff to fund riparian restoration projects only within the Model Watershed area s (including invasive weed control, site preparation, fencing, planting, etc.); and
- D. Award the reserved \$1,250,000 to the Willamette SIP for the remainder of the biennium and delegate distribution authority to the Executive Director.

Attachments

- A. 2008 Funding Table for the Willamette SIP
- B. Proposed Funding Table for 2011-2013
- C. Maps of Anchor Habitats for 2011-2013 Projects

Willamette Special Investment Partnership Ecological Objectives and Projects
February 20, 2008

Ecological Objectives and Projects	Lead Partner(s)	Summary and Outcomes	Status and Timing	Other Participants	Notes
Objective: Channel and Flood Plain Restoration.	Various partners who are able to recruit willing land owners, design projects, assemble the many parts, partners, and dollars necessary, and (where appropriate) to manage the acquisition process and hold titles or easements in perpetuity.	Acquire, restore, and protect bottom land parcels suitable for OWEB's twin Willamette SIP objectives of re-establishing channel complexity and re-connecting channels and flood plains. The results of that will be improved habitat, improved water quality, and improved response to flood events.	There are many potential sites throughout the Basin. OWEB and partners have identified a number of target reaches, often based around tributary confluences, state-owned lands, ag lands that frequently flood, and inactive aggregate mining sites. Three candidate acquisition proposals are presently in consideration. A number of other projects are in the recruitment or development phase now and could start implementation in 2008. Greater specificity at this time would be counter-productive.	Many and various. Many confluence areas include public land parcels. Land trusts, watershed councils, Willamette Riverkeeper and other NGOs, and government agencies interested in water quality and in fish and wildlife habitat restoration and protection.	This is the over-arching concept that includes the public lands work listed below as separate project concepts.
	Restoration on DSL lands. (Projects would be undertaken by local partners.)	Re-establish silted-in channels and alcoves, reconnect oxbows and cut-off side channels, reconnect channels and flood plains where appropriate, restore native vegetation where appropriate.	In development, with implementation on a few sites possible starting in 2008. By statute, DSL owns the "beds and banks" of navigable Oregon waters, including many oxbow lakes and other former Willamette channels.	Local partners, NGOs.	Numerous potential project sites on state owned land offer the benefit of focusing available funding on restoration.
	Restoration on OPRD lands. (Projects would be undertaken by local partners.)	Re-establish silted-in channels and alcoves, reconnect oxbows and cut-off side channels, reconnect channels and flood plains where appropriate, restore native vegetation where appropriate.	In development, with implementation on a few sites possible starting in 2008. OPRD owns many bottom land parcels that include channel and flood plain features appropriate for SIP.	Local partners, NGOs.	Numerous potential project sites on state owned land offer the benefit of focusing available funding on restoration. Restoration could also enhance public access for passive recreation.
Objective: Effluent Cooling through floodplain interaction	Various waste water dischargers, primarily municipalities or waste water districts.	Re-establish silted-in channels and alcoves, reconnect oxbows and cut-off side channels, reconnect channels and flood plains where appropriate, restore native vegetation where appropriate.	In development. Generic technical work to model, site, and design such cooling projects is underway. Conversation has begun with certain dischargers; a few potential sites identified. Commitment to sites is possible this biennium, but construction is more likely starting in 2009 and beyond.	Association of Clean Water Agencies (ACWA), various cities and special districts. Land trusts, watershed councils.	OWEB's contribution would focus on restoration and protection relating to our two Willamette SIP objectives rather than the hyporheic cooling and would be above and beyond any actions required of the dischargers by regulatory permits.
Objective: Aggregate Site Reclamation to reconnect floodplain and complex channels.	Projects would be undertaken by local partners, including mine site owners.	Acquire and/or restore aggregate mine sites in the bottom land suitable for OWEB's Willamette SIP objectives. Create off-channel habitat, eliminate or reduce the risk of accidental and catastrophic re-capture by the River.	In development. Conversation begun with certain site owners and project implementers. A few potential sites identified. Commitment to sites is possible this biennium, but construction is more likely starting in 2009 and beyond.	Mine site owners, Oregon Dept. of Geology and Mineral Industries, Dept. of State Lands, Meyer Memorial Trust.	OWEB's contribution would focus on restoration and protection relating to our two Willamette SIP objectives and would be above and beyond any actions required of the mine owners by regulatory permits
Objective: Edge Habitat Restoration to reconnect floodplain habitats.	Various. Projects would be undertaken by local partners.	Create alcoves at outfalls, at piped confluences of small tributaries, and where riverside fill is no longer needed for built use. Reconnect with flood plains and side channels where feasible. Create off-stream loitering habitat and refugia along critical migratory reaches.	Many projects in the Portland-Metro area, with some ready to start implementation in 2008.	Public and private urban groups, including local governments, special districts, and watershed councils. Other funding sources interested in whole-basin restoration (e.g. Ecotrust).	"Roughening" the river side is a viable approach to restoring loitering habitat in heavily built-up and channelized areas, such as Portland Harbor and any reach flowing through an urbanized area. This is the overarching concept for several of the Portland and Metro projects in the packages listed below, and also is applicable to other urban areas in the basin. <u>Not</u> to be confused with rock barbs, j-hooks, and other flow re-direction techniques intended for bank stabilization.

Ecological Objectives and Projects	Lead Partner(s)	Summary and Outcomes	Status and Timing	Other Participants	Notes
Project: Scappoose Bottom Restoration.	Scappoose Bay Watershed Council.	Restoration of wetlands and habitat, reconnection of channels and adjacent flood plains.	Area-wide action plan done. Much outreach to landowners and other partners. Some related projects started. Next projects will be ready within the year.	The Nature Conservancy, state and federal fish & wildlife agencies, City of Scappoose, LCREP, Ore. St. Parks, DSL.	This is a collection of projects addressing different site-specific objectives but all contributing to restoration of bottom land functions. Compliments work on Sauvie Island.
Project: Lower Portland Reach Package (Terminal 1 South, Centennial Mills, Swan Island Beach South, Balch Creek Confluence, Tanner Creek Confluence)	City of Portland.	Shallow water habitat, reshaping banks for flood plain reconnect, alcoves at Tanner and Balch Creek confluences, "roughening" the River's edge.	Initial design work done for most sites. Some projects could proceed this biennium.	Port of Portland, Metro, Portland Development Commission, private land owners, watershed councils.	These and other projects in the package listed below will be allocated SIP funds according to their ripeness in terms of design, match funding, land owner participation, and other factors.
Project: Upper Portland Reach Package (Oaks Bottom, Stephens Creek Confluence, Tryon Creek Confluence, Johnson Creek Confluence).	City of Portland.	Restore off-channel habitat, assure full hydrologic connection, replace invasives with natives, improve banks and riparian areas, reconnect flood plain.	Initial design work done for most sites -- detailed design work for some, which could proceed this biennium. Oaks Bottom project is large and might need to be done in several phases over several years.	Metro, Portland Development Commission, private land owners, watershed councils.	Along with adjacent Ross Island, Oaks Bottom constitutes the best and largest remaining undeveloped flood plain and side channel habitat in the central city. Refuge attracts many visitors.
Project: Columbia Slough.	City of Portland, Metro.	Restoration and protection of aquatic, riparian, and flood plain habitat and watershed functions. At confluence with Willamette: bank reshaping to create alcoves and to assure proper connection of Slough to the River at all flow levels.	Initial design work done for most sites. Some projects could proceed this biennium.	Columbia Slough Watershed Council, Metro, private land owners, Port of Portland.	The Slough, Smith and Bybee Lakes, and associated corridor are the principal natural area habitat in the north city.
Project: Johnson Creek Watershed.	Metro, City of Portland.	Reconnect flood plain, restore remnant alcoves and overflow channels, restore and protect habitat and connection corridors	Initial design work done for many sites. Some projects could proceed this biennium.	Johnson Creek WSC, Cities of Gresham and Milwaukie, ODFW, Counties of Clackamas and Multnomah.	Much of this work will be done well to the east of the Willamette main stem but will contribute to lower Willamette functions and values.
Project: Lower Willamette Greenway.	Metro, City of Portland.	Secure and restore critical native habitats and edge ecology at select locations from Lake Oswego downstream.	Parcels already acquired or identified for acquisition. Metro has acquisition funds. Site-specific details now being explored. Implementation likely in 2009-2010.	Local groups, private land owners, land trusts.	These parcels would offer opportunities for edge roughening in the lower river.
Project: Clackamas River Greenway.	Metro.	Protect and restore undeveloped flood plains, remnant side channels, gravel bars, and associated ecology and watershed functions.	Parcels already acquired or identified for acquisition. Metro has acquisition funds. Site-specific details now being explored. Implementation likely in 2009-2010.	Three Rivers Land Conservancy, Clackamas Co. Parks, North Clackamas Park Dist., Ore. St. Parks., PGE., Oregon City, Gladstone, watershed councils.	An example of the bottom land SIP objectives pursued on a major tributary to the Willamette.
Project: Tualatin River Greenway.	Metro.	Acquire, restore, and protect habitat, flood plain connections, and watershed functions along the lower reach of the Tualatin River.	Parcels already acquired or identified for acquisition. Metro has acquisition funds. Site-specific details now being explored. Implementation likely in 2009-2010.	Tualatin Riverkeeper, Three Rivers Conservancy, Clean Water Services, multiple local cities, state and federal fish and wildlife agencies, watershed councils..	An example of the bottom land SIP objectives pursued on a major tributary to the Willamette.
Project: Small Watershed Focus.	Meyer Memorial Trust. Local conservation partner	Contribute to restoration over a number of years in each of several selected small watersheds (e.g. 6 th field hydrologic units). The specific restoration objectives will be appropriate to each watershed.	This biennium, Meyer Memorial Trust will coordinate a process for identifying candidate small watersheds and will establish the program mechanism, which then may be contracted out to a suitable partner.	Forest Service Whole Watershed Program, Bonneville Environmental Foundation, watershed councils, land trusts, local governments and NGOs.	This effort will include projects that address the Willamette SIP objectives but also will address the larger matters of ecosystem restoration and protection and of refugia and connective corridors for species of concern. These other matters must be addressed in the Willamette in order for the SIP to have its full effect.

Willamette SIP Funding Table 2011-2013

Project	Lead Organization	2007-2011 Accomplishments	2007-2011 OWEB Expenditures	2007-2011 Meyer Memorial Trust	2011-2013 Projects	2011-2013 OWEB Funding (Estimated)	2011-2013 MMT (Estimated)
 pudding-Molalla Willamette Confluence to Columbia River Confluence Anchor Habitats							
Stephens Creek Mouth	City of Portland	Channel restoration and fish passage to Stephens Creek. Addition of large wood at the mouth of the Creek.	\$199,060	N/A	Project completed		N/A
Tryon Creek Mouth	City of Portland	Channel restoration and fish passage to Tryon Creek. Addition of large wood at the mouth of the Creek.	\$100,000	N/A	Project completed		N/A
Oaks Bottom Wildlife Refuge Enhancement	City of Portland	Enlarge the culvert under the railroad tracks to facilitate both tidal inundation and flood storage.		N/A	Possible project	\$200,000	N/A
Willamette Park Waterfront	City of Portland	Lay back the bank, remove riprap and concrete and revegetate with native species		N/A		Project not ready until 2013-2015 biennium	N/A
Minto Island to Yamhill Confluence Anchor Habitats							
Willamette Mission State Park	Oregon Department of Parks and Recreation, Willamette Riverkeeper	Design and reconnect back channel through Mission Lake.		\$166,300	Revegetation in floodplain and eradication of noxious species	\$174,000	?
Long Tom Confluence to Santiam Confluence Anchor Habitats							
Luckiamute Landing State Park Restoration	Luckiamute Watershed Council, Oregon Department of Parks and Recreation	Restore native floodplain vegetation to abandoned agricultural fields. Restore flood patterns through the floodplain where feasible and appropriate.	\$136,287	\$124,600	Continue plantings and noxious weed control.	\$100,000	\$50,000
Albany Lakes and mouth of Cox Creek	Calapooia Watershed Council, City of Albany	Develop project concepts and priorities and initiate landowner discussions		\$82,400	Project design and initial implementation phase to reconnect Cox Creek and the four Albany Lakes to the Willamette River.	\$100,000	\$50,000

Willamette SIP Funding Table 2011-2013

Bowers Rocks State Park	Oregon Department of Parks and Recreation, Willamette Riverkeeper, Calapooia Watershed Council	Generate bathymetric data and basic hydrologic model for the restoration design to connect gravel pits and back channel to the Willamette River.		\$30,000	Continue outreach, identify restoration opportunities, prepare for/conduct first phase implementation (culvert repair, invasives removal and native revegetation).	?	?
Albany to Corvallis Riparian Enhancement	Benton SWCD; multiple partners.	Landowner recruitment and concept development for reducing noxious weeds and protecting and enhancing native floodplain forest vegetation.		\$50,000	Habitat assessment, landowner recruitment, two years of implementation.		\$100,000
Half Moon Bend State Park	OPRD, local landowners	Restore floodplain vegetation to former agricultural land. Initial site preparation funded by OPRD.		\$0	Conduct trials to demonstrate vegetation management strategies		\$38,000
Little Willamette Easement Restoration	Greenbelt Land Trust	Restoration of floodplain forest and wetland on BPA funded easement	\$25,000	\$0	Floodplain forest restoration	\$200,000	
Harkens Lake	Greenbelt Land Trust	Acquisition of Easement to 600 acres at Harkens Lake and development of restoration design	\$1,000,000	\$0	Restoration design and plan and initial restoration of floodplain forest implementation	\$90,000	\$30,000
Horseshoe Lake	Greenbelt Land Trust	Acquisition of Easement to 200 acres at Horseshoe Lake and development of restoration design	\$800,000	\$0	Restoration design and plan and initial restoration implementation	\$55,000	\$25,000
Middle Fork-Coast Fork Confluence to Long Tom Confluence Anchor Habitats							
Harper Oxbow	McKenzie River Trust				Acquire 400+ acres of floodplain habitat	\$0	\$0
Green Island	McKenzie River Trust	Restore 800 acre floodplain habitat			Restore 150+ acre "south field"	\$400,000	\$100,000
CARP property	McKenzie River Trust	restore gravel extraction site to floodplain habitat			Restore gravel pond to flow through habitats in a Willamette back channel.	\$100,000	\$50,000
Willamette Confluence	The Nature Conservancy	Acquire 1270 acres of gravel mined floodplain and oak forest upland at the confluence of Middle and Coast Forks Willamette	\$2,500,000		Design for gravel pond restoration and evaluate fish trapping potential	\$200,000	\$110,000
South Meadows channel restoration	Friends of Buford Park and Mt. Pisgah	restore a back channel of the Middle Fork of the Willamette River.	\$204,823	\$84,500	Project completed	\$0	\$0

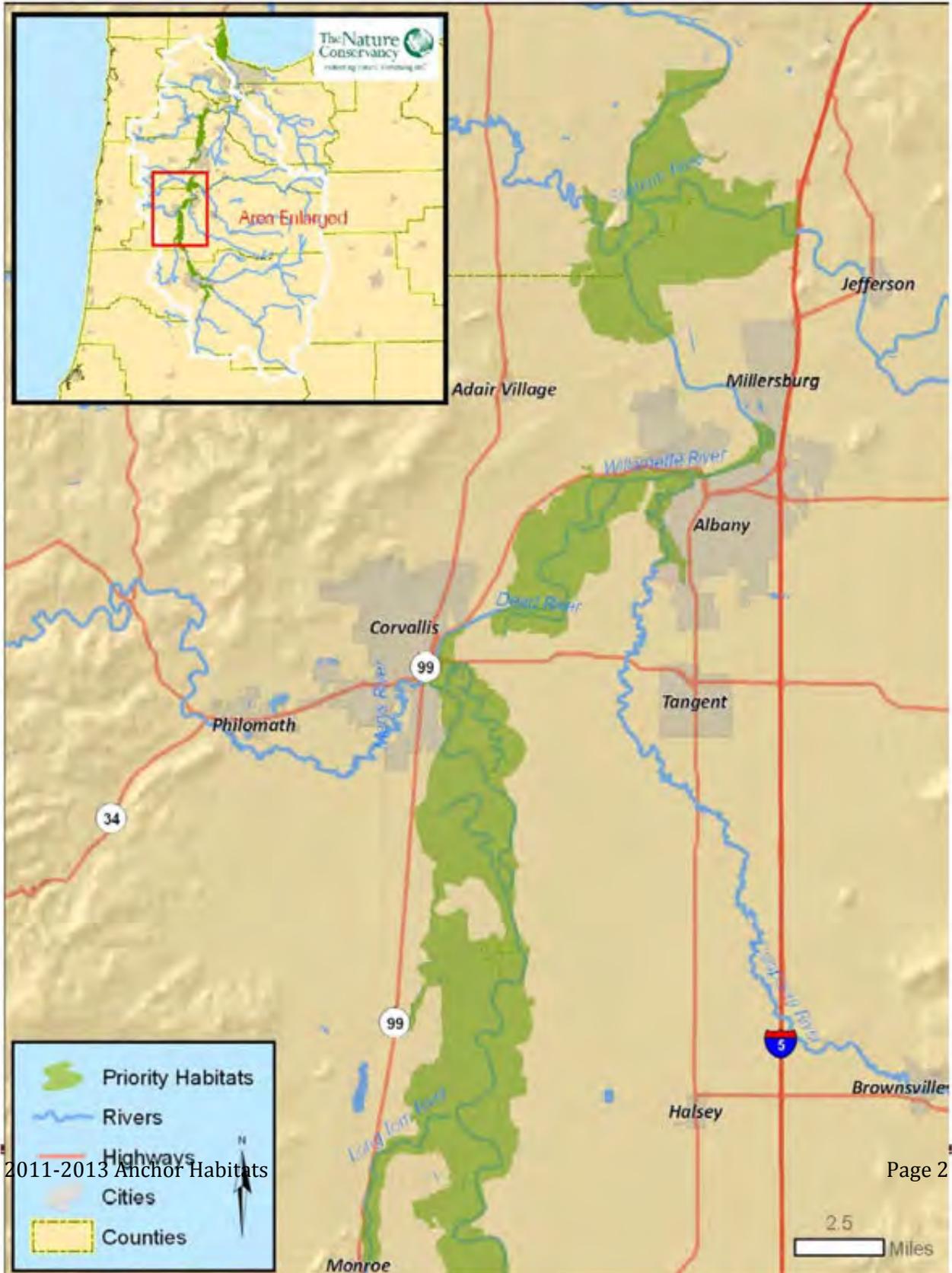
Willamette SIP Funding Table 2011-2013

Lane County Property evaluation	Friends of Buford Park and Mt. Pisgah				Evaluate the feasibility of adding to the conservation property at the confluence of the Coast fork and Middle Fork of the Willamette River	\$0	\$18,000
Willamette Model Watersheds							
MMT/BEF Model Watershed Program	Middle Fork Willamette WC, Long Tom WC, Luckiamute WC, Calapooia WC, North Santiam WC, South Santiam WC Calapooia WC	6 grants for individual projects within the Model Watershed focus areas	\$1,038,221	\$2,200,000	Riparian restoration in focus watersheds of Model Watersheds	\$1,000,000	\$1,400,000
Willamette SIP Support for Ecosystem Services							
	The Freshwater Trust and Willamette Partnership	Provide match for Conservation Innovation Grant (CIG) to Freshwater Trust and Willamette Partnership			CIG grant awarded, funding use being developed.	\$400,000	
Willamette SIP General Support							
Development of a monitoring strategy using 'Slices'	OSU/UofO	Development of 100 meter "slices" or parallel monitoring units created perpendicular to the river from Eugene to the mouth of the river and populating the slices with data on floodplain forest, channel length, and cold water habitats.	\$237,309	\$195,000	Completion of Monitoring plan using the "slices" approach, submitting it to the Independent Science Review Team for review and Initial monitoring. Establish restoration targets.	\$200,000	?
Land Trust Capacity	Mckenzie River Trust	Additional outreach and land protection capacity, land acquisition/easement transaction costs, strategic planning.		\$245,000	Continuing	\$0	\$100,000
Land Trust Capacity	Greenbelt Land Trust	Additional outreach and land protection capacity, land acquisition/easement transaction costs, strategic planning.		\$140,170	Continuing	\$0	\$100,000
Active Floodplain Mapping	River Design Group	Map the 2-year regulated flood from LiDAR data and stage data from Eugene to Willamette Falls.		\$75,000	Analysis to be extended to include other flow events.	\$0	\$30,000
						\$3,169,000	\$2,121,000
						\$3,369,000	

Middle Fork - Coast Fork Confluence to Long Tom Confluence: Willamette River Anchor Habitats



Long Tom Confluence to Santiam Confluence: Willamette River Anchor Habitats





Oregon

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December 29, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item P: Update on Implementing the Watershed Council Support Work Group Concept
January 18-19, 2012 OWEB Board Meeting**

I. Introduction

This is an informational item for Board discussion and feedback in preparation for proposed Board action at the March 2012 Board meeting. This report follows up the presentation of the Watershed Council Support Work Group concept at the September 2011, Board meeting.

II. Background

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.”

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 Board Watershed Council Support Committee 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, the November 2011 Network of Oregon Watershed Councils Gathering and to the Board at the September 2010 (Agenda Item C-5), January 2011 (Agenda Item J) and September 2011 (Agenda Item P) Board meetings.

As described in Agenda Item D, 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 the Council Support Work Group (Work Group) in May 2011. The Work Group addressed items 2 and 3 from the budget note above and also advised OWEB on:

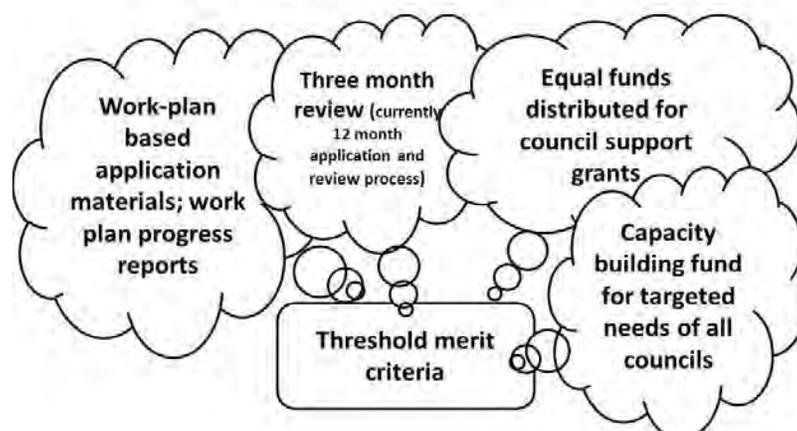
- A streamlined application and funding process with improved reporting for accountability and tracking of accomplishments.
- How council “effectiveness indicators” proposed by the Network of Oregon Watershed Councils as part of its Service Strategy might be incorporated into OWEB council support processes.
- 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.

The Work Group included 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. The Work Group has concluded its work; however members continue to provide feedback on the proposed changes to the council support program. The final recommendation developed by the Work Group, which is described in Section III below, is for OWEB to move toward an Outcome Based Review and Award Process.

III. Overview of Work Group Concept for Council Support Grant Program

At the September 2011 Board meeting, staff and members of the Work Group presented the Work Group’s concept for the watershed council support grant review and funding processes.

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 Board Watershed Council Support Committee. 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 threshold criteria.
- A separate "capacity building" fund to address areas where councils need training or assistance.

The Work Group recognizes that "the devil is in the details" and that it will take time to develop 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.

Since the council support process under existing rules requires about 12 months of OWEB staff time, a successful transition requires freeing up OWEB staff time to develop implementation details for the new process, propose resolutions for longstanding council support policy issues, hold listening sessions with councils, and conduct a council support rulemaking. Attachment B is a schedule of key actions for the transition period and beyond.

Since the September Board meeting, OWEB staff have begun to list out the detailed implementation and policy issues that will need to be addressed in order to move the Work Group concept from the idea displayed in the clouds depicted on page two of this staff report to an application, review, and award process that can be based in rule. Some important policy and implementation issues that are not shown in the "clouds" on page two include:

- Refining OWEB's existing eligibility criteria (who can apply, umbrella bonuses, requests for solo funding(splitting), and new applicants).
- Developing application materials and streamlined review process for previously funded councils.
- Developing application materials and streamlined review process for new applicants.
- Refining and updating reporting of accomplishments, tracking accountability.

Attachment C provides a more detailed list of the issues that need to be addressed.

OWEB staff plan to bring an action item to the Board in March 2012 to streamline the 2013-2015 council support award process, in order to give staff the time to work with councils and others to develop implementation details and revise the 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.

IV. Overview of Streamlined 2013-2015 Council Support Award Proposal

As reported to the Board in September, the Work Group supports waiving the council support rules for 2013-2015 and amending the existing 2011-2013 council support grant agreements to provide currently-funded councils with the same amount of funding, without the 12-month application and review process.

At the September Board meeting, some Board members raised a concern that councils ranked “good” and “needs improvement” for 2011-2013 would not have the chance to improve their merit category and thus their funding level. Other Board members wondered if this approach would lead to complacency. These questions are addressed in Section IV.A. and B. below.

Following the September Board meeting, staff worked with members of the Council Support Work Group and the Board Watershed Council Support Committee to develop details of this proposal, including a discussion of whether OWEB could address the “good” and “needs improvement” councils that was raised at the Board meeting.

A. Summary of proposed 2013-2015 Award Process

For the 2013-2015 award, OWEB will require work plans and progress reports (updated work plans) for all councils receiving council support grants. This requirement was implemented in 2011-2013 for “good” and “needs improvement” councils. Because future council support grants will be based on a council’s progress over a biennium on its work plan, staff and the Work Group believe that councils will not become complacent.

- June 2013: OWEB Board awards 2013-2015 council support funds, dependent on OWEB’s legislatively adopted budget. Existing grant agreements will thereafter be amended, including extending grant end dates to June 30, 2015.
- Prior to OWEB issuing amended grant agreements, councils must submit budgets for their 2013-2015 council support awards, along with proof of match for the additional award, and an updated watershed council officer contact list.
- OWEB staff and the Board Watershed Council Support Committee will check-in prior to issuing council support grant amendments, to determine if any councils need special conditions based on performance concerns.
- August 2013: Councils must submit to OWEB: (1) reporting requirements for the period 2011-2013, including reports to the recognizing local government, Pacific Coastal Salmon Recovery Fund reporting, and fiscal reporting; and (2) a 2013-2014 work plan.
- July 2014: Councils must submit to OWEB their progress reports (2014-2015 work plans).

B. Level of 2013-2015 Awards

The Board Watershed Council Support Committee reviewed the proposed 2013-2015 council support award process in two meetings in November and December, 2011. The Committee supported the overall approach described in Section IV.A. above, but struggled with two issues: (1) whether OWEB should provide funding in 2013-2015 to the four councils that were ranked in the “do not fund” merit category in 2011-2013; and (2) whether OWEB should provide additional funds to councils that ranked “good” and “needs improvement” in 2011-2013. After much discussion and consideration, the Committee developed the following recommendations.

1. Recommendation: OWEB should not provide council support funds in 2013-2015 for councils that do not have a current council support grant.

During the 2011-2013 council support grant process, staff recommended, and the Board approved, the “do not fund” category for four councils that had received council support grants in the past. The Board’s decision was based on the repeated lowest merit category ranking for three of the councils and the fourth council’s lack of performance over several biennia, as well as a lack of clarity over board membership and leadership.

These four councils are not current council support grantees, and under the streamlined proposal for 2013-2015, there will be no application and review process. As a result, these four councils would not receive council support funding in 2013-2015.

The Board Committee discussed the option of providing a small level of funding to councils that do not currently have an OWEB council support grant. This would include the four “do not fund” councils, but also potential new applicants that have not previously received a council support grant.

The Board Committee concluded that OWEB is in a transition period for council support and it does not feel comfortable funding councils that do not have a current council support grant without solid policy sideboards. OWEB’s council support policies are in transition and may change, including eligibility criteria and new threshold merit criteria. The Committee did not want to create any new expectations of council support funding in the period when OWEB’s rules and policies are changing.

OWEB staff and the Board Committee recommend 2013-2015 awards be provided only for councils currently funded by OWEB, based on their merit evaluation and award during the 2011-2013 grant process.

If the Board decides in March 2012 not to hold a council support cycle for 2013-2015, any council without a 2011-2013 council support grant may not apply for funding in 2013-2015. This includes:

- Councils that applied for council support funds in 2011-2013 and did not receive funding.
- New applicants that do not have a current council support grant.
- Councils that are part of an “umbrella” or “combined council” grant, that want to apply for individual funding separate from the umbrella or combined grant.
- Councils that have a current grant, and want to reorganize (councils that want to combine to form one new council support applicant).

2. Recommendation regarding councils ranked “good” and “needs improvement” in 2011-2013.

In response to Board members’ concerns regarding the level of funding for “good” and “needs improvement” councils during 2013-2015, OWEB staff worked with members of the Council Support Work Group to develop a concept to increase these councils’ 2013-2015 council support award upon submission of minimal application materials (there was no review process proposed). This idea was discussed with the Board Committee in November. Committee members raised several policy and legal questions, including

what would be the criteria for making such awards, and asked staff to further investigate this approach.

In further discussions with the Board Committee in December, it was concluded that OWEB could not (1) waive the council support review, award, and funding process for 2013-2015, (2) amend existing, individual council support grant agreements in 2013 to provide the same level of capacity funding, based on the review and merit category placement as a result of the 2011 grant cycle, and (3) simultaneously award some councils additional council support funding without following the existing rule-based review and award process for council support awards.

The Committee recognized that “good” and “needs improvement” councils are funded at a lower level, and for 2013-2015 will not be able to seek an increased level of funding. However, in order to provide increased funding to these councils, OWEB would have to develop a new grant application, evaluation criteria, and review process. The Committee concluded that this would take away from the significant time and effort needed to develop details and policy recommendations for the 2015-2017 council support process. The 2015-2017 process will include consideration of a capacity fund proposal, as recommended by the Work Group.

OWEB staff and the Board Committee recommend that the 2013-2015 awards for all councils be at the same level awarded to each council in 2011-2013, dependent on OWEB’s legislatively adopted budget. The Board Committee also recommended that if more than \$6.1 million is available for council support in 2013-2015 then the additional funds should be divided evenly between the councils who received awards in 2011-2013.

C. Board action needed in March 2012

Staff plan to request the following Board action at the March 2012 meeting:

1. Waive council support grant rules (ORS 695-040-0040 through 695-040-0060) for the 2013-2015 council support grant cycle.
2. Signal the Board’s intent to award, in June 2013, council support awards for 2013-2015 at the same award level councils received in 2011-2013, dependent on OWEB’s legislatively adopted budget. This will effectively create a four year (2011-2015) council support grant with councils receiving the same level of funding two biennia in a row.

This action will eliminate the 12-month council support application and review process, thereby freeing up OWEB staff time to develop implementation details for the new process, propose resolutions for longstanding council support policy issues, hold listening sessions with councils, and conduct a council support rulemaking. Attachment B is a schedule of key actions, and Attachment C is a list of the issues that need to be addressed in more detail.

D. Board authority to waive council support rules

OWEB’s statutes do not mandate offering a council support cycle, but state that the Board “may allocate funds to be used for staff for soil and water conservation districts and watershed councils” [ORS 541.371(2)(a)]. Under OWEB’s rules, the Board has discretion whether or not to offer any type of grant (OAR 695-005-0010 and 005-0040). Finally, OAR

695-040-0080 provides that “the Director may waive the requirements of [the council support grant rules], unless they are required by statute, for individual grants, when doing so will result in more efficient or effective implementation of the Board's grant program.”

Staff are confident that the Board has the authority under statute and rule to waive the council support cycle and amend existing, individual council support grant agreements in 2013 to provide the same level of capacity funding for 2013-2015, based on the review and merit category placement as a result of the 2011 grant cycle.

V. Recommendation

This is an informational item only. No Board action is required. At the March 2012 Board meeting, staff will ask for Board action to:

- A. Waive the 2013-2015 Council Support application, award, and funding process; and
- B. Signal its intent to award 2013-2015 council support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB’s legislatively adopted budget.

Attachments

- A. Draft OWEB Watershed Council Support Principles
- B. Watershed Council Support Schedule 2012-2015
- C. Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

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.

Watershed Council Support Schedule 2012-2015

DATES	ACTIONS
January 3, 2012	Work plans due from “good” and “needs improvement” councils
January 18-19, 2012	OWEB Board Meeting – Newport <ul style="list-style-type: none"> • Discuss plan for 2013-2015 council support awards
January-August 2012	Work on details of council support concept <ul style="list-style-type: none"> • Eligibility Criteria changes • Merit Threshold Criteria • Application Process • Equal Distribution of Funds • Reporting • Work Plan <p>This will include monthly meetings with OWEB staff and maybe a few meetings of the Council Support Work Group to get their thoughts and ideas on draft concepts. This will also include several meetings with the Board Watershed Council Support Committee</p>
March 13-14, 2012	OWEB Board Meeting <ul style="list-style-type: none"> • Staff plan to ask the Board to approve a rule waiver for the council support application, review, and funding process for 2013-2015 and signal the Board’s intent for award of council support funds for 2013-2015, dependent on OWEB’s legislatively adopted budget.
Sept. –Nov. 2012	Listening sessions with councils on proposed changes to council support process
January 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff will update the Board on the listening sessions
March 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff will request Board approval for council support rulemaking
June 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Board award 2013-2015 council support funds
June 2013	Councils must submit proof of match and updated council officer list prior to grant agreements being amended.
August 2013	Fiscal and PCSRF Reporting and 2013-2014 Work Plan due
June –September 2013	Council Support Rules Advisory Committee
September 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff update Board on Council Support Rulemaking
January 2014	OWEB Board Meeting <ul style="list-style-type: none"> • Board adopts new council support rules
July 2014	Council Support Progress Report due (2014-2015 Work Plan)
February-December 2014	Develop new council support materials
Dec. 2014 – Feb. 2015	Training on new council support materials
March 2015	Council support application materials due for 2015-2017 biennium
June 2015	OWEB Board Meeting <ul style="list-style-type: none"> • Board award 2015-2017 council support funds

Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

OWEB staff will work with the Board Watershed Council Support Committee and councils to develop the details of the new process and make recommendations to the Board regarding policy and rule changes. OWEB last revised its council support rules in September 2004. Since that time, several policy issues have been raised but not resolved. The list below includes implementation details that need to be worked out, and policy issues that have been identified to date.

Eligibility Criteria

1. Who can apply for a council support grant?
 - OWEB's current council support eligibility criteria are very broad. OWEB needs to take a look at what its council support funding is intended to achieve, and what type of council should receive council support (operating) funds, including questions such as watershed size, and activities.
2. Umbrella Bonus.
 - Should OWEB continue to award an umbrella council bonus? If so, who is eligible and what is the criteria and funding level?
3. Requests for individual funding.
 - Under current rules, councils that are locally recognized but located within the boundaries of another council receiving OWEB council support funds are not eligible for individual funding.
4. Rules or guidance for councils that reorganize.
5. How does new eligibility criteria apply to currently funded councils and to councils that have never received OWEB council support funding?
6. Currently OWEB accepts local recognition of councils from any local government entity including SWCDs, cities, counties, water districts, and more. Should this change?

Merit Threshold Criteria

If a council is eligible for a council support grant, its application will be evaluated on whether it meets, or falls short of, merit threshold criteria. OWEB needs to develop threshold criteria that can be practically and equitably applied in a streamlined review process. Considerations include:

1. Clear objective of the criteria.
2. Clearly defined bar to meet.
3. Clearly demonstrate council support is not an entitlement program.
4. Fund councils with a good track record with minimal hoops.
5. Criteria need to be measurable.
6. Need to demonstrate councils are worthy of state funding and effective organizations.

Equal Distribution of Funds

The Council Support Work Group concept recommended that councils meeting the merit threshold criteria should receive the same amount of funding. Policy and implementation questions include:

1. Level of award for councils that meet the merit threshold criteria.

2. How is the umbrella bonus factored in?
3. How much awarded to councils that are eligible, but do not meet the merit threshold criteria?
4. How much are new applicants awarded?
5. How do we distribute the funds if we have less than \$6.1 million?
6. Should there be an incentive for councils to reorganize/combine? if so, how much?

Application Materials & Review Process for Previously Funded Councils

The Council Support Work Group concept was based on the fact that OWEB has provided ongoing funding to the same councils over many years and is familiar with the work of these councils.

1. Deadline.
2. What is reviewed (work plan, 1 pager of questions, other)?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Consequences for councils that do not meet the Merit Threshold Criteria.
8. How do we review reorganized councils?
9. Decision deadline (June Board meetings).

Application Materials & Review Process for New Applicants

Depending on the eligibility criteria, we can expect to see a range of new applicants (those that have never received an OWEB council support grant), from councils that have existed for many years, to newly formed councils with no track record. These need a different type of review than councils OWEB has funded for many years.

1. Deadline.
2. What will be reviewed?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Funding amount.
8. Decision date (September Board meetings).

Reporting Accomplishments, Tracking Accountability

OWEB is phasing in the new council support process by requiring all 2011-2013 council support grantees to submit work plans for their 2013-2015 awards. We expect we will learn and adjust the work plan and reporting process for the 2015-2017 council support grant cycle.

1. Work with grantees to finalize work plan format.
2. Work with OWEB Programmer to make electronic submittal possible.
3. Seek council feedback on electronic form and test with grantees.
4. Train grantees.
5. Finalize by May 2013 for August 2013 submittal deadline.

6. Adjust work plan and progress reports for 2015.
7. Other reporting requirements:
 - PCSRF.
 - Reporting on council biennial self-evaluation.
 - Annual reporting to county government.
 - Fiscal Reporting.
 - Other?

Targeted Capacity Fund

The work group recommended a fund accessible to all councils for training and capacity development needs.

1. How much is available?
2. Where does the money come from?
3. Develop rules.
4. Develop review and award process.
5. What is the objective?
6. Timing, when offered?
7. What is the length of the grant?
8. Don't re-create the wheel, talk to other funders to see what they do for small capacity awards.

MINUTES ARE NOT FINAL UNTIL APPROVED BY THE BOARD
Oregon Watershed Enhancement Board

January 18, 2012
OWEB Board Meeting
Newport, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Kim Kratz
Will Neuhauser
Jennifer Phillippi
Lisa Phipps
Eric Quaempts
Dan Thorndike
Karl Wenner
Bill White
Ken Williamson

Members Not Present

Patricia Smith

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Wendy Hudson
Melissa Leoni
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

George Hemingway
Eric Riley
Cathy Kellon
Bob Skinner
Frank O'Leary
Debbie Pickering
Catherine Pruett
John Sanchez
Wayne Hoffman
Alex Sifford
Esther Lev
Lisa Mulcahy
Gordon Grant
Liz Vollmer-Buhl
Pam Wiley
Eric Kancler
Jerry Nicolescu
Ryan Houston
Tod Heisler
Brad Chalfant
Janelle Dunlevy
Gail Perrotti
Justin Ferrell
Anna Kerr
Derek Johnson
Jessica Jones
Guy Sievert
T.J. Woodley
Melyssa Graeper
Denise Lofman
Pete Dalke
Mark Stern

A. Board Member Comments

Executive Director Tom Byler announced that Meta Loftsgaarden recently was appointed to the Deputy Director position at OWEB and that Ken Bierly will focus his efforts and extensive experience on OWEB's Partnership Program. He also welcomed Meta's replacement Bill White, as the new NRCS representative on the OWEB Board.

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

B. Board Co-Chair Election

Director Byler provided background information on how the Board has elected Co-Chairs in the past to two-year staggered terms. There was Board consensus to continue the practice of Board Co-Chairs.

Board Co-Chair Eric Quaempts stated that Dan Thorndike was voted in to complete Diane Snyder's term as Co-Chair which is now expired. Co-Chair Thorndike is interested in continuing to serve as Board Co-Chair for a two-year term, and was nominated and unanimously approved to fill the vacant Co-Chair position until January 2014.

C. Minutes

Minutes of the September 13-14, 2011, Board meeting in Roseburg were unanimously approved with minor changes. In addition, the minutes of the July 14, 2011, Board meeting via teleconference were unanimously approved.

D. Legislative and Budget Report

Tom Byler, Executive Director, briefed Board members on the status of the current budget. Lottery revenues are down, and lower than predicted. In response to a request by the Legislative Fiscal Office (LFO) OWEB, along with all other state agencies, submitted reduction options totaling 10.5%, prioritized in 3.5% increments. It is assumed that at least a 3.5% reduction will occur and the spending plan uses that reduction as the base. OWEB's proposed reduction list involved approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. The legislature may or may not take OWEB's reduction options into account as it makes its budget decisions.

The next revenue forecast will be released on February 8. Due to the revenue shortfall, state agencies were directed to curtail expenditures. Due to a hiring freeze imposed by Governor Kitzhaber and the Legislature, OWEB has postponed filling the Willamette Partnership Coordinator position, and will not be able to hire any temporary staff without going through an exception process. In order to curtail costs, OWEB intends to scale back on the production of the biennial report for the Oregon Plan for Salmon and Watersheds, not hold this year's biennial conference, and limit travel-related expenses, including Board meetings which will be held in Salem beginning in March.

Melissa Leoni, Senior Policy Coordinator, briefed Board members on OWEB's two budget notes in its 2011-2013 budget relating to the Independent Multidisciplinary Science Team (IMST) and watershed council support. Board members were briefed on staff's plans to implement their requirements. She also reported that the 2012 legislative session will begin on February 1, and will run for no longer than 35 days. The legislature may consider actions to rebalance the state budget during this session. OWEB expects two bills relating to ecosystem services to be introduced this session.

Although the 2013 legislative session does not begin for another year, state agencies will soon be preparing policy and budget proposals. At this time, staff do not propose any legislative concepts, but they are not typically due until April 2012.

Director Byler briefed Board members on the 10-Year Plan for Oregon which is focused on redesigning the way state government builds its budget and makes investment decisions. This effort is being led by the Department of Administrative Services and the Enterprise Leadership Team, comprised of the directors of 25 state agencies.

E. 2011-2013 Spending Plan and Grant Cycles – Public Comment and Board Consideration of Options

Public Comment

Erik Kancler, Network of Oregon Watershed Councils
Jerry Nicolescu, Oregon Association of Conservation Districts
The Deschutes Partnership (Ryan Houston, Tod Heisler, Brad Chalfant)
Janelle Dunlevy, Applegate Partnership and Watershed Council
Cathy Kellon, Ecotrust
Wayne Hoffman, MidCoast Watersheds Council
Gail Perrotti, Seven Basin WC
Justin Ferrell, Lake County SWCDs
Anna Kerry, Lake County WC
Eric Riley, Partnership for the Umpqua Rivers
Derek Johnson, The Nature Conservancy
Bob Skinner, representing Oregon Cattlemen’s Association, Oregon Rangeland Trust, Owyhee WC, and Malheur and Harney counties elected officials
Jessica Jones, North Coast WC
Guy Sievert, City of Lincoln City
Alex Sifford, Nestucca-Neskowin WC
Lisa Mulcahy, MidCoast WC
T.J. Woodley, Klamath Watershed Partnership, Klamath SWCD
Melyssa Graeper, Necanicum WC
Catherine Pruett, Salmon Drift Creek WC
Denise Lofman, Tillamook Bay WC
Liz Vollmer-Buhl, Siuslaw WC
Pete Dalke, Oregon Solutions
Gordon Grant, USDA Forest Service, PNW Research Station
Frank O’Leary, Oregon Rangeland Trust

Following is a brief summary of comments received:

- Many spoke about the importance of keeping all regular grant cycles and not dropping a cycle – no one spoke in favor of dropping a regular grant cycle.
- Partnership comments.
- Acquisitions comments.
- Importance of regular grant cycle statewide.
- Option A of the proposed spending plan is a significant reduction; several councils spoke in favor of Option B.
- Importance of outreach funding to success in restoration.
- All grantees rely on partnerships to succeed.
- Loss of federal and foundation grants a concern to grantees.

- Restoration grants provide good return to communities – would fund more restoration grants not increase acquisition funding.
- Concern for small councils with reduced regular grant funding.
- Ecosystem services.
- Research grants.

At the September 2011 meeting, Board members discussed and approved an initial spending plan to guide OWEB's grant investments for the 2011-2013 biennium. At the Board's request, staff prepared an updated spending plan proposal that more fully described agency program investments for the biennium.

Tom Byler, Executive Director, walked Board members through the proposed spending plan for the 2011-2013 biennium. This is the first time as an agency that OWEB has had to deal with a reduced budget. The spending plan is a frame of reference for the Board, staff, and stakeholders to understand where the Board is likely to award funding. Spending plan decisions for 2011-2013 are not intended to signal long-term priorities. Longer term priorities will be discussed by the Board, staff, and stakeholders via the upcoming transition process. The spending plan is based on currently available funding. OWEB's overall budget consists of two basic parts – day-to-day operations and funding for grants or contracts. OWEB's funding sources (Lottery Funds, Pacific Coastal Salmon Recovery Funds (PCSRF), Salmon License Plate Funds, and other funds have specific, defined purposes.

Prior to the meeting, OWEB identified an additional \$500,000 in funds recaptured from closed grants who spent under their budgeted amount, and another \$500,000 from a Central Oregon grant that closed with a balance to add to the spending plan. The 2012 PCSRF award may augment the spending plan later this year, but for now those funds are not included in the spending plan. OWEB needs to apply for PCSRF funds, and hopes to know if Oregon received a portion of the \$65 million award by mid to late spring.

Last session, the Governor designated \$13 million of Oregon's 2010 PCSRF award to backfill other natural resource agency budgets. OWEB plans to meet later this month with NOAA, the Governor's Natural Resources Policy Director and Advisor, and OWEB's Co-Chairs on the use of future PCSRF grant funds.

The proposed spending plan is divided into five program areas: regular grants, partnerships, acquisitions, local capacity, and miscellaneous that includes effectiveness monitoring, Oregon Plan/Governor's priorities, ecosystem services, funding to support the business practices review, Oregon State Weed Board grants, research grants, and the Small Grant Program. Director Byler explained two options offered to the Board for consideration.

Lauri Aunan, Grant Program Manager, explained options for grant cycle deadlines for the 2011-2013 biennium, and proposed options for grant types to solicit for the remainder of the 2011-2013 biennium.

OWEB has offered four grant cycles per biennium since the 2003-2005 biennium, but the types of grants offered have varied by cycle. OWEB's management team has considered the pros and cons of two options, and recommended to omit one of the three remaining grant cycles to allow more funding to be available for the remaining two cycles, as well as allow staff to more fully

focus on the range of work items that need to be addressed as part of the transition biennium work.

After discussion, Board members approved the following:

- *Spending Plan Option A, as shown in the corrected Attachment A to Agenda Item E-1, dated January 5, 2012, except for moving \$250,000 from Oregon Plan/Governor's Priorities into the regular grant program and adding \$1 million in new recaptured grant funds to the regular grant program.*
- *The addition of \$1.25 million to the Regular Grant Program from recaptured grant funds and the Governor's priorities fund with direction for staff to return in March with a recommendation for distributing these funds to specific grant types.*
- *Cancel the allocation of \$334,000 to the Board awards listed in Section II of the staff report to make the funding available to support the 2011-2013 Spending Plan.*
- *Option 1 for regular grant cycles, keeping all regular grant cycles for 2011-2013.*

F. Public Comment – General

There was none.

G. 2011-2013 Transition Biennium Priorities and Work Plans

With the passage of Measure 76, at the planning session last July, Board members acknowledged that this biennium was the appropriate time for OWEB to consider the future direction of agency program and investment priorities, and to look at the administration of agency programs with the goal of seeking efficiencies and improved delivery of services. At the September 2011 meeting, the Board discussed approaching the 2011-2013 biennium as a transition period to focus the future direction of the agency and to address high priority program needs.

Director Byler commented on efforts to create a framework for advancing discussions on priority policy and program issues during the 2011-2013 biennium. Based on previous discussions with the Board, staff developed a list of priority focus areas:

Policy and Program Issues

- A. Reviewing OWEB's Programs and Priorities in the context of Measure 76
- B. Land Acquisition Policies and Processes
- C. Watershed Council Support
- D. Partnership Program and Processes

Data Management and Improving Service Delivery

- A. PCRSF Reporting
- B. Budget Category Streamlining
- C. Online Project Completion Reporting
- D. Information Technology and Data Compatibility Assessment
- E. Business Practices Review

In order to move forward successfully, several factors would need to be taken into account:

1. Board members, staff, and stakeholders will need to focus substantial time and effort on the issues;
2. OWEB has ongoing program responsibilities that need to continue to be carried out; and

3. OWEB faces considerable challenges to keep up with existing workload demands in several program areas.

Staff believe the use of Board subcommittees will be critical to make timely progress on program policy and priorities issues, and have recommended forming an executive committee, comprised of Board subcommittee chairs and the Board Co-Chairs. At the September 2011 meeting, the Board awarded \$100,000 to support business practices assessment work this biennium. Looking at the breadth of issues in the priority focus areas, OWEB asked for Board approval to broaden the purposes of the September award to include contracts, grants, and other expenses necessary to help carry out the priority focus area tasks, including facilitation and other administrative needs.

Board members unanimously approved to amend the award (212-915) of the \$100,000 made as part of Agenda Items E and G at the September 2011 meeting, to include contracts, grants, and other expenses necessary to help carry out the priority focus area tasks identified in Attachment A of the staff report, including facilitation and other administrative needs.

H. Executive Director Update

Director Byler walked Board members through items in their blue folder, and briefly commented on Items 3-7:

1. Ecosystem Services
2. Research Reports
3. CREP Technical Assistance Grants
4. Weed Board Grant Update
5. Statewide Regional Review Team Retreat
6. October 17, 2011, Grant Cycle Update
7. Five Year Rule Review Update

1. Ecosystem Services

Renee Davis-Born, Ecosystems Program Coordinator, updated Board members on activities related to the agency's ecosystem services program. The discussion focused on the Willamette Basin Ecosystem Services Pilot Project. Staff provided updates about the status of the project and refinements to the project design. Board members were interested in better understanding the rationale for the project refinements. Staff explained that by utilizing OWEB backstop funds to test an alternative approach for "purchasing" restoration outcomes in the form of a completed riparian restoration project with associated ecosystem services credits, the agency helps demonstrate ecosystem market infrastructure to potential buyers. This demonstration provides additional assurances to potential ecosystem credit buyers about the credibility and capacity of market infrastructure. Board members requested that staff assess how to define a reasonable cost per acre range for purchasing completed projects and/or ecosystem credits. Staff will work with the Monitoring and Research Subcommittee to evaluate this and other policy issues regarding ecosystem services projects for future consideration by the full Board.

Board members requested a presentation about the Eastern Oregon Rangeland Ecosystem Function Project at the March Board meeting.

2. Research Grants Report

Greg Sieglitz, Monitoring and Reporting Program Manager, provided Board members a summary of the role of the OWEB research grants funded to date. He explained that although the dedicated fund for research was removed with the passage of Measure 76, it did not remove the Board's ability to fund research projects all together. However, with the current budget reduction and lack of a dedicated fund, the Board's spending plan options do suspend research for the time-being until additional revenue is secured within the biennium or in future biennia. If OWEB research grants are offered, they could be funded using PCSRF and/or Measure 76 grant funds. He also updated the Board on previous OWEB priority investments in research:

- Modeling Water Availability in a Changing Climate
- Climate Change and Local Watershed Impacts
- Ocean Response to Climate Change – Sea Level Rise and Coastal Impacts
- Economic Evaluation and Contribution of OWEB Investments in Local Economies

Attachment B to the staff report provided a research program summary with details of the priority investments above as well as other OWEB-funded research projects.

I. Local Partner Presentations

The following representatives of local watershed and conservation organizations gave a presentation to the Board:

- OWEB Board Member, Lisa Phipps, representing the Tillamook Estuaries Partnership
- Liz Vollmer-Buhl, Siuslaw WC
- Wayne Hoffman, MidCoast WC
- Stacy Polkowske, Lincoln SWCD
- Catherine Pruett, Salmon Drift WC
- Debbie Pickering, The Nature Conservancy
- Alex Sifford, Nestucca Neskowin WC
- Esther Lev, The Wetlands Conservancy
- Denise Lofman, Tillamook Bay WC

At the conclusion of the day's meeting, OWEB Board members and staff attended an informal reception honoring area councils, districts, and local officials, sponsored by the local area watershed councils.

**MINUTES ARE NOT FINAL UNTIL APPROVED BY THE BOARD
Oregon Watershed Enhancement Board**

**January 19, 2012
OWEB Board Meeting
Newport, Oregon**

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Kim Kratz
Will Neuhauser
Jennifer Phillippi
Lisa Phipps
Eric Quaempts
Dan Thorndike
Karl Wenner
Bill White
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Sandra Good
Wendy Hudson
Miriam Hulst
Melissa Leoni
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Charlie Boyer
Mark Stern
Pam Wiley
Derek Johnson
Katie Voelke
Esther Lev
John Sanchez

Members Not Present

Patricia Smith

J. Integrated Water Resources Strategy

Board member John Jackson, who is also Chair of the Oregon Water Resources Commission, briefed Board members on the draft Integrated Water Resources Strategy (IWRS). A final discussion draft is out for public comment. Comments are due by March 15, 2012. The Water Resources Commission intends to adopt the IWRS at the August Commission meeting. There will be more discussion on the IWRS at the March OWEB Board meeting, and the Board will be asked for a letter of endorsement of the IWRS at that meeting.

K. Land and Water Acquisition Program

Meta Loftsgaarden, Deputy Director, updated Board members on the current acquisition program staffing, workload, and staff recommendations for the program this biennium.

The demand for acquisition grants has increased significantly in the last three years from approximately four applications per grant cycle to approximately ten per cycle. In addition, OWEB committed to seven acquisitions through the Willamette and Deschutes SIPs. OWEB currently has one permanent and one temporary staff position assigned to the acquisitions program, not only to process acquisitions, but to develop guidance materials, review

management plans, attend meetings, and track progress on acquisitions. There are nearly \$7.2 million in applications received in prior biennia pending due diligence consideration. In addition, OWEB has requested due diligence on two April 2011 submitted projects, along with a \$1.75 million water acquisition proposal. In the October 2011 cycle, seven land and two water acquisitions were received.

During conversations about the implementation of Measure 76, an acquisitions work group was formed. They identified two main issues: 1) OWEB holding conservation easements over acquired properties; and 2) the complex review process. In order to deal with the current backlog staff recommend the following:

- Develop a specific set of projects as priority so staff can focus efforts on a limited number of projects at any one time. A list of priority projects was attached to the staff report.
- Develop additional capacity through contracting in cooperation with the Coalition of Oregon Land Trusts (COLT) to provide additional due diligence assistance to land trusts and other applicants.
- The OWEB Board direct staff not to accept any new applications for acquisitions until the April 2013 grant cycle.
- Deny funding for seven projects that either have not had recent activity or do not compete well with more recent projects.

As noted in Agenda Item E, water acquisitions will be accepted and budgeted as part of the regular grant program.

Staff also requested that 1) the Board direct staff to complete a program evaluation along with partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions, and 2) the Board consider having the Land Acquisition Subcommittee review water acquisition applications in the future to provide a consistent review of all acquisition proposals.

Public Comment

- Derek Johnson, Coalition of Oregon Land Trusts, asked the Board to consider a timeline for the Acquisition Program restructuring recommendations.
- Charlie Boyer, Jackson SWCD (not representing OACD) commented on the inappropriate use of public funds for acquisitions.
- Katie Voelke, North Coast Land Conservancy, supported funding for 209-101 and not moving it to the “no fund” list.
- Esther Lev, The Wetlands Conservancy, supported funding for 203-112 and not moving it to the “no fund” list.

After public comment, Board members discussed whether to follow the staff recommendation to remove all seven projects from the acquisition queue. They questioned Katie Voelke and Esther Lev on their projects and reasons for keeping them in the funding queue, knowing that they will be low priority. Board members felt that Ms. Voelke and Ms. Lev had compelling reasons to stay in the queue, and felt that staff had not provided enough background information to discredit the public commenters.

Board members approved (1 opposed) the no fund recommendation for the state and federal funds involved in numbers 2 through 6 of the land acquisition grant applications listed in Section V.D. of the staff report.

- 2. Application 208-117 Yaquina II Wetlands Acquisition;*
- 3. Application 210-108 Bott's Marsh Acquisition;*
- 4. Application 209-106 North Nehalem Bay Protection;*
- 5. Application 210-106 North Nehalem Bay Protection Phase II; and*
- 6. Application 208-111 Maxfield Creek Conservation Easement.*

In addition, Board members unanimously voted to direct staff not to accept any new applications for land acquisitions prior to the April 2013 grant cycle to give staff time to address the current backlog; direct staff to accept water acquisition applications, but make funding recommendations within the budget adopted for the acquisition program (Item E-1 - Spending Plan); and direct staff to complete a program evaluation along with its partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions.

L. Land Acquisition Grant Awards – Coastal Wetlands and Deferred Acquisitions

Ken Bierly briefed Board members on three Coastal Wetlands grants, and two previously deferred land acquisition applications in Tillamook County.

Coastal Wetlands Grants

In 2010, OWEB was awarded three major wetland grants from the U.S. Fish and Wildlife Service (USFWS) totaling \$2.3 million. Through the National Coastal Wetlands Conservation Grant Program, the USFWS provides matching grants to states for acquisition, restoration, management or enhancement of coastal wetlands. Staff need Board approval to delegate authority to the Director to award the federal funds.

- **Miami River Estuary Acquisition**

The federal grant for the acquisition is \$317,700 with state match from OWEB of \$150,000 and an additional local match of \$100,000. The staff recommendation is for the Board to delegate authority to the Director to develop agreements for the federal funds as properties are ready for acquisition. The Parks property is currently ready for funding.

- **Tillamook Bay Wetlands Protection and Restoration**

The federal grant for the project is \$1 million with \$650,000 of state match and an additional local match of \$1,700,000. The staff recommendation is to go forward with the project with the understanding that Tillamook County will file an amended application for the state match when the project elements are finalized. Staff expect to present this project for Board consideration at a later date.

- **Coquille Valley Wetlands Protection and Restoration**

The federal grant for the acquisition is \$1 million with a state match of \$720,000 of OWEB funds, \$115,000 of ODFW funds, and \$671,000 of local match.

The staff recommendation is for the Board to delegate authority to the Director to develop agreements for the federal funds. Once due diligence is completed, staff will return to the Board for a funding decision.

Deferred Acquisitions

- Miami Coastal Wetlands Grant (211-114), The Nature Conservancy
One of the four parcels (Parks Property) proposed for funding associated with the Miami Coastal Wetlands Grant is ready for Board action. The staff recommendation is to award \$123,000 in federal funds and \$82,000 in Lottery funds for a total of \$205,000.
- Doohar Wetlands Acquisition (212-107), The Nature Conservancy
This fee acquisition project is located along the Kilchis River, was submitted through the regular grant cycle. Due diligence is complete, and the staff recommendation is to award reimbursement funding for the acquisition at \$405,000, Lottery funds.

The Board unanimously voted to (Board member Lisa Phipps recused herself from the vote):

- Delegate to the Director the authority to enter into the appropriate grant agreements for the \$1,317,700 in USFWS funds for the Coquille and Miami projects to accomplish the acquisition and restoration as identified in the 2010 federal grant applications described in Section III of the staff report. The delegation of authority is conditioned on the understanding that use of federal funds for land acquisition is contingent upon the Board approving the necessary state match following the full due diligence review.*
- Award \$123,000 of federal funds from the Miami Coastal Wetlands Grant (Parks Property) and \$82,000 of Lottery Funds for application 212-114 as described in Section IV.A. of the staff report.*
- Award \$405,000 of Lottery Funds for application 212-107, Doohar Wetlands Acquisition.*

M. Governor's Office

Brett Brownscombe, Governor's Natural Resources Policy Advisor, briefed Board members on the Governor's priorities for this biennium, and briefed Board members on the following:

- Re-engaging the Oregon Plan- Phase 2
- County Payments in the southwestern part of the state related to financial collapse.
- ONC Lands
- Water quality
- Emerging and current TMDLs
- Forestry Issues
 - Biomass tied to forest restoration
- Ecosystem services
- Integrated Water Resources Strategy
- Governor's major focus is on education and health care
- Columbia River Hydro System BiOp
- 10-year energy plan
 - Sage grouse
 - Climate change
 - Carbon reduction

N. Forest Health Issues

Brett Brownscombe, Governor's Natural Resources Advisor, Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystem Program Coordinator, outlined

staff's recommendation to initiate a phased approach to fund a proposal to support local Federal Forest Collaborative processes during the 2011-2013 biennium.

In 2009, the Federal Forestlands Advisory Committee (FFAC), convened by the Governor and Oregon Board of Forestry, published a report about federal forestland management in Oregon and made recommendations for action that would create forests that are ecologically sustainable, economically viable, and appreciated by all stakeholders. The report identified five state and local strategies for action, most of which are focused on increasing the pace of forestland restoration through the work of local collaborative partnerships or "forest collaboratives." Upon completion of the report, the Governor's Office working with Oregon Solutions created an Implementation Working Group (IWG) to advance the report's recommendations. Forest health is one of Governor Kitzhaber's priorities.

In October, The Nature Conservancy (TNC) and Oregon Solutions submitted an 18-month proposal that would support local planning and implementation capacity of the forest collaboratives and address statewide coordination needs for the IWG process. TNC would take the lead on providing scientific support, technical assistance and facilitation to forest collaboratives. Oregon Solutions would take the lead on supporting implementation of the FFAC recommendations through coordination of the statewide IWG process providing assistance to local forest collaboratives. Between now and Summer 2012, staff intend to continue dialogue with the Board about various aspects of the federal forest collaboratives including:

1. Progress on work plans made by TNC and Oregon Solutions, in concert with the forest collaboratives and IWG;
2. Status of discussions involving the Governor's Office, TNC, Oregon Solutions, state and federal agency partners (including ODF, U.S. Forest Service, and the Natural Resources Conservation Service, in particular) non-profits, the private sector and others regarding long-term funding for the collaboratives' work; and
3. The desired role of OWEB in forest restoration efforts now and into the future.

Board members unanimously voted to:

- A. Award \$248,340 to The Nature Conservancy, and \$97,000 to Oregon Solutions, to be the initial funding for local planning and implementation capacity, including support for local forest collaborations, and statewide coordination support for the Federal Forestlands IWG as described in Attachment E of the staff report.
- B. Direct staff to request The Nature Conservancy and Oregon Solutions to report progress on their efforts and seek Board approval for the second phase of the 18 month proposal at the September 2012 Board meeting.

O. Partnership Program

Ken Bierly, Senior Partnerships Coordinator, updated Board members on the status of current partnerships and identified staff funding requests for the biennium. Staff are having regular meetings with the Board Partnership Subcommittee to develop the proposed work plan.

- Development of clear limits to each partnership;
- Criteria for considering new partnerships as they relate to budget and significance of the objectives; and
- Workload considerations for the program.

CREP

OWEB provided funding for CREP technical assistance, and anticipate returning to the Board at a future meeting to request an estimated \$500,000 in CREP funds for on-the-ground projects for the 2011-2013 biennium.

WWRI

The Board awarded \$250,000 for the state cost share for projects in Oregon during the current grant cycle – deadline December 15, 2011. The solicitation for applications will begin again in the fall of 2012. Staff are requesting a \$250,000 reserve for the remainder of the biennium.

Deschutes SIP

In September 2011, the Board awarded \$2.5 million and reserved \$1.5 million for the Deschutes SIP for the 2011-2013 biennium. To date, the Board has awarded \$8 million to the Deschutes partners that have generated more than \$11 million in match funding.

The project list for the Deschutes SIP identified a monitoring and outreach project (formerly non-capital funding) for this biennium. Due to the elimination of the “capital” and “non-capital” designations in Measure 76, the issue was raised with the Partnership Subcommittee, which discussed the nature of OWEB’s investments in the SIPs, the inclusion of outreach and monitoring projects within SIPs, and whether to make a clear policy call on the intention of the use of SIP funds. The Subcommittee recommended that staff clarify the use of grant funds for the SIPs and allow consideration of these two projects this biennium with the understanding that future monitoring and outreach projects will not be eligible for SIP funding.

Upper Klamath Basin SIP

The Upper Klamath Partnership consists of the Klamath Watershed Partnership (Council), Klamath Basin Rangeland Trust, the Klamath Tribes, The Nature Conservancy, and the Klamath SWCD. The U.S. Forest Service, U.S. Fish and Wildlife Service, ODFW, and NRCS, and others are also involved. The Meyer Memorial Trust has awarded \$250,000 to the Klamath Basin Rangeland Trust. The Klamath Partnership was formed around the National Fish and Wildlife Foundation’s (NFWF) Upper Klamath Keystone Initiative to restore habitat and improved Lost River and Shortnosed Sucker, and Redband Trout populations.

Staff and the Partnership Subcommittee support the Klamath SIP, and an award of \$400,000 for the biennium. The Subcommittee wants the commitment reviewed at the end of the biennium and additional funding be considered against other agency programs. They also wanted to see clear terms of engagement and boundaries.

Public Comment

- Mark Stern, The Nature Conservancy, supported funding for the Klamath SIP.
- T.J. Woodley and Joe Watkins, Klamath SWCD, supported funding for the Klamath SIP.
- Krystyna Wolniakowski, National Fish and Wildlife Foundation, thanked Board members for their support of the Klamath SIP, and complimented OWEB staff on great staff work. The NFWF is tracking metrics and will share information with partners in the SIP.

- Pam Wiley, Meyer Memorial Trust, briefed Board members on MMT’s role in the Willamette SIP.

Board members unanimously voted to:

- A. *Direct staff that SIP funding be dedicated towards achieving ecological outcomes (design and implementation) with the one-time approval of Deschutes SIP funds for the outreach and monitoring projects identified in September 2011;*
- B. *Direct staff to work with the Partnership Committee to develop an analysis of the terms of engagement for each partnership with the view of being able to predict the “completion” of each funding initiative; and*
- C. *Approve the following Lottery Fund awards and delegate distribution authority to the Executive Director*
 1. *\$250,000 for the second year of the WWRI as described in Section IV of the staff report; and*
 2. *\$1.5 million to the Deschutes SIP, as described in Section V of the staff report.*
- D. *Approve the Upper Klamath Basin SIP proposal and project list as shown in Attachments A and B of the staff report; allocate up to \$400,000 of Lottery funds for the 2011-2013 biennium and delegate the distribution authority to the Executive Director; and place the following conditions on the Klamath SIP funding allocation:*
 1. *The funding partners (OWEB and NFWF) will have an agreement in place by March 1, 2012.*
 2. *Any projects and actions in the implementation work plan for which OWEB funds will be used will be subject to detailed scrutiny by a technical review process designated by OWEB with conditions and approval by the Executive Director.*

Willamette Special Investment Partnership

Ken Bierly, Senior Partnerships Coordinator, updated Board members on the Willamette SIP. OWEB’s partnership with Meyer Memorial Trust is unique in that it involves close coordination with a private foundation funding partner.

A number of actions have influenced the opportunities and limitations of the Willamette SIP.

- A. Willamette Flood Control Biological Opinion
- B. BPA Funding for BiOp Implementation
- C. Willamette Wildlife Settlement
- D. Effects of Measure 76
- E. Ecosystem Services

OWEB has teamed up with The Freshwater Trust and the Willamette Partnership as part of a Conservation Innovation Grant (CIG) awarded by the NRCS as referenced during the ecosystem services discussion under Agenda Item H-1. In addition, OWEB and the CIG partners are actively coordinating with the Meyer Memorial Trust/Bonneville Environmental Foundation “Model Watershed Program.”

A proposed project table for the 2011-2013 biennium identifies specific projects, previous funding, and estimated funding needs for the biennium, which exceeds the amount of funding proposed by staff and approved by the Board. Only those projects that are ready and fall within the Board-approved amount will go forward.

In September 2011, the Board awarded \$1.75 million and reserved \$1.25 million for the Willamette SIP. Since BPA funding can be utilized on acquisitions that could be funded by the Willamette SIP, staff are recommending that the Board not fund any acquisitions in the Willamette SIP this biennium.

Board members unanimously voted to:

- A. Adopt the proposed project table (Attachment B to the staff report) for 2011-2013 Willamette SIP funding;*
- B. Direct staff to not consider funding applications for land acquisition using Willamette SIP funds for the 2011-2013 biennium;*
- C. Direct staff to fund riparian restoration projects only within the Model Watershed areas (including invasive weed control, site preparation, fencing, planting, etc.); and*
- D. Award the reserved \$1,250,000 to the Willamette SIP for the remainder of the biennium and delegate distribution authority to the Executive Director.*

P. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, Courtney Shaff, Grant Program Coordinator, and Denise Lofman, Network of Oregon Watershed Councils, provided background information on the Council Support Principles developed by the Board Subcommittee and staff, and followed up on the Watershed Council Support Work Group Concept discussed at the September 2011, Board meeting. They also briefed Board members on progress toward the budget note which directed 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.”

Goal 2, Strategy 2 in OWEB’s Strategic Plan, is to “evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding, and promote strategic partnerships.”

Since the September meeting, staff have begun to list out the detailed implementation and policy issues needing to be addressed in order to move forward on the Work Group Concept -- “Outcome Based Review and Award Process.” Ms. Shaff provided an overview of the proposed streamlined 2013-2015 Council Support award process addressing the level of the 2013-2015 awards, including not providing funds in 2013-2015 for councils that do not have a current council support grant. This includes four “do not fund” councils from the 2011 grant cycle, new applicants, applicants wanting to split from an umbrella or combined council grant, and councils with current council support grants that want to reorganize into a new council.

At the March 2013 Board meeting, staff intend to ask the Board for action to:

- A. Waive the 2013-2015 Council Support application, award, and funding process; and

B. Signal its intent to award 2013-2015 council support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget.

Q. Public Comment

- John Sanchez provided comments on tough budget decisions made regarding the spending plan.

R. Other Business

There was none.

Having no further business, the meeting was adjourned.

APPROVED BY THE BOARD MARCH 13, 2012
Oregon Watershed Enhancement Board
January 18, 2012
OWEB Board Meeting
Newport, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Kim Kratz
Will Neuhauser
Jennifer Phillippi
Lisa Phipps
Eric Quaempts
Dan Thorndike
Karl Wenner
Bill White
Ken Williamson

Members Not Present

Patricia Smith

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Wendy Hudson
Melissa Leoni
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

George Hemingway
Eric Riley
Cathy Kellon
Bob Skinner
Frank O'Leary
Debbie Pickering
Catherine Pruet
John Sanchez
Wayne Hoffman
Alex Sifford
Esther Lev
Lisa Mulcahy
Gordon Grant
Liz Vollmer-Buhl
Pam Wiley
Eric Kancler
Jerry Nicolescu
Ryan Houston
Tod Heisler
Brad Chalfant
Janelle Dunlevy
Gail Perrotti
Justin Ferrell
Anna Kerr
Derek Johnson
Jessica Jones
Guy Sievert
T.J. Woodley
Melyssa Graeper
Denise Lofman
Pete Dalke
Mark Stern

A. Board Member Comments

Executive Director Tom Byler announced that Meta Loftsgaarden recently was appointed to the Deputy Director position at OWEB and that Ken Bierly will focus his efforts and extensive experience on OWEB's Partnership Program. He also welcomed Meta's replacement Bill White, as the new NRCS representative on the OWEB Board.

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

B. Board Co-Chair Election

Director Byler provided background information on how the Board has elected Co-Chairs in the past to two-year staggered terms. There was Board consensus to continue the practice of Board Co-Chairs.

Board Co-Chair Eric Quaempts stated that Dan Thorndike was voted in to complete Diane Snyder's term as Co-Chair which is now expired. Co-Chair Thorndike is interested in continuing to serve as Board Co-Chair for a two-year term, and was nominated and unanimously approved to fill the vacant Co-Chair position until January 2014.

C. Minutes

Minutes of the September 13-14, 2011, Board meeting in Roseburg were unanimously approved with minor changes. In addition, the minutes of the July 14, 2011, Board meeting via teleconference were unanimously approved.

D. Legislative and Budget Report

Tom Byler, Executive Director, briefed Board members on the status of the current budget. Lottery revenues are down, and lower than predicted. In response to a request by the Legislative Fiscal Office (LFO) OWEB, along with all other state agencies, submitted reduction options totaling 10.5%, prioritized in 3.5% increments. It is assumed that at least a 3.5% reduction will occur and the spending plan uses that reduction as the base. OWEB's proposed reduction list involved approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. The legislature may or may not take OWEB's reduction options into account as it makes its budget decisions.

The next revenue forecast will be released on February 8. Due to the revenue shortfall, state agencies were directed to curtail expenditures. Due to a hiring freeze imposed by Governor Kitzhaber and the Legislature, OWEB has postponed filling the Willamette Partnership Coordinator position, and will not be able to hire any temporary staff without going through an exception process. In order to curtail costs, OWEB intends to scale back on the production of the biennial report for the Oregon Plan for Salmon and Watersheds, not hold this year's biennial conference, and limit travel-related expenses, including Board meetings which will be held in Salem beginning in March.

Melissa Leoni, Senior Policy Coordinator, briefed Board members on OWEB's two budget notes in its 2011-2013 budget relating to the Independent Multidisciplinary Science Team (IMST) and watershed council support. Board members were briefed on staff's plans to implement their requirements. She also reported that the 2012 legislative session will begin on February 1, and will run for no longer than 35 days. The legislature may consider actions to rebalance the state budget during this session. OWEB expects two bills relating to ecosystem services to be introduced this session.

Although the 2013 legislative session does not begin for another year, state agencies will soon be preparing policy and budget proposals. At this time, staff do not propose any legislative concepts, but they are not typically due until April 2012.

Director Byler briefed Board members on the 10-Year Plan for Oregon which is focused on redesigning the way state government builds its budget and makes investment decisions. This effort is being led by the Department of Administrative Services and the Enterprise Leadership Team, comprised of the directors of 25 state agencies.

E. 2011-2013 Spending Plan and Grant Cycles – Public Comment and Board Consideration of Options

Public Comment

Erik Kancler, Network of Oregon Watershed Councils
Jerry Nicolescu, Oregon Association of Conservation Districts
The Deschutes Partnership (Ryan Houston, Tod Heisler, Brad Chalfant)
Janelle Dunlevy, Applegate Partnership and Watershed Council
Cathy Kellon, Ecotrust
Wayne Hoffman, MidCoast Watersheds Council
Gail Perrotti, Seven Basin WC
Justin Ferrell, Lake County SWCDs
Anna Kerry, Lake County WC
Eric Riley, Partnership for the Umpqua Rivers
Derek Johnson, The Nature Conservancy
Bob Skinner, representing Oregon Cattlemen’s Association, Oregon Rangeland Trust, Owyhee WC, and Malheur and Harney counties elected officials
Jessica Jones, North Coast WC
Guy Sievert, City of Lincoln City
Alex Sifford, Nestucca-Neskowin WC
Lisa Mulcahy, MidCoast WC
T.J. Woodley, Klamath Watershed Partnership, Klamath SWCD
Melyssa Graeper, Necanicum WC
Catherine Pruett, Salmon Drift Creek WC
Denise Lofman, Tillamook Bay WC
Liz Vollmer-Buhl, Siuslaw WC
Pete Dalke, Oregon Solutions
Gordon Grant, USDA Forest Service, PNW Research Station
Frank O’Leary, Oregon Rangeland Trust

Following is a brief summary of comments received:

- Many spoke about the importance of keeping all regular grant cycles and not dropping a cycle – no one spoke in favor of dropping a regular grant cycle.
- Partnership comments.
- Acquisitions comments.
- Importance of regular grant cycle statewide.
- Option A of the proposed spending plan is a significant reduction; several councils spoke in favor of Option B.
- Importance of outreach funding to success in restoration.
- All grantees rely on partnerships to succeed.
- Loss of federal and foundation grants a concern to grantees.

- Restoration grants provide good return to communities – would fund more restoration grants not increase acquisition funding.
- Concern for small councils with reduced regular grant funding.
- Ecosystem services.
- Research grants.

At the September 2011 meeting, Board members discussed and approved an initial spending plan to guide OWEB's grant investments for the 2011-2013 biennium. At the Board's request, staff prepared an updated spending plan proposal that more fully described agency program investments for the biennium.

Tom Byler, Executive Director, walked Board members through the proposed spending plan for the 2011-2013 biennium. This is the first time as an agency that OWEB has had to deal with a reduced budget. The spending plan is a frame of reference for the Board, staff, and stakeholders to understand where the Board is likely to award funding. Spending plan decisions for 2011-2013 are not intended to signal long-term priorities. Longer term priorities will be discussed by the Board, staff, and stakeholders via the upcoming transition process. The spending plan is based on currently available funding. OWEB's overall budget consists of two basic parts – day-to-day operations and funding for grants or contracts. OWEB's funding sources (Lottery Funds, Pacific Coastal Salmon Recovery Funds (PCSRF), Salmon License Plate Funds, and other funds have specific, defined purposes.

Prior to the meeting, OWEB identified an additional \$500,000 in funds recaptured from closed grants who spent under their budgeted amount, and another \$500,000 from a Central Oregon grant that closed with a balance to add to the spending plan. The 2012 PCSRF award may augment the spending plan later this year, but for now those funds are not included in the spending plan. OWEB needs to apply for PCSRF funds, and hopes to know if Oregon received a portion of the \$65 million award by mid to late spring.

Last session, the Governor designated \$13 million of Oregon's 2010 PCSRF award to backfill other natural resource agency budgets. OWEB plans to meet later this month with NOAA, the Governor's Natural Resources Policy Director and Advisor, and OWEB's Co-Chairs on the use of future PCSRF grant funds.

The proposed spending plan is divided into five program areas: regular grants, partnerships, acquisitions, local capacity, and miscellaneous that includes effectiveness monitoring, Oregon Plan/Governor's priorities, ecosystem services, funding to support the business practices review, Oregon State Weed Board grants, research grants, and the Small Grant Program. Director Byler explained two options offered to the Board for consideration.

Lauri Aunan, Grant Program Manager, explained options for grant cycle deadlines for the 2011-2013 biennium, and proposed options for grant types to solicit for the remainder of the 2011-2013 biennium.

OWEB has offered four grant cycles per biennium since the 2003-2005 biennium, but the types of grants offered have varied by cycle. OWEB's management team has considered the pros and cons of two options, and recommended to omit one of the three remaining grant cycles to allow more funding to be available for the remaining two cycles, as well as allow staff to more fully

focus on the range of work items that need to be addressed as part of the transition biennium work.

After discussion, Board members approved the following:

- *Spending Plan Option A, as shown in the corrected Attachment A to Agenda Item E-1, dated January 5, 2012, except for moving \$250,000 from Oregon Plan/Governor's Priorities into the regular grant program and adding \$1 million in new recaptured grant funds to the regular grant program.*
- *The addition of \$1.25 million to the Regular Grant Program from recaptured grant funds and the Governor's priorities fund with direction for staff to return in March with a recommendation for distributing these funds to specific grant types.*
- *Cancel the allocation of \$334,000 to the Board awards listed in Section II of the staff report to make the funding available to support the 2011-2013 Spending Plan.*
- *Option 1 for regular grant cycles, keeping all regular grant cycles for 2011-2013.*

F. Public Comment – General

There was none.

G. 2011-2013 Transition Biennium Priorities and Work Plans

With the passage of Measure 76, at the planning session last July, Board members acknowledged that this biennium was the appropriate time for OWEB to consider the future direction of agency program and investment priorities, and to look at the administration of agency programs with the goal of seeking efficiencies and improved delivery of services. At the September 2011 meeting, the Board discussed approaching the 2011-2013 biennium as a transition period to focus the future direction of the agency and to address high priority program needs.

Director Byler commented on efforts to create a framework for advancing discussions on priority policy and program issues during the 2011-2013 biennium. Based on previous discussions with the Board, staff developed a list of priority focus areas:

Policy and Program Issues

- A. Reviewing OWEB's Programs and Priorities in the context of Measure 76
- B. Land Acquisition Policies and Processes
- C. Watershed Council Support
- D. Partnership Program and Processes

Data Management and Improving Service Delivery

- A. PCRSF Reporting
- B. Budget Category Streamlining
- C. Online Project Completion Reporting
- D. Information Technology and Data Compatibility Assessment
- E. Business Practices Review

In order to move forward successfully, several factors would need to be taken into account:

1. Board members, staff, and stakeholders will need to focus substantial time and effort on the issues;
2. OWEB has ongoing program responsibilities that need to continue to be carried out; and

3. OWEB faces considerable challenges to keep up with existing workload demands in several program areas.

Staff believe the use of Board subcommittees will be critical to make timely progress on program policy and priorities issues, and have recommended forming an executive committee, comprised of Board subcommittee chairs and the Board Co-Chairs. At the September 2011 meeting, the Board awarded \$100,000 to support business practices assessment work this biennium. Looking at the breadth of issues in the priority focus areas, OWEB asked for Board approval to broaden the purposes of the September award to include contracts, grants, and other expenses necessary to help carry out the priority focus area tasks, including facilitation and other administrative needs.

Board members unanimously approved to amend the award (212-915) of the \$100,000 made as part of Agenda Items E and G at the September 2011 meeting, to include contracts, grants, and other expenses necessary to help carry out the priority focus area tasks identified in Attachment A of the staff report, including facilitation and other administrative needs.

H. Executive Director Update

Director Byler walked Board members through items in their blue folder, and briefly commented on Items 3-7:

1. Ecosystem Services
2. Research Reports
3. CREP Technical Assistance Grants
4. Weed Board Grant Update
5. Statewide Regional Review Team Retreat
6. October 17, 2011, Grant Cycle Update
7. Five Year Rule Review Update

1. Ecosystem Services

Renee Davis-Born, Ecosystems Program Coordinator, updated Board members on activities related to the agency's ecosystem services program. The discussion focused on the Willamette Basin Ecosystem Services Pilot Project. Staff provided updates about the status of the project and refinements to the project design. Board members were interested in better understanding the rationale for the project refinements. Staff explained that by utilizing OWEB backstop funds to test an alternative approach for "purchasing" restoration outcomes in the form of a completed riparian restoration project with associated ecosystem services credits, the agency helps demonstrate ecosystem market infrastructure to potential buyers. This demonstration provides additional assurances to potential ecosystem credit buyers about the credibility and capacity of market infrastructure. Board members requested that staff assess how to define a reasonable cost per acre range for purchasing completed projects and/or ecosystem credits. Staff will work with the Monitoring and Research Subcommittee to evaluate this and other policy issues regarding ecosystem services projects for future consideration by the full Board.

Board members requested a presentation about the Eastern Oregon Rangeland Ecosystem Function Project at the March Board meeting.

2. Research Grants Report

Greg Sieglitz, Monitoring and Reporting Program Manager, provided Board members a summary of the role of the OWEB research grants funded to date. He explained that although the dedicated fund for research was removed with the passage of Measure 76, it did not remove the Board's ability to fund research projects all together. However, with the current budget reduction and lack of a dedicated fund, the Board's spending plan options do suspend research for the time-being until additional revenue is secured within the biennium or in future biennia. If OWEB research grants are offered, they could be funded using PCSRF and/or Measure 76 grant funds. He also updated the Board on previous OWEB priority investments in research:

- Modeling Water Availability in a Changing Climate
- Climate Change and Local Watershed Impacts
- Ocean Response to Climate Change – Sea Level Rise and Coastal Impacts
- Economic Evaluation and Contribution of OWEB Investments in Local Economies

Attachment B to the staff report provided a research program summary with details of the priority investments above as well as other OWEB-funded research projects.

I. Local Partner Presentations

The following representatives of local watershed and conservation organizations gave a presentation to the Board:

- OWEB Board Member, Lisa Phipps, representing the Tillamook Estuaries Partnership
- Liz Vollmer-Buhl, Siuslaw WC
- Wayne Hoffman, MidCoast WC
- Stacy Polkowske, Lincoln SWCD
- Catherine Pruett, Salmon Drift WC
- Debbie Pickering, The Nature Conservancy
- Alex Sifford, Nestucca Neskowin WC
- Esther Lev, The Wetlands Conservancy
- Denise Lofman, Tillamook Bay WC

At the conclusion of the day's meeting, OWEB Board members and staff attended an informal reception honoring area councils, districts, and local officials, sponsored by the local area watershed councils.

APPROVED BY THE BOARD MARCH 13, 2012
Oregon Watershed Enhancement Board
January 19, 2012
OWEB Board Meeting
Newport, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Kim Kratz
Will Neuhauser
Jennifer Phillippi
Lisa Phipps
Eric Quaempts
Dan Thorndike
Karl Wenner
Bill White
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Sandra Good
Wendy Hudson
Miriam Hulst
Melissa Leoni
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Charlie Boyer
Mark Stern
Pam Wiley
Derek Johnson
Katie Voelke
Esther Lev
John Sanchez

Members Not Present

Patricia Smith

J. Integrated Water Resources Strategy

Board member John Jackson, who is also Chair of the Oregon Water Resources Commission, briefed Board members on the draft Integrated Water Resources Strategy (IWRS). A final discussion draft is out for public comment. Comments are due by March 15, 2012. The Water Resources Commission intends to adopt the IWRS at the August Commission meeting. There will be more discussion on the IWRS at the March OWEB Board meeting, and the Board will be asked for a letter of endorsement of the IWRS at that meeting.

K. Land and Water Acquisition Program

Meta Loftsgaarden, Deputy Director, updated Board members on the current acquisition program staffing, workload, and staff recommendations for the program this biennium.

The demand for acquisition grants has increased significantly in the last three years from approximately four applications per grant cycle to approximately ten per cycle. In addition, OWEB committed to seven acquisitions through the Willamette and Deschutes SIPs. OWEB currently has one permanent and one temporary staff position assigned to the acquisitions program, not only to process acquisitions, but to develop guidance materials, review

management plans, attend meetings, and track progress on acquisitions. There are nearly \$7.2 million in applications received in prior biennia pending due diligence consideration. In addition, OWEB has requested due diligence on two April 2011 submitted projects, along with a \$1.75 million water acquisition proposal. In the October 2011 cycle, seven land and two water acquisitions were received.

During conversations about the implementation of Measure 76, an acquisitions work group was formed. They identified two main issues: 1) OWEB holding conservation easements over acquired properties; and 2) the complex review process. In order to deal with the current backlog staff recommend the following:

- Develop a specific set of projects as priority so staff can focus efforts on a limited number of projects at any one time. A list of priority projects was attached to the staff report.
- Develop additional capacity through contracting in cooperation with the Coalition of Oregon Land Trusts (COLT) to provide additional due diligence assistance to land trusts and other applicants.
- The OWEB Board direct staff not to accept any new applications for acquisitions until the April 2013 grant cycle.
- Deny funding for seven projects that either have not had recent activity or do not compete well with more recent projects.

As noted in Agenda Item E, water acquisitions will be accepted and budgeted as part of the regular grant program.

Staff also requested that 1) the Board direct staff to complete a program evaluation along with partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions, and 2) the Board consider having the Land Acquisition Subcommittee review water acquisition applications in the future to provide a consistent review of all acquisition proposals.

Public Comment

- Derek Johnson, Coalition of Oregon Land Trusts, asked the Board to consider a timeline for the Acquisition Program restructuring recommendations.
- Charlie Boyer, Jackson SWCD (not representing OACD) commented on the inappropriate use of public funds for acquisitions.
- Katie Voelke, North Coast Land Conservancy, supported funding for 209-101 and not moving it to the “no fund” list.
- Esther Lev, The Wetlands Conservancy, supported funding for 203-112 and not moving it to the “no fund” list.

After public comment, Board members discussed whether to follow the staff recommendation to remove all seven projects from the acquisition queue. They questioned Katie Voelke and Esther Lev on their projects and reasons for keeping them in the funding queue, knowing that they will be low priority. Board members felt that Ms. Voelke and Ms. Lev had compelling reasons to stay in the queue, and felt that staff had not provided enough background information to discredit the public commenters.

Board members approved (1 opposed) the no fund recommendation for the state and federal funds involved in numbers 2 through 6 of the land acquisition grant applications listed in Section V.D. of the staff report.

- 2. Application 208-117 Yaquina II Wetlands Acquisition;*
- 3. Application 210-108 Bott's Marsh Acquisition;*
- 4. Application 209-106 North Nehalem Bay Protection;*
- 5. Application 210-106 North Nehalem Bay Protection Phase II; and*
- 6. Application 208-111 Maxfield Creek Conservation Easement.*

In addition, Board members unanimously voted to direct staff not to accept any new applications for land acquisitions prior to the April 2013 grant cycle to give staff time to address the current backlog; direct staff to accept water acquisition applications, but make funding recommendations within the budget adopted for the acquisition program (Item E-1 - Spending Plan); and direct staff to complete a program evaluation along with its partners to improve operational efficiency and assess risk levels for OWEB investment in acquisitions.

L. Land Acquisition Grant Awards – Coastal Wetlands and Deferred Acquisitions

Ken Bierly briefed Board members on three Coastal Wetlands grants, and two previously deferred land acquisition applications in Tillamook County.

Coastal Wetlands Grants

In 2010, OWEB was awarded three major wetland grants from the U.S. Fish and Wildlife Service (USFWS) totaling \$2.3 million. Through the National Coastal Wetlands Conservation Grant Program, the USFWS provides matching grants to states for acquisition, restoration, management or enhancement of coastal wetlands. Staff need Board approval to delegate authority to the Director to award the federal funds.

- **Miami River Estuary Acquisition**

The federal grant for the acquisition is \$317,700 with state match from OWEB of \$150,000 and an additional local match of \$100,000. The staff recommendation is for the Board to delegate authority to the Director to develop agreements for the federal funds as properties are ready for acquisition. The Parks property is currently ready for funding.

- **Tillamook Bay Wetlands Protection and Restoration**

The federal grant for the project is \$1 million with \$650,000 of state match and an additional local match of \$1,700,000. The staff recommendation is to go forward with the project with the understanding that Tillamook County will file an amended application for the state match when the project elements are finalized. Staff expect to present this project for Board consideration at a later date.

- **Coquille Valley Wetlands Protection and Restoration**

The federal grant for the acquisition is \$1 million with a state match of \$720,000 of OWEB funds, \$115,000 of ODFW funds, and \$671,000 of local match.

The staff recommendation is for the Board to delegate authority to the Director to develop agreements for the federal funds. Once due diligence is completed, staff will return to the Board for a funding decision.

Deferred Acquisitions

- Miami Coastal Wetlands Grant (211-114), The Nature Conservancy
One of the four parcels (Parks Property) proposed for funding associated with the Miami Coastal Wetlands Grant is ready for Board action. The staff recommendation is to award \$123,000 in federal funds and \$82,000 in Lottery funds for a total of \$205,000.
- Doohar Wetlands Acquisition (212-107), The Nature Conservancy
This fee acquisition project is located along the Kilchis River, was submitted through the regular grant cycle. Due diligence is complete, and the staff recommendation is to award reimbursement funding for the acquisition at \$405,000, Lottery funds.

The Board unanimously voted to (Board member Lisa Phipps recused herself from the vote):

- Delegate to the Director the authority to enter into the appropriate grant agreements for the \$1,317,700 in USFWS funds for the Coquille and Miami projects to accomplish the acquisition and restoration as identified in the 2010 federal grant applications described in Section III of the staff report. The delegation of authority is conditioned on the understanding that use of federal funds for land acquisition is contingent upon the Board approving the necessary state match following the full due diligence review.*
- Award \$123,000 of federal funds from the Miami Coastal Wetlands Grant (Parks Property) and \$82,000 of Lottery Funds for application 212-114 as described in Section IV.A. of the staff report.*
- Award \$405,000 of Lottery Funds for application 212-107, Doohar Wetlands Acquisition.*

M. Governor's Office

Brett Brownscombe, Governor's Natural Resources Policy Advisor, briefed Board members on the Governor's priorities for this biennium, and briefed Board members on the following:

- Re-engaging the Oregon Plan- Phase 2
- County Payments in the southwestern part of the state related to financial collapse.
- ONC Lands
- Water quality
- Emerging and current TMDLs
- Forestry Issues
 - Biomass tied to forest restoration
- Ecosystem services
- Integrated Water Resources Strategy
- Governor's major focus is on education and health care
- Columbia River Hydro System BiOp
- 10-year energy plan
 - Sage grouse
 - Climate change
 - Carbon reduction

N. Forest Health Issues

Brett Brownscombe, Governor's Natural Resources Advisor, Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystem Program Coordinator, outlined

staff's recommendation to initiate a phased approach to fund a proposal to support local Federal Forest Collaborative processes during the 2011-2013 biennium.

In 2009, the Federal Forestlands Advisory Committee (FFAC), convened by the Governor and Oregon Board of Forestry, published a report about federal forestland management in Oregon and made recommendations for action that would create forests that are ecologically sustainable, economically viable, and appreciated by all stakeholders. The report identified five state and local strategies for action, most of which are focused on increasing the pace of forestland restoration through the work of local collaborative partnerships or "forest collaboratives." Upon completion of the report, the Governor's Office working with Oregon Solutions created an Implementation Working Group (IWG) to advance the report's recommendations. Forest health is one of Governor Kitzhaber's priorities.

In October, The Nature Conservancy (TNC) and Oregon Solutions submitted an 18-month proposal that would support local planning and implementation capacity of the forest collaboratives and address statewide coordination needs for the IWG process. TNC would take the lead on providing scientific support, technical assistance and facilitation to forest collaboratives. Oregon Solutions would take the lead on supporting implementation of the FFAC recommendations through coordination of the statewide IWG process providing assistance to local forest collaboratives. Between now and Summer 2012, staff intend to continue dialogue with the Board about various aspects of the federal forest collaboratives including:

1. Progress on work plans made by TNC and Oregon Solutions, in concert with the forest collaboratives and IWG;
2. Status of discussions involving the Governor's Office, TNC, Oregon Solutions, state and federal agency partners (including ODF, U.S. Forest Service, and the Natural Resources Conservation Service, in particular) non-profits, the private sector and others regarding long-term funding for the collaboratives' work; and
3. The desired role of OWEB in forest restoration efforts now and into the future.

Board members unanimously voted to:

- A. Award \$248,340 to The Nature Conservancy, and \$97,000 to Oregon Solutions, to be the initial funding for local planning and implementation capacity, including support for local forest collaborations, and statewide coordination support for the Federal Forestlands IWG as described in Attachment E of the staff report.
- B. Direct staff to request The Nature Conservancy and Oregon Solutions to report progress on their efforts and seek Board approval for the second phase of the 18 month proposal at the September 2012 Board meeting.

O. Partnership Program

Ken Bierly, Senior Partnerships Coordinator, updated Board members on the status of current partnerships and identified staff funding requests for the biennium. Staff are having regular meetings with the Board Partnership Subcommittee to develop the proposed work plan.

- Development of clear limits to each partnership;
- Criteria for considering new partnerships as they relate to budget and significance of the objectives; and
- Workload considerations for the program.

CREP

OWEB provided funding for CREP technical assistance, and anticipate returning to the Board at a future meeting to request an estimated \$500,000 in CREP funds for on-the-ground projects for the 2011-2013 biennium.

WWRI

The Board awarded \$250,000 for the state cost share for projects in Oregon during the current grant cycle – deadline December 15, 2011. The solicitation for applications will begin again in the fall of 2012. Staff are requesting a \$250,000 reserve for the remainder of the biennium.

Deschutes SIP

In September 2011, the Board awarded \$2.5 million and reserved \$1.5 million for the Deschutes SIP for the 2011-2013 biennium. To date, the Board has awarded \$8 million to the Deschutes partners that have generated more than \$11 million in match funding.

The project list for the Deschutes SIP identified a monitoring and outreach project (formerly non-capital funding) for this biennium. Due to the elimination of the “capital” and “non-capital” designations in Measure 76, the issue was raised with the Partnership Subcommittee, which discussed the nature of OWEB’s investments in the SIPs, the inclusion of outreach and monitoring projects within SIPs, and whether to make a clear policy call on the intention of the use of SIP funds. The Subcommittee recommended that staff clarify the use of grant funds for the SIPs and allow consideration of these two projects this biennium with the understanding that future monitoring and outreach projects will not be eligible for SIP funding.

Upper Klamath Basin SIP

The Upper Klamath Partnership consists of the Klamath Watershed Partnership (Council), Klamath Basin Rangeland Trust, the Klamath Tribes, The Nature Conservancy, and the Klamath SWCD. The U.S. Forest Service, U.S. Fish and Wildlife Service, ODFW, and NRCS, and others are also involved. The Meyer Memorial Trust has awarded \$250,000 to the Klamath Basin Rangeland Trust. The Klamath Partnership was formed around the National Fish and Wildlife Foundation’s (NFWF) Upper Klamath Keystone Initiative to restore habitat and improved Lost River and Shortnosed Sucker, and Redband Trout populations.

Staff and the Partnership Subcommittee support the Klamath SIP, and an award of \$400,000 for the biennium. The Subcommittee wants the commitment reviewed at the end of the biennium and additional funding be considered against other agency programs. They also wanted to see clear terms of engagement and boundaries.

Public Comment

- Mark Stern, The Nature Conservancy, supported funding for the Klamath SIP.
- T.J. Woodley and Joe Watkins, Klamath SWCD, supported funding for the Klamath SIP.
- Krystyna Wolniakowski, National Fish and Wildlife Foundation, thanked Board members for their support of the Klamath SIP, and complimented OWEB staff on great staff work. The NFWF is tracking metrics and will share information with partners in the SIP.

- Pam Wiley, Meyer Memorial Trust, briefed Board members on MMT’s role in the Willamette SIP.

Board members unanimously voted to:

- A. *Direct staff that SIP funding be dedicated towards achieving ecological outcomes (design and implementation) with the one-time approval of Deschutes SIP funds for the outreach and monitoring projects identified in September 2011;*
- B. *Direct staff to work with the Partnership Committee to develop an analysis of the terms of engagement for each partnership with the view of being able to predict the “completion” of each funding initiative; and*
- C. *Approve the following Lottery Fund awards and delegate distribution authority to the Executive Director*
 1. *\$250,000 for the second year of the WWRI as described in Section IV of the staff report; and*
 2. *\$1.5 million to the Deschutes SIP, as described in Section V of the staff report.*
- D. *Approve the Upper Klamath Basin SIP proposal and project list as shown in Attachments A and B of the staff report; allocate up to \$400,000 of Lottery funds for the 2011-2013 biennium and delegate the distribution authority to the Executive Director; and place the following conditions on the Klamath SIP funding allocation:*
 1. *The funding partners (OWEB and NFWF) will have an agreement in place by March 1, 2012.*
 2. *Any projects and actions in the implementation work plan for which OWEB funds will be used will be subject to detailed scrutiny by a technical review process designated by OWEB with conditions and approval by the Executive Director.*

Willamette Special Investment Partnership

Ken Bierly, Senior Partnerships Coordinator, updated Board members on the Willamette SIP. OWEB’s partnership with Meyer Memorial Trust is unique in that it involves close coordination with a private foundation funding partner.

A number of actions have influenced the opportunities and limitations of the Willamette SIP.

- A. Willamette Flood Control Biological Opinion
- B. BPA Funding for BiOp Implementation
- C. Willamette Wildlife Settlement
- D. Effects of Measure 76
- E. Ecosystem Services

OWEB has teamed up with The Freshwater Trust and the Willamette Partnership as part of a Conservation Innovation Grant (CIG) awarded by the NRCS as referenced during the ecosystem services discussion under Agenda Item H-1. In addition, OWEB and the CIG partners are actively coordinating with the Meyer Memorial Trust/Bonneville Environmental Foundation “Model Watershed Program.”

A proposed project table for the 2011-2013 biennium identifies specific projects, previous funding, and estimated funding needs for the biennium, which exceeds the amount of funding proposed by staff and approved by the Board. Only those projects that are ready and fall within the Board-approved amount will go forward.

In September 2011, the Board awarded \$1.75 million and reserved \$1.25 million for the Willamette SIP. Since BPA funding can be utilized on acquisitions that could be funded by the Willamette SIP, staff are recommending that the Board not fund any acquisitions in the Willamette SIP this biennium.

Board members unanimously voted to:

- A. Adopt the proposed project table (Attachment B to the staff report) for 2011-2013 Willamette SIP funding;*
- B. Direct staff to not consider funding applications for land acquisition using Willamette SIP funds for the 2011-2013 biennium;*
- C. Direct staff to fund riparian restoration projects only within the Model Watershed areas (including invasive weed control, site preparation, fencing, planting, etc.); and*
- D. Award the reserved \$1,250,000 to the Willamette SIP for the remainder of the biennium and delegate distribution authority to the Executive Director.*

P. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, Courtney Shaff, Grant Program Coordinator, and Denise Lofman, Network of Oregon Watershed Councils, provided background information on the Council Support Principles developed by the Board Subcommittee and staff, and followed up on the Watershed Council Support Work Group Concept discussed at the September 2011, Board meeting. They also briefed Board members on progress toward the budget note which directed 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.”

Goal 2, Strategy 2 in OWEB’s Strategic Plan, is to “evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding, and promote strategic partnerships.”

Since the September meeting, staff have begun to list out the detailed implementation and policy issues needing to be addressed in order to move forward on the Work Group Concept -- “Outcome Based Review and Award Process.” Ms. Shaff provided an overview of the proposed streamlined 2013-2015 Council Support award process addressing the level of the 2013-2015 awards, including not providing funds in 2013-2015 for councils that do not have a current council support grant. This includes four “do not fund” councils from the 2011 grant cycle, new applicants, applicants wanting to split from an umbrella or combined council grant, and councils with current council support grants that want to reorganize into a new council.

At the March 2013 Board meeting, staff intend to ask the Board for action to:

- A. Waive the 2013-2015 Council Support application, award, and funding process; and

B. Signal its intent to award 2013-2015 council support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget.

Q. Public Comment

- John Sanchez provided comments on tough budget decisions made regarding the spending plan.

R. Other Business

There was none.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
March 13-14, 2012

Red Lion Hotel
Mountain Rooms
3301 Market Street NE, Salem

Tuesday, March 13, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items D, F, L, and M), 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 18-19, 2012, Board meeting in Newport will be presented for Board approval. *Action item.*

C. Budget and Spending Plan Update

Tom Byler, Executive Director, will update the Board on the 2011-2013 Spending Plan, preparations for the 2013-2015 budget, and Pacific Coastal Salmon Recovery Funds. *Information item.*

D. Public Comment – Pending Regular Grant Applications [approximately 10:30 a.m.]

Prior to hearing public comment, Lauri Aunan, Grant Program Manager, will provide background information on the October 17, 2011, grant cycle. This time is reserved for public comment on pending restoration, technical assistance, monitoring, and outreach grant applications to be considered for funding by the Board. Only comments pertaining to these 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 2, 2012, deadline. *The Board encourages persons to limit comments to no more than five minutes.*

E. Board Consideration of Pending Regular Grant Applications

The Board will consider grant applications submitted by the October 17, 2011, application deadline for restoration, technical assistance, monitoring, and outreach. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

F. Public Comment – General

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

G. Executive Director Update

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

H. Integrated Water Resources Strategy

John Jackson, Chair of the Water Resources Commission, will update the Board on the Integrated Water Resources Strategy and Tom Byler, Executive Director, will lead a discussion with the Board on consideration of an endorsement of the strategy. *Action item.*

I. Water Acquisition Valuation Presentation

Meta Loftsgaarden, Deputy Director, and Melissa Leoni, Senior Policy Coordinator, will facilitate a presentation and Board discussion on the policy and program issues associated with valuation of proposed water acquisition projects. *Information item.*

Wednesday, March 14, 2012**Business Meeting - 8:00 a.m.**

During the public comment periods (Agenda Items D, F, L, and M), 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. Conservation Reserve Enhancement Program (CREP) Technical Assistance

Melissa Leoni, Senior Policy Coordinator, will present a recommendation from the CREP Partnership to address existing CREP technical assistance needs. *Action item.*

K. Ecosystem Services Program

Renee Davis-Born, Ecosystem Program Coordinator, and Greg Sieglitz, Monitoring and Reporting Program Manager, will update the Board on the OWEB Ecosystem Services Program. Partners from Ecotrust will present information about the Eastern Oregon Rangeland Ecosystem Function Project and demonstrate the Rangeland Function Tool. *Information item.*

L. Public Comment – General

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

M. Acquisition Grants – Public Comment and Board Consideration

Prior to hearing public comment, Meta Loftsgaarden, Deputy Director, will provide background information on the land and water acquisition applications submitted in the October 17, 2011, grant cycle. Only comments pertaining to these specific grant applications will be accepted. The Board will not accept any written materials at this time. Any written comments pertaining to pending acquisition grant proposals must be received by agency staff by the March 2, 2012, deadline. *The Board encourages persons to limit comments to no more than five minutes.* The Board will then consider land and water grant applications submitted by the October 17, 2011, application deadline. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

N. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will lead a discussion on the proposed 2013-2015 Council Support transition process for watershed council support grants. *Action item.*

O. OWEB's Long-term Investment Strategy

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, will lead a discussion with the Board on the structure and process for developing a roadmap for OWEB's long-term investment strategy, including stakeholder involvement and how this work will be integrated with other transition biennium priority work over the biennium. The Board will accept public comment on this agenda item. *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 regular grant applications will be held on Tuesday, March 13, 2012, at 10:30 a.m. A public comment period for pending land and water acquisition grant applications will be held on Wednesday, March 14, 2012, at 10:30 a.m. The Board will not accept any written materials at that time. Any written comments pertaining to pending regular and acquisition grant proposals must be received by the March 2, 2012, 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, March 13 at 2:45 p.m. and Wednesday, March 14 at 9:30 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.*

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: *Sybil Ackerman*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts, Board Co-Chair*
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: *Bill White*
Representative of U.S. EPA: *Alan Henning*

Contact Information

Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
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

2012-2013 Board Meeting Schedule

Due to budget considerations, we are re-assessing scheduled Board meeting locations.

June 12-13, 2012
September 11-12, 2012

January 16-17, 2013
March 12-13, 2013
June 11-12, 2013
September 10-11, 2013



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



February 28, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item C: Budget and Spending Plan Update
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This report provides an update on OWEB's 2011-2013 budget and spending plan. The report also updates the Board on the agency's budget and legislative preparation for the 2013 legislative session. This report is for informational purposes only.

II. 2011-2013 Budget

At the January 2012 board meeting, staff reported that state revenue forecasts for General and Lottery Fund revenues were not meeting expected levels for the biennium. At that time, the shortfall was \$277 million in General Fund and \$28 million in Lottery Fund revenues. Since that time, the February 8, 2012 revenue forecast was released. This forecast showed the General Fund shortfall to be at \$300 million, and Lottery Funds are estimated to have declined a relatively small amount compared to the previous forecast.

At the outset of the current biennium, the legislature imposed a "hold-back" of 3.5 percent of General Funds and Lottery Funds for all state agency budgets. This essentially meant that none of these agencies were authorized to expend the hold-back funds without subsequent approval of the legislature. The intent was that if the state revenues performed well, the legislature would consider authorizing the expenditure of the hold-back funds during the February 2012 session. If revenues did not perform well, the 3.5 percent would serve as the initial reductions needed to keep the state budget balanced.

In the fall of 2011, the Legislative Fiscal Office (LFO) requested all state agencies supported with General and Lottery funds to develop a reduction options list to help prepare the legislature to address an expected revenue shortfall during the February 2012 session. LFO requested the reduction options total 10.5 percent, prioritized in 3.5 percent increments. The agencies' 3.5 percent hold-back served as the first increment of the reduction list. OWEB's proposed reductions list involves a total of approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. OWEB's reduction list proposes no cuts to open grants, the capacity funding for councils or districts, or to agency staff positions.

At the time of writing this report, it appears that agency 3.5 percent hold-backs will not be restored. Instead, the hold-back funds will be used to help balance the state budget. It does not appear the legislature will act to take additional cuts to OWEB's budget during the February 2012 session. Staff will update the Board with any new information pertaining to the budget at the March meeting. The next revenue forecast is due on May 22, 2012. The results of the next forecast could determine whether the legislature will need to take additional action to rebalance the state budget.

III. 2011-2013 Spending Plan

This section updates the OWEB 2011-2013 spending plan, most recently discussed and approved at the January Board meeting. The spending plan guides the agency's grant investments for the biennium, and is comprised of Lottery Funds, federal funds, and salmon license plate funds.

Following the January meeting, staff identified an additional \$250,000 of recaptured funds from closed restoration grants. Staff recommend this funding be added to the Regular Grant Program in the spending plan, based on Board feedback in January expressing interest that additional funds be moved to that program area. This recommendation is explained in more detail and presented for Board action in Agenda Item E.

Attachment A contains an updated spending plan table for the 2011-2013 biennium. The table's first column shows the overall funding made available by the board for different OWEB program areas. The second column indicates Board awards made for each program area to date. The third column shows remaining funds available for each program area. For the March meeting, the Board will consider awarding funds as part of Agenda Items E (Regular Grant Awards) and M (Acquisition Grant Awards).

Staff will continue to update the spending plan at future board meetings. If additional funds become available through recapture from closed out grants or a new grant from the Pacific Coastal Salmon Recovery Fund, staff will ask the board to consider recommendations on where those funds can best augment the spending plan.

IV. Pacific Coastal Salmon Recovery Fund

Federal funds from the Pacific Coastal Salmon Recovery Fund (PCSRF) have had a critically important role in OWEB's program over the years. The funds have accounted for nearly one-third of OWEB's budget while supporting grants, local capacity, and OWEB operations. PCSRF funds are awarded annually. As a result, PCSRF grants in odd-numbered years are applied for as OWEB's biennial budget is being considered by the Legislature. PCSRF grants from even-numbered years can augment the biennial budget mid-way through the biennium.

In November 2011, Congress approved \$65 million for the PCSRF program for Federal Fiscal Year 2012. Staff are preparing to submit OWEB's application to NOAA Fisheries for these funds in early April. PCSRF funds could be available by this summer to support OWEB grants by next fall.

NOAA Fisheries recently announced new priorities for the use of the 2012 PCSRF grant funds. The priorities indicate that their preference is for the funds to be used for on-the-ground related actions that address factors limiting the recovery of salmonids listed under the federal Endangered Species Act, and for a greater focus on habitat conservation. The specific priorities

are listed in Attachment B, a February 9, 2012, letter from William Stelle, Jr., Regional Administrator for NOAA Fisheries.

PCSRF funding is proposed at \$50 million in President Obama's budget for Federal Fiscal Year 2013. At upcoming meetings, staff will update the Board on OWEB's application for FFY 2012 PCSRF funds as well as the status of PCSRF in the 2013 federal budget process.

V. Preparations for the 2013 Legislative Session

A. Budget Development

Last summer, Governor Kitzhaber launched the 10 Year Plan for Oregon as a way to redesign how state government builds its budget and makes investment decisions. As a result, the process for developing state agency budgets for the 2013-2015 biennium is much different than in previous years.

The 10 Year Plan seeks to move from a two-year budget-balancing process to budgeting to meet long term outcomes. In doing so, the new process looks to set clear limits, expectations, and criteria to focus agency budget proposals.

The new process organizes the state budget into five major outcome areas—Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. State agency budget requests by program will be placed within the relevant outcome area, rather than as a part of individual state agency budget. The Governor will provide an overall funding target for each outcome area. Program Funding Teams, comprised of volunteer experts in the outcome areas, will then evaluate and prioritize the programs within each outcome area and make recommendations to the Governor for the final Governor's Recommended Budget.

Specific guidelines to inform the budget development process are not expected until the end of March. Initial agency program requests are due June 1, 2012. The final agency budget submission will be due by September 1, 2012. More information regarding the 10 Year Plan budget process is contained in Attachment C.

In response to the new approach to budget development, the OWEB management team is in the process of developing budget ideas for the 2013-2015 biennium that consider the goals and strategies of the OWEB Strategic Plan as well as the emerging outcomes and strategies associated with the 10 Year Plan. Due to the timing for the new process and the board meeting schedule, staff recommend the Board schedule a conference call meeting in late April or early May to discuss OWEB's initial budget submittal prior to the June 1 deadline.

B. Legislative Concepts

State agencies are beginning to prepare legislative proposals for the 2013 legislative session. Agency legislative concepts are submitted to the Legislature by the Governor after a substantial, eight-month development and review process. The initial deadline to submit legislative concepts to the Department of Administrative Services is May 1, 2012.

At this time, staff do not anticipate submitting any legislative concepts for the 2013 session. This is due primarily to OWEB's intention to engage with stakeholders on the agency's long-term investment strategy over the coming year. More detail on the proposed process for this

effort is contained in Agenda Item O. Staff believe it would be premature to submit legislative proposals this spring without first being informed by stakeholder and board discussions.

VI. Summary

This report updates the board on issues pertaining to OWEB's budget and spending plan for the 2011-2013 biennium, and activities necessary to prepare for the 2013 legislative session. This is an information item, and requires no action from the board.

Attachments

- A. OWEB Updated Spending Plan, 2011-2013
- B. February 9, 2012, letter from NOAA Fisheries
- C. Background on 10-Year Plan for Oregon

**OWEB 2011-13 Spending Plan
March 2012**

	Total Spending Plan	Board Awards to Date	Remaining Funds
Regular Grants:			
Restoration	26.400	8.100	18.300
Technical Assistance	2.000	0.700	1.300
Monitoring	1.700	0.000	1.700
Outreach	0.600	0.000	0.600
Assessments	0.000	0.000	0.000
June 2011 Grant Awards (for holdover of Mar 2011 awards)	1.300	1.300	0.000
TOTAL	32.000	10.100	21.900
% of assumed Total Budget	46.0%		
Partnerships:			
Deschutes SIP	4.000	4.000	0.000
Willamette SIP	3.000	3.000	0.000
Klamath SIP	0.400	0.400	0.000
Whole Watershed Restoration Initiative	0.500	0.250	0.250
Conservation Reserve Enhancement Program (CREP) TA	0.800	0.800	0.000
CREP	0.500	0.000	0.500
TOTAL	9.200	8.450	0.750
% of assumed Total Budget	13.2%		
Acquisitions:			
Regular' Land and Water	6.650	1.750	4.900
Deschutes & Willamette SIP (.200 & 1.8 from 2008/2009 awards)	2.000	2.000	0.000
TOTAL	8.650	3.750	4.900
% of assumed Total Budget	12.4%		
Local Capacity:			
Capacity grants	12.300	12.300	0.000
TOTAL	12.300	12.300	0.000
% of assumed Total Budget	17.7%		
Miscellaneous:			
Effectiveness Monitoring	0.500	0.000	0.500
Oregon Plan/Governor Priorities	1.250	0.345	0.905
Ecosystem Services	0.250	0.000	0.250
Business Practices	0.100	0.100	0.000
Weed Grants	2.500	2.500	0.000
Small Grants	2.800	2.800	0.000
Research	0.000	0.000	0.000
TOTAL	7.400	5.745	1.655
% of assumed Total Budget	10.6%		
TOTAL	69.550	40.345	29.205



**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration**

NATIONAL MARINE FISHERIES SERVICE
Northwest Region
7600 Sand Point Way N.E., Bldg. 1
Seattle, WA 98115

February 9, 2012

Received P.
OWERS
FEB 15 2012

Tom Byler, Executive Director
Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290

Dan Thorndike, Co-Chair
Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290

Eric Quaempts, Co-Chair
Oregon Watershed Enhancement Board
775 Summer Street NE, Suite 360
Salem, Oregon 97301-1290

Dear Mr. Byler, Mr. Thorndike, and Mr. Quaempts:

I would like to inform you about changes that NOAA Fisheries is making to the process for applying for Pacific Coastal Salmon Recovery Fund (PCSRF) grants. In response to the reduced PCSRF funding for FY2012 and tightening federal budgets, NOAA Fisheries has identified the need to more strategically deploy limited grant funds. This includes focusing PCSRF grant funds on projects that address identified factors limiting the recovery of Endangered Species Act (ESA) listed salmonids, as well as an increased focus on habitat conservation. This increased emphasis for PCSRF funds on ESA recovery and habitat conservation is reflected in more specific priorities that will guide the allocation of FY2012 PCSRF grants, and an increased level of specificity and detail being requested in the FY2012 PCSRF grant applications. Program reviews are also being conducted to review past PCSRF performance and how the program may more effectively support recovery implementation for ESA-listed salmonids.

PCSRF Program Priorities

The PCSRF is designed to supplement State and tribal programs for salmon restoration by allocating federal funding to projects and activities that provide demonstrable and measurable benefits to Pacific anadromous salmonids (Chinook, coho, sockeye, pink and chum salmon and steelhead) and their habitat. In accordance with the Congressional authorization for PCSRF in FY2012 (Public Law 112-55), these projects and activities are those "necessary for conservation of salmon and steelhead populations that are listed as threatened or endangered, or identified by a State as at-risk to be so-listed, for maintaining populations necessary for exercise of tribal treaty fishing rights or native subsistence fishing, or for conservation of Pacific coastal salmon and



steelhead habitat.” Within that authorization, NOAA Fisheries has established the following priorities, in ranked order, for FY 2012 PCSRF grant proposals.

- (1) Projects that address factors limiting the productivity of ESA-listed Pacific salmonids as specified in approved, interim or proposed Recovery Plans. This includes projects that are a necessary precursor to implementing priority habitat actions for ESA-listed salmonids (e.g., project planning/design).
- (2) Projects that restore and protect the habitat of anadromous salmonids that are at-risk of being ESA listed or are necessary for exercise of tribal treaty fishing rights or native subsistence fishing. This includes projects that are a necessary precursor to implementing tribal habitat actions (e.g. project planning/design).
- (3) Effectiveness monitoring of habitat restoration actions at the watershed or larger scales for ESA-listed anadromous salmonids, status monitoring projects that directly contribute to population viability assessments for ESA-listed anadromous salmonids, or monitoring necessary for the exercise of tribal treaty fish rights or native subsistence fishing on anadromous salmonids.
- (4) Other projects consistent with the Congressional authorization with demonstrated need for PCSRF funding. This would include habitat restoration and planning projects not included in the above priorities, as well as outreach, coordination, research, monitoring, and assessment projects that can be justified as directly supporting one of the priorities.

For FY2012, NOAA Fisheries will consider only those PCSRF grant applications that are responsive to the above priorities. Grant applications may include proposals for more than one priority; however, a separate proposal narrative and budget will need to be included in the application for each priority. Grant applications will be evaluated as a whole, as well as separately for each priority. NOAA anticipates a greater proportion of the available FY 2012 PCSRF funding will be distributed to the higher priorities, but all priorities are anticipated to receive some amount of funds. It is NOAA’s expectation that applications from States and Tribal Commissions will have at least 10% of their application apply to monitoring, with a preference for monitoring described in priority 3, above.

FY2012 PCSRF Grant Applications

A Federal Funding Opportunity (FFO) for the FY2012 PCSRF funds will be announced soon that provides the details of the timelines, application procedures and the competitive selection process that will be used to determine successful applicants. In contrast with past years, the FFO will specify additional details that will need to be included in grant applications specifically addressing the above four FY2012 priorities. States and Tribal Commissions will need to provide additional program details in their PCSRF application describing their competitive project selection methods and non-competitive processes, including technical reviews, and how their project selection methods will ensure that funded projects are designed to achieve a given PCSRF priority.

I want to take this opportunity to thank all of you for your support of the PCSRF program and your efforts to restore Pacific salmonids. I firmly believe the program changes being implemented for FY2012 will strengthen the accountability of the PCSRF program, better position the program to sustain funding and support into the future, and increase the program's effectiveness in conserving Pacific salmon and steelhead.

Sincerely,

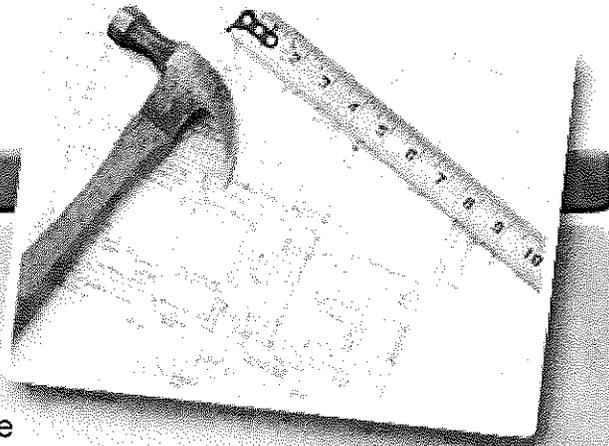


William W. Stelle, Jr.
Regional Administrator

cc: Brett Brownscombe, Natural Resource Policy Advisor - Oregon Governor's Natural
Resource Office
Richard Whitman, Natural Resource Policy Advisor - Oregon Governor's Natural
Resource Office
Greg Sieglitz, Monitoring and Reporting Manager - Oregon Watershed Enhancement Board

OUTCOME-BASED BUDGETING

10-YEAR PLAN FOR OREGON

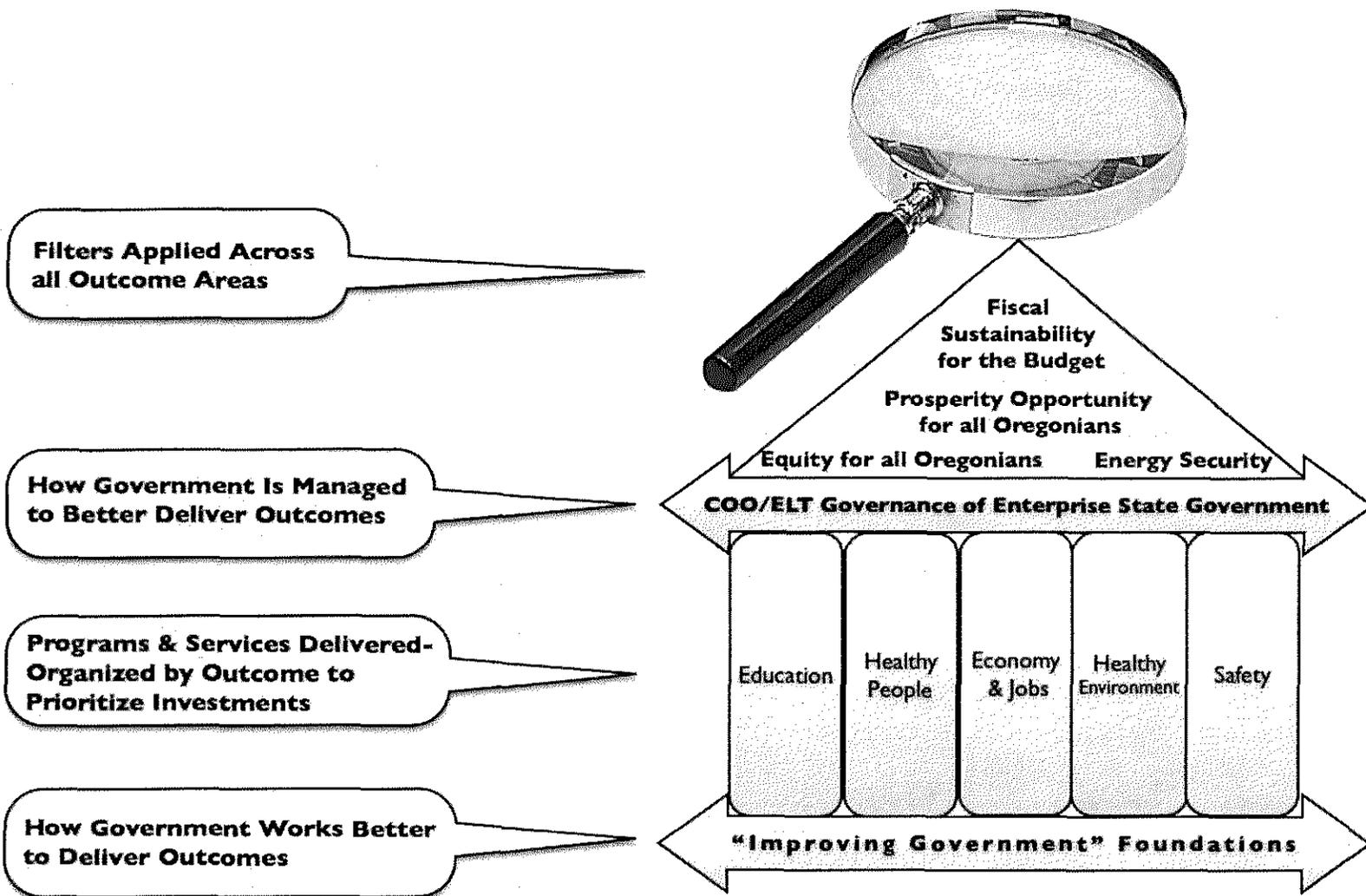


The 10-Year Plan for Oregon is redesigning the way state government builds its budget and makes investment decisions. The new design is an outcome-based budget that helps to make public resources last, and aids decision makers in prioritizing public investments that align with the services Oregonians have told government they want.

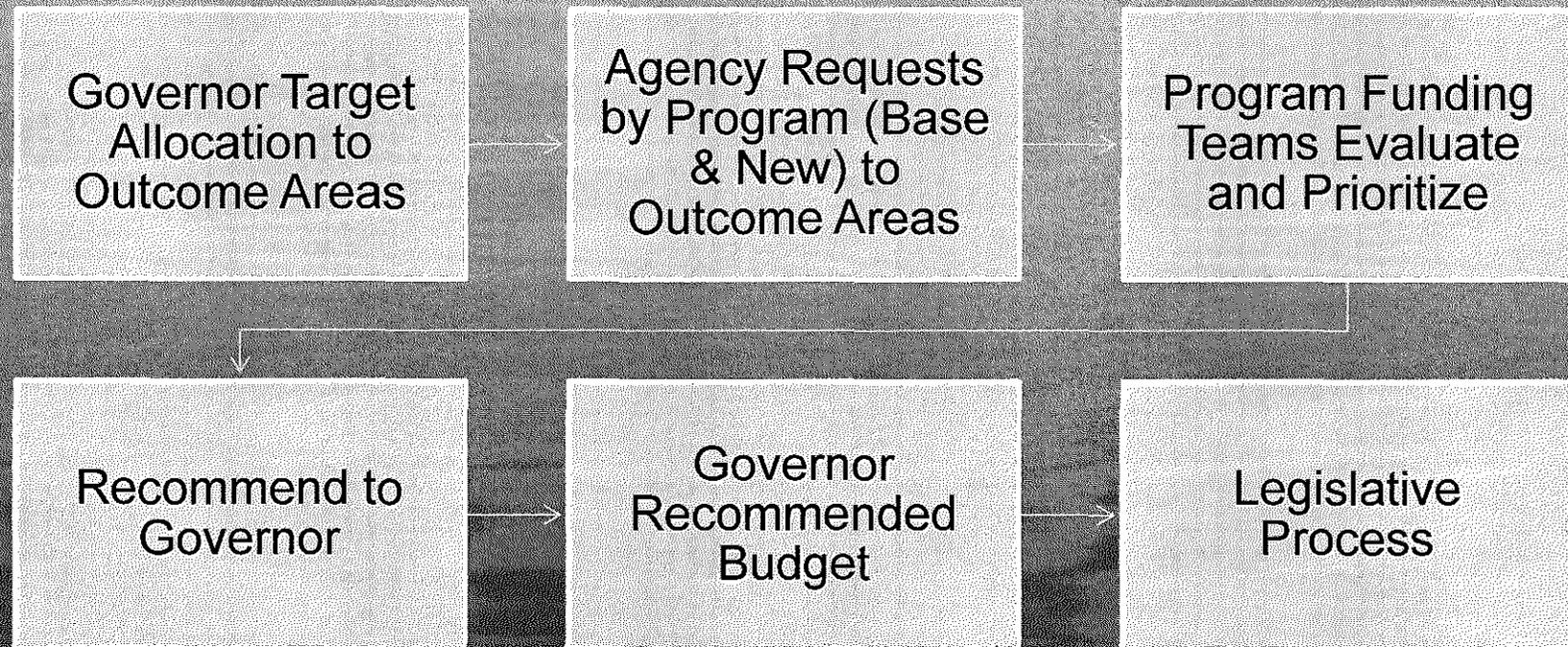
Putting this new budgeting system in place requires the state to set clear budget limits, expectations and criteria. To build transparency and accountability, budgets will be reviewed by independent teams of people who do not work for the agencies that receive budget money. Finally, program data will be analyzed to ensure public investments are focused and tied to specific outcomes.

Moving From		Moving Toward
2-year budgeting focused on "balancing" the budget	➡	Budgeting inside fiscal constraints to meet long term outcomes
Funding specific agencies	➡	Funding programs designed to achieve outcomes
Unlimited budget requests from agencies	➡	Clear limits, expectations, and criteria to focus agency budget proposals
Debating levels of funding	➡	Debating the results we want to achieve with state spending
Spending all available revenue	➡	Saving and creating fiscal sustainability
Competition for funding between agencies	➡	Agencies jointly responsible for program delivery
Disconnected agency performance indicators	➡	Success measured by outcome-indicators

MAKING OREGON A BETTER PLACE TO LIVE, WORK & PLAY



Proposed 2013 – 2015 Budget Process



Membership of Program Funding Teams

- Ideal candidates have the following qualities:
 - Expertise and experience in policies of the outcome areas
 - Financial independence from the budget process (they don't currently work for a service provider or have oversight responsibility for one)
 - Inclusiveness and understanding of the diversity of Oregonians
 - Willingness to commit a significant amount of time in the summer and fall of 2012 (month of June and September 1-October 15)



Organization of Program Funding Teams

- Led by Governor's Policy Advisor(s) and staffed by BAM Analyst(s)
- Five member teams organized by outcome area
 - Education
 - Healthy People
 - Economy & Jobs
 - Healthy Environment
 - Safety



Purpose of Program Funding Teams

- Rate and rank agency programs against pre-determined criteria particularly as it relates to the priorities for accomplishing the strategies of the 10-Year Plan
- Consider funding streams for programs once rated & ranked to inform recommendations
- Make recommendations to the Governor about what should (and should not) be funded in his 2013-2015 budget
- Make other recommendations as appropriate to improve how government operates





Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Carolyn Devine, Grant Program Analyst
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item E: OWEB Regular Grant Program Overview
Allocation of Additional Funds to the Regular Grant Program
Statewide Outreach and Staged Awards Recommendations
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report provides an overview of the October 17, 2011, regular grant cycle and budget considerations, including staff's recommendation for allocating additional funds to the Regular Grant Program as directed by the Board at its January 2012, meeting. This report also contains funding recommendations for the Statewide Outreach applications and the second phase of the "staged" award for the Newell Water Quality Improvement Phase I grant (212-5008). A progress report for this project is provided in Section V below.

II. Allocation of Additional Funds to the Regular Grant Program

As part of the 2011-2013 spending plan decisions in January 2012, the Board added \$1.25 million to the Regular Grant Program and directed staff to develop recommendations for allocation of those funds for Board consideration at the March 2012 meeting. Following the January 2012 Board meeting, staff identified approximately \$250,000 in additional recaptured funds from closed Restoration grants previously awarded through the Regular Grant Program.

The Grant Program Manager consulted with Regional Program Representatives and other OWEB staff in developing options for the allocation of the additional \$1.5 million to the Regular Grant Program. The Regional Program Representatives did not reach consensus on how to allocate the additional funds. The OWEB management team discussed the options and is recommending \$1.2 million for Restoration and \$300,000 for Technical Assistance, as shown in Table 1 below.

Allocating \$1.2 million to Restoration grants allows OWEB to offer a steady \$5.6 to \$5.7 million for new Restoration applications in each cycle, and award the \$1.3 million in "staged" awards that the Board committed to fund in previous biennia. The staged awards are needed by applicants in March 2012 and September 2012.

Allocating an additional \$300,000 to Technical Assistance grants allows OWEB to fund more of those grants, which applicants rely on to develop sound Restoration projects.

Table 1. Staff Recommendation for the Allocation of Additional Funds to the Regular Grant Program

Grant Type	January Spending Plan	Allocation of Additional \$1.5 million*	Updated Spending Plan
Restoration	\$17,100,000	\$1,200,000	\$18,300,000
Outreach	\$600,000	0	\$600,000
Monitoring	\$1,700,000	0	\$1,700,000
Technical Assistance	\$1,000,000	\$300,000	\$1,300,000
TOTAL	\$20,400,000	\$1,500,000	\$21,900,000

**\$1.25 million added by Board, plus \$250,000 new recapture*

Staff expect to recommend updates to the Regular Grant Program spending plan at the June 2012 Board meeting following NOAA’s decision on OWEB’s grant application for Fiscal Year 2012 Pacific Coastal Salmon Recovery Funds (PCSRF).

At the January Board meeting, the Board did not adopt budgets for the regular grant cycles. Table 2 below shows the staff recommendations for regular grant cycle budgets and reserves for each grant type for the biennium, based on the Board’s spending plan and additional revenue discussed above. This recommended budget was used to guide the funding recommendations for the October 2011, grant cycle.

The recommended budgets and grant cycle plan can be adjusted by the Board based on future changes in available grant funds.

Table 2. Staff Recommendation for Budgets for Remaining 2011-2013 Regular Grant Cycles*

Grant Type	Recommended Cycle Budgets Based on Spending Plan
Restoration – new applications	\$5.6 - \$5.7 million (October 2011 & two remaining cycles)
Restoration – staged awards (previous cycles)	\$1,320,756
Outreach	\$600,000 (1 cycle, October 2011)
Monitoring	\$1,700,000 (1 cycle, October 2011)
Technical Assistance	\$433,333 (October 2011 and two remaining cycles)
TOTAL	\$21,720,755 - \$21,920,755

**Subject to adjustment depending on FY 2012 PCSRF*

III. October 2011 Cycle Background and Summary

A. Applications Submitted

Application types solicited in this funding cycle were Restoration, Land and Water Acquisition, Outreach, Monitoring, and Technical Assistance. A total of 215 grant applications, seeking \$22.2 million, were received by the October 17, 2011, deadline. Attachment A shows applications submitted by region, project type, and dollar amount as of

November 2011. The Land and Water Acquisition applications are addressed in Agenda Item M.

B. Applications Withdrawn and Ineligible

Following the application deadline, a number of adjustments occurred. Five applications were withdrawn by the applicant before review: 212-1032 (restoration); 212-116 (acquisition), 212-5052, 212-5065 and 212-6030 (all restoration). In addition, staff determined that applications 212-2051 and 212-6048 (both restoration) were ineligible; accordingly, they were not accepted by OWEB and were not sent to the regional review teams. Application 212-6031 was submitted as a technical assistance grant on advice of OWEB field staff, but was later determined to be a restoration project and was reviewed as such by the Regional Review Team.

C. Applications Eligible Under the Special Investment Partnerships (SIP) Program

When the SIP concept was developed in 2008, OWEB staff created internal guidance that applications eligible for dedicated funding through an OWEB SIP would be funded through the SIP, and would not be eligible through the Regular Grant Program.

With that policy in mind, application 212-4037 was determined by staff to be eligible for Deschutes SIP funding, and was moved to the Deschutes SIP for consideration. Also in Region 4, Central Oregon, two applications (212-4027 and 212-4029) were determined to be eligible for the Klamath SIP. Following OWEB Board approval of the Klamath SIP at the January 2012 Board meeting, these two applications were moved from the October Regular Grant cycle to the Klamath SIP for consideration.

The OWEB policy, however, was not clear to councils that are in the Willamette SIP Model Watershed Program. As a result, OWEB received three restoration projects within Model Watershed boundaries (212-3064, 212-3065, and 212-3066); and one monitoring project within multiple Calapooia-Santiam Model Watersheds (212-3062). Staff then sought to provide greater certainty to its Willamette SIP partners by clarifying the policy as it relates to the Model Watershed Program.

The principal partners (Meyer Memorial Trust and Bonneville Environmental Foundation) agreed that OWEB Willamette SIP funding for projects within Model Watershed boundaries will be limited to riparian restoration projects—defined as projects that include fencing, off-stream watering, invasive vegetation control, site preparation, riparian planting, or plant establishment. No projects other than riparian activities, as identified above, will be funded with OWEB Willamette SIP funds. And conversely, OWEB Regular Grant Program funding for projects within Model Watershed boundaries will be limited to:

- Non-riparian projects (instream, culverts, etc.), though it is understood that such projects may include minimal riparian work to prevent erosion and sedimentation following project implementation. No substantive riparian activities will be funded with OWEB Regular Grant funds.
- Any baseline and project effectiveness monitoring related to non-riparian restoration; and
- Landowner outreach, project recruitment, or technical assistance needs related to planned, future non-riparian restoration.

With this clarification, project 212-3064 – an instream only project – was deemed eligible through the Regular Grant Program. Project 212-3062 – a non-riparian (water quality) baseline monitoring project – was similarly deemed eligible. Projects 212-3064 and 212-3065 combined both riparian and non-riparian project elements. Staff asked the applicant to resubmit new budgets for instream work only and instructed reviewers to evaluate both applications for their instream, non-riparian elements only. In this manner, these two applications were deemed eligible for Regular Grant Program consideration.

D. Development of Staff Recommendations

After being screened for eligibility, the applications were sent to the six Regional Review Teams (RRTs), which reviewed them for merit and made prioritized funding recommendations to OWEB staff. The four Statewide Outreach applications (Attachment C) were reviewed only by the Statewide Outreach Review Team (SORT). Monitoring applications were also reviewed by the Oregon Plan Monitoring Team (OPMT).

OWEB staff considered the funding availability and funds budgeted, and integrated the separate RRT recommendations into the staff funding recommendation to the Board. Attachment B contains the overall recommendations, and specifically details by region and type the number of applications recommended by the RRTs and staff and the dollar amounts recommended by staff. Following this overview are staff reports containing the OWEB staff funding recommendations for each region.

E. Review Process

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, land 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 Outreach, the RRTs evaluated the merit of each proposal. Discussion of Restoration applications included how the proposed project addresses watershed process and function.

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, as contemplated by OWEB's administrative rule 695-010-0070(e) ("whether the overall budget reflects the expected watershed health benefit").

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 and did not make funding recommendations or prioritize the applications (see Agenda Item M).

The SORT met in Salem in December to review the four Statewide 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 evaluating outcomes; and the proposal's overall value toward furthering the broader goal of restoring and improving healthy watersheds.

Following completion of the RRT meetings, the OPMT met in January to review the regional Monitoring applications. The OPMT reviews monitoring applications for benefit to the Oregon Plan and likelihood of success.

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. Statewide Outreach Applications

Based on SORT evaluations and staff consideration of the evaluations and available funding, staff recommend funding for three of the four Statewide Outreach applications as shown in the gray-shaded table on Attachment C.

OSU Sea Grant submitted 212-7001, which proposes funding for a full-time Stream Webs coordinator to continue the planning, development and support of an online interface for teachers and students to map and report watershed monitoring data. First created by The Freshwater Trust and since adopted by OSU, the website and supporting resources are currently used in several watersheds across the state and there is the expectation for its use to grow.

The Network of Oregon Watershed Councils submitted 212-7002, Outreach to Watershed Councils, which seeks support for Watershed Management Camps, the Network Gathering, watershed tours, and the Atlas of Accomplishments.

The third statewide proposal staff recommend for funding is 212-7003, submitted by the Oregon Conservation Employee Association Network. The proposal asks for support for Connect 2012, a professional development conference for Oregon's soil and water conservation district employees.

All statewide proposals provide activities and training to ensure that those actively engaged in watershed stewardship have the knowledge and skills to implement effective restoration projects.

V. Progress Report for Staged Award

This section reports on the progress to implement the Newell Water Quality Improvement Phase I (212-5008) submitted to OWEB as a \$702,020 request in April 2011. At the September 2011 Board meeting, in order to fund further down the line of Restoration applications recommended by the RRTs, the Board awarded \$351,010, and committed to fund the remainder of the request (\$351,010) contingent on the grantee's progress report showing the need for the funding. Attachment D shows the staged award and recommended funding amount.

This grant addresses 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 water quality improvements that result from converting furrow irrigation to sprinklers. The project design is the result of an OWEB Technical Assistance grant.

The project, sponsored by the Owyhee Watershed Council (OWC), will pipe 4.5 miles of an earthen lateral to provide pressurized water to 1,250 acres of highly erodible and very alkaline farmland. This will enable growers to convert to sprinkler irrigation or drip tape on most of the acres. The original OWEB-requested amount (\$702,020) was for materials (99 percent) and administration (1 percent). The Owyhee Irrigation District (OID) will install the pipeline at an approximate cost of \$486,000, which has increased since the application’s submission.

To facilitate a lower-cost on the pipe and materials, the entire grant award is needed to provide a one-time drop shipment of the pipe and materials. This is especially critical since the price of petroleum-based products has increased 15 to 20 percent since the April 2011 application submission. OWC and OID are diligently trying to stay within the existing budget, but since 99 percent of the OWEB grant is for materials, there are no other budget categories from which to draw funds.

OWC recently submitted two grants to the Bureau of Reclamation (BOR) to assist with a portion of the installation. The status of those grants will not be known until April 2012. However, even if OWC is successful in receiving a BOR grant, OID installation cost will still be significant. Once completed, the Newell pipeline will significantly improve water quality. The lower Owyhee subbasin is identified by DEQ as one of the highest priorities for converting from flood to sprinkler irrigation. Project implementation will significantly address the Total Maximum Daily Loads (TMDLs) for this basin.

VI. Staff Funding Recommendations

The funding recommendations for the October 2011 cycle fall within the staff recommendations for the Regular Grant Cycle budget, as shown in Section II, Table 2, of this staff report.

Table 3 below shows the total of all applications recommended for funding, as described in more detail in Subsections A, B, and C below.

Table 3. Total Staff Funding Recommendations

Restoration – October 2011 submittals	\$5,599,922
Restoration – 212-5008 Staged Award (April 2011)	\$351,010
Outreach	\$600,000
Monitoring	\$1,279,400
Technical Assistance	\$433,333
TOTAL Staff Recommendation	\$8,263,665

A. October 2011 Cycle – Regional Application 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 regional Attachment A tables by shading.

Staff recommend funding for:

- 43 of the 75 Restoration applications recommended by the RRTs;
- 23 of the 24 regional Outreach applications recommended by the RRTs;
- 16 of the 17 Monitoring applications recommended by the RRTs; and
- 13 of the 19 Technical Assistance applications recommended by the RRTs.

Details are contained within each of the attached regional staff reports.

B. October 2011 Cycle - Statewide Outreach Application Recommendations

Attachment C shows the proposals and funding amounts for the statewide Outreach applications. The table also indicates, by means of shaded entries, the OWEB staff funding recommendations to the Board. Staff recommend the Board award funding for the three Statewide Outreach applications shown in gray shading on Attachment C.

C. Staged Award Recommendation

The Newell Water Quality Improvement Phase I grantee has submitted the required progress report. Staff recommend the Board award the second stage of funding for 212-5008, as shown in Attachment D to this report.

Attachments

- A. Grant Applications Submitted for the October 2011 Grant Cycle
- B. RRT and Staff Funding Recommendations for the October 2011 Grant Cycle
- C. Statewide Outreach Applications Recommended for Funding
- D. Staged Award from April 2011 Cycle Recommended for Funding

Oregon Watershed Enhancement Board

Types of Applications Received for October 17, 2011 Revised 02/14/2012

	Technical Assistance	Monitoring	Outreach	Acquisition	Restoration	Totals
Region 1	1	3	5	2	15	26
Region 2	7	7	10	1	16	41
Region 3	7	4	11	1	16	39
Region 4	5	3	2	4	12	26
Region 5	5	6	3	0	32	46
Region 6	7	2	3	0	21	33
Statewide	0	0	4	0	0	4
Totals	32	25	38	8	112	215

Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Outreach	Acquisition	Restoration	Totals
Region 1	\$39,956	\$252,384	\$85,157	\$633,860	\$3,593,149	\$4,604,236
Region 2	\$231,377	\$940,502	\$286,777	\$200,000	\$1,740,223	\$3,398,879
Region 3	\$281,994	\$317,798	\$290,675	\$479,000	\$2,203,594	\$3,573,061
Region 4	\$194,717	\$285,245	\$53,717	\$1,185,152	\$2,523,574	\$4,242,405
Region 5	\$152,435	\$140,191	\$74,179	0	\$2,619,980	\$2,986,785
Region 6	\$246,560	\$192,985	\$49,865	0	\$2,708,763	\$3,198,173
Statewide	0	0	\$184,202	0	0	\$184,202
Totals	\$1,147,039	\$2,129,105	\$1,024,572	\$2,498,012	\$15,389,283	\$22,188,011

Funding Recommendations for the October 17, 2011 Grant Cycle

Number of Applications Recommended by Review Teams and Staff for Funding

Region	Technical Assistance		Monitoring		Outreach		Restoration	
	RRT	Staff	RRT	Staff	RRT	Staff	RRT	Staff
Region 1	0	0	3	3	5	5	7	4
Region 2	7	4	7	6	6	5	12	9
Region 3	3	2	3	3	7	7	12	7
Region 4	1	1	1	1	2	2	7	4
Region 5	4	3	3	3	1	1	19	11
Region 6	4	3	0	0	3	3	18	8
Statewide	0	0	0	0	4	3	0	0
Total	19	13	17	16	28	26	75	43

Dollar Amounts by Application Type Recommended by Staff for Funding

Region	Technical Assistance	Monitoring	Outreach	Restoration
Region 1	\$0	\$252,384	\$84,728	\$1,170,667
Region 2	\$153,738	\$790,191	\$127,242	\$982,863
Region 3	\$44,234	\$102,119	\$151,784	\$954,609
Region 4	\$31,108	\$53,090	\$53,717	\$564,212
Region 5	\$124,000	\$81,616	\$27,662	\$933,257
Region 6	\$80,253	\$0	\$49,865	\$994,314
Statewide	\$0	\$0	\$105,002	\$0
Staged (April 2011)				\$351,010
Total	\$433,333	\$1,279,400	\$600,000	\$5,950,932

ATTACHMENT C

**Statewide
Outreach Applications Reviewed by the Education/Outreach Team
October 17, 2011 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-7002	NOWC Outreach to Watershed Councils	49,958	1
212-7003	CONNECT 2012 - SWCD Employee Training	5,500	2
212-7001	Stream Webs Student Stewardship Network	49,544	3
212-7000	Do The Right Thing	79,200	4
Total Outreach Projects Recommended for Funding by Staff to Board		\$105,002	

ATTACHMENT D

**Staged Awards Reserve
October 17, 2011 Grant Cycle
Second Stage Award**

Grant Award Staff Recommendations to the Board are Highlighted in Gray		
Project #	Project name	
212-5008	Newell Water Quality Improvement Phase I ♦	351,010
Total Restoration Projects Recommended for Second Stage Award by Staff to Board		\$351,010

♦ Total amount is \$702,020 staged award with \$351,010 awarded September 2011



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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 1, North Coast
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the North Coast Regional Review Team (RRT) evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 26 applications for a total request of about \$4.6 million, including 2 Acquisition applications for \$633,860. Acquisition applications are addressed in Agenda Item M.

III. Regional Review Team Recommendations

The North Coast RRT met in January 2012 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, 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 North Coast RRT recommended 15 applications for funding: 7 Restoration applications, 5 Outreach applications, 3 Monitoring applications, and no Technical Assistance applications.

IV. Staff Recommendation

For the March Board meeting, staff recommend funding for 12 applications for a total award of \$1,507,779: \$1,170,667 for Restoration; \$84,728 for Outreach; and \$252,384 for Monitoring.

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 gray 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 gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

ATTACHMENT A

**Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-1034	SF Lousignont Creek Watershed Restoration Project *	31,599	1
212-1016	Roy Creek Fish Passage * ^	664,754	2
212-1017	Northwest Oregon Restoration Partnership ^	58,402	3
212-1029	Cleveland Creek Railroad Culvert Replacement *	415,912	4
212-1027	Mabel Creek Floodplain Restoration and Cutthroat Trout Passage	93,062	5
212-1019	Colewort Creek Wetland Restoration * ^	166,925	6
212-1035	Walker Creek Phase II-Riparian Enhancement Project ^ PE \$15,230	65,365	7
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,496,019	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,170,667	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 1 - North Coast
Outreach Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-1021	Stream Extension VI	12,452	1
212-1033	Siuslaw Middle School Stream Team	8,297	2
212-1014	Lower Columbia Restoration and Outreach Project * ^	24,644	3
212-1022	Siuslaw Watershed Exploration Camps 2012 ^	14,765	4
212-1024	Natural Resource Restoration Crews ^	24,570	5
Total Outreach Projects Recommended for Funding to Staff by RRT		\$84,728	
Total Outreach Projects Recommended for Funding by Staff to Board		\$84,728	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 1 - North Coast
Monitoring Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-1030	Volunteer Water Quality Monitoring Program 2011-2013	8,315	1
212-1037	Mid Coast Monitoring Project	116,969	2
212-1015	Tillamook Suspended Sediment Study Phase II	127,100	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$252,384	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$252,384	

ATTACHMENT B

**Region 1 - North Coast
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle**

Project #	Project Name	Total Amount Requested
212-1018	Jetty Creek Fish Passage	294,529
212-1023	Upper Yaquina Restoration - Phase II	452,975
212-1025	Spout Creek Watershed Restoration	423,849
212-1026	S.F. Nehalem Riparian Enhancement Project	55,052
212-1028	Merrill Creek Floodplain Restoration	132,624
212-1031	Upper North Fork Siuslaw Integrated Watershed Restoration	581,110
212-1036	Fish Log Bank renewal	48,960

**Region 1 - North Coast
Technical Assistance Application Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle**

Project #	Project Name	Total Amount Requested
212-1038	Big Creek Restoration Design	39,686

**Region 1 - North Coast
Restoration Application Withdrawn by Applicant
October 17, 2011 Grant Cycle**

Project #	Project Name	Total Amount Requested
212-1032	Yager Riparian Enhancement	7,524



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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Mark Grenbemer, Southwest Oregon Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the Southwest Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 41 applications for a total request of about \$3.6 million, including one Acquisition application for \$423,650. Acquisition applications are addressed in Agenda Item M.

III. Regional Review Team Recommendations

The Southwest Oregon RRT met in Central Point in January 2012 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, 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 Southwest Oregon RRT recommended funding for 32 applications: 12 Restoration applications, 6 Outreach applications, 7 Monitoring application, and 7 Technical Assistance applications.

IV. Staff Recommendations

For the March Board meeting, staff recommend funding for 24 applications for a total award of \$2,054,034: \$982,863 for Restoration; \$127,242 for Outreach; \$790,191 for Monitoring; and \$153,738 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. Attachment A also indicates OWEB staff “do fund” recommendations, shown in gray 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 gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

ATTACHMENT A

**Region 2 - Southwest Oregon
Restoration Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-2037	West Fork Evans Creek Collaborative Restoration Project- Rock Creek	74,777	1
212-2061	Brush Creek Restoration (Phase I) *	163,684	2
212-2040	Pickett Creek Large Wood Placement ^	28,698	3
212-2047	Hodges Creek Habitat Connectivity and Restoration	157,780	4
212-2043	Vaughn Mill Creek Habitat Restoration ^	98,693	5
212-2036	LBC Water Quality Vetch Phase * ^	54,659	6
212-2064	Weatherly Creek Instream Restoration *	156,100	7
212-2057	Vincent Creek Instream Restoration *	176,810	8
212-2065	Hall Ranch Restoration Phase II	71,662	9
212-2032	Tenmile Lakes Boat/Trailer Spray-off Stations	43,280	10
212-2063	Bilger Creek Restoration	43,870	11
212-2069	Myrtle Point Wetland Enhancement and Restoration ^	69,001	12
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,139,014	
Total Restoration Projects Recommended for Funding by Staff to Board		\$982,863	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 2 - Southwest Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-2034	GHID Diversion Upgrade - Phase I ^	18,750	1
212-2045	Elliott State Forest Road Inventory and Sediment Reduction *	45,048	2
212-2053	Mainstem Elk Creek (South Umpqua) Habitat Improvement	41,500	3
212-2046	South Fork Coos Basin Aquatic Inventory Surveys *	48,440	4
212-2055	North Fork Coquille Watershed Project Development and Landowner Recruitment *	12,000	5
212-2060	Upper Floras Creek Coho Restoration Plan Development	42,027	6
212-2030	Saunders Creek TA	8,679	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$216,444	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$153,738	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 2 - Southwest Oregon
Outreach Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-2067	Coos Watershed Master Watershed Stewardship Youth Program	20,825	1
212-2049	Watershed Field Program for 6th Graders	21,630	2
212-2070	Bear Creek Regional Outreach Project * ^	46,648	3
212-2035	Non-point Source Pollution Outreach Package (NSPEP) ^	27,671	4
212-2056	PUR Salmon Schools - Phase I *	10,468	5
212-2039	Stream Smart - Bear Creek Clean Water Project	16,600	6
Total Outreach Projects Recommended for Funding to Staff by RRT		\$143,842	
Outreach Projects Recommended for Funding by Staff to Board		\$127,242	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 2 - Southwest Oregon
Monitoring Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-2068	Ni-les'tun Tidal Wetland Restoration Effectiveness Monitoring 2012-2013 *	157,117	1
212-2042	Gold Ray Dam Removal Monitoring Program * ^	135,385	2
212-2044	Coho Life History in Tide Gated Lowland Coastal Streams	148,962	3
212-2062	South Umpqua Watershed Monitoring	120,351	4
212-2033	Tenmile Lakes Watershed Monitoring	124,100	5
212-2058	Curry Watersheds Monitoring Program 2012 *	104,276	6
212-2050	Deer Creek Center Baseline Monitoring ^	29,414	7
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$819,605	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$790,191	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

ATTACHMENT B

Region 2 - Southwest Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-2031	Riley Creek Habitat Restoration	57,293
212-2048	Zuiches Habitat Improvement	34,650
212-2059	North Curry Ranch Water Quality Restoration	166,462
212-2066	West Fork Smith River Phase III	325,343

Region 2 - Southwest Oregon
Outreach Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-2038	Gold Ray Stewards	65,703
212-2039	Stream Smart - Bear Creek Clean Water Project	16,600
212-2041	Upper Rogue Environmental Outreach Cooperative	17,450
212-2052	Cultivating Healthy Watersheds Project	24,400
212-2054	Community Land Use Management Initiative	17,055



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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Wendy Hudson, Willamette Basin Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 3, Willamette Basin
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the Willamette Basin Regional Review Team (RRT) evaluations, special issues, and staff recommendations for funding.

II. Background

Applicants submitted 39 applications for a total request of nearly \$3.6 million, including one Acquisition application for \$479,000. Acquisition applications are addressed in Agenda Item M.

III. Regional Review Team Recommendations

The Willamette Basin RRT met in Salem in January 2012 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, 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 Willamette Basin RRT recommended funding for 25 applications: 12 Restoration applications, 7 Outreach applications, 3 Monitoring applications, and 3 Technical Assistance applications.

IV. Staff Recommendations

For the March Board meeting, staff recommend funding for 19 applications for a total award of \$1,252,746: \$954,609 for Restoration; \$151,784 for Outreach; \$102,119 for Monitoring; and \$44,234 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. Attachment A also indicates OWEB staff “do fund” recommendations, shown in gray 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 gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 3 - Willamette Basin
Restoration Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-3047	Cougar Creek Fish Passage	59,436	1
212-3045	Lower Clear Creek Habitat Restoration Project - Phase I * ^ PE \$63,516	226,128	2
212-3030	Willamette Valley Oak Habitat Enhancement * ^	200,793	3
212-3042	Milk Creek In-Stream and Riparian Enhancement Project * ^	30,580	4
212-3064	Owens Cr. Fish Passage & Instream Restoration *	174,615	5
212-3029	Mt. Pisgah Prairies & Oak Savanna Restoration Project ^ PE \$13,640	146,471	6
212-3065	Upper Greasy Creek Multi-Partner Restoration *	116,586	7
212-3066	Beaver Creek Restoration Phase II * ^	62,759	8
212-3056	Snake-Deford Creek Fish Passage	109,098	9
212-3043	Newell Canyon Middle Segment Restoration Project	70,445	10
212-3053	GC Sheelar Property Enhancement Project	84,936	11
212-3051	Nettle Creek Stone Bridge Culvert * ^	61,787	12
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,343,634	
Total Restoration Projects Recommended for Funding by Staff to Board		\$954,609	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 3 - Willamette Basin
Technical Assistance Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-3035	Cedar Creek Landowner Recruitment ^	13,874	1
212-3048	Greater Yamhill Watershed Action Plan * ^	30,360	2
212-3038	Butte Creek Subwatershed Assessment and Action Plan * ^	32,377	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$76,611	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$44,234	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 3 - Willamette Basin
Outreach Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-3059	South Santiam Youth Watershed Council	9,152	1
212-3054	Green Team for Watershed Health (project #GT.11-12)	20,925	2
212-3027	Meldrum Bar Restoration and Outreach Project (Meldrum Bar Project) ^	27,935	3
212-3034	McKenzie Watershed Outreach Project ^	24,648	4
212-3061	Marys River Outdoor Classrooms: A Collaborative Project * ^	25,000	5
212-3058	Watershed Rangers Project	22,300	6
212-3063	St. Helens School Partnership Service Learning Project * ^	21,824	7
Total Outreach Projects Recommended for Funding to Staff by RRT		\$151,784	
Total Outreach Projects Recommended for Funding by Staff to Board		\$151,784	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 3 - Willamette Basin
Monitoring Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-3041	Molalla River & Milk Creek Rapid Bio Assessment	37,880	1
212-3062	Santiam-Calapooia Water Quality Project * ^	53,420	2
212-3052	Tryon Creek Water Quality Monitoring 2012-2013 ** ^	10,819	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$102,119	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$102,119	

* Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^ Fund with Conditions

Region 3 - Willamette Basin
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-3031	Hobart Natural Area Wetland Restoration and Bradshaw's Lomatium Recovery	114,731
212-3033	Wapato Marsh Restoration Project	146,600
212-3055	Still Creek Habitat Restoration - Compression Project Area	324,651
212-3057	Brush Creek Habitat Enhancement	105,439

Region 3 - Willamette Basin
Technical Assistance Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-3036	Row River Implementation Planning Project	36,900
212-3037	North Unit Wetland Restoration and Enhancement	50,000
212-3039	Molalla River Culvert and Barrier Study	49,639
212-3044	Molalla River Large Wood Placement Project Development	49,924

Region 3 - Willamette Basin
Outreach Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-3040	Youth Engaged - Schools Building Habitat	22,785
212-3046	Willamette Futures: A public awareness campaign on basinwide conservation needs	40,000
212-3050	Urban Watershed Mentors	21,474
212-3060	Central Linn Youth Outreach Program	25,444

Region 3 - Willamette Basin
Monitoring Application Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-3028	Wapato Lake Restoration Monitoring	179,094



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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Rick Craiger, Central Oregon Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 4, Central Oregon
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the Central Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 26 applications for a total request of about \$4.2 million, including land and water acquisition proposals for a total of \$1,185,152. Acquisition applications are addressed in Agenda Item M.

III. Regional Review Team Recommendations

The RRT met in Bend in January 2012 to review the applications received in this grant cycle and make recommendations to OWEB staff. The Restoration, 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 Central Oregon RRT recommended funding for 11 applications: 7 Restoration applications; 2 Outreach applications; 1 Monitoring application; and 1 Technical Assistance application. As reported in the Agenda Item E Overview staff report, two Restoration applications recommended for funding by the RRT were determined by staff to be eligible for the Klamath Special Investment Partnership (SIP), and following OWEB Board approval of the Klamath SIP in January 2012, those two applications were moved into the Klamath SIP for consideration.

IV. Staff Recommendation

For the March Board meeting, staff recommend funding for eight applications for a total award of \$702,127: \$564,212 for Restoration; \$53,717 for Outreach; \$53,090 for Monitoring; and \$31,108 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. Attachment A also indicates: OWEB staff “do fund” recommendations, shown in gray 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 gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 4 - Central Oregon
Restoration Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-4034	Fifteenmile Watershed Stream Ford Eliminations	64,942	1
212-4027	South Fork Sprague - Deming Ranch Fish Passage ^ ■	169,642	2
212-4039	Drews Creek Fish Passage/Screening * ^	155,982	3
212-4032	Ernst Ranch Habitat Restoration ^	204,012	4
212-4043	Malott Tail Water Recovery Project * ^	139,276	5
212-4029	Harbor Isles Condominium Owners Association Lake Fringe Wetland Restoration ■	45,000	6
212-4035	Rock Creek Piping Phase I ^	266,489	7
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,045,343	
Total Restoration Projects Recommended for Funding by Staff to Board		\$564,212	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions ■Eligible for Klamath Special Investment Partnership, moved to SIP for consideration

Region 4 - Central Oregon
Technical Assistance Application Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-4026	Landowner Recruitment for the Upper Klamath Lake Water Transactions Program	31,108	1
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$31,108	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$31,108	

Region 4 - Central Oregon
Outreach Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-4028	Fifteenmile Creek Lease Bank Outreach Project	9,004	1
212-4021	Beaver Management Outreach Program	44,713	2
Total Outreach Projects Recommended for Funding to Staff by RRT		\$53,717	
Total Outreach Projects Recommended for Funding by Staff to Board		\$53,717	

Region 4 - Central Oregon
Monitoring Application Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-4042	Crooked River Water Quality Monitoring Enhancement **	53,090	1
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$53,090	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$53,090	

**Listed Amount Reflects Recommended Increase

Region 4 - Central Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-4020	Hess Wetland Protection and Irrigation Efficiency (Phase II)	24,619
212-4022	Silver Lake Irrigation District Pipeline	696,538
212-4030	Willow Creek, Molony	216,000
212-4033	Lower Badger Creek Fish Passage	216,326
212-4038	Conant Basin Watershed Restoration	299,400

Region 4 - Central Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT

Project #	Project Name	Total Amount Requested
212-4023	Upper Sprague Irrigation Efficiency	27,147
212-4024	Lower Crooked River Riparian Zone Enhancement, Ranch at the Canyons	46,703
212-4025	Fishhole Creek Enhancement Plan	49,759
212-4040	The Dalles Local Wetlands Inventory and Riparian Study	40,000

Region 4 - Central Oregon
Monitoring Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-4036	Wetland restoration and the rare Oregon Spotted Frog in the Klamath Basin	226,055
212-4041	Groundwater Footprint in Mud Springs Watershed	24,600



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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Karen Leiendecker, Eastern Oregon Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 5, Eastern Oregon
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the Eastern Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 46 applications for a total request of nearly \$3 million.

III. Regional Review Team Recommendations

The Eastern Oregon RRT met in Baker City in December 2011 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, 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 Eastern Oregon RRT recommended 27 applications for funding: 19 Restoration applications; 1 Outreach application; 3 Monitoring applications; and 4 Technical Assistance applications.

IV. Staff Recommendation

For the March Board meeting, staff recommend funding for 18 applications for a total award of \$1,166,535: \$933,257 for Restoration; \$27,662 for Outreach; \$81,616 for Monitoring; and \$124,000 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. Attachment A also indicates OWEB staff “do fund” recommendations, shown in gray 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 gray shaded sections of Attachment A to this report.

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 17, 2011 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-5032	Upper Grande Ronde Invasive Weed Control	40,000	1
212-5051	Joseph Creek Invasive Weed Control	75,000	2
212-5046	Five Creeks - Riddle Ranch Restoration - Phase II	21,327	3
212-5035	Sutton Creek Restoration ^	53,630	4
212-5053	Farmers Ditch Spur Ditch Elimination ^	195,326	5
212-5062	Jordan Valley Weed Restoration	97,380	6
212-5034	Clear Creek Restoration ^	130,900	7
212-5061	Jasper Water Quality Improvement	78,506	8
212-5052	Leap Area Leafy Spurge Reduction ^	88,044	9
212-5071	Bendire Invasive Control and Improvement * ^	107,187	10
212-5056	Deer Butte Water Quality Improvement ^	45,957	11
212-5072	Eight Fields Water Quality Improvements ^	131,501	12
212-5033	Cottonwood Ranch Knapweed Restoration Project * ^	56,293	13
212-5069	4-D Brothers ^	135,574	14
212-5055	Ridgeline Water Quality Improvement * ^	71,411	15
212-5059	East Cow Hollow Water Quality Improvement ^	31,701	16
212-5067	Nyssa Bench Water Quality Improvement ^	40,189	17
212-5074	Jamieson Livestock Waste Water Elimination ^	48,477	18
212-5068	Phase III Vale Lateral 227	169,416	19
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,617,819	
Total Restoration Projects Recommended for Funding by Staff to Board		\$933,257	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 5 - Eastern Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-5039	The Model to Protect Sage Grouse	50,000	1
212-5031	Newt Young Diversion Restoration ^	25,000	2
212-5040	Gekeler Slough Drainage Surface Water Management Plan	49,000	3
212-5030	Medicine Creek Wetland Restoration ^	19,245	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$143,245	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$124,000	

^ Fund with Conditions

Region 5 - Eastern Oregon
Outreach Application Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-5028	Wallowa Resources' Watershed Evaluation Teams (WET) Program *	27,662	1
Total Outreach Projects Recommended for Funding to Staff by RRT		\$27,662	
Total Outreach Projects Recommended for Funding by Staff to Board		\$27,662	

* Listed Amount Reflects Reduction ^ Fund with Conditions

Region 5 - Eastern Oregon
Monitoring Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-5042	Harney Basin Aquatic Health Monitoring Phase 1	31,765	1
212-5076	Phase III Wallowa Mountains Bull Trout Redd Monitoring (2012-2013)	24,000	2
212-5037	Prairie Creek Water Quality Monitoring ^	25,851	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$81,616	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$81,616	

^ Fund with Conditions

Region 5 - Eastern Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5045	Dry Mountain Ranch Riparian Crossing	87,413
212-5047	Maupin Medusahead Control and Restoration	35,256
212-5050	Catherine Creek - 37 Stream and Fish Habitat Restoration	287,711
212-5057	Fire Ridge Water Quality Improvement	29,066
212-5058	Three Fingers Water Quality Improvement	72,795
212-5060	Kingman Water Quality Improvement	41,362
212-5063	Malheur Riparian & Bull Trout Project	93,500
212-5064	Blue Bucket Creek Riparian Improvement	42,462
212-5066	About Time	82,190
212-5070	Down Memory Lane	46,357
212-5073	Alder Creek Elimination of Irrigation Return Flow	70,706

Region 5 - Eastern Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5029	Wrangling the Wilcox Ditch	9,190

Region 5 - Eastern Oregon
Outreach Application Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5038	Sharing our Success - Outreach Videos	15,200
212-5077	Comparing Watershed - Wilsonville Capstone Trip	26,984

Region 5 - Eastern Oregon
Monitoring Application Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5041	Finding the Truth in the Juniper Mahogany Conflict	37,000
212-5043	Choirboys Wetland Pond Monitoring Project Phase II	11,509
212-5044	Luther Wetland Intensive Monitoring Project - Phase 3	10,066

Region 5 - Eastern Oregon
Restoration Applications Withdrawn by Applicant
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-5054	Tree Top Water Quality Improvement	92,866
212-5065	Vale Heights	11,551



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Sue Greer, Mid-Columbia Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 6, Mid-Columbia Region
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report describes the Mid-Columbia Regional Review Team (RRT) evaluations and staff recommendations for funding.

II. Background and Summary

Applicants submitted 33 applications for a total request of nearly \$3.2 million.

III. Regional Review Team Recommendations

The Mid-Columbia RRT met in Heppner in January 2012 to review the applications received in this grant cycle and make recommendations to OWEB staff. Restoration, Outreach, Monitoring and Technical Assistance 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 25 applications: 18 Restoration applications; 3 Outreach applications; 4 Technical Assistance applications; and no Monitoring applications.

IV. Staff Recommendations

For the March Board meeting, staff recommend funding for 14 applications for a total award of \$1,124,431: \$994,313 for Restoration; \$49,865 for Outreach; and \$80,253 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. Attachment A also indicates OWEB staff “do fund” recommendations, shown in gray 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 gray shaded sections of Attachment A to this report.

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 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-6020	Oxbow Tailings Restoration *	188,000	1
212-6029	John Day Basin Fish Habitat Enhancement Program *	216,585	2
212-6039	Fish Passage & Stream Connectivity Restoration Project - Phase II *	220,288	3
212-6052	West Birch Creek Dam Removals and Streambank Stabilization *	130,769	4
212-6019	Berry Creek Culvert Replacements	71,496	5
212-6031	Meredith Beech Creek Diversion Replacements **	22,963	6
212-6028	Beech Creek Floodplain Restoration ^	123,963	7
212-6036	Smith Diversion Dam Fish Passage	20,250	8
212-6043	Badger Creek Diversion #1 ** ^	35,750	9
212-6024	Campbell Crossing Restoration * ^	80,498	10
212-6035	Maxwell Ranch Upland Improvement	59,050	11
212-6046	Rowe Creek Juniper *	146,312	12
212-6025	Sherman County Upland Conservation Projects *	103,329	13
212-6051	South Fork Upland Initiative **	56,510	14
212-6042	Dove Meadow Strategic Area Protection	31,208	15
212-6037	Broken Spur Ranch Watershed Enhancements - Phase II	42,143	16
212-6049	Osburn Pipeline Phase II	96,525	17
212-6022	WEID Lateral 17 Piping	169,911	18
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,815,550	
Total Restoration Projects Recommended for Funding by Staff to Board		\$994,314	

* 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 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-6033	Dillon Dam Removal Feasibility Study * ^	38,203	1
212-6023	Long Creek Aspen Restoration - Phase I	7,050	2
212-6034	Birch Creek Watershed LiDar Survey *	35,000	3
212-6047	Lower John Day River and Rowe Creek Habitat Restoration	49,959	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$130,212	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$80,253	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 6 - Mid Columbia
Outreach Applications Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-6026	STELLAR Watershed Outreach (for two years) ^	29,994	1
212-6018	Eastern Oregon Natural Resource Camp 2012 ^	6,000	2
212-6027	Ripples in Time ^	13,871	3
Total Outreach Projects Recommended for Funding to Staff by RRT		\$49,865	
Total Outreach Projects Recommended for Funding by Staff to Board		\$49,865	

^ Fund with Conditions

Region 6 - Mid Columbia
Restoration Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6032	Heppner-Lexinton Conservation Pipeline Line 1 Supplement	144,084
212-6041	Lower Bridge Creek-Bear Creek Habitat Water Quality Phase #1	86,350
212-6044	Lower Bridge Creek Connectivity	102,150
212-6045	Girds Creek Diversion	42,170

Technical Assistance Application Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6038	East Birch Creek Spawning and Rearing Habitat Improvement	50,000

Region 6 - Mid Columbia
Monitoring Applications Not Recommended for Funding by the RRT
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6040	Rudio Basin Rapid Watershed Monitoring Project	60,000
212-6050	Upper South Fork Monitoring Program	132,985

Region 6 - Mid Columbia
Technical Assistance Application Withdrawn by Applicant
October 17, 2011 Grant Cycle

Project #	Project Name	Total Amount Requested
212-6030	Long Creek Allotment: Holistic Management	16,913

March 13-14, 2012 OWEB Board Meeting

Executive Director Update #G-1: Whole Watersheds Restoration Initiative

Background

In September 2011, the Board awarded \$250,000 for the first year of projects under the Whole Watersheds Restoration Initiative (WWRI). Ecotrust is the organization that solicits grant applications and facilitates the review process. The program is available for the Pacific Northwest states of Oregon, Washington and Idaho. The program funders are the U.S. Forest Service and NOAA Fisheries for all three states. OWEB funds are used to match the federal funds in Oregon.

Current Status

Ecotrust solicited applications in October of 2011. The review team met on January 25, 2012. Based on the review comments, six projects were recommended for the use of OWEB funds. (Attachment A) The Executive Director has reviewed the allocation of funds for the first year.

Ecotrust received twenty six applications from Oregon, twenty six from Washington and one from Idaho. Of the applications received, six were recommended for funding in Washington and 11 were recommended for funding in Oregon. The Idaho application was not recommended for funding. Of the 11 projects in Oregon, three indicated that the proposed project “completed the action plan for that watershed.” Based on this and other successes within the program, WWRI is viewed as a model for efforts to engage federal and private interests.

In addition to the successful project solicitation and award effort, Ecotrust is looking to evaluate the program. Their proposed evaluation is based on four questions:

1. Are we funding the right work in the right places?
2. How can the WWRI become more efficient and stable?
3. How can we ensure public and decision-makers support for public investments in restoration?
4. How can we increase the WWRI’s impact over the next three to five years?

If the evaluation goes forward, it could provide assistance in the transparency and accountability that OWEB is seeking for this Partnership effort.

Staff Update and Request

Contact Ken Bierly at ken.bierly@state.or.us or 503-986-0182 with questions about the WWRI.

Attachment

- A. WWRI Funding Award Recommendations

Attachment A

February 2012 WWRI Project Funding Recommendations for OWEB				OWEB
App #	Sponsor	Project Name	Total Request	\$225,000 max
8	Illinois Valley Soil and Water Conservation District	Sucker Creek Channel and Floodplain Restora	\$ 100,000.00	\$ 33,000.00
20	The Freshwater Trust	Salmon River Side Channel Restoration Proje	\$ 86,084.00	\$ -
21	The Nature Conservancy	Salmon River Riparian Restoration Project	\$ 61,081.00	\$ 31,085.00
3	Confederated Tribes of the Warm Springs Reservation	Oxbow Tailings Restoration Phase 2	\$ 100,000.00	\$ -
14	Nestucca-Neskowin Watershed Council	Farmer Creek Culvert Replacement	\$ 99,161.00	\$ 55,000.00
7	Hood River Soil and Water Conservation District	West Fork Hood River Marco Large Wood Pla	\$ 30,820.00	\$ -
19	South Umpqua Rural Community Partnership	Jackson Tributaries Salmon Restoration Proje	\$ 100,000.00	\$ 50,000.00
17	Siuslaw Institute, Inc.	Fivemile Bell Restoration – Phase II	\$ 100,000.00	\$ -
15	North Fork John Day Watershed Council	Big Rock Creek Culvert Replacement	\$ 84,014.00	\$ -
6	Coquille Watershed Association	South Fork Coquille River LWD/Slope Stability	\$ 87,163.00	\$ 25,000.00
12	McKenzie River Trust	Waite Ranch Tidal Wetlands Restoration Proj	\$ 61,750.00	\$ 30,875.00
Total Recommended				\$ 224,960.00

March 13-14, 2012 OWEB Board Meeting Executive Director Update #G-2: 2012 Legislative Session

Background

Sessions of the Oregon Legislature are limited by the Constitution to 35 days in even-numbered years. The Legislature has adopted a schedule for the 2012 session to complete all legislative deliberations by the end of February. In many ways, this session has been very similar to the final days of regular (odd-numbered year) legislative sessions. This abbreviated timeframe has resulted in many bills not receiving a public hearing or work session. Ultimately, the Legislature has focused much of its attention on issues such as health care and budget rebalancing.

Introduction and Status of Senate Bill 1511 (Ecosystem Services)

OWEB was involved this session in discussions about and tracking of SB 1511. OWEB was designated by the Governor's Office to be the lead for the natural resources agencies interested in and potentially affected by the bill, and coordinated the development of a joint letter of support. (Attachment A) SB 1511 is nearly identical to the ecosystem services and markets bill (House Bill 3109) proposed during the 2011 legislative session, which follows-up on the recommendations from the SB 513 Work Group, which OWEB staffed during the 2009-2011 biennium. The bill proposed to implement several of the policy recommendations from the SB 513 process by expanding state policy relating to conserving ecosystems for "long-term ecological, economic, and social benefits" and encouraging state agencies and local governments to use market-based approaches to conserve or enhance ecosystem services.

SB 1511 was introduced by the Senate Committee on Environment and Natural Resources. The Committee held a hearing of the bill on February 2, 2012, and a work session on February 14, 2012. The bill passed out of committee on February 16, 2012, and was referred to the Senate Rules Committee. At the time of writing of this staff report, the final fate of SB 1511 is uncertain, but it appears likely that the bill will not move out of committee. Staff will update the Board on the final outcome of this bill at the Board meeting.

OWEB Revised Statutes

As a result of the 2011 passage of SB 342, which amended OWEB's statutes to incorporate the language and provisions of Ballot Measure 76, the 2011 Oregon Revised Statutes (ORS) renumber OWEB's statutes. OWEB's statutes were ORS 541.351 to 541.415; now they are ORS 541.890 to 541.969. OWEB staff are updating grant application materials, grant agreements, and other agency publications with these new numbers. The ORS, which were published in January 2012, will be made available to the Board in an updated Board Manual this spring. OWEB's statutes can be found online at <http://www.leg.state.or.us/ors/541.html>.

Staff Update and Request

Contact Melissa Leoni at melissa.leoni@state.or.us, 503-986-0179, if you have questions about the legislative session or ORS changes, or Renee Davis-Born at renee.davis-born@state.or.us, 503-986-0029, if you have questions about the ecosystem services legislation.

Attachment

- A. Joint Letter of Support

February 1, 2012

Senator Jackie Dingfelder, Chair
Senate Environment and Natural Resources Committee
Room 347, State Capitol
900 Court Street NE
Salem, OR 97301

Re: Senate Bill 1511

Dear Chair Dingfelder and Members of the Committee:

In the 2009-2011 biennium, representatives from our agencies participated in the Senate Bill 513 (2009) Ecosystem Services and Markets process. Today we write to you in support of Senate Bill 1511, which advances state policy regarding ecosystem services.

The SB 513 process engaged a broad and diverse community of stakeholders to consider how Oregon can achieve ecological goals while improving the state's economy and the quality of life for Oregonians. The SB 513 Working Group developed ten consensus policy recommendations (see www.oregon.gov/OWEB/docs/SB513_final_report.pdf for more information). These recommendations were intended to promote development and implementation of an integrated ecosystem services marketplace, which may in the future offer an "alternative path" to traditional regulatory processes intended to protect Oregon's environment. This marketplace would expand opportunities for Oregon's landowners to sell improved ecosystem services, generating income that helps farm, forest and other landowners to be good stewards of the land, while benefitting their local communities through the creation of restoration-related jobs. The marketplace would also create opportunities for agencies to incorporate ecosystem services approaches and crediting into their grant-making and compensatory mitigation programs. These approaches provide additional tools for natural resource agencies to achieve conservation and restoration goals while promoting jobs through market mechanisms and being accountable and transparent about the ecological outcomes resulting from public investment in and the management of Oregon's natural resources.

We support Senate Bill 1511 because the bill provides continued high level encouragement to agencies to use market-based approaches to help accomplish their goals where and when appropriate. The bill also comports with and gives support to the work natural resource agencies are already conducting. For example:

- The Oregon Watershed Enhancement Board (OWEB) provides grants to help Oregonians protect and restore the state's environment. SB 1511 encourages OWEB to continue to explore options for incorporating ecosystem services-related approaches into the agency's programs, including providing incentives to landowners to conserve ecosystem

services and increase the pace of habitat restoration. OWEB is engaged in a number of pilot projects to test and refine ecosystem services approaches this biennium. These projects connect the Senate Bill 513 recommendations with existing OWEB programs and initiatives in ways that will help the agency achieve its mission and measure the ecological outcomes of the agency's investment, thus increasing accountability about the use of public funds for restoration.

- The Board of Forestry's sustainability strategy, the *Forestry Program for Oregon*, identifies ecosystem services markets as important to its goal of keeping working forests working, in the face of pressure to sell forestlands for non-forest uses. SB 1511 takes steps toward developing effective policies that would provide additional economic opportunity for Oregon's forestland owners. Consistent with this goal, the Oregon Department of Forestry (ODF) was a partner recently in a successful pilot of ecosystem service measures and design of credits, as part of a stream habitat restoration project on Gales Creek, in the Tillamook State Forest. Similarly, ODF continues to participate in the development of emerging markets for forest biomass and carbon offsets, as potential financial incentives to encourage sustainable management of forestlands.
- The state's Integrated Water Resources Strategy, scheduled for adoption by the Water Resources Commission during 2012, calls for the further development of Oregon's ecosystem services markets, particularly as they relate to water quality and quantity. Specifically, it calls upon the state to build upon its policy of ecosystem services markets by continuing to develop, define, and explore how these markets could be used to meet both regulatory and voluntary needs in Oregon.
- The Department of State Lands (DSL) has been and continues to be supportive of the use of ecosystem services concepts to evaluate impacts to waters of the state and to identify appropriate compensatory mitigation. DSL supports development of ecosystem services markets, which will provide high quality compensatory mitigation, provide incentive for landowners to be good stewards of waters of the state, and provide potential opportunities to generate additional revenue from state-owned lands managed by DSL.
- The Department of Environmental Quality (DEQ) is able to incorporate "water quality trading" in wastewater discharge permits as a means to achieve the best overall protection of the environment while lowering costs for the permit holder and promoting jobs. For example, to improve conditions for salmon and other native fish, DEQ's water quality trading program allows dischargers to meet their discharge temperature requirements by taking action to restore streambanks, wetlands, floodplains, and aquatic habitat within a watershed rather than installing wastewater chillers at their facility. The development of measurement and compliance tools for ecosystem services supported by this bill is essential to ensure the ongoing success of DEQ's water quality trading program and advancement of this type of approach into other regulatory programs.
- The Department of Fish and Wildlife (ODFW) supports the use of ecosystem services and markets as a useful tool for implementing meaningful habitat restoration in Oregon. Senate Bill 1511 is consistent with the broad vision identified in the Oregon Conservation

Strategy (Oregon's Comprehensive Wildlife Conservation Strategy) for long-term conservation of Oregon's native fish and wildlife. It also complements ODFW's approach to recommending high quality, accountable mitigation for development actions that impact Oregon's fish and wildlife and their habitats.

In summary, Senate Bill 1511 provides encouragement to state agencies to adopt and implement ecosystem services approaches and market-based programs that accomplish dual economic and environmental goals.

Sincerely,



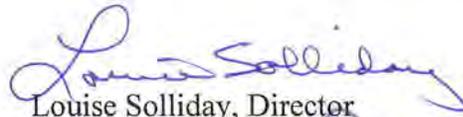
Dick Pedersen, Director
Department of Environmental Quality



Roy Elicker, Director
Department of Fish and Wildlife



Doug Decker, State Forester
Department of Forestry



Louise Solliday, Director
Department of State Lands



Thomas M. Byler, Director
Oregon Watershed Enhancement Board



Phillip C. Ward, Director
Water Resources Department

- c Richard Whitman, Governor's Natural Resources Policy Director
- Brett Brownscombe, Governor's Natural Resource Policy Advisor



Oregon

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February 28, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item H: Integrated Water Resources Strategy
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on the Integrated Water Resources Strategy and requests Board consideration of an endorsement of the strategy.

II. Background

During 2009, the 75th Legislative Assembly passed House Bill 3369, directing the Oregon Water Resources Department to develop a statewide, Integrated Water Resources Strategy (IWRS) to help Oregon better understand and meet its future water quantity, water quality, and ecosystem needs, while taking into account coming pressures such as population growth, changes to land use, and future climate conditions.

At the January 2012 meeting, Board member John Jackson, Chair of the Water Resources Commission, updated the Board on the December 2011 Integrated Water Resources Strategy discussion draft. The document features recommended actions in a dozen water-related categories and provides a blueprint for the State of Oregon to follow, as it strives to understand and meet its water needs, now and in the future. A copy of the executive summary is attached to this report. (Attachment A) The full document can be accessed online at: http://www.wrd.state.or.us/OWRD/LAW/docs/IWRS/2011_December_Discussion_Draft.pdf.

The focus during this three-year project has been the development of recommended actions that will help the state better understand and meet its water needs – instream and out-of-stream, above ground and below ground, now and into the future. The December 2011 Discussion Draft outlines the vision, goals, objectives, and principles to guide the strategy; it identifies a number of critical issues that need to be addressed by the state; and it offers recommended actions in 12 different categories.

The Water Resources Commission will notify and seek endorsement from other Boards and Commissions, inviting one final round of comments before closing public comment on March 15, 2012. The Water Resources Commission is responsible for adopting a final version during

2012. Following review and adoption by the Water Resources Commission, the Strategy will be distributed to the Oregon Legislature in preparation for the 2013 Legislative Session. Many of the operational details related to the Strategy, including setting timelines, identifying costs, and determining staffing needs, will occur during the course of preparations for the 2013 Legislative Session

III. Proposed Board Action

The Water Resources Commission seeks the review and endorsement of the OWEB Board as it prepares to adopt Oregon's first Integrated Water Resources Strategy. The Commission requests that OWEB review the December 2011 Discussion Draft and provide its thoughts and support to the Water Resources Department. Staff have drafted a proposed letter of support (Attachment B) for the Board's consideration at the March meeting.

IV. Recommendation

Staff recommend the Board approve the letter of support for the IWRS shown in Attachment B to this staff report.

Attachments

- A. Executive Summary, Integrated Water Resources Strategy Discussion Draft, December 2011
- B. Draft Letter of Support

Executive Summary

Water is one of Oregon's most precious natural resources. With more than 100,000 miles of rivers and streams, 360 miles of coastline, and some of the cleanest lakes in the world, Oregon is renowned for its water. Our rivers and streams not only provide natural beauty, but they supply the water necessary for drinking, recreation, industry, agriculture, and fish and wildlife. Today, however, the management of water resources in Oregon is facing a number of significant challenges. Surface water is nearly fully allocated during the summer months and groundwater is showing declines in many areas. More than 1,861 waterbodies are impaired and not meeting water quality standards. Twenty-four fish species have been identified as threatened or endangered under the Endangered Species Act, while another 31 are listed as state sensitive species.

During 2009, the 75th Legislative Assembly passed House Bill 3369, directing the Water Resources Department to develop a statewide, Integrated Water Resources Strategy (IWRS) to help Oregon meet its future water needs in terms of water quantity, water quality, and ecosystem functions.

House Bill 3369 states that the Water Resources Department shall develop a strategy to implement ORS 536.220(2), which calls for the state to "formulate a coordinated, integrated state water resources policy and provide means for its enforcement, that plans and programs for the development and enlargement of the water resources of this state be devised and promoted and that other activities designed to encourage, promote and secure the maximum beneficial use and control of such water resources and the development of additional water supplies be carried out by a single state agency..."

The bill further clarifies these mandates by stating that the Oregon Water Resources Department "shall design the strategy to meet Oregon's in-stream and out-of-stream water needs." The bill directs the Oregon Water Resources Department (OWRD) to work in close cooperation with the Oregon Department of Environmental Quality (ODEQ) and the Oregon Department of Fish and Wildlife (ODFW), to develop the Integrated Water Resources Strategy and to develop data on an ongoing basis to forecast these needs. The bill also adds the Oregon Department of Agriculture (ODA) to the list of key agencies responsible for reporting progress on the Strategy in 2011. The Environmental Quality Commission, Fish and Wildlife Commission, and the Board of Agriculture shall receive notice prior to adoption of the Strategy.

The Water Resources Commission has responsibility for formal adoption of the Strategy.

The bill requires the Strategy to include objectives as well as actions designed to meet these objectives under the Strategy. It also requires: a description of relevant factors such as population growth and land-use change; plans and recommendations related to the challenges presented by climate change; provisions to ensure communication and partnership with key stakeholders; a description of functions and roles to be played by other agencies; and finally, public policy options and recommendations.

The Recommended Actions resulting from efforts over the past 24 months are summarized as follows:

#1 Understanding Water Resources / Supplies / Institutions

Action 1.A Fill in Knowledge Gaps — Physical Water Resources  

Action 1.B Further Integrate Water Resource Management in Oregon 

#2 Understanding Oregon's Out-of-Stream Needs

Action 2.A Fill in Knowledge Gaps — Long-Term Water Demand Forecasts  

Action 2.B Improve Water-Use Measurement 

Action 2.C Determine Pre-1909 Water Right Claims

#3 Understanding Instream Needs

Action 3.A Fill in Knowledge Gaps – Flows Needed (Quantity & Quality) to Support Instream Needs  

Action 3.B Fill in Knowledge Gaps – Needs of Groundwater Dependent Ecosystems 

#4 The Water & Energy Nexus

Action 4.A Analyze the Effects on Water from Energy Development Projects & Policies 

Action 4.B Take Advantage of Existing Infrastructure to Develop Hydroelectric Power

Action 4.C Promote Strategies that Increase/Integrate Energy & Water Savings

#5 Climate Change

Action 5.A Support Continued Basin-Scale Climate Change Research Efforts 

Action 5.B Assist with Climate Change Adaptation and Resiliency Strategies  

#6 The Water and Land-Use Nexus

Action 6.A Improve Integration of Water Information into Land-Use Planning (and Vice Versa)  

Action 6.B Encourage Low-Impact Development [LID] Practices 

#7 Water-Related Infrastructure

Action 7.A Encourage Regional (Sub-Basin) Approaches to Water and Wastewater Systems

Action 7.B Develop and Upgrade Water and Wastewater Infrastructure

#8 Education and Outreach

Action 8.A Support Oregon's K-12 Environmental Literacy Program

Action 8.B Provide Education and Training for Oregon's Next Generation of Water Experts 

Action 8.C Host Community Education and Training Opportunities

Action 8.D Identify On-going Water-Related Research Needs

#9 Funding

Action 9.A Fund Development and Implementation of Oregon's IWRS  

Action 9.B Fund Water Resource Management Activities at the State Level  

Action 9.C Fund Communities Needing Feasibility Studies for Water Conservation, Storage, and Re-use Projects

Action 9.D Fund Communities Implementing Water Development Projects

#10 Place-Based Approaches

Action 10.A Undertake Regional (Sub-Basin) Integrated, Water Resource Planning 

Action 10.B Partner with Tribes and Neighboring States in Long-Term Water Resource Management

Action #11 Water Resource Development

Action 11.A Increase Water-Use Efficiency and Water Conservation

Action 11.B Improve Access to Built Storage

Action 11.C Encourage Additional Water Re-Use

#12 Public Health and Ecosystem Health

Action 12.A Improve the Safety of Oregon's Drinking Water

Action 12.B Reduce the Use of and Exposure to Toxics and other Pollutants

Action 12.C Implement Water Quality Pollution Control Plans

Action 12.D Improve Watershed Health, Resiliency, and Capacity for Natural Storage 

Action 12.E Develop Additional Instream Protections 

Action 12.F Prevent and Eradicate Invasive Species

Action 12.G Protect and Restore Instream Habitat and Habitat Access for Fish and Wildlife

Action 12.H Assist in the Development of Ecosystem Services Markets 



Oregon

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DRAFT



March 13, 2012

Phillip C. Ward, Director
Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

Re: Integrated Water Resources Strategy

Dear Director Ward:

The Oregon Watershed Enhancement Board (OWEB) would like to express its appreciation of and support for the agency's efforts on Oregon's Integrated Water Resources Strategy and the December 2011 Discussion Draft.

OWEB's mission is to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. We appreciate that the Strategy emphasizes the need to maintain Oregon's economy and protect and restore the environment. OWEB stands ready to provide investment, through grants, in the critical water needs that relate directly to OWEB's priorities, and would encourage further coordination between our agencies.

In summary, the draft strategy is an important first step for Oregon and we look forward to future collaboration and coordination on these important issues.

Sincerely,

Dan Thorndike
Board Co-Chair

Eric Quaempts
Board Co-Chair



Oregon

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February 27, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director
Melissa Leoni, Senior Policy Coordinator

**SUBJECT: Agenda Item I: Water Acquisition Valuation Presentation
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This staff report presents background information on the policy and program issues associated with the valuation of proposed water acquisition projects. This is an informational item only.

II. Background

OWEB adopted its current administrative rules for Water Lease and Transfer Grants in January of 2005. Prior to this date, OWEB had one set of rules and the same application and review process for both the land and water acquisition grants. The new set of stand-alone rules was developed in coordination with Oregon Water Resources Department (WRD) staff and OWEB stakeholders engaged in instream water leases and transfers. The rule changes were made to accomplish two primary goals: 1) to make the necessary grammatical changes to disengage the water acquisition rules from the land acquisition grant rules and place them in a separate division; and 2) to revise the rules consistent with recommendations by the WRD staff so that the rules were compatible with current WRD practice and allowed OWEB to accomplish its goals.

In the application requirements for water acquisitions, OWEB requires the submission of a “fair market value appraisal or other OWEB Board-approved valuation of the water right interest to be acquired, completed within the year prior to submittal.” [OAR 695-046-0070(1)(c)] By rule, a due diligence review for water acquisitions is defined as including “(a)n independent, third-party review of the fair market value water appraisal or other OWEB Board-approved valuation submitted by the applicant.” [OAR 695-046-0020(3)(a)]

In water acquisitions, OWEB allows an alternative to a fair market appraisal, if approved by the Board. The explanation for this option was included in the January 2005 staff report:

“Formal appraisals are expensive and may not be economically worthwhile for one-season leases, one-year leases or time-limited transfers. Therefore, if the Board finds that another, less expensive methodology is reliable, the proposed rules allow the Board to approve use of the alternate methodology by applicants.”

To date, all of OWEB's funded water acquisitions (outside of drought emergency grants) have used an alternative valuation method. Both water acquisition applications submitted in the October 2011 grant cycle include valuation memos conducted by WestWater Research, LLC. (See Agenda Item M-2.) WestWater has conducted a water pricing analysis that uses the legal characteristics of the water right proposed for transfer and information about the local water market in its valuation techniques. WestWater's memos address the possible methods for valuing water rights, including Sales Comparison, "Before and After," Replacement Cost, and Income Capitalization Approach, which are methods used in fair market value appraisals. However, these valuation memos are not fair market value appraisals and the alternative valuation methods have not been approved by the Board.

III. Recommendation

This is an informational item. No Board action is requested at this time on this item, although Board action is requested in Agenda Item M for the pending water acquisition applications. Staff will facilitate a presentation by water transaction and valuation partners to provide the Board with more information on and the different perspectives about alternative valuation methods.



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February 28, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

SUBJECT: **Agenda Item J: Conservation Reserve Enhancement Program
Technical Assistance Grants
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on the Conservation Reserve Enhancement Program (CREP) Technical Assistance (TA) grants and presents a recommendation from the CREP Partnership to authorize a targeted grants process to address CREP technical assistance needs.

II. Background

The Oregon Conservation Reserve Enhancement Program (CREP) was approved in September 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).

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 funded a review of the program to 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. OWEB has funded CREP technical assistance (CREP TA), either directly or through SWCD capacity since 2002.

Staff and representatives from the Oregon Department of Agriculture, Oregon Association of Conservation Districts, Natural Resources Conservation Service (NRCS), and FSA (the "CREP Partnership"), began meeting regularly in 2009 to evaluate CREP TA and to develop an alternative for future funding of Oregon CREP TA. The CREP Partnership proposed to fund outcome-based CREP TA grants in 2011-2013 independently from the funding for SWCD capacity or OWEB's "regular" technical assistance grant program.

The Board endorsed the proposal in June 2011 and 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.

At the September 2011 Board meeting, staff presented OAR Chapter 695, Division 4 rule standards and guidance for application requirements and process, evaluation criteria, agreement conditions, and the distribution of funds for a CREP TA grant cycle. The Board approved the following:

1. The CREP TA grant standards, guidance, and process identified in the staff report;
2. An award of \$800,000 in OWEB funds and \$280,000 in NRCS funds for CREP TA grants; and
3. Delegation of authority to the Executive Director to distribute the CREP TA grants consistent with the criteria and processes identified in the staff report.

Application materials were posted on October 3, 2011, and applications were due November 3, 2011. OWEB received 13 applications for CREP TA. The review team met on November 29, 2011, to evaluate the applications against the criteria and rank and prioritize those recommended for funding based on the amount requested and available. The review team recommended and staff awarded funding for 11 of the 13 CREP TA applications received by the November 3, 2011, deadline. Attachment A lists the grants awarded on December 7, 2011.

III. CREP Technical Assistance Needs

The CREP Partnership has identified areas of the state where CREP TA is still needed. These are areas where there are number of pending contracts that need conservation plans for landowners and do not have sufficient technical assistance resources, or are areas with significant ecological needs and potential for CREP, but that do not currently have viable CREP programs.

At the review of the CREP TA applications in November 2011, the CREP Partnership identified three areas of need: Grant, Klamath, and Polk counties. In Grant and Polk counties, there are currently three or four existing contracts that need additional technical assistance to complete, and there is the potential for additional CREP sign-ups if technical assistance resources were in place. In the Klamath Basin, there is significant need for riparian restoration, and CREP could be an important tool in the toolbox and be complimentary to OWEB's investment in the Klamath Special Investment Partnership.

Of the funds awarded by the Board in September 2011, to the CREP TA grants solicitation, there is a remaining balance of \$136,126. The Partnership would like to use those remaining funds to support CREP TA grants, consistent with the September 2011 intent, through a more directed and targeted process than an open grant solicitation. The CREP Partnership met on February 17, 2012, to finalize a recommendation to the OWEB Board to authorize a targeted grants process to allocate the remaining CREP TA funds to address these three priority areas and training for the significant number of new CREP technicians.

The Partnership recommends that the Board allocate \$130,000 of the remaining funds to CREP TA grants in the three priority areas and authorize the Executive Director to enter into negotiations with the Partnership and relevant local partners in each of these areas to identify the

appropriate entity to deliver CREP TA, solicit grant applications, review proposals and certify that the proposed CREP TA meets the criteria adopted by the Board in September 2011, identify any special conditions that should apply to the OWEB funding, and enter into grant agreements.

The Partnership further recommends that the balance of funds remaining (\$6,126) be allocated to support training for the technicians funded through the CREP TA grants. OWEB last sponsored training for the CREP technicians in June of 2010. Only a few of the technicians funded through the CREP TA attended that training; the majority have been hired since then. Staff believe that OWEB can use a portion of the NRCS funds remaining to support the training, rather than dip into Lottery Grant Funds or other Board allocated training funds.

IV. Recommendation

Staff recommend the Board:

- A. Re-allocate \$130,000 for targeted CREP TA grants and \$6,126 for training from 212-8100, as described in Section III of this report, and delegate distribution authority to the Executive Director.
- B. Authorize staff to:
 1. Identify the appropriate local entity to deliver CREP TA in the three priority areas;
 2. Solicit grant applications;
 3. Review the proposals and certify that the proposed CREP TA meets the criteria adopted by the Board in September 2011;
 4. Identify any special conditions that should apply to the OWEB funding; and
 5. Enter into grant agreements.

Attachment

- A. CREP Technical Assistance Grant Awards – December 7, 2011

CREP Technical Assistance Grant Awards

December 7, 2011

App. #	Project Name	Grant Award
212-8100-9378	Wasco County Riparian Buffers	\$97,205
212-8100-9380	Columbia SWCD CREP Technical Assistance	\$86,923
212-8100-9381	Douglas County CREP Technical Assistance	\$96,169
212-8100-9382	Gilliam County CREP Technical Assistance	\$23,000
212-8100-9383	Marion-Yamhill Riparian Partnership	\$82,500
212-8100-9384	Upper Willamette Regional CREP Partnership	\$160,907
212-8100-9385	Coos-Curry CREP Technical Assistance	\$90,420
212-8100-9386	Central Oregon Tri-County CREP Program	\$95,964
212-8100-9387	Umatilla County SWCD CREP 2012	\$107,800
212-8100-9388	Snake River Basin CREP Technical Assistance	\$81,000
212-8100-9389	Wheeler County CREP Technical Assistance	\$21,986
TOTAL FUNDED		\$943,874



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February 27, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis-Born, Ecosystem Program Coordinator
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item K: Ecosystem Services Program
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This report provides an update on the projects and activities of the agency's ecosystem services program. At the Board meeting, staff and guests will provide a demonstration of the Eastern Oregon Rangeland Ecosystem Function Tool. This report is for informational purposes only.

II. Background

At Board meetings during the last year, staff provided updates about several pilot and proposed projects, including those in the Willamette Basin, eastern Oregon, and the Klamath Basin. The agency's work-to-date has been designed to connect the 2011 Senate Bill 513 (SB 513) Working Group recommendations regarding ecosystem services and markets with existing OWEB programs and initiatives in ways that help the agency achieve its mission.

SB 513 defines ecological values as "clean air, clean and abundant water, fish and wildlife habitat and other values that are generally considered public goods." Ecosystem services are the "benefits that human communities enjoy as a result of natural processes and biological diversity." An ecosystem services market is "a system in which providers of ecosystem services can access financing to protect, restore and maintain ecological values, including the full spectrum of regulatory, quasi-regulatory, and voluntary markets."

Ecological values and ecosystem services have a clear and direct relationship to OWEB's mission to protect and restore Oregon's watersheds and support the socio-economic health of its communities. In March 2009, the Board first allocated funding to investigate how traditional OWEB restoration and acquisition projects may provide ecosystem services. In addition, staff began exploring how the Board's investments could converge with ecosystem services markets. Markets already exist in Oregon for wetlands and carbon and, to a lesser degree, water quality and quantity, and are emerging for several habitat types.

Ecosystem services approaches and markets encourage the use of restoration and conservation efforts—in particular, voluntary actions on private lands—to ensure the delivery of ecological

functions and processes. Such approaches are similar to and overlap with OWEB's approach to protect and restore natural habitats through its grant programs. Ecosystem services approaches require that the ecological benefits of conservation and restoration efforts are measured, tracked, and successfully achieved through time, and offer the tools and resources to do this. These characteristics differentiate ecosystem services approaches from OWEB's traditional restoration grant-making approach and offer the potential to add value to OWEB's approach if infused into a variety of the agency's programs.

At the January 2011 meeting, staff first provided the Board with a program framework for considering the new roles that are emerging for OWEB in ecosystem services and markets. The projects and ideas included in this framework will test ways to better integrate current OWEB programs and operations with emerging ecosystem services initiatives in a way that is relevant to the Board and agency as it considers its long-term investment strategy. Categories within the program framework include Policy Development, Integrated Natural Resource Planning, Tool Development, Testing/Pilot Projects, Implementation, and Education and Outreach. (Attachment A)

Previous Board discussions have identified the potential for using ecosystem services approaches to identify areas of overlapping resource values and measure the ecological return on the agency's financial investments. In addition, Board members have recognized opportunities for collaboration with other agencies and organizations that will better coordinate programmatic investments and result in mutually beneficial ecosystem services outcomes to landowners and funding partners (e.g., rangeland restoration and juniper management). Given previous feedback from the Board, staff have focused its efforts on developing and engaging in pilot projects that test a variety of ecosystem services approaches and tools. Staff intend for this summary of activities to-date to be a basis for further discussion with the Board about current and future priorities for the ecosystem services program.

III. Willamette Basin Ecosystem Services Project

At the March 2010 Board meeting, the Board supported OWEB's participation in a grant proposal by The Freshwater Trust (TFT) and Willamette Partnership (WP) to the U.S. Department of Agriculture's (USDA) 2010 Conservation Innovation Grant (CIG) program, which is overseen by the Natural Resources Conservation Service (NRCS). The proposed project sought funding to develop, integrate and apply ecosystem market approaches in the Pacific Northwest. One component of this work, the Willamette Basin Ecosystem Services Project, would pilot an ecosystem services market in the Willamette Basin by securing private investment to fund restoration work that results in measurable ecological outcomes. These outcomes would be measured using ecosystem services metrics. The "credits" that would be generated and eligible to be bought or sold in a marketplace, would also be determined.

Although funding was not secured in 2010, TFT and WP submitted a revised proposal to the 2011 CIG program at the encouragement of USDA administrators. OWEB's role in the 2010 project was to provide grant funds to "back-stop" private investment in riparian restoration through the purchase of completed riparian projects. For the 2011 resubmission, the OWEB "back-stop" was refined to take the form of a "conservation purchase" of completed riparian restoration projects and the associated water-temperature (and possibly nutrient) reduction credits generated by these projects. This refinement is based on improved understanding of the

steps needed to grow ecosystem markets. Diversified sources of funding, including private financing, are still needed to support the emergence and growth of these markets both nationally and in Oregon. An equally important need is to demonstrate marketplace infrastructure to potential buyers. Potential market participants are looking for assurances that this infrastructure, which is used to measure, verify, record, monitor, and maintain ecosystem credit projects, is credible and reliable. In August of 2011, NRCS awarded \$966,722 to TFT to support the Pacific Northwest-wide proposal, including the Willamette pilot.

For this project, TFT has secured private funds to finance riparian restoration projects that meet rigorous eligibility requirements and adhere to verification and registration protocols required for ecosystem services crediting. TFT is working closely with local restoration practitioners (e.g., watershed councils) to plan, implement, maintain, and monitor these restoration projects. The WP will verify, certify and register the ecosystem services credits from the projects. The Board committed \$400,000 from the 2007-2009 Willamette Special Investment Partnership (SIP) budget as match to the NRCS funding. The Board also approved the Willamette pilot project to be conducted within the framework of the tributary initiative of the Willamette SIP and the Meyer Memorial Trust (MMT)/Bonneville Environmental Foundation (BEF) "Model Watershed Program."

The intent of this project is twofold: 1) to test the potential for ecosystem markets to attract diversified funding for restoration; and 2) to ensure that restoration outcomes emerging from projects can be quantified using the newly developed tools. Ecosystem services credits will quantify the ecological outcomes of restoration projects in the form of improvements to ecosystem processes and functions through the use of ecosystem service metrics. TFT and its partners, local restoration practitioners and landowners, will continue to ensure that these ecological outcomes are realized for a 20-year term through both monitoring and maintenance.

OWEB, through subsequent contracts with TFT to purchase completed projects, will receive additional assurance about the beneficial environmental effects of its investments through time due to multi-year monitoring and long-term stewardship. These so-called "conservation purchases" will mimic the functionality and capacity of an ecosystem market infrastructure by applying these tools in the context of purchasing completed restoration projects (with ecosystem credits) while continuing to attract private financing to fund restoration with measurable ecological outcomes. OWEB's "conservation purchase" does differ from a market transaction; however, since the ecosystem service credits will be retired and unavailable for subsequent purchase, sale, or trade.

Staff initiated project planning during the fall of 2011 and convened coordination meetings with TFT, WP, MMT, BEF and the SIP Model Watershed partners. Staff are finalizing a Memorandum of Understanding (Attachment B) with TFT and may develop similar agreements with other project partners to clearly define roles and responsibilities associated with the project, along with an agreed upon process for implementing the project and delivering results.

In January, the Monitoring and Research Subcommittee added ecosystem services to its portfolio. Prior to the March Board meeting, staff will meet with the Subcommittee to address issues raised by Board members in January 2012 during the Willamette Ecosystem Services Project discussion, including defining acceptable cost/acre ranges for ecosystem credits and

better clarifying what is measured by ecosystem services metrics. At the March meeting, staff will update the Board about work with the Subcommittee.

IV. 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 estimate and monitor the effects of restoration practices on the ecological function of rangeland systems.

Phase 1 of this project resulted in the development of a Rangeland Function Tool that predicts the potential for specific sites to deliver specific ecological benefits, such as water infiltration and storage and soil-carbon storage. The tool does not require completion of complicated and expensive soil sampling and hydrological monitoring, rather, it draws on existing data, research findings, and expert opinion. The Rangeland Function Tool enables landowners, land managers, and restoration funders to assess baseline condition at a site and prioritize management options and restoration investments based on potential ecological improvements. The initial phase of the OREF 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 provided increased funding in recent years. At the March Board meeting, Ecotrust staff will demo the Rangeland Function Tool and discuss how the tool could be applied by OWEB, other agencies, and organizations to inform decision-making about restoration investments.

The project partners have secured resources to begin Phase 2 of the project. This near-term work involves 1) pilot testing of the Rangeland Function Tool (supported by funding from the Jubitz Foundation and OWEB) to assess its accuracy in predicting ecological outcomes from voluntary restoration projects, and 2) further exploration of how rangeland management can mitigate for climate change impacts (supported by funding from BLM). The project partners also are coordinating with related efforts, such as Defenders of Wildlife's sagebrush metric development and Oregon Solutions' juniper and biomass core group convened by the Governor's Office, to identify opportunities for collaborative application of OREF tools and resources. Finally, OWEB and BLM are exploring the possibility of collaborative monitoring of juniper treatments to inform both agencies' investments in this type of restoration. This project offers an excellent opportunity to incorporate ecosystem services tools into OWEB's Effectiveness Monitoring Program, thus strengthening the agency's ability to measure and better understand the outcomes from restoration grant investments.

V. Klamath Tracking and Accounting Program

At the March 2011 Board meeting, staff described several activities in which OWEB is involved in the Klamath Basin, including investments by the regular grant program, the candidate Klamath SIP (for which funding was awarded at the January 2012 Board meeting), and ecosystem services and markets initiatives that are underway and in development. Good alignment was identified between multiple OWEB investment areas and Klamath ecosystem services-related projects from the standpoint of using ecosystem services tools to quantify results of restoration efforts.

One of these initiatives is 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. KTAP was 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 local partners. Specific objectives include:

- Provide a framework to identify opportunities to improve water quality, facilitate basin-wide prioritization and implementation of those opportunities, and coordinate funding to address large-scale opportunities;
- Quantitatively connect 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);
- Enable 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
- Provide measurement tools that are robust, produce consistent results, and are routinely adapted to incorporate the best available scientific information, and inform decisions.

At the March 2011 Board meeting, Board members expressed support for OWEB's involvement in KTAP, given that it has identified ecosystem services with the greatest potential for market development (e.g., nutrients, water temperature) and supports metric development and testing for these services, and because it also explores the potential nexus between OWEB grant-making activities in the Klamath Basin and ecosystem services-related initiatives.

In January, two grant applications were submitted under the Clean Water Act 319 program to support piloting of the KTAP protocol. The 319 program provides federal grant funds from EPA to address nonpoint water pollution issues. One grant proposal was submitted by the Klamath Watershed Partnership (KWP) to the California 319 program, which is administered by the California State Water Resources Control Board. This proposal requests support for piloting of the KTAP protocol, testing existing tools for tracking nutrient and temperature improvements on restoration projects undertaken on Klamath River tributaries, and synthesizing existing, but disparate information about priority restoration needs throughout the Klamath Basin. OWEB provided over \$55,000 in match funding, through open grant awards that were made previously to the Klamath Basin Rangeland Trust (KBRT) for the implementation of watershed restoration and monitoring projects in the basin. These restoration projects will be available and eligible for piloting of the KTAP tools and protocols.

A second proposal was submitted by KBRT to DEQ under the Oregon 319 Program. This project would undertake an in-depth review of existing site, reach, and basin-scale data to use as validation/calibration of temperature and nutrient measurement tools (i.e., the Shade-a-Lator and Nutrient Tracking Tool, respectively). In addition, a monitoring framework will be developed that identifies direct measurements and protocols to be applied at a project scale in order to inform refinements to the tools and enable programmatic effectiveness monitoring. The 319

awards will be announced in May, and staff plan to provide an update about these proposals at the June Board meeting.

VI. Summary

OWEB's participation in the aforementioned projects demonstrates solid progress on several priority areas for the ecosystem services program, including tool development, pilot projects, and implementation. A strong connection between the ecosystem services and effectiveness monitoring programs exists because both are focused on ecological outcomes from the agency's investments. By testing, applying and integrating ecosystem services approaches in other aspects of OWEB's programs, the agency will have at its disposal additional tools for documenting outcomes from its investments. As OWEB considers its long-term investment strategy, the Board could begin to articulate possible measurable outcomes from its restoration and conservation investments. Ecosystem services projects enhance OWEB's approach to achieving desired ecological outcomes while providing greater assurances that these outcomes are met through rigorous monitoring and long-term stewardship.

VII. Recommendation

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

Attachments

- A. Framework for OWEB Ecosystem Services Program
- B. Draft Memorandum of Understanding between OWEB and The Freshwater Trust

Framework for OWEB Ecosystem Services Program

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 and SB 1511) • ... 	<ul style="list-style-type: none"> • <i>Plan integration with ODFW, DEQ and other agencies</i> • <i>Priority area/activity alignment among restoration programs in focused areas such as the Klamath</i> • ... 	<ul style="list-style-type: none"> • Ecosystem services research contract (complete) • Eastern Oregon Rangeland Ecosystem Function (OREF) project • <i>New tools & metrics for measuring ecosystem services</i> • <i>Valuation tools for ecosystem services</i> • ... 	<ul style="list-style-type: none"> • Ecosystem services research contract (complete) • Willamette pilot project • OREF project • <i>Test of Ecosystem Crediting Platform</i> • <i>Participation in Klamath Tracking and Accounting Project</i> • ... 	<ul style="list-style-type: none"> • OREF 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

DRAFT

Memorandum of Understanding

Among

The Freshwater Trust and the Oregon Watershed Enhancement Board

PARTIES:

The Memorandum of Understanding (MOU) is hereby entered into by and between The Freshwater Trust (TFT) and the Oregon Watershed Enhancement Board (OWEB).

RELATIVE TO:

A collaboration to demonstrate and test the ability of ecosystem service market-based infrastructure to quantify, track and monitor outcomes from voluntary restoration actions supported with public funds.

RECITALS:

TFT and OWEB have the following missions that provide a basis for this collaboration:

- TFT's mission is to actively work to preserve and restore freshwater ecosystems. TFT is a private conservation organization that is developing contracts with regulated entities (e.g., National Pollutant Discharge Elimination System [NPDES] permit holders regulated under the Clean Water Act) and conservation buyers to complete riparian restoration projects that produce quantified outcomes using Willamette Partnership's "Counting on the Environment" ecosystem service crediting standards. TFT has nearly 30 years of restoration experience in Oregon and is a national leader in the development workable transaction models for ecosystem services.
- OWEB's mission is to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. OWEB is a leader in the conservation of Oregon's natural resources and enjoys strong public support for its contributions to community-based conservation, watershed health, and local economies. OWEB has long supported innovative strategies for habitat restoration and conservation.

WHEREAS, TFT secured \$966,722 in funding from the Natural Resources Conservation Service (NRCS) Conservation Innovation Grant Program to support the "Northwest Environmental Markets Initiative: Applying Proven Market Tools to Benefit Rural Communities and Farmers" proposal; and

WHEREAS, OWEB has initiated a Willamette Basin Ecosystem Services Project to test the ability to measure and track restoration outcomes—in the form of improvements to ecosystem processes and functions—through time by applying ecosystem services metrics, and explore the potential for private funding for restoration to complement awards made by OWEB and other public entities; and

WHEREAS, at its March 2010 meeting, the OWEB Board supported the agency's participation in this project by providing matching funds of up to \$400,000 for the purchase of eligible, completed restoration projects with quantified ecological outcomes, conducted within the Willamette Model Watershed Program framework of the Willamette Special Investment Partnership (SIP); and

WHEREAS, TFT and OWEB have agreed to enter into a collaboration to conduct this demonstration and test of ecosystem service market-based infrastructure using measurement, tracking and transaction protocols for thermal load reductions (i.e., shading) and, to the maximum extent practicable, nutrient reductions resulting from riparian restoration projects.

IT IS MUTUALLY AGREED AND UNDERSTOOD BY ALL PARTIES THAT:

- TFT will secure private capital to finance riparian restoration projects that meet the rigorous Counting on the Environment standards in terms of site selection, baseline assessment, credit calculation, verification and registration activities.
- TFT will use private funds to initiate, plan, implement, monitor and maintain riparian restoration projects in the Willamette Basin for a 20-year term, in conjunction with local restoration practitioners such as watershed councils and/or soil and watershed conservation districts, among others.
- OWEB will assist TFT in outreach to Model Watershed Program coordinators to better identify projects for use in this pilot.
- The parties will develop appropriate agreements under this MOU to further define this partnership by identifying specific geographic areas and restoration actions to be undertaken in these areas.
- OWEB agrees to the future purchase of restoration outcomes, in the form of completed restoration projects and associated ecosystem services credits, generated by TFT under the Counting on the Environment protocols in the service area specified.
- OWEB will use grant funding to make purchases of up to \$400,000 worth of measured restoration outcomes emerging from these completed restoration projects that are certified as meeting Version 1.1 Counting on the Environment standards for thermal reductions and, to the maximum extent practicable, nutrient reductions.
- Completed restoration projects and associated ecosystem credits purchased by OWEB will be registered on an ecosystem service credit registry and immediately retired for conservation purposes, thus making them unavailable for sale or use for any compliance purpose in the future.
- TFT will provide periodic progress reports and presentations to OWEB Board and staff to share updates about and findings from the Willamette Basin Ecosystem Services Project and the larger NRCS funded Northwest Environmental Markets Initiative.
- TFT and OWEB are hereby committed to collaborate for the length of this partnership to demonstrate and test the market based model for the purchase of restoration outcomes from completed restoration projects, with the intent of testing the functionality and application of the infrastructure, protocols and procedures therein.

This collaboration takes effect upon signature of TFT and OWEB and shall remain in effect until June 30, 2015. This memorandum can be modified or terminated at any time by mutual consent of the parties thereto, or can be terminated in whole, or in part by either party alone by giving 30-day notice in writing to the other.

Project development will begin immediately. Implementation of restoration projects will tentatively commence in either Fall of 2012 or Spring of 2013, with project completion tentatively scheduled for 2014.

AGREED:

By _____
Joe Whitworth, President
The Freshwater Trust

By _____
Tom Byler, Executive Director
Oregon Watershed Enhancement Board

Date _____

Date _____



Oregon

John A. Kitzhaber, MD, Governor

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February 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: Agenda Item M: Acquisition Grant Awards
March 13-14, 2012 OWEB Board Meeting

I. Introduction

This staff report describes the evaluation process for the Acquisition grant applications submitted by the October 17, 2011, deadline. The report also includes budget considerations, a summary of funding recommendations, and recommendations for due diligence.

II. Background and Review Process

On October 17, 2011, OWEB received nine acquisition applications requesting a total of approximately \$3.7 million, including seven land acquisitions totaling \$3.4 million and two water acquisitions totaling \$375,152. Subsequent to the application deadline, one land acquisition was withdrawn by the applicant. The total number of applications received and funding requested after the withdrawn application is removed is shown in Attachment A of the Agenda Item E Overview staff report.

The land and water acquisition applications were reviewed according to the process and evaluation criteria outlined in OWEB's administrative rules, including a review by the respective Regional Review Teams (RRTs) for ecological benefits. The RRTs also look at educational outcomes for the land acquisition applications. The Acquisitions Subcommittee then reviewed all of the acquisition applications and made a due diligence recommendation for one land acquisition application and a funding recommendation for both water acquisition applications.

Following this overview, the land acquisition and water acquisition staff reports contain the evaluations and OWEB staff funding recommendations for each application by type. More information on the review process for each application type is also described in these reports.

III. Budget Considerations

The OWEB Board adopted a spending plan total for the acquisitions program of \$8.65 million in January 2012. Of that total, the Board has already approved or awarded \$3.75 million, which leaves \$4.9 million available for additional acquisition awards this biennium.

As shown in Table 1 below, the total of pending acquisition requests, including the one October 2011 land acquisition application recommended for due diligence, the existing land acquisition

due diligence queue, and pending water acquisitions, is just over \$4.6 million. If the Board takes action to fund all of those pending applications, approximately \$261,618 will be available for the remainder of the 2011-2013 biennium.

No additional land acquisition applications will be deferred for due diligence in this biennium, since the earliest deadline for the next grant cycle will be April 2013. However, since water acquisition applications are being accepted in April and October of 2012, there may be additional water acquisition projects proposed in this biennium.

In developing funding recommendations, staff considered the level of acquisition funds available based on the Board’s spending plan decision in January. The applications in the due diligence queue and recommended for approval, while they will expend nearly all of the budgeted funds, represent strong projects with high ecological value. Consideration for future water acquisition applications will be based on additional funds, if approved by the Board.

Table 1. Acquisitions Program Budget 2011-2013

Funds Available	
2011-2013 Spending Plan: Acquisitions Budget	\$8,650,000
Board Awards	(\$1,750,000)
SIP Acquisitions	(\$2,000,000)
Available for remainder of 2011-2013 biennium	\$4,900,000
Pending Requests	
Current due diligence queue	\$2,441,730
Application on hold – Tillamook Bay Wetlands	\$1,342,500
October 2011 land acquisition recommended for due diligence	\$479,000
October 2011 water acquisitions	\$375,152
Total pending	\$4,638,382
Funds Remaining for 2011-2013 Biennium	
Total Available	\$4,900,000
Total Pending	(\$4,638,382)
Remaining Funds	\$261,618

IV. Staff Funding Recommendations

Staff recommend the following, as described in more detail in Agenda Items M-1 and M-2:

- Funding for the 30-year lease portion of 212-115, Fourmile Creek Priority Flow Restoration, and defer consideration of the permanent in-stream transfer until the formal option agreement has been submitted and reviewed.
- Funding for 212-117, Olson Fifteenmile Purchase.
- Deferral for due diligence for 212-113, Gotter Prairie Floodplain Expansion.
- A no fund decision for 212-110, 212-111, 212-112, 212-114, 212-116, and 212-118.



Oregon

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February 17, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item M-1: Land Acquisitions**
March 13-14, 2012 OWEB Board Meeting

I. Introduction

This staff report describes the October 2011 land acquisition applications and evaluations and the staff recommendations for funding.

II. Background and Summary

Six new land acquisition applications were reviewed during the October 2011 grant cycle. Five of the land acquisition applications are not recommended for funding. The remaining land acquisition application is recommended for deferral. No previously deferred land acquisition applications from the due diligence queue are ready for Board action in March.

III. Land Acquisition Application Review Process

By rule, land acquisition projects undergo a multifaceted review. Applications are reviewed by the Board Acquisition Subcommittee, which recommends whether staff should proceed with a due diligence review of the proposed acquisition. Applications are also reviewed by the appropriate Regional Review Team (RRT) 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 agreement, 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 (DEQ).

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.

If due diligence is not recommended, the Subcommittee then considers the RRT's evaluation of the ecological and educational benefits of the proposed project, as well as the other evaluation criteria in deciding whether to recommend to staff that an application not be funded.

In the October 2011 cycle, the land acquisition applications were reviewed by the appropriate RRT for ecological and educational values. Following the RRT review, the Subcommittee met in January with staff and recommended projects to proceed with due diligence. Based on timing within the due diligence process for the October land acquisitions, no applications are recommended for funding. No previously deferred land acquisitions are ready for funding at this time.

IV. October 2011 Land Acquisition Applications Recommended for Deferral

Only one application is recommended by the Subcommittee to proceed with a due diligence review and by staff to be deferred until that review is complete. Below is a summary of that application.

A. Gotter Prairie Expansion Project (212-113), Region 3

Metro submitted an application requesting \$479,000 to purchase a 253-acre floodplain property adjacent to the Tualatin River at approximately river mile 29 in Washington County. The property is comprised of upland and (mostly) bottomland habitat, 96 percent of which (243 acres) are or will after restoration be OWEB priority habitats.

The property lies just upstream of Metro's 160 acre Gotter Prairie Natural Area, which has been largely restored to a complex of native wet prairie, oak and ash savanna, and riparian forest as well as nearby to Metro's 70 acre Munger Prairie Natural Area and the USFWS Tualatin Refuge. Approximately 243 acres of the expansion property lie within the 100 year floodplain and are seasonally-inundated and characterized by hydric soils indicative of historic wetland conditions. The site has been used mostly as rangeland for cattle during the last 50 years, but historically was dominated by large areas of seasonally-wet prairie and oak and pine savanna/woodland.

After the planned restoration, the Gotter Prairie property has the potential for approximately 105 acres of wet prairie, 54 acres of freshwater marsh, 43 acres of riparian forest and shrub, and 50 acres of oak woodland. Because the property has been farmed (cattle grazing and haying) the majority of the property will require some form of habitat restoration to achieve the potential priority habitats.

The RRT expressed strong support for the application, noting that the project is a great opportunity to restore wetlands by restoring hydrology on the property. The RRT noted Metro's demonstrated success restoring and managing flood plain habitats at Gotter Prairie Natural Area means there is a very high likelihood of meeting the proposed objectives of restoring this site to a large wetland mosaic with high botanic and wildlife diversity and ecological function. The RRT also pointed out that this project will protect 7200 feet of Tualatin River frontage and will enhance habitat connectivity for native plants and wildlife along the river. Long term the project may provide off channel rearing habitat for Tualatin Coho and winter steelhead. The RRT concluded that the Gotter Prairie Floodplain Expansion project had very high ecological value.

The RRT also felt that the project has medium educational merit. It was recognized that Metro currently uses the Gotter Prairie Natural Area for outdoor educational purposes and have been highly successful. For example, Metro, through its Native Plant Center and Volunteer Wildlife Monitoring Program and partners such as the Tualatin Riverkeepers, has involved hundreds of volunteers locally and from around the region at the Gotter Prairie Natural Area. Frequent public tours expand public access and education opportunities within the context of a rare habitat. Demonstrations of the function of native wetland grasses and plant life have been helpful in showing non-scientists how the ecological system of the floodplain operates.

This property will provide additional space and habitat to continue outdoor education like that at the neighboring property, although it will not necessarily provide new or distinct educational opportunities. The RRT noted that Metro hopes to use the property to educate neighboring landowners about conservation opportunities in the area.

The Subcommittee and staff felt that protecting the property will enhance habitat connectivity for native plants and wildlife along the river, augment a network of conserved sites, and provide a large area in which to advance OWEB priority species and listed species recovery goals. The property also can provide additional educational opportunities. The Subcommittee felt the application and Metro's track record demonstrate its capacity to build the partnerships necessary to accomplish the protection, restoration, and educational goals for the property.

The Subcommittee and staff took the RRTs evaluation into consideration in January 2012 when they recommended that the Board defer consideration of the Gotter Prairie Expansion Project until due diligence materials have been received and reviewed.

V. October 2011 Land Acquisition Applications Not Recommended for Due Diligence and Not Recommended for Funding

The five applications submitted in the October grant cycle that are not recommended for due diligence by the Subcommittee and are not recommended for funding by staff are described in the following sections.

A. Mill Creek Ridge Acquisition Project (212-110), Region 4

The Columbia Land Trust (CLT) submitted an application requesting \$260,000 to purchase 115 acres near The Dalles, in the Hood River Basin, in Wasco County. This property is related to a prior application (211-113) that was withdrawn prior to a final decision. The prior application was for two properties adjacent to the property addressed here – one of the previous two properties was purchased by CLT and funding was obtained to purchase the second property (Lumper) as well. The funding for the second property will serve as the local match for this acquisition, if approved. The total cost of the project, including the Lumper property, is \$454,500.

The property is located in the Mill Creek Ridge Conservation Area that is within the Wasco Oaks Conservation Opportunity Area, identified by the Oregon Conservation Strategy. The application states that the property also contains habitats, plant communities or species identified in the Oregon Natural Heritage Plan, The Dalles Watershed Action Plan, and the Eastern Oregon Bird Conservation Plan.

1. Ecological Benefits

The application states that the property contains 25 acres of oak woodlands and 37 acres of Ponderosa pine woodland, both of which are OWEB priority ecological systems. The property contains intermittent streams. The application states the property is composed of high-quality native plant habitats of white oak woodland, oak/ponderosa pine savannah, and native bunchgrass prairie.

The application states that Lewis' woodpecker and Ash-throated Flycatcher, both OWEB priority species, have been documented on the property. The application also includes the Western gray squirrel, White Meconella and Steelhead (Middle Columbia River) as species that will benefit from the project; however, they have not been documented on the property.

The application stresses that the property is in very good condition, with good ecological function and exceptional diversity of native wildflowers. Therefore, CLT does not envision extensive restoration for the property.

The application indicates that the proposed project will protect a large intact area, secure a transition area, protect a site with exceptional biodiversity, and improve connectivity of habitat.

The RRT felt this property had high ecological value due to its interconnected habitats, priority species, and connection to adjacent protected properties. In evaluating the ecological value of this project, RRT members considered the CLT's long term plan for this region. Members also noted the property is in relatively good condition. RRT members pointed out that the property could be threatened by potential wind energy interest.

2. Capacity to Sustain the Ecological Benefits

The application states that CLT has 15-full time staff, including a stewardship manager and additional stewardship staff. The application also states that CLT owns and manages more than 7,000 acres of similar properties in Washington and Oregon, and uses monitoring results in adaptive management of these lands. One of the CLT staff's expertise is oak restoration and management. The application also states that CLT will receive technical assistance from the Wasco County Soil and Water Conservation District (SWCD). CLT's stewardship fund totals over \$3 million. CLT also pursues grant funding for stewardship and restoration where appropriate.

3. Educational Benefits

The application states that CLT will allow public access to the properties "in a manner that is appropriate to the conservation values of the site." The application discusses tours (three were conducted by CLT on other parts of the Ridge in 2011), scientific research, and a future public trail along the ridge.

The RRT felt that the area's wildflowers and birds would be a significant attraction for the public, and that nearby schools could easily use the properties for outdoor learning. Ultimately, the RRT concluded that good educational outcomes are dependent on CLT's ability to successfully promote the properties and provide educational opportunities. It was noted that the proposal does not emphasize educational value.

4. Partners, Project Support, and Community Effects

The application states that The Dalles Watershed Council, Wasco SWCD, and neighboring landowners will assist with management planning and implementation. A support letter from the watershed council does not state how the council will be involved. The Penstemon fund is contributing \$165,000 to purchase the adjacent Lumper property. Mr. Lumper is contributing a portion of the land value in-kind. Mr. Lumper is also assisting with weed mapping, fence removal and management tasks on the Ridge. CLT also plans to seek stewardship funds for this property from the Penstemon Fund.

Letters in support of the grant application were received from the Warm Springs Indian Tribe, ODFW, the American Bird Conservancy and others.

5. Legal and Financial Terms

The application states that the total project cost is \$454,500. The application does not indicate there is a contract or option to purchase the property at this time, however negotiations with the property owner have been ongoing and there is a letter of support from the landowner in the application materials.

6. Conclusion

The RRT concluded that the project has high ecological value and medium educational value, because the application does not indicate that CLT has well-developed plans for outreach and educational activities at the property. The Subcommittee agreed with the RRT that this property had high ecological value, due to interconnected habitats, priority species, condition of the property, and connection to adjacent protected properties. However, based on OWEB acquisition priorities, when compared with applications from other regions, the ecological values were not as high. In January 2012, the Subcommittee declined to request due diligence. Staff do not recommend funding for the project.

B. McGribble Tract Acquisition Project (212-111), Region 2

The Elk River Land Trust (ERLT) requests \$200,000 to purchase a 217-acre second-growth, forested upland property adjacent to Elk River, in Curry County. OWEB granted funds to ERLT for the purchase of the 163 acre Keystone Nature Preserve in 2005. The application states that ERLT intends to add the property to a complex of protected sites between the federal lands and Elk River.

The application states that the property proposed for acquisition is estimated to be valued at \$400,000. ERLT has a purchase option until April of 2012, with the option to extend for one year. The application states that “match is anticipated from U.S. Fish and Wildlife Service (USFWS) with the decision in spring or summer of 2012.”

1. Ecological Benefits

The application states that the priority ecological systems proposed for conservation are: Montane riparian woodland and shrubland (70 acres currently; 80 acres after restoration); oak woodland (20 acres currently; 120 after restoration); and Grand fir/Douglas fir/tanoak/swordfern. The application states that the project will benefit the following at-risk plant communities: Grand fir-Douglas fir/tanoak/swordfern. The application states that the project is important for the following species: Marbled murrelet, coho salmon, band-tailed pigeon, black-throated gray warbler, green heron, olive-sided flycatcher,

peregrine falcon, rufous hummingbird, red tree vole, Del Norte salamander, and foothills yellow-legged frog.

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 concluded that the project has low to medium ecological value. The RRT did not believe that the property, in its current state, supports OWEB priority species. They noted that the ecological value of the property is primarily long-term and contingent on restoration and management for those ecological values.

2. Capacity to Sustain the Ecological Benefits

ERLT is a small organization that owns and manages a single property. The application states that ERLT currently has a very knowledgeable staff person experienced in stewardship forestry. The ERLT is working with the Land Trust Alliance and the Coalition of Oregon Land Trusts to build capacity.

3. Educational Benefits

The application states that educational efforts will revolve around informing the public of the opportunity to protect steelhead habitat. The application also states that ERLT "anticipates publishing a brochure" and "addressing the project on our website." The RRT thought that the project offers limited educational opportunities, in part due to the limited access to the property, and concluded that the project has low educational value.

4. Partners, Project Support, and Community Effects

ERLT has a strong representation of support from the South Coast Watershed Council, a retired Oregon Department of Fish and Wildlife (ODFW) research fish biologist, a consulting forester, USFWS, local resident, Trout Unlimited, and Kalmiopsis Audubon.

The application states that the project will support the local economy by maintaining or enhancing fish production. The application states the previous year property taxes were \$220. The application does not indicate whether the property will remain on the tax rolls.

5. Legal and Financial Terms

There are no water rights associated with the property. The property is covered with second growth mixed species forest. There are 5 miles of old logging roads on the property, affected by failures in a number of locations. There is a large fireplace and orchard on the property indicating a homestead location.

6. Conclusion

The RRT concluded that the project has low to medium ecological value and low educational value. In January 2012, the Subcommittee declined to request due diligence. Staff do not recommend funding for the project.

C. Maxwell Easement Project (212-112), Region 4

The Oregon Rangeland Trust (ORT) submitted an application requesting \$550,000 to purchase a 2,600-acre working lands conservation easement on a working cattle ranch in Lake County, near Lakeview. ORT has twice submitted an acquisition application for the same ranch (209-108 and 210-105). One was withdrawn because of a no-due diligence recommendation, and one was a no-fund decision by the Board. Both times the Subcommittee and staff determined that the project was not a priority for the Board.

Since then, 400 acres of the ranch have been placed under a conservation easement held by ORT and funded by the North American Wetlands Conservation Act (NAWCA). This easement is referred to as Phase #1 of the Maxwell Ranch Easement Acquisition Project (Phase #1). The current application is for Phase #2 of the Maxwell Ranch Easement Project (Phase #2). It seems that most sensitive areas have already been protected via the Phase #1 conservation easement and restoration activities, and that the Phase #2 easement won't significantly catalyze additional restoration activities. Another 520 acres of the ranch has been sold, although the application doesn't state to whom or for what purpose.

A primary goal of this project is to sustain ranching operations. The application states that the Maxwell Ranch property faces development pressure, infestations of invasive species, and that its streams are degraded and are barriers to fish passage – and that the latter two issues are currently addressed by Phase #1. The application goes on to state that Phase #2 seeks to protect the ranch in perpetuity from residential development and/or mismanagement by future owners. It also states that without the easement the property is likely to enter into a pasture lease program which would not provide the landowner with the necessary resources to continue and maintain restoration and conservation efforts on the property.

A major change since the past application (210-105) is that the project partners have shifted their land management approach from primarily riparian fencing to primarily restoration and sustainable grazing. The application states that full grazing exclusion in riparian areas was determined not to be a cost efficient or effective way to ensure the goals of the project are met.

The application states that the total cost of this project is \$1,952,000. The estimated purchase price for the conservation easement is \$1,800,000. Additional funding for the project will be sought from the Natural Resources Conservation Service, and the landowner will make an in-kind contribution for the property.

1. Ecological Benefits

The application states that the property contains 602 acres of freshwater emergent marsh and 117 acres of lowland riparian forest and shrubland. The application also states that the property contains 6 miles of stream, although this figure varies throughout the application. The acreage figures are unchanged from the previous application, thus it seems likely that some of the marsh and riparian acreage stated above is already protected as part of Phase #1.

The application states that the property contains 12 acres of basin big sagebrush / basin wildrye, 117 acres of black cottonwood / coyote willow, 807 acres of mountain big sagebrush / needlegrass, and 4 acres of quaking aspen / currant. The application references benefits to the following OWEB priority species:

- Fish: Inland redband trout, Goose Lake lamprey, Goose Lake sucker, and Goose Lake tui chub
- Birds: American bittern, greater sandhill crane, long-billed curlew, long-eared owl, snowy egret, Swainson's hawk, willow flycatcher, Wilson's phalarope, and yellow-headed blackbird
- Mammals: white-tailed jackrabbit

The application states that the project will protect a large intact area, part of which is threatened by potential development, restore function, improve connectivity of habitat, and complement an existing network of sites. Fee title ownership of the property will not change.

Much of the property's creeks are unfenced and accessible by livestock. The application states that woody species have been mostly removed by livestock, and that the creeks in general suffer from erosion and incised channels.

The RRT felt that the ecological value for most of the property is low. There are areas that have high ecological values (for example, the east half of section 1 and section 6), but that is a much smaller part of the overall ranch. The RRT did not see a significant value in holding an easement over the working operations of the ranch without a clearer notion of the ecological values that would be protected.

2. Capacity to Sustain the Ecological Benefits

ORT was founded in 2001. The application states that ORT has one paid staff person. An unaudited financial statement attached to the application indicates that prior to December 2010, ORT received grant funding from Meyer Memorial Trust, the Collins Foundation, and the National Fish and Wildlife Foundation (NFWF). The statement shows ORT has \$130,000 in cash assets.

The application states that ORT has demonstrated its capacity to build partnerships and secure funding for restoration work, and has been working with partners on restoration work on Phase #1 since 2009.

Stewardship will be provided by the landowner whom the application states will make a \$50,000 endowment contribution to ensure funds for stewardship are available to supplement ranch revenue used for land management and enhancement of ecological values on the property.

3. Educational Benefits

The application states that ORT will work with the Lake County Watersheds Council and Lakeview High School to incorporate an educational component to the monitoring plan. Ducks Unlimited (DU) plans to use the property for field tours open to the public. The RRT found that the educational value of this project is low.

4. Partners, Project Support, and Community Effects

Maxwell Cattle, Inc. will hold title. Maxwell Ranch, ORT, Steve Leonard (grazing management consultant) will develop a grazing management plan and monitoring plan, with input from NRCS, ODFW, DU, U.S. Forest Service, and Goose Lake Watershed Council. The application also states that the ODFW and the USFWS will provide

management plan input and fisheries monitoring assistance. ODFW, DU, Collins Timber Company, Lake County Watershed Council, Lake County Commission, and Fremont-Winema National Forest submitted letters of support for the project.

5. Legal and Financial Terms

Easement negotiations seem to be ongoing between ORT and the landowner. This could present challenges for the appraiser. The draft easement attached to the application places emphasis on the conservation of agricultural values, and reserves the right of the landowner to new residential and agricultural construction with the approval of ORT. In keeping with an agricultural emphasis, the easement prohibits the permanent separation of water rights from the property's title, limiting the potential for future instream transfers. The easement also reserves the right of the landowner to remove rock and sand for use elsewhere on the property. The easement does not establish responsibilities for restoration.

6. Conclusion

The RRT felt that the ecological value for most of the property is low, but there are areas with high values, which are a much smaller part of the overall ranch. The RRT did not see a significant value in holding an easement over the working operations of the ranch without a clearer notion of the ecological values that would be protected. The RRT also concluded that the educational value of this project is low.

In January 2012, the Subcommittee declined to request due diligence for the application. 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 do not recommend funding for the application.

D. Clear Lake Acquisition Project (212-114), Region 1

The North Coast Land Conservancy (NCLC) submitted an application requesting \$175,000 to purchase a 42-acre interdunal lake, associated wetlands and forested uplands in Warrenton, Oregon. The application states that NCLC has an agreement with the landowner to purchase the property at the bargain sale price of \$450,000. The application states that the property is within the urban growth boundary of the City of Warrenton and zoned Medium Density Residential, which allows up to 30 lots to be developed on the property. The landowner has expressed interest in developing the property if the acquisition by NCLC does not happen.

1. Ecological Benefits

The application states that the priority ecological systems proposed for conservation are: freshwater marsh and aquatic beds (seven acres); lowland depressional shrub wetlands (3.7 acres); lowland non-linear forested wetlands (11 acres); and Sitka spruce forest (seven acres). It states that the project will benefit the following at-risk plant communities: Sitka spruce/red alder/slough sedge/skunk cabbage, and Hooker's willow/crabapple/slough sedge/skunk cabbage. It also states that the following species will be protected by this acquisition: bald eagle, band-tailed pigeon, Pacific-slope flycatcher, olive-sided flycatcher, rufous hummingbird, red-legged frog.

The application states that the project is consistent with three of OWEB's conservation principles, and will stabilize an area on the brink of ecological collapse, secure a transition area, and complement an existing network of sites in the basin.

The RRT noted that for the past ten years bald eagles have nested on this property. The property is located adjacent to a neighborhood and two miles from a grade school. The interdunal lake on the property is stocked with largemouth bass and yellow perch, so there are not known native aquatic species on the property. The RRT noted the presence of waterfowl on and around the property, and that it is one of few interdunal lakes in the area not filled with invasive weeds. The RRT recognized the threat of development in Warrenton and the unique characteristic of the interdunal lake/wetland system. Considering the specific properties of the site, the RRT concluded the site had medium ecological value.

2. Capacity to Sustain the Ecological Benefits

NCLC has four full-time paid staff and more than 40 dedicated volunteers. NCLC is in the process of preparing for Accreditation by the Land Trust Alliance. NCLC manages more than 40 conservation properties in Clatsop and Tillamook Counties, Oregon totaling more than 2,000 acres. NCLC has 25 years of history in the Northern Oregon Coastal area as a land trust. The NCLC has a strong working relationship with the City of Seaside and have been an integral part of estuarine awareness with the City.

3. Educational Benefits

The application states that property has limited access through an adjacent private ownership. The application states that NCLC will use the property along with others in their extensive outreach efforts.

Access to the property is via the current property owner's driveway, thus an easement for access would be needed as part of the transaction. Members of the RRT agreed that due to its location within the city limits and proximity to an elementary school, the property had high educational value if access is not an issue.

4. Partners, Project Support, and Community Effects

NCLC has had conversations with Oregon Department of Transportation (ODOT) staff about the potential participation with NCLC to develop a mitigation bank from wetland restoration on the property once acquired. The application also lists the Skipanon Watershed Council and Clatsop County as partners.

5. Legal and Financial Terms

The application states that the property is within the urban growth boundary of the City of Warrenton and zoned Medium Density Residential which allows up to 30 lots to be developed on the property. The property is surrounded by similar land use designations. The property has no water rights. The application states that there are no title encumbrances that would impact natural communities or restoration objectives.

6. Conclusion

The RRT noted that for the past ten years bald eagles have nested on this property, however there are no known native aquatic species in the lake on the property. The RRT also noted the presence of waterfowl on and around the property, and that it is one of few

interdunal lakes in the area not filled with invasive weeds. The RRT recognized the threat of development in Warrenton and the unique characteristic of the interdunal lake/wetland system. Considering the specific properties of the site, the RRT concluded the site had medium ecological value.

The Subcommittee agreed with the RRT that the site has only medium ecological value and medium to high educational value, depending on access, despite the existence of bald eagles and waterfowl on the property and the lack of invasive weeds in the interdunal lake. In January 2012, the Subcommittee declined to request due diligence. Staff do not recommend funding for the application.

E. Schooner Creek Acquisition Project (212-118), Region 1

The City of Lincoln City (City) submitted an application for \$458,860 to purchase an approximately 157-acre forest land property in the upper reach of the Schooner Creek watershed in Lincoln County. The City had previously submitted this request in application 212-109, but that request was withdrawn. The application states that the total project cost is \$621,814, although an appraisal has not yet been conducted. The property is owned by Lincoln County (County), which needs to generate operational funds and had plans to advertise the property for sale by the end of 2011. The application indicates that if the City does not purchase the property, the likely buyers of the property will be a commercial timber group. The City plans to purchase the property in large part because Schooner Creek is a major source of the City's drinking water, and the City is concerned about potential water quality impacts from a timber harvest. The application states that the City will not harvest timber from this parcel for revenue purposes and will not sell carbon credits from the improved management of the land.

The Salmon-Drift Creek Watershed Council was awarded an OWEB technical assistance grant to fund a habitat assessment in the Schooner Creek Watershed. The application states that the assessment will guide restoration activities in the watershed and may include this parcel, if the City is able to acquire it.

1. Ecological Benefits

The application ambiguously states that the "entire site is comprised of priority habitats and plant communities and property that directly impacts them." The application states that to state that the property contains 35 acres of lowland riparian woodlands. The property contains ½ mile of stream.

The application does not indicate that there are any at-risk plant communities on the property. The application states that the following priority fish species are present on the property: coho salmon, Chinook salmon, and steelhead. The Siuslaw National Forest and ODFW have maintained adult fish counts for the South Fork of Schooner Creek from 1987 through 2010. In 2009-2010, over 100 coho salmon were counted in the stream. Steelhead salmon have also been documented in the stream. Chinook counts appear negligible.

The application states the project will also benefit the following priority species, which are unknown on the property, but are likely to occur: Northern spotted owl, marbled murrelet, red tree vole, white-footed vole, northern red-legged frog, clouded salamander, Columbia torrent salamander.

The application states that the project is consistent with all of OWEB's conservation principles, and 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 recognized the large-scale objective of the effort, but did not think the proposed acquisition fit well with the ecological priorities set by OWEB. They indicated that the property had little currently existing habitat for spotted owls, marbled murrelet, or red tree voles. The RRT noted that the majority of the property is in Douglas fir plantation and of limited value to OWEB priority species. RRT members pointed out that Chinook salmon were observed during the site visit. The RRT concluded that the property proposed for acquisition, standing alone, had only low ecological merit; as part of the large-scale plan, it has only medium ecological merit.

2. Capacity to Sustain the Ecological Benefits

The application states that the City's Public Works Department will be responsible for managing the property. However, the City plans to retain conservation management professionals to assist with management planning and restoration. The application states that the City is participating in the Hebo Stewardship Group with the Siuslaw National Forest and other local groups. The application states that funding for property management may come, in part, from the City's water service ratepayers.

3. Educational Benefits

The property will be used by the City for education in conjunction with the Salmon-Drift Creek Watershed Council and American Rivers. The application states that the educational activities will inform water users (both city residents and tourists) about the value of protecting the City's water source.

The application states that in the past, school groups have taken field trips to the property and tent camping has been available to the public. The application indicates this would continue and that, at a minimum, an annual tour or educational event would occur in the future, if the property is acquired.

RRT members agreed that this project offers an excellent opportunity for the city schools to continue to use the property for environmental education, and that very good educational activities have been conducted to date on the property. Current educational uses of the property include a local elementary school that uses the property to study water quality and invertebrates.

4. Partners, Project Support, and Community Effects

The application does not identify any partners that will contribute financially to the acquisition, but names several supporters, including USFS, American Rivers, Confederated Tribes of the Siletz Indians, and Lincoln County SWCD.

5. Legal and Financial Terms

OWEB is being asked to contribute 75 percent of the property's estimated purchase price. The application states that the City already owns the water rights associated with the

property. The application also states that the City anticipates a “zonal conservation easement.”

6. Conclusion

The RRT felt that the project has medium ecological value. While the project’s educational activities have an inherently high value, 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. The RRT acknowledged the value of this property from a drinking water quality perspective, but water quality is not an OWEB acquisition funding criteria.

In January 2012, the Subcommittee declined to request due diligence. The RRT conclusions were taken into account by the Subcommittee, and the Subcommittee determined that the project is not strongly aligned with OWEB’s acquisition priorities and therefore not a priority for funding. Staff do not recommend funding for the project.

VI. October 2011 Land Acquisition Application Withdrawn

The North Santiam River Acquisition Project (212-116) application was withdrawn by the applicant to be considered for funding from the Bonneville Power Administration Biological Opinion funding available through the Willamette Action Team for Ecosystem Restoration Habitat Technical Team.

VII. Staff Recommendation

Staff recommend the Board:

- A. Defer application 212-113 for due diligence as described in Section IV of this report; and
- B. Not award funding for the five land acquisition applications described in Section V of this report.



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February 17, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Melissa Leoni, Senior Policy Coordinator

SUBJECT: **Agenda Item M-2: Water Acquisitions**
March 13-14, 2012 OWEB Board Meeting

I. Introduction

This staff report describes the October 17, 2011, water acquisition evaluations and the staff recommendations for funding.

II. Background and Summary

Two water acquisition applications were submitted in the October 2011 grant cycle. Water acquisition applications are evaluated through a multi-faceted process, as described in administrative rule, involving both an ecological evaluation and a legal and technical evaluation of the proposed water transaction.

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 Regional Review Team (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 (WRD) 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 are now involving the Board Acquisition Subcommittee on water acquisition projects, especially during the final synthesis of the evaluation criteria. Staff consider all the evaluation criteria, the Subcommittee recommendation, and available funding resources to develop a funding recommendation for the full Board.

A written summary and evaluation of each application is contained in the following sections.

III. 212-115 Fourmile Creek Priority Flow Restoration

The Klamath Basin Rangeland Trust (KBRT) is requesting a total of \$275,152 for two water transactions. The first is a 30-year time-limited transfer of a total of 2.273 cfs from the Brown Ranch. The second is the permanent instream transfer of 2.12 cubic feet per second (cfs) from the Grimes Ranch. The instream rights will be held in trust by the State of Oregon and managed by the Oregon Water Resources Department. These water rights were previously leased instream, and the benefits of additional instream flows in this watershed are well documented. Only the Brown 30-year lease is ready for Board action at this time. Staff anticipate returning to the Board at a future meeting with a funding recommendation for the Grimes permanent instream transfer.

The Brown Ranch water rights include two certificates. Certificate 24599 allows for the use of waters of Cherry Creek and Tiger Lily Springs with a priority date of 1932. Based on USGS gage data, it appears that there is sufficient water available in Cherry Creek to fulfill the duty of the Brown rights in all water years and to fulfill the maximum rate throughout most of the irrigation season in most water years. Certificate 31064, with a priority date of 1953, allows for the use of multiple springs, which flow into Cherry Creek if not diverted for irrigation. A portion of these rights are on the Brown Ranch with the balance on the BLM Fourmile Wetlands property. There are no additional water rights that utilize this spring source and the only diversion below this point is the Grimes water right, which is included in the project. The discharge appears adequate to fulfill the water right.

The Grimes Ranch water right certificate 27811 allows for the use of the waters of Fourmile Creek with a priority date of 1955. Based on gage data and discharge monitoring conducted for the applicant, there is sufficient water available to fulfill this certificate in all water years.

The two properties included in the transaction are the primary private lands in the lower portion of this stream system. The instream transfer will support the management objectives for this stream system which include improving hydrologic connectivity and temperature conditions, maintaining riparian wetlands, and reducing nutrient loads. Improved stream conditions facilitate access to and use of the high quality habitat located on the surrounding Bureau of Land Management (BLM), U.S. Forest Service (USFS), and National Wildlife Refuge properties by multiple species of interest. The entire project area is listed as critical habitat for bull trout, proposed critical habitat for Lost River and shortnose suckers, includes a key population of Oregon spotted frogs, and habitat for yellow rails.

A. Ecological Benefits

The increased instream flows proposed in this project will benefit a four mile primary reach extending from the lower reaches of Cherry Creek, through Cherry Creek's confluences with Jack Springs and Fourmile Springs, to the bottom of Fourmile Creek. This primary reach includes the Fourmile Wetlands property owned by the BLM. As stated in the application, increased instream flows are essential in the primary reach in order to:

1. Sustain year-round flows of cold, clear water between West Canal and the high quality habitat found in upper reaches of Cherry Creek, which is located within the Winema National Forest. Several species of native fish are known to have utilized

- this portion of the stream system including bull trout, redband rainbow trout, shortnose suckers and Lost River suckers. The entire project area is designated as critical habitat for bull trout and proposed critical habitat for Lost River and shortnose suckers.
2. Maintain connectivity between multiple springs and seepages that provide inflows to Cherry and Fourmile creeks. The large complex of springs found on the Brown Ranch and adjacent BLM land provide important wetland habitat for one of the few documented and functioning populations of Oregon spotted frog and for yellow rail, in addition to multiple other aquatic species.
 3. Improve water quality in West Canal by reducing irrigation diversions and curtailing warm, nutrient laden return flows. West Canal is a key hydrologic pathway between Upper Klamath Lake (UKL) and significant reaches of critical habitat in Cherry, Fourmile, Short, Sevenmile, and Threemile creeks.

Additionally, the application states that increased flows will benefit an eight mile secondary reach by providing approximately 4.5 cubic feet per section (cfs) of additional cold, clear inflows to the Upper Klamath Lake National Wildlife Refuge on UKL. Hydrologic modeling for the Klamath Basin Restoration Agreement suggests that an additional 30,000 acre-feet of inflows are required to UKL in order to provide "balance" to the Klamath Basin watersheds.

The Region 4 Regional Review Team (RRT) recognized the value of any additional flow that could be protected in-stream. Both Cherry and Fourmile creeks have been identified by a number of studies as having flow limitations to native fish production. The increased protected flows will retain greater connection between UKL and the headwaters of Cherry Creek, which is a cold-water stream important for native fish and other species. The reach is identified as a high priority for flow restoration in the Oregon Plan Streamflow Restoration Priorities, as mapped by the Oregon Department of Fish and Wildlife (ODFW) and WRD.

The RRT recognized that the addition of approximately 1,000 acre feet to protected flow into UKL was an important step in meeting the 30,000 acre feet target. The RRT recognized that the Brown water right was only proposed for protection for 30 years, however the significant priority date and the likelihood of a future permanent transaction was considered to have significant value. These water rights are important for maintaining wetlands that are important rearing habitat for suckers. The review team was unanimous in support of the application.

B. Project Support and Community Effects

The application has strong support from the Natural Resources Conservation Service (NRCS), ODFW, U.S. Fish and Wildlife Service, and the USFS. All three of the water right certificates included in this application have previously been leased instream through short-term instream leasing programs. Through that program, the water rights have undergone a formal injury analysis by WRD. In addition, according to the applicant, no negative impacts to other irrigators have been identified from any of the instream leases. The property will continue to be zoned exclusively for farm use and will continue to be operated as an active cattle ranch. The landowner predicts that they can still run 60 percent of the number of cattle that they had under irrigation. The RRT also recognized the community information value of the transaction, which is occurring along with a number of restoration actions by the KBRT to address aquatic habitat conditions.

C. Legal and Financial Terms

WRD will hold the water rights in trust as a 30-year lease and permanent instream water right. WRD will be responsible for verifying that the transferred water remains instream. KBRT has developed a monitoring plan with the landowner, with verification by KBRT and funding by the National Fish and Wildlife Foundation (NFWF). KBRT has committed to oversee a biological, habitat, and water quality response survey in 2015. This will repeat surveys conducted in 2003 and 2010 to document changes resulting from protected flows.

KBRT is requesting OWEB funding of \$275,152 towards a total purchase price for both transactions of \$400,152 (68 percent). Match funding is anticipated from NFWF, USFS, and a National Wildlife Refuge Easement.

1. Brown 30-year Lease

The purchase price for the Brown water rights is \$100,632, with an OWEB request of \$69,073. The KBRT has signed an Option to Transfer that expires December 31, 2013, for the Brown water rights, which include three separate rights that have been adjudicated. The application proposes a 30-year lease for certificates 24599 and 31064 with 1932 and 1953 priority dates, respectively. These rights are protected by an instream lease (IL-681) through September 3, 2012. The Department of Justice (DOJ) has reviewed the title, option, and water right certificates, and has identified one concern about the potential effect that the ongoing adjudication may have on the ability to exercise these water rights in the same manner that they have been used historically. Staff had additional conversations with the Klamath Watermaster at WRD, and has concluded that, while there is uncertainty, there is small likelihood of a long-term impact on the ecological outcome achieved with this grant and there are significant short-term benefits for stream flow.

The 30-year lease price for the Brown water rights is \$100,632, which is equivalent to a purchase price of \$690 per acre for land appurtenant to certificate 24599 and \$510 per acre for certificate 31064. WestWater Research's valuation memo concluded a valuation price of \$1,545 to \$2,472 per acre. An independent review of the market valuation is being conducted; staff will update the Board on its status at the March meeting.

2. Grimes Permanent Instream Transfer

The purchase price for the Grimes water right is \$299,520, with an OWEB request of \$206,089. The KBRT is currently finalizing an option agreement with the landowners, which is an OWEB application requirement. While portions of the due diligence are complete, staff recommend that a decision on the proposed permanent transfer of the Grimes water right be deferred until June, or such time as the review of the option and market valuation can be completed.

D. Conclusion

The increased flow resulting from the project will provide high-quality, cold water into the lower four miles of Cherry Creek and Fourmile Creek, and an additional eight miles into the National Wildlife Refuge. The project has extensive support from federal and state agencies and conservation organizations. The RRT has concluded a high ecological benefit from the 30-year instream lease portion of the application. NFWF supports OWEB funding a share of

these transactions. The Subcommittee reviewed the application in January and recommended approval. Staff recommend the Board award \$69,063 for the 30-year lease of the Brown Ranch water rights, contingent upon review of the valuation memo, and defer consideration of the proposed permanent instream transfer of the Grimes water right.

III. 212-117 Olson Fifteenmile Creek Purchase

The Freshwater Trust (TFT) is requesting \$100,000 from OWEB to acquire seven water right certificates that involve 0.96 cfs of flow in an approximately 20 mile primary reach of stream, extending from the historical point of diversion, past the confluence with Eightmile Creek and to the mouth of Fifteenmile Creek in Wasco County. Approximately half (0.48 cfs) are senior (1875) water rights and half (0.48 cfs) are junior water rights. The local Watermaster reports that the rights carrying the 1875 priority date are met every year and the rights carrying the 1926 priority date are generally met through July and August in most years.

The property has been enrolled in the Conservation Reserve Enhancement Program (CREP) for some time and the water rights have been donated to instream use during the CREP enrollment. This project was identified by an analysis performed for OWEB to identify water right leases under the CREP program that would provide the greatest ecological benefit if converted to permanent instream flow. This lease was identified as a unique opportunity in that analysis. The landowner is planning to switch from irrigated agriculture to forest production and the project involves a legal transfer of the rights to instream use.

A. Ecological Benefits

Fifteenmile Creek is a 54-mile long tributary of the Columbia River and the watershed is home to the easternmost run of wild winter Steelhead in the Columbia Basin. Mid-Columbia Steelhead were listed as “threatened” under the federal Endangered Species Act in 1998. During the late summer period targeted by this project, the priority life stage present is juvenile rearing steelhead. Both coho and Chinook salmon have been observed spawning in Fifteenmile Creek with coho thought to be limited to the lowest reaches of the creek. Flow, temperature and habitat diversity are the primary limiting factors impacting the native fish species in Fifteenmile Creek. Fifteenmile Creek has naturally low summer base flows that are exacerbated by irrigation withdrawals in the late summer; estimated average natural flow in late summer is less than 6 cfs at the mouth.

Fifteenmile Creek steelhead fall under the Middle Columbia Steelhead Recovery Planning effort that was recently completed. In reference to the Fifteenmile steelhead population the Recovery Plan specifically states that “Some middle and lower mainstem reaches [in the watershed] become uninhabitable during low flow summer periods. We infer that these habitat changes have truncated spawn timing and somewhat limited juvenile rearing diversity,” and that “low flows and elevated water temperatures result in a narrower window for successful smolt outmigration as well as truncation of adult spawn timing.”

The Region 4 RRT recognized the value of any additional flow that could be protected in-stream and felt that 20 miles of protectable flow is important. Fifteenmile Creek has been identified by a number of studies as having flow limitations to steelhead production. The reach is identified as a high priority for flow restoration in the Oregon Plan Streamflow Restoration Priorities, as mapped by ODFW and WRD. The RRT recognized that only half of the water right could be protected in dry years, but felt that the project was valuable

because there are few diversions above it and the permanent transaction is significant. This is the first permanent transaction in the watershed, and combined with the other efforts to meter diversions and track water, this effort could inform other landowners of their options. The RRT also recognized that this transaction is occurring along with a number of other temporary leases by TFT to help address flow considerations.

B. Project Support and Community Effects

The project has strong support from a variety of state and federal agencies. The project has match funding from the Columbia Basin Water Transactions program of Bonneville Power Administration/NFWF; this is the first opportunity for OWEB to cost-share together on a water transaction in a priority Columbia Basin tributary. The project is supported by the Fifteenmile Watershed Council, the Confederated Tribes of Warm Springs Reservation, and ODFW.

TFT's flow restoration work is part of a larger watershed effort to restore aquatic habitat in the Fifteenmile watershed. ODFW, along with the Warm Springs Tribe, NRCS, Fifteenmile Watershed Council, and the Wasco Soil and Water Conservation District, have implemented and continue to develop habitat improvement projects in the basin.

By the end of 2011, all diversions from Fifteenmile Creek were anticipated to have totalizing flow meters installed. Meters will also be installed on diversions from Eightmile Creek, Fifteenmile's largest tributary, by the end of 2012. This sets up an ideal situation for management of instream and out-of stream water rights and provides the infrastructure for future split-season leasing.

TFT currently leases a total of 4.7 cfs instream in Fifteenmile Creek. Of this, approximately 0.5 cfs are very senior instream leases (senior to 1865). TFT is confident in its ability to renew these leases in the future, as well as expand the amount leased and transferred instream. The other lease activity by TFT also supports OWEB's investment in the junior water rights included in this application, because they are more likely to be met each year.

While the project will reduce total irrigated acres in the subbasin, TFT doesn't anticipate a significant economic impact to the local and regional economy because the land will remain economically productive through the future sale of timber grown on the property.

C. Legal and Financial Terms

WRD will hold the water rights in trust as permanent instream water rights. WRD will be responsible for verifying that the transferred water remains instream. WRD issued a draft preliminary determination on December 7, 2011 for the transfer of the seven certificates instream. The Department of Justice (DOJ) did not identify any concerns in its review of the title, option, and water right certificates. The rights appear to be certificated and able to be transferred for instream purposes.

The landowner has ten years remaining on his CREP contract and will forgo the remaining ten years of irrigated rental rate payments from CREP after the instream transfer is final.

The total cost of the acquired water is \$143,849. The Columbia Basin Water Transaction Program has committed \$43,849. The WestWater Research report concluded a value

estimate of \$1,548 to \$2,334 per acre for senior water rights. TFT negotiated an average per acre purchase price of \$1,900 per acre (\$2,172 for senior portion and \$1,628 for the junior portion of the right). The negotiated price is within the range for the senior rights, but is high for the junior portion of the rights. The landowner was willing to forgo the sale of the water rights at this time and continue receiving the irrigated rental rate under CREP. TFT raised the purchase price for junior water rights in order to take advantage of the opportunity to permanently acquire these water rights. An independent review of the market valuation is being conducted; staff will update the Board on its status at the March meeting.

D. Conclusion

Increasing late summer flows will address all flow related limiting factors and keep critical habitat available for rearing and migrating fish. At the same time, more streamflow will help decrease stream temperatures and aid in fish passage. This transaction is part of a multifaceted approach to addressing the low flows in the watershed. It complements an effort by TFT to establish a split and full season lease bank, as well as the work by other local partners, the tribe, and state and federal agencies. The RRT was unanimous in its support of the application for its ecological benefits. The Subcommittee reviewed the application in January and recommended approval. Staff recommend the Board award \$100,000 for application, contingent upon review of the valuation memo.

IV. Recommendation

Staff recommend the Board:

- A. Award \$69,063 for the 30-year lease portion of 212-115, Fourmile Creek Priority Flow Restoration application, contingent upon review of the valuation memo, and defer consideration of the permanent in-stream transfer until the formal option agreement has been submitted and reviewed; and
- B. Award \$100,000 for 212-117, Olson Fifteenmile Creek Purchase, contingent upon review of the valuation memo.



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February 27, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item N: Watershed Council Support Transition Process
for 2013-2015 Biennium
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This report describes the proposed watershed council support transition process for 2013-2015 and requests the Board 1) waive specific administrative rules for the 2013-2015 Council Support application, award, and funding process; 2) approve the transition biennium Council Support award process outlined in Section III.A. below; and 3) signal its intent to award 2013-2015 council support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget.

II. Background

A. Statute and Rules

By statute, "watershed council" means a voluntary local organization, designated by a local government to address the goal of sustaining natural resource and watershed protection, restoration and enhancement. [ORS 541.890(15)]

Under ORS 541.929(2)(a), OWEB may allocate funds to be used for staff for soil and water conservation districts and watershed councils. "Requests from local watershed councils for state assistance shall be evaluated on the basis of whether the requesting organization reflects the interests of the affected watershed and the potential to protect and enhance the quality of the watershed in question." [ORS 541.910(1)]

Under OWEB's administrative rules, "watershed council support" grants support the capacity of a watershed council or group of watershed councils to conduct activities necessary for watershed protection, enhancement, and restoration. Council support grants may include council coordinator salary and benefits and council operating costs, including risk management and accountability assurance, and fiscal grant management.

B. History of Watershed Council Support Application and Award Process

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 2001, the Oregon legislature included a budget note in OWEB's legislatively adopted budget, indicating legislative interest in a merit-based approach to funding watershed councils. In 2002, OWEB adopted rules for an interim merit-based approach that was applied to the grant awards for the 2003-2005 biennium. In March 2004, the Board adopted rules outlining a merit-based application and evaluation grant program for Council Support. These are the rules that OWEB currently has for Council Support grants.

Since then, Council Support grant applications have been submitted every two years. Applications are evaluated for merit based on criteria and processes in OWEB's rules, and funding is awarded based on factors in OWEB's rules. Grant awards cover the two years coinciding with OWEB's biennial state budget (e.g., July 1, 2007 – June 30, 2009).

C. Strategic Plan Implementation and Listening Sessions

In 2010, OWEB adopted an agency Strategic Plan. 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."

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 engaged 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.

An outcome of the Listening Sessions was the realization that the intensive and time-consuming process – one that engages councils, reviewers from other agencies and organizations, and OWEB staff – needed to be examined and streamlined. Staff believe strongly that a more efficient process can be developed particularly because OWEB provides ongoing operating support to the same councils over many years. In addition, the dialogues brought to light some of the long-standing, complex Council Support policy issues that need to be addressed.

D. 2011 Legislative Budget Note

In a budget note attached to OWEB's legislatively adopted budget, the 2011 Legislature provided direction to OWEB regarding a review of watershed councils.

"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.”*

E. Watershed Council Support Principles and Work Group

Before changing existing processes, the Board Council Support Subcommittee (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 OWEB Biennial Conference, the November 2011 Network of Oregon Watershed Councils Gathering, and to the Board at their September 2010 (Agenda Item C-5), January 2011 (Agenda Item J), September 2011 (Agenda Item P), and January 2012 (Agenda Item P) meetings.

OWEB convened the Council Support Work Group (Work Group) in May 2011. The Work Group included a watershed council representative from each of OWEB's six regions, a board member of the Network of Oregon Watershed Councils, a Council Support application reviewer, representatives from two private foundations, and two OWEB staff.

The Work Group addressed items 2 and 3 from the budget note above and also advised OWEB on:

- A streamlined application and funding process 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.

The Work Group developed a concept for an Outcome Based Review and Award Process, and recognized that more work would be needed to develop specific details of the concept. The Work Group concept was presented to the OWEB Board at its meetings in September 2011 and January 2012. Staff plan to reconvene the Work Group in spring 2012 to seek feedback on the details needed to implement the Work Group concept.

Implementing the Work Group's concept involves significant changes in the Council Support program, as outlined in Attachment B to this staff report. As part of moving to the Work Group concept, OWEB will also be seeking to address long-standing, complex Council Support policy issues. Rulemaking will be needed because the evaluation criteria and process are detailed in current administrative rules.

Because these changes will affect councils that have relied on Council Support grants over time, the Work Group and the Subcommittee believe it is important to phase in the changes, allowing councils time to adapt and plan. It is also important for OWEB to consult with councils as details of the concept are developed. In order to provide the time to consult with councils, develop implementation details, and conduct rulemaking, OWEB staff, working with the Subcommittee and Work Group, developed a proposal for the 2013-2015 biennium to be a transition from the current 12-month Council Support grant process to a streamlined process based on the Work Group concept.

III. Proposed 2013-2015 Council Support Award Process

Staff propose to “carry over” the Council Support grants awarded in 2011-2013 into the 2013-2015 biennium. Existing grant agreements will be amended and councils will receive the same award as in the previous biennium, eliminating the 12-month application and review process. This means that each council support grantee will receive an additional amount equal their 2011-2013 award.

As reported to the Board in September 2011 and January 2012, the Work Group and the Subcommittee support this proposal primarily because foregoing the 12-month application and review process provides councils and OWEB the time to work on the details of the Work Group concept. This work includes:

- Listening sessions with councils.
- Resolution of long-standing, complex Council Support policy issues.
- Rulemaking.

Attachment C outlines the schedule for implementing the needed changes.

Between September 2011 and January 2012, OWEB staff, with help from several members of the Work Group and input from the Subcommittee, developed details for the transitional Council Support process. The details are described below in Subsections A and B.

If the Board does not adopt staff’s recommendation, the Council Support process under current administrative rules would begin in June 2012 and take approximately 12 months to complete. Applications would be due on January 24, 2013, with grant awards planned for June 2013.

A. Award Process and Reporting Schedule for 2013-2015 Transition Biennium

1. June 2013: OWEB Board awards 2013-2015 council support funds, dependent on OWEB’s legislatively adopted budget.
2. Staff and the Subcommittee will review any performance concerns and develop special conditions for the awarded funds, including potential termination of funding.
3. Staff will review council budgets, proof of match, and an updated council officer contact list.
4. Because OWEB’s rules on watershed council eligibility are based in statute, councils must submit and OWEB staff will review 1) an updated council membership list which OWEB will review to ensure the council has a balance of interests and 2) an updated map to verify the council’s boundary has not changed. Councils do not have to resubmit local recognition information, unless it has changed since January 2009.

5. Existing grant agreements will be amended to extend grant end dates to June 30, 2015, add special conditions as determined by staff and Subcommittee, and add the 2013-2015 funding.
6. August 2013: Councils must submit to OWEB:
 - A 2013-2014 work plan.
 - Reports for period 2011-2013, including documentation of communication with the council's recognizing local government, Pacific Coastal Salmon Recovery Fund reporting, and fiscal reporting.
7. July 2014: Councils must submit to OWEB their progress reports (2014-2015 work plans). OWEB staff anticipate work plans and progress reports will be important to the future, streamlined Outcome Based Review and Award Process in which councils are evaluated based on demonstrated progress.

B. 2013-2015 Level of Awards

OWEB staff and the Subcommittee recommend that, dependent on OWEB's legislatively adopted budget, the Board's 2013-2015 awards should be at the same award level as 2011-2013, based on the 2011 evaluation and award process. The Subcommittee also recommends that if more than \$6.1 million is available for Council Support in 2013-2015, then the additional funds should be divided evenly among the councils that receive 2013-2015 Council Support awards.

In order to "carry over" the previous biennium's award, OWEB will need to waive the Council Support rules for the 2013-2015 biennium. Staff recommend the Board waive OWEB's rules for Council Support **application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060.**

At two different meetings, OWEB staff and members of the Work Group discussed a proposal to provide a small amount of additional funding to councils ranked as "good" and "needs improvement." They concluded that this would not be feasible. Waiving the rules means that OWEB will not have a system in place for applying evaluation criteria and placing councils at different merit-based funding levels for 2013-2015. In other words, without the rule-based merit evaluation system, Council Support awards must either be:

- A "carry-over" based on the 2011 process (which is what staff recommend for the \$6.1 million).
- The same amount for all grantees, regardless of merit (which is what staff recommend should be done if there is any additional funding available) .

Adjusting support amounts beyond these two options would defeat the purpose of waiving the rules (staff and Board would need to create a fair system for determining criteria for the varying support levels). Individual council support grant awards in 2013 must necessarily be based on the review and merit category placement as a result of the 2011 grant cycle, subject only to available funding in OWEB's legislatively adopted budget for the 2013-2015 biennium.

IV. 2013-2015 OWEB Policy for New Applicants, Requests for Solo Funding, and Councils Reorganizing

As described in Section III above, Council Support grants will be awarded based on a council's merit evaluation and award for the 2011-2013 grant process. Based on OWEB's rules, the Subcommittee and staff concluded that OWEB cannot award grants based on the 2011-2013 merit evaluation and award process, and simultaneously make different or new awards, because there would be no evaluation process to base those awards on.

The Subcommittee discussed the likelihood that councils without existing Council Support grants will want to apply to OWEB for 2013-2015 Council Support funding. After discussion, the Subcommittee concluded that OWEB is in a transition period for Council Support, and advised against funding councils that do not have a current Council Support grant. Because OWEB's Council Support policies are in transition and may change, including eligibility criteria and new threshold merit criteria, the Subcommittee did not want to create any new expectations of Council Support funding in the period when OWEB's rules and policies are changing.

As discussed in more detail in Subsections A through C below, OWEB staff and the Subcommittee recommend that the 2013-2015 Council Support awards be provided only for councils currently funded by OWEB, based on their merit evaluation and award during the 2011-2013 grant process. Councils without Council Support grants are eligible to apply for other OWEB grants, including regular and small grants.

A. Staff Recommend the Board Not Accept Requests for Solo Funding in 2013-2015

Under OAR 695-040-0030, if a watershed council has been awarded shared funding for watershed council support, but serves a watershed area that is not served by another watershed council, that council may be eligible to apply independently if it receives prior approval from the Board. OWEB's rules give the Board broad discretion to decide whether to entertain or approve requests for solo funding. This rule contains several policy issues that staff intend to address during the transition biennium. For 2013-2015, staff recommend that the Board not accept requests for solo funding and give notice to councils of this decision.

B. Staff Recommend the Board Not Fund New Applicants in 2013-2015 (including councils that wish to reorganize into new councils)

A "new applicant" is a council that has not previously applied for, or been awarded, Council Support funds. This includes councils that might want to join with other councils, restructure, and form a new watershed council, even if the separate councils have received Council Support funding in the past or are currently receiving Council Support funding.

During the Listening Sessions, Work Group conversations, and feedback at the Annual Network Gathering, it has become clear to OWEB staff that there is no consensus among councils regarding council support funding for new applicants. Some councils think OWEB should fund all councils; others think there should be a cap on the number of councils funded; others think there should be a size or population requirement for OWEB funding. At the same time, staff heard significant feedback that OWEB needs to make hard decisions in the near term and should not continue to "thin the soup" without addressing key Council Support policy questions.

For 2013-2015, staff recommend that the Board not accept applications for Council Support from new applicants that do not currently have an individual Council Support grant and give notice to councils of this decision.

C. Staff Recommend the Board Not Fund 2011-2013 “Do Not Fund” Councils in 2013-2015

During the 2011-2013 Council Support grant process, staff recommended, and the Board approved, a “do not fund” category for four councils that had received Council Support grants in the past. The Board’s decision was based on the repeated lowest merit category ranking for three of the councils and the fourth council’s lack of performance (over several biennia) and a lack of clarity over board membership and leadership.

These four councils are not current Council Support grantees. Under the proposal for 2013-2015 described in this report, there will be no application and evaluation process. As a result, these four councils will not receive Council Support funding in 2013-2015. It is important to note that these councils remain eligible to apply to OWEB for project grants. There are several councils that do not receive council support funding from OWEB, but implement restoration work with OWEB project grants or other funding.

At the Board’s request, a brief update on the current status of each of the four “do not fund” councils is provided below.

Greater Oregon City Watershed Council

- The council submitted a restoration application for the October 2011 cycle. The application was recommended for funding by the Regional Review Team, but fell below the staff recommended funding line. The council received a grant from Portland General Electric/The Nature Conservancy for this project in February 2012.
- The council has been working closely with Metro and continues to be active in SOLV events.
- The council has added new members to its board.

Pudding River Watershed Council

- The council submitted a technical assistance application for the October 2011 cycle. The application was recommended for funding by the Regional Review Team, but fell below the staff recommended funding line.
- The council continues to meet.
- The council continues to struggle with board membership and council direction.

Middle Deschutes Watershed Council

- No small or regular grants submitted.
- To staff’s knowledge the council is not meeting.
- The local SWCD continues to implement projects in the watershed.

Mid-Willamette Watershed Alliance

- No small or regular grants submitted.
- To staff’s knowledge the council is not meeting.

- The local SWCD continues to implement projects in the watershed.

V. OWEB's authority to waive Council Support rules

OWEB's statutes do not mandate offering a council support cycle, but state that the Board may allocate funds to be used for staff for soil and water conservation districts and watershed councils. [ORS 541.929 (2) (a)] Under OWEB's rules, the Board has discretion whether or not to offer any type of grant. [OAR 695-005-0010 and 695-005-0040] Finally, OAR 695-040-0080 provides that "the Director may waive the requirements of [the council support grant rules], unless they are required by statute, for individual grants, when doing so will result in more efficient or effective implementation of the Board's grant program."

OWEB rules allow the Executive Director to waive rules not otherwise required by statute. Given the importance and precedence of this issue, staff are asking for Board approval of the waiver.

Staff are confident that OWEB has the authority under statute and rule to waive the council support application and evaluation rules and amend existing, individual council support grant agreements in 2013 to provide the same level of capacity funding for 2013-2015, based on the review and merit category placement as a result of the 2011 grant cycle.

Staff recommend that the Board waive the following OWEB rules for the 2013-2015 council support application cycle:

- Application Requirements OAR 695-040-0040;
- Evaluation Criteria OAR 695-040-0050; and
- Grant Evaluation Process OAR 695-040-0060.

OWEB staff do not recommend waiving the Grant Agreement Conditions rules [OAR 695-040-0070], because as described above in Section III.A., councils will still have to report in 2013-2015 according to their 2011-2013 Council Support grant agreement. Staff also do not recommend waiving the Eligibility Criteria rules in OAR 695-040-0030. Eligibility Criteria 695-040-0030(2)(a-d) describes eligible costs under watershed council support grants and these eligible costs will not change during the 2013-2015 biennium. Eligibility Criteria rule 695-040-0030(1)(a-c) relates to who is eligible to apply for watershed council support, and references statutes that OWEB cannot waive. As described in Section III.A. above, OWEB staff will review materials submitted by councils to ensure all councils continue to meet the watershed council support eligibility requirements described in OWEB rules and statues (ORS 541.910(2)). OWEB staff will not be reviewing a council's type (a), type (b), or type (a)/(b) umbrella status, because that review is part of the Grant Evaluation Process rule in OAR 695-040-0060.

VI. Recommendation

- A. Staff recommend that the Board direct staff to develop details of the Work Group Outcome Based Review and Award Process and hold listening sessions in preparation for changing the program.
- B. Staff recommend that for 2013-2015, the Board waive OWEB's rules for Council Support application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060.

The purpose of this waiver is to result in a more efficient and effective implementation of the Board's grant program through developing and implementing the streamlined and improved Outcome Based Review and Award Process for Council Support.

- C. Staff recommend that for 2013-2015, the Board approve the transition biennium Council Support award process described in Section III.A. of this staff report.
- D. Staff recommend that the Board signal its intent to award 2013-2015 Council Support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget.
- E. Staff recommend that the Board not accept requests for solo funding, Council Support applications from new applicants, or Council Support applications from currently or previously funded applicants that wish to reorganize into a new applicant for 2013-2015, and give notice to councils of this decision.

Attachments

- A. Draft OWEB Watershed Council Support Principles
- B. Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process
- C. Council Support Schedule

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.

Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

OWEB staff will work with the Board Watershed Council Support Committee and councils to develop the details of the new process and make recommendations to the Board regarding policy and rule changes. OWEB last revised its council support rules in September 2004. Since that time, several policy issues have been raised but not resolved. The list below includes implementation details that need to be worked out, and policy issues that have been identified to date.

Eligibility Criteria

1. Who can apply for a council support grant?
 - OWEB's current council support eligibility criteria are very broad. OWEB needs to take a look at what its council support funding is intended to achieve, and what type of council should receive council support (operating) funds, including questions such as watershed size, and activities.
2. Umbrella Bonus.
 - Should OWEB continue to award an umbrella council bonus? If so, who is eligible and what is the criteria and funding level?
3. Requests for individual funding.
 - Under current rules, councils that are locally recognized but located within the boundaries of another council receiving OWEB council support funds are not eligible for individual funding.
4. Rules or guidance for councils that reorganize.
5. How does new eligibility criteria apply to currently funded councils and to councils that have never received OWEB council support funding?
6. Currently OWEB accepts local recognition of councils from any local government entity including SWCDs, cities, counties, water districts, and more. Should this change?

Merit Threshold Criteria

If a council is eligible for a council support grant, its application will be evaluated on whether it meets, or falls short of, merit threshold criteria. OWEB needs to develop threshold criteria that can be practically and equitably applied in a streamlined review process. Considerations include:

1. Clear objective of the criteria.
2. Clearly defined bar to meet.
3. Clearly demonstrate council support is not an entitlement program.
4. Fund councils with a good track record with minimal hoops.
5. Criteria need to be measurable.
6. Need to demonstrate councils are worthy of state funding and effective organizations.

Equal Distribution of Funds

The Council Support Work Group concept recommended that councils meeting the merit threshold criteria should receive the same amount of funding. Policy and implementation questions include:

1. Level of award for councils that meet the merit threshold criteria.

2. How is the umbrella bonus factored in?
3. How much awarded to councils that are eligible, but do not meet the merit threshold criteria?
4. How much are new applicants awarded?
5. How do we distribute the funds if we have less than \$6.1 million?
6. Should there be an incentive for councils to reorganize/combine? if so, how much?

Application Materials & Review Process for Previously Funded Councils

The Council Support Work Group concept was based on the fact that OWEB has provided ongoing funding to the same councils over many years and is familiar with the work of these councils.

1. Deadline.
2. What is reviewed (work plan, 1 pager of questions, other)?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Consequences for councils that do not meet the Merit Threshold Criteria.
8. How do we review reorganized councils?
9. Decision deadline (June Board meetings).

Application Materials & Review Process for New Applicants

Depending on the eligibility criteria, we can expect to see a range of new applicants (those that have never received an OWEB council support grant), from councils that have existed for many years, to newly formed councils with no track record. These need a different type of review than councils OWEB has funded for many years.

1. Deadline.
2. What will be reviewed?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Funding amount.
8. Decision date (September Board meetings).

Reporting Accomplishments, Tracking Accountability

OWEB is phasing in the new council support process by requiring all 2011-2013 council support grantees to submit work plans for their 2013-2015 awards. We expect we will learn and adjust the work plan and reporting process for the 2015-2017 council support grant cycle.

1. Work with grantees to finalize work plan format.
2. Work with OWEB Programmer to make electronic submittal possible.
3. Seek council feedback on electronic form and test with grantees.
4. Train grantees.
5. Finalize by May 2013 for August 2013 submittal deadline.

6. Adjust work plan and progress reports for 2015.
7. Other reporting requirements:
 - PCSRF.
 - Reporting on council biennial self-evaluation.
 - Annual reporting to county government.
 - Fiscal Reporting.
 - Other?

Targeted Capacity Fund

The work group recommended a fund accessible to all councils for training and capacity development needs.

1. How much is available?
2. Where does the money come from?
3. Develop rules.
4. Develop review and award process.
5. What is the objective?
6. Timing, when offered?
7. What is the length of the grant?
8. Don't re-create the wheel, talk to other funders to see what they do for small capacity awards.

Watershed Council Support Schedule 2012-2015

DATES	ACTIONS
January 3, 2012	Work plans due from “good” and “needs improvement” councils
January 18-19, 2012	OWEB Board Meeting – Newport <ul style="list-style-type: none"> • Discuss plan for 2013-2015 council support awards
January-August 2012	Work on details of council support concept <ul style="list-style-type: none"> • Eligibility Criteria changes • Merit Threshold Criteria • Application Process • Equal Distribution of Funds • Reporting • Work Plan <p>This will include monthly meetings with OWEB staff and maybe a few meetings of the Council Support Work Group to get their thoughts and ideas on draft concepts. This will also include several meetings with the Board Watershed Council Support Committee</p>
March 13-14, 2012	OWEB Board Meeting <ul style="list-style-type: none"> • Staff plan to ask the Board to approve a rule waiver for the council support application, review, and funding process for 2013-2015 and signal the Board’s intent for award of council support funds for 2013-2015, dependent on OWEB’s legislatively adopted budget.
Sept. –Nov. 2012	Listening sessions with councils on proposed changes to council support process
January 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff will update the Board on the listening sessions
March 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff will request Board approval for council support rulemaking
June 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Board award 2013-2015 council support funds
June 2013	Councils must submit proof of match and updated council officer list prior to grant agreements being amended.
August 2013	Fiscal and PCSRF Reporting and 2013-2014 Work Plan due
June –September 2013	Council Support Rules Advisory Committee
September 2013	OWEB Board Meeting <ul style="list-style-type: none"> • Staff update Board on Council Support Rulemaking
January 2014	OWEB Board Meeting <ul style="list-style-type: none"> • Board adopts new council support rules
July 2014	Council Support Progress Report due (2014-2015 Work Plan)
February-December 2014	Develop new council support materials
Dec. 2014 – Feb. 2015	Training on new council support materials
March 2015	Council support application materials due for 2015-2017 biennium
June 2015	OWEB Board Meeting <ul style="list-style-type: none"> • Board award 2015-2017 council support funds



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February 27, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item O: Developing a Roadmap for OWEB's Long-Term Investment Strategy
March 13-14, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on the structure and process for developing a roadmap for OWEB's long-term investment strategy, including stakeholder involvement and how the work will be integrated with other transition biennium priority work. This report is for informational purposes only; no Board action is requested.

II. Background

In 2010, Ballot Measure 76 renewed 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. Statutory changes to implement Measure 76 were passed by the legislature in Senate Bill 342 in 2011.

The passage of Measure 76 by Oregon voters creates a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period for the Board, staff and stakeholders to consider the future direction of the agency and make appropriate policy and priority adjustments. The Board has identified development of a long-term investment strategy as a key priority.

In Agenda Item G at the January 2012, Board meeting, the Board discussed the transition biennium priorities and the need for enhanced Board involvement through subcommittees and an Executive Committee, comprised of Board subcommittee chairs and the Board Co-Chairs. The Board also approved broadening the purposes of its \$100,000 "business practices" review award from September 2011, to include additional efforts necessary to help carry out transition biennium priority tasks, including facilitation and other administrative needs.

The Executive Committee met by conference call on February 23, 2012, to discuss the role of the Executive Committee, the scope, structure, stakeholders, process and deliverables for the long-term investment strategy, integration of related policy work, and a high-level schedule. OWEB

staff will meet on March 6, 2012, to discuss the structure and process for the long-term investment strategy.

III. Discussion

The Executive Committee (Committee) is comfortable moving forward with the proposed process for developing a roadmap for OWEB's long-term investment strategy, with the realization that we will stay open to feedback and adjustment as we go, and there is the flexibility to adapt. At the same time, the Committee believes it is important to make real progress for a September 2012 check-in with the Board, and that the Board should make a decision about OWEB's long-term investment strategy by, or before, June 2013. The roadmap process will also identify what work needs to continue beyond September 2012 and June 2013.

The Committee stressed the importance of stakeholder outreach and engagement through a variety of means, including listening sessions, subcommittee meetings, Board meetings, work groups, and other tools. The Committee wants to make sure the process includes the broad range of OWEB stakeholders.

The Committee discussed some important goals and measures of success for this work. An important goal is to achieve clarity about what OWEB's priorities are and why, so that stakeholders are not surprised, and can make their own strategic choices.

Some of the measures of success of this effort should be a clear process, stakeholders feel they were engaged in the process, and a shared understanding for OWEB and stakeholders about where we are and where we are going, even if there is not 100 percent stakeholder agreement on OWEB's priorities at the end of the day.

The Committee recognized the challenges of developing a long-term investment strategy given state and federal funding uncertainties, and the need to meet state-required budget submittal deadlines for the 2013-2015 budget process (first submittal is June 1, 2012; final submittal is September 1, 2012). The state budget process determines total OWEB resources, but does not determine OWEB's grant investment priorities or grant spending plan.

IV. Recommendation

At the March meeting, staff will seek Board input and discussion on:

- A. The scope, goals, structure, process, and stakeholder involvement outlined in Attachment A, Developing a Roadmap for OWEB's Long-Term Investment Strategy; and
- B. The roles of the Executive Committee and Board subcommittees outlined in Attachment B.

Attachments

- A. Developing a Roadmap for OWEB's Long-Term Investment Strategy, updated draft 2/24/12
- B. Roles of Executive Committee and Subcommittees

Updated Draft 2/24/12

Developing a Roadmap to OWEB's Long Term Investment Strategy

1. Project Description

This proposal is based on Board feedback at the July 2011 Board retreat and is subject to change based on Board and stakeholder input.

Long-term funding horizon under Measure 76

The passage of Measure 76 by Oregon voters created a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period for Board members, staff and stakeholders to consider the future direction of the agency and make appropriate policy and priority adjustments. The Board has identified development of a long term investment strategy as a key priority.

2010 Strategic Plan

The goals and strategies developed by the Board are still viable and relevant under Measure 76 and should serve as the framework for developing the long term investment strategy. *The Board may identify areas to refine OWEB's 2010 Strategic Plan, but the scope of this project does not include significant changes to the Strategic Plan at this time.* Strategic Plan goals are:

- Goal 1: Restore and sustain resilient ecosystems through investments that enhance watershed functions and support community needs.
- Goal 2: Support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation.
- Goal 3: Provide information to help Oregonians understand the need for and engage in activities that support healthy watersheds.
- Goal 4: Build and maintain strong partnerships with local, state, tribal, and federal agencies, nonprofit organizations and private landowners for watershed and habitat restoration and conservation.
- Goal 5: Ensure efficient and accountable administration of all investments.

Roadmap to Long Term Investment Strategy

This project will involve the Board consideration of questions such as:

- In order to achieve Strategic Plan goals, what should OWEB's investment portfolio look like? Specific questions include consideration of:
 - Ecological priorities
 - Different ways of targeting grants (geographic, capacity, etc.)
 - Delivery mechanisms for investments, such as capacity grants, partnership grants, regular grants, small grants
 - Utilizing all available tools and programs in achieving priorities
- Is there anything missing from the Strategic Plan goals as a result of passage of Measure 76?
- When should the Board revisit the 2010 Strategic Plan?

2. Project Scope, Goal, Structure and Deliverables

The primary scope of the project is to develop a roadmap for OWEB's long-term investment strategy, along with the specific deliverables identified below. However, it is important to be aware of, and integrate, other transition biennium priorities, so that there is awareness and

Updated Draft 2/24/12
Developing a Roadmap to OWEB's Long Term Investment Strategy

tracking of the various proposals, issues and timelines by all involved staff, Board and stakeholders. (See Section 3, Related Policy Work, below)

Goal: Board adopts investment strategy by June, 2013, Board meeting.

Structure: Seek broad stakeholder involvement in spring 2012 listening sessions and through other outreach tools and processes. Determine if further work is needed; consider work groups including diverse stakeholders. Check-in at September 2012 Board meeting.

Staff will engage an experienced facilitator to:

- Facilitate up to 12 listening sessions around Oregon – 6 in late April 2012 and 6 in October/November 2012 (one in each OWEB region).
 - Director attends each session; Board members highly encouraged to attend
- Develop listening session agendas with OWEB staff and the Executive Committee.
- Provide follow-up summaries of the listening sessions.
- Guide the Executive Committee and/or Board through the process of taking what is heard at listening sessions, considering what it means/how they will use stakeholder input, and deciding what process the Executive Committee/Board will use to develop a long term investment strategy as well as related plans for specific actions, policy, rules or statutory recommendations.
- As needed, facilitate subsequent Committees or work groups that arise from Board conversations.
- Facilitate policy conversations for acquisitions program.
- Facilitate process improvement team for acquisitions program.

Stakeholders

Examples; level of engagement may vary

- a. OWB Board
- b. OWEB staff
- c. Governor's Office
- d. Legislators
- e. NOAA
- f. Tribal governments
- g. Local governments (LOC, AOC)
- h. Local elected officials
- i. Councils
- j. Districts
- k. State and federal agencies
- l. Other funders (Meyer Memorial Trust, BEF, Ford Family Foundation, etc.)
- m. Other grantees: OSU, SOLV, etc.
- n. Review team members
- o. Agriculture
- p. Timber

Updated Draft 2/24/12
Developing a Roadmap to OWEB's Long Term Investment Strategy

- q. Environmental groups
- r. Other industrial groups
- s. Local contractors/jobs/economy
- t. Other natural resource interest groups
- u. Public/media

Deliverables:

- A. It is important for the Board and stakeholders to receive regular, high-level updates about the status of the Long Term Investment Strategy project through regular (at least monthly) progress reports. Information prepared by OWEB staff will be shared via emails, the OWEB website and other appropriate means.
- B. Regular, high-level updates about the status of other transition biennium priorities will also be provided. Staff will use a consistent form for progress reports (see Section 5, page 4, Draft Status Report).
- C. It is important for the Board to have reports and work products by August, 2012, to inform their discussion at the September 2012 meeting. These work products include:
 - i. A report of the project, process, what was learned, and challenges/important issues heard at the listening sessions.
 - ii. A prioritized list of actions to be implemented and identification of what is needed to accomplish the action, e.g., rulemaking, policy change, process change, statutory change, further work groups, etc.
 - iii. Who needs to be involved in implementing the action
 - iv. Implementation schedule/timeline

3. Related Policy Work

The policy areas listed below are being addressed through OWEB Board subcommittees and stakeholder work groups, but need to be integrated with development of the investment strategy. Additional policy areas may be identified that need to be integrated.

- A. Acquisition program policy review (overall program mission, priorities and focus areas)
When: Work group convened in March; listening sessions in April; work group recommendations developed by April; report to Board in June 2012. Begin implementation following the listening sessions.
- B. Watershed Council Support policy review
When: Consult with members of Council Support Work Group in spring 2012; develop proposals with Board subcommittee; listening sessions in fall 2012; begin rulemaking and other implementation in 2013.
Goal: Board adopts new rules and staff develops new materials for 2015-2017 council support grant process.
- C. OWEB policy on indirect costs/direct cost allocation in project grants
Such costs were not allowed under Measure 66. Stakeholders have requested OWEB to change this policy as allowed by Measure 76.
Questions include: What indirect costs/direct cost allocations are appropriate to fund under OWEB project grants? What should OWEB consider in making any changes? How will any changes affect grant evaluation by review teams?
When: Seek broad feedback on above questions in spring listening sessions, followed by work group including diverse stakeholders. Check-in at September 2012 Board meeting.

Updated Draft 2/24/12
Developing a Roadmap to OWEB's Long Term Investment Strategy

Goal: Board adopts policy by January, 2013, for implementation in April 2013 grant cycle.

4. Risks, challenges and constraints

- A. Manage this project so that it does not adversely affect ongoing service delivery to OWEB customers and stakeholders (e.g., regular grant cycles, compliance with PCSRF grant reporting requirements, Board meetings, state budget development, acquisitions, legislative sessions, etc.)
- B. Uncertainties around state budgets and future PCSRF funding will need to be considered with respect to implementation actions and timing.
- C. Due to the potential for confusion between developing a long term investment strategy and the ongoing work on state budgets, it will be important to provide constant, clear, thorough communication and context, including:
 - i. 10-year budget uncertainties
 - ii. 2013-2015 budget development and uncertainties
 - iii. PCSRF changes and uncertainties

5. DRAFT Status Report for Transition Biennium Priorities (Policy and Process)

Project name:

Date of report:

OWEB contact:

Activities/Accomplishments since last status report

Any challenges/discoveries and actions taken to address them

Planned activities before next scheduled status report

Updated Draft 2/24/12
Developing a Roadmap to OWEB's Long Term Investment Strategy

Long Term Investment Strategy – Draft High-Level Schedule

February: Feb. 23 - Executive Committee meeting
March 6 - All-staff meeting
RFP for facilitator
Schedule recurring manager and Executive Committee meetings

March: Manager meeting
Board meeting
Executive Committee meeting
Subcommittee meetings
Hire facilitator
Establish project team; first meeting; project plan
Prep for listening sessions (*hold after April 16 grant cycle deadline*)
Status reports

April: Manager meeting
Listening sessions (*after April 16 grant cycle deadline*)
Executive Committee meeting
Subcommittee meetings
Project team finalize project plan (scope, roles, deliverables, other)
Develop work group plans, materials
Status reports

May – July: Manager meetings
Executive Committee meetings
Subcommittee meetings
All-staff meeting
Staff report for June Board meeting
Board meeting (June; OWEB request budget, priority work, other)
Focused M76 work group(s)
Board Retreat (July)
Monthly status reports

August: Manager meeting
Executive Committee meeting
Staff reports

Sept.: Manager meeting
Executive Committee meeting
Board meeting – Long Term Investment Strategy project, other priority work

Oct.: Manager meeting
Executive Committee meeting
All-staff meeting
Plan/begin actions to implement Board directions
Listening sessions (*after Oct. 22 grant deadline*)

Roles of OWEB Executive Committee and Subcommittees

Why is there an OWEB Executive Committee?

The passage of Measure 76 by Oregon voters created a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period to consider the future direction of the agency and make appropriate policy and priority adjustments.

The Board has identified development of a long term investment strategy as a key priority. At the same time, OWEB is working on other priority policies for the acquisition program, partnership program, watershed council support, and indirect costs/direct cost allocation policies. Policy work in these areas is being led by OWEB Board Subcommittees.

As OWEB develops its long term investment strategy, it will be critical for Board and staff to understand, and be informed by, policy directions arising from OWEB's other priority work.

The Executive Committee was formed to lead the agency's policy work around the investment strategy, and act as the forum for communication and linkage with other priority policy work occurring through OWEB Board Subcommittee leadership. The role of the Executive Committee may evolve and change over time.

Executive Committee Role

The Executive Committee is comprised of the Co-Chairs and the chairs of the OWEB Board Subcommittees.

The primary roles of the Executive Committee are:

- Keep the Long Term Investment Strategy project on task and hitting its milestones
- Provide a forum for communication, understanding and integration among the investment strategy development and other transition biennium policy work
- Serve as liaison to the full Board for the Long Term Investment Strategy project
- Guide implementation of activities arising from the Long Term Investment Strategy project
- Oversee stakeholder involvement in development of OWEB's Long Term Investment Strategy
- Maintain awareness of the activities and policy recommendations of each of the OWEB Board subcommittees

Subcommittee Role

The subcommittees are the lead for developing and recommending substantive policies within their issue areas. At the Executive Committee meetings, the subcommittee chairs will communicate about policy issues being addressed by their subcommittees. Subcommittee chairs also serve as liaisons to the full Board with respect to work being done by the subcommittees.

NEW: Minutes of subcommittee meetings and policy recommendations from subcommittees will be shared with the Executive Committee prior to full Board meetings to ensure Executive Committee awareness.

APPROVED BY THE BOARD June 12, 2012
Oregon Watershed Enhancement Board
March 13, 2012
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Mike Haske
Alan Henning
John Jackson
Jim Johnson
Skip Klarquist
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Patricia Smith
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Kathy Leopold
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz
Cindy Silbernagel

Others Present

Lisa Seales
Jesse Jones
Madeline Dalton
Eric Riley
Karen Moon
Paul Siebert
Xan Augerot
Rich Kilbane
Liz Vollmer-Buhl
Russ Hoeflich
Amanda Rich
Jerry Nicolescu

Members Not Present

Debbie Hollen
Dan Thorndike

A. Board Member Comments

Board Co-Chair Eric Quaempts introduced new Board members, Sybil Ackerman representing the Board of Forestry, and Morgan Rider representing the Environmental Quality Commission. He also mentioned that this may be Skip Klarquist's last meeting as his term has expired on the Fish and Wildlife Commission.

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

B. Minutes

Minutes of the January 18-19, 2012, Board meeting in Newport were unanimously approved.

C. Budget and Spending Plan Update

Executive Director, Tom Byler, updated Board members on OWEB's 2011-2013 budget and spending plan, and the agency's budget and legislative preparations for the 2013 legislative session.

2011-2013 Budget and Spending Plan

Director Byler briefed Board members on the status of the agency's current budget. At the beginning of the biennium, the legislature imposed a 3.5 percent hold-back of General Funds and Lottery Funds for all state agency budgets. In the fall of 2011, all state agencies supported by General Funds or Lottery Funds developed a 10.5 percent reduction options list prioritized in 3.5 percent increments, with the initial hold-back as the first increment of the reduction list. The February forecast showed a slight decline in Lottery Funds and a \$300 million shortfall in General Funds. OWEB's reduction list involves approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. OWEB's reduction list proposes no cuts to open grants, local capacity, or to agency staff positions. The 3.5 percent hold-back will not be restored in agency budgets amounting to approximately a \$1.9 million cut to OWEB grant funds.

PCSRF

In November 2011, Congress approved \$65 million of PCSRF for FFY 2012. Staff are preparing to submit OWEB's application (on behalf of Oregon) to NOAA Fisheries for these funds in early April. NOAA recently announced new priorities for the use of the 2012 PCSRF grant funds focusing on projects that address identified factors limiting the recovery of ESA-listed salmonids, and an increased focus on habitat conservation.

1. Projects that address factors limiting the productivity of ESA-listed Pacific salmonids as specified in approved, interim or proposed Recovery Plans.
2. Projects that restore and protect the habitat of anadromous salmonids that are at-risk or being ESA listed or are necessary for exercise of tribal treaty fishing rights or native subsistence fishing.
3. Effectiveness monitoring of habitat restoration actions at the watershed or larger scales for ESA-listed anadromous salmonids, status monitoring projects that directly contribute to population viability assessments for ESA-listed anadromous salmonids, or monitoring necessary for the exercise of tribal treaty fish rights or native subsistence fishing on anadromous salmonids.
4. Other projects consistent with the Congressional authorization with demonstrated need for PCSRF funding.

PCSRF funding is available to states and tribes of the Pacific Coast region -- Washington, Oregon, California, Nevada, Idaho, and Alaska. NOAA requires recipients to provide extensive reports regarding the use of the PCSRF funds. PCSRF funding is proposed at \$50 million in President Obama's budget for FFY 2013.

2013 Legislative Session

Governor Kitzhaber's 10-Year Outcome-Based Budget Plan for Oregon is redesigning how state government builds its budget and makes investment decisions. Therefore, the process for the next biennium's budget development is different than previous years. The state budget is now organized into five major outcome areas – Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. OWEB fits into the Healthy Environment category. Initial agency requests are due June 1, 2012. Program Funding Teams appointed by the Governor will evaluate and prioritize the programs within each outcome area and make recommendations to the Governor for the final Governor's Recommended Budget. The final agency budget submission is due September 1, 2012.

By separate process, agencies are currently submitting legislative concepts to the Governor’s office, which propose statutory changes needed. At this time, OWEB does not anticipate submitting any legislative concepts for the 2012 session.

D. Public Comment – Pending Grant Applications

- Jesse Jones, North Coast Watershed Association, requested reduced funding for 212-1027, which fell below the staff recommended funding line.
- Madeline Dalton, Columbia River Estuary Study Taskforce, supported reduced funding for 212-1019, which fell below the staff recommended funding line.
- Xan Augerot, Marys River Watershed Council, supported reduced funding for 212-3066, which fell below the staff recommended funding line.
- Karen Moon, Harney County Watershed Council, supported funding for 212-5033, which fell below the staff recommended funding line.
- Russ Hoeflich, The Nature Conservancy, shared a brief history of Brian Booth who recently passed away. He was one of the architects of Measure 66, and arguably one of the most influential advocates for Measure 76.

E. Board Consideration of Pending Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the October 17, 2011, grant cycle. Two hundred and fifteen grant applications seeking a total of \$22.2 million were received.

The following identifies the number of applications received by application type and the amount of OWEB funds requested:

Technical Assistance	32	\$ 1,147,039
Monitoring	25	\$ 2,129,105
Outreach	38	\$ 1,024,572
Acquisition	8	\$ 2,498,012
Restoration	<u>112</u>	<u>\$15,389,283</u>
TOTAL	215	\$22,188,011

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.

Lauri Aunan reviewed the staff recommended allocation of additional funds -- \$1.25 million identified at the January 2012 Board meeting, and \$250,000 recaptured from closed Restoration grants previously awarded through the regular grant program. Staff recommended \$1.2 million for Restoration and \$300,000 for Technical Assistance.

Staged Award

Newell Water Quality Improvement Phase I (212-5008)

In September 2011, the Board awarded \$351,010, and committed to fund the remainder of the request (\$351,010) contingent on the grantee's progress report. Staff received a positive progress report and recommended the Board award the remainder of the staged award.

At the start of each regional grant award presentation, program representatives highlighted a project or projects in their region showing the location, issues to be addressed, solutions, and expected results.

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager

Tom Shafer, Regional Program Representative

Project Highlighted: Roy Creek Culvert Solution (212-1016)

Lauri Aunan provided an overview of the Region 1 funding recommendations as presented in the staff report.

REGION 2, SOUTHWEST OREGON

Lauri Aunan, Grant Program Manager

Mark Grenbemer, Regional Program Representative

Projects Highlighted: Summary of nine Restoration projects addressing coho limiting factors and recommended for funding.

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

Project Highlighted: Cougar Creek Fish Passage (212-3047)

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report.

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager

Rick Craiger, Regional Program Representative

Project Highlighted: Drews Creek Fish Passage/Screening (212-4039)

Lauri Aunan provided an overview of the Region 4 funding recommendations as presented in the revised staff report.

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager
Karen Leiendecker, Regional Program Representative

Project Highlighted: Harney Basin Aquatic Health Monitoring Phase 1 (212-5042)

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

Projects Highlighted: Summary of eight Restoration projects recommended for funding.

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:

Allocation of Additional Funds

Board members voted unanimously to approve the staff recommendations for the allocation of additional funds to the regular grant program as shown in Table 1 of the Overview staff report.

Statewide Outreach recommendations.

Board members voted unanimously to approve the staff funding recommendation shown in gray shading in Attachment C to the Overview staff report.

Staged Award recommendations.

Board members voted unanimously to award the second stage of funding for the application shown in Attachment D to the Overview staff report.

Regional recommendations.

Board members voted unanimously to approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 2, 3, 4, 5, and 6 staff reports.

Board members voted unanimously to approve the staff funding recommendation as shown in the gray shaded section of Attachment A to the Region 1 staff report, except for 212-1015, 212-1016, and 212-1017.

Board members voted unanimously to approve the staff funding recommendation for 212-1015, 212-1016, and 212-1017 as shown in the gray-shaded section of Attachment A to the Region 1 staff report. (Board member Lisa Phipps recused herself from voting on this item.)

F. Public Comment -- General

There was none.

G. Executive Director Update

Executive Director Tom Byler provided brief updates on the following:

- At the conclusion of the February Session, the Governor changed the state hiring freeze to a “smart freeze” which opens the door for OWEB to hire temporary staff as needed.
- OWEB management has had discussions with the Governor’s Office regarding possible issues associated with the Oregon Plan 2 effort: salmon recovery; forest health; sage grouse; and agriculture water quality.
- Whole Watersheds Restoration Initiative. Ecotrust solicited applications in October 2011. Ecotrust received 26 applications each from Oregon and Washington, and one from Idaho. The review team met in January 2012, and recommended funding for six in Washington and eleven in Oregon. In September 2011, the Board awarded \$250,000 to fund projects under the WWRI. Ecotrust is also looking to evaluate the program to provide assistance in the transparency and accountability for OWEB.
- The February 2012 Legislative Session recently ended. Melissa Leoni, Senior Policy Coordinator, briefed Board members on Senate Bill 1511 relating to Ecosystem Services, the Independent Multidisciplinary Science Team (IMST) budget note extension; and recent amendments to OWEB’s statutes in order to incorporate the language and provisions of Ballot Measure 76. OWEB’s statutes were renumbered and staff are updating grant application materials, grant agreements, and other agency publications with the new numbers.

H. Integrated Water Resources Strategy

Board member John Jackson, and Brenda Bateman, Water Resources Department, provided an overview of the Integrated Water Resources Strategy (IWRS), recognized all those who helped on the strategy, and requested Board endorsement of the IWRS.

The Board members unanimously voted to provide letter of support for the IWRS shown in Attachment B to the staff report.

I. Water Acquisition Valuation Presentation

Meta Loftsgaarden, Deputy Director, provided Board members with background information on the policy and program issues associated with the valuation of proposed water acquisition projects. She was joined by Janet Neuman, Tonkon Torp, and Harry Seely, Westwater Research, who shared their expertise regarding water transactions.

APPROVED BY THE BOARD June 12, 2012
Oregon Watershed Enhancement Board
March 14, 2012
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
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Alan Henning
John Jackson
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Patricia Smith
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OWEB Staff Present

Lauri Aunan
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Kathy Leopold
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz
Cindy Silbernagel

Others Present

David Simmons
David Moryc
Janelle St. Pierre
Jan Lee
Catherine Pruett
Luke Gmazel
Debra Martzahn
Steve Dettman

Members Not Present

Debbie Hollen
Skip Klarquist
Dan Thorndike

J. Conservation Reserve Enhancement Program Technical Assistance

Melissa Leoni, Senior Policy Coordinator, on behalf of the CREP Partnership, briefed Board members on the proposed staff recommendations. Of the \$800,000 allocated by OWEB to CREP TA in September 2011, there is a remaining balance of \$136,126. With the funds remaining, staff proposed to reallocate \$130,000 for targeted CREP TA grants and \$6,126 for training.

The Partnership proposed using the reallocated funds to support CREP TA grants, consistent with the September 2011 intent, through a more directed and targeted process than an open grant solicitation. The grants would target three priority areas: Grant, Klamath, and Polk counties. The balance of the reallocated funds would be used to support training for the technicians funded through the CREP TA grants.

Board members unanimously voted to reallocate \$130,000 for targeted CREP TA grants and \$6,126 for training from 212-8100, as described in Section III of the staff report, and delegate distribution authority to the Executive Director.

Board members also unanimously voted to authorize staff to:

- 1. Identify the appropriate local entity to deliver CREP TA in the three priority areas;*
- 2. Solicit grant applications;*
- 3. Review the proposals and certify that the proposed CREP TA meets the criteria adopted by the Board in September 2011;*
- 4. Identify any special conditions that should apply to the OWEB funding; and*
- 5. Enter into grant agreements.*

K. Ecosystem Services Program

Renee Davis-Born, Ecosystem Program Coordinator, updated Board members on recent ecosystem services efforts OWEB is involved in. Steve Dettman, Ecotrust, explained the Rangeland Function Tool that predicts the potential for specific sites to deliver specific ecological benefits, such as water infiltration and storage and soil-carbon storage. This resulted from Phase 1 of the Oregon Rangeland Ecosystem Function project of which OWEB is a collaborating partner. Ecotrust has secured resources to begin Phase 2 of the project, which will pilot test the Rangeland Function Tool and further explore how rangeland management can mitigate for climate change impacts.

Ms. Davis-Born briefed Board members about OWEB's involvement in the Klamath Basin Water Quality Improvement Tracking and Accounting Program (KTAP), which was developed to support Klamath Basin restoration efforts by developing metrics and tools for tracking environmental outcomes. Participants include the U.S. EPA, DEQ, California North Coast Water Quality Control Board, PacifiCorp, Willamette Partnership, as well as other local partners such as Klamath Watershed Partnership, Klamath Basin Rangeland Trust, The Nature Conservancy and the National Fish and Wildlife Foundation. Ms. Davis-Born then led a discussion with the Board about ecosystem services, including potential roles for and priorities of OWEB on this topic. Board members noted that long-term stewardship of restoration projects is a need and that ecosystem services approaches can help enable this. They discussed the issue of ecosystem service credit ownership and noted this as a policy issue for further discussion by the Board. Board members described ecosystem services in three areas: 1) conceptual approaches, 2) application of ecosystem services concepts (e.g., long-term measurement and stewardship) for conservation purposes and 3) ecosystem services markets in which transactions occur. Director Byler noted particular interest from OWEB in exploring the second area by applying ecosystem services concepts in the context of the agency's investments to provide additional assurance that these investments are delivering the expected ecological outcomes through time.

This was an informational item and no Board action was requested.

L. Public Comment – General

- Janelle St. Pierre, Scappoose Bay Watershed Council, discussed the need for Outreach funds.
- Russ Hoeflich, The Nature Conservancy, commented on the Ecosystem Services Program and provided examples of types of requests OWEB might expect to receive from the public.

M. Acquisition Grants – Public Comment and Board Consideration

Public Comment

Debra Martzahn, City of Lincoln City, and Catherine Pruett, Salmon Drift Creek Watershed Council, supported 212-118, which was not recommended for funding.

Meta Loftsgaarden, Deputy Director, provided Board members an overview of the nine acquisition applications received in the October 17, 2011, grant cycle, requesting a total of \$3.7 million including seven land acquisitions totaling \$3.4 million, and two water acquisitions totaling \$375,152. One land acquisition application was withdrawn by the applicant. The applications were reviewed by the regional review teams for ecological benefits and educational outcomes. The Board Acquisitions Subcommittee then reviewed all applications and made a due diligence recommendation for one land acquisition and a funding recommendation for both water acquisition applications.

Based on the Board-approved 2011-2013 spending plan, staff and the Board Subcommittee recommended due diligence for one land acquisition application, funding for both water acquisition applications, and a no-fund recommendation for six land acquisition applications submitted in the October 2011 grant cycle.

M-1. Land Acquisitions

Ms. Loftsgaarden briefly described each land acquisition application received in the October 2011 grant cycle.

Gotter Prairie Expansion Project (212-113) is recommended for deferral by staff.

The following land acquisition applications are not recommended for due diligence and not recommended for funding by OWEB staff and the Board Subcommittee:

- Mill Creek Ridge Acquisition Project (212-110)
- McGribble Tract Acquisition Project (212-111)
- Maxwell Easement Project (212-112)
- Clear Lake Acquisition Project (212-114)
- Schooner Creek Acquisition Project (212-118)

The North Santiam River Acquisition Project (212-116) was withdrawn by the applicant to be considered for funding from the BPA Biological Opinion funding available through the Willamette Action Team for Ecosystem Restoration Habitat Technical Team.

Board members unanimously voted to:

- A. Defer application 212-113 for due diligence as described in Section IV of the staff report; and*
- B. Not award funding for the five land acquisition applications described in Section V of the staff report.*

M-2. Water Acquisitions

Melissa Leoni, Senior Policy Coordinator, briefed Board members on the two water acquisition applications received in the October 2011 grant cycle. Water acquisition applications undergo a multi-faceted review process including an ecological evaluation and a legal and technical

evaluation, along with consultation with the Board Acquisitions Subcommittee. Staff then consider the evaluation criteria to develop a funding recommendation.

Ms. Leoni described the following water acquisition applications that were recommended for funding by OWEB staff and the Board Acquisitions Subcommittee:

- Fourmile Creek Priority Flow Restoration (212-115)
- Olson Fifteenmile Creek Purchase (212-117)

The OWEB Board recognizes that the valuation of water rights, whether lease or outright purchase, is an emerging market. With that knowledge, Board members unanimously voted to:

- A. Award \$69,063 for the 30-year lease portion of 212-115, Fourmile Creek Priority Flow Restoration application, contingent upon review of the valuation memo, and defer consideration of the permanent in-stream transfer until the formal option agreement has been submitted and reviewed; and*
- B. Award \$100,000 for 212-117, Olson Fifteenmile Creek Purchase, contingent upon review of the valuation memo.*

N. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, provided an overview of the watershed council support transition process and recommendations for 2013-2015, supporting Goal 2, Strategy 2 of OWEB's Strategic Plan.

Goal 2, Strategy 2 of OWEB's Strategic Plan adopted by the Board in January 2010, states:

“Evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding, and promote strategic partnerships.”

OWEB began the process with listening sessions across the state and at the 2010 biennial conference. Staff worked with the Board Watershed Council Support Subcommittee and convened a Work Group made up of council representatives from each region, the Network of Oregon Watershed Councils, council support reviewers, private foundations, and OWEB staff to help identify what's needed to improve the process. There was lots of discussion involving the four do not fund councils from the 2011 grant cycle and new applicants. After discussion, Board members put it to a vote to support the staff's recommendations.

Board members unanimously voted to:

- A. Direct staff to develop details of the Work Group Outcome Based Review and Award Process and hold listening sessions in preparation for changing the program by January 2015.*
- B. Waive for 2013-2015, OWEB's rules for Council Support **application requirements**, OAR 695-040-0040; **evaluation criteria**, OAR 695-040-0050; and **grant evaluation process**, OAR 695-040-0060.*
- C. Approve for 2013-2015, the transition biennium Council Support award process described in Section III.A. of the staff report.*
- D. Signal its intent to award 2013-2015 Council Support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget.*

E. For 2013-2015, do not accept requests for solo funding, Council Support applications from new applicants, and from the four 2011 “do not fund” councils, or Council Support applications from currently or previously funded applicants that wish to reorganize into a new applicant for 2013-2015, and give notice to councils of this decision.

O. OWEB’s Long-term Investment Strategy

Director Byler and Lauri Aunan, Grant Program Manager, briefed Board members on the structure and process for developing a roadmap for OWEB’s long-term investment strategy. The passage of Ballot Measure 76 by Oregon voters created a long-term funding horizon for OWEB grant investments. As a result of this change, the Board has prioritized the development of a long-term investment strategy. At its January 2012 meeting, Board members discussed the transition biennium priorities and the need for enhanced Board involvement through subcommittees and an Executive Committee, comprised of Board subcommittee chairs and the Board Co-Chairs. The Board also approved broadening the purposes of its \$100,000 business practices review award to include additional efforts necessary to help carry out transition biennium priority tasks.

Staff, working with the Board’s Executive Committee, wants to make real progress before a check-in at the September 2012 Board meeting, and hopes to have the Board decisions about the long-term investment strategy by or before June 2013. In May 2012, and again in fall/winter 2012, staff will hold facilitated stakeholder listening sessions in each OWEB region. A summary of those discussions will be provided to Board members. Board members provided the following comments regarding:

- Concern about adding to staff workload
- Aggressive timeline
- Like that the listening sessions were statewide
- How will the Board measure success?
- Process concern regarding reducing the number of resubmittals
- Want to get money on-the-ground as efficiently as possible
- Might want to investigate external factors that affect what we do
- Structure of the listening sessions

The OWEB Board will continue discussions at a Board retreat planned for July.

P. Other Business

APPROVED BY THE BOARD June 12, 2012
Oregon Watershed Enhancement Board
April 18, 2012
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Mike Haske
Alan Henning
Debbie Hollen
Jim Johnson
Skip Klarquist
Kim Kratz
Will Neuhauser
Lisa Phipps
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OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Rick Craiger
Karen Leindecker
Melissa Leoni
Meta Loftsgaarden
Tom Shafer
Greg Sieglitz
Cindy Silbernagel

Others Present

None

Members Not Present

John Jackson
Doug Krahmer
Karl Wenner
Bill White

A special meeting via telephone conference call was held on Wednesday, April 18, 2012, at 3:00 p.m. The purpose of the meeting was for OWEB staff to brief Board members on the process and issues associated with budget development for the 2013-2015 biennium. The briefing was for informational purposes only.

The telephone conference call meeting included a quorum of the Board. There was no public comment.

Tom Byler, Executive Director, updated Board members on the budget process for the 2013-2015 biennium, which is different than in previous biennia. Staff will be working on parallel paths, building a 10-year outcome-based budget at the same time as we are submitting our standard budget that includes Policy Option Packages (POPs), a Current Service Level budget (base budget) , and our statutorily required 10 percent reduction budget.

The Governor's 10-year plan is an attempt to redesign how state government builds its budget and makes investment decisions. The new process organizes the state budget into five major outcome areas: Education; Healthy People; Economy and Jobs; Healthy Environment; and

Safety. OWEB, along with several other state natural resources agencies, falls into the Healthy Environment category. Each major outcome area will have an overall funding target. Program Funding Teams have been identified for each outcome area to review agency submittals and develop a budget in each outcome area to recommend to the Governor.

Director Byler reviewed draft Policy Option Packages recently submitted to the Governor's Office. He explained how the POPs are linked to both the Governor's Strategy and OWEB's Strategic Plan. They are divided into seven categories: Program Continuity; Program Enhancement; Local Capacity – Councils and District; Carry Forward-Operations; Lower Columbia River Estuary Partnership; Grant Funds and Interest; and Carry Forward-Grants.

The overall process and schedule follows:

April-May	Natural Resource Enterprise/Agency discussions
June 1	Agency bid packages due
June	Program Funding Teams meet to discuss agency bids
July-August	Agencies refine budget proposals based on Program Funding Team input.
September 1	Agency Request Budgets due

Director Byler will keep the Board informed on the budget development. Budget updates will be provided at the June Board meeting, July Board Planning Session, and September Board meeting.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board
June 12-13, 2012

Keizer Renaissance Inn & Conference Center
(formerly the Wittenberg Inn)
Iris/Keizer Room
5188 Wittenberg Lane N, Keizer

Directions: <http://www.keizerrenaissanceinn.com/Location.html>

Tuesday, June 12, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items D and G), 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 13-14, 2012, Board meeting in Salem will be presented for Board approval. *Action item.*

C. Long-Term Investment Strategy

Tom Byler, Executive Director, and DS Consulting will report on the May and June listening sessions and other elements of the long-term investment strategy. A panel of representatives from OWEB's peer funding organizations will then describe their experiences and lessons learned through similar efforts. *Information item.*

D. Public Comment - General

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

Tour - 1:00 p.m.

The Board and OWEB staff will tour project sites in the Calapooia watershed and learn about the watershed restoration efforts of the North Santiam, South Santiam and Calapooia watershed councils. 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, June 13, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items D and G) 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.*

E. Executive Director Update

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

F. Budget and Spending Plan Update

Tom Byler, Executive Director, will update the Board on the agency's budget and 2011-2013 Spending Plan. *Information item.*

G. Public Comment - General

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

H. Soil and Water Conservation District Support Update

OWEB staff will facilitate a presentation and Board discussion with representatives from the Oregon Department of Agriculture, Oregon Association of Conservation Districts, and soil and water conservation districts on the funding process, criteria, and use of funding by districts. *Information item.*

I. Whole Watersheds Restoration Initiative (WWRI)

Ken Bierly, Senior Partnerships Coordinator, will describe a proposal to complete a program evaluation on the WWRI, and request Board approval for funding in support of the evaluation. *Action item.*

J. Forest Health

Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystem Program Coordinator, will update the Board on its investment in support of local federal forest collaboratives and provide an overview of the Governor's Natural Resources Office efforts to establish long-term support of forest collaboratives. *Possible Action Item.*

K. Acquisitions Program Update

Meta Loftsgaarden, Deputy Director, will update the Board on the status of the Acquisitions Program, including reports from groups that have recently met to provide the Board with recommendations on revising the program, recent project closings and an evaluation of funded projects. *Information item.*

L. 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 12, at 11:45 a.m. and Wednesday, June 13, at 9:00 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: *Doug Krahmer*
Environmental Quality Commission member: *Morgan Rider*
Fish and Wildlife Commission member: *Bob Webber*
Board of Forestry member: *Sybil Ackerman*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts, Board Co-Chair*
Public member: *Lisa Phipps*
Public member: *Will Neuhauser*
Public member: *Trish 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: *Jim Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Mike Haske*
Representative of U.S. NRCS: *Bill White*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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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

Due to budget considerations, we are re-assessing scheduled Board meeting locations.

September 11-12, 2012

January 16-17, 2013

March 12-13, 2013

June 11-12, 2013

September 10-11, 2013

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



Oregon

John A. Kitzhaber, MD, Governor

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June 6, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item C: Developing a Roadmap for OWEB's Long-Term Investment Strategy
June 12-13, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on the roadmap for OWEB's long-term investment strategy, including stakeholder involvement. This report is for informational purposes only; no Board action is requested. Additional information will be provided at the June Board meeting following the last spring 2012 Listening Session that was held on June 4.

II. Background

In 2010, Ballot Measure 76 renewed 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. Statutory changes to implement Measure 76 were passed by the Legislature in Senate Bill 342 in 2011.

The passage of Measure 76 by Oregon voters creates a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period for the Board, staff and stakeholders to consider the future direction of the agency and make appropriate policy and priority adjustments. The Board has identified development of a long-term investment strategy as a key priority.

In Agenda Item G at the January 2012, Board meeting, the Board discussed the transition biennium priorities and the need for enhanced Board involvement through subcommittees and an Executive Committee comprised of Board subcommittee chairs and the Board Co-Chairs. The Board also approved broadening the purposes of its \$100,000 "business practices" review award from September 2011, to include additional efforts necessary to help carry out transition biennium priority tasks, including facilitation and other administrative needs.

The Executive Committee met by conference call on February 23, 2012, to discuss the role of the Executive Committee, the scope, structure, stakeholders, process and deliverables for the long-term investment strategy, integration of related policy work, and a high-level schedule. OWEB

staff met on March 6, 2012, to discuss the structure and process for the long-term investment strategy.

At the March 2012 Board meeting, the Board discussed the scope, goals, structure, process, and stakeholder involvement for the Roadmap for OWEB's Long-Term Investment Strategy; and the roles of the Executive Committee and Board subcommittees.

The Executive Committee met by conference call in March, April and May to oversee the structure and process for stakeholder involvement. In the May meeting, the Committee began discussions about what they heard in the listening sessions, and started looking toward the July planning session.

III. Listening Sessions and Next Steps

By the time of the Board meeting, OWEB will have held six facilitated Listening Sessions in Baker City, John Day, Bend, Pacific City, Salem (with evening Webinar) and Grants Pass.

OWEB's website for the Roadmap for a Long-Term Investment Strategy can be found at http://www.oregon.gov/OWEB/pages/roadmap_to_investment_strategy.aspx.

A survey monkey questionnaire will be made available from June 5 through June 22.

A draft Listening Sessions report will be available for the Board by mid-June. The Executive Committee has scheduled monthly conference calls for working on the long-term investment strategy. At the Committee's next two meetings (June 13, following the Board meeting, and July 18), the focus will be on developing the agenda, materials and desired products of the July Board planning session.

IV. Roadmap Timeline/Deliverables

As discussed at the March, 2012, Board meeting, the expected deliverables for the September 2012 Board meeting are, at a minimum:

- A. A report of the project, process, what was learned, and challenges/important issues heard at the listening sessions;
- B. A prioritized list of actions to be implemented and identification of what is needed to accomplish the action, e.g., rulemaking, policy change, process change, statutory change, further work groups, etc.;
- C. Who needs to be involved in implementing the action; and
- D. Implementation schedule/timeline.

As shown in the graphic on page 3, during the fall or winter of 2012, OWEB will hold more listening sessions to discuss the direction the Board is heading and seek more stakeholder feedback.

Continued on page 3.

OWEB's Roadmap to Developing a Long-Term Investment Strategy



V. Discussion and Recommendation

At the June meeting, staff will seek Board input and discussion on:

- A. Observations and considerations as a result of stakeholder feedback from the Listening Sessions.
- B. Board expectations, needs and desires for the agenda and products of July Board planning session, keeping in mind constraints and challenges from other OWEB priority work and the overall timing of the “roadmap” as shown above.

Attachment

- A. May 2012 Long-Term Investment Strategy Status Report

Project name: Roadmap to OWEB Long Term Investment Strategy

Report # and Date: Report #2, May 4, 2012

OWEB contact: Lauri Aunan 503-986-0047, lauri.g.aunan@oweb.state.or.us

Activities/Accomplishments since March 2012 status report:

- The OWEB Executive Committee finalized listening session plans including the four questions for stakeholders, and a definition of "long-term investment strategy." The Committee agreed that it's important for the Board's considerations to include OWEB operating funds as well as grant funds, but for the public listening sessions it's not necessary to get into that level of detail.
- The listening sessions were announced broadly by email through GovDelivery which provides a listserv, Facebook, and postcards to the Board notices mailing list. Press releases were also sent out. Tom contacted key legislators and county commissioners with personal invitations. Tom contacted Board members and at least one Board member will attend each session.
- Listening session logistics, supplies, and handouts were finalized including a summary of OWEB program investments since 1999.
- A draft survey monkey was created to provide the opportunity to answer the listening session questions online. The survey monkey will be released at the end of the last listening session and will be held open until June 22.
- All-staff retreat scheduled for July 12 at Painter's Hall to discuss listening sessions, PCSRF, state budget, upcoming Board retreat, other key updates; breakout groups to work on specific issues, e.g., direct/indirect costs in project grants, other).

Any challenges/discoveries and actions taken to address them

As noted in the March 2012 status report, this project adds work on top of ongoing service delivery and workload of OWEB, OWEB's Board members, and OWEB's partners, which is already challenging. Finding windows of open time in the calendar to schedule meetings is difficult. Finding windows of time to commit to this project is a challenge. It is recognized that this project can create stress and concerns about ability to meet other pressing deadlines and work needs.

Actions taken: Seek to communicate often and as clearly as possible, and continue to check in on work priorities and adjust as needed.

Things for all of us to think about to help address the challenges:

- Support each other, communicate as often and as clearly as we can, propose solutions when we identify problems.
- Recognize that this project will not be "perfect." Provide feedback in a positive manner, recognizing that we are all doing the best we can.
- With so many projects at the same time, do our best to identify work priorities, timelines, and staff needed for the work as early as possible to allow for planning ahead as much as possible.

Planned activities before next scheduled status report

- May 7-10, May 31 and June 4: Hold Listening Sessions
- Finalize Webinar logistics and publicize Webinar for the 5/31, 6:30 pm session in Salem
- May 14 All-Staff meeting – update on Listening Sessions and online reporting
- May 17 Executive Committee conference call to prepare for Long-Term Investment Strategy agenda item at June Board meeting, and July Board planning session
- Staff reports, preparation for June Board meeting

June 12-13, 2012 OWEB Board Meeting Executive Director Update – Agenda Item E

Table of Contents

1. Upper Klamath Special Investment Partnership
2. Watershed Council Support
3. Pacific Coastal Salmon Recovery Fund
4. October 2012 Grant Cycle

June 12-13, 2012 OWEB Board Meeting Executive Director Update #E-1: Upper Klamath Special Investment Partnership

Background

This report provides an update on the Upper Klamath Special Investment Partnership, which was approved by the Board in January 2012.

Upper Klamath SIP Progress Report

The Upper Klamath Special Investment Partnership (UKSIP) is a strategic funding partnership between OWEB and the National Fish and Wildlife Foundation (NFWF). The NFWF's *Upper Klamath Keystone Initiative* has the goal of restoring and improving Lost River and shortnosed sucker, and redband rainbow trout populations.

The ecological objective of the UKSIP is 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. The UKSIP is focused on the chemical, thermal, and physical aquatic conditions that benefit fish populations and water quality in the Upper Klamath Basin by reconnecting springs to the lakes, removing fish passage barriers, protecting and restoring riparian habitats, and re-meandering straightened channels.

The local restoration partners consist of the Klamath Watershed Partnership, Klamath Basin Rangeland Trust, The Klamath Tribes, The Nature Conservancy, Sustainable Northwest, Upper Klamath Water Users Association, and the Klamath Soil and Water Conservation District. A number of key state and federal agencies, including the U.S. Forest Service, U.S. Fish and Wildlife Service, Oregon Department of Fish and Wildlife, Water Resources Department, and Natural Resources Conservation Service, are also involved.

OWEB awarded \$400,000 toward restoration projects that meet the UKSIP objective in January 2012. The local partners met in February 2012 to review their list of priority projects and to select applications to be submitted for consideration by OWEB this biennium. Eight applications were submitted by March 1, 2012, with a total request of \$399,004.

The applications were reviewed by a technical review team formed specifically for the UKSIP. The team determines whether the proposed project is technically sound and consistent with the SIP objectives, and makes implementation recommendations (if needed) to staff. The UKSIP Technical Review Team (TRT) met on April 3, 2012, to review the applications submitted for OWEB funding. The TRT has the following members:

Matthew Berry	U.S. Fish and Wildlife Service
Chuck Korson	U.S. Bureau of Reclamation
Kris Fischer	The Klamath Tribes
Roger Smith	Oregon Department of Fish and Wildlife
Kyle Gorman	Oregon Water Resources Department
Kevin Conroy	Natural Resources Conservation Service
Jim Sedell	National Fish and Wildlife Foundation

Rick Craiger

OWEB Central Oregon Regional Program Representative

The TRT recommended funding for six of the eight applications. One was deemed ineligible for the SIP, because it didn't meet the ecological objective. The final application is still under the development by the Klamath Watershed Partnership, the landowner, and agencies, and may still be funded this biennium depending on the outcome of some additional design work. The following table lists the UKSIP grants to date.

Table 1. Upper Klamath SIP Grants – May 2012

Grant #	Grantee	Project Name	Grant
412-4888-9570	Harbor Isles Condominium Owners' Assn.	Harbor Isles Condominium Owners Association Lake Fringe Wetland Restoration	\$40,000
412-4888-9572	Deming Ranch Land & Cattle LLC	South Fork Sprague - Deming Ranch Fish Passage	\$159,642
412-4888-9573	Steven Lawrence	Rocky Ford Ranch	\$25,000
412-4888-9574	Klamath Basin Rangeland Trust	Sevenmile Creek Culvert Removal	\$10,000
412-4888-9575	Klamath Basin Rangeland Trust	Upper Klamath Lake Watershed Riparian Fencing	\$14,362
412-4888-9576	Klamath Basin Rangeland Trust	Fish Passage on Sevenmile Creek below West Canal	\$20,000

Future Actions

The local partners are currently working to better integrate the UKSIP and NFWF Keystone Initiative Business Plan. The group met on May 16, 2012, to further refine the local operating procedures and define the roles and responsibilities of the group. They have now named the local partnership group the Upper Klamath Conservation Action Network (UKCAN) and have identified decision-making procedures and leadership roles for the organization. An Advisory Team will include OWEB, NFWF, USFWS, and the other state and federal agencies.

On May 29, 2012, UKCAN will meet again with OWEB, NFWF, and its advisors to review and update the NFWF Business Plan and integrate the OWEB SIP objectives and projects. The UKCAN is also working on submitting their next funding proposal to NFWF, which is anticipated to be funded in November and will support local planning, research, monitoring, and project implementation in 2013.

OWEB and NFWF, as described in our Memorandum of Understanding, will be working together over the summer to develop a joint report on the progress made to meet both organizations' objectives. The report will also include an update on the NFWF Scorecard, which measures the progress in meeting the strategies and goals identified in the Business Plan.

Staff Contact

If you have questions or need additional information, please contact Meta Loftsgaarden at meta.loftsgaarden@state.or.us or 503-986-0203.

June 12-13, 2012 OWEB Board Meeting Executive Director Update #E-2: Watershed Council Support

Background

This report provides an update on the changes to the watershed council support review and award process.

Background – Transition to Outcome Based Review and Award Process

OWEB's administrative rules describe the watershed council support grant program, which provides merit-based awards to watershed councils for operating support (funding for a council coordinator and office costs). These grants help support the capacity of councils to engage their communities to develop and implement projects for watershed restoration.

In 2010, OWEB adopted an agency Strategic Plan. 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."

In a budget note attached to OWEB's legislatively adopted budget, the 2011 Legislature provided direction to OWEB regarding a review of watershed councils.

"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 watershed council support work group (councils, application reviewers, private foundations, and OWEB staff) to streamline/simplify the grant review and award process, look at merit criteria and eligibility criteria, and improve reporting. The work group recommended a concept for an outcome-based review and award process, with a streamlined threshold merit award based on work plans, progress reports, and tracking accomplishments.

At the March 2012 Board meeting, the Board approved the transition biennium process for awarding 2013-2015 council support grants to grantees with current council support awards, waived OWEB's rules for council support (application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060), and signaled its intent to award 2013-2015 council support funds in June of 2013, at the same funding level as councils received in 2011-2013, *dependent on OWEB's legislatively adopted budget*. The Board also directed OWEB staff to develop the details of the Outcome Based Review and Award Process and hold listening sessions in preparation for changing the program.

Implementing the work group's concept involves significant changes in the council support program. As part of moving to the work group concept, OWEB is working to address long-standing, complex council support policy issues. Rulemaking will be needed because the evaluation criteria and process are detailed in current administrative rules.

Attachment A is a flow chart that depicts the many moving parts and issues that should be addressed, planned Board Subcommittee and Board discussions, and stakeholder engagement. Attachment B is the schedule through March 2013, when OWEB staff plan to ask the Board for permission to begin rule making. Over the summer of 2012, staff will work with stakeholders to seek feedback from councils on several policy issues, including the rule-based "umbrella council bonus award" and funding for councils that do not currently receive individual council support grants.

At the same time, staff will continue to work with the Watershed Council Support Subcommittee to consider potential changes to council support eligibility criteria. The Council Support Work Group will be reconvened in early September to provide staff feedback on the details of the proposed Council Support Outcome Based Review and Award Process. Staff will provide a more detailed report to the Board, including feedback from the Council Support Work Group, at the September 2012 Board meeting. Listening Sessions in the winter are planned to seek feedback from all councils around the state on all proposed changes to the council support program. Before the end of the year, OWEB must also report to the Legislature on its progress carrying out the legislative budget note.

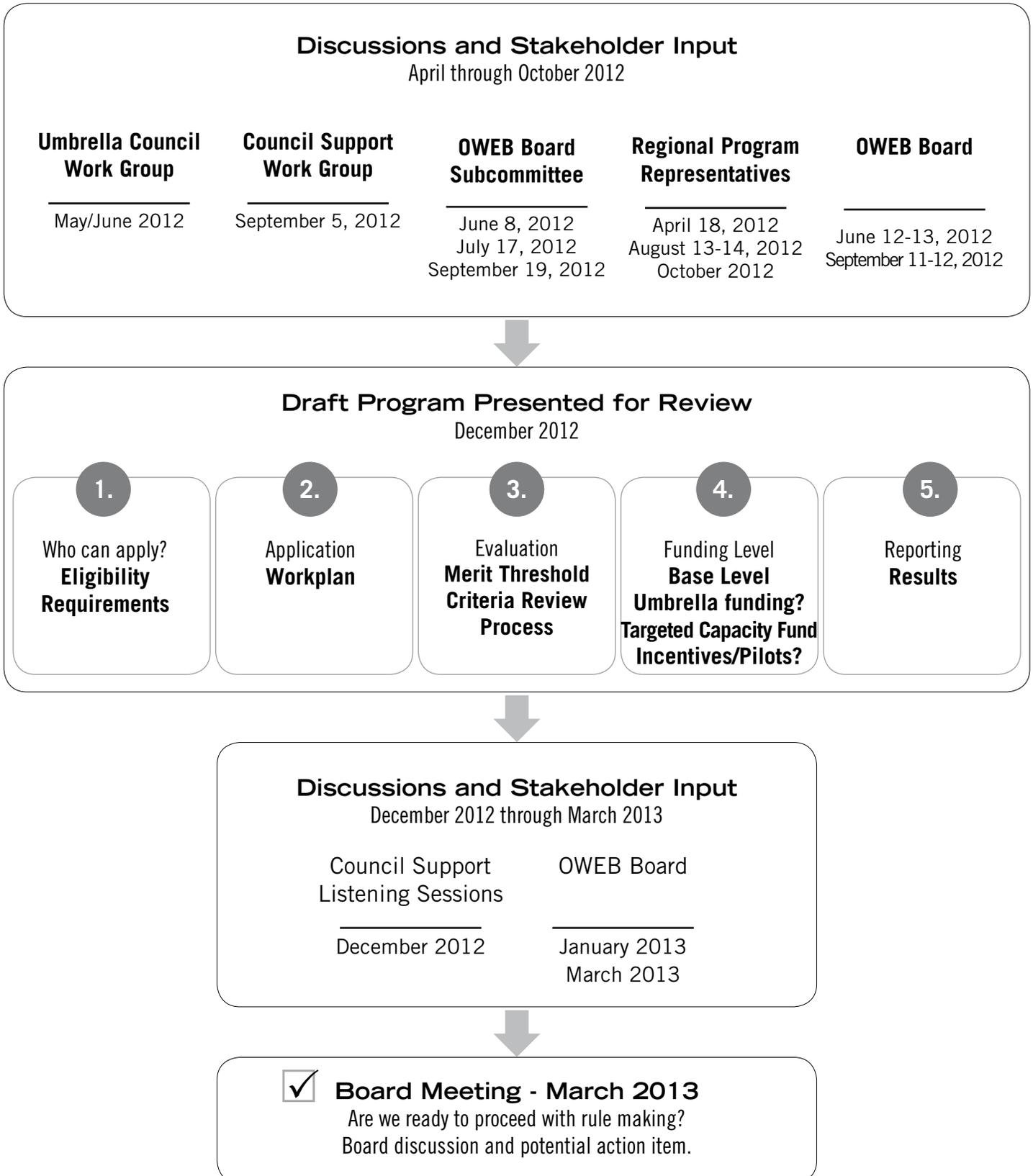
Staff Contacts

Contact Lauri Aunan at lauri.g.aunan@state.or.us, 503-986-0047, or courtney.shaff@state.or.us, 503-986-0046.

Attachments

- A. Flow Chart
- B. Schedule
- C. Status Report

Watershed Council Support Program Change Process



Schedule for Council Support Changes

DATES	ACTIONS	PROGRESS/STAFF
March 13-14, 2012	OWEB Board Meeting <ul style="list-style-type: none"> Staff will ask the Board to approve waiving the council support application, review, and funding process for 2013-2015 and signal to councils the Board's intent to award council support funds for 2013-2015 at \$6.1 million, dependent on OWEB's budget. 	Complete
April 5, 2012	Watershed Council Support Board Subcommittee – Update on progress of all Council Support elements and discuss umbrella funding work group	Complete
April 18, 2012	Grant Staff Meeting with Council Support Discussion	Complete
May/June 2012	Umbrella Discussion with small work group	Courtney, Lauri
June 8, 2012	Watershed Council Support Board Subcommittee	Courtney, Lauri, RPRs
June 12-13, 2012	OWEB Board Meeting Salem	Courtney, Lauri
July 17, 2012	Watershed Council Support Board Subcommittee	Courtney, Lauri, RPRs
August 13-14, 2012	RPR Mtg on Council Support Changes	Courtney, Lauri, RPRs
September 5, 2012	Council Support Work Group Meeting	Courtney, Lauri
September 12-13, 2012	OWEB Board Meeting	Courtney, Lauri
September 19, 2012	Watershed Council Support Board Subcommittee	Courtney, Lauri, RPRs
October 2012	Grant Staff Meeting with Council Support Discussion	Courtney, Lauri, RPRs
December 2012	Listening sessions with councils on proposed changes to council support process.	Courtney, Lauri, RPRs
January 2013	OWEB Board Meeting	Courtney, Lauri
March 2013	OWEB Board Meeting <ul style="list-style-type: none"> Staff will ask the Board to approve staff moving forward with council support rulemaking 	Courtney, Lauri

Project name: Watershed Council Support Transition Project

Report # and Date: Report #1, May 14, 2012

OWEB contact: Courtney Shaff 503-986-0046, courtney.shaff@state.or.us

Activities/Accomplishments since last status report:

OWEB has provided regular updates to the Board through staff reports. This is the first status report. This project was begun in 2010 with the Watershed Council Support Listening Sessions that were held around the state as a part of OWEB's Strategic Plan implementation.

- This report covers activities that have occurred since the March 2012 Board meeting, when the Board took the following actions: Directed staff to develop details of the Work Group Outcome Based Review and Award Process and hold listening sessions in preparation for changing the program.
- Approved waiver of OWEB's rules for Council Support application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060.
- Approved the transition (2013-2015) biennium Council Support award process.
- Signaled its intent to award 2013-2015 Council Support funds at the June 2013 Board meeting, at the same funding level as councils received in 2011-2013, dependent on OWEB's legislatively adopted budget. Directed staff to not accept requests for solo funding, Council Support applications from new applicants, or Council Support applications from currently or previously funded applicants that wish to reorganize into a new applicant for 2013-2015, and give notice to councils of this decision.

Since the March Board meeting, OWEB has held staff meetings, and the Board Watershed Council Support Committee has met, to discuss policy issues including threshold merit criteria, a streamlined review process, and potential changes to eligibility criteria. Based on these discussions, staff developed a revised schedule.

Any challenges/discoveries and actions taken to address them

Implementing the Work Group's concept involves significant changes in the council support program. OWEB staff also need to respond to the legislative budget note on council support grants, and address long-standing, complex council support policy issues. Because of the importance of watershed councils, as well as the history of how OWEB has provided capacity support, considering any changes to council support raises concerns amongst councils and numerous opportunities are needed for councils to provide input and ask questions.

To address these challenges, staff revised the schedule to allow more time to develop proposals and seek council feedback.

Planned activities before next scheduled status report

- May 21 and June 19: Hold Umbrella Funding Discussions with stakeholders.
- June 8: Council Support Board Subcommittee Meeting

June 12-13, 2012 OWEB Board Meeting

Executive Director Update #E-3: Pacific Coastal Salmon Recovery Fund

Background

On an annual basis since 2000, OWEB has applied for and received funding from NOAA Fisheries through the Pacific Coastal Salmon Recovery Fund (PSCRF) to be used to complement the Board's investment of the dedicated Lottery funding. Over the previous 12 years, PSCRF has contributed nearly \$146 million, or 25 percent of OWEB's expenditures, towards grants for salmon recovery and watershed restoration actions.

Current Status

In March of this year, NOAA announced the latest funding opportunity in the Federal Register for Federal Fiscal Year 2012 PSCRF funding, which is a two-step application process this year. The first step was submittal of a draft application on April 9, 2012, that was reviewed by NOAA. Staff received preliminary comments by NOAA on the draft application that informed the structure of the final application. The second step was submittal of a final application on April 23, 2012. Staff are awaiting review and comment on the final application with a possible indication of funding award later in the month. Staff will update the Board on any new developments at the June meeting.

PSCRF Program Review

NOAA initiated a Program Review of PSCRF "... in response to tightening federal budgets and the need to strategically deploy limited funds..." prior to the 2012 solicitation of grant proposals. The program review was used by NOAA as an opportunity to deliver an assessment of how they viewed Oregon's and other PSCRF recipients' approaches to administering PSCRF and as a venue for soliciting input on their new program priorities.

NOAA's new priorities fall underneath the existing authorities established by Congress (below) in FFY 2000.

Congressionally Authorized Activities

- Projects necessary for conservation of salmon and steelhead populations that are listed as threatened or endangered, or identified by a State as at-risk to be so-listed;
- Projects for maintaining populations necessary for exercise of tribal treaty fishing rights or native subsistence fishing; or
- Projects for conservation of Pacific coastal salmon and steelhead habitat.
- NOAA Program Priorities.

New Priorities and Program Implications

Following NOAA's last program review with grant recipients, the new final PSCRF priorities were documented in the grant application solicitation for FFY 2012 in March of this year. These are listed below.

1. Projects that address factors limiting the productivity of ESA-listed Pacific salmonids as specified in approved, interim or proposed Recovery Plans. This includes projects that

are a necessary precursor to implementing priority habitat actions for ESA-listed salmonids (e.g., project planning/design).

2. Projects that restore or protect the habitat of anadromous salmonids that are at-risk of being ESA- listed or are necessary for exercise of tribal treaty fishing rights or native subsistence fishing. This includes projects that are a necessary precursor to implementing habitat actions (e.g., project planning/design).
3. Effectiveness monitoring of habitat restoration actions at the watershed or larger scales for ESA-listed anadromous salmonids, status monitoring projects that directly contribute to population viability assessments for ESA-listed anadromous salmonids, or monitoring necessary for the exercise of tribal treaty fishing rights or native subsistence fishing on anadromous salmonids.
4. Other projects consistent with the Congressional authorization with demonstrated need for PCSRF funding. This includes habitat restoration and planning projects not included in the above priorities, as well as outreach, coordination, research, monitoring, and assessment projects that can be justified as directly supporting one of the priorities.

NOAA's grant solicitation and awards will also differ accompanying the new priorities. The priorities are in rank order and decreased funding will be provided to priorities number two through four. Priority number three is capped at 10 percent of the requested amount from grant applicants. With an overall Congressionally approved grant amount of \$65 million for FFY 2012, applicants' grant requests were capped at a maximum of \$30 million.

OWEB, on behalf of Oregon, requested the maximum possible and split the application with \$27 million requested for priority one and 10 percent requested for priority three. This strategy capitalized on the theoretical highest possible scoring outlined by NOAA Fisheries. Oregon's application also includes over \$1.2 million in funding requests for the Oregon Department of Fish and Wildlife for, in part, programs funded by the Oregon Legislature this biennium with PCSRF FFY 2012 dollars.

With an emphasis of the new priorities and funding for projects on-the-ground, staff expect PCSRF will need to be used differently than it has been over the previous 11 years. This will result in a significant departure from the use of PCSRF to support the capacity of local organizations and state agency programs.

Staff will provide updates to the Board on the results of NOAA's deliberations on the pending Oregon PCSRF application and the resulting funding opportunities and limitations.

Staff Contact

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

June 12-13, 2012 OWEB Board Meeting Executive Director Update #E-4: October 2012 Grant Cycle

Informational Item in Preparation for July Board Conference Call

This report is an informational item in preparation for the anticipated need for a Board conference call in July 2012. The purpose of the July conference call is Board consideration of staff recommendations and request for Board approval of grant types to solicit for the October 22, 2012, and April 15, 2013, grant cycles.

As a result of decreased State Lottery revenues and uncertainty about the level of Pacific Coastal Salmon Recovery Funds (PCSRF) funding for the 2011-2013 biennium, the Board has not yet made final decisions about the application types to offer for these two grant cycles. Decisions on grant types for October 2012 and April 2013 are dependent on the level of PCSRF funding. Staff will not know the level of PCSRF award in time to make recommendations for the June 2012 Board meeting. OWEB provides notice to applicants about the October grant cycle before the end of July in order to give applicants sufficient time to prepare applications.

Background

The Board has broad authority and discretion regarding OWEB grant offerings. Under Oregon Administrative Rule (OAR) 695-004-0010, “the Board may allocate funds to support projects for restoration, monitoring, technical assistance, education and outreach” (emphasis added). 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 2003-2005 biennium. The Board typically sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB’s legislatively adopted budget and Board approved spending plan.

Grant application offerings have been based on a 21-week review cycle. Grant cycle deadlines and Board meeting dates provide for approximately one month between a Board funding decision (e.g., September 11-12, 2012) and the next grant application deadline (e.g., October 22, 2012).

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.

Each October grant cycle, OWEB typically solicits for Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring applications. For each April cycle, solicitations have been more limited, for Restoration, Acquisition, and Technical Assistance. Watershed assessment applications have been periodically solicited; the last offering was in the April 2008 grant cycle.

At its March 2012 meeting, the Board decided not to accept new land acquisition applications until the April 2013 cycle in order to focus on reducing the backlog of land acquisitions and addressing policy and process issues in the acquisition program.

2011-2013 Spending Plan for Regular Grant Program

The Board discussed its 2011-2013 spending plan at meetings in September 2011 and January 2012. The spending plan adopted by the Board was based on funds “in hand” and available. The Board discussed the uncertainty of Pacific Coastal Salmon Recovery Funds (PCSRF) and chose not to assume receipt of new PCSRF in building its spending plan. Instead, the Board indicated it would revisit the spending plan once OWEB learned the amount of its Fiscal Year 2012 PCSRF award. As discussed in more detail below, at the time of writing this report, OWEB does not know about the FY 2012 PCSRF award.

Table 1 below shows the total amount of awards made for the first two cycles of 2011-2013, and funds remaining from the Board’s allocation to the Regular Grant Program under the approved Spending Plan.

Table 1. 2011-2013 Board Awards and Allocation to the Regular Grant Program

Grant Type	Total Awarded to Date*	Remaining Allocation for 4/12 and 10/12 Cycles*
Restoration	\$14,050,000	\$12,350,000
Outreach	\$600,000	\$0
Monitoring	\$1,279,000	\$421,000
Technical Assistance	\$1,133,000	\$867,000
TOTAL	\$17,062,000	\$13,638,000

**Includes \$1,320,756 for staged restoration grants committed in previous grant cycles*

In the July 2012 conference call, the Board will need to:

1. Determine whether to add Outreach and Monitoring grant types for the October 22, 2012, grant cycle (these have consistently been offered in past years). Currently the Board has only approved offering the Restoration, Technical Assistance, and Water Acquisition applications for October.
2. Determine the types of grants to offer for the April 15, 2013, grant cycle (typically the April cycle includes Restoration, Technical Assistance, and Land and Water Acquisition).

At its January 2012 meeting, the Board indicated that offering Outreach and Monitoring applications for October 2012 was dependent on the level of PCSRF awarded to OWEB by NOAA for federal FY 2012, and the Board’s priorities.

Status of PCSRF Grant Application

At the time of writing this report, OWEB does not know the level of award it may receive. OWEB expects to learn of its award in June 2012.

As a result of the new NOAA guidance and priorities for PCSRF announced this year, OWEB applied for PCSRF funding to support restoration and/or acquisition activities focused on the recovery of listed species, and for effectiveness monitoring. This means that PCSRF funds awarded for FY 2012 cannot be used for outreach or non-salmonid monitoring projects.

While we do not know how much NOAA will award to OWEB, staff hope that the level of award will allow for an offering of Outreach and non-salmonid Monitoring applications in October.

Some of the factors staff will consider in developing recommendations to the Board for its July conference call are:

- What is the total amount of the PCSRF award for each of the NOAA priorities described in OWEB's application?
- Should any of the PCSRF award be used for the April 2012 grant cycle?
- Are there other priority needs for the PCSRF funding?

At the June Board meeting, staff will ask the Board to identify any information they will need to make a grant cycle decision in July. Staff will also provide notice to OWEB's applicants and partners about this important issue and let them know they can provide written comment or make public comments to the Board at the June meeting.

Staff Contact

Contact Lauri Aunan at lauri.g.aunan@state.or.us, 503-986-0047.



Oregon

John A. Kitzhaber, MD, Governor

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June 4, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item F: Budget and Spending Plan Update
June 12-13, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on OWEB's 2011-2013 budget and spending plan. The report also provides an update on the development of the agency's proposed budget in preparation for the 2013 legislative session. The report is for information purposes. No action is requested of the Board.

II. 2011-2013 Budget

Earlier this biennium, the Legislative Fiscal Office (LFO) requested state agencies supported with General and Lottery funds to develop a reduction options list to help prepare the Legislature to address an expected revenue shortfall during the February 2012 session. LFO requested the reduction options total 10.5 percent, prioritized in 3.5 percent increments. OWEB's proposed reductions list involved a total of approximately \$1 million in Lottery Fund operating dollars and \$5.7 million in Lottery Fund grant dollars. OWEB's reduction list proposed no cuts to staff positions, open grants, or to the capacity funding for watershed councils or soil and water conservation districts.

The first 3.5 percent increment of the reduction options list was part of a legislative "hold-back" for all General and Lottery Fund agencies. This essentially meant that, following the initial passage of state budgets in July 2012, none of the agencies were authorized to expend funds from this first increment without subsequent approval of the legislature. The intent behind this was that if the state revenues performed well, the legislature would consider authorizing the expenditure of the hold-back funds. If revenues did not perform well, the 3.5 percent would serve as the initial reductions to keep the state budget balanced.

During the February legislative session, it became clear that the 3.5 percent hold-back would not be restored to the agency budgets, including OWEB's. Instead, the hold-back funds will be used to help balance the state budget. Estimates from the May 2012 state revenue forecast indicate Lottery Fund revenues are flat. It is unlikely the Legislature will seek additional cuts to OWEB's budget.

III. 2011-2013 Spending Plan

The OWEB spending plan guides the agency's grant investments for the biennium. It is comprised of Lottery Funds, federal funds and salmon license plate revenue. Attachment A contains an updated spending plan for the 2011-2013 biennium. No funding actions are proposed for the June meeting that would change the spending plan status since March. Agenda Item I asks the Board to redistribute some funding that was awarded in January. This action will not impact the spending plan.

If additional funds become available through new recapture from closed out grants or the Pacific Coastal Salmon Recovery Fund, staff will ask the Board to consider recommendations on where those funds can best augment the spending plan. Staff will continue to update the spending plan at future board meetings.

Attachment A also contains a summary of OWEB's 2011-2013 operations budget. This includes the OWEB agency operations, federal grant funds, funding for the Independent Multidisciplinary Science Team and the Lower Columbia River Estuary Partnership, and federal salmon funds that were legislatively passed through OWEB's budget to support the operations of other state natural resources agencies.

IV. Preparations for the 2013 Legislative Session

Governor Kitzhaber has launched the 10-Year Plan for Oregon as a way to redesign how state government builds its budget and makes investment decisions. The 10-Year Plan seeks to move from a two-year budget-balancing process to budgeting to meet long-term outcomes.

The process for developing state agency budgets for the 2013-2015 biennium is different than in previous years. The new process organizes the state budget into five major outcome areas— Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. State agency budget programs will be considered within the appropriate outcome area, rather than as a part of individual state agency budget. At the June meeting, staff will update the Board on recent agency budget development activities and anticipated timelines associated with the 10-Year Plan.

V. Recommendation

This report is for information purposes only. No action is requested of the Board.

Attachment

A. OWEB 2011-2013 Spending Plan and Operations Budget

**OWEB 2011-13 Spending Plan
March 2012 AWARDS**

Attachment A

	Total Spending Plan	Board Awards thru Jan 12	Board Awards March 2012	Board Awards to Date	Remaining Funds
Regular Grants:					
Restoration	26.400	8.100	5.950	14.050	12.350
Technical Assistance	2.000	0.700	0.433	1.133	0.867
Monitoring	1.700	0.000	1.279	1.279	0.421
Outreach	0.600	0.000	0.600	0.600	0.000
Assessments	0.000	0.000	0.000	0.000	0.000
June 2011 Grant Awards (holdover of Mar 2011 awards)	1.300	1.300		1.300	0.000
TOTAL	32.000	10.100	8.262	18.362	13.638
% of assumed Total Budget	46.0%				
Partnerships:					
Deschutes SIP	4.000	4.000		4.000	0.000
Willamette SIP	3.000	3.000		3.000	0.000
Klamath SIP	0.400	0.400		0.400	0.000
Whole Watershed Restoration Initiative	0.500	0.250		0.250	0.250
Conservation Reserve Enhancement Pgm (CREP) TA	0.800	0.800		0.800	0.000
CREP	0.500	0.000		0.000	0.500
TOTAL	9.200	8.450	0.000	8.450	0.750
% of assumed Total Budget	13.2%				
Acquisitions:					
Regular Land and Water	6.650	1.750	0.169	1.919	4.731
Deschutes & Willamette SIP (2 & 1.8 from 2008/2009 awards)	2.000	2.000		2.000	0.000
TOTAL	8.650	3.750	0.169	3.919	4.731
% of assumed Total Budget	12.4%				
Local Capacity:					
Capacity grants	12.300	12.300		12.300	0.000
TOTAL	12.300	12.300	0.000	12.300	0.000
% of assumed Total Budget	17.7%				
Miscellaneous:					
Effectiveness Monitoring	0.500	0.000		0.000	0.500
Oregon Plan/Governor Priorities	1.250	0.345		0.345	0.905
Ecosystem Services	0.250	0.000		0.000	0.250
Business Practices	0.100	0.100		0.100	0.000
Weed Grants	2.500	2.500		2.500	0.000
Small Grants	2.800	2.800		2.800	0.000
Research	0.000	0.000		0.000	0.000
TOTAL	7.400	5.745	0.000	5.745	1.655
% of assumed Total Budget	10.7%				
TOTAL	69.550	40.345	8.431	48.776	20.774

OWEB 2011-13 LAB OPERATIONS EXPENDITURE SUMMARY

updated 7/25/11

	Lottery Operations	PCSRF FF	Other Funds	ALL FUNDS TOTAL
GRANT PROGRAM:				
Grants-new	988	14,183,822	1,259,043	15,443,853
Grants-FTE direct cost		691,632		691,632
R&D CF & M76 int	875,000			875,000
Grants-Carryforward	3,300,000	6,500,000	300,000	10,100,000
To DEQ		2,118,888		2,118,888
To ODA		1,875,021		1,875,021
To ODFW		13,408,541		13,408,541
To WRD		340,000		340,000
IMST		450,560		450,560
LCREP	248,101			248,101
Sub-Total	4,424,089	39,568,464	1,559,043	45,551,596
AGENCY OPERATIONS:				
Personal Services	4,466,412	609,382	162,123	5,237,917
Services and Supplies	733,691	101,430	36,578	871,699
Special Pmts	152,290		15,790	168,080
Sub-Total	5,352,393	710,812	214,491	6,277,696
Total	9,776,482	40,279,276	1,773,534	51,829,292
POS/FTE	22/21.5	9/9.00	1/1.00	32/31.50



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May 30, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

**SUBJECT: Agenda Item H: Soil and Water Conservation District Support
June 12-13, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on the funding awarded to Oregon's 45 soil and water conservation districts (SWCDs) to implement the Oregon Plan for Salmon and Watersheds and Agricultural Water Quality Management Plans. This is an information item only; a panel of representatives from the Oregon Department of Agriculture (ODA), Soil and Water Conservation Commission, Oregon Association of Conservation Districts, and individual SWCDs will present additional information at the June meeting.

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 the 2011-2013 biennium, OWEB entered into an interagency agreement with ODA to 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 funds and PCSRF funds for SWCD support. Measure 76 Grant funds cannot be awarded to another state agency, so the 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 its 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 when payments should be approved based on work progress, and oversees payment accountability, along with all other oversight functions ODA has performed in the past.

From the \$5.1 million awarded in June 2011, each SWCD (except for the four in Baker County) was 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 Agricultural Water Quality Management Plans (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 overall 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. The scope of work is reviewed and approved by the ODA Water Quality Program.

In September 2011, the Board awarded additional funding to the SWCDs under the 2011-2013 Spending Plan. Each SWCD, except for the four in Baker County, is eligible to receive an additional \$23,250. The four Baker County SWCDs each receive an additional \$11,625. This additional funding is available to the SWCDs to implement their annual work plans, not just the AgWQMP scopes of work.

While OWEB, ODA and each SWCD has a signed agreement covering the entire biennium, each SWCD is required to submit a budget, annual work plan, scope of work, and other legal requirements to ODA for the 2012-2013 fiscal year. This biennium, those materials are due July 15, 2012.

III. 2011-2013 Biennium Activities

The SWCDs report on a quarterly basis to ODA as part of their fund request process. Attachment B contains the third quarter Scope of Work Task Tracking spreadsheet, which details the outreach/education and technical assistance activities completed by each SWCD between January 1, 2012, and March 31, 2012. (Attachment B) Since the start of the biennium, the SWCDs have submitted 283 applications for funding (OWEB and other sources), completed 649 water quality projects, and conducted 1,733 site visits. The SWCDs also report quarterly on the applied conservation practices that are installed (by NRCS practice code), other activities, and challenges and technical assistance needs.

IV. Recommendation

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

Attachments

- A. OWEB-ODA SWCD Support Grant Partnership Agreement
- B. SWCD January 1, 2012, to March 31, 2012 Quarterly Report – Scope of Work Task Tracking

**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

		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.
Grant Notice	ODA	ODA distributes all grant notices, application materials, and other grant forms to the 45 SWCDs.
Grant Submissions and Intergovernmental Agreement (IGA)	ODA and OWEB	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.
Grant Management	ODA	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.
Grant Management	OWEB	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.
Fund Reallocation	ODA and OWEB	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.

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:

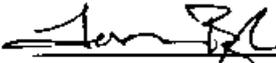
ODA	OWEB
John Byers	Melissa Leoni
Oregon Department of Agriculture	Oregon Watershed Enhancement Board
635 Capitol St NE	775 Summer St. NE, Suite 360
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Email: jbyers@oda.state.or.us	Email: melissa.leoni@state.or.us

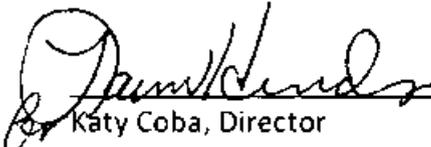
F. NON-FUND OBLIGATING DOCUMENT. This instrument is neither a fiscal nor a funds obligation document. Any endeavor or transfer of anything of value involving reimbursement or contribution of funds between the parties to this instrument will be handled in accordance with applicable laws, regulations, and procedures.

THE PARTIES HERERTO have executed this instrument

**OREGON WATERSHED
ENHANCEMENT BOARD**

**OREGON DEPARTMENT OF
AGRICULTURE**

 8/22/11
Thomas M. Byler, Executive Director

 8/23/11
Katy Coba, Director

	Total Landowners	Workshops Presented		Presentations		Demonstrations		Tours		Displays		Student Events/Classes			# Documents Developed	# Documents Distributed	News-letters	News Articles	Site Visits	# Sites Monitored for WQ	Funding Applications	# WQ Projects Completed N/A = Practices installed for the WQ project(s) do not allow for an acreage calculation.	WQ/CAFO Plans		Farm/Ranch Plans		Certified Farm/Ranch Plans				
Sherman Co.												3	1	60																	
Siuslaw	22											1	2	20			427	32		1		3	3	28.62							
Tillamook Co.	15									2	1500				450		2	15				11	4	2914	3	240.0					
Tualatin	1551							1	175	1	71			1	150	477	1	2				4	2	32.5							
Umatilla Co.	27			1	15											300	1	6		5		2	2	6265							
Umpqua	12	1	10					1	9	1	400	1	7	560			750		8		1	2	1	160					1	500.0	
Union	All activities for this quarter were reported under FY 10-11.																														
Upper Willamette	132																	21		2					2	18.0			1	140.0	
Wallowa	15									3	8000	3	7	186	1	1000	270	1	10												
Wasco Co.	241	2	35	4	81			2	28	1	300	1	1	11			2,200	4	28	24	8	19	14	941			69	9912.0	1	62.4	
West Multnomah	1100							1	25	3	240						924		22			2	1	1							
Wheeler	69							1	3	1	1000							32	3	4		5	2	N/A							
Yamhill	224							1	40	3	225					80	3,500	4	10			1	1	2							
TOTALS	8828	14	169	51	403	6	310	24	474	43	24741	32	55	3489	7	4664	11698	462	598	200	73	249	87	43134	7	324.9	167	29732.4	5	875.4	

	Total Landowners	Workshops Presented		Presentations		Demonstrations		Tours		Displays		Student Events/Classes			# Documents Developed	# Documents Distributed	News-letters	News Articles	Site Visits	# Sites Monitored for WQ	Funding Applications	# WQ Projects Completed			WQ/CAFO Plans		Farm/Ranch Plans		Certified Farm/Ranch Plans						
																						N/A = Practices installed for the WQ project(s) do not allow for													
Monument	21																	19		4	2	1	N/A												
Morrow	73																	73		5	56	13	3664.8												
Polk	52	1	5									2	3	350				7	7					1	12.0										
Sherman Co.	12											1	1	20				12		4	2	2	78												
Siuslaw	45			4	45			1	6									34		3	3	3	21.84												
Tillamook Co.	11														20		4	11		1	1	1	N/A	4	320.0										
Tualatin	457	1	10							1	27				122	491		3		4	14	4	602.7												
Umatilla Co.	41	3	210	1	30											900		13		2															
Umpqua	21	1	8	1	15					1	7	3	1	85			875	2	11																
Union	23			3	50										24			9	3	1															
Upper Willamette	132	2	30									1	1	29				24		2	1	1	10												
Wallowa	2															290		4		4	2	2	22								1	3240.0			
Wasco Co.	220	1	10	4	370			2	50							1,100	7	20	24	8	45	20	2209.4			3	114.7								
West Multnomah	58	1	34													937		6			2	2	1			1	10.8								
Wheeler	48							1	16	1	85						85		7	3	7														
Yamhill	313	1	25									18	1	300	1		3,500		23		1	1	0.25												
TOTALS	2837	13	369	36	1562	6	12	12	131	12	1930	41	28	1603	11	3010	12676	28	498	88	123	192	87	30056	19	27164.0	6	2807.0	3	5255.4					

	Total Landowners	Workshops Presented		Presentations		Demonstrations		Tours		Displays		Student Events/Classes			# Documents Developed	# Documents Distributed	News-letters	News Articles	Site Visits	# Sites Monitored for WQ	Funding Applications	# WQ Projects Completed <small>N/A = Practices installed for the WQ project(s) do not allow for an acreage calculation.</small>	WQ/CAFO Plans		Farm/Ranch Plans		Certified Farm/Ranch Plans			
Monument	15	1	60														1	12			2	1	177							
Morrow	238	1	9															205		5	85	5	10799.2							
Polk																														
Sherman Co.	22	1	40	2	20							1	1	17			600			2	1	1	27							
Siuslaw	68													1	427	427		24		1	2	2	1.35							
Tillamook Co.	22							1	1			1	6	3090		618		2	9	2	12	6	2385.9	6	1133.2					
Tualatin	180									1	20	3	3	91		25	1,032		26		2	1	2	19					3	7.2
Umatilla Co.	795			5	62			1	3	2	94						900	4	14		9									
Umpqua																														
Union	48			1	40					1								8		2	2	2	32							
Upper Willamette	36			1	175					1	225					114		18		2	1	1	2.5	2	40.0					
Wallowa	7																290		7			1	1	20						
Wasco Co.	230	1	70	8	120					2	130						2,200	6	15	24		36	14	2100.4			3	102.8		
West Multnomah	23	1	12														940	2	8			6	2	4.15			1	20.0		
Wheeler	83	3	48														482		29	3	12									
Yamhill	496			7	180											10		20		1								1	473.0	
TOTALS	3939	14	468	63	3340	7	136	12	70	26	2564	16	28	4207	9	3635	10526	31	637	67	87	208	65	16860	9	1423.2	9	522.0	5	682.2



Oregon

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June 1, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director
Ken Bierly, Senior Partnerships Coordinator

SUBJECT: Agenda Item I: Whole Watersheds Restoration Initiative Reallocation
June 12-13, 2012 OWEB Board Meeting

I. Introduction

This report requests Board permission to redirect Whole Watersheds Restoration Initiative (WWRI) funding for a project that has run into significant delays. Funding would remain within WWRI and be shifted instead to a program evaluation effort of the WWRI.

II. Background

The WWRI is an OWEB partnership with the U.S. Forest Service, NOAA Fisheries, and Ecotrust. The WWRI is a targeted effort to focus restoration funding across public and private ownerships within “priority basins” for aquatic watershed restoration in identified priority watersheds for salmon habitat where restoration action plans have been developed. The initiative is active in Oregon, Washington, and Idaho. OWEB participates only in Oregon with funding support of 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.

III. Farmer Creek Project

Among the projects proposed for funding from the first year of the biennium the review team recommended an application submitted by the Nestucca-Neskowin Watershed Council to replace a fish passage barrier culvert with a bridge. The barrier prevents full access to approximately 4.0 miles of high quality habitat on Farmer Creek, a tributary to the Nestucca River. There was clear documentation of the importance of reestablishing fish passage at the site both in the watershed assessment and a rapid bioassessment conducted with OWEB funds. The project is cost shared with Tillamook County, the U.S. Fish and Wildlife Service, U.S. Forest Service and the National Fish and Wildlife Foundation. At \$55,000, OWEB funds would amount to approximately 60 percent of the costs for the Farmer Creek Project.

As the project design was being finalized, it was discovered that the existing road alignment and right-of-way had not been finalized at the county level. The County also found out that the upper end of the culvert is on private property (outside of the right-of-way). The County and the Watershed Council are working to resolve the issues which will delay implementation of the project until the end of the biennium. (Attachment A) OWEB and Ecotrust will reserve funds from the second half of the biennium to implement the project when it is ready.

IV. WWRI Evaluation Proposal

Apart from the individual projects, the funding partners and Ecotrust have been exploring options for a comprehensive review of the effectiveness and progress of WWRI to date. Ecotrust sponsored a workshop from Foundations of Success on Adaptive Management for Conservation and looked at ways to evaluate the program against the goals set. Ecotrust and the National Marine Fisheries Service are interested in evaluating the program to see if more specific standards for completion and rules for choosing additional focal watersheds can be developed. Staff believe this review could be very useful to OWEB. If funded, the evaluation will be completed in December 2012.

The total WWRI evaluation is expected to cost approximately \$55,000. Ecotrust has committed to raising the necessary funds to complete the effort. OWEB's funding will be contingent on receipt of full funding for the project. Staff propose to invest \$15,000 previously committed to the Farmer Creek Project toward the evaluation. NOAA Fisheries has awarded \$39,500 towards the cost of the project.

V. Recommendation

Staff recommend the Board authorize the Director to reallocate \$15,000 of project funds previously allocated for the Farmer Creek Project to partially fund a program evaluation of the WWRI.

Attachment

A. Farmer Creek Letters

PUBLIC WORKS DEPARTMENT



503 Marolf Loop Road
Tillamook, Oregon 97141
Roads (503) 842-3419
Solid Waste (503) 815-3975
FAX (503) 842-6473
Email: pubwks@co.tillamook.or.us
TTY Oregon Relay Service

Land of Cheese, Trees and Ocean Breeze

April 30, 2012

Alex Sifford
Nestucca Neskowin Sandlake Watershed Council
34600 Cape Kiwanda Dr.
Pacific City, OR 97135

Subject: Farmer Creek Culvert replacement project, Schedule Delay

Dear Alex:

After project initiation, the County was researching the Right of Way for design purposes. We found that Farmer Creek Road had not been "legalized" at this section of road. In the 1960's the road was realigned, and the documentation was not completed. We have hired our County Surveyor's office to survey the roadway and provide us with the documentation. Public Works is paying \$5,000 for this work. You may be able to include this as part of our local match.

We just received the survey information 4/24/2012. We will review it and then start the public process. This requires 2 public meetings at least 30 days apart. We estimate that we will complete the legalization work and Board of County Commissioners approval by July 1, 2012.

We also found out that the upstream end of the culvert and the slopes supporting the roadway are on private property. This needs to be remedied. The remedy can take the form of easements or dedication to the County public right of way. In order to achieve that, we will need property appraisals and then negotiate with the adjacent property owners for either right-of-way or easement acquisition. The construction of the project can not be started until this process is complete. It is my opinion that we will miss the instream work window for this stream, which is July 1 to Sept 15.

In addition, if we bid this work early next year, Feb 2013, we may possibly get better construction bids than by going out to bid late this summer for a fall construction. We also risk not completing the project by fall and going into the winter with a half-done project.

The Farmer Creek design team met today, and we collaboratively decided to delay the project. The design and ROW work will continue through the summer, with construction in summer of 2013, bid advertisement early in 2013. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Liane Welch".

Liane Welch, P.E.
Director

Cc:

Joe Acosta, Bill Butler, Jason Wilcos – USFS
Dave Stewart, ODFW
Amy Hortsman, USFWS
Alan Moore, Trout Unlimited



Nestucca, Neskowin & Sand Lake Watersheds Council

PO Box 86 Pacific City OR 97135 ❖ (503) 965-2200 fax: 965-2200 ❖ nnwc@oregoncoast.com

MEMO

TO: OWEB, Partners, file

April 27, 2012

FR: Alex Sifford, Coordinator

RE: OWEB 212-1005 Extension Amendment Request to Dec. 31, 2013

Project goals remain unchanged: Removing a failed undersized culvert and replacing it with a bridge to improve fish passage. Project engineering design work was slowed a bit in February 2012, but the critical delay is due to legalizing the road right-of-way (R/W) and easement. Design work uncovered the unusual situation of the existing Farmer Creek road right-of-way not matching the physical condition.

Amendment Justification – While all parties want the project to occur in 2012, and designs are substantially complete, final design and resulting construction cost await legal R/W determination. Tillamook County is now undertaking surveying and discussions with adjoining property owners based on existing R/W. The engineer has made clear that designing for a wider R/W than the existing yet-still-not-legal R/W will result in modest but material construction advantages. Tillamook County Public Works indicates road legalization to the current R/W will require months and result in a severely confined 2012 construction window. To acquire a wider R/W Tillamook County Public Works indicates only slightly longer time in needed. Therefore why not seek the ideal? Given that time constraint and the opportunity to design at lower cost, the project team met on April 25, 2012 and decided to delay implementation to 2013.

Amendment Outcomes - The engineer is confident that staged construction improvements will result from a design based on wider available land. These improvements should translate into modest construction savings. In addition, the prospect of going out to bid in the middle of winter (January 2013) compared to scrambling in May offers real prospects for competitive quotes. Issuing a solicitation at that time of year is an exciting new prospect to the Council. We expect to achieve better access for locals during construction, less risk to the contractor and thus all parties, and cost savings from the extension.



Oregon

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June 1, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager
Renee Davis-Born, Ecosystem Program Coordinator

**SUBJECT: Agenda Item J: Forest Health Issues
June 12-13, 2012 OWEB Board Meeting**

I. Introduction

The report provides an update about progress-to-date on the January 2012 OWEB grants in support of federal forest collaboratives. It also describes recent progress by the Governor's Office, state and federal agency partners and others on a long-term funding plan for the forest collaboratives. This report is for information purposes only.

II. Background

Historically, relatively frequent, low-intensity fires were important naturally occurring events critical to maintaining the health of the ponderosa pine and mixed-conifer forests of southwest and eastern Oregon. Fire suppression and other land-use changes during the last century have resulted in overstocked forests characterized by increased fuel loads and lower quality habitat for native species. These changes, which are most prevalent on federally managed lands, have put Oregon's forested watersheds and surrounding communities at risk.

In 2009, the Federal Forestlands Advisory Committee (FFAC), which was convened by the Governor and Oregon Board of Forestry, released a report that identifies the work of local forest collaborative partnerships, or "forest collaboratives" as an important vehicle for increasing the pace of forest restoration in a way that is ecologically sustainable, economically viable, and acceptable to diverse stakeholders. Upon completion of the FFAC process, the Governor's Office working with Oregon Solutions created an Implementation Working Group (IWG) to advance the report's recommendations, including support for existing and emerging forest collaboratives. The purpose of the IWG, which consists of public- and private-sector and non-profit representatives, is to "support landscape-scale, active restoration of federal forestlands by identifying and removing barriers to restoration of forest and watershed health." To date, the IWG has focused its efforts on the dry, fire-prone forests of eastern and southern interior Oregon.

Over the last 10 years, several forest collaboratives have been formed around the state. These groups identify local forest health priorities through a community-based process, develop landscape-scale forest restoration plans, and develop agreement on active forest management and

restoration approaches. Similar to watershed councils, collaboratives bring together representatives from federal, state and local government, conservationists, timber interests, tribes and other local stakeholder groups to develop a clearly defined vision and strategic goals for restoration. While the focus of the collaboratives is forested watersheds, the cooperative approach they utilize to plan and implement high-quality restoration work mirrors that of watershed councils. In fact, several existing and emerging collaboratives in southwest and eastern Oregon include participation by councils and soil and water conservation districts (SWCDs). The forest collaboratives, in concert with the IWG, are working to restore forested watersheds and create jobs and maintain forest-sector infrastructure in rural communities in Oregon.

At the January 2012 meeting, staff briefed the Board on a proposal by The Nature Conservancy (TNC) and Oregon Solutions to support local planning and implementation capacity of the forest collaboratives and address statewide coordination needs for the IWG process. This proposal, which was supported by the Governor's Office and Oregon Department of Forestry (ODF), totaled \$696,681 for the remainder of the biennium. The TNC and Oregon Solutions proposal requested OWEB funds to maintain critical momentum with local collaboratives while a longer term state policy and funding strategy is developed in concert with the Governor's Office and ODF. Given the Board's need to have time to deliberate on the role that OWEB desires in forest restoration/collaboratives work, staff proposed a phased approach to supporting the proposal. At the January meeting, the Board awarded \$345,340 to support TNC and Oregon Solutions to make progress on work plans from January to September 2012. Staff also proposed at that time to continue to discuss with the Board progress on these work plans.

III. Progress on TNC and Oregon Solutions Work Plans

TNC is providing scientific support, technical assistance and facilitation to forest collaboratives. They also are developing restoration principals and guidelines, and evaluating approaches to improve planning and implementation efficiencies. Finally, TNC is conducting research on innovative funding strategies to accelerate forest restoration. Highlights of their accomplishments to date include:

TNC work in southwestern Oregon

- Nearly 1000 acres have been treated under the Ashland Forest Resiliency Project, with prescriptions for another 2,500 acres in development;
- With a grant secured by TNC, work has begun with the City of Ashland and private landowners to complete controlled burns in the City's watershed; and
- Planning is underway for a Fall 2012 Workshop for forest collaboratives in southwestern Oregon, with the intent of sharing information about products from scientifically-based forest assessment and restoration.

TNC work on the Fremont-Winema National Forest

- A 28,000-acre project is being designed with U.S. Forest Service (USFS), The Klamath Tribes and Lomakatsi under the Black Hills Master Stewardship, including determining historic forest conditions and identifying areas and forest types proposed for treatment;

- A Forest Prescription Workshop, featuring Drs. Norm Johnson and Jerry Franklin, is being planned to develop treatment prescriptions for ponderosa pine, dry mixed conifer and moist mixed conifer in the Black Hills Project area; and
- Projects are being identified under the new Lakeview Collaborative Forest Landscape Restoration (CFLR) project with USFS and other partners, including nearly 34,000 acres for 2012 and over 81,000 acres for 2013.

TNC work on the Deschutes National Forest

- TNC staff are chairing the restoration planning subcommittee for the Deschutes CFLR project. Two projects totaling approximately 5,800 acres, along with additional work under the City of Sisters fuel reduction project, are being implemented. Analysis of treatment alternatives are in development for two other projects, totaling 43,000 acres;
- Staff are actively involved in multi-party monitoring, which assesses implementation results and socio-economic factors, along with development of an ecological monitoring plan for the CFLR that will evaluate if the anticipated ecological outcomes are achieved; and
- For the 30,000-acre Big Marsh pilot NEPA project focused on ecosystem services, TNC staff have worked with USFS Crescent Ranger District staff to complete an internal values assessment and are assisting USFS staffing in planning for an external values assessment with 16 partners was held on May 23-24.

TNC statewide work

- TNC is developing an Oregon Forest Dashboard that will include a common set of metrics to assess progress and effectiveness of forest restoration efforts around the state;
- A Request for Proposals (RFP) and hiring process for the “National Forest Health Restoration Economic Assessment” was completed in conjunction with public and private-sector partners (see Section IV); and
- A draft Policy Option Package was developed, again with public and private-sector partners, that aims to secure funding to support collaboratives.

Oregon Solutions is supporting implementation of the FFAC recommendations through coordination of the statewide IWG process and, to a lesser extent, providing assistance to local forest collaboratives to enable them to break through barriers and build consensus for forest restoration that provides ecological and socio-economic benefits. Highlights of their accomplishments to date include:

Oregon Solutions work with the IWG

- The IWG process has been ongoing, and a new Funding Subcommittee has been formed to discuss two issues: 1) the need for and potential options to secure significant funding for landscape-scale forest treatment and restoration; and 2) the need for and potential options to secure funding for existing and emerging forest collaboratives (see Section V);
- An RFP and hiring process for the “National Forest Health Restoration Economic Assessment” was completed in conjunction with public and private-sector partners (see Section IV); and

- An updated version of the “Statewide Inventory of Forest Health Collaboratives” (Attachment A) has been developed, providing a platform to collect consistent information about forest collaboratives around the state.

Oregon Solutions work with the Umatilla Forest Collaborative Group (UFCG)

- Support is being provided to the UFCG including:
 - Assisting the North Fork John Day Watershed Council in developing protocols, standards, and practices to host, administer, and fiscally manage the collaborative;
 - Developing sustainable funding for one year of UFCG activities, and a plan for future funding;
 - Supporting the drafting and group adoption of an Operating Principles document, including ground rules; and
 - Developing a road map for seeking stakeholder common ground on 30,000-acre, cool/moist forest restoration and identify the opportunity for a second project focusing on previously clear-cut plantation stands.

Staff from TNC and Oregon Solutions will be available at the June 2012 Board meeting to discuss these accomplishments and respond to questions about the Phase 1 work plans. In addition, staff from those organizations will report on progress to the Board at the September 2012 meeting. At that meeting, staff plan to request the Board consider awarding funds to support the remaining work under the second phase of the work plan that will be submitted by TNC and Oregon Solutions prior to September.

IV. Development of “National Forest Health Restoration Economic Assessment”

Discussions among the IWG and others about the need for substantial forest restoration to address risks to national forests and the nearby communities in Oregon has led to questions about the economic feasibility of treating large forested areas. At the request of the Governor’s Office and Legislative leadership, and on behalf of the IWG, a subgroup of IWG members drafted an RFP for a contractor to assess the feasibility and economic impact of treating up to 500,000 acres per year of national forest lands in frequent-fire forests in a subset of national forests in Oregon. These national forests, which are both inside and outside the Northwest Forest Plan area and are moderately or highly departed from historic fire regimes, include all national forests east of the Cascade crest, except the Mt. Hood National Forest and the eastern portion of the Rogue-Siskiyou National Forest. This area totals about 11.4 million acres.

The Oregon Department of Energy (ODOE) is the contracting agency for this work. Three organizations submitted proposals. A review group evaluated the applicants’ qualifications relative to the technical requirements necessary to successfully complete the scope of work. Ultimately, Mason Bruce & Girard was awarded the contract for this work. The contractor will develop economic models to assess the costs and economic benefits of treating between 200,000 and 500,000 acres per year; assess the challenges, including costs, and opportunities of collaboratives and community-based organizations as they relate to forest health restoration; compare and contrast expenditures vs. benefits; identify and evaluate potential barriers to and opportunities for large-scale forest restoration; discuss how various policy levers or economic scenarios might affect resource outputs; and publish a final report of the assessment findings. The results of the assessment will be presented to the IWG in mid-November of 2012.

V. Update about IWG Funding Subcommittee

Estimates indicated that, at present, 150,000–180,000 acres of forest treatment is occurring annually in Oregon. The IWG has indicated that up to 500,000 acres per year of treatment and restoration is necessary to address risks to forest health. An IWG funding subcommittee was formed to explore options for bridging the gap between current funding that is available for forest restoration and the anticipated funding needed to undertake this work a larger scale.

The subcommittee is actively working to address several issues:

- 1) Significantly increased funding is needed to support on-the-ground forest restoration at a larger scale. To address this issue, the subcommittee:
 - a. Has initiated the process described in Section IV to develop a “National Forest Health Restoration Economic Assessment”;
 - b. Has compiled information about past and current investments by the State, such as ODOE biomass utilization tax credits and use of the Governor’s Strategic Reserve, to support forest restoration;
 - c. Is engaging in conversations with the Regional Forester regarding USFS investments in forest restoration in Oregon; and
 - d. Has identified several innovative, longer term options (e.g., Tax Increment Financing, natural infrastructure approaches such as surcharges to conduct forest restoration in municipal drinking water supply areas) for funding on-the-ground work.
- 2) To increase the scale of federal forest restoration and associated socio-economic benefits in Oregon, additional funding is needed for the support of forest collaboratives and associated work. To address this issue, the subcommittee is developing a 2013–15 Policy Option Package (POP). The POP may request funding for state agency coordination on federal forest restoration issues, local capacity support/administration for collaboratives, and planning and technical services in support of the collaboratives. Currently, the subcommittee is deliberating on several topics including: structure of a program that would provide support to collaboratives; possible funding sources; and potential metrics for measuring the success of the program. No specific funding source has been identified to date. Given the January 2012 Board awards in support of forest collaboratives, staff are continuing to track and be involved in these discussions. At future meetings, staff will update the Board about the status of the funding subcommittee’s efforts to explore the economic feasibility of forest restoration in Oregon and secure financial resources to support both on-the-ground restoration and work by local forest collaboratives.

At the June Board meeting, staff intend to discuss with the Board such topics as OWEB’s role in forest restoration and policy direction regarding this work.

VI. Recommendation

This report is for information purposes. No Board action is requested at this time.

Attachment

- A. Excerpt of April 2012 Draft of the Oregon Statewide Forest Collaborative Inventory (pp. 1-8 only)

Oregon
Statewide
Forest
Collaboratives
Inventory

2012

WORKING DRAFT APRIL 2012

Prepared for the Federal Forestlands Advisory Committee Implementation Working Group

*An inventory of community-based multi-party collaborative initiatives focused on
improving the health of forested landscapes and local communities in Oregon*

Background

Over the past two decades forest collaboratives have formed throughout Oregon. There are now 20 collaboratives working to inform sustainable forest management practices on public lands by ensuring that local resources are managed to support community values. The success of these collaboratives represent a shift in public engagement opportunities that broaden stakeholder participation and increase the level of agreement on how to address emerging forest health issues. The Collaboratives Timeline (Attachment A) and the Collaboratives Map (Attachment B) show both the increase in the number of collaboratives being developed, as well as the distribution of these efforts statewide.

Since 2008, the Federal Forest Advisory Committee Implementation Work Group (FFAC IWG) has been meeting to implement recommendations from the "Achieving Oregon's Vision for Federal Forestlands" report. The report includes recommendations to support local collaboratives to ensure Oregon's forests contribute to the health of local economic, ecological and social aspects of communities statewide. To achieve these goals, the report recommends engaging local collaborative groups in cooperation with state and federal agencies to assess forest health conditions and plan projects at the landscape scale in order to address high priority needs. Funding for these collaboratives has come intermittently through local, state, regional and federal grants. The FFAC IWG is working to develop more stable funding mechanisms to contribute to organizational stability and support the scaling up of landscape level agreement, treatment, restoration and monitoring and evaluation activities.

The Inventory serves to provide an overview of collaboratives to the FFAC IWG by displaying the following information:

Organizational and Fiscal Structure

- Contact Name and Info
- Collaborative Website
- Focal Geography and Acreage
- Year Established
- Host/Administrative organization
- Fiscal Administration
- Funding for Collaborative Support
- National Forest
- BLM Unit
- Counties Affected
- Available Processing Infrastructure
- Organizations/Partners in Regular Attendance
- County Engagement

Goals and Activities

- Collaborative Goal/Purpose
- Forest Restoration/Forest Health Activities
- Factors Unique To This Collaborative
- Next Strategic Steps
- Interest in/Capacity to Engage in Landscape-Scale Analysis
- Other Comments

Notes and Acknowledgements

The information in the following sections was originally developed for the first version of this document through interviews in November-December 2009 with follow up in late 2010 and early 2011. For the 2012 version, the lead contacts (listed below and at the beginning of each section) provided updates by email or phone to maintain pertinent information including new entries on fiscal agent and funding sources. Submissions were edited for clarity and preservation of a neutral tone throughout.

We gratefully acknowledge the time and efforts of the following lead contacts for each collaborative group:

Alsea Stewardship Group	Ross Holloway and Jackie Nichols
Applegate Partnership & Watershed Council	Jack Shipley
Ashland Forest Resiliency Stewardship Project Cooperators	Darren Borgias
Blue Mountains Forest Partners	Patrick Shannon
Central Oregon Partnerships for Wildfire Risk Reduction	Phil Chang
Clackamas Stewardship Partners	Nathan Poage
Harney County Restoration Collaborative	William Renwick and Jack Southworth
Hells Canyon Stewardship and Restoration Collaborative	Brian Kelly
Hebo Stewardship Group	Jane Brass Barth and Jackie Nichols
Josephine County Stewardship Group	Kevin Preister
Lakeview Stewardship Group	Jim Walls
Marys Peak Stewardship Group	Jane Brass Barth and Jackie Nichols
Siuslaw Stewardship Group	Ross Holloway and Jackie Nichols
Southern Oregon Small Diameter Collaborative	George McKinley
Umatilla Forest Collaborative Group	Scott Aycock

Contents

Funding Overview Table.....	4
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Dry Fire Prone Forests

Applegate Partnership & Watershed Council.....	6
Ashland Forest Resiliency Stewardship Project Cooperators (AFRSP)	9
Blue Mountains Forest Partners.....	12
Central Oregon Partnerships for Wildfire Risk Reduction (COPWRR).....	15
Harney County Restoration Collaborative (HCRC).....	18
Hells Canyon Stewardship and Restoration Collaborative.....	21
Josephine County Stewardship Group.....	23
Lakeview Stewardship Group.....	25
Southern Oregon Forest Restoration Collaborative.....	27
Umatilla Forest Collaborative Group (UFCG).....	30
Upper Deschutes River Coalition.....	placeholder

Emerging

Fremont Winema Black Hills Project
Ochoco NF
Wallowa-Whitman NF

West Side Forests

Alsea Stewardship Group.....	32
Clackamas Stewardship Partners.....	34
Hebo Stewardship Group.....	38
Marys Peak Stewardship Group.....	41
Siuslaw Stewardship Group.....	43

Emerging

Umpqua NF
Willamette NF

Funding Overview Table

Represents whether funding is allocated through an internal or external fiscal agent and common sources of funding

	Internal 501c3	External	Title II or III	NFF*	CFLRP	DFIZ
Alsea Stewardship Group		X		X		
Applegate Partnership and Watershed Council	X					X
Ashland Forest Resiliency Stewardship Project Cooperators	X			X		
Blue Mountain Forest Partners		X	X	X	X	X
Central Oregon Partnerships for Wildfire Risk Reduction	X	X	X	X	X	X
Clackamas Stewardship Partners		X	X	X		
Harney County Restoration Collaborative	X		X			X
Hebo Stewardship Group		X		X		
Hells Canyon Stewardship and Restoration Collaborative				X		
Josephine County Stewardship Group		X	X	X		
Lakeview Stewardship Group	X			X	X	X
Marys Peak Stewardship Group		X				
Siuslaw Stewardship Group		X				
Southern Oregon Forest Restoration Collaborative	X		X	X		X
Umatilla Forest Collaborative Group		X		X		
Upper Deschutes River Coalition		X		X		

**Emerging collaboratives that received NFF grants include Ochoco NF, Umpqua NF, Wallowa-Whitman NF and Willamette NF.*

Funding Summary Table

Represents the % of collaboratives by forest type that receive funding by fiscal agent and source

	501c3	External	Title II or III	NFF	CFLRP	DFIZ
Dry Fire Prone Forests	31.25%	31.25%	31.25%	56.25%	18.75%	37.5%
West Side Forests	0	31.25%	6.25%	18.75%	0	0
Combined	31.25%	62.5%	37.5%	75%	18.75%	37.5%

Dry Fire Prone Forests

Applegate Partnership & Watershed Council

Contact Name and Info

Jack Shipley

[\(541\) 846-6917](tel:(541)846-6917)

rockycreekfarms@apbb.net

Collaborative Website:

<http://www.arwc.org/>

<http://www.applegatepartnership.org/>

Focal Geography and Acreage: Applegate Valley; ~500,000 acres

Year Established: 1992

Host/Administrative organization

No administrative host

Fiscal Administration

501 (c) 3 status

Internal Fiscal Agent

External Fiscal Agent

Funding for Collaborative Support

Dry Forest Investment Zone

Organizations/Partners in Regular Attendance

BLM, USFS, Headwaters, KS Wild, Wilding Center, The Nature Conservancy, Southern OR University, Josephine County Soil and Water Conservation District. In addition, a number of individuals (i.e. not agency representatives) fill seats representing the following interests: Forestry (one each for ecology, fire and plant pathology); Organic Farming; Community at large; Aquatic, Financial, Executive and Outreach and Education.

Collaborative Goal/Purpose

The Applegate Partnership and Watershed Council (APWC) is a community-based non-profit organization whose mission is to encourage and facilitate the use of natural resource principles that promote ecosystem health and diversity while contributing to economic and community well-being and resilience. Through community participation, volunteer efforts and partnerships with landowners, agencies and interest groups, an integrated program designed to conserve, restore and sustain ecological structure and function in the Applegate watershed is implemented.

"To encourage and facilitate the use of natural resource principles that promotes ecosystem health and diversity.

Through community involvement and education, this partnership supports management of all land within the watershed in a manner that sustains natural resources and that will, in turn, contribute to economic and community well-being and resilience."

National Forest: Rogue - Siskiyou NF

BLM Unit: Medford District

Counties Affected: Jackson, Josephine and part of Siskiyou (NoCal)

Available Processing Infrastructure:

Boise (White City), Superior (Glendale), Rough and Ready (Cave Junction), Biomass One (White City), Timber Products (Yreka).

The Applegate Partnership and Greater Applegate Community Development Corporation applied for and commissioned a feasibility study for Biomass development in the Applegate. They have current information on who, what, when, where and why as far as forestry products and byproducts are used.

County Engagement

Counties are kept informed and do not support the effort with resources.

Forest Restoration/Forest Health Activities

- Have worked extensively with the USFS and BLM – those agencies manage 70% of the Applegate Watershed.
- The Partnership submitted a management proposal for the entire Valley (500,00 acres) during the WOPR revision process.
- Have eliminated clear-cuts as a management tool in the Applegate.
- Support un-even multi age forest management prescriptions that address forest resilience and habitat conservation.
- Support fuel treatment thinning - don't support upper diameter limits.
- Fire Learning Network (FLN) mapping products dovetail with their management proposal. Technical assistance partners include USFS ecologists, University of Washington, Oregon State University, Southern Oregon University, Rogue Community College, Northern Arizona University, Yale School of Forestry, SustainableNorthwest, Oregon Forest Resource Institute, OSU Extension Service, Soil and Water Conservation Districts, BLM, US Fish and Wildlife Service and NOAA Fisheries, Oregon Solutions and National Forest Foundation.
- Have an established monitoring protocol aimed at water quality and quantity.
- Have completed assessments on all of the sub-watersheds in the Applegate.

Factors Unique To This Collaborative

- One of the oldest collaborative partnerships in the West.
- Established environmental monitoring program - one of ten Adaptive Management Areas in the NW Forest Plan.
- Significant experience in implementing watershed-scale analysis.
- Completed a watershed wide community fire protection and management strategy in 2001 which was adopted as a model by the WGA.
- Branched into a variety of other issues - water quality, aggregate mining, etc.
- Active long enough to change the "culture" of land management in the basin.
- Completed a one year study with the Nature Conservancy for the Applegate Watershed as one of the 30-plus Fire Learning Networks in the world.
- The Applegate FLN project is currently being expanded to include the entire 3,000,000 acre Rogue Basin.

Next Strategic Steps

- Biggest needs are agency funding for local project implementation.

- Helped the *Applegater* newspaper form their own 501(c)(3) and donated the paper and advertising assets to the new non profit organization, continue to develop partnership
- Update website and develop an online news letter
- Promote education on off road vehicle use.
- Will continue to collect baseline data - "probably have more than any other place in the country." Have an extensive system of monitoring plots and are currently seeking funding to develop a monitoring and research data collection center for multi agency data storage and retrieval. This data center would include BLM, USFS, EPA, DEQ, ODF&W, ODF, USF&W, NOAA Fisheries, TNC, Jackson and Josephine Counties, SOU, RCC, Watershed Council's, Industry and others.
- Encouraging the USFS and BLM to develop larger projects (50,000 acres plus)— e.g. the new Medford District Pilot Project.
- Currently developing capacity to develop Burn Plans, contract, implement prescribed fire on private forest, range and wetlands.

Interest in/Capacity to Engage in Landscape-Scale Analysis

- Formally presented a proposal for landscape-level treatments to the leadership teams of the BLM and USFS and both agencies have embraced the idea and are working on developing projects that will meet that expectation – e.g. the Middle Applegate Pilot Project which has drawn national attention with the recent visit from the Secretary of Interior and the expansion of Pilot Projects in the Rogue Basin from one to three. The Applegate Pilot is being used as a model for Agency - Community collaboration. We are going into our second year with community members participating on the Agency ID Teams and the community is taking the lead on all party monitoring.
- Funds are in place in both agencies to move ahead on landscape-level management.
- Intention is to reinvigorate the Applegate Adaptive Management Area (AMA) and for the agencies to use the Applegate for cutting edge management activity.
- One of our major targets for the Applegate AMA to be a model for Full Ecosystem Service Accounting. The primary guideline is that it be ecologically driven, socially acceptable, and economically viable.



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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May 30, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item K: OWEB Acquisitions Program
June 12-13, 2012 OWEB Board Meeting**

I. Introduction

This staff report provides an update on a number of components of the acquisitions program including acquisition closings since January, an update on the Long Term Land and Water Protection Task Force, and progress on the Agency/Funder Panel, monitoring contract and upcoming process committee. This report is for information purposes only.

II. Background on Acquisitions Program

OWEB has provided funding for fee title purchase or conservation easements for over 50 properties since 2000. Currently, over 20 projects have been initially recommended for due diligence by the Board and are awaiting completion of due diligence to receive Board approval to fund the projects.

In part based on that backlog, in January, the OWEB Board took two steps. First, it placed a moratorium on new Acquisition applications through the April 2013 grant cycle. Second, it asked OWEB staff to complete a full review (internal and external) of the Acquisitions program. Following that guidance, staff are providing the Board with an update on progress relating to both items.

III. Backlog Progress

In February, OWEB staff entered into a contract with Planchon Consulting to assist both staff and acquisitions applicants with completing due diligence and expediting projects through the backlog process. Planchon Consulting is currently assisting with parts of four acquisitions at this time and staff are meeting with the consultant to provide additional tasks for acquisitions in the backlog.

Miriam Hulst, Acquisitions Specialist, has closed three transactions since the January 2012 Board meeting. The projects total an investment of \$1.8 million and permanently protect 865 acres, as follows:

Grant Number	Name	Region	Award	Acres
210-4023-8982	Camp Polk Addition-Pond	4	\$192,500	6
208-3090-9488	Mid-Willamette –Pitcher	3	\$187,000	54
209-112	Ecola Addition	1	\$1,400,000	805
TOTAL:			\$1,779,500	865

The Camp Polk Addition and Mid-Willamette projects are part of the Deschutes and Willamette SIPs, respectively.

IV. Long-Term Land and Water Protection Task Force

In April, OWEB staff worked with facilitators from DS Consulting to lead a two-day session with leaders from conservation, land trust, agriculture and environmental organizations. The primary purpose of the session was to get the perspective of these leaders on key areas of focus to achieve outcomes within OWEB’s ‘triple bottom line’ mission (ecological, economic and social). In addition, leaders were asked to provide tools that OWEB may want to consider in its long-term protection strategy. The summary report will be provided at the June Board meeting. Products from the meeting are being provided to the Agency/Funders Panel (discussed in more detail below). In addition to OWEB staff, three OWEB Board members participated and listened to feedback during the session.

V. Agency/Funder Panel

At the time of writing of this report, staff are again working with DS Consulting to convene a panel of local, state and federal agencies, as well as non-profits that fund various components of acquisitions or easements. Based on input and the results of the Task Force, this group will identify their areas of priority throughout Oregon and provide specific recommendations on the types of tools that the Board may want to consider using as a part of its Long-Term Land and Water Protection strategy. The panel will not provide specific geographic recommendations to the Board, but will participate in a mapping exercise designed to show where acquisitions and easements are currently prioritized and how OWEB may be able to leverage existing programs or participate in areas or with funding tools that will augment current programs in Oregon. Board members will participate in this group.

VI. Process Committee

Once the Board has deliberated on the recommendations of both the task force and panel discussed above, OWEB will convene a process committee of staff from land trusts, councils and districts involved with acquisitions/easements, and other agency staff who run similar programs. This committee will propose a process design for how OWEB’s acquisitions program might operate in the future. It is planned that a full report from the committee will be presented at the September Board meeting. Board members will be involved in this committee as well.

VII. Compliance and Effectiveness Monitoring

OWEB is responsible for completing monitoring on its existing easement and acquisition investments. This has not been completed consistently over the years due to limited staff capacity. In May, staff released a bid for multiple contractors to complete staged monitoring on all of OWEB’s properties. Contractors will monitor easement compliance and will also complete

baseline biological monitoring both on the property itself and on its impact to the surrounding watershed. The RFP closes at the beginning of June and an update will be provided to the Board on selected contractors at the June Board meeting.

VIII. Summary

The actions identified above are designed to provide the Board with as much information as possible to develop a strong Long-Term Land and Water Protection strategy as a part of the Board's Long-Term Investment Strategy Process. No action is requested of the Board at this time, but continual updates will be provided to the Board and the acquisitions subcommittee as the process moves forward throughout the summer.

APPROVED BY THE BOARD SEPTEMBER 11, 2012
Oregon Watershed Enhancement Board

June 12, 2012
OWEB Board Meeting
Keizer, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Patricia Smith
Dan Thorndike
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Wendy Hudson
Meta Loftsgaarden
Tom Shafer
Greg Sieglitz
Cindy Silbernagel

Others Present

Todd Reeve
Bruce Taylor
Tristan Perrotti
Gail Grogan Perrotti
Janelle Dunlevy
Amanda Rich
Kendra Smith
Krystyna Wolniakowski
Wayne Hoffman
Genoa Ingram
Heather Bartlett
Lisa Seales

Members Not Present

Bob Webber

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 March 13-14, 2012, Board meeting in Salem; and the April 18, 2012, Board meeting via telephone conference call were unanimously approved.

C. Long-Term Investment Strategy

Donna Silverberg, DS Consulting, updated Board members on the Listening Sessions. About 200 attended the Listening Sessions, with more than 50 on the Webinar held for the Salem session. A “survey monkey” was opened on June 5 and has received 63 survey responses to date. The survey is open until June 22 to allow others to comment. People at the sessions were friendly, supportive, and generally like OWEB. Each Listening Session had at least one Board member in attendance, with eleven total Board members attending the statewide sessions. Although the Listening Session report will not be ready until after the survey closes and is analyzed, she identified common themes heard at the sessions: communication, OWEB as a catalyst, partnerships, program shifts, monitoring and evaluation, outreach,

education/information, local capacity, streamline application processes, how to balance new initiatives.

Ms. Silverberg reported on the next steps. They will analyze comments received after the survey closes, finalize the report, and plan to make the report available to the public. The final report should be completed in July.

Board members commented on the importance of the face-to face communications through the listening sessions, the growing importance of monitoring and evaluation, as well as communication and outreach. Another common theme was how to collect data and make it accessible.

Following Ms. Silverberg's presentation, a "Funders Panel" convened to describe their experiences, ideas, observations, and lessons learned through similar efforts of developing investment portfolios. The panel members were:

- Krystyna Wolniakowski, National Fish and Wildlife Foundation
- Todd Reeve, Bonneville Environmental Foundation
- Doug Stamm, Meyer Memorial Trust

D. Public Comment – General

- Wayne Hoffman, MidCoast Watersheds Council, expressed his views regarding the Long-Term Investment Strategy, and the importance of continuing to focus on restoration.
- Tristan Perrotti, Seven Basins Watershed Council, commented on the importance of youth outreach and engaging youth in the Long-Term Investment Strategy. He also mentioned a youth summit for teens involved in watersheds that will take place in August.
- Gail Grogan Perrotti, Seven Basins Watershed Council, commented on the importance of outreach in OWEB's long-term spending plan.

At the conclusion of the morning meeting, OWEB Board members and staff went on a tour of project sites in the Calapooia watershed including the Sodom Dam removal and channel restoration. The tour was conducted by representatives of the Calapooia, and North and South Santiam Watershed Councils.

APPROVED BY THE BOARD SEPTEMBER 11, 2012

Oregon Watershed Enhancement Board

June 13, 2012

OWEB Board Meeting

Keizer, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Alan Henning
Debbie Hollen
John Jackson
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Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Morgan Rider
Patricia Smith
Dan Thorndike
Karl Wenner
Bill White

OWEB Staff Present

Kyle Abraham
Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Cyrus Curry
Renee Davis-Born
Carolyn Devine
Meta Loftsgaarden
Cecilia Noyes
Ashley Seim
Tom Shafer
Greg Sieglitz
Cindy Silbernagel

Others Present

A.D. "Gus" Meyer
Heather Rickenbach
John Byers
Jerry Ward
Traci Price
Eric Riley
Jim Myron
Mark Stern

Members Not Present

Mike Haske
Eric Quaempts
Bob Webber

Governor Kitzhaber attended part of the morning session of the meeting to personally receive the Roger Wood Memorial award, which he was awarded at the 2010 OWEB Biennial Conference, but was unable to attend. He appreciated receiving the award and all it stands for. The Governor thanked the OWEB Board and staff for their service. He commented that OWEB was wise to revisit programs and policies as a result of the passage of Measure 76. The Governor wants to re-energize the Oregon Plan for Salmon and Watersheds by announcing Oregon Plan II this summer. Oregon Plan II will involve a broader definition of watershed focusing on water quality, sage brush ecosystems, fish recovery, forest health and connecting community and economy. With scarce state resources, the Governor thinks we need to get beyond single-purpose investments.

After the Governor's departure, Brett Brownscombe, the Governor's Natural Resources Policy Advisor updated Board members on new Governor's Office staff: Tom Tuchman will focus on O&C lands and federal forest financing; and Gabriela Goldfarb will focus on marine, air, toxics, and water.

Brownscombe sees OWEB's Long-Term Investment Strategy fitting well with direction of Oregon Plan II. Oregon Plan II is "statewide programs to achieve environmental outcomes." The funders include more than just OWEB, and outcomes are not just "current service level" budgets. There needs to be a return on investment for conservation investments, based on strategic prioritization. Success can be measured both in environmental and economic (jobs) outcomes.

Federal Forest collaboratives are an economic and conservation approach and a multi-agency effort (OWEB, ODF, and ODOE). Increased management of federal forests is a Governor's office priority. There will be a dialogue with state legislature and USFS about partnerships and funding.

E. Executive Director Update

- Bob Webber recently replaced Skip Klarquist as the Oregon Fish and Wildlife Commission representative on the Board.
- Director Byler and Board Co-Chair Dan Thorndike, traveled to Washington DC the week of May 14 to meet with representatives of Oregon's Congressional delegation and leaders of federal natural resource agencies. Brett Brownscombe, the Governor's Natural Resources Policy Advisor, traveled with them and attended most of the meetings.
- Melissa Leoni left OWEB for a promotion as the Government Relations Manager at the Oregon Employment Department.
- The Ecological Society of America (ESA) selected Ken Bierly as the recipient of the Society's 2012 Regional Policy Award. The award recognizes an individual who has an outstanding record of informing decision-making with ecological science. The ESA recognizes Ken's accomplishments to support Oregon rivers, wetlands and natural areas during his career. Ken will receive the award at the ESA Annual Conference Opening Plenary Session on August 5, 2012, in Portland.
- Director Byler briefly mentioned the Upper Klamath SIP and Watershed Council Support.
- OWEB staff were recently told that Oregon was awarded \$12.75 million of the \$65 million total PCSRF award for 2012. Staff will await receipt of the formal letter which will outline the award and any stipulations. For the 2012 application process, NOAA asked applicants to base their request on four priorities. OWEB, on behalf of Oregon, submitted the application and requested \$30 million with 90 percent for priority 1, and 10 percent for priority 3.
- The OWEB Board needs to meet via telephone conference call in July to consider staff recommendations and request Board approval of grant types to solicit for the October 22, 2012, grant cycles.

F. Budget and Spending Plan Update

Tom Byler, Executive Director, updated Board members on OWEB's 2011-2013 budget and spending plan, and 2013-2015 budget planning.

At the beginning of the biennium, the Legislature imposed a 3.5 percent hold-back of General Funds and Lottery Funds for all state agency budgets. In the fall of 2011, all state agencies supported by General Funds or Lottery Funds developed a 10.5 percent reduction options list prioritized in 3.5 percent increments, with the initial hold-back as the first increment of the reduction list. Lottery funds have remained flat. The 3.5 percent hold-back will not be restored in agency budgets amounting to approximately a \$1.9 million cut to OWEB grant funds.

Board members were provided with a summary of the 2011-2013 spending plan showing board awards to date and funds remaining, as well as a summary of the agency's operations budget.

Governor Kitzhaber launched the 10-Year Plan for Oregon as a way to redesign how state government builds its budget and makes investment decisions. Therefore, the process for developing the state agency budgets is different than in previous years. The new process organizes the state budget into five major outcome areas: education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. Program funding teams are being developed in each outcome area to work with the Governor's office on preparing the budgets.

G. Public Comment – General

- Traci Price, Oregon Community Foundation, supported keeping funding available for an Outreach offering in October 2012 grant cycle.

H. Soil and Water Conservation District Support Update

The following representatives provided Board members with updates on funding awarded to Oregon's 45 soil and water conservation districts to implement the Oregon Plan for Salmon and Watersheds and Agricultural Water Quality Management Plans.

- John Byers, Heather Rickenbach, and Eric Nusbaum, Oregon Department of Agriculture
- Jerry Ward, Soil and Water Conservation Commission
- Jerry Nicolescu, Oregon Association of Conservation Districts
- Ron Graves, Wasco SWCD

The panel provided a summary of the process that is used to develop annual work plans that lead to capacity funding for SWCDs. The process is different than that used for watershed councils as the Oregon Department of Agriculture is the lead for these investments. With the passage of Measure 76, OWEB now distributes funding. The system as it now exists is designed to use the expertise of ODA while complying with Measure 76 requirements for grant funding through OWEB.

I. Whole Watersheds Restoration Initiative (WWRI)

Ken Bierly, Senior Partnerships Coordinator, presented a request to redirect WWRI funding for a project that has run into significant delays be shifted to a program evaluation effort of the WWRI.

EcoTrust and the National Marine Fisheries want to evaluate the program to see if more specific standards for completion and rules for choosing additional focal watersheds can be developed. The evaluation is expected to be completed in December 2012. Funding for the evaluation has already been awarded by EcoTrust and NOAA Fisheries.

Board members unanimously approved the staff recommendation to authorize the Director to reallocate \$15,000 of project funds previously awarded for the Farmer Creek project to partially fund a program evaluation of the Whole Watersheds Restoration Initiative.

J. Forest Health

Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystems Program Coordinator, provided background information on the work of local forest collaborative partnerships (forest collaboratives) around the state. Updates were also provided on the January 2012 grants in support of federal forest collaboratives, and recent progress by the Governor's Office, state and federal agency partners and others on a long-term funding plan for the forest collaboratives.

At the January 2012, meeting, the Board awarded \$345,340 to support the first phase of a proposal by The Nature Conservancy (TNC) and Oregon Solutions to make progress on work plans for January to September 2012. TNC is providing scientific support, technical assistance, and facilitation to forest collaboratives, are developing restoration principals and guidelines, and evaluating approaches to improve planning and implementation efficiencies. They are also conducting research on innovative funding strategies to accelerate forest restoration. Oregon Solutions is supporting implementation of the Federal Forestlands Advisory Committee (FFAC) recommendations through coordination of the statewide Implementation Working Group (IWG) process, and providing assistance to local forest collaboratives. Board members were provided with highlights of the accomplishments to date for both the TNC and Oregon Solutions work, including a brief comment from Mark Stern, TNC, regarding his organization's work in southwestern Oregon.

In addition, staff also provided Board members with two additional updates about: An in-development "National Forest Health Restoration Economic Assessment," which will assess the feasibility and economic impact of treating up to 500,000 acres per year of national forest lands in frequent-fire forests in a subset of national forests in Oregon. A funding request from the Governor's Office (associated with the Oregon Plan/Governor's Priorities line item in the OWEB 2011-13 Spending Plan) may come before the Board in September 2012 to help support this work.

Work by an IWG-convened Funding Subcommittee that is exploring options for bridging the gap between current funding that is available for forest restoration and the anticipated funding needed to undertake this work a larger scale. The subcommittee is actively working to address funding needs for both on-the-ground forest restoration at a larger scale and the support of forest collaboratives and associated work. To address the second issue, the subcommittee has drafted a 2013-2015 Policy Option Package (POP). The POP may request funding for state agency coordination on federal forest restoration issues, local capacity support/administration for collaboratives, and planning and technical services in support of the collaboratives. No specific funding source has been identified to date. Given the January 2012 Board awards in support of forest collaboratives, staff are continuing to track and be involved in these discussions.

Staff posed several questions to the Board regarding OWEB's potential role in forest restoration initiatives and policy direction associated with work, and will continue discussions about these topics with the Monitoring, Research and Ecosystem Services Board Subcommittee and through outreach to Board members.

K. Acquisition Program Update

Meta Loftsgaarden, Deputy Director, and Miriam Hulst, Acquisitions Specialist, updated Board members on steps made to address different components of the acquisitions program.

Since 2000, OWEB has provided funding for fee title purchase or conservation easements for over 50 properties. Over 20 projects are in the queue awaiting completion of due diligence to receive Board approval to fund the projects.

OWEB staff contracted with Planchon Consulting to assist both staff and acquisitions applicants with completing due diligence and expediting projects through the backlog process. Three transactions have been closed since the January 2012 Board meeting totaling \$1.8 million.

Staff working with DS Consulting convened a Long-Term Land and Water Protection Task Force consisting of leaders from conservation, land trust, agriculture and environmental organizations. They met in April for a two-day session to get their perspective on key areas of focus to achieve ecological, economic, and social outcomes to support OWEB's mission. In addition, staff working with DS Consulting plan to convene a panel of local, state, and federal agencies, as well as non-profits that fund various components of acquisitions or easements. This panel will identify their areas of priority throughout Oregon and provide recommendations on the types of tools the Board may want to consider using as part of its Long-Term Investment Strategy. Once the Board has deliberated on the recommendations of both groups, OWEB will convene a process committee of staff from land trusts, councils, and districts involved with acquisitions/easements, and others who run similar programs to propose a process design for how OWEB's acquisitions program might operate in the future. The full report from the committee will be presented at the September Board meeting.

OWEB also has two contractors on Board (Roger Borine and Ed Alberson) to work on compliance and effectiveness monitoring of acquisitions.

L. Other Business

There was none.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Revised - Special Meeting Notice

July 17, 2012
1:00 p.m.

State Lands Building
Third Floor, Conference Room 303
775 Summer Street NE, Salem

Please note: This is a revised agenda.

The Oregon Watershed Enhancement Board will meet on Tuesday, July 17, 2012, at 1:00 p.m. via telephone conference call to take action on the following:

- A. Consider funding for Acquisition Application 209-104.; ~~and a fund shift for Acquisition Applications 211-114 and 211-115.~~ *[NOTE: Consideration of applications 211-114 and 211-115 will not occur at the July 17 conference call meeting. Pending further review of the proposed restoration associated with the projects, OWEB will consider funding for these applications at the September 11-12, 2012 meeting.]*
- B. Approve the solicitation of grant offerings for the October 2012 grant cycle; and an update to 2011-2013 spending plan.

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 items 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 Friday, July 13, 2012.

Staff reports will be available on OWEB's web site www.oregon.gov/OWEB prior to the meeting, and Board decisions on the agenda items will be posted on the web site after the meeting.



Oregon

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July 11, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director
Miriam Hulst, Acquisitions Specialist

SUBJECT: Agenda Item A: Acquisition Funding Decisions

1. Fund Shift: Acquisition Applications 211-114 and 211-115
2. Funding Decision: Acquisition Application 209-104

I. Introduction

This report seeks Board action on three acquisition-related projects. Staff recommend the Board shift Lottery funding for two Coastal Wetlands acquisition projects (211-114 and 211-115) to restoration funding. These are summarized under Items II and III below, with budget changes indicated in Attachments A and B to the staff report. The two projects were approved for due diligence review and consideration at the January 19, 2012, Board meeting in Newport. This shift will not result in any additional funding needs, and will reduce the acquisition program backlog while still contributing funding to two projects previously recommended for due diligence by the Board.

This report also updates the board on the Cardwell Hills Acquisition Project (209-104) which was deferred for due diligence in 2008. The project includes a conservation easement and two fee-simple purchases. Due diligence is near completion on the two fee-simple purchases. Staff request board approval to fund that portion of the project, as summarized under Item IV below and Attachment C to the staff report.

II. Coquille Acquisition Project (211-115)

A. Coquille Valley Wetlands Protection and Restoration Funding

The project used a combination of Federal Coastal Wetland grant funds (\$1 million), OWEB funds (\$720,000), Oregon Department of Fish and Wildlife (ODFW) funds (\$115,000) and local match (\$671,000) for the acquisition of three properties and associated restoration in the Winter Lake area west of Coquille. The property will be transferred to ODFW to be managed as a wildlife management area. The partners are The Nature Conservancy (TNC), the Coquille Tribe, and ODFW. A spreadsheet is provided (Attachment A) outlining how funds were originally proposed to be distributed, along with the proposed fund shift.

B. Project Description

OWEB was awarded \$1 million in federal Coastal Wetlands Grant funds 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 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. The Winter Lake area is a diked area drained by the Beaver Slough Drainage District. ODFW is working with the landowners in the District to develop fish friendly tidegates and to restore tidal inundation to the acquired properties. Restoration is to establish a shrub swamp habitat available for waterfowl, juvenile salmon and other fish.

In January 2012, (Agenda Item L) the Board delegated authority to the director to enter into appropriate agreements to accomplish both the restoration and acquisition on this property. The Board indicated in its January approval that state funding would be approved once due diligence was completed

III. Miami Acquisition Project (211-114)

A. Miami River Estuary Acquisition Funding

The federal grant for the Miami River Estuary Acquisition is \$317,700 with state match from OWEB of \$150,000 and an additional local match of \$100,000. This project involves four separate properties; this request for fund shift is tied specifically to the Crabb property. Partners include TNC and Tillamook Estuary Partnership. A spreadsheet is provided (Attachment B) outlining how funds were originally proposed to be distributed, along with the proposed fund shift.

B. Project Description

The project will acquire and restore approximately 76.2 acres in the Miami River Basin in Tillamook Bay, including 56.7 acres of nationally declining wetlands. This proposal is the second of a multi-phased project to improve aquatic habitat by enhancing 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. This project involves the fee acquisition of three separate properties and a conservation easement on a fourth. The conservation acquisition will protect the significant restoration action conducted by the Tillamook Estuaries Partnership in 2009-2010.

In January 2012, (Agenda Item L) the board delegated authority to the director to enter into appropriate agreements to accomplish both the restoration and acquisition on this property. The board indicated in its January approval that state funding would be approved once due diligence was completed

IV. Cardwell Hills Acquisition Project (209-104) – Previously Deferred

A. Request

Benton County (the County) submitted an application in April 2008, requesting \$385,230 to purchase conservation easements on five properties near Philomath, in the Cardwell Hill area. Due to changes in landowner interest, the County revised the application in January 2011, to request \$136,700 to purchase a conservation easement on one of the properties, and to purchase two of the properties in fee simple. The two proposed fee simple purchases, which the County refers to as a single property, the “Crisp-Liddell Property,” are ready for a Board funding decision. The County requests \$95,200 for the Crisp-Liddell Property. The conservation easement purchase is not ready for a Board funding decision at this time.

B. Conclusion

Based on the information provided by the County in the grant application, the opinion of the RRT, input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$95,200 in funding for the County’s purchase of the Crisp-Liddell Property, with the funding conditioned on:

1. The Crisp-Liddell seller and the County agreeing to a form of warranty deed that is acceptable to staff; and
2. The title company agreeing to provide title insurance in a form that is acceptable to staff.

Background information on the project is provided in Attachment C to the staff report.

V. Staff Recommendation

Staff recommend the Board:

- A. For the Coquille Project (211-115), as identified in the 2010 federal grant applications described in the January 2012 staff report and summarized under Item II above and Attachment A:
 1. Approve Lottery funds in the amount of \$720,000 for restoration.
 2. Delegate to the Director the authority to enter into the appropriate grant agreements for restoration, acquisition and associated costs using federal Coastal Wetlands grant funds
- B. For the Miami Project (211-114), as identified in the 2010 federal grant application described in the January 2012 staff report and summarized under Item III above and Attachment B:
 1. Approve Lottery funds in the amount of \$27,000 for restoration.
 2. Delegate to the Director the authority to enter into the appropriate grant agreements for restoration, acquisition and associated costs using federal Coastal Wetland grant funds.
- C. Award \$95,200 of Acquisition funds for Benton County’s fee simple purchase of the Crisp-Liddell Property associated with the Cardwell Hill Project (209-104).

Attachment A



The Nature Conservancy in Oregon
821 SE 14th Avenue
Portland, OR 97214-2537

tel 503 802-8100

fax 503 802-8199

nature.org/oregon

To: Meta Loftsgaarden and Ken Bierly
From: Jena Carter and Steve Denney
cc: Heather Hollis, US Fish and Wildlife Service
Date: July 3, 2012
Subj: Coquille Valley Wetland Conservation and Restoration Project Reallocation Request

The Nature Conservancy is writing to propose an amendment to the Coquille Valley Wetland Conservation and Restoration Project.

An amendment is required at this time because two of the properties identified for acquisition in the initial grant - the 288 acre Bandon Biota (Winter Lake) tract and the 226 Roseburg Resources tract - are now being acquired by the Oregon Department of Fish and Wildlife (ODFW) directly via a land trade for ODFW timber lands in NW Coos and SW Douglas Counties. While a different acquisition mechanism is being used, the net result of this action will be ODFW ownership of the two parcels as proposed in the goals and objectives of the original grant.

As a result of the land trade, the Conservancy is now requesting that Oregon Watershed Enhancement Board (OWEB) funds originally dedicated to acquisition be reallocated to restoration activities on these two properties. The total acres protected under the Coquille Valley Wetland Conservation and Restoration Project will remain the same and restoration activities will now meet and/or exceed the restoration goals and objectives identified in the initial grant. Approval of this request will also simplify processing of the acquisitions and minimize associated workloads for OWEB staff.

Below is a budget summary of the Conservancy's request. Additional budget and restoration details are available via the OWEB Restoration Grant and an amendment to the USFWS National Coastal Wetlands Conservation Act grant for this project.

Summary Budget:

Source	Land acquisition	Restoration	Indirect Costs	Total	Reason for Change
USFWS	\$400,000 \$270,000 ¹	\$520,000 \$650,000	\$80,000	\$1,000,000	Move acquisition funds to restoration due to ODFW land trade
OWEB	\$720,000 \$0	\$0 \$705,000	\$0 \$15,000	\$720,000	Move acquisition funds to restoration due to ODFW land trade
ODFW	\$115,000 \$746,000			\$115,000 \$746,000	Increase in matching funds due to ODFW land trade
TNC	\$65,000 \$0	\$538,000 \$40,000		\$603,000 \$40,000	Decrease in matching funds due to ODFW land trade
Coquille Tribe		\$5,000 \$0		\$0	Decrease in matching funds due to ODFW land trade. Remains active project partner as non-contributing match.
Coquille H.S.		\$48,000 \$0		\$0	Decrease in matching funds due to ODFW land trade. Remains active project partner as non-contributing match.
Bandon H.S.		\$10,000 \$0		\$0	Decrease in matching funds due to ODFW land trade. Remains active project partner as non-contributing match.
Ducks Unlimited		\$5,000 \$0		\$0	Decrease in matching funds due to ODFW land trade. Remains active project partner as non-contributing match.
Total	\$1,300,000 \$1,016,000	\$1,126,000 \$1,395,000	\$80,000 \$95,000	\$2,506,000	

¹ Acquisition of the 107 acre property at Bandon Biota (Lowe Creek) and a 120 acre conservation easement are still planned for this grant utilizing USFWS National Coastal Wetland Conservation Act funds. OWEB funds will not be used for these activities.



The Nature Conservancy in Oregon
 821 SE 14th Avenue
 Portland, OR 97214-2537

Attachment B

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nature.org/oregon

to: Ken Bierly, OWEB

from: Jana Rofsky, The Nature Conservancy

cc: Heather Hollis, US Fish & Wildlife

date: April 9, 2012

re: The Miami Wetlands Conservation & Restoration Project / Reallocation Request

I am providing you with an amended budget for the Miami Wetlands Conservation and Restoration Project. As discussed, we would like to request that OWEB's portion of the Miami River (Crabb) conservation easement acquisition, in the amount of \$27,000, be reallocated to the Coastal Wetlands Grant and \$27,000 in the West Side Road Removal budget be reallocated to OWEB. The purpose of this reallocation is to simplify processing of the Crabb project and minimize workload demands associated with having acquisition funding from both OWEB and the USFWS. The total acres protected and acres restored under the Miami Wetlands project remain the same.

Table 1: Budget

Activity	Federal Request	Matching Funds	totals	Source of Matching Funds
Phase 2				
Project Management/Fiscal	\$6,000	\$0	\$6,000	
Planting & Material Installation	\$40,750	\$0	\$40,750	
Materials	\$12,417	\$0	\$12,417	
Post-Project Monitoring	\$0	\$0		
Plant Maintenance	\$0	\$0		
Acquisitions and easement*	\$185,000	\$150,000	\$385,000	OWEB
	\$212,000	\$123,000		Loren Parks (landowner)
West Side Road Removal	\$50,000	\$0	\$50,000	
	\$23,000	\$27,000		
Stewardship & endowment		\$50,000	\$50,000	The Nature Conservancy
SUBTOTAL	\$294,167	\$250,000	\$544,167	
Indirect Costs	\$23,533		\$23,533	
TOTAL	\$317,700	\$250,000	\$567,700	

* Of this amount, \$27,000 is shifted from Acquisition to Restoration for the Miami Project from Lottery Funds; the equivalent amount is shifted from federal funds as a replacement.

Summary of Crisp-Liddell Acquisition

A. Ecological Benefits

The application states that the purchase of the Crisp-Liddell Property will protect 28.31 acres of Western Oregon upland prairie, one of the largest known populations of endangered Fender's blue butterfly, and the butterfly's threatened host plant, Kincaid's lupine. The application states that the County's Natural Areas and Parks Department will manage the property for the protection of listed species, and more generally, native upland prairie biodiversity. The application states that the purchase will protect a site with exceptional biodiversity, improve the connectivity of habitat, and enable restoration that otherwise would not take place.

Management actions, which will include controlling invasive species, controlling woody vegetation encroachment, and augmenting native nectar species, will be undertaken by the County under the framework of its Prairie Species Habitat Conservation Plan (HCP). The County developed the HCP in cooperation with the U.S. Fish and Wildlife Service. The HCP describes how the County will avoid, minimize, and mitigate impacts to threatened, endangered, and critically rare native prairie species. The HCP ensures that any restoration of rare prairie species populations is conducted where it will contribute the most to conservation of the species. Through the HCP, the County and its cooperators have developed a network of conservation sites, to which the Crisp-Liddell Property will be added.

The RRT felt that the proposed acquisition has high ecological value largely because it provides a significant benefit to Kincaid's lupine and Fender's blue butterfly.

B. Capacity to Sustain the Ecological Benefits

The application states that the County's Natural Areas and Parks Department manages more than 1,000 acres of natural areas, including Beazell Memorial Forest, Jackson-Frazier Wetland, and Fitton Green Natural Area. The application states that all of these sites contain prairie habitats, which the County has been actively managing to remove invasive species, slow ecological succession, and promote native species diversity. The County has cooperated with the RARE (Restoration and Reintroduction Education) Partnership, a division of the Institute for Applied Ecology, to introduce populations of Kincaid's lupine at Beazell Memorial Forest and Fitton Green Natural Area. The County cooperates with the Xerces Society and the U.S. Fish and Wildlife Service to manage a private site supporting one of only two known occurrences of Taylor's checkerspot butterfly in Oregon.

C. Educational Benefits

The application states that the County will prepare a brochure describing the project and its benefit to at-risk species, include information about the project on the County web site, and cooperate with Marys River Watershed Council and U.S. Fish and Wildlife Service to provide guided site tours. The application also states that the County will encourage scientific research and monitoring.

The RRT concluded that the project has medium educational value, stating that there could be benefits from County collaboration with Oregon State University.

D. Partners, Project Support, and Community Effects

The County will match OWEB's funds with an award from the U.S. Fish and Wildlife Service's Cooperative Endangered Species Conservation Fund Recovery Land Acquisition Grant Program (Section 6 Program).

The application states that the project is supported by the U.S. Fish and Wildlife Service, Oregon Department of Fish and Wildlife, Greenbelt Land Trust, and Marys River Watershed Council.

The application states that this acquisition will underscore the importance of conserving the remaining upland prairie in the Cardwell Hill area, Benton County, and all of Oregon. The County hopes this acquisition will help citizens realize the value of prairie ecosystems, and encourage conservation on other private lands.

E. Legal and Financial Terms

The County intends to match OWEB's funds at 100%, with U.S. Fish and Wildlife Service's Section 6 funds comprising \$95,200 of the \$190,400 purchase price. The purchase price was established by appraisals dated June 15, 2010, prepared by Robert E. Hugie, MAI. Mr. Hugie updated the appraisal information on August 13, 2010. OWEB's review appraiser at the Department of State Lands determined that the appraisals met established standards and were sound. The valuation date of the appraisals is more than 18 months prior to the transaction closing, and therefore the Director could require updated appraisals under OAR 695-045-0120. However, in the interest of timely closings for projects in the acquisition backlog, and the relatively small amount of grant funds being requested for this transaction, the Director determined that requiring appraisal updates would not be in the best interests of OWEB and the County.

The Department of Justice (DOJ) reviewed the title and purchase and sale agreement for the Crisp-Liddell Property. In its review, DOJ stated that the transaction is challenging for a variety of reasons, but nonetheless recommended proceeding as proposed, with two important caveats:

- 1) Staff should strengthen the proposed warranty deed, taking into account suggestions from DOJ; and
- 2) Staff should confirm, via receipt of an updated proforma title policy, that the title company is prepared to issue title insurance in a form that is acceptable to staff and takes into account suggestions from DOJ.

Staff feel that it is important to ensure that the warranty deed and title insurance soundly protect OWEB's investment, and therefore have conditioned a funding recommendation on the acceptability of these documents to staff. The County has agreed to OWEB's form of conservation easement, which will also protect OWEB's investment.

An environmental site assessment (ESA), prepared by Omnicon Environmental Management and dated June 19, 2009, was reviewed by the Department of Environmental Quality (DEQ) and found to be insufficient. Upon receipt of additional information from Omnicon, DEQ determined that the ESA generally met established standards, and that no further assessment or investigation was necessary for the property. The date of the ESA is more than 18 months

prior to the transaction closing, and therefore the Director could require an updated ESA under OAR 695-045-0120. However, in the interest of timely closings for projects in the acquisition backlog, and the relatively small amount of grant funds being requested for this transaction, the Director determined that requiring an ESA update would not be in the best interests of OWEB and the County. The Director instead requested that the County conduct its own environmental review of the property, consisting of a site visit, interviews with the property owners, and written documentation that environmental conditions have not changed since the ESA was completed. The County submitted the information requested by the Director.

F. Policy Considerations

In May 2008, the Board Acquisitions Subcommittee did not recommend proceeding with a due diligence review of the application because OWEB staff and the Subcommittee were concerned about legal and policy issues related to the use of mitigation fee funds to manage the properties proposed for acquisition, and the long-term management of the properties.

Between May 2008 and January 2009, Melissa Leoni, OWEB Senior Policy Coordinator, worked to develop a mitigation policy, which was presented at the January 2009 Board meeting, and approved by the Executive Director on April 27, 2009. The policy states that 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.

Consistent with the policy, the County provided assurances that the HCP would not require or otherwise mention the properties proposed for acquisition, U.S. Fish and Wildlife Service would not require the purchase of the properties under the HCP or associated incidental take permit, and the County would not count the acquisitions as mitigation under the HCP. In materials provided to staff, the County stated that mitigation at the properties will be only in the form of enhancements above the baseline conditions of the properties at the time of the purchases, and will be clearly separable from the act and cost of the acquisitions. Staff and the Board Acquisitions Subcommittee were satisfied that these assurances made the project consistent with OWEB's mitigation policy. The County began due diligence at the direction of the Board Acquisitions Subcommittee.

In June 2012, the County provided additional information to staff regarding its intended long-term management of the Cardwell Hill properties it will acquire. The County stated that in exchange for the incidental take permit the County was issued under the HCP, the County is obligated to carry out the conservation measures identified in the HCP. The conservation measures include conserving, enhancing, and increasing the distribution and connectivity of the prairie species covered by the HCP.

The County stated that the budget for the Natural Areas and Parks Department includes a cost center specifically for the HCP, enabling the County to track HCP-related revenues and

expenditures, including habitat management activities. The County has obtained private and public grants of \$5,000 to \$15,000 annually to assist with prairie species habitat management and restoration. A non-profit organization, spearheaded by members of the Parks and Natural Area Department's Advisory Board, will assist with funding for the department's programs, including a proposed endowment for habitat management and enhancement projects. The remainder of costs associated with management of the County's natural areas, including the Cardwell Hills acquisitions, will be funded by the County's General Fund.

G. Conclusion

Based on the information provided by the County in the grant application, the opinion of the RRT, input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$95,200 in funding for the County's purchase of the Crisp-Liddell Property, with the funding conditioned on:

- 1) The Crisp-Liddell seller and the County agreeing to a form of warranty deed that is acceptable to staff; and
- 2) The title company agreeing to provide title insurance in a form that is acceptable to staff.



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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July 11, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board
FROM: Tom Byler, Executive Director
SUBJECT: Agenda Item B: Spending Plan and October Grant Cycle Update
July 17, 2012 OWEB Board Meeting

I. Introduction

This staff report seeks Board approval of a proposed updated spending plan to guide OWEB grant investments for the remainder of the 2011-2013 biennium. The spending plan update is based on the award of Pacific Coastal Salmon Recovery Fund (PCSRF) grant funds to OWEB for Federal Fiscal Year 2012. In addition, staff seek Board approval for the solicitation of grant offerings for the October 2012 grant cycle.

II. 2012 Pacific Coastal Salmon Recovery Fund Grant Award

The Board approved OWEB's 2011-2013 spending plan at the January Board meeting and updated it at the March Board meeting. The spending plan guides the agency's grant investments for the biennium, and is comprised of Lottery Funds, federal funds, and salmon license plate revenue. In January and March, the Board indicated that the spending plan would be adjusted once OWEB was informed of its 2012 PCSRF award. The Board also indicated that offering Outreach and Monitoring grant types for the October 2012, grant cycle, was dependent on FFY 2012 PCSRF.

Last March, the National Marine Fisheries Service (NMFS) announced the funding opportunity in the Federal Register for PCSRF 2012 funding. A total of \$65 million in funds was made available for the offering. Following a NMFS program review with grant recipients, new priorities were documented in the grant application solicitation for the 2012 PCSRF grant funds. The priorities are as follows:

1. Projects that address factors limiting the productivity of ESA-listed Pacific salmonids as specified in approved, interim or proposed Recovery Plans. This includes projects that are a necessary precursor to implementing priority habitat actions for ESA-listed salmonids (e.g., project planning/design).
2. Projects that restore or protect the habitat of anadromous salmonids that are at-risk of being ESA-listed or are necessary for exercise of tribal treaty fishing rights or native subsistence fishing. This includes projects that are a necessary precursor to implementing habitat actions (e.g., project planning/design).

3. Effectiveness monitoring of habitat restoration actions at the watershed or larger scales for ESA-listed anadromous salmonids, status monitoring projects that directly contribute to population viability assessments for ESA-listed anadromous salmonids, or monitoring necessary for the exercise of tribal treaty fishing rights or native subsistence fishing on anadromous salmonids.
4. Other projects consistent with the Congressional authorization with demonstrated need for PCSRF funding. This includes habitat restoration and planning projects not included in the above priorities, as well as outreach, coordination, research, monitoring, and assessment projects that can be justified as directly supporting one of the priorities.

The priorities are in rank order and decreased funding will be provided to priorities two through four. Applicants' grant requests were capped at a maximum of \$30 million. OWEB, on behalf of Oregon, requested the maximum possible and split the application with \$27 million requested for priority one and \$3 million or 10 percent requested for priority three. This strategy capitalized on the theoretical highest possible scoring outlined by NMFS.

With an emphasis of the new priorities and funding for projects on-the-ground, PCSRF will need to be used differently than it has been over the previous 11 years. This will result in a significant departure from the use of PCSRF to support the capacity of local organizations and state agency programs.

In June, staff were notified that OWEB was awarded \$12.75 million of the 2012 PCSRF funds. After taking care of PCSRF pass-through obligations for legislatively budgeted ODFW programs for this biennium, staff recommend \$6.6 million be used to support 2011-2013 OWEB grant needs. Of the \$6.6 million, OWEB can expend \$5.6 million using currently available expenditure limitation. Staff will request an additional \$1.0 million of expenditure limitation from the legislative Emergency Board when it convenes in September.

Under this scenario, \$5.3 million of PCSRF will be available for use next biennium. Staff do not recommend seeking legislative approval to spend the entire 2012 grant in 2011-2013 because future PCSRF dollars are uncertain and it is prudent to reserve some of the 2012 PCSRF funds for the 2013-2015 biennium.

III. 2011-2013 Spending Plan Update

Staff recommendations on how to incorporate the \$6.6 million of PCSRF into the 2011-2013 OWEB spending plan are outlined in Attachment A.

The table's Column 1 shows the overall funding made available by the board for different OWEB program areas prior to the award of FY 2012 PCSRF. Column 2 indicates staff recommendations for use of the additional \$6.6 million in the spending plan, taking into consideration the Board's preferences from the January meeting and the priorities for PCSRF investments. Column 3 shows the total funds for spending plan items, including the July PCSRF recommendations. Column 4 specifies the total Board awards, to date, for each spending plan item. Column 5 shows the total remaining funds for each line item, including the July PCSRF recommendations.

At the January 2012 Board meeting, Board members indicated their interest in significantly supplementing the Regular Grant Program with new PCSRF dollars. Staff agree, but also note that it is important to recognize the clear priorities and restrictions on FY 2012 PCSRF and as a result, recommend the following allocation under the assumption that OWEB will have a total of \$6.6 million to expend:

- Add \$2.55 million to Regular Grants for Restoration
- Add \$250,000 to Regular Grants for Technical Assistance
- Add \$800,000 to Regular Grants for Monitoring
- Add \$500,000 to Regular Grants for Outreach
- Add \$500,000 to the Deschutes SIP
- Add \$500,000 to the Willamette SIP
- Add \$500,000 for Effectiveness Monitoring
- Add \$1.0 million to the Oregon Plan/Governor's Priorities

IV. Proposed Grant Offerings for October 2012, Grant Cycle

The Board has broad authority and discretion regarding OWEB grant offerings. Under Oregon Administrative Rule (OAR) 695-004-0010, "the Board may allocate funds to support projects for restoration, monitoring, technical assistance, education and outreach. . . ." (emphasis added). 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 2003-2005 biennium, but the types of grants offered have varied by cycle. The Board typically sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB's legislatively adopted budget and Board approved spending plan.

OWEB typically solicits for Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring applications in each October grant cycle, and Restoration, Acquisition, and Technical Assistance applications at each April cycle. Assessment applications have been periodically solicited; the last offering was in the April 2008 grant cycle.

At its January 2012 meeting, the Board approved an update for the biennium's grant offerings:

- Four cycles for Restoration and Technical Assistance (April 2011, October 2011, April 2012, and October 2012).
- One cycle (October 2011) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined, depending on additional PCSRF or other funding, and Board priorities.
- Land Acquisitions offered only in April 2011 and October 2011, as discussed in Item E-1 and Item K staff reports.

Based on the FFY 2012 PCSRF award, staff recommend adding Outreach and Monitoring to the October 2012 grant cycle. The Board should also clarify that Water Acquisition applications will be accepted in the October 2012 cycle.

V. Recommendation

Staff recommend the Board:

- A. Approve the update to the OWEB 2011-2013 Spending Plan as contained in Attachment A to this report.

- B. Approve the OWEB grant offerings for the October 2012 grant cycle as proposed in Section IV of this report.

Attachment

- A. Proposed OWEB 2011-2013 Spending Plan – July 2012 update

**OWEB 2011-13 Spending Plan
July 2012 Teleconference Meeting**

	Spending Plan Jan 2012	Additional PCSRF July 2012*	Spending Plan July 2012	Board Awards to Date	Remaining Funds July 2012
Regular Grants:					
Restoration	26.400	2.550	28.950	14.050	14.900
Technical Assistance	2.000	0.250	2.250	1.133	1.117
Monitoring	1.700	0.800	2.500	1.279	1.221
Outreach	0.600	0.500	1.100	0.600	0.500
Assessments	0.000		0.000	0.000	0.000
June 2011 Grant Awards	1.300		1.300	1.300	0.000
TOTAL	32.000	4.100	36.100	18.362	17.738
% of assumed Total Budget	46.0%		47.3%		
Partnerships:					
Deschutes SIP	4.000	0.500	4.500	4.000	0.500
Willamette SIP	3.000	0.500	3.500	3.000	0.500
Klamath SIP	0.400		0.400	0.400	0.000
Whole Watershed Restoration Initiative	0.500		0.500	0.250	0.250
Conservation Reserve Enhancement Pgm TA	0.800		0.800	0.800	0.000
CREP	0.500		0.500	0.000	0.500
TOTAL	9.200	1.000	10.200	8.450	1.750
% of assumed Total Budget	13.2%		13.4%		
Acquisitions:					
Regular' Land and Water	6.650		6.650	1.919	4.731
Deschutes & Willamette SIP	2.000		2.000	2.000	0.000
TOTAL	8.650	0.000	8.650	3.919	4.731
% of assumed Total Budget	12.4%		11.4%		
Local Capacity:					
Capacity grants	12.300		12.300	12.300	0.000
TOTAL	12.300	0.000	12.300	12.300	0.000
% of assumed Total Budget	17.7%		16.2%		
Miscellaneous:					
Effectiveness Monitoring	0.500	0.500	1.000	0.000	1.000
Oregon Plan/Governor Priorities	1.250	1.000	2.250	0.345	1.905
Ecosystem Services	0.250		0.250	0.000	0.250
Business Practices	0.100		0.100	0.100	0.000
Weed Grants	2.500		2.500	2.500	0.000
Small Grants	2.800		2.800	2.800	0.000
Research	0.000		0.000	0.000	0.000
TOTAL	7.400	1.500	8.900	5.745	3.155
% of assumed Total Budget	10.7%		11.7%		
TOTAL	69.550	6.600	76.150	48.776	27.374

* Requests September Emergency Board approval for additional \$1million Federal Funds expenditure limitation
OWEB will also request \$800K for ODFW activities approved in PCSRF FFY12 (not included in spending plan)

APPROVED BY THE BOARD SEPTEMBER 11, 2012
Oregon Watershed Enhancement Board
July 17, 2012
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Patricia Smith
Dan Thorndike
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Sue Greer
Miriam Hulst
Meta Loftsgaarden
Greg Sieglitz
Cindy Silbernagel

Others Present

Jerry Nicolescu
Traci Price

Members Not Present

Sybil Ackerman
Debbie Hollen
John Jackson
Kim Kratz

A special meeting via telephone conference call was held on Tuesday, July 17, 2012, at 1:00 p.m. The purpose of the meeting was to take action on funding for Acquisition Application 201-104, and approve the solicitation of grant offerings for the October 2012 grant cycle, and an update to the 2011-2013 spending plan.

The telephone conference call meeting included a quorum of the Board. There was no public comment.

NOTE: Consideration of Acquisition Applications 211-114 and 211-115 did not occur at this conference call meeting. Pending further review of the proposed restoration associated with the projects, OWEB will consider funding for these applications at the September 11-12, 2012, meeting.

A. Funding Consideration for Acquisition Application 209-104

Meta Loftsgaarden, Deputy Director, briefed Board members on the acquisition, a fee simple purchase of the Crisp-Liddell Property associated with the Cardwell Hills Project, submitted by

Benton County. The regional review team gave the project a positive rating for ecological merit; there was no opposition presented at the public hearing. The project was previously deferred for due diligence and that is now complete. Staff recommended funding with the following conditions:

1. The Crisp-Liddell seller and the County agreeing to a form of warranty deed that is acceptable to staff; and
2. The title company agreeing to provide title insurance in a form that is acceptable to staff.

Board members unanimously approved to award \$95,200 of Acquisition funds for Benton County's fee simple purchase of the Crisp-Liddell property associated with the Cardwell Hills Project (209-104) subject to conditions listed in subsection IV.B. of the staff report (listed above).

B. Update to OWEB's 2011-2013 Spending Plan

Tom Byler, Executive Director, updated Board members on Oregon's recent PCSRF award and staff's recommended additions to the 2011-2013 spending plan.

Oregon was awarded \$12.75 million of the \$65 million total PCSRF award for 2012. For the 2012 application process, NOAA asked applicants to base their request on four priorities. OWEB, on behalf of Oregon, submitted the application and requested \$30 million with 90 percent for priority 1, and 10 percent for priority 3.

At the January 2012 Board meeting, Board members indicated their interest in significantly supplementing the Regular Grant Program with new PCSRF dollars. Staff agreed, but also noted that it is important to recognize the clear priorities and restrictions on FY 2012 PCSRF and as a result, recommended the following allocation under the assumption that OWEB will have a total of \$6.6 million to expend. OWEB staff intend to go to the Legislative Emergency Board in September 2012 to request additional expenditure limitation for a total of \$6.6 million in PCSRF funds for use in the 2011-2013 biennium. Staff recommended the following additions to the 2011-2013 Spending Plan. The total detailed amounts are shown in Attachment A to the staff report.

- Add \$2.55 million to Regular Grants for Restoration
- Add \$250,000 to Regular Grants for Technical Assistance
- Add \$800,000 to Regular Grants for Monitoring
- Add \$500,000 to Regular Grants for Outreach
- Add \$500,000 to the Deschutes SIP
- Add \$500,000 to the Willamette SIP
- Add \$500,000 for Effectiveness Monitoring
- Add \$1.0 million to the Oregon Plan/Governor's Priorities

Staff intend to keep \$5.3 million of the 2012 PCSRF funds for use in the next biennium.

Board members unanimously approve an update to the OWEB 2011-2013 Spending Plan as contained in Attachment A, as previously identified, to the staff report.

B. Grant Offerings for the October 2012 Grant Cycle

Lauri Aunan, Grant Program Manager, presented the staff recommended grant offerings for the October 2012 cycle. In January 2012, prior to receipt of PCSRF funds, the Board approved four cycles for Restoration and Technical Assistance; one cycle for Outreach and Monitoring; and only 2011 offerings of Land Acquisitions. Based on the 2012 PCSRF award, staff recommended adding Outreach and Monitoring, as well as Water Acquisitions to the October 2012 grant offering.

Board members unanimously approved the OWEB grant offerings for the October 2012 grant cycle as proposed in Section IV of the staff report. (Restoration, Water Acquisitions, Technical Assistance, Outreach, and Monitoring)

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board September 11-12, 2012

The Resort at The Mountain
68010 East Fairway Avenue, Welches
The Cascades Ballroom (Wy' East and Zig Zag)
Main Lodge, Second Floor

Directions: <http://www.theresort.com/gethere.php>

Tuesday, September 11, 2012

Business Meeting – 8:00 a.m.

During the public comment periods (Agenda Items E and K) 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 June 12-13, 2012, Board meeting in Keizer, and the July 17, 2012, Special Board meeting via telephone conference call will be presented for Board approval. *Action item.*

C. Forest Health Collaboratives

Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Ecosystem Program Coordinator, will request funding from the Board to continue its investment supporting Oregon Solutions and The Nature Conservancy in their roles assisting local federal forest collaboratives and the statewide Federal Forest Advisory-Implementation Work Group. Staff will also present a request for funding a portion of the State's economic assessment of forest health treatment on U.S. Forest Service lands. *Action item.*

D. OWEB Investment Tracking Tool

Greg Sieglitz, Monitoring and Reporting Program Manager, and Ashley Seim, GIS and Information Technology Specialist, will provide a demonstration for the Board of recent agency developments in online tools and technology designed to improve customer service, including the OWEB Investment Tracking Tool and the online project completion reporting for grantees. The presentation will include an outline of future developments in technology designed for the agency and stakeholders. *Information item.*

E. Public Comment – Pending Regular Grant Applications [approximately 10:20 a.m.]

Prior to hearing public comment, Lauri Aunan, Grant Program Manager, will provide background information on the April 16, 2012, grant cycle. This time is reserved for public comment on pending restoration and technical assistance grant applications to be considered for funding by the Board. Only comments pertaining to these 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 August 31, 2012, deadline. *The Board encourages persons to limit comments to no more than five minutes.*

F. Board Consideration of Pending Regular Grant Applications

The Board will consider grant applications submitted by the April 16, 2012, application deadline for restoration and technical assistance. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

Tour – 2:00 p.m.

The Sandy River Basin Watershed Council and Sandy River Partners will lead a tour of side channel and floodplain reconnection projects in priority anchor habitats along the Salmon and Sandy rivers. We'll walk through the actions and collaboration that have seen increased threatened Lower Columbia wild coho, Chinook and steelhead spawning and rearing immediately following implementation, and consider potential next steps in the coordinated, basin-scale restoration effort in the Sandy. Anyone is welcome to join the tour, but please be prepared to provide your own transportation.

Informal Reception – 5:00-6:00 p.m.

The public is invited to join the OWEB Board and staff at a reception sponsored by the Sandy River Basin Watershed Council and Sandy River Partners.

*Location to be determined
The Resort at The Mountain
68010 East Fairway Avenue, Welches*

Wednesday, September 12, 2012

Business Meeting - 8:00 a.m.

During the public comment periods (Agenda Items E and K), 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.*

G. Acquisitions Program Update

Meta Loftsgaarden, Deputy Director, will update the Board on the current status of acquisitions projects. The Board will consider initiating the rulemaking process to make adjustments to the acquisitions process for future grant cycles. *Action item.*

H. Executive Director Update

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

I. Budget and Spending Plan Update

Tom Byler, Executive Director, will update the Board on the 2011-2013 budget and spending plan, and preparations for the 2013-2015 budget. *Information item.*

J. Long-Term Investment Strategy

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, will review the latest activities to develop OWEB's Long-Term Investment Strategy, including a report on the Board planning session in July 2012 and next steps. The Board will accept public comment on this agenda item. *Information item.*

K. Public Comment - General [approximately 10:30 a.m.]

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

L. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will brief the Board on the progress on development of the new Watershed Council Support Outcome Based Review and Award Process and describe next steps for the process. *Information item.*

M. 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, September 11, 2012, at 10:20 a.m. The Board will not accept any written materials at that time. Any written comments pertaining to pending regular and acquisition grant proposals must be received by the August 31, 2012, 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, September 12 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.*

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: *Morgan Rider*
Fish and Wildlife Commission member: *Bob Webber*
Board of Forestry member: *Sybil Ackerman*
Water Resources Commission member: *John Jackson*
Public member (tribal): *Eric Quaempts, Board Co-Chair*
Public member: *Lisa Phipps*
Public member: *Will Neuhauser*
Public member: *Trish 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: *Jim Johnson*
Representative of U.S. Forest Service: *Debbie Hollen*
Representative of U.S. BLM: *Mike Haske*
Representative of U.S. NRCS: *Bill White*
Representative of U.S. EPA: *Alan Henning*

Contact Information

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Salem, Oregon 97301-1290
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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

2013 Board Meeting Schedule

Due to budget considerations, we are re-assessing scheduled Board meeting locations.

January 16-17, 2013
March 12-13, 2013
June 11-12, 2013
September 10-11, 2013



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



September 4, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager
Renee Davis-Born, Ecosystem Program Coordinator

**SUBJECT: Agenda Item C: Forest Health
September 11-12, 2012 OWEB Board Meeting**

I. Introduction

In this report, staff recommend the Board approve the second phase of funding in support of the federal forest collaborative processes for the remainder of the 2011-2013 biennium. Staff also recommend the Board approve funding to support the Oregon “National Forest Health Restoration Economic Assessment” that is underway.

II. Background

Fire suppression and other land-use changes during the last century have resulted in overstocked forests characterized by increased fuel loads and lower quality habitat for native species. The work of local forest collaborative partnerships, or “forest collaboratives” has been identified as an important vehicle for increasing the pace of forest restoration in a way that is ecologically sustainable, economically viable, and acceptable to diverse stakeholders. Currently, the Federal Forestlands Advisory Committee Implementation Working Group (FFAC-IWG), which consists of public- and private-sector and non-profit representatives, is working to promote active, landscape-scale restoration of federal forestlands utilizing the forest collaborative model. To date, the FFAC-IWG has focused its efforts on dry, fire-prone forests of eastern and southern Oregon.

During the last decade, over 20 forest collaboratives have formed around the state. These groups identify local forest health priorities through a community-based process, develop landscape-scale forest restoration plans, and develop agreement on active management and restoration approaches. Collaboratives bring together representatives from federal, state and local government, conservationists, timber interests, tribes and other local groups to develop a clearly defined vision and strategic goals for cooperative restoration. Several existing and emerging collaboratives include participation by watershed councils and soil and water conservation districts.

At the January 2012 meeting, the Board awarded \$345,340 to support The Nature Conservancy (TNC) and Oregon Solutions to implement the first phase of an 18-month proposed work period to provide support to the local collaboratives, conduct forest assessments and treatments and to

provide support to the FFAC-IWG through September of 2012. Concurrent with the Board consideration of the second 9-month phase of funding, the Board requested a progress update and status report from TNC and Oregon Solutions at the September Board meeting. (See Attachments A and B for highlights of accomplishments-to-date by TNC and Oregon Solutions, respectively.) At the June 2012 Board meeting, staff provided an early status update for the Board on progress made to date. This staff report and the presentation to the Board at the September meeting is intended to satisfy the requirement established by the Board in January.

At the January meeting, the Board also requested that staff participate in conversations about long-term funding options for forest health treatments and forest collaboratives and report back in September. This report and subsequent presentation at the meeting addresses that request.

III. Phase 2 of the Funding Proposal and Other Funding Considerations

TNC and Oregon Solutions developed 18-month work proposals that support local planning and implementation capacity of the forest collaboratives and address statewide coordination needs for the FFAC-IWG process (Attachments C and D). Phase 1 funding from OWEB was utilized by TNC and Oregon Solutions from January to September of 2012 to maintain critical momentum with local collaboratives while a longer term state policy and funding strategy is developed in concert with the Governor's Office and the Oregon Department of Forestry. These organizations now request Phase 2 funding from the Board, in the amount of \$351,341 (Oregon Solutions for \$103,000 and TNC for \$248,341, respectively) to continue the aforementioned work through the remainder of the 2011-13 biennium.

The Governor's Office, ODF, and the project applicants have signaled that they do not consider OWEB to be a long-term source of funding for their coordination efforts nor for local forest collaboratives. To address the need for ongoing funding to support forest restoration in Oregon, the FFAC-IWG Funding Subcommittee has drafted a legislative proposal (Attachment E) for the 2013-15 biennium. This draft proposal currently includes a high level position with the Oregon Department of Forestry working with the Governor's Office on federal and state policies, forest health and restoration issues, a grant program with funding for local capacity support/administration for collaboratives, and a grant program with funding for planning and technical services in support of the collaboratives. Currently, the subcommittee is deliberating on several topics including: structure of a program that would provide support to collaboratives; possible funding sources; and potential metrics for measuring the success of the program. Specifics about funding source(s), grant program structure for support of collaboratives and other details have not yet been articulated. Outreach about the proposal has begun with forest collaboratives, local policy makers, legislators, federal and state agency administrators, and the FFAC-IWG. Staff will provide updates to the Board about the status of these discussions and refinements to the proposal at future Board meetings.

IV. Development of an Oregon “National Forest Health Restoration Economic Assessment”

At the June Board meeting, staff informed the Board about increasing interest in and a plan to develop an economic assessment (Attachment F) of current and future forest health treatments on U.S. Forest Service lands in Oregon, this summer and fall. At that time, staff made the Board aware of a desire expressed by the Governor’s Office for the Board to consider assisting with funding a portion of the economic assessment given the leadership that OWEB had provided in funding the University of Oregon’s economic and job research pertaining to watershed restoration in recent years. At the September 2012 Board meeting, staff will present a funding proposal for assisting with the assessment.

As the State begins to explore a more significant role in and funding for forest health treatment on federal forest lands, the need for solid and current information on the economic feasibility of treating large areas has become more apparent. At the request of the Governor’s Office and Legislative leadership, and on behalf of the FFAC-IWG, the Oregon Department of Energy (ODOE) completed a competitive procurement process and hired Mason, Bruce & Girard, Inc. (MBG) and other subcontractors, including the former state economist. MBG will develop economic models to assess the costs and economic benefits of: treating and restoring between 165,000 and 330,000 acres annually; assess the challenges (including costs) and opportunities of collaboratives and community-based organizations as they relate to forest health restoration; compare and contrast expenditures vs. benefits; identify and evaluate potential barriers to and opportunities for large-scale forest restoration; discuss how various policy issues and/or economic scenarios might affect resource outputs; and publish a final report of the assessment findings. This information will complement standard economic analyses that are limited to economic benefits provided through generating “traditional” forest byproducts and do not capture the restoration economy contributions. The results of the assessment will be made available in mid-November of 2012.

Current funding partners for the assessment include Oregon Forest Resources Institute, ODF, TNC, ODOE, Oregon Business Council, Sustainable Northwest, and Association of Oregon Counties. The funding available for the work stands at \$82,500 and the project has a total budget need of \$100,000. The Governor’s Office has requested funding for the additional \$17,500 in support of outreach efforts that will follow the completion of the technical aspects of the assessment. This will be a critical component of the overall assessment project to ensure that the results are widely available and understood in local communities and with policy makers and forest sector interests. If approved by the Board, this funding will be a component of the Oregon Solutions contract for the subsequent nine month period. Funding would be provided from the Oregon Plan/Governor’s Priorities spending plan line item.

The results of the assessment will assist the FFAC-IWG in determining if accelerating restoration activity is economically feasible and whether it would justify additional public funding to increase the scale of treatment activity in Oregon.

V. Recommendation

Staff recommend the Board:

- A. Award \$351,341 in Phase 2 funding for local planning and implementation capacity, including support to local forest collaboratives and statewide coordination support for the Federal Forestlands IWG as described in Attachments C and D. Funding would enable work between September 2012 and June of 2013 and be distributed as follows:
 - a. \$248,341 in funding to The Nature Conservancy; and
 - b. \$103,000 in funding to Oregon Solutions; including \$17,500 in funding to support a subcontract for portions of the Oregon “National Forest Health Restoration Economic Assessment.”

Attachments

- A. TNC Forest Health Accomplishments: January-August 2012
- B. Oregon Solutions Forest Health Accomplishments: January-August 2012
- C. TNC 18-month Work Plan, including Phase 1 and 2 activities and updates
- D. Oregon Solutions 18-month Work Plan, including Phase 1 and 2 activities and updates
- E. Draft Legislative Proposal for Support of Federal Forest Collaboratives
- F. Overview of National Forest Health Restoration Economic Assessment

TNC Forest Health Accomplishments January-August 2012

Below are highlights of accomplishments-to-date by TNC under Phase 1 funding. Detailed work plans for the full 18-month period are available in Agenda Item C, Attachment C. Staff from TNC also will present in-person updates to the Board at the September meeting.

TNC is providing scientific support, technical assistance and facilitation to forest collaboratives. They also are developing restoration principals and guidelines, evaluating approaches to improve planning and implementation efficiencies, and assisting with development of funding strategies to accelerate forest restoration. Highlights of their accomplishments include:

Work on the Deschutes National Forest

- As part of the Deschutes Collaborative Forest Landscape Restoration (CFLR) project, completed draft forest restoration principles for three forest types/stand conditions: 1) dry mixed-conifer, 2) second-growth ponderosa pine, and 3) ponderosa pine old-growth stands infected with dwarf mistletoe.
- Took a lead role in completing spatial analyses and developing restoration recommendations for 43,000 acres encompassed by the Popper and West Bend Restoration Projects.
- Began implementing multi-party monitoring methodology for West Turnbull Hazardous Fuels Reduction Project.
- Coordinated multiple site visits and field tours to reach advance broader public understanding of forest restoration actions.

Work in southwestern Oregon

- Began developing a white paper about ecological restoration principles and treatment prescriptions for legacy stands in dry mixed-conifer forest types in southwestern Oregon.
- Planned and now implementing forest restoration on 117 acres on City of Ashland lands in and around the Ashland Watershed.
- Completed survey to assess current understanding of and attitudes about active forest management in the Ashland Watershed and provide baseline data for future surveys.
- Planned and began convening Rogue Basin Dry Forest Collaborative stakeholders' workshop to share new information from ongoing studies on fire history and new methodologies to inform development of an "all forested lands" assessment of the Rogue basin that can be used to prioritize treatments and develop recommendations to the Rogue River-Siskiyou National Forest and Medford BLM.
- Started analyses in the support of the 3.3 million acre Rogue Basin Landscape Forest Restoration Prioritization, which addresses forest restoration needs while considering economics, access, climate, and other issues.

TNC work on the Fremont-Winema National Forest

- Began developing a white paper about principles for ecological restoration and treatment prescriptions for aspen meadows in dry ponderosa pine and dry mixed-conifer forest types.
- Convened a Forest Prescription Workshop, featuring Drs. Norm Johnson and Jerry Franklin, to develop implementation guidelines and prescriptions for key forest types in the Black Hills Project Area.
- Initiated prioritization of restoration needs and development of treatments and prescriptions for 26,000 acres under the Black Hills Master Stewardship Agreement.
- Began conducting demonstration restoration projects on aspen meadows in Long Creek and dry ponderosa pine forests at Sycan Marsh and monitoring the treatment effects.

TNC work with emerging forest collaboratives on the Umatilla and Ochoco forests

- Provided support for contractor involvement in the Umatilla Forest Collaborative Group, including exporting relevant scientific and technical information from other geographies to the dry-forest Kahler project.
- Provided contractor and staff support to the Ochoco Forest Restoration Collaborative, including compilation of data for spatial analyses of the Wolf Watershed.

TNC statewide work

- Took a lead role in drafting and outreach in support of a legislative proposal that aims to secure funding to support collaboratives. (TNC is a key participant on the FFAC-IWG Funding Subcommittee, which is advancing this work.)
- Initiated planning for a jointly sponsored workshop with Sustainable Northwest, titled “Building Social and Ecological Resilience across Organizations and Federally Managed Frequent Fire Forest Landscapes,” to further enhance local community forest collaboration organizations and groups.
- Developed a pilot online dashboard, titled “Restoring America’s Forests,” that includes common metrics to assess progress and effectiveness of forest restoration in North America and that will be tailored to track efforts in Oregon.

Oregon Solutions Forest Health Accomplishments January-August 2012

Below are highlights of accomplishments-to-date by Oregon Solutions under Phase 1 funding. Detailed work plans for the full 18-month period are available in Agenda Item C, Attachment D. Staff from Oregon Solutions also will present in-person updates to the Board at the September meeting.

Oregon Solutions is supporting implementation of the FFAC recommendations through coordination of the statewide FFAC-IWG process and, to a lesser extent, providing assistance to local forest collaboratives to enable them to break through barriers and build consensus for forest restoration that provides ecological and socio-economic benefits. Highlights include:

Oregon Solutions work with the FFAC-IWG

- Convened and continued support of the FFAC-IWG process, including developing a Funding Subcommittee that is addressing: 1) the need for and potential options to secure significant funding for landscape-scale forest treatment and restoration; and 2) the need for and potential options to secure funding for existing and emerging forest collaboratives;
- Updated and refined the “Statewide Inventory of Forest Health Collaboratives” by adding information about new collaboratives and summary information about trends in funding sources, organizational information and other characteristics.
- Assisted with review and decision-making for National Forest Foundation Community Capacity and Land Stewardship grants, including new awards for the Deschutes Collaborative Forest Project, the South Santiam Watershed Council, and the Southern Oregon Small Diameter Stewardship Collaborative.
- Participated in early discussions to plan a jointly sponsored workshop by TNC and Sustainable Northwest, titled “Building Social and Ecological Resilience across Organizations and Federally Managed Frequent Fire Forest Landscapes.” This workshop will further enhance local community forest collaboration organizations and groups.

Oregon Solutions work with the Umatilla Forest Collaborative Group (UFCG)

- Oregon Solutions provided support to the UFCG, including:
 - Provided a contract project manager/facilitator;
 - Assisted the North Fork John Day Watershed Council in developing protocols, standards, and practices to host, administer, and fiscally manage the collaborative;
 - Finalized Operating Principles and vision and mission statements; and
 - Initiated planning and public outreach about the 30,000-acre Kahler project.

The Nature Conservancy (TNC)
Oregon Forest Health Work Plan
September 30th, 2012- June 30th, 2013

Statewide

In support of the FFAC IWG:

- ✓ Work with partners from FFAC to develop Request for Proposal for study to evaluate potential economic and forest health benefits based on increased investment of non-federal funds to accelerate planning and implementation of restoration treatments on lands managed by the Forest Service. RFP completed by September 2012.
COMPLETED
- ✓ The Conservancy will hold a workshop for experts/practitioners on restoration principles and guidelines in fire-prone forests (fall 2012); **ON SCHEDULE**, scheduled for Nov 27-30th, Bend, OR
- ✓ Participate in FFAC-IWG sub-committee on planning and implementation efficiencies. Progress Report September 2012; final report June 2013. **ON SCHEDULE**
- ✓ Develop pilot “dashboard project” for Oregon Forests to measure progress on accomplishment of Initiative goals and outcomes. **ON SCHEDULE**
- ✓ Complete State-wide analysis of potential treatable acres stands using LANDFIRE data by June 2013 to document the magnitude of the need and inform the opportunity to restore Oregon forest health. **NEW**
- ✓ Serve as representative for private landowner from eastern Oregon on Oregon Department of Forestry’s Smoke Management Plan Review Committee; develop recommendations for ODF by June 2013 that identify barriers and potential solutions to expanding use of prescribed fire in Oregon. **NEW**
- ✓ Provide support and coordination with partners and collaborative groups. **ONGOING**

Deschutes National Forest & Deschutes Collaborative Forest Landscape Restoration Project (CFLRP)

- ✓ Staff the Co-chairs of the Deschutes Collaborative Forest Steering Committee.
ONGOING
- ✓ Chair the Deschutes Forest Collaborative Restoration Planning Sub-committee, Deliverable: Principles of ecological restoration to address treatment protocol and prescriptions for these forest types: 1) ponderosa pine, 2) dry, mixed-conifer, 3) legacy stands infected with dwarf mistletoe. Draft Reports completed by September 2012.
COMPLETED
- ✓ Coordinate quarterly site visits, field trips and outreach for Deschutes collaborative to advance broader understanding and acceptance of forest restoration actions. Progress Report September 2012; final report June 2013. **ON SCHEDULE**
- ✓ Advance 17,000-acre Popper and 26,000-acre West Bend Restoration Projects; work with USFS staff to integrate collaborative recommendations into treatments/ prescriptions.
 - Spatial analysis of ponderosa pine forest types by structural class – Map Products delivered September 2012. **ON SCHEDULE** – initial maps completed; subsequently iterations likely based on refinement and expansion of methodology
 - Scientific synthesis ponderosa pine restoration principles – Report completed Sept 2012. **COMPLETED**

- Restoration recommendations submitted to USFS planning team by September 2012. **COMPLETED**
- Restoration treatments on Popper and West Bend Work 60% complete by Fall 2013. **DELAYED** – transition of USFS District Rangers and other internal USFS factors make implementation by Fall 2013 less certain.
- ✓ Complete the 1,192-acre Glaze Meadow Fuels and Restoration Project & 4,590-acre West Tumbull Hazardous Fuels Reduction Project
 - Complete restoration treatments on Glaze Meadow and West Tumbull by Sept 2013 – **ON SCHEDULE** – mechanical treatments completed, prescribed fire partially completed, to be completed spring/fall 2013.
 - Complete two multi-party monitoring reports by September 2012. West Tumbull MPM – **COMPLETED**; Glaze Meadow – **DELAYED** until summer 2013 to allow for completion of riparian thinning and ability to monitor for aspen regeneration
- ✓ Advance 5,414-acre Ursus and 17,430-acre Drink Restoration Projects
 - Lead two stakeholder field trips by September 2012. **DELAYED** - work on Ursus and Drink postponed due to public opposition to City of Bend’s proposed municipal water intra-structure plans; USFS cannot go forward until City resolves proposed plan.
 - Co-chair eight restoration planning meetings, four by September 2012, and four by February 2013 – Provide Report of recommendations by June 2013. **DELAYED** – same reason as above
 - Scientific synthesis of mixed-severity fire regime forests; draft by September 2012 and final report by June 2013. **ON SCHEDULE**
 - Complete draft analysis, mapping and restoration recommendations for ground water dependent ecosystems and use to inform restoration treatments by September 2012. Final report by Fall 2013. **ON SCHEDULE**
- ✓ Advance 30,000-acre Big Marsh pilot NEPA project focused on ecosystem services
 - Lead internal USFS/UWFWS/ODFW landscape values assessment; values assessment map delivered by September 2012; guide stakeholder driven values assessment process; prioritized values maps developed by September 2012. **COMPLETED**
 - Prepare draft synthesis report of relevant ecosystem services values/elements by September 2012. **COMPLETED**
 - Prepare report outlining process for conducting stakeholder value’s assessments for forested landscapes; Draft report completed September 2012; Final Report Fall 2013. **DELAYED** - USFS staff still working to summarize stakeholder’s input.

Fremont-Winema National Forest & Lakeview Stewardship Group

- ✓ Convene & support Lakeview Stewardship Group – Implement CFLRP project – ongoing; working with Lake County Resources Initiative. **ON SCHEDULE**
- ✓ Prepare white paper on principles of ecological restoration and treatment prescriptions for aspen meadows in dry ponderosa pine and dry mixed conifer forest types – draft report September 2012; final report June 2013. **ON SCHEDULE**
- ✓ Complete mechanical treatments on 130-acre Long Creek aspen meadow demonstration restoration project, comparing effects of thin and burn versus burn only treatments; progress report September 2012; prescribed burns in fall 2013, final report December 2013. **ON SCHEDULE**

- ✓ Complete 130-acre demonstration treatment on dry ponderosa pine forest type at Sycan Marsh, including implementation of treatments based on USFS model for white-headed woodpecker habitat; treatment completed by September 2012; Final report with monitoring results June 2013. **ON SCHEDULE**
- ✓ Conduct prescribed burning on 1000 acres of dry ponderosa pine/grasslands at Sycan Marsh; Phase I burn plans completed September 2012; Phase II burn plans and 1000 acres treated by Fall 2013. **ON SCHEDULE**
- ✓ Black Hills Master Stewardship Agreement –
 - Complete Supplemental Project Agreement and Technical Proposal with Klamath Tribes, Lomakatsi and USFS by September 2012. **ON SCHEDULE**
 - Prioritize units for active management and develop restoration treatments and prescriptions by September 2012. Restoration treatments on 26,000 acre project completed Fall 2013. **REVISED** – six phases for treatments identified and prioritized; Phase I of 1,138 acres to be completed winter 2012-13; timing for subsequent phases of 9,000 acres to follow. Concurrently, USFS implementing treatments on balance of acreage outside of Stewardship Agreement.
 - Conduct analysis utilizing Integrated Landscape Analysis Protocol (ILAPs) to test utility of ILAPs data for comparing current condition, departure from historic conditions and fire risk as tools to prioritizing treatments across the landscape; progress report September 2012; final report June 2013; **NOT STARTED** – USFS, Klamath Tribes and TNC decided to use USFS analysis methods to determine prioritization and has completed that work.
 - Conduct site visit w trustees from Northwest Area Foundation and partners, Klamath Tribes and Lomakatsi. **COMPLETED**
 - Organize and sponsor workshop led by Drs. Jerry Franklin and Norm Johnson designed to take vision and concepts of Forest Management Plan for the former Klamath Reservation and develop implementation guidelines and prescriptions for key forest types; progress report September 2012. **ON SCHEDULE**
 - Support ongoing research by Dr. Jerry Franklin and Keala Haggaman to determine historic reference condition by analyzing historic stand structure and species composition from 1918 forest inventory plots on the Winema National Forest. Report by September 2013. This analysis and documentation of reference condition will both inform and support development of prescriptions for projects for forest types in ponderosa pine and dry-mixed conifer stands on historic Klamath Reservation portion of the Fremont-Winema NF. **NEW**
- ✓ Help refine treatments and support implementation of Deuce, West and East Drews projects within the Lakeview Stewardship Unit; provide comments September 2012. **ON SCHEDULE**

Rogue River-Siskiyou National Forest and Medford District Bureau of Land Management

- ✓ Implement Ashland Forest Resiliency Master Stewardship Agreement:
 - Develop white paper on ecological restoration principles/treatment prescriptions for legacy stands in dry ponderosa and dry mixed conifer forest types in SW Oregon; this effort will compare and contrast general recommendation develop by Drs. Franklin and Johnson for the BLM Secretarial Pilot projects on Medford District, using site specific stand history data to validate and refine as appropriate recommendations for prescription and treatment (basal area, trees per acre). Draft by September 2012; final report by June 2013. **ON SCHEDULE**

- Develop white paper on principles of restoration for mistletoe in legacy stands for southwest Oregon; draft report by September 2012; final report December 2013. **ON SCHEDULE**
- Develop LIDAR techniques/methods for identifying and delineating legacy groves; integrate into collaborative process for development of treatments; draft report September 2012; final report June 2013. **ON SCHEDULE**
- Complete survey by Southern Oregon University, developing metrics based on a random representative sample of Ashland residents to assess and track influence of education and outreach on attitude within the community towards active forest management in the Ashland watershed. These results will be compare and contrast similar surveys conducted by BLM for the Secretarial Pilots project in the Applegate. progress report September 2012; final report June 2013. **ON SCHEDULE**
- Complete RFP and have signed contract with Operator to helicopter log Blocks 1 and 2 in Ashland Watershed; progress report September 2012; final report December 2013. **COMPLETED**
- ✓ Prepare white paper summarizing findings of fire history, stand reconstruction and patch/gap analysis for Ashland Watershed, and initiate data collection for the Applegate Valley, Illinois Valley and Cascade Foothills; field work completed, progress report September 2012; final report Fall 2013. Use preliminary findings to inform restoration strategies and treatment prescriptions. **ON SCHEDULE**
- ✓ Implement 290-acre ecological based fuels reduction project on City of Ashland and private lands in Ashland Watershed; 90 acres completed by September 2012; 290 acres by Dec 2013. **ON SCHEDULE** – expect 117 acres to be completed by Nov. 2012, balance by Dec 2013.
- ✓ Complete 3.3 million acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative to prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon; incorporate climate change model into priorities for oak restoration; use results to inform future Collaborative Forest Landscape Restoration proposals. Progress report September 2012; final report June 2013. **ON SCHEDULE** - the geography has been clarified to more accurately reflect the 3.3 million acre Rogue Basin.
- ✓ With Southern Oregon Forest Restoration Collaborative, conduct multiparty monitoring on Medford BLM Secretarial pilot project; progress report September 2012; final report June 2013. **ON SCHEDULE.**
- ✓ Convene Rogue Basin Dry Forest Collaborative stakeholders workshop to share new information from ongoing studies on fire history and new methodologies to an “all forested lands” assessment of the Rogue Basin that can be used to prioritize treatments and develop recommendations to the Rogue R.- Siskiyou National Forest and Medford BLM. One day workshop scheduled for fall 2012. **NEW**

Umatilla National Forest

- ✓ Serve on committee support start-up of this group for Kahler Project; progress report September 2012; Final report June 2013. **ON SCHEDULE**
- ✓ Provide recommendations on treatments and prescriptions for Kaylor restoration project; progress report September 2012. Final Report June 2013. **ON SCHEDULE**

Ochoco National Forest

- ✓ Develop work plan resulting from proposal submitted to National Forest Foundation **COMPLETED**

- ✓ Support community outreach and planning; 2 day workshop with stakeholders and development of draft collaborative action plan by September 2012. **ON SCHEDULE**
- ✓ Facilitate landscape scale values assessment process with stakeholders; provide preliminary assessment and map products by September 2012; final report by June 2013. **MOSTLY ON SCHEDULE** – map products expected by November rather than September.

Oregon Solutions

Forest Health Work Plan September 30, 2012 – June 30, 2013

This request is made to fund work for the remainder of 2011-2013 biennium. The funding will support Oregon Solutions' work to assist with implementation of the Federal Forest Advisory Committee (FFAC) and Board of Forestry recommendations, including engaging and expanding community-based collaborative forest restoration efforts on federal lands in Oregon, enabling partners to break through barriers and build consensus for forest restoration that will improve wildlife habitat and watershed function, reduce risk of catastrophic fire, and producing merchantable timber, biomass and jobs. OS maintains a website with information about the ad hoc FFAC Implementation Work Group (FFAC-IWG), including recent agendas and meeting summaries: <http://orsolutions.org/osproject/federal-forestlands>.

Roles and Responsibilities:

Oregon Solutions (OS) builds collaborative governance systems to bring sustainable solutions to community-based problems that support economic, environmental, and community objectives and are built through the collaborative efforts of businesses, government, and non-profit organizations.

Actions / Deliverables:

Statewide

Facilitate and support the vision and purpose of the FFAC-IWG, including:

- ✓ Coordinate implementation of the work identified in the current FFAC-IWG Action Plan (April 2011) **ONGOING**

- A) Develop a Landscape Assessment Tool Kit, (*Oregon Forest Resources Institute has lead development of an integrated GIS tool in coordination and with the support of the FFAC-IWG*) **COMPLETED**
- B) Create a System to Facilitate and Reduce the Cost and Time for NEPA Analysis and ESA Consultation (*The FFAC-IWG Planning Efficiencies subcommittee continues working with the U.S. Forest Service [USFS] to identify opportunities in this regard. The subcommittee is working to engage the new USFS Region 6 Planning director in these discussions. The new director has been invited to the next FFAC-IWG meeting on 9/13/12 in Portland. The agenda for that meeting also includes a USFS update on innovative NEPA approaches on the Colville National Forest. Next steps are expected to include continued discussions about the barriers posed by availability of planning staff on the National Forests, dilemmas faced by line officers [District Rangers] regarding NEPA sign-offs, landscape scale assessments and USFS performance measurement [for example, timber volume targets]. More detailed discussions regarding USFS programs*)

requiring collaboration “by law” [e.g., stewardship contracting, HFRA, CFLR], NEPA process and USFS evolving approach to planning projects under these programs are anticipated in the coming 9 months.)

DELAYED

- C) Provide Project Staffing Support to Federal Agencies (*The IWG and Governor’s Office continue to debrief and dialogue on opportunities following the award of \$125K Strategic Reserve Funding to complete work on the Malheur NF. Grant County has proposed loaning of County road funds, and other innovative approaches are likely to come forward for discussion after completion of the National Forest Health Restoration Economic Assessment is completed. OS is engaged in these ongoing conversations in coordination with the Governor’s Office.*) **ONGOING**
- D) Provide Support for Engaging with Local Collaborative (*Oregon Solutions has been in contact with all identified local collaborative across the state. An updated and expanded draft Oregon statewide inventory of forest health collaborative is available. In recent discussions, the USFS Region 6 has verbally committed to continuing to provide direct support to local collaboratives through continuation of the National Forest Foundation Community Capacity and Land Stewardship [NFF CCLS] program started in 2011.*) **ONGOING**

- *The FFAC-IWG Statewide Collaborative Subcommittee will be re-convened to focus discussions as part of the work to better network the efforts of collaboratives, share information and strengthen the dialogue between local, state and federal partners working on National Forest health issues. This will be discussed and considered at the 9/13/12 FFAC-IWG meeting. At this meeting, the purpose, goals, activities and deliverables of the re-convened subcommittee will be discussed, including a late November meeting with collaboratives in the Bend area **NEW**.*

- E) Identify Funding Sources (*The FFAC-IWG Funding Subcommittee members have brought forward both 1) a proposal for funding to help support the work of local collaborative, and 2) development and issuance of an RFP for a National Forest Health Restoration Economic Assessment). OS staffs the Funding Subcommittee and works to assure Funding Subcommittee reports are included in the broader FFAC-IWG discussions.*) **ONGOING**
- F) Create a Subcommittee for Policy Issues (*The Governor’s Office and ODF are leading policy discussions and routinely bringing information to the regularly scheduled FFAC-IWG meetings for consideration). As requested, OS will staff this subcommittee. Completion of the National Forest Health Restoration Economic Assessment and subsequent discussion of the findings are expected to influence the timing for the formation of this subcommittee and articulation of the related goals and anticipated activities.*) **ONGOING**

- ✓ Build support and advance opportunities for sustainable and predictable supply of biomass and merchantable timber (*OS is identified in the recently completed statewide biomass strategy [ODOE and ODF lead] as a partner for project implementation. OS will continue to assess new projects as requested.*) **ONGOING**
 - ✓ Work to address needs and barriers brought forward by local collaborative groups and federal land managers, and identify opportunities to leverage resources to address each effectively with the FFAC Implementation Working Group. (*Since January 2012, USFS budget reductions leading to staff reductions on Oregon's National Forests has been identified as a heightened barrier for consideration by the FFAC-IWG, particularly related to NEPA planning required to implement projects. OS works with the Governor's Office and ODF staff to facilitate discussion with the FFAC IWG and identify new opportunities and leverage the needed resources to overcome these barriers.*) **ONGOING**
 - ✓ Support capacity needs in local collaborative groups by working with the National Forest Foundation to secure and distribute at least \$200,000 annually to priority local forest collaborative groups to advance active forest management. (See: [Community Capacity and Land Stewardship Program](#)) (*OS staff serves on the review committee representing the interests of the FFAC-IWG in implementing the recommendations in the FFAC report. Two award cycles were completed between January and September 2012. Approximately \$345,000 was awarded to collaborative efforts in Region 6.*) **ONGOING**
 - ✓ Support drafting by TNC and review of innovative funding strategies to support forest restoration on public lands, including stewardship/ecosystem services payments for municipal watersheds, and insurance incentives tied to restoration and fuel reduction. OS coordinated work by the Funding Subcommittee (see above) and facilitates dialogue with the FFAC-IWG as appropriate. **ONGOING**
 - ✓ Build support for state and federal policy that addresses forest restoration needs, collaboratives' capacity issues and other topics (*The FFAC-IWG agendas are researched, proposed and facilitated by OS, and routinely include agenda items on these topics. OS worked with the FFAC-IWG to draft and send a letter of support to Congressional representatives encouraging full funding of the Collaborative Landscape Restoration Program (CFLRP) in 2012 [\$40 M authorized annually], in advance of Congressional action on this budget item. Two new CFLR projects were subsequently funded in Oregon [on the Malheur and Fremont-Winema National Forests], and funding for the project on the Deschutes NF originally approved in 2011 continued as anticipated.*) **ONGOING**
 - ✓ As necessary, assist existing local forest collaborative groups with identifying local forest health priorities, develop landscape-scale forest restoration plans to address high-priority needs, and find agreement for active management and treatments to improve the ecological resiliency and efficiency of actions taken. **ONGOING**
 - ✓ As necessary and appropriate, identify opportunities to support emerging collaborative forest restoration groups in dry, fire prone forests including the Umatilla, Rogue-Siskiyou and Wallowa-Whitman National Forests. (*Collaboratives on the Umatilla, Rogue-Siskiyou, Deschutes, Fremont-Winema, Ochoco, Umpqua [dry, southern part of the NF] and Wallowa-Whitman National Forests received NFF CCLS grants in 2012. Discussions are underway concerning opportunities for OS to support to strengthen the efforts of the emerging collaborative on the Wallowa-Whitman National Forest.*) **ONGOING**
- *OS is coordinating with The Nature Conservancy and Sustainable Northwest to facilitate a meeting and workshop with collaboratives scheduled for late November in Bend, OR. The workshop aspect will focus on sharing and*

*discussing the status of the National Forest Health Restoration Economic Assessment and the funding proposal to support collaboratives **NEW.***

- *Two collaborative projects on the Willamette NF also were awarded 2012 NFF CCLS funding. OS represents the FFAC IWG on the NFF CCLS grant application review team and advocates for projects that support implementation of the recommendations contained in the FFAC report. Watershed councils are key partners with the NF on both efforts. The outcomes of these projects will be an indicator of the ability to find broader agreement for recommendations on the management of forested lands west of the Cascades. These projects will also provide additional examples of the potential role for watershed councils in “all lands,” landscape-scale projects as a partner with local collaborative efforts **NEW.***

Work specific to National Forests

Umatilla National Forest

- ✓ Facilitate/support start-up of the Umatilla Forest Collaborative Group (UFCG). (*The webpage for the UFCG is presently maintained by OS: <http://orsolutions.org/osproject/ufcg>. The North Fork John Day Watershed Council [NFJDWC] is the “host organization” of the UFCG, and will provide, as funding allows, fiscal administration, neutral facilitation, outreach, minute-taking, and other functions desired by the group. The NFJDWC may enter into contracts with other entities to perform desired function. OS identified the NFJDWC for this role and, through discussions, helped complete an NFF CCLS application that resulted in \$24K funding to the Council for this year’s work. OS also worked with the USFS Umatilla NF to secure another \$5K for the current project work.*) **COMPLETED**
- ✓ Facilitate the identification of and a process for initial collaborative projects on the Forest, including the 30,000-acre Kahler Project on the Heppner District. (*A draft Declaration of Cooperation will be circulated in September 2012.*) **ON SCHEDULE**
- ✓ Provide recommendations on restoration treatments and prescriptions. (*The UFCG has developed a purpose and need statement for the Kahler project. Discussions have started on management recommendations for cool-moist forest types. OS facilitates these discussions and an Oregon Solutions Declaration of Cooperation is currently on track for review in September 2012. The UFCG has requested additional facilitation assistance from OS to support these efforts to 6/30/13.*) **ONGOING**

Deschutes, Fremont-Winema, Malheur, Ochoco and Wallowa-Whitman National Forests

Collaborative leaders are more engaged with the FFAC-IWG in recent meetings, partly due to work by OS. OS will continue dialoguing with the Governor’s Office, FFAC IWG members and individual collaboratives to define expectations for these tasks in the coming months.

- ✓ Support collaborative development of a monitoring strategy that integrates ecological monitoring protocol in the national Collaborative Forest Landscape Restoration Program to the local monitoring efforts on the Deschutes CFLRP and any new CFLRP projects awarded in Oregon. **ONGOING**

- ✓ As requested support outreach to advance broader understanding and acceptance of forest restoration actions. **ONGOING**
- ✓ As requested help support collaborative processes to develop and refine project recommendations. **ONGOING**

Rogue River-Siskiyou National Forest and Medford District Bureau of Land Management

Collaborative leaders are more engaged with the FFAC-IWG in recent meetings, partly due to work by Oregon Solutions. OS will continue dialoguing with the Governor's Office, FFAC IWG members and individual collaboratives to define expectations for these tasks in the coming months.

- ✓ As requested foster and support completion of the 1 million acre Rogue Basin Landscape Assessment with the Southern Oregon Restoration Collaborative and the USFS to prioritize restoration opportunities integrating conifer forests, oak woodlands and aquatic features, including salmon; incorporate climate change model into priorities for oak restoration; use results to inform future Collaborative Forest Landscape Restoration proposals. **ONGOING**

Federal Forestland Advisory Council – Implementation Working Group Funding Subcommittee

Recommendations for the 2013 Legislative Policy Option Proposal

DRAFT 8.0 – July 30, 2012

I. Goal Statement

Provide a base level of state-provided staff and budget to support efforts to restore forest health and resiliency of “dry side” national forests in Oregon – the Dry Forest Zone – by providing staff support and financial assistance to collaborative groups. Success is defined as the accelerated pace and scale of science-based treatments (often referred to as “landscape-scale”) that restore ecological function and reduce fire risk while producing forest-related jobs, commercial wood products and usable biomass.

This proposal is aimed squarely at assisting collaborative groups serving Oregon’s seven dry side national forests (Appendix B). It has no specific attempt to address wet side national forests, land managed by the Bureau of Land Management, private land or state land unless identified by a collaborative as an action to complement efforts in the dry forest.

II. Background

More than a century of management actions – including, but not limited to fire suppression and timber harvest and grazing practices – combined with current legal, regulatory and financial constraints – are threatening the health and resiliency of Oregon’s eastside national forests and rural communities. This legacy of past practices and exclusion of periodic, low-intensity fires has altered the structure and composition of forests, creating higher, uniform stocking densities, increased fuel loads, and a higher proportion of fire-intolerant tree species. These conditions heighten the risk and susceptibility of these forests to uncharacteristically large, intense wildfires, in addition to disease and abnormal populations of insects that attack stressed stands of trees.

Efforts to address these conditions have been unsuccessful over the past two decades, although recent efforts by Congress and the U.S. Forest Service to initiate and fund Collaborative Forest Landscape Restoration Projects nationally, including three CFLRP sites in Oregon, show promise. Despite the intentions and work of Oregon’s congressional delegation, the need to double or triple the rate and scale of restoration in the Dry Forest Zone is urgent.

The solution lies in putting Oregonians to work restoring the ecological health and resiliency of our public forests while producing jobs, forest products and woody biomass. Doing this will help restore rural economic and community health by creating a base of wealth to attract and retain workers, families and other industries. Restoration efforts will protect Oregon’s old growth forest heritage, as well as protect communities in the wildland urban interface (WUI).

Restoration activities may include thinning small trees, removing merchantable timber and reintroducing prescribed fire where appropriate. It may also include reducing the adverse effects of unmanaged roads, invasive weeds and unregulated grazing. Along with these

vegetation management activities, forest restoration presents opportunities to improve the overall condition of our forested watersheds and related habitat. These activities include: upgrading stream crossing structures, improving and reducing road networks, stabilizing stream banks and reintroducing native plant species.

Retaining ecologically important older trees is also important. These often large-diameter trees have high ecological value and are more resistant to natural disturbance such as fire because of their thick bark and high canopy. As well, these larger trees sequester large amounts of biogenic carbon, which can contribute to mitigating the effects of climate change.

In recent years, collaboration has emerged as an effective way to rebuild trust and foster local agreement among forest workers, scientists, environmentalists, government officials and others on how to sustainably manage public forests. There are now at least 20 community-based collaboratives in Oregon working to inform sustainable forest management practices on public lands (all 11 national forests in Oregon) by ensuring that local resources are managed in concert with community values. Though not new, the collaborative model has experienced increasing success in Oregon to broaden stakeholder participation and increase stakeholder agreement on how to address emerging forest health issues. To date, collaboratives have made significant headway across the state in developing stand-level forest restoration projects that have resulted in the implementation of thinning projects and watershed improvements. Successful collaboration can and has effectively sped the National Environmental Policy Act (NEPA) process and avoided costly appeals and litigation.

Effective collaboration and implementation of landscape-scale restoration and long-term stewardship depends on strong local organizations to shepherd the collaborative agreement through implementation and larger landscape planning efforts. Local collaborative groups that have organizational and collaborative capacity are better able to work with federal land managers to ensure creation of local jobs, restoration of healthy and resilient forests, and identification of cost and energy savings through the utilization of local forest and other resources. To be effective, collaborative groups require access to existing and emerging ecological and social science to both inform their work and build solutions that are rooted in a deep understanding of their landscape. Community based economic development and forest restoration depends on community capacity for long-term stewardship. Some federal legislation requires the USDA Forest Service to engage forest collaboratives as part of the forest planning process.

III. Rationale

The Federal Forest Advisory Committee – Implementation Work Group works to implement the recommendations from the *Achieving Oregon's Vision for Federal Forestlands* report adopted by the Board of Forestry in 2009. Among those is the recommendation to support local collaboratives to ensure Oregon's forests contribute to the health of local economic, ecological and social aspects of communities statewide. To achieve these goals, the report recommends engaging local collaborative groups in cooperation with state and federal agencies to assess forest health conditions and plan projects at the landscape scale in order to address high priority needs. The FFAC IWG is working to develop more stable funding mechanisms to contribute to organizational stability and support the scaling up of landscape level agreement, treatment, restoration and monitoring and evaluation activities.

IV. Proposal Overview

- A. Area of proposed focus – Oregon’s Dry Forest Zone
 - Deschutes NF
 - Fremont-Winema NF
 - Malheur NF
 - Ochoco NF
 - Rogue River-Siskiyou NF (dry-side only)
 - Umatilla NF
 - Wallowa-Whitman NF
- B. Agency request (Please see Budget – Appendix A)
 - 1. *Staffing* – Deputy Natural Resources Advisor for East Side National Forest Health Restoration¹ (Deputy), associated staff **(see detail in V)**
 - 2. *Technical Assistance* – Provision to fund statewide organizations that support forest collaborative groups to effectively participate and contribute to landscape-scale restoration in the Dry Forest Zone of eastern and southwest Oregon **(see detail in VI)**
 - 3. *Small Grant Program* – Establishment of a Small Grant Program to directly fund DFZ collaboratives’ own needs **(see detail in VII)**

V. Staffing

- A. Deputy Natural Resources Advisor for East Side National Forest Health Restoration

Create a new position, Deputy Natural Resources Advisor for East Side National Forest Health Restoration budgeted within the Oregon Department of Forestry, who reports to the Governor’s Natural Resources Office. The deputy will be a champion of dry forest zone restoration using the collaborative process. The position’s purpose is to ensure local, state and federal coordination that will result in accelerating landscape-scale restoration in the dry forest types of eastern Oregon in a manner that will retain and create local jobs and associated existing and emerging industries. The deputy position will be responsible for:

- 1. Policy outreach and advocacy
- 2. Main point of contact and coordination with USDA Forest Service and Region 6
- 3. State agency communications and coordination
- 4. Communication with and support for forest collaborative groups
- 5. Hold collaboratives accountable for use of any state funds

The deputy will receive part-time staff support to ensure effective and efficient delivery of their work. The deputy would have the following duties:

- 1. Policy outreach and advocacy

¹ Placeholder only. Title should fit within GNRO organizational structure.

- a. Serves as the Governor's expert on federal and state policies affecting dry side national forest management policies, especially those related to forest health restoration.
 - b. Advocates for funding and adoption of administrative and legislative policies that support landscape scale restoration of dry side forests in a manner that will retain and create local jobs.
 - c. Builds alliances and coordinates with relevant county, state, and federal and tribal agencies, as well as elected officials and their staff. Coordinates with Oregon Department of Forestry legislative staff in these efforts.
2. Main point of contact with USDA Forest Service and Region 6
 - a. Serves as the state's primary contact with USDA Forest Service in Washington, D.C., as well as with the Regional Forester for Region 6.
 - b. Seeks out and applies for federal funding
 - c. Ensures that the priorities of the state for all forestlands in dry side national forests are understood by and well-coordinated with the U.S. Forest Service and the Bureau of Land Management
 - d. Represents the Governor's Natural Resources Office in negotiations with the USDA Forest Service regarding a Memorandum of Agreement that could provide state funds to the Forest Service for funding Forest Service work that results in *additional* acreage treated for forest health and fire resiliency
3. Agency communications and coordination
 - a. Creates opportunity for the State to enhance landscape-scale restoration of dry forests through regular communication and partnership with relevant county, state, and federal and tribal agencies.
 - b. Directs and supports state agency participation in forest collaborative groups and the related projects they are advancing.
 - ODF, ODOE, ODFW, DEQ, OWEB, Oregon Solutions and other state agencies could play a role in national forest health restoration projects.
 - These roles will require interagency direction and leadership to create unified state input into the restoration process, including considering how local groups such as forest collaboratives, watershed councils, and soil and water conservation districts may engage in forest restoration.
 - c. Works interagency and across state lines (e.g., Western Governors Association) to influence stakeholders toward forest restoration projects
 - d. Attends meetings of the FFAC-IWG to keep group informed of collaborative activities, restoration projects, etc.
 - e. As appropriate and needed, briefs the Board of Forestry on the status of national forest health restoration
 - f. Represents agency positions in presentation at conferences and other forums
 - g. Prepares a biennial report to the Board of Forestry and the Legislature on the investments and outcomes of collaborative work
4. Communication with and support for forest collaborative groups

- a. Creates and maintains relationships with local community based organizations, collaborative groups, interest groups, and others with the aim to provide assistance and problem solve in their effort to develop projects that improve forest health and resiliency.
 - b. Promotes and encourages strengthening the work of existing local collaborative groups to address forest health problems on federal forestland. Assists in the formation of new collaborative groups if warranted.
 - c. Meets with established and emerging collaborative groups that serve dry side national forests, identifies funding needs identifies opportunities to leverage additional funds and resources in discussion with the IWG and others.
 - d. Identifies resource and funding needs of collaborative groups, and then uses knowledge, experience, the expertise of government, nonprofit, and private professional expertise, programs, and network to help them increase their capacity to meet their own needs.
5. Hold collaboratives accountable for use of any state funds
- a. Assists the collaboratives in establishing benchmarks by which they can hold themselves accountable for use of any state funds
- B. Other staffing
- 1. 0.25 FTE administrative support
 - 2. 0.4 FTE grant administrator or contract the administration out to a separate entity

VI. Science Support and Technical Assistance

A. Overview

On a competitive basis using the state procurement process, contract with non-governmental organizations that have experience working with collaboratives to make the groups more effective and successful in reaching state goals. The Oregon Chapter of The Nature Conservancy and Sustainable Northwest are examples of entities with this kind of experience². It is envisioned that the Deputy Natural Resources Advisor would lead the procurement process, aided by the Department of Forestry.

B. Rationale

While it's conceivable that a state agency could do this work, conservation groups have a strong track record of helping collaboratives to become more effective. Given the breadth and strength of these relationships, we believe it would be counter-productive for the state to step in with a new actor/process.

C. Specific duties may include:

Science support and technical assistance; facilitation services; peer-to-peer learning; development of regional networks that will enhance the work of landscape-scale collaborative groups; ecological and social science support to inform rationale for project prioritization and development of project, design, and implementation, and appropriate monitoring of ecological, social and economic impacts of collaborative efforts; outreach, education and media relations and illustration of the aggregated impact of multiple collaborative groups.

D. Generally duties may include

Promote work consistent with and as prescribed by the Governor's Federal Forest Advisory Council action plan by developing restoration principles and guidelines; evaluating approaches to improve planning and implementation efficiencies; providing science, technical assistance and facilitation; and completing research on innovative funding strategies to accelerate forest restoration and implementation of science based treatments across the landscape, including on both public and private lands.

² Please see Appendix C for descriptions of work by The Nature Conservancy and Sustainable Northwest related to this scope of work.

VII. Small Grant Program

A. Overview

A small grant program called the “Collaborative Capacity Fund” (CCF) will be established by the State of Oregon to provide small grants (e.g., up to \$50,000 per biennium) to forest collaborative groups to effectively participate and contribute to landscape scale restoration in the DFZ of eastern Oregon. The provision of state funds will underscore the importance that the State of Oregon places on collaboratives as a means of restoring forest health and resilience, while improving local economies.

This program is anticipated to augment the capacity-building grant programs of the National Forest Foundation (NFF). The NFF supports community-based conservation (funding, technical assistance, mentoring, capacity-building workshops, and facilitation of peer learning opportunities to enable sharing of stories and best practices).

B. Rationale

Collaboratives are self-governing and self-funding; therefore, for the state to play a role in their development, it must be able to offer tangible support. Collaboratives are often organized as non-profit organizations and seek out grants from private and public foundations, individuals and governments. A small grant program would ensure stronger linkages between state government and Oregon citizens who serve on collaborative groups.

C. Administration

1. Administration of the grant program will be of the highest integrity: fair, transparent, and result in outcomes that support the overall goal of accelerating the scale and pace of forest restoration.
2. Possibilities for grant administration and oversight include a state agency such as ODF or OWEB, or a third party.
3. The entity administering the CCF shall develop evaluative criteria to prioritize the distribution of CCF grants. The criteria will reflect prioritization of groups involved in multi-year, landscape-scale efforts that are supported by a collaboratively agreed to landscape strategy.
4. The CCF will be administered on a rolling application basis in order meet the needs of the collaborative groups without making them dependent on the funds for long-term operating expenses.
5. The CCF will be a small grant fund with a set maximum to be determined
6. The CCF will endeavor to have a straightforward and simple application format with clear instructions, reporting requirements and fiscal responsibilities.

D. Examples of Eligible Activities and Expenses

Eligible Activities

1. Collaborative group meetings, field tours, project committees and other activities related to the design of forest restoration projects
2. Facilitation, project management, and coordination
3. Scientific (ecological, social and economic) analysis and mapping
4. Monitoring and evaluation
5. Outreach and communication activities

Eligible Expenses

1. Personnel
2. Consultants
3. Meetings
4. Travel
5. Office space and equipment
6. Printing
7. Communications (phone, website)
8. Database management
9. Equipment
10. Other justified expenses

VIII. Suggested Outcomes

A. Base capacity for collaborative groups:

1. Local collaborative groups are well staffed and supported to meet their goals
2. Collaborative groups have a diversified funding base derived from at least three different sources (e.g., philanthropic, individual, corporate, state, federal)
3. Collaboratives have recruited and maintained diverse local and distant stakeholder participation in the collaborative landscape planning process
4. The collaborative has supplied a continuum of collaboratively agreed-to recommendations to the National Forest it represents

B. Specific landscape-level project outcomes:

1. The National Forest has a landscape scale strategy informed by involvement and support of the collaborative that will reduce the risk of uncharacteristic wildfire and enhance ecological and economic resiliency of the forest and the local community.
2. Over 10 years, key indicators reflecting implementation of forest management projects show positive upward trend, and the landscape experiences a change in the Fire Regime Condition Class toward the desired future condition
3. There is an increase in the number of acres treated annually within the collaboratively agreed to landscape strategy

IX. Future

The problem of our national forests was 100 years in the making; it will not go away in a biennium. The IWG anticipates support for forest collaboratives – one or two per national forest – will be an ongoing need; however, outcomes must justify the investment.

APPENDIX A

2013-15 Draft Budget – Agency Request

	<u>Amount</u>
Deputy (1.0 FTE)	250,000
Administrative assistant (.25 FTE)	25,000
Direct Support to Collaboratives	
Scientific and Technical Assistance	1,000,000
Small Grant Program	750,000
Grant Program Administration	75,000
State Overhead (DAS, DOJ)	15,000
TOTAL	\$2,115,000

DRAFT

APPENDIX B

Dry Forest Zone Collaboratives in Oregon May 2012

14 collaboratives have been identified on 7 “dry side” National Forests in Oregon.

Existing community-based federal forest collaboratives:

Deschutes National Forest

- Central Oregon Partnership for Wildfire Risk Reduction (COPWRR)
- Upper Deschutes River Coalition

Fremont-Winema National Forest

- Black Hills Collaborative Project
- Lakeview Stewardship Group

Malheur National Forest

- Blue Mountains Forest Partners (BMFP)
- Harney County Restoration Collaborative (HCRC)

Rouge-Siskiyou National Forest

- Applegate Partnership & Watershed Council
- Ashland Forest Resiliency Stewardship Project Cooperators (AFRSP)
- Josephine County Stewardship Group
- Southern Oregon Forest Restoration Collaborative

Umatilla National Forest

- Umatilla Forest Collaborative Group (UFCG)

Wallowa-Whitman National Forest

- Hells Canyon Stewardship and Restoration Collaborative

Emerging community-based federal forest collaboratives:

Ochoco National Forest-wide collaborative group*

Wallowa-Whitman National Forest-wide collaborative group*

* A local entity was recently funded to initiate discussions intended to result in a new community based collaborative.

APPENDIX C— Examples of technical support service providers

Sustainable Northwest

Founded in 1994, Sustainable Northwest is dedicated to working with rural communities throughout Oregon to support collaborative, place-based approaches to natural resource management. Sustainable Northwest has served as convener, facilitator, project manager, staff support, technical assistance provider, and has provided other services to meet the needs of its community partners over time. We have worked with many communities across Oregon, Washington, Idaho and California, giving us a breadth and depth of experience that enables us to support rapid adoption of best practices and capturing innovations in forest restoration.

Sustainable Northwest has on-going relationships with groups such as Wallowa Resources and Blue Mountains Forest Partners (BMFP). For the last six years we have played a significant role in the development of the BMFP, supporting the organizational development of the group, assisting with fundraising, supporting project development, and working collaboratively to develop their Collaborative Forest Landscape Restoration Project.

We have also taken a lead role in supporting the development of an efficient multi-party monitoring framework to be shared by collaborative efforts to restore the Malheur National Forest and create local jobs. We are currently supporting Wallowa Resources and Wallowa Whitman National Forest in the start-up of a new forest collaborative.

Sustainable Northwest has been leading a five-year initiative called the Dry Forest Investment Zone (DFIZ) in cooperation with University of Oregon-Ecosystem Workforce Program, Wallowa Resources, the Watershed Research and Training Center and other groups throughout the state. The DFIZ initiative is working on three interrelated objectives: advancing landscape scale restoration, utilization of woody biomass and development of distributed energy systems, building of community capacity to achieve resilient natural resource-based communities, and changing federal administrative and legislative policies to support these objectives.

The DFIZ capacity building program ensures participating organizations are engaged in a rigorous scope of work including organizational assessments, peer learning, training workshops and webinars, and one-on-one technical assistance with some of the foremost experts in the fields of capacity building and natural resource management. The following organizations are currently involved: Wallowa Resources, Ecosystem Workforce Program, Blue Mountains Forest Partners, High Desert Partnership/Harney County Restoration Collaborative, COIC/Deschutes Forest Collaborative, Lake County Resources Initiative, Southern Oregon Forest Restoration Collaborative (formerly the Knitting Circle), Applegate Partnership/Applegate Watershed Council, and from outside of Oregon the Watershed Research and Training Center (CA), Mt. Adams Resource Stewards (WA), and Salmon Valley Stewardship (ID).

The Capacity Building Program includes:

- **A self-assessment of the participant's current capacity and their specific needs for organizational development.** This baseline assessment helps participants develop their individual capacity building plans.
- **Peer-to-peer learning opportunities, in person and by webinar.** These opportunities

are designed with the goal of developing a stronger regional network, increased collaboration, and consideration of regional level strategies across the Dry Forest Zone.

- **Individual technical assistance** provided one-on-one by a skilled consultant, and may include facilitated staff and/or board sessions via Skype, executive coaching, and/ or face-to-face assistance.
- **Measurement of program impact.** The self- assessment is repeated at the end of the program to measure how the capacity of the participating organizations has increased through engagement in the activities. This provides the groups with benchmarks of success and supports them in pursuing the continuum of organizational capacities needed to achieve their goals.

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The Nature Conservancy

Beginning in 2002, The Nature Conservancy, U.S. Forest Service and Department of Interior agency's launched a joint national effort under the umbrella of the U.S. Fire Learning Network. The network is a collection of landscape-scale collaboratives formed to accelerate the restoration of fire-dependent ecosystems while reducing fuel loads that threaten forests and communities. Each collaborative is focused on maintaining and/or restoring ecological, economic and social values of that landscape; the Fire Learning Network facilitates collaboration and the capturing and sharing of lessons learned among projects and people.

In 2004, the Upper Deschutes Basin Fire Learning Network landscape formed with the goal of bringing stakeholders together to improve the availability of tools needed to assess the landscape and set priorities for treatment. Landscape partners collaboratively developed a common vision for the landscape, using the best available science and incorporating a wide array of values. This shared vision encouraged stakeholders to find management solutions for the landscape at appropriate scales and in ways that balance restoration, fuels treatment and other community values. The team also integrated community planning efforts, like Community Wildfire Protection Plans, with agency efforts to generate a robust vision for future land management. The Upper Deschutes Basin Fire Learning Network also provided the organizational structure to unite multiple collaborative efforts in the area into the Deschutes Collaborative Forest Project (DCFP) under the Collaborative Forest Landscape Restoration Program (CFLRP). The DCFP is one of three demonstration landscapes in Oregon that are part of the Conservancy's Restoring America's Forests program.

In 2007, the Upper Deschutes Basin Fire Learning Network expanded and worked directly with the Applegate Partnership and the Lakeview Stewardship Group on the Fremont-Winema National Forest, partnering with local stakeholders to share lessons learned and to accelerate the restoration of ecologically degraded forests and minimize the risk of unnatural fire, stress, insect outbreak and other manifestations of poor health in Oregon. The NW FLN provided a framework and technically sound GIS layers for conducting landscape assessments in a collaborative setting, generating analyses based on ecological principles of forest resiliency from which stakeholders can establish treatment priorities. This framework furthered trust and broad agreement about project selection, design and implementation, enabling federal land managing agency's to develop socially acceptable projects for active forest management. In 2012, the Lakeview Stewardship group was also selected to be one of the Collaborative Forest Landscape Restoration sites.

More recently, The Conservancy's work under the Fire Learning Network framework has grown to include partnering in two key Master Stewardship Agreements (MSA); the Ashland Forest Resiliency Project and the Black Hills MSA. The Ashland Forest Resiliency project is a \$6 million partnership with the city of Ashland, Lomakatsi Restoration Project, The Nature Conservancy and the Rogue River-Siskiyou National Forest, focused on restoration of forest health and community values in the 22,000 acre Ashland watershed. The Black Hills MSA is a partnership with the Klamath Tribes, Lomakatsi Restoration Project, The Nature Conservancy and the Fremont-Winema National Forest, to design, develop and implement forest treatments on 30,000 acres on former tribal reservation lands now within the national forest. And a recent partnership with the Southern Oregon Forest Collaborative, The Nature Conservancy and the Medford District BLM is launching a collaborative plan for the 2million acre Rogue Basin.

Through this process, and as an example for providing Science Support and Technical Assistance, The Nature Conservancy contributed the following products and services to local collaborative groups:

- Have local staff embedded in local community collaboratives, providing technical assistance, ecological expertise and leadership role in the collaborative, developing strategies to address local needs, priorities and barriers.
- Conduct landscape scale analysis identifying ecological and community values leading to prioritization of treatments at appropriate location and scale.
- Develop principles of ecological restoration for major forest types within local geographies, and lead effort to translate these principles into treatment prescriptions and management actions.
- Using the Vegetation Dynamic Disturbance Tool model (VDDT), determine proportional abundance of seral stages for all major forest types and define Historic Range of Variation. Compare historic range of variation with current vegetation models and determine appropriate management actions to achieve or more closely approximate landscapes within the historic range of variability for forest types with given geographies.
- With partners, conduct fire history and stand reconstruction analysis to further inform historic range of variation by forest type within key geographic settings.
- Develop methods and strategies for incorporation of spatial heterogeneity within major forest types across landscape at scale appropriate to the forest type and fire regime
- Develop and support multi-party monitoring efforts, including implementation of a “monitoring dashboard” to track key indicators of outcomes from local collaboratives and efforts to accelerate the pace and scale of forest restoration at state, regional and national level
- Sponsor annual Fire Learning Network workshop for collaborative members, USFS staff and other practitioners that synthesize lessons and successful management practices applicable across dry forest zone collaboratives.
- Leverage additional private and federal dollars to advance and accelerate implementation of forest treatments
- Guide and assist local collaboratives in developing and implementing strategies to address local outreach, education and media relations
- Coordinate and engage local collaboratives to support national efforts that guide policy and federal funding for key programs with federal agencies, including for example, re-authorization of stewardship contracting, appropriations for Collaborative Forest Landscape Restoration Projects, and adoption of budgeting to support Integrated Resource Restoration.

Oregon Solutions

Oregon Solutions was initiated in 2002 and is housed in the Hatfield School of Government at Portland State University. Oregon Solutions works to build collaborative governance systems to bring sustainable solutions to community-based problems. The solutions are intended to support economic, environmental and community objectives and are built through the collaborative efforts of businesses, government, and non-profit organizations.

Since 2004, Oregon Solutions has been directly engaged with work to support locally-based federal forest collaborative groups. Generally, the purpose of these groups is to help improve forest health on federal forestlands by:

- Building trust among diverse local stakeholders for ecologically and economically sustainable forest management solutions;
- Identifying scientifically informed and socially acceptable forest management projects;
- Assessing forest health conditions and planning projects at the landscape-scale to address high-priority needs; and
- Defining and delineating the amount and characteristics of older forests that should be conserved and reestablished to maintain ecological sustainability and resiliency as part of a landscape assessment.

In early 2009 the Federal Forestlands Advisory Committee (FFAC), originally convened by Governor Kulongoski and Oregon Board of Forestry, published a report about federal forestlands management in Oregon and made recommendations for action that would create forests that are ecologically sustainable, economically viable, and appreciated by all stakeholders. The report identifies five state and local strategies for action, most of which are focused on increasing the pace of forestland restoration through the work of local forest collaborative partnerships, or “forest collaboratives.” (See “Achieving Oregon’s Vision for Federal Forestlands,” January 2009).

Upon completion of the FFAC report, the Governor’s Office worked with Oregon Solutions to create an Implementation Working Group (IWG) to advance the report’s recommendations. The purpose of the IWG, which consists of public- and private-sector and non-profit representatives, is to “support landscape-scale, active restoration of federal forestlands by identifying and removing barriers to restoration of forest and watershed health.” To date, the IWG has focused its efforts on the dry, fire-prone forests of eastern and southern interior Oregon and is:

- Helping collaboratives to identify local forest health priorities, develop landscape-scale forest restoration plans, and find agreement for active management;
- Advocating for sustainable and predictable supply of biomass and merchantable timber; and
- Advocating for supportive state and federal policy.

The forest collaboratives, in concert with the IWG, are working to restore forest health and resiliency, create jobs and maintain forest-sector infrastructure in rural communities in Oregon. In his November 3, 2011 testimony to the Oregon Board of Forestry, Governor Kitzhaber underscored the importance of the collaboratives in addressing critical natural resource issues facing the state:

“... Gaining collaborative agreement across diverse constituents on public forest management provides stability, and in a world of increasingly limited funding, the consensus these local forest collaboratives produce represents a sound place to invest. That said, the ecological, social, and economic needs we face today demand restoration work at a larger scale. I will continue to support forest collaboratives – but will also challenge them to advance project work at a pace and scale that is meaningful for forest and community health...”

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National Forest Health Restoration Economic Assessment

OVERVIEW

Discussions about the need for substantial forest restoration to address risks to national forests and the nearby communities led to questions about the economic feasibility of treating large forested areas. At the request of the Governor's Office and Legislative leadership, a subgroup of the Federal Forestland Advisory Committee – Implementation Working Group drafted a Request for Proposal to hire a contractor to assess the feasibility and economic impact of treating up to 330,000 acres per year of national forest lands in frequent-fire forests in a subset of national forests in Oregon.

The purpose of such an assessment is to better equip Oregon's elected leadership and policymakers to identify all options available to more aggressively pursue forest health and resiliency in Oregon's national forests, especially those in eastern and southern Oregon.

The Working Group procured funding from private and public sources, developed a Request for Proposals, conducted a thorough evaluation including interviewing three finalists, and selected a contractor. The contractor team is comprised of four firms:

- Tom Potiowsky from the Northwest Economic Research Center at Portland State University (NERC) in Portland, Oregon
- Mark Rasmussen, Roger Lord, and Brandon Vickery from Mason, Bruce & Girard, Inc. (MB&G) in Portland, Oregon
- Miles Hemstrom from the Institute for Natural Resources (INR) at Oregon State University in Corvallis, Oregon.
- Charles McKetta, Dan Green, and MaryAnn Green from Forest Econ, Inc. (FEI) in Moscow, Idaho

The Working Group will use this study to determine a strategic path forward to accomplish the goal of accelerating restoration activity on Oregon's federal forest lands. Furthermore, this study will provide elected officials, public and private forest sector leaders, members of the conservation community, and the electorate information needed to evaluate the challenges and opportunities of forest health restoration

The project has an aggressive schedule. The contractor began work in June, even before the final funding has been secured. A draft will be completed by October and will be subjected to peer-review. A final report will be issued by November 19. Presentations will begin shortly thereafter, including a presentation to the Legislature's Joint Task Force on County Payments scheduled for December 11.

Information about the economic assessment, including a set of frequently asked questions and the letter from Governor Kitzhaber and Legislative leadership requesting the study can be found at: <http://orsolutions.org/osproject/federal-forestlands>. For more information about the assessment contact Matt Krumenauer, Senior Policy Analyst at the Oregon Department of Energy, at 503-378-6043.



Oregon

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August 24, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ashley Seim, GIS and Technology Specialist
Greg Sieglitz, Monitoring and Reporting Program Manager

**SUBJECT: Agenda Item D: OWEB Investment Tracking Tool
September 11-12, 2012 OWEB Board Meeting**

I. Introduction

This report provides an update on recent projects designed to communicate about OWEB investments and outcomes and describes the next steps outlined by staff to explore available options for increased efficiency and accountability utilizing technological advances as described in the OWEB 2010 Strategic Plan.

A number of online tools described below will be demonstrated at the meeting in September including the online Project Completion Reporting, the OWEB Investment Tracking Tool, the Oregon Explorer Map Viewer and others. There is no Board action needed for this item.

II. Background

At the January 2010 Board Meeting, staff briefed the Board on the Strategic Plan immediate priority action items and communication products. Part of that discussion 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.

At the June 2011 Board meeting, staff updated the Board and demoed enhancements to tools presented in June 2010. Staff also presented to the Board upcoming opportunities for continued progress toward increased efficiencies, transparency and accountability for stakeholders and staff.

III. New Technological Developments and Updates to Existing Online Tools

On July 6 of this year, staff released online Project Completion Reporting via OWEB's Online Grant Management System (OGMS). The goal of the project was to streamline the final reporting process of grants for both staff and grantees by adding functionality to OGMS to allow entry of the various reporting requirements online.

The online project completion report includes many benefits, including:

- streamlined process to reduce time required for completion
- reduced time to review and approve materials
- improved quality and consistency of data
- increased information available for reporting

The partnership with the Oregon State University Institute for Natural Resources remains strong. Improvements have been made to the information technology tools developed and maintained as a result of this collaboration. For example, the Advanced Mapping Tool was overhauled and provides a more user friendly interface for creating maps and data for OWEB grant applications and for the Oregon Watershed Restoration Inventory (OWRI) completion reports (now called the Oregon Explorer Map Viewer).

In addition, staff involvement in the larger statewide GIS coordination effort has brought increased efficiencies in sharing data with other state agencies and feeds down to the council and district level. This coordination effort will result in additional products for public use in the near future including access to free LiDar data.

IV. Moving Forward – Opportunities for Increased Efficiency, Transparency and Accountability

As OWEB continues forward with the implementation of Ballot Measure 76, staff are identifying ways in which products and processes can be more efficient and more user friendly. The following examples represent a few areas where OWEB is beginning to make changes. These and other opportunities will be discussed in September and at future Board meetings.

A. Project Completion Reporting – Phase II

With the initial release of online project completion reporting staff and earlier users of the tool identified additional grant types, usability features, and enhancements that will increase the use of OGMS over time. Additional online offerings such as grant agreements and non-restoration metrics are also being considered as objectives for phase II.

B. Information Technology Assessment

Due to the increasing complexity of projects and programs, new reporting requirements, a heavier reliance upon information technology over time, and an exponentially larger agency caseload, it is imperative that the Information Technology systems that OWEB relies on are well designed for stakeholders and agency staff. An information technology assessment will evaluate the current extent and capability of the agency's information systems and data and aligning systems where needed to ensure the best service delivery possible.

The Information Technology Assessment will include the effort to streamline our applications. Once the IT Assessment has been completed, OWEB can begin the process of moving to online applications.

C. Online Grant Applications

Stakeholders and staff have identified that moving to an online application process would result in significant benefits and time savings for all parties. There is a high level of support among stakeholders, reviewers, and staff for this improvement. Staff already have developed and drafted a work plan that will help in guiding this effort forward.

Reviewing applications with an eye toward streamlining and improving the applications is important before offering grant applications online. OWEB applications have evolved over many years with different sections added or removed over time. Taking a holistic look at the information that OWEB requires will result in removal of duplicative questions, improving ease of use by applicants, reviewers and staff.

D. Biennial Report

As OWEB has increased the number of online tools and improved data availability, our need to produce a labor intensive, static hard-copy Biennial Report is reduced. With technological advancements and improvements, information is available to the public for compiling and querying year round and in some cases, near real-time. With the submission of the 2011-2013 Biennial Report in January 2013, staff expects to display accomplishments and outcomes in new ways – including even more emphasis on information availability through online methods.

V. Recommendation

This is an information item and no action is required of the Board at this time.



Oregon

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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item F: OWEB Regular Grant Program Overview
April 16, 2012 Grant Cycle and Staged Awards Recommendations
September 11-12, 2012 OWEB Board Meeting**

I. Introduction

This staff report provides an overview of the April 16, 2012, regular grant cycle and budget considerations. This report also contains funding recommendations for the final phase of the “staged” awards for the Horse Heaven Creek Watershed Restoration grant (211-4010) and Dee Irrigation District Piping and Passage Project (212-4001). Progress reports for these projects are provided in Section III below.

II. April 2012 Cycle Background and Summary

A. Applications Submitted

Application types solicited in this funding cycle were Restoration, Water Acquisition, and Technical Assistance. A total of 145 grant applications, seeking \$16.3 million, were received by the April 16, 2012, deadline. Attachment A shows applications submitted by region, project type, and dollar amount. No Water Acquisition applications were submitted.

B. Applications Withdrawn

Following the application deadline, three Restoration applications were withdrawn by the applicants before review: 213-1013, 213-1019 and 213-4001.

C. Applications Eligible Under the Special Investment Partnerships (SIP) Program

When the SIP concept was developed in 2008, OWEB staff created internal guidance that applications eligible for dedicated funding through an OWEB SIP would be funded through the SIP, and would not be eligible through the Regular Grant Program.

With that policy in mind, Technical Assistance application 213-3021, which proposed to recruit landowners in the Willamette Model Watershed for future riparian restoration projects, was determined ineligible and was not reviewed.

Staff worked with the applicants on two Restoration applications proposing riparian and instream habitat restoration projects in Willamette SIP tributaries (213-3022 and 213-3024). Because riparian restoration projects in Willamette SIP tributaries are eligible for Willamette SIP dedicated funding, staff asked these two applicants to resubmit new budgets for instream work only. With these revisions, the applications were deemed eligible for Regular Grant Program consideration.

D. Development of Staff Recommendations

After being screened for eligibility, 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. Attachment B contains the overall recommendations, and specifically details by region and type the number of applications recommended by the RRTs and staff and the dollar amounts recommended by staff. Following this overview are staff reports containing the OWEB staff funding recommendations for each region.

E. Review Process

The RRTs were sent hard copies 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 and the more complicated projects. All RRT members were invited on these visits and some members were able to participate.

The RRTs met in May and June to evaluate the merit of each proposal. Discussion of Restoration applications included how the proposed project addresses watershed process and function.

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, as contemplated by OWEB's administrative rule 695-010-0070(e) ("whether the overall budget reflects the expected watershed health benefit").

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.

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.

III. Progress Reports for Staged Awards

This section reports on the progress to implement the Horse Heaven Creek Watershed Restoration (211-4010) and the Dee Irrigation District Piping and Passage Project (212-4001). Staff recommend the Board award the final stage of funding to both projects as shown in Attachment C.

A. Horse Heaven Creek Watershed Restoration (211-4010)

This application was submitted to OWEB as a \$518,848 request in April 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 \$193,301, and committed to fund the remainder of the request over time, contingent on the grantee's progress report showing the need for funding. Attachment C shows the staged award and recommended funding amount.

This project covers approximately 11,000 acres in the Horse Heaven Creek watershed (Crooked River), about 20 miles southeast of Prineville. The project 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 three-year project addresses watershed health by reducing western juniper density through cutting and prescribed burning, improving herbaceous and shrubby vegetative cover, increasing infiltration, and reducing overland flow and surface erosion. Strategically-located off-stream water development combined with improved forage conditions throughout the watershed will improve grazing distribution and contribute to the improvements expected in riparian and stream conditions.

For the entire project, OWEB funds are being used to selectively cut post-settlement juniper at a rate of 70 percent of the original stem count. This is being done on 5,600 acres to create continuous surface and ladder fuel conditions that will facilitate prescribed burning in 6,800 acres. Fuel treatment in this fashion is designed to promote a canopy fire, limit surface soil temperature increases, and maintain soil microbial and seed populations. Juniper treatment may include chainsaw felling or dozer pushover. Contractors treated 2,554 acres in 2011 and 1,166 acres in 2012; 1,910 acres are scheduled for treatment in 2013. For their part, landowners successfully burned 1,400 acres in 2011 and will attempt to burn 2,400 acres in the fall of 2012. Another 3,000 acres are scheduled for burning in 2013.

OWEB funds are also being used for seeding and the development of off stream water sources. Landowners seeded over 700 acres that had been burned in 2011. The landowner is committed to continuing with aerial seeding after the prescribed fires, and has shown diligence in treating noxious weeds in the project area. Seeded areas show vigorous growth. The project is on track to complete the planned off stream water sources to improve riparian conditions.

The staged award of \$165,529 is needed in the fall of 2012 for year three of the project. The grantee will prepare the 1,910-acre juniper treatment unit with flagging of the juniper cut areas in late fall of 2012. Juniper thinning will occur during the winter and spring of 2012-2013, and the second burn is planned for fall 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, applying adaptive management strategies to incorporate knowledge gained in the first year.

Landowners and project partners are pleased with the results of the project so far and are eager to continue with the remaining phases of the project. To date, the proposed scope of work has been carried out successfully and within budget.

B. Dee Irrigation District Piping and Passage Project (212-4001)

This project was submitted to OWEB as a \$505,600 request in April 2011. At the September 2011 Board meeting, in order to fund further down the line of Restoration applications recommended by the RRTs, the Board awarded the sum of ten dollars, and committed to fund the remainder of the request over time, contingent on the grantee's progress report showing the need for funding. This level of award worked for the grantee, because the project is scheduled for construction in the fall of 2012 and winter of 2013. The Confederated Tribes of Warm Springs is contributing \$1.8 million for this project and, knowing there was an OWEB funding commitment, provided the funding support to complete engineering and other start-up costs. Attachment C shows the staged award and recommended funding amount.

The project will eliminate the periodic ditch failures that dump sediment into the West Fork Hood River and also transfer 3 to 10cfs of water to a permanent instream water-right, improving fish habitat and water quality. 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.

Engineering for the project has been completed and the contract for construction was awarded to a local contractor in The Dalles. The bid has been awarded for the pipe (a company in Portland). The entire four mile piping project is scheduled to be completed by March 1, 2013.

The grant application originally requested OWEB funding for pipeline construction. After working with the project partners it was determined that OWEB funds should be used to help purchase the pipe. The grantee has submitted a revised budget with those changes. All required permits have been issued.

IV. Staff Funding Recommendations

Table 1, Column 1, shows the Board's spending plan allocations to the Regular Grant Program, as updated at the July 2012 Board Special Teleconference. Column 2 shows Board awards to date. Column 3 shows funds remaining for Regular Grants for the remainder of the 2011-2013 biennium (September 2012 and March 2013 Board meetings).

Table 1. Regular Grant Program Spending Plan and Remaining Funds

Regular Grants *numbers shown in millions	Column 1 Spending Plan July 2012*	Column 2 Board Awards to Date*	Column 3 Remaining Funds July 2012*
Restoration	28.950	14.050	14.900
Technical Assistance	2.250	1.133	1.117
Monitoring	2.500	1.279	1.221
Outreach	1.100	0.600	0.500
Assessments	0.000	0.000	0.000
June 2011 Grant Awards	1.300	1.300	0.000
TOTAL	36.100	18.362	17.738

Table 2 below shows the total of all applications recommended for funding, as described in more detail in Subsections A and B below.

Table 2. Total Staff Funding Recommendations

Restoration – April 2012 applications	\$6,705,165
Restoration – Staged Awards (April 2010 and April 2011)	615,519
Technical Assistance – April 2012 applications	\$532,920
TOTAL Staff Recommendation	\$7,853,604

The staff recommendation falls within the Board’s spending plan allocation to the Regular Grant Program. If the Board adopts staff’s recommendation, \$8.12 million will remain for Restoration and Technical Assistance applications submitted for the October 2012 grant cycle (March 2013 Board funding decisions).

A. April 2012 Cycle Applications 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 regional Attachment A tables by shading.

Staff recommend funding for:

- 58 of the 82 Restoration applications recommended by the RRTs; and
- 15 of the 22 Technical Assistance applications recommended by the RRTs.

Details are contained within each of the attached regional staff reports.

B. Staged Award Funding Recommendation

As shown in Section III of this staff report, grantees have submitted the required progress reports. Staff recommend the Board award the final stages of funding for 211-4010 and 212-4001, as shown in Attachment C to this report.

Attachments

- A. Grant Applications Submitted for the April 2012 Grant Cycle
- B. RRT and Staff Funding Recommendations for the April 2012 Grant Cycle
- C. Staged Awards from Previous Grant Cycles Recommended for Funding

Oregon Watershed Enhancement Board

Types of Applications Received for April 16, 2012

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	6	14	20
Region 2	0	9	10	19
Region 3	0	9	19	28
Region 4	0	1	12	13
Region 5	0	6	32	38
Region 6	0	7	20	27
Totals	0	38	107	145

Dollar Amounts by Application Type

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	221,021	2,258,938	\$2,479,959
Region 2	0	290,007	874,150	\$1,164,157
Region 3	0	322,131	2,400,966	\$2,723,097
Region 4	0	10,500	3,784,538	\$3,795,038
Region 5	0	198,413	4,183,344	\$4,381,757
Region 6	0	292,291	1,483,950	\$1,776,241
Totals	\$0	\$1,334,363	\$14,985,886	\$16,320,249

Number of Applications Recommended
by Review Teams and Staff for Funding

Region	Technical Assistance		Restoration	
	RRT	Staff	RRT	Staff
Region 1	3	2	11	8
Region 2	7	3	9	9
Region 3	4	3	14	10
Region 4	1	1	9	5
Region 5	4	3	23	15
Region 6	3	3	16	11
Total	22	15	82	58

Dollar Amounts by Application Type Recommended
by Staff for Funding

Region	Technical Assistance	Restoration	Total
Region 1	\$ 97,194	\$ 1,366,605	\$ 1,463,799
Region 2	\$ 129,812	\$ 828,642	\$ 958,454
Region 3	\$ 96,438	\$ 1,177,824	\$ 1,274,262
Region 4	\$ 10,500	\$ 1,178,513	\$ 1,189,013
Region 5	\$ 79,845	\$ 1,377,052	\$ 1,456,897
Region 6	\$ 119,131	\$ 776,529	\$ 895,660
Staged (April 2010-11)	\$ -	\$ 615,519	\$ 615,519
Total	\$ 532,920	\$ 7,320,684	\$ 7,853,604

Staged Awards Reserve
 April 16, 2012 Grant Cycle
 Second and Third Staged Awards

Grant Award Staff Recommendations to the Board are Highlighted in Gray

Project#	Project Name	
211-4010	Horse Heaven Creek Watershed Restoration♦	\$165,529
212-4001	Dee Irrigation District Piping and Passage Project ^ ♦♦	\$449,990
	Total Restoration Projects Recommended for Second Stage Award by Staff to Board	\$615,519

^ Fund with Conditions

♦ Total amount is \$518,848 staged award with \$193,301 awarded September 2010 (reduced), \$156,861 awarded September 2011 and \$165,529 to be awarded September 2012

♦♦ Total amount is \$450,000 staged award with \$10 awarded September 2011 and \$449,990 to be awarded September 2012



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Tom Shafer, North Coast Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 1, North Coast
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report summarizes the North Coast Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 20 applications (14 Restoration and six Technical Assistance) for a total request of about \$2.5 million. Two Restoration applications were withdrawn by the applicants prior to review.

II. Regional Review Team Recommendations

The RRT met in June 2012 to review the applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding. The RRT recommended 14 applications for funding (11 Restoration and three Technical Assistance).

III. Staff Recommendation

For the September Board meeting, staff recommend funding for 10 applications for a total award of \$1,463,799: \$1,366,605 for Restoration and \$97,194 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1011	Niagara LWD Restoration Project	267,096	1
213-1001	Jackson Creek Restoration	101,969	2
213-1003	Schooner Creek Watershed Restoration ** ^	133,922	3
213-1009	SF Nehalem Dairy Riparian Enhancement * ^ PE \$41,090	100,770	4
213-1006	Upper North Fork Siuslaw Integrated Watershed Restoration	346,760	5
213-1004	Butte Creek Fish Passage Improvements ^	37,621	6
213-1012	Lobster & Preacher Creek Restoration Project ■	153,176	7
213-1007	McLeod Creek Riparian Enhancement ^ PE \$24,750	78,798	8
213-1010	Upper Yaquina Restoration - Phase II * PE \$15,399	299,669	9
213-1018	Fish Log Bank Renewal	48,960	10
213-1005	Kilchis River Restoration Project	24,684	11
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,593,425	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,366,605	

* Listed Amount Reflects Recommended Reduction ** Listed Amount Reflects Recommended Increase ^ Fund with Conditions PE=Plant Establishment

■ RRT recommended reduction in project scope, applicant elected not to proceed

Region 1 - North Coast
Technical Assistance Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1014	Asbury Creek Fish Passage Design	50,000	1
213-1016	Oak Ranch Creek - Phase II - Implementation Plan - passage/habitat/riparian ^	47,194	2
213-1002	Schooner Creek Road Sediment Reduction	26,575	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$123,769	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$97,194	

^Fund with Conditions

**Region 1 - North Coast
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount
213-1000	Quiet Water Restoration and Enhancement PE \$10,807	51,000

**Region 1 - North Coast
Technical Assistance Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-1008	Upper Fiddle Creek Restoration Design	23,567
213-1015	Nehalem - Wetland/Floodplain/Riparian Restoration - Plan/Design/Permit	23,690
213-1017	Rock Creek - LFA - Outreach/Design/Plan - Phase I	49,995

**Region 1 - North Coast
Restoration Applications Withdrawn by Applicant
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount
213-1013	Mabel Creek Floodplain Restoration and Cutthroat Trout Passage	77,836
213-1019	Killam/Fawcett/Simmons Creeks Habitat Enhancement Project	455,861



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Mark Grenbemer, Southwest Oregon Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report summarizes the Southwest Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 19 applications for a total request of about \$1.16 million.

II. Regional Review Team Recommendations

The RRT met in June 2012 to review the applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding. The RRT recommended funding for 16 applications (nine Restoration and seven Technical Assistance).

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 12 applications for a total award of \$958,454: \$828,642 for Restoration and \$129,812 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 2 - Southwest Oregon
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2011	Kentuck Creek Stream and Riparian Restoration PE \$9,555	153,853	1
213-2010	West Fork Smith River Phase III ^	218,927	2
213-2007	South Fork Deer Creek Restoration	52,394	3
213-2000	Myrtle Point Wetland Enhancement and Restoration ^ PE \$18,371	73,616	4
213-2012	Stock and Ross Slough Riparian Restoration Project ^ PE \$30,752	58,912	5
213-2008	Tenmile Creek Restoration	98,702	6
213-2001	Roberts Creek Fish Passage and Sediment Abatement * ^	62,719	7
213-2006	Bilger Creek Restoration	50,140	8
213-2002	Adams Creek Right Fork Fish Passage and Sediment Abatement * ^	59,379	9
Total Restoration Projects Recommended for Funding to Staff by RRT		\$828,642	
Total Restoration Projects Recommended for Funding by Staff to Board		\$828,642	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions PE=Plant Establishment

Region 2 - Southwest Oregon
Technical Assistance Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2014	East Fork Millicoma Oxbow Reconnect Phase II	49,415	1
213-2018	Lower Chetco Tributary Habitat Development ^	43,704	2
213-2013	East Fork Millicoma River Aquatic Inventory Surveys	36,693	3
213-2005	Deer Creek Restoration Planning ^	23,970	4
213-2003	Side Channel Reconnection at Coyote Trails' Jefferson Nature Center ^	20,750	5
213-2009	Fish Passage Prioritization ^	34,257	6
213-2015	Applegate Watershed Fish Barrier Assessment & Action Plan ^	11,605	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$220,394	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$129,812	

^Fund with Conditions

ATTACHMENT B

**Region 2 - Southwest Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-2004	Thompson Creek Restoration: Phase I PE \$11,491	40,858

PE=Plant Establishment

**Region 2 - Southwest Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-2016	Williams Creek Vegetative Management Plans	19,613
213-2017	Applegate WS LiDAR Modeling Completion Project	50,000



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Wendy Hudson, Willamette Basin Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 3, Willamette Basin
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report summarizes the Willamette Basin Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 28 applications (19 Restoration and nine Technical Assistance) for a total request of \$2.7 million.

II. Regional Review Team Recommendations

The RRT met in June 2012 to review applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding.

The RRT recommended funding for 18 applications (14 Restoration and 4 Technical Assistance).

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 13 applications for a total award of \$1,274,262: \$1,177,824 for Restoration and \$96,438 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 3 - Willamette Basin
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3024	Calapooia River Reach 1 Restoration - Phase 1 * PE \$12,205	121,979	1
213-3006	Little Fall Creek Channel Enhancement Project Phase I * ^ EM \$13,159	178,489	2
213-3010	Upper Luckiamute Floodplain and Side Channel Reconnection	74,926	3
213-3020	Practical Solutions for Managing Bradshaws Lomatium and Wetland Habitats * ^ EM \$12,542	192,659	4
213-3008	South Fork Ferguson Creek Fish Passage and Instream Enhancement ^	147,400	5
213-3015	Cedar Creek (Molalla) Fish Passage	77,227	6
213-3022	Upper Beaver Floodplain Connectivity (Beaver Creek Restoration Phase 2) * ^	59,257	7
213-3028	South Meadow Floodplain Native Plantings EM \$35,090	125,188	8
213-3014	Milton Creek Riparian Restoration * ^	60,020	9
213-3003	Horsetail Creek Floodplain Restoration * ^ PE \$39,515	140,679	10
213-3001	Smith and Bybee Wetlands Bottomland Forest Restoration * ^ PE \$56,925	182,175	11
213-3017	Wapato Marsh Restoration Project at Jackson Bottom Wetlands Preserve PE \$30,000	135,700	12
213-3000	River View Natural Area Restoration Project PE \$37,079	190,000	13
213-3016	Hancock Creek Fish Passage Project ^	93,588	14
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,779,287	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,177,824	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions EM=Effectiveness Monitoring PE=Plant Establishment

Region 3 - Willamette Basin
Technical Assistance Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3019	Molalla River Floodplain and Side Channel Restoration Feasibility ^	27,022	1
213-3007	Bear Creek Restoration Landowner Recruitment ^	19,416	2
213-3012	Mosby Creek Rapid Bio-Assessment Project ^	50,000	3
213-3005	Hobart Natural Area/Bradshaw's Lomatium Management Plan * ^	22,272	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$118,710	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$96,438	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 3 - Willamette Basin
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount
213-3002	Johnson Creek-Hogan Confluence Habitat Enhancement PE \$17,289	47,064
213-3009	Government Island Turtle Ponds Restoration	18,126
213-3011	Mosby Creek Phase II EM \$8,712	106,312
213-3018	Lower Sandy River Restoration Implementation Phase 2 - Camp Collins	214,585
213-3025	Restoring Connectivity for Salmon at a 300-acre Multnomah Channel Wetland EM \$3,500	137,318

EM=Effectiveness Monitoring PE=Plant Establishment

Region 3 - Willamette Basin
Technical Assistance Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-3004	Greater Forest Park Conservation Initiative Master Plan	49,366
213-3013	Dart Creek Fish Passage Improvement Project	50,000
213-3021	North Clackamas Urban Watersheds Comprehensive Restoration Program	21,029
213-3023	Pond Temperature and Habitat Mitigation Planning, Beaver Creek Restoration Phase IV	23,526
213-3026	Development of a Decision Support Tool for Restoration	50,000



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Rick Craiger, Central Oregon Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 4, Central Oregon
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report summarizes the Central Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 13 applications (12 Restoration and one Technical Assistance) for a total request of about \$3.8 million. One Restoration application was withdrawn by the applicant prior to review.

II. Regional Review Team Recommendations

The RRT met in June 2012 to review the applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding. The RRT recommended funding for 10 applications (9 Restoration and one Technical Assistance).

III. Staff Recommendation

For the September Board meeting, staff recommend funding for six applications for a total award of \$1,189,013: \$1,178,513 for Restoration and \$10,500 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 4 - Central Oregon
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4003	Crooked Creek Restoration ^	247,585	1
213-4002	EFID - Push-Up Dam Removal and Main Canal Diversion Upgrade ^	403,360	2
213-4011	Threemile Creek Fish Passage and Screening ^	178,744	3
213-4007	Conant Basin Watershed Restoration ^	235,061	4
213-4004	Pitcher Ranch Fish Passage Project ^	113,763	5
213-4006	Ochoco Canal Screening Project	60,025	6
213-4012	Central Oregon Low Impact Development (LID) Demonstration Project	98,251	7
213-4009	Rock Creek Piping Phase I	266,489	8
213-4010	Central Oregon Feral Swine Control *	153,580	9
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$1,756,858	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,178,513	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 4 - Central Oregon
Technical Assistance Application Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4000	Christman Diversion Replacement Design	10,500	1
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$10,500	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$10,500	

ATTACHMENT B

**Region 4 - Central Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-4005	Lower Mill Creek Side Channel	261,730
213-4008	Upper Beaver Creek Restoration Project Phase I	206,722

**Region 4 - Central Oregon
Restoration Applications Withdrawn by Applicant
April 16, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-4001	Tumalo Feed Canal Phase 4	1,500,000



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Karen Leiendecker, Eastern Oregon Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 5, Eastern Oregon
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report summarizes the Eastern Oregon Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 38 applications (32 Restoration and six Technical Assistance) for a total request of nearly \$4.4 million.

II. Regional Review Team Recommendations

The RRT met in May 2012 to review the applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding.

The RRT recommended 27 applications for funding (23 Restoration and 4 Technical Assistance).

III. Staff Recommendation

For the September Board meeting, staff recommend funding for 18 applications for a total award of \$1,456,897: \$1,377,052 for Restoration and \$79,845 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 5 - Eastern Oregon
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5006	This Is No Run of The Mill Creek Project ^	14,468	1
213-5036	Griffin Creek Upland Habitat and Riparian Improvement * ^	87,484	2
213-5000	Holbrook Spur Bank Stabilization * PE \$3,500	66,500	3
213-5037	Lake Creek Riparian Enhancement Project ^	76,362	4
213-5020	Phase III Lateral 227 ** ^	200,363	5
213-5030	Divide Allotment - 3900 Road Fence *	64,305	6
213-5004	McMullen Slough Avulsion Protection * PE \$6,050	56,300	7
213-5001	Cottonwood Ranch Knapweed Restoration Project ^	55,352	8
213-5018	Nyssa Bench Water Quality Improvement ** ^	31,688	9
213-5026	Newell Water Quality Improvement Phase II ** ^	220,958	10
213-5034	Little Crane Creek Watershed Enhancement	102,459	11
213-5035	Bluebucket Creek Riparian Improvement * ^	28,128	12
213-5022	Ridgeline Water Quality Improvement ** ^	46,605	13
213-5015	Lateral Piping for Water Quality Improvement ** ^	202,785	14
213-5025	Danner Valley Water Quality Improvement ^	123,295	15
213-5019	4 DJ Pipeline ^	173,217	16
213-5033	MLB Juntura Ranches Juniper Removal * ^	98,147	17
213-5011	Eight Fields Water Quality Improvements ^	165,827	18
213-5012	Alder Creek Elimination of Irrigation Return Flow * ^	39,521	19
213-5027	Graveyard Rim Water Quality Improvement	45,543	20
213-5023	Fossil Water Quality Improvement	50,297	21
213-5013	Jamieson Livestock Waste Water Elimination	45,147	22
213-5024	Kingman Water Quality Improvement	35,784	23
Total Restoration Projects Recommended for Funding to Staff by RRT		\$2,030,535	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,377,052	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions PE=Plant Establishment

Region 5 - Eastern Oregon
Technical Assistance Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5009	Medicine Creek Wetland Restoration	19,245	1
213-5017	Grande Ronde River Mile 109 Fish Habitat and Water Quality Improvement	35,000	2
213-5007	Eagle Creek: Getting the Corps to the Problem *	25,600	3
213-5005	Sumpter Valley Dredge Tailings Implementation Plan	41,003	4
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$120,848	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$79,845	

* Listed Amount Reflects Recommended Reduction

Region 5 - Eastern Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount
213-5002	City of Halfway Floodplain Restoration	606,105
213-5008	The Rockin - Locken Water and Erosion Improvement Project	50,578
213-5010	Joseph Creek Phase Two - Data Utilization	34,160
213-5014	Indian Fort Creek Enhancement	89,921
213-5016	UGR Whiskey Creek Road Relocation and Riparian Restoration	99,647
213-5028	Willow Creek Feedlot Relocation	84,221
213-5029	Livestock Grazing Management and Water Quality Improvement	118,472
213-5031	Miracle Wetland	470,334
213-5032	Sparks Wetland	512,992

Region 5 - Eastern Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-5003	Virtue Flat Historic Wetland Restoration Phase I	35,915
213-5021	Meeting of the Forks	37,950



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August 10, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator
Sue Greer, Mid-Columbia Regional Program Representative

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Region 6, Mid-Columbia Region
September 11-12, 2012 OWEB Board Meeting**

I. Introduction & Background

This staff report describes the Mid-Columbia Regional Review Team (RRT) evaluations and staff recommendations for funding. On April 16, 2012, OWEB received 27 applications (20 Restoration and seven Technical Assistance) for a total request of nearly \$1.8 million.

II. Regional Review Team Recommendations

The RRT met in June 2012 to review applications and make recommendations to OWEB staff. The RRT first reviewed the applications for merit and gave staff a “do fund” or “no fund” recommendation, then prioritized those applications recommended for funding.

The RRT recommended funding for 19 applications (16 Restoration and 3 Technical Assistance).

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 14 applications for a total award of \$895,660: \$776,529 for Restoration and \$119,131 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. Attachment A also shows staff “do fund” recommendations, in gray shading. For some “do fund” projects, funding amounts and conditions may be the staff recommendation rather than the RRT recommendation. Staff-recommended funding and conditions are described in the Review Team Evaluations and incorporated by reference into this staff report. Attachment B shows applications not recommended for funding at this time.

Staff recommend the Board approve the staff funding recommendation as shown in the gray shaded sections of Attachment A to this report.

Attachments

- A. Applications Recommended for Funding
- B. Applications Not Recommended for Funding

Region 6 - Mid Columbia
Restoration Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-6013	Mountain Creek Restoration Phase #3	112,075	1
213-6010	Dads Creek Siphon and Channel Reconnection	35,659	2
213-6016	John Day River and Hall Ditch Diversion Replacements	13,029	3
213-6014	Lower Bridge Creek Connectivity ^	64,528	4
213-6011	Badger Creek Diversion #2	42,040	5
213-6015	Rowe Creek Juniper ^	115,911	6
213-6008	Broken Spur Ranch Watershed Enhancements - Phase II	19,216	7
213-6019	Campbell Crossing Restoration Phase I	72,160	8
213-6022	Mountain Creek Watershed Restoration Project ^	216,500	9
213-6027	Cottonwood Canyon Floodplain Habitat Rehabilitation * ^	36,955	10
213-6023	South Fork Up Initiative -Early Action Implementation	48,456	11
213-6000	Indian Creek Habitat Improvement *	146,143	12
213-6006	Range Improvements for Riparian and Animal Enhancement ^	23,461	13
213-6007	Sherman County Upland Soil Conservation Projects	97,500	14
213-6025	Maxwell Ranch Upland Improvement	60,050	15
213-6021	Fruitvale Water Management Construction Stage 2	35,300	16
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,138,983	
Total Restoration Projects Recommended for Funding by Staff to Board		\$776,529	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 6 - Mid Columbia
Technical Assistance Applications Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
212-6012	Mountain Creek Restoration Phase #4 TA	34,300	1
212-6003	Fox Creek Cemetery Reach Restoration Design ^	42,434	2
212-6020	Cavendar Riparian Habitat Assessment ^	42,397	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$119,131	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$119,131	

^Fund with Conditions

Region 6 - Mid Columbia
Restoration Applications Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-6004	Heppner-Lexington Conservation Pipeline Line I Supplement	77,090
213-6005	Heppner-Lexington Conservation Pipeline 2	73,240
213-6009	Walchli Farms Irrigation Enhancement Project	71,397
213-6026	Butte Creek Upland Improvement	34,300

Technical Assistance Application Not Recommended for Funding by the RRT
April 16, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-6001	Bull Run Culvert Design #35 & #7375	50,000
213-6002	Bull Run Culvert Design #33 & #7370	50,000
213-6017	Broun Dam Removal - Phase 1	23,160
213-6018	Lower Umatilla River Habitat Enhancement - Phase I	50,000

ATTACHMENT C

Staged Awards Reserve April 16, 2012 Grant Cycle Second and Third Staged Awards

Grant Award Staff Recommendations to the Board are Highlighted in Gray		
Project #	Project Name	
211-4010	Horse Heaven Creek Watershed Restoration ♦	165,529
212-4001	Dee Irrigation District Piping and Passage Project ^ ♦♦	449,990
Total Restoration Projects Recommended for Second Stage Award by Staff to Board		\$615,519

^ Fund with Conditions

♦ Total amount is \$518,848 staged award with \$193,301 awarded September 2010 (reduced), \$156,861 awarded September 2011 and \$165,529 to be awarded September 2012

♦♦ Total amount is \$450,000 staged award with \$10 awarded September 2011 and \$449,990 to be awarded September 2012



Oregon

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August 24, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item G: OWEB Acquisitions Program**
September 11-12, 2012 OWEB Board Meeting

I. Introduction

This staff report provides an update on a number of components of the acquisitions program including acquisition closings since January, an update on the Long-Term Land and Water Protection Task Force, and progress on the Agency/Funder Panel, monitoring contract and upcoming process committee.

Staff are also requesting the Board approve initiation of rulemaking for any process changes to be recommended for the acquisitions program.

II. Background on Acquisitions Program

OWEB has provided funding for fee title purchase or conservation easements for over 60 properties since 2000. Currently, over 20 projects have been initially recommended for due diligence by the Board and are awaiting completion of due diligence to receive Board approval to fund the projects.

In part based on that backlog, in January, the OWEB Board took two steps. First, it placed a moratorium on new Acquisition applications through the April 2013 grant cycle. Second, it asked OWEB staff to complete a full review (internal and external) of the Acquisitions program. Following that guidance, staff are providing the Board with an update on progress relating to both items.

III. Backlog Progress

In February, OWEB staff entered into a contract with Planchon Consulting to assist both staff and acquisitions applicants with completing due diligence and expediting projects through the backlog process. Steve Planchon continues to assist with various due diligence actions in coordination with staff.

Miriam Hulst, Acquisitions Specialist, has closed six transactions since the January 2012 Board meeting. The projects total an investment of more than \$2.0 million and permanently protect 1,040 acres, as follows:

Grant Number	Name	Region	Award	Acres
210-4023-8982	Camp Polk Addition – Pond	4	\$192,500	6
208-3090-8357/9488	Mid-Willamette – Pitcher	3	\$187,000	54
209-112	Ecola Addition	1	\$1,400,000	805
208-3090-8357/9533	Mid-Willamette – Stellmacher	3	\$63,750	63
208-3090-8357/9534	Mid-Willamette – Waggle	3	\$215,900	102
208-3090-8357/9535	Mid-Willamette – Carnegie	3	\$6,800	10
TOTAL:			\$2,065,950	1,040

The Camp Polk Addition and Mid-Willamette projects are part of the Deschutes and Willamette SIPs, respectively.

IV. Long-Term Land and Water Protection Task Force

In April, OWEB staff worked with facilitators from DS Consulting to lead a two-day session with leaders from conservation, land trust, agriculture and environmental organizations. The primary purpose of the session was to get the perspective of these leaders on key areas of focus to achieve outcomes within OWEB’s ‘triple bottom line’ mission (ecological, economic and social). In addition, leaders were asked to provide tools that OWEB may want to consider in its long-term protection strategy. In addition to OWEB staff, three OWEB Board members participated and listened to feedback during the session. The summary of the report is provided as Attachment A to the staff report.

V. Agency/Funder Panel

Staff worked with DS Consulting to convene a group of state and federal agencies involved in acquisitions and easements along with non-profit funders of transactions associated with acquisitions. Staff and subcommittee members participated as well. A draft report was sent to participants, and a request for them to complete a survey noting the relative importance of each of the recommended items. The full report has been provided to the Acquisitions Subcommittee, and the one page summary of the report is provided as Attachment B to the staff report.

VI. Compliance and Effectiveness Monitoring

OWEB is responsible for completing monitoring on its existing easement and acquisition investments. This has not been completed consistently over the years due to limited staff capacity. In May, staff released a bid for multiple contractors to complete staged monitoring on all of OWEB’s properties. Four individuals are completing monitoring based on a consistent template throughout the summer. They will provide the subcommittee with an update on results in September and a full report to staff and the Board by the end of 2012.

VII. Rulemaking Request and Process Committee

Based on the results of the above-referenced processes, staff recommend that the Board initiate a review of current rules and recommend rule changes to be considered at the January 2013 Board meeting. The process will be closely coordinated with the Acquisitions Subcommittee who will review recommendations from the Rules Advisory Committee for Board consideration. Staff

have not identified specific rules that will require change within the acquisitions rules, so will open the review to OAR 695-045-0010 through 695-045-0150. Current rules are provided as Attachment C to the staff report. Some recommendations applicable to land acquisitions may also apply to OAR 695-046-0010 through 695-046-0170, Water Lease and Transfer Grants and if so, will be recommended for revision to the Board.

The proposed rulemaking process would be as follows:

Staff will convene a Rules Advisory Committee (RAC) of grantees, stakeholders, and staff. The RAC will review the specific process issues identified by the task force, funder panel and staff along with their own experience, and propose a process design for how OWEB’s acquisitions program might operate in the future. Board members will participate on the RAC to hear comments and conversations that will inform the Board’s final decision. Once the process design is established, the RAC will propose rule amendments. The proposed rule development schedule is described in the following table.

Rulemaking Proposed Schedule

Rulemaking Action	Approximate Dates/Deadlines
Board Authorization for Rulemaking	September 11-12, 2012
Rules Advisory Committee Meeting	September and October 2012
Notice Filed with Secretary of State	October 20, 2012
Draft Rules Finalized	October 31, 2012
Public Comment Materials posted online	November 10, 2012
Notice to Agency Mailing List and Legislators	November 15, 2012
Secretary of State’s Bulletin	November 15, 2012 (published)
Public Comment Period	November 15-December 15, 2012
Public Hearing – Salem	January, 2013 (prior to board meeting)
Board Adoption of Rules	January 2013 Board Meeting

VIII. Recommendation

Staff recommend that the Board authorize rulemaking to consider amendments to OAR 695-045-0010 through 695-045-0150. If changes recommended in this section are applicable to water acquisitions under OAR 695-046-0010 through 695-046-0170, rulemaking may be proposed for those sections as well.

Attachments

- A. Long-Term Protection Task Force Facilitator’s Summary Report
- B. Summary of Combined Agency and Funder Panel Recommendations and Prioritization Survey
- C. Land Acquisition Grants Administrative Rules

OWEB
Long-Term Protection Task Force
April 16-18, 2012
Facilitator's Summary Report

INTRODUCTION

In April 2012, the OWEB board launched a series of facilitated conversations to help the Board think about policy and funding issues related to the long-term success of OWEB. The goal of these sessions was to provide input to the Board about its long-term investment approach and strategy. The first of these discussions began with the Long Term Protection Task Force, a group of people actively involved in the long term protection of land and water throughout Oregon. The following is the facilitation team's summary of the discussion which occurred April 16, 17 & 18, 2012. A list of participants is on the final page.

OWEB's MISSION: To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

OWEB's Triple Bottom Line: Ecological Social/Community Economic

MEETING SUMMARY NOTES

Session Purpose: The goal of this session was to take a fresh look OWEB's Long Term land and water protection program, providing advice to the OWEB board on a number of questions and ideas relating to funding, tools and approaches.

Welcome and Introduction

In welcoming the group to the session, OWEB's Director Tom Byler noted that at 13 years old and with a recent legislative change that makes OWEB's funding stream permanent, it is time for OWEB to reflect on who we are, what we are doing, and how we invest in conservation around the state. To do this, OWEB is reaching out to partners and the public statewide to listen to ideas before establishing priorities. Public Listening Sessions will be held in May, providing ideas to the Board for discussion over the summer. Tom and attending Board members noted that they expect initial priorities to emerge from this work in Fall 2012, with a final long term investment plan or strategy to be adopted next summer (2013).

OWEB convened this group of partners to ask for ideas about OWEB's long term protection 'toolkit'. OWEB is interested in the group's ideas at the highest level of thinking and he invited the group to voice their opinions, think creatively and provide ideas for the Board to consider as it is contemplating its long term investment strategy.

Summary of Primary Themes

The primary themes that emerged from small and large group discussion were:

- Continue with what OWEB has done best:
 - Use local decisions in order to gain local support
 - Continue to be a leader in fostering collaborative partnerships
 - Work with partners to achieve longer term solutions to conservation
 - OWEB has been an investor, not an owner
 - This has been an advantage both politically and logistically
 - Changing this will have both management and political ramifications
- Take a whole landscape view:
 - Acquisitions projects should not be 'islands'. They need to clearly be part of a larger watershed strategy. With limited dollars, it is important to focus funds on those areas that will add value to more than just the property itself
 - Focus on both protection and productivity – when that productivity can help to achieve conservation outcomes (grazing, forest thinning, etc.)
 - Use this opportunity as a way to clarify terms or constructs that currently are divisive, such as working lands vs. ecological benefits; ecosystem services and green infrastructure
- Develop a statewide integrated watershed strategy that links efforts in a more comprehensive manner, as opposed to the current scattershot approach
 - Make certain that long term protection work occurs with linkages to other conservation efforts being funded through grants programs or partner efforts so as to maximize your (and others) investments
 - Re-engage other state agencies so that their work has positive impact on your investments as opposed to undermining them
- Focus investments on outcomes and values that can be achieved, not just on the tools themselves
 - And focus on the social components of those outcomes as well as the ecological
 - When focusing your efforts ask: What can we agree to do cooperatively together with others? Taking this approach at the outset and with strategic forethought will support all sides to work together
 - Develop a spectrum or continuum of long term conservation tools and approaches that achieve desired outcomes, as opposed to limiting your work to fee simple or easements
 - Match the instrument or tool to the benefit you are seeking
 - Recognize that different outcomes come at different costs – if a restoration project is only effective when protected permanently, then that should be the investment – if trees need 15 years to grow as a part of a restoration project, we should invest in protecting that investment for the time it takes to achieve its potential
 - This spectrum could range from easements to swaps to stewardship programs/MOUs to fee simple (see list of tools below)

- Think of stewardship in terms of both land and the public's trust in what you are doing.
- Engage and leverage landowners to get their help working their land with conservation in mind and conserving land with neighbors who are working land in mind
 - To do this well, you will need the full spectrum of tools in order to support flexible approaches to the variety of landscapes and landowners
- Be a more vocal advocate and educator for conservation in Oregon
 - OWEB's education and outreach has been good—and can be even stronger with new and creative approaches that reach land owners where they are (not just online for people to actively access)

Participants in Alphabetical Order

(Contacts for Intra-group ONLY)

NAME / ORGANIZATION	EMAIL	PHONE
Dale Buck, Oregon Farm Bureau Federation	dbuck@oregoncoast.com	
Tom Byler, OWEB Director	Tom.byler@state.or.us	503-986-0180
Brad Chalfant, Deschutes Land Trust	bsc@deschuteslandtrust.org	
Kati Fast, Oregon Farm Bureau	kati@oregonfb.org	503-399-1701
Tod Heisler, Deschutes River Conservancy	tod@deschutesriver.org	541-382-4077
Doug Kraemer, OWEB Board/ Board of Ag	douglaskraemer@gmail.com	503-572-5830
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Board		
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Bob Skinner, Oregon Cattleman's Association	skinner.ss@live.com	541-586-2282
Bruce Taylor, Defenders of Wildlife	btaylor@defenders.org	503-699-3889
Johnny Sundstrom, SWCD/Watershed Council member	siwash@pioneer.net	541-964-5901
Bill White, OWEB Board/NRCS	Bill.White@or.usda.gov	503-414-3085
Bettina von Hagen, EcoTrust	bettina@ecotrustforests.com	503-467-0756

DRAFT

Summary of Combined Agency and Funder Panel Recommendations and Prioritization Survey

The Oregon Watershed Enhancement Board (OWEB) is developing a Long Term Investment Strategy that will provide guidance and clarity on how the board will make decisions among possible investments to best meet its mission and strategic plan. In addition, Ballot Measure 76 (passed in 2010) has added some opportunities and changes for the board to consider.

Development of the strategy is underway with planned completion in June of 2013. Analysis of how OWEB invests in long-term land and water protection is a subset of this larger process. As a part of this process, the Agencies and Funding Organizations Panel (AFP) met in May and June of 2012. Important detail on the AFP recommendations is located in the main body of this report. Subsequent to development of the report, facilitators provided a survey to participants to gauge importance of the recommendations. A summary of top priority items is provided below.

1. OWEB needs to prioritize where and how it invests to achieve the desired ecological outcomes and monitor to identify successes and areas for improvement. To accomplish this, the agency can:
 - a. Specifically define what ‘success’ means to OWEB in terms of long term land and water protection; then utilize existing strategies and tools to prioritize in a way that accomplishes OWEB goals. These may include the Oregon Conservation Strategy, Oregon Forest Action Plan Priorities, Oregon Natural Heritage Strategic Plan, recovery plans and watershed analyses/TMDL documents.
 - b. Fund only those projects that meet the identified priorities for OWEB.
 - c. Consider an overlay of biological needs with other factors that contribute to efficient and effective resource protection with a priority on place-based approaches.
 - d. Place acquisitions in proper context with the agency’s full range of tools (restoration, capacity, technical assistance, etc.)
 - e. Design effectiveness monitoring to assess whether projects are achieving desired results using common protocols with other agencies where possible
2. OWEB needs to be clear and transparent about its priorities and how it selects projects:
 - a. Develop clear policy on the role of acquisitions in meeting OWEB statutes and priorities as well as a clear budget for acquisitions, and when grants will be solicited
 - b. Outcomes and priority areas should be clearly identified along with associated specific and defined project selection criteria. Utilize common measurements for biological outcomes where possible
 - c. Priorities should be announced well in advance, giving applicants time to find the best projects.
 - d. OWEB’s criteria and decision-making process should be clearly defined and communicated early to potential grantees.
 - e. OWEB should consider ongoing stewardship of acquisitions in its selection
3. In leveraging funding, OWEB should:
 - a. Consider OWEB’s role in Oregon’s ‘leveraging landscape’, determining where funds are most needed and can be best leveraged.
 - b. Engage current and new partners in leveraging those funds that will drive biological outcomes
 - c. Consider broadly what qualifies as match for an application

4. In recognizing both social and economic benefits of ecological protection investments, OWEB should:
 - a. Engage the support of local landowners and identify incentives that might encourage participation.
 - b. Quantify biological outcomes in a way that better connects with the public
 - c. Set goals in a way that helps catalyze local partners that are critical to achieving success
 - d. Consider land trust capacity and investments in that capacity to increase project success.
 - e. Consider community support, or at minimum, community impacts in project selection.
 - f. Consider the impacts that proposed acquisitions could have on county tax receipts.
 - g. Acknowledge the local economic benefits that are generated through restoration, including restoration jobs and ecosystem services as well as the potential for co-benefits like commodity production.

5. OWEB can utilize a variety of tools to accomplish long-term land and water protection, including:
 - a. OWEB grants & new funding concepts
 - Maintenance/stewardship of acquisitions
 - ‘Emergency’ funds available to ensure project success and address unforeseen shortcomings to meet project goals
 - Development of management plans
 - b. Fee title and conservation easements that include but are not limited to long-term working lands agreements, and land stewardship agreements.
 - c. Audits for acquisitions

6. OWEB itself can be a catalyst for collaboration and change by convening conversations with partners about land and water protection investments.

OREGON WATERSHED ENHANCEMENT BOARD

**DIVISION 45
LAND ACQUISITION GRANTS**

695-045-0010

Definitions

(1) "Land Acquisition Project" is a project that proposes to acquire an interest in land from a willing seller for the purpose of addressing the conservation needs of priority habitat and species consistent with conservation principles identified by the Board. Interests in land may include a lease, purchase of a conservation easement, or purchase of fee simple title.

(2) "Partners" are persons or entities that have committed funding, expertise, materials, labor, or other assistance to a proposed land acquisition project.

(3) "Management Plan" is a description of the planned future management of a property proposed for acquisition that addresses species and habitat management practices, proposed restoration projects, land uses, public access, and educational or research opportunities on the property.

(4) "Ecoregion" means a large area of land or water that contains a geographically distinct assemblage of natural communities that (a) share a large majority of their species and ecological dynamics, (b) share similar environmental conditions, and (c) interact ecologically in ways that are critical for their long-term persistence.

(5) "Due Diligence Review" is a review conducted by OWEB staff and their contractors of the legal and financial terms of the proposed acquisition of an interest in land. This review includes:

(a) An independent, third-party review by a State Certified General Appraiser of the fair market value appraisal submitted by the applicant;

(b) Review by OWEB's legal counsel of the title, title exceptions, option or lease agreement, and proposed conservation easement, deed restriction, or lease submitted by the applicant, if applicable; and

(c) A review by an independent third party contracted by OWEB of the environmental site assessment(s) submitted by the applicant.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0020

Purpose

The Board is directed under Article XV, Section 4b of the Oregon Constitution and ORS 541.932(9) to allocate funding for land acquisition projects that, in its judgment, further the goal of protecting and/or restoring wild salmonids, fish and wildlife habitat, watersheds, or water quality in Oregon. As funds are available, and at times set by the Board, the Board shall consider grant applications for land acquisition projects using the criteria described in this Division. These rules will guide the Board's consideration of land acquisition grant applications based on the proposed project's ecological and educational benefits, partners, the effect the proposed project will have on the local and regional community, and the financial and legal soundness of the proposed real estate transaction. The Oregon Watershed Enhancement Board will not hold fee title to property under these rules.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0025

Eligible Expenses

Land acquisition project grant awards will only provide funding to assist with the purchase price of an interest in land. Interests in land include fee simple title, conservation easements, and leases.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0030

Ineligible Expenses

Expenses other than the actual purchase price of a property interest are not eligible for reimbursement as part of an OWEB land acquisition grant award.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0035

Required Matching Funds

All applicants shall demonstrate at least 25 percent in secured matching funds for a project prior to the disbursement of Board funds. If a grantee has not demonstrated 25 percent in secured matching funds within 12 months after Board approval of grant funds, or a different time period specified by the Board, the grant award will be rescinded without further action by the Board.

Match may include:

- (1) A commitment of cash by the grantee for the proposed purchase of fee title, a conservation easement, or the lease of a land interest.
- (2) Secured funding commitments from other sources for the proposed purchase or lease of a land interest. Secured pledges must have supporting documentation.
- (3) If the proposed purchase of an interest in land will be for less than the appraised fair market value, the difference between the appraised fair market value and the actual purchase price of the land interest.
- (4) The following reasonable costs incurred prior to Board approval may also be included as part, or all, of the matching funds for the project:
 - (a) The cost of an option to purchase fee title or a conservation easement, or to lease a land interest, if it is credited toward the purchase or lease price.
 - (b) The cost of the fair market value appraisal of the land interest submitted to OWEB, including reasonable consulting fees necessary to complete the appraisal.
 - (c) The cost of a phase one environmental site assessment. If a phase one environmental site assessment indicates that further investigation is necessary, and OWEB staff request submission of a phase two environmental site assessment, the cost of a phase two environmental site assessment. If further assessment is recommended in the phase two assessment, and OWEB staff request further assessment, the cost of the additional assessment.
 - (d) The cost of a preliminary title report, exception documentation, and title insurance required by OWEB.
 - (e) Actual funds raised for a stewardship endowment for the project. Secured pledges must have supporting documentation.
 - (f) The cost of developing a management plan for the proposed acquisition.
 - (g) The cost of developing a baseline documentation report when the project proposes to acquire a conservation easement.
 - (h) The cost of surveying the property to obtain a legal description for title insurance purposes.
- (5) The Director shall retain the discretion to determine that an amount identified as match in (d) above exceeds that which is reasonable and exclude the unreasonable amount from counting as match under this section.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0040

Evaluation Criteria

Land acquisition grant applications will be evaluated based on:

- (1) The ecological benefits of the proposed project through reference to "OWEB Ecological Priorities for Land Acquisition by Basin" identified further in Section 695-045-0080(1);
- (2) The capacity of the property manager to sustain the ecological benefits of the proposed project;
- (3) The educational benefits of the proposed project;
- (4) The strength of the partners in the project and support expressed for the project;
- (5) The effect of the proposed project on the local and regional community; and
- (6) The soundness of the legal and financial terms of the proposed real estate transaction.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0045

Application Review Process: Overview

(1) Land acquisition grant applications will be considered by the Board and evaluated according to the rules in this division if all application materials listed in Sections 695-045-0080 through 0120, except those listed in Section 695-045-0120(2)(a)-(g), are submitted prior to the grant application deadline established by the Director. Due diligence application materials, listed in Section 695-045-0120(2)(a)-(g) of these rules, do not have to be submitted with the initial grant application. The submission of due diligence materials by an applicant will be invited by OWEB staff upon the recommendation of the Board Acquisition Subcommittee, or by the OWEB Board after an initial review has occurred.

(2) The processing of all land acquisition project grant applications by the Board will involve the following steps:

(a) Initial review of the proposed project by a Board Acquisition Subcommittee. The Board Acquisition Subcommittee will evaluate the ecological and educational benefits and the proposed manager's capacity to sustain the benefits, partners in and support for the project, and the effect on the local and regional community of the proposed acquisition project.

(b) The Board Acquisition Subcommittee will either recommend proceeding with a due diligence review of a grant application, or recommend that the application be denied, and that no due diligence review of the application should occur. If the Board Acquisition Subcommittee recommends proceeding with a due diligence review of a land acquisition grant application, the Director will undertake a due diligence review once the grant applicant has provided the due diligence materials identified in Section 695-045-0120(2)(a)-(g).

(c) Review by the appropriate Regional Review Team, as defined in OAR 695-005-0020(4), of the ecological and educational value of the proposed acquisition project will occur after the Board Acquisition Subcommittee review.

(d) After a due diligence review of a proposed land acquisition project is complete, the Board Acquisition Subcommittee will synthesize the ecological and educational benefits of a proposed project and the proposed manager's capacity to sustain the benefits, partners in and support for a project, the effect on the local and regional community, the evaluation of the Regional Review Team, and the due diligence review of the project into a funding recommendation to OWEB staff.

(e) OWEB staff will synthesize the following into a staff funding recommendation to the Board:

(A) The ecological and educational benefits of a proposed project, and the proposed manager's capacity to sustain the benefits;

(B) Partners in and support for the project;

(C) The effect on the local and regional community;

(D) The due diligence review of a proposed project;

(E) The evaluation of the Regional Review Team;

(F) The recommendation of the Board Acquisition Subcommittee; and

(G) Information about available funding resources and competing projects.

(f) The Board will make a funding decision on a land acquisition project grant application based on the ecological, educational, and community benefits of a proposed project, the capacity of the proposed manager to sustain the ecological benefits, partners in and support for the project, and the financial and legal soundness of the proposed real estate transaction. The Board will take all information provided by the applicant, reviewers, and staff, as well as competing projects and available funding into consideration when making its funding decision.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0050

Application Review Process: Board Acquisition Subcommittee Review

(1) Initial review of a project will be conducted by a Board Acquisition Subcommittee appointed by the chair(s) of the Board. The Board Acquisition Subcommittee will consist of at least two voting members and one non-voting member of the OWEB Board, and will operate by consensus vote.

The Board Acquisition Subcommittee will evaluate the ecological and educational benefits of a project and the capacity to sustain those benefits, partners in and support for the project, and the effect of the project on the local and regional community of the proposed acquisition project.

(2) Staff and the Board Acquisition Subcommittee may request additional information from the applicant, and pose specific questions to be addressed by the Regional Review Team.

(3) Staff will contact any affected tribe(s) prior to the first Board Acquisition Subcommittee meeting and provide them the opportunity to comment on a proposed acquisition project if the acquisition is proposed on or adjacent to tribal lands, including reservation lands, trust lands, or usual and accustom sites.

(4) After considering the written application materials and information provided by staff, the Board Acquisition Subcommittee will either recommend:

(a) Proceeding with the due diligence review of a grant application in preparation for a funding decision by the OWEB Board; or

(b) Recommend that no due diligence review of the application occur, and that the funding request be denied by the OWEB Board. This recommendation will be based on the initial evaluation of the ecological, educational, and community benefits of a proposed land acquisition project by the Board Acquisition Subcommittee.

(5) The Board Acquisition Subcommittee will use an application's consistency with and significance in supporting both the Conservation Principles and priority basin habitat and species identified in "OWEB Ecological Priorities for Land Acquisition by Basin," identified further in Section 695-045-0080(1), as a benchmark when evaluating the ecological benefits of a proposed land acquisition.

(6) The applicant will be notified in writing of the Board Acquisition Subcommittee's recommendation.

(7) If the Board Acquisition Subcommittee recommends that due diligence review of a grant application not occur, and that the Board deny the funding request, the Board Acquisition Subcommittee will provide the reasons for such recommendation for consideration by the Board. The grant applicant will have the opportunity to discuss this recommendation with the Board prior to its final decision on the grant application.

(8) The Board will vote on whether the grant application should be denied funding or deferred so that a due diligence review may occur. If deferred, the application will be scheduled for consideration by the Board at the next regularly scheduled Board meeting at which restoration and acquisition grants will be considered, as long as the applicant's due diligence materials are submitted at least 90 days before the meeting.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0055

Application Review Process: Regional Review Team Evaluation

(1) The geographically appropriate Regional Review Team will evaluate the ecological and educational value of every proposed land acquisition project, and be asked to provide direct responses to questions posed by the Board Acquisition Subcommittee.

(2) In its evaluation of the ecological value of a proposed acquisition, the Regional Review Team will make explicit findings about an application's consistency with and significance in supporting both the Conservation Principles and priority basin habitat and species identified in "OWEB Ecological Priorities for Land Acquisition by Basin," identified further in Section 695-045-0080(1).
Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0060

Application Review Process: Due Diligence Review

(1) The Director will only conduct a due diligence review of a grant application if it is recommended by the Board Acquisition Subcommittee or directed by the OWEB Board.

(2) If the Board Acquisition Subcommittee recommends proceeding with a due diligence review of a land acquisition grant application, the Director shall undertake a due diligence review in preparation for making a funding recommendation to the full Board. The due diligence review will occur once the grant applicant has provided the due diligence materials identified in Section 695-045-0120(2)(a)-(g). This review will include:

(a) An independent, third-party review by a State Certified General Appraiser of the fair market value appraisal submitted by the applicant;

(b) Review by OWEB's legal counsel of the title, title exceptions, option or lease agreement, and proposed conservation easement, deed restriction, or lease submitted by the applicant, if applicable; and

(c) A review by an independent third party contracted by OWEB of the environmental site assessment(s) submitted by the applicant.

(3) Applicants may, but are not required to, submit their due diligence materials, listed in Section 695-045-0120(2)(a)-(g), with their grant application. If an applicant's due diligence materials are not submitted with the grant application, and an applicant is invited to submit its due diligence materials by the Board Acquisition Subcommittee or Board, OWEB staff must receive an applicant's due diligence application materials at least 90 days prior to the Board meeting at which the application is considered.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0065

Application Review Process: Staff Funding Recommendation

The Director will develop a staff funding recommendation to the Board based on the evaluation criteria listed in Section 695-045-0040 and the information provided by the applicant, information developed by staff during the evaluation of the application, and the information provided by the Board Acquisition Subcommittee, Regional Review Team, and due diligence reviewers. The staff funding recommendation will be to fund or partially fund an application, fund an application with conditions, defer action, or deny funding for an application.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0070

Application Review Process: Board Funding Decision

The Board will make a funding decision on a land acquisition project grant application based on the evaluation criteria listed in Section 695-045-0040. This decision will be based on the information provided by the grant applicant, reviewers, Board Acquisition Subcommittee, and OWEB staff. The Board's decision will be made in the context of program budget and priority considerations.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0080

Application Requirements: Ecological Benefits of a Proposed Acquisition Project

(1) The ecological value of a proposed land acquisition project will be evaluated by reference to "OWEB Ecological Priorities for Land Acquisition by Basin" (Basin Ecological Priorities) adopted by the Board on September 14, 2004, and incorporated in these administrative rules by reference.

OWEB's Basin Ecological Priorities can be found on file at OWEB's main office at 775 Summer Street NE, Suite 360 in Salem, Oregon, or on OWEB's website at www.oregon.gov/OWEB.

(2) To enable the Board to fully evaluate the ecological benefits of an acquisition project, an applicant shall provide the following information as part of a grant application:

(a) A map showing the approximate locations and descriptions of the habitat and species the project proposes to protect and/or restore.

(b) An explanation of why the applicant believes acquisition of a property interest is the best method to accomplish the proposed protection or restoration, including an answer to the question: "Why will a change in ownership result in a change in management beneficial to priority habitat or species?"

(c) A description of the relative importance of the site's habitat and species values at the watershed, basin, and ecoregion levels, and how the project relates to other watershed restoration and protection efforts in the watershed.

(d) Reference to current conservation plans that identify the property or habitat and species on the property as protection priorities. Applicants will attach the relevant pages from these plans to the grant application.

(e) A description of how the project will protect and/or restore priority basin habitat and species identified in Basin Ecological Priorities for the basin in which the property occurs.

(f) The approximate number of acres on the property containing priority habitat and/or habitat for priority species identified in the Basin Ecological Priorities. If the number of acres on the property containing priority habitat or species identified in the Basin Ecological Priorities is less than 50 percent of the total property acreage, a description of why the entire property interest is proposed for acquisition.

(g) A description of the project's consistency with one or more of the following Conservation Principles, described in more detail in the Basin Ecological Priorities. The proposed acquisition will:

(A) Protect a large, intact area; or

(B) Stabilize an area "on the brink" of ecological collapse; or

(C) Secure a transition area, protecting it from development; or

(D) Require active restoration to achieve its conservation purpose that would not occur without a change in ownership; or

(E) Protect a site with exceptional biodiversity value; or

(F) Improve connectivity of habitat; or

(G) Complete or complement an existing network of sites in the basin or region.

(h) Two letters from natural resource professionals not affiliated with the applicant or project sponsors explaining how the proposed acquisition will address the priority habitat and/or species and conservation principles identified in the Basin Ecological Priorities.

(i) If applicable, a description of watershed functions or water quality parameters the project proposes to directly affect, and the current condition and trend of watershed functions and water quality in the project area.

(j) A description of whether any water rights are associated with the property and whether portions thereof will be transferred to a protected instream water right as part of the project. If the water right or portions thereof will be transferred instream, a description of the watershed benefits associated with the transfer.

(k) A description of the benefit of the acquisition to the goals of the Oregon Plan for Salmon and Watersheds as listed at www.oregon.gov/OWEB.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0090

Application Requirements: Capacity to Sustain the Ecological Benefits of the Acquisition Project

To enable the Board to evaluate how a proposed land acquisition project's ecological benefits will be sustained, the applicant shall provide the following information as part of a grant application:

(1) Whether the ecological benefits will be protected by contractual limitations on future land uses or depend on affirmative future activities of the landowner not funded by the grant. If the latter, then how the applicant proposes to ensure that the ecological benefits are realized.

(2) If a management plan exists, attach a copy of the plan to the grant application.

(3) A description of the management goals and objectives for the land interest, and, if there is not yet a management plan for the interest, the process and timeframe that will be used to develop a long-term management plan for the land interest.

(4) A description of the entity(ies) that will be responsible for managing the land interest, and their organizational ability to implement the management plan or management goals and objectives for the land interest in terms of staff, volunteer, partner, and consultant qualifications and experience.

(5) A description of how the management entity(ies) will finance ongoing management costs, whether stewardship funding has been raised for the project, and plans to raise stewardship funding in the future.

(6) A description of the entity that will hold title to the land interest. If the proposed titleholder is a different entity than the proposed manager of the interest, a description of the relationship between the interest holder and the management entity.

(7) If restoration of habitat, species, or watershed function is proposed as part of the applicant's management goals and objectives for the project, a detailed description of the applicant's capacity to accomplish the restoration goals. This description should address how anticipated funding for the restoration will be raised.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0100

Application Requirements: Educational Benefits of a Proposed Acquisition Project

Not all proposed land acquisition projects should or will have an educational component. However, a proposed land acquisition project that has strong educational benefits may receive a higher ranking than a comparable project that does not have strong educational benefits. To enable the Board to evaluate the potential for the proposed acquisition to enhance citizen understanding of watershed health, if a proposed project does have an educational component, the applicant should provide the following information as part of a grant application:

(1) A description of any plans for education and outreach regarding the project.

(2) A description of how the proposed acquisition will enhance citizen understanding about watershed health at the local, regional, and state levels.

(3) A description of whether the public will be provided access to the property, and if so, under what conditions.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0110

Application Requirements: Partners, Support for the Project, and the Effect of the Proposed Acquisition Project on the Local and Regional Community

(1) To enable the Board to evaluate the effects of the proposed acquisition on the local and regional community, the applicant shall provide the following information as part of a grant application:

(a) A description of partners in the project, and what they will contribute.

(b) A description of entities that support the proposed acquisition, and documentation of their support.

(c) A description of the current land uses on the property, and the land uses adjacent to the proposed acquisition.

(d) A statement by the applicant regarding the proposed acquisition's effect on the local property tax base, including the amount of property taxes paid in the prior year, and whether the property will remain on the tax rolls, or whether in lieu of payments will be made.

(e) A description of the economic and social effects the project may have on the local and regional economy, community, and agriculture/forestry infrastructure.

(2) Grant applicants will provide a statement as part of their grant application certifying that they have contacted and will consult with any affected tribe(s) on a proposed acquisition project if the acquisition is proposed on or adjacent to tribal lands, including reservation lands, trust lands, or usual and accustom sites.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0120

Application Requirements: Due Diligence Regarding the Terms of the Proposed Acquisition

(1) To enable the Board to review the legal and financial terms of the proposed acquisition of an interest in land, applicants shall submit the following information as part of a grant application:

(a) The names of and contact information for the grant applicant(s), the current owner(s) of the property interest to be acquired, and partners in the project.

(b) A letter from the current owner(s) stating that they are in discussions with the grant applicant about selling or leasing the property interest.

(c) The address, a legal description, and a map of the land interest proposed for acquisition.

(d) A general description of the physical state of the property, including any current or proposed roads and structures and their location, and any legal encumbrances and their approximate location. A statement regarding whether the physical improvements or legal encumbrances may impact habitat or species proposed for protection or restoration on the property.

(e) The contractually agreed-upon purchase or lease price for the land interest, or if one does not exist, the anticipated price for the land interest and the basis for that anticipated price.

(f) The proposed conservation values to be protected by either OWEB's required easement, covenant or deed restriction described in OAR 695-045-0140(7), or the proposed easement or lease to be acquired.

(2) Submission of the following due diligence information at the request of OWEB staff or the Board is required to complete a land acquisition project grant application:

(a) A copy of the written option, purchase, or lease agreement for the proposed acquisition, or evidence that such an agreement exists. If a copy of the option, purchase, or lease agreement is not submitted, the applicant shall submit a brief statement explaining whether the terms of the

option, purchase, or lease agreement limit the proposed transfer or lease in any way, or could affect the proposed use of the land interest for the purposes described in section 4(b), Article XV of the Oregon Constitution.

(b) A written statement, signed by the seller or lessor of the land interest, as to whether the seller or lessor of the land interest is contractually required by the written option, purchase or lease agreement, or other related documents, to donate or transfer funds to the buyer, applicant, or a third party who has assisted with or facilitated the proposed acquisition.

(c) Disclosure of the amount of a contractually required donation or payment is required after an initial staff recommendation has been made on the grant application. Disclosure of the amount is required only if the donation or payment will exceed 15 percent of the purchase or lease price for the land interest. Disclosure of the amount of a contractually required donation or payment exceeding 15 percent of the purchase or lease price must be made to the Board in writing, by the seller or lessor of the land interest, prior to the Board's consideration of the proposed funding request, or the grant application will not be considered for funding by the Board.

(d) A fair market value appraisal of the property interest to be acquired, completed within 12 months prior to submittal of the application to OWEB, in a Self-Contained Appraisal Report form. Self-Contained Appraisal Report form is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2010-2011 Edition as amended on January 1, 2010, and approved and adopted by the Appraisal Standards Board of the Appraisal Foundation, or the current approved and adopted USPAP edition if the standards have been updated. Summary and Restricted Use appraisal reports will not be accepted. Summary and Restricted Use appraisal reports are defined in the USPAP 2010-2011 Edition, or the current approved and adopted USPAP edition if the standards have been updated. The appraisal must be prepared by an independent State Certified General Appraiser, as defined by OAR 161-002-0000, who is experienced in appraisals of such properties.

(A) If the Board approves funding for the grant application, the Director may require the appraisal to be updated before the transaction closing if:

(1) The independent third-party State Certified General Appraiser contracted by OWEB to review the appraisal determines that changes in market conditions, as evidenced by market sales and real market value information, require an update of the appraisal; or

(2) The valuation date of the appraisal is more than 18 months prior to the transaction closing date or the date the buyer and seller commit to transfer the property at a certain price.

(B) OWEB will inform the applicant in writing that an update is required and the reasons for the update, and if applicable, include a written determination from the independent third-party State Certified General Appraiser.

(e) A preliminary title report for the property. If exceptions are listed on the title report, documentation explaining the exceptions, and a map locating the exceptions on the property.

(f) A phase one environmental site assessment (ESA) conducted by a qualified third party and complying, at a minimum, with American Society for Testing and Materials (ASTM) standard E1527-05 published in November 2006, or the current equivalent ASTM standard if the standard has been updated. If a phase one environmental site assessment indicates that further investigation is necessary, OWEB staff may require later submission of a phase two environmental site assessment. If a phase two environmental site assessment indicates that further investigation is necessary, OWEB staff may require submission of additional assessment information. The Board may require remediation prior to the release of grant funds. If the Board requires remediation, the remediation must be done under Department of Environmental Quality (DEQ) oversight and to DEQ standards. If the Board approves funding for the grant application, the Director may require the final environmental site assessment to be updated before the transaction closing if the date of the environmental site assessment is more than 18 months prior to the date of the transaction closing. The environmental site assessment update will include components determined by OWEB's independent third party reviewer to be necessary to ensure the soundness of OWEB's investment.

(g) If the grant application requests funding for the purchase of land, a draft of the proposed conservation easement, covenant or deed restriction to be held by OWEB, described in OAR 695-045-0140(7), consistent with the template provided by OWEB. If the grant application requests funding to assist with the purchase of a conservation easement or lease, a draft of the proposed conservation easement or lease, giving OWEB a third party right of enforcement, and including the conservation easement or lease elements provided by OWEB in template form. If OWEB's conservation easement or lease elements are not acceptable, then the applicant must describe what modifications are requested and why.

(3) The Director has the discretion to waive one or more of the submission requirements in this subsection if a functional equivalent that provides the same information for the Board's consideration as the document or information required by the rule is submitted.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05; OWEB 1-2010, f. & cert. ef. 9-22-10

695-045-0130

Acquisition Prior to Application

Applicants may submit an application for funding for an acquisition of a land interest that occurred prior to Board review of the application. These applications will only be accepted if the acquisition occurred after the preceding grant application deadline. In such cases, applicants must submit the following with their application:

(1) An explanation of the circumstances requiring acquisition prior to Board review of the application; and

(2) A statement acknowledging that the applicant proceeded with the acquisition with the understanding that the Board might not approve funding for the project, and that the prior purchase and any financial consequences to the applicant will not be a factor in the Board's funding decision.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0140

Grant Conditions

(1) The grant agreement will require a title insurance policy ensuring title to the interest acquired is vested in the grantee in an amount equal to or greater than the Board grant award to the grantee. The final title insurance policy must be submitted to OWEB within 60 days after closing.

(2) The grant agreement will require title insurance naming the Board as an additional insured, or require another form of assurance that Board funds will be repaid in the event the grantee is unable to carry out the intended use of the property as a result of a defect in title.

(3) Prior to the disbursement of any grant funds, the grantee must sign a grant agreement with the Board containing such terms and conditions as may be deemed necessary by the Director to ensure that the expected benefits of the project are realized, and that applicable legal requirements and any special conditions of the Board with regard to the particular grant are met.

(4) Grant agreements will include, but are not limited to, provisions ensuring that:

(a) The use of the land interest will be consistent with the purposes specified in section 4(b), Article XV of the Oregon Constitution.

(b) If a property interest acquired with Board funding is used in a manner that is not consistent with the purposes specified in section 4(b), Article XV of the Oregon Constitution, Board funds will be repaid and the Board will release its interest in the property. The repayment amount will be the greater of the following:

(A) Board funds with interest due and payable from the effective date of the conservation easement, lease, or other form of covenant or deed restriction at the rate provided for in ORS 82.010. The required repayment will not exceed five times the Board funds; or

(B) The liquidation value, which takes into account both increases and decreases in the fair market value of the property over time. The liquidation value is calculated as the fair market value of the property at the time the liquidation value is to be determined, as if unencumbered by the OWEB conservation easement, lease, or other form of deed restriction, and unencumbered by any other lien or mortgage on the property; less the value (if any) of any capital improvements made to the property after the effective date of the conservation easement, lease, or other form of deed restriction, if the improvements are otherwise permitted pursuant to the conservation easement, lease, or other form of deed restriction; multiplied by the percentage that the consideration paid by OWEB for the conservation easement, lease, or other form of deed restriction bears to the fair market value of the property on the effective date of the conservation easement, lease, or other form of deed restriction.

(c) Applicants must submit a report to the Board for not less than twenty (20) years following a grant award at a schedule determined by the Director of OWEB. The report shall briefly describe the use and management of the land interest, and certify that the land interest is being used and managed in a manner consistent with any conservation easement and the purposes specified under section 4(b), Article XV of the Oregon Constitution.

(d) Provisions to cover the conveyance of the property interest consistent with OAR 695-045-0150.

(5) The Board and/or Director may require other grant conditions in grant agreements as appropriate to ensure the project results in expected outcomes or otherwise complies with applicable law.

(6) Grant agreements are subject to legal sufficiency review by the Oregon Department of Justice, which may include a requirement to review all agreements relating to a proposed acquisition, including applicable options, purchase, or lease agreements, even if not earlier submitted to the Board.

(7) Prior to the disbursement of any grant funds, the Board will require execution of a conservation easement or other form of covenant or deed restriction on the use of the land by the appropriate parties to the grant award to ensure that the purposes underlying the Board grant award are accomplished, and that applicable legal requirements and any special conditions of the Board with regard to the particular grant are met.

(8) The Board has the authority to enforce the terms of a conservation easement or other form of covenant or deed restriction to which it is a party should the terms of the agreement be violated.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05; OWEB 1-2010, f. & cert. ef. 9-22-10

695-045-0150

Conveyance of Property Interest Acquired with Assistance of OWEB Funds

(1) An interest in land acquired with the assistance of a grant from OWEB shall not be conveyed to another party without prior OWEB Board approval of the conveyance. The Board shall use the following criteria when determining whether to approve a conveyance:

(a) Whether the ecological benefits, effect on the local and regional community, and terms of the original acquisition supporting the Board grant award also support approval of the proposed conveyance.

(b) Whether the proposed recipient of the interest in land has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules; and

(c) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

(2) The Board shall not approve a conveyance that results in a profit to any person or entity. "Profit" means, for purposes of this rule, the amount by which the price for the purchase of an interest in land in a subsequent conveyance exceeds the purchase price for the same interest in land at the time the Board funds were used, net of usual and customary closing costs and appraisal costs actually incurred by the seller. If there will be a profit from a proposed conveyance, the OWEB

Board may make a finding that no profit will occur, and approve a subsequent conveyance, by requiring payment of the amount of the profit to the Board.

(3) The Board will consider approval of a transfer of an interest in land acquired with the assistance of a grant from OWEB at any regularly scheduled public business meeting once it has received sufficient information from the grantee to evaluate the proposed transfer according to the criteria specified in the rules.

(4) Board funds will be repaid with interest due and payable from the effective date of the conservation easement, lease, or other form of covenant or deed restriction at the rate provided for in ORS 82.010 in the event that a property interest acquired with Board funding is transferred or assigned without the Board's prior consent. The required repayment will not exceed the greater of five times the Board funds or the liquidation value. The liquidation value is calculated as the fair market value of the property at the time the liquidation value is to be determined, as if unencumbered by the OWEB conservation easement, lease, or other form of deed restriction, and unencumbered by any other lien or mortgage on the property; less the value (if any) of any capital improvements made to the property after the effective date of the conservation easement, lease, or other form of deed restriction, if the improvements are otherwise permitted pursuant to the conservation easement, lease, or other form of deed restriction; multiplied by the percentage that the consideration paid by OWEB for the conservation easement, lease, or other form of deed restriction bears to the fair market value of the property on the effective date of the conservation easement, lease, or other form of deed restriction.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05; OWEB 1-2010, f. & cert. ef. 9-22-10

September 11-12, 2012 OWEB Board Meeting Executive Director Update #H-1: Partnerships Update

Upper Klamath SIP Progress Report

The Upper Klamath Special Investment Partnership (UKSIP) is a strategic funding partnership between OWEB and the National Fish and Wildlife Foundation (NFWF). The ecological objective of the UKSIP is re-establishing, improving, and sustaining the ecologic and hydrologic connectivity of aquatic ecosystems in the Upper Klamath Basin above the Link River Dam and in Spencer Creek. Local restoration partners include Klamath Watershed Partnership, Klamath Basin Rangeland Trust (KBRT), The Klamath Tribes, The Nature Conservancy, Sustainable Northwest, Upper Klamath Water Users Association, and the Klamath Soil and Water Conservation District. The partners are benefitting fish populations and water quality in the basin by implementing such restoration activities as reconnecting springs to the lakes, removing fish passage barriers, protecting and restoring riparian habitats, and re-meandering straightened channels. A number of key state and federal agencies also are involved in the UKSIP. OWEB awarded \$400,000 toward restoration projects that meet the SIP objectives in January 2012.

To date, six projects have been awarded funding under UKSIP. One project, KBRT's Fish Passage on Sevenmile Creek below West Canal (212-4888-9576) is undergoing engineering and design refinements. On August 15, 2012, staff will meet with the local partners at their monthly Upper Klamath Conservation Action Network (UKCAN) meeting to discuss status of the funded projects and potential projects for which the remaining 2011-2013 UKSIP funding may be used. In addition, staff will learn about the scope of activities included in a funding proposal submitted to NFWF on August 1, 2012 for ongoing support of the Upper Klamath Keystone Initiative in 2013 (award decision expected in November of 2012). Staff will provide an update to local partners about the long-term investment strategy and the anticipated timeline for decision-making about partnership investments prior to the start of the 2013-2015 biennium.

In late August, OWEB and NFWF staff will meet to finalize a letter of commitment articulating the shared interest of the organizations to achieve mutually shared restoration goals in the Klamath Basin through aligned programmatic efforts. Staff also will discuss how the NFWF Scorecard, which tracks progress in meeting the strategies and goals identified in the NFWF Keystone Initiative Business Plan, can be utilized as a tool for jointly reporting accomplishments under the OWEB and NFWF restoration investments in the UKSIP.

Deschutes SIP

The Deschutes Special Investment Partnership is a partnership between OWEB and four conservation partners (The Deschutes Land Trust, The Deschutes River Conservancy, the Upper Deschutes Watershed Council, and the Crooked River Watershed Council). The funding from OWEB is matched with funding from the Pelton Fund and other sources to achieve the physical and biological conditions necessary to support the reintroduction of anadromous fish above Round Butte Dam. The work involves land and water conservation, elimination of fish passage barriers and habitat improvement projects. The partners requested \$6 million and were

awarded \$4 million for the 2011-2013 biennium. The funding for more than half of the projects has been awarded.

OWEB has a project application for review that is a land acquisition project that ties 6 miles of conservation property together along Whychus Creek. A site visit is scheduled for August 20. The first phase of the North Unit Irrigation District project has been completed and work is progressing on dam removal planning in the Lower Crooked River. The Suttle Lake Dam removal is progressing and will be completed next year. The partners are making progress on all funded projects. They are on schedule to expend the full allocation this year.

The partnership is being used as a model for other areas. They have made presentations in the Klamath basin in Oregon and Methow basin in Washington. Restoration interests have expressed a strong interest in how the partners interact and how the SIP program in Oregon operates. As other groups look for models of successful cooperation for voluntary conservation they have seen the Deschutes Partnership as a potential model. The Deschutes River Conservancy has developed as one of their services coaching the development of effective partnering.

One of the critical issues associated with successful anadromous fish reintroduction in the Crooked River basin is associated with use of stored water behind Bowman Dam. After significant discussion among irrigators, the City of Prineville and fisheries interests, a compromise approach has been reached. The compromise is structured in proposed federal legislation. If the legislation proposed by Senators Merkley and Wyden, the "Crooked River Collaborative Water Security Act" passes which allocates water from behind Bowman Dam among other things, there will be additional emphasis on activities in the Lower Crooked River basin with specific efforts in the McKay Creek drainage in the coming years.

Willamette SIP

The Willamette Special Investment Initiative is a funding partnership between OWEB and Meyer Memorial Trust (MMT). MMT has dedicated approximately \$1.5 million/year for a ten year period to achieve measurable improvement in the conservation status of the Willamette. OWEB and MMT have partnered to improve floodplain connection to the river and increase channel complexity. In January 2012, the OWEB Board added increasing floodplain forest to the ecological objectives for the Willamette SIP. The early focus for OWEB funds has been conservation land acquisition. With closings in August, nearly 3,000 acres of land have been reserved for conservation actions through fee or easement purchase. For the 2011-2013 biennium, the funding from OWEB has been primarily for floodplain reforestation. Designs are being developed for channel complexity projects for consideration this fall.

OWEB has completed the review process for the Willamette SIP and is in the process of awarding grant agreements for nearly 1,000 acres of floodplain revegetation. The Model Watersheds of Bonneville Environmental Foundation (BEF) and Meyer Memorial Trust (MMT) have been awarded grant agreements. MMT and OWEB sponsored a discussion among the grantees about the different approaches to floodplain restoration and initiated a conversation

about effectiveness monitoring of the projects. A technical evaluation and proposal for future monitoring that will lead to improved and more consistent practices will be developed.

The BPA funds managed by OWEB have been allocated to revegetation monitoring, a project at Luckiamute Landing and are being reserved to cover projects for channel work to be reviewed in the fall (October likely). OWEB staff have participated with ODFW for the allocation of BPA funds for land acquisition in the Willamette Valley. A number of properties have significant value for both fish and wildlife. These properties could become future restoration projects along the river.

Staff have participated in the planning for the December 10-11, 2012 Within Our Reach conference. (Attachment A) The program will emphasize the activities and momentum of the initiative and look toward the future.

The Willamette River Initiative coordinated through Meyer Memorial Trust in partnership with OWEB, Oregon State University, University of Oregon, and the Bonneville Environmental Foundation” was named as a finalist for the international Thies River *prize* to be announced in Melbourne, Australia on October 9, 2012. River *prize* is the world's most prestigious environmental award, giving recognition, reward and support to those who have developed and implemented outstanding, visionary and sustainable programs in river management.

WWRI

The Whole Watersheds Restoration Initiative came out of a U.S. Forest Service OWEB staff conversation about working on shared priorities at the watershed scale. The partnership has grown with funding from NOAA Fisheries and interest by BLM and NRCS. Both BLM and NRCS have identified a limited participation with funding for shared priorities in the past. To facilitate the mix of funding, Ecotrust has been the fiscal manager and program administration for the last two biennia. Ecotrust solicits applications, facilitates a review process, and is the grantee for OWEB funds for the program. They have brought consistency, outreach and advocacy for the program. Ecotrust solicits applications each year in late fall.

Two projects remain to be granted from the October 2011 solicitation. The selection process has been completed; however Ecotrust is working to make sure the mix of funding for each project meets the needs. Ecotrust has initiated the program evaluation and will be sharing their approach with others in mid-August. Staff is meeting with the partners on August 27 to develop the solicitation for 2013 and discuss the evaluation process.

Staff Contact

Contact Meta Loftsgaarden at meta.loftsgaarden@state.or.us, 503-986-0203.

Attachment

- A. Within Our Reach Conference Information

September 11-12, 2012 OWEB Board Meeting Executive Director Update #H-2: Natural Resource Agency Reporting of M76 & PCSRF Funded Programs

Background

This Director's Update provides a summary of the agency activities to-date during the 2011-13 biennium for those programs utilizing Pacific Coastal Salmon Recovery Fund (PCSRF) funds.

Reasons for Other Agency Reporting

In the past, natural resource agencies funded with Measure 66 were subject to specific requirements to report each biennium to the OWEB Board. These requirements were described in the Interagency Agreements (IAAs) that served as the funding vehicle to transfer lottery funds to the agencies. Agency reporting also has taken place to assist in the development of the Oregon Plan Biennial Report and in support of efforts of broader tracking of the implementation of the Oregon Plan for Salmon and Watersheds (Oregon Plan).

Changes associated with the passage and implementation of Measure 76 obviate the need for such IAAs for Legislatively funded programs utilizing the Operating Fund for this and future biennia. The agencies do, however, utilize PCSRF dollars and other funding to support their programs that contribute to the Oregon Plan. Given this mosaic nature of funding that is directly related to OWEB programs, the IAAs that pertain to the use of PCSRF funds contain provisions for the agencies to report to the OWEB Board. In lieu of requiring the agencies to appear before the Board at the September Board meeting, the following summary information is provided. Agencies may appear before the Board early in 2013 to provide their programmatic summaries in person.

Agency Updates

Oregon Department of Fish and Wildlife (ODFW)

ODFW has three Interagency Agreements with OWEB for PCSRF funds during the 2011-2013 biennium. These funds are applied to work that directly supports actions called for in conservation and recovery plans for anadromous salmonids. These plans have been adopted by the State of Oregon (through the Oregon Fish and Wildlife Commission) and/or the federal government (through the National Marine Fisheries Service). Most of the ODFW programs supported by these funds are ongoing programs that originated from the *Oregon Plan for Salmon and Watersheds*. The work includes:

- Fish and habitat-related Monitoring, Research, Technical Assistance and Restoration including: monitoring of adult and juvenile salmonids and their habitat (e.g., spawner and redd surveys for adults, snorkel surveys for juveniles, and life-cycle monitoring) along the coast and in the lower Columbia River and John Day Basin; research and monitoring to assess the recovery of the wild population of coho salmon in Salmon River following cessation of hatchery releases and to evaluate the effectiveness of tidal marsh restoration for salmonids; coordination and oversight of the implementation of conservation and recovery plans for the coast, lower Columbia, and Mid-Columbia areas; and, through the Fish Screens and Passage Program, financial and technical assistance for landowners, individual water users, irrigation districts and others to implement projects for the protection of anadromous salmonids.

- Hatchery Reform projects including a coho run-timing study in the lower Columbia River intended to reduce impacts of hatchery-based fisheries on wild coho, and other potential infrastructure improvements to protect listed species.
- Technical Support to watershed councils and private landowners to implement actions for the restoration and enhancement of salmonid habitat through the Western Oregon Stream Restoration Program; and technical assistance/consultation by Habitat Conservation Biologists to assist with permit review for projects undertaken by state and federal agencies, local governments, watershed councils, and landowners to protect, enhance and restore fish and wildlife habitat.

Oregon Department of Environmental Quality (DEQ)

PCSRF funding supports DEQ's water quality improvement efforts in the ESU basins. Working together with local partners and other agencies, DEQ provides leadership and technical expertise for the design, implementation and evaluation of watershed improvement projects. Highlights of accomplishments to-date this biennium include:

- DEQ is partnering with Wasco SWCD to design riparian restoration and habitat improvement projects in Rock Creek near Mosier. Rock Creek provides spawning habitat for wild Mid-Columbia steelhead. Rock Creek's instream and riparian habitats are impaired in this reach due to elevated water temperatures, lack of spawning gravels, channelization that has blocked the creek's access to floodplain and side channel habitats, and limited in-stream habitat complexity with minimal woody debris. This project will identify and design specific restoration activities to improve water quality and habitat in the three miles of Rock Creek that are accessible to anadromous fish.
- DEQ is working with Molalla River Watch and Native Fish Society to implement temperature monitoring program in the Molalla River watershed. A goal of the study is to identify cold water refugia, so that watershed groups can pursue protection of these habitats. The Molalla River supports winter steelhead, spring chinook and coho salmon.
- DEQ worked with partners in the Illinois Watershed to address impacts associated with past mining, timber harvest and road construction and use. These past management activities have caused high stream temperatures and excessive fine sediment inputs. DEQ provided financial assistance to the Illinois Valley Soil and Water Conservation District, in partnership with the U.S. Forest Service, to design and implement projects to restore the floodplain and riparian area, and to improve the stream channel through riparian planting, channel reconstruction, road decommissioning, and large wood placement to help address the water quality impairments. Sucker Creek is a perennial tributary to the Illinois River and supports threatened Coho salmon, steelhead, pacific lamprey, Chinook salmon and other native fish.

Oregon Water Resources Department (WRD)

PCSRF contributes to a variety of programs that address conservation, water measurement and instream flow protections in Oregon. These funds support those efforts as they relate to work in the Mid-Columbia and Willamette Basins. The programs most directly supported by PCSRF are: the Near Real Time Stream Gage Network; Instream Leases, Transfer and Allocation of Conserved Water; Regulatory Action for Protection of Senior and Instream Rights; and the Significant Diversion Measurement Program. These programs contribute to critical management of water resources and

promote improved habitat through enhanced stream flow. Highlights of accomplishments to-date this biennium include:

- *Surface Water Gaging* -- WRD continues to operate 56 gages, as well as an additional 23 in cooperation with the USGS. In the Upper Willamette Basin OWRD is operating 35 gages in cooperation with USGS.
- *Leases, Transfers and Conserved Water* -- Over 60 final orders have been issued for instream leases or renewal of instream leases that had expired. The protected flow numbers are compiled at the end of each calendar year so are not yet available for 2012, but for 2011 represented 56 cfs, almost all in the Mid-Columbia Basin.
- *Significant Points of Diversion* -- There have been 9 measuring devices installed on high priority diversions in the Mid-Columbia and Willamette basins since Spring of 2012. With the irrigation season generally coming to a close in October, this number typically increases significantly between October and December as the Watermaster focus changes from regulation to significant diversion measurement.

Oregon Department of Agriculture (ODA)

PCSRF funds support three types of activities under ODA's Water Quality Program:

- Coordination activities -- The water quality program works yearly with the Soil and Water Conservation Districts to develop Scopes of Work that describe how state funding will be used to meet water quality goals, and tracks SWCDs' progress to implement the Scopes of Work through quarterly reports. Staff participates on OWEB regional grant application review teams and conduct reviews on 38 Agricultural Water Quality Management Area (AWQMA) plans and rules biennially. Key accomplishments are:
 - Since July 1, 2011, the program has completed 17 biennial reviews of agricultural water quality management area plans and rules, 14 of which were in PCSRF regions. DEQ, local SWCDs, Local Advisory Committees, and other partners participated.
 - Regional water quality specialists negotiated 36 annual Scopes of Work describing how SWCDs will use state funds to implement AWQMA plans within PCSRF regions.
 - Program staff participated on all six OWEB regional grant application review teams during 2011-2012, reviewing grant proposals and participating in site tours.
- Monitoring activities -- For the 2011-2013 biennium, ODA received PCSRF funds to support a monitoring specialist, water quality data acquisition, and riparian vegetation data acquisition. Key accomplishments are:
 - ODA contracted with DEQ to conduct water quality monitoring at 13 sites in large, agricultural watersheds in PCSRF regions. This data will complement water quality data from sites already monitored by DEQ. Results are posted online in DEQ's LASAR database.
 - ODA purchased aerial photos covering 10-15% of agricultural streamside areas in 14 of the 38 AWQMAs. A total of 300 stream miles are being analyzed to determine trends in streamside vegetation conditions.
 - The ODA monitoring specialist identified 19 ambient monitoring sites and secured a monitoring contract to identify water quality and landscape conditions over two years.
 - Monitoring staff participated on the Oregon Plan Monitoring Team.
- Compliance activities -- ODA received PCSRF funds to provide outreach and ensure

compliance to agricultural water quality plans and rules. Key accomplishments are assisting 19 property owners in making agricultural-land water quality improvements including:

- 5 riparian improvements,
- 8 erosion reductions and
- 7 manure management improvements

Staff Contact

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



Oregon

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September 4, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

**SUBJECT: Agenda Item I: Budget and Spending Plan Update
September 11-12, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on OWEB's 2011-2013 budget and spending plan. The report also provides an update on the development of the agency's proposed budget in preparation for the 2013 legislative session. The report is for information purposes. No action is requested of the Board.

II. 2011-2013 Budget and Spending Plan

The OWEB spending plan guides OWEB's grant investments for the biennium based on funds available in the agency budget. OWEB's budget and spending plan are comprised of Lottery Funds, federal funds and salmon license plate revenue. Attachment A contains an updated spending plan for the 2011-2013 biennium.

The spending plan reflects the updates made by the Board at the July 17, 2012, special meeting via telephone conference call as a result of an additional \$12.75 million in Pacific Coastal Salmon Recovery Funds (PCSRF) OWEB received under a 2012 federal grant. After taking care of PCSRF pass-through obligations for legislatively budgeted programs at the Oregon Department of Fish and Wildlife (ODFW), OWEB had \$5.6 million in unused federal funds expenditure limitation that could be used to support 2011-2013 grant needs. Those funds were incorporated into the spending plan by the Board in July.

Attachment A also contains a summary of OWEB's 2011-2013 operations budget. This includes the OWEB agency operations, federal grant funds, funding for the Independent Multidisciplinary Science Team and the Lower Columbia Estuary Partnership, and federal salmon funds that were legislatively passed through OWEB's budget to support the operations of other state natural resources agencies.

Agenda Items C and F ask the Board to award funding. The funding requests would utilize funds contained in the spending plan under the *Miscellaneous, Oregon Plan/Governor's Priorities* line item and the *Regular Grants, Restoration and Technical Assistance* line items.

In the August, 2012 state revenue forecast, the Office of Economic Analysis reported that Lottery Fund revenues are in decline. If the estimate of this forecast holds, OWEB could have \$891,000 less of Measure 76 Lottery Fund grant funds than anticipated in the current budget and

spending plan. Based on the forecast, no reductions to the agency operations budget will be necessary, as the reductions can be absorbed into an existing ending balance. The next revenue forecast is due in November 2012. Staff recommend waiting for this forecast before considering adjustments to the spending plan. Under this approach, the Board could make changes to the spending plan at the January 2013 meeting, if needed.

As mentioned above, OWEB's current budget allows for the expenditure of \$5.6 million of the \$12.75 million 2012 PCSRF grant. As mentioned to the Board in the July 11, 2012 spending plan staff report, staff intend to request the legislative Emergency Board approve an additional \$1.0 million in expenditure limitation for 2012 PCSRF funds. Attachment B provides a copy of the August 20, 2012, letter request to the Emergency Board. OWEB seeks a total of \$1.8 million in additional expenditure limitation, \$1.0 million for OWEB grants and \$800,000 to pass through to ODFW for salmon monitoring on the Lower Columbia River. Emergency Board subcommittees meet on September 12, and the full Emergency Board meets on September 14. These funds were included in the July 2012 Spending Plan. If the Emergency Board request is not approved, staff will ask the Board to make appropriate adjustments to the spending plan at the January 2013 meeting.

Staff will brief the Board on the biennium's budget and spending plan at future Board meetings.

III. Preparations for the 2013 Legislative Session

Governor Kitzhaber has launched the 10-Year Plan for Oregon as a way to redesign how state government builds its budget and makes investment decisions. The 10-Year Plan seeks to move from a two-year budget-balancing process to a process that budgets to meet long-term outcomes.

OWEB and other state agencies have been going through a process for developing the state budget for the 2013-2015 biennium that is different than in previous years. The new process organizes the state budget into five major outcome areas—Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. State agency budget programs will be considered within the appropriate outcome area, rather than as a part of individual state agency budget. At the end of August, OWEB and other state agencies submitted their Agency Request Budgets (ARB) to the Department of Administrative Services. A list of OWEB's key budget option package proposals submitted with the agency ARB is contained in Attachment C.

As a next step, the Governor-appointed Program Funding Team for each outcome area will meet in September and October to review agency program proposals and make priority recommendations for the Governor's Office to consider as it develops the Governor's Recommended Budget, due at the end of the calendar year.

IV. Recommendation

This report is for information purposes only. No action is requested of the Board.

Attachments

- A. OWEB 2011-2013 Spending Plan and Operations Budget
- B. August 20, 2012 OWEB/ODFW Letter Request to Emergency Board
- C. OWEB 2013-2015 Agency Request Budget Option Packages

**OWEB 2011-13 Spending Plan
September 2012 Board Meeting**

	Spending Plan Jan 2012	Additional PCSRF July 2012*	Spending Plan July 2012	Board Awards to Date	Remaining Funds Sept 2012
Regular Grants:					
Restoration	26.400	2.550	28.950	14.050	14.900
Technical Assistance	2.000	0.250	2.250	1.133	1.117
Monitoring	1.700	0.800	2.500	1.279	1.221
Outreach	0.600	0.500	1.100	0.600	0.500
Assessments	0.000		0.000	0.000	0.000
June 2011 Grant Awards	1.300		1.300	1.300	0.000
TOTAL	32.000	4.100	36.100	18.362	17.738
% of assumed Total Budget	46.0%		47.3%		
Partnerships:					
Deschutes SIP	4.000	0.500	4.500	4.000	0.500
Willamette SIP	3.000	0.500	3.500	3.000	0.500
Klamath SIP	0.400		0.400	0.400	0.000
Whole Watershed Restoration Initiative	0.500		0.500	0.250	0.250
Conservation Reserve Enhancement Pgm TA	0.800		0.800	0.800	0.000
CREP	0.500		0.500	0.000	0.500
TOTAL	9.200	1.000	10.200	8.450	1.750
% of assumed Total Budget	13.2%		13.4%		
Acquisitions:					
Regular' Land and Water	6.650		6.650	1.919	4.731
Deschutes & Willamette SIP	2.000		2.000	2.000	0.000
TOTAL	8.650	0.000	8.650	3.919	4.731
% of assumed Total Budget	12.4%		11.4%		
Local Capacity:					
Capacity grants	12.300		12.300	12.300	0.000
TOTAL	12.300	0.000	12.300	12.300	0.000
% of assumed Total Budget	17.7%		16.2%		
Miscellaneous:					
Effectiveness Monitoring	0.500	0.500	1.000	0.000	1.000
Oregon Plan/Governor Priorities	1.250	1.000	2.250	0.345	1.905
Ecosystem Services	0.250		0.250	0.000	0.250
Business Practices	0.100		0.100	0.100	0.000
Weed Grants	2.500		2.500	2.500	0.000
Small Grants	2.800		2.800	2.800	0.000
Research	0.000		0.000	0.000	0.000
TOTAL	7.400	1.500	8.900	5.745	3.155
% of assumed Total Budget	10.7%		11.7%		
TOTAL	69.550	6.600	76.150	48.776	27.374

* Requests September Emergency Board approval for additional \$1million Federal Funds expenditure limitation
OWEB will also request \$800K for ODFW activities approved in PCSRF FFY12 (not included in spending plan)



Oregon

John A. Kitzhaber, MD, Governor

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August 20, 2012

The Honorable Peter Courtney, Co-Chair
The Honorable Bruce Hanna, Co-Chair
The Honorable Arnie Roblan, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048



Dear Co-Chairpersons:

Nature of the Emergency/Request

The Oregon Watershed Enhancement Board (OWEB) and the Oregon Department of Fish and Wildlife (ODFW) request to increase Federal Funds and Other Fund expenditure limitation by \$1,800,000 and \$800,000, respectively, for a portion of the Pacific Coastal Salmon Recovery Fund (PCSRF) grant awarded to the State of Oregon in July of 2012.

Agency Action

This request consists of two actions. First, OWEB requests \$1,800,000 in Federal Fund expenditure limitation out of a \$12,750,000 grant awarded to OWEB in July of this year from the PCSRF program administered by the National Marine Fisheries Service (NMFS). With the second request, ODFW requests \$800,000 in Other Fund expenditure limitation to expend pass through PCSRF funds received from OWEB under the grant.

The individual requests are described below.

1. OWEB Request

OWEB seeks \$1,800,000 in Federal Funds limitation from the recently awarded PCSRF Federal Fiscal Year (FFY) 2012 grant. Of that request, \$1,000,000 would be used this biennium for OWEB grant awards for salmon-related watershed restoration activities in local communities of Oregon.

The PCSRF was established by Congress in FFY 2000 to protect, restore, and conserve Pacific salmon and steelhead populations and their habitats. Under the PCSRF, NMFS manages a program to annually provide funding to states and tribes of the Pacific Coast region - Oregon, Washington, California, Idaho, Nevada and Alaska. OWEB has received funding from this program since its inception, and Oregon has been the leader in implementing projects to improve habitat for salmon and steelhead during this time. In FFY 2012, the NMFS awarded a \$12,750,000 grant to OWEB through its competitive solicitation process.



OWEB funding through watershed restoration grants provides an important source of revenue and jobs to local communities and economies across the state. A recent University of Oregon study shows that OWEB restoration grants create between 15 and 23 jobs for every \$1 million in public investment. Of this request, \$1 million dollars in Federal Funds expenditure limitation will be used for grants that will support local contractors, hire field crews, rent or purchase equipment, and buy goods and services in local communities around the state.

OWEB expects the demand for grants from applicants for salmon restoration projects for the remainder of the biennium will easily use the additional requested \$1,000,000 in Federal Funds limitation. In addition, using some of the FFY 2012 PCSRF funds this biennium sends a clear signal to NMFS that Oregon is expending these funds for their intended purposes at a time that could help Oregon compete for 2013 PCSRF grant funding early next year.

NMFS requires a 33 percent match from PCSRF grant recipients. OWEB meets and exceeds PCSRF match at a programmatic level and this request does not require additional expenditure limitation of state funds this biennium.

The remaining \$800,000 would be used to pass-through PCSRF funds to ODFW for the second year of ongoing research, monitoring, and evaluation in the lower Columbia River. The purpose of this funding is explained in more detail in section two of this letter.

2. ODFW Request

ODFW seeks \$800,000 in Other Fund limitation to receive PCSRF pass-through funds from OWEB. These funds support elements of salmon and steelhead fish population and habitat monitoring in support of the Oregon's Lower Columbia River Salmon and Steelhead Recovery Plan. Oregon and Washington identified the lack of information on population status and habitat conditions as a critical uncertainty that needed to be addressed in order to ensure effective implementation of their respective recovery plans. The states worked collaboratively with NMFS to identifying funding under PCSRF to meet critical monitoring and evaluation needs in the lower Columbia River.

This funding request ensures that necessary monitoring and evaluation begun this biennium continues. Specifically this funding would implement counts of adult steelhead, comprehensive chum salmon monitoring, and fish habitat monitoring, all essential information supporting recovery of salmon and steelhead in this region. This information is also used for status reviews under the Oregon and Federal Endangered Species Acts; hatchery program performance reviews under ODFW's Fish Hatchery Management Policy and federal Hatchery and Genetic Management Plans; and preseason harvest management planning and post season assessment of salmon and steelhead fisheries.

Action Requested

OWEB and ODFW request to increase expenditure limitation for a portion of the FFY 2012 PCSRF grant awarded to the State of Oregon in July of 2012. If provided, this additional limitation would be used this biennium for OWEB grant awards and to complete the second year of ongoing research, monitoring, and evaluation in the lower Columbia River.

Legislation Affected

Increase in Federal Funds expenditure limitation established in Chapter 588, section 6, Oregon Laws 2011, for the Oregon Watershed Enhancement Board by \$1,800,000 for the 2011-2013 biennium.

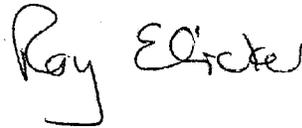
Increase in Other Funds expenditure limitation established in Chapter 573, section (2)(1) Oregon Laws 2011, for the Oregon Department of Fish and Wildlife by \$800,000 for the 2011-2013 biennium.

Thank you for your consideration of this request.

Sincerely,



Thomas M. Byler
Executive Director,
Oregon Watershed Enhancement Board



Roy Elicker
Director,
Oregon Department of Fish and Wildlife

**OWEB 2013-15 Agency Request Budget Policy Option Package Proposals
And Corresponding Links to Governor’s Healthy Environments Outcome Strategies**

1. Program Continuity (010)

	Fund	Governor Strategy	OWEB Strategic Plan
PCSRF reporting (2 FTE): Continue one LD NRS 3 and one NRS 2 staff to meet NOAA contract obligations for project tracking and reporting under a revised PCSRF program.	PCSRF	Strategy 1 Strategy 2 Strategy 5.2	Goal 1
Ecosystem Program Coordinator (1 FTE) Continue NRS 4 staff providing ecological outcome measurement and reporting using ecosystem services’ tools and methods. Work with other agencies and the GNRO on aligning conservation plan implementation and policy development.	LF-Ops	Strategy 5.2	Goal 1
Grant Program Analyst (1 FTE) – PA 3 to work with local groups to increase capacity of community-based watershed restoration and conservation, including public engagement. Includes key agency website work.	LF-Ops	Strategy 1 Strategy 2 Strategy 5.3	Goal 3
Willamette SIP (1 FTE) –Continues to use LD NRS 4 build the strong partnership with local groups and Meyer Memorial Trust to build and expand strategic conservation investments in the Willamette Basin	BPA	Strategy 1 Strategy 2 Strategy 5.3	Goal 4
Acquisitions Reclassification – Ensures that FTE engaged in high-level acquisition work involving million-dollar plus agreements is compensated to match workload (NRS 3 to NRS 4)	LF-Ops	Strategy 2	Goals 1 & 5
Contracted Services –will be used in lieu of hiring additional staff to provide training for effective watershed restoration and conservation; continuous improvement in program delivery, and long-term protection implementation (title, appraisal, etc.); Grant funds not eligible for contracting	LF-Ops	Strategy 1 Strategy 2 Strategy 5	Goal 1-5

2. Program Enhancement (010)

	Fund	Governor Strategy	OWEB Plan
Improve Monitoring Across All Programs (2 FTE): 1-NRS 3 to establish protocols and evaluate; 1-NRS 2 to conduct monitoring, database management, and mapping for project investments across the agency. NRS 3 will assist with Oregon Plan monitoring coordination with other agencies and local entities.	LF-Ops	Strategy 1 Strategy 2 Strategy 5.2	Goal 1
Bring Partnerships to Scale (1 FTE): NRS 4 to work on new and ongoing Oregon Plan-related partnerships with state, local and federal entities such as Salmon Strongholds and other programs focused on community-based restoration at landscape scale with economic and ecological co-benefits.	PCSRF/ LF-Ops split	Strategy 1 Strategy 2 Strategy 5.3	Goal 4
Grant Program Analyst (1 FTE)- NRS 3 to improve focus on consistent, timely grant application processing and grant management, and allows 6 field staff to strengthen focus on partnerships, community empowerment and enhanced landscape scale programs.	LF-Ops	Strategy 1 Strategy 2 Strategy 5	Goals 1&5
Contracted Services – will be used in lieu of hiring additional staff for: on-the-ground monitoring for long-term land and water protection and restoration, enhanced implementation of landscape scale restoration and conservation and providing needed OWEB capacity to support Strategy 4, coordination of natural resources management plans. Grant funds not eligible for contracting.	LF-Ops	Strategy 1 Strategy 2 Strategy 5	Goals 1-5

Governor's 10-Year Outcome Strategies

1. Invest in programs that improve air and water quality
2. Invest in programs that conserve, protect and restore key watersheds, stabilize populations of fish and wildlife species and improve forest and rangeland health
3. Reduce Oregonians' exposure to toxics
4. Build great communities for a growing population
5. Improve the effectiveness and efficiency of natural resources management in Oregon, and provide a stable base for addressing existing and emerging resource challenges
 - 5.1. Coordinate natural resources management plans to sustain the environmental, economic and social well-being of Oregon for current and future generations
 - 5.2. Develop new and more efficient ways to achieve desired environmental outcomes that complement traditional regulatory and enforcement approaches
 - 5.3. Empower communities to identify and act on environmental and economic challenges and opportunities associated with the state's natural resources, and develop more effective decision-making tools that foster broader engagement in management decisions
 - 5.4. Develop sustainable funding for environmental and natural resources efforts and maintain the role of natural resource industries in Oregon's economy

OWEB Strategic Plan Goals

1. **Adaptive Investment** – Restore and sustain resilient ecosystems through investments that enhance watershed functions and support community needs
2. **Local Infrastructure Development** – Support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation
3. **Public Awareness and Involvement** – Provide information to help Oregonians understand the need for and engage in activities that support healthy watersheds
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
5. **Efficient and Accountable Administration** – Ensure efficient and accountable administration of all investments



Oregon

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August 24, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item J: Developing a Roadmap for OWEB's Long-Term Investment Strategy
September 11-12, 2012 OWEB Board Meeting**

I. Introduction

This report updates the Board on the roadmap for OWEB's long-term investment strategy, including stakeholder involvement. This report is for informational purposes only; no Board action is requested. Additional information will be provided at the September Board meeting.

II. Background

In 2010, Ballot Measure 76 renewed 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. Statutory changes to implement Measure 76 were passed by the Legislature in Senate Bill 342 in 2011.

The passage of Measure 76 by Oregon voters creates a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period for the Board, staff and stakeholders to consider the future direction of the agency and make appropriate policy and priority adjustments. The Board has identified development of a long-term investment strategy as a key priority.

In Agenda Item G at the January 2012, Board meeting, the Board discussed the transition biennium priorities and the need for enhanced Board involvement through subcommittees and an Executive Committee comprised of Board subcommittee chairs and the Board Co-Chairs. The Board also approved broadening the purposes of its \$100,000 "business practices" review award from September 2011, to include additional efforts necessary to help carry out transition biennium priority tasks, including facilitation and other administrative needs.

The Executive Committee met in February 2012, to discuss the role of the Executive Committee, the scope, structure, stakeholders, process and deliverables for the long-term investment strategy, integration of related policy work, and a high-level schedule. OWEB held an all-staff meeting in March to discuss the structure and process for the long-term investment strategy.

At the March 2012 Board meeting, the Board discussed the scope, goals, structure, process, and stakeholder involvement for the Roadmap for OWEB's Long-Term Investment Strategy; and the roles of the Executive Committee and Board subcommittees.

The Executive Committee met by conference call in March, April, May and June to oversee the structure and process for stakeholder involvement and plan for a Board retreat on the long-term investment strategy in July 2012. The Board's retreat was held on July 25-27. The facilitator's report on the Board retreat, along with preliminary products from the retreat, will be presented at the September Board meeting.

III. Listening Session Report

OWEB held six facilitated Listening Sessions in Baker City, John Day, Bend, Pacific City, Salem (with evening Webinar) and Grants Pass. A survey monkey questionnaire was made available from June 5 through June 22. The Listening Session report can be found on OWEB's website at http://cms.oregon.gov/OWEB/pages/roadmap_to_investment_strategy.aspx under the heading "Listening Session Reports."

IV. Roadmap Timeline/Next Steps

At the July retreat, the Board determined that an additional Board retreat is needed. Attachment A to this staff report shows expected Board, stakeholder and OWEB staff input into the development of the Long-Term Investment Strategy. Following the September Board meeting, the Board will hold a retreat in late October or early November. Additional listening sessions will be held in early 2013 to discuss the direction the Board is heading and seek more stakeholder feedback.

V. Discussion and Recommendation

At the September meeting, staff will seek Board input and discussion on:

- A. Review results of the July Board retreat including assumptions and process principles agreed upon at the July retreat.
- B. Review of the "framework" draft concept from the July retreat.
- C. Any additional observations and considerations as a result of stakeholder feedback from the Listening Sessions.
- D. Tee up items and any needed follow up for the fall 2012 retreat.
- E. Encourage Board member attendance at future listening sessions.

Attachment

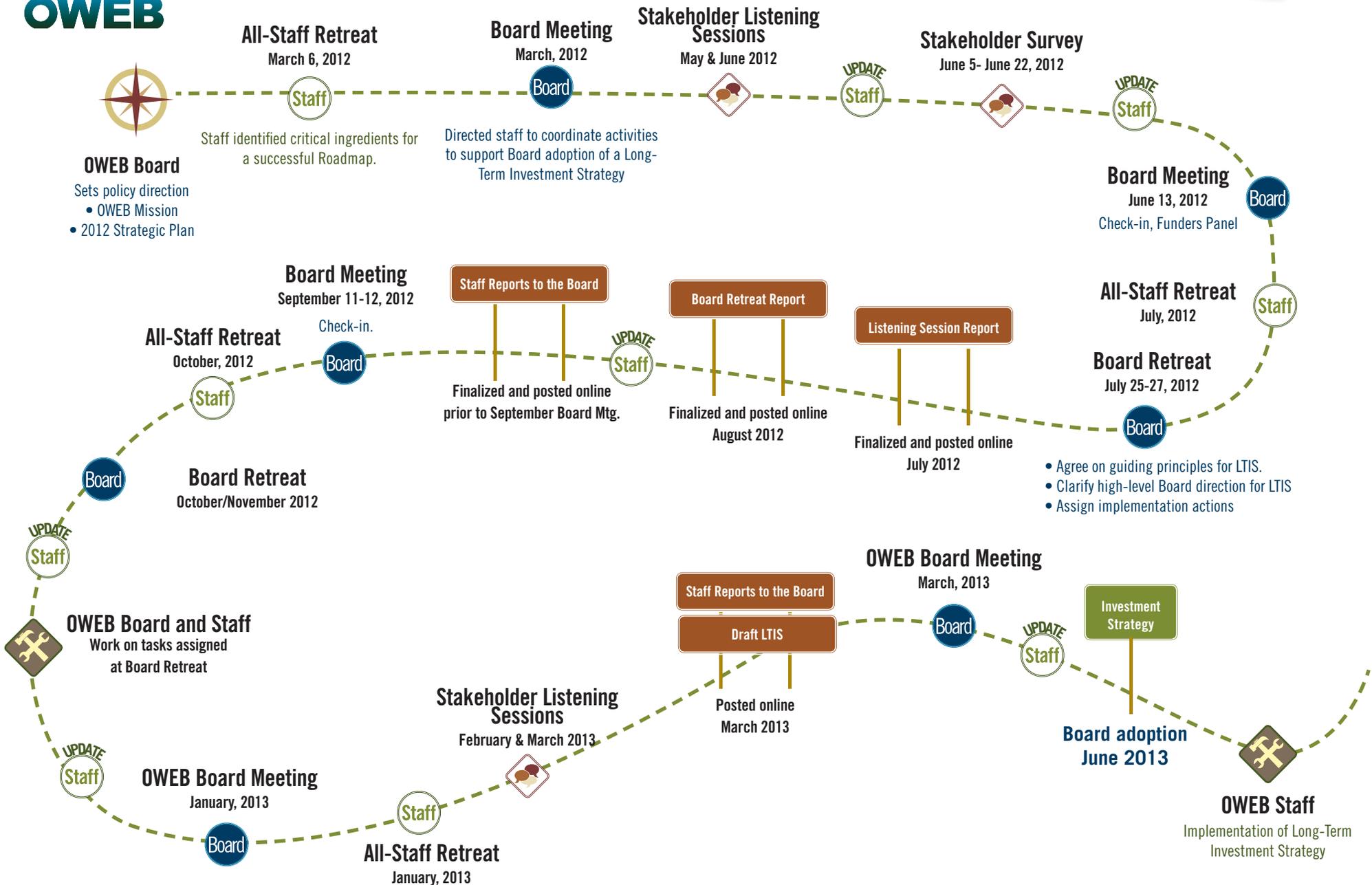
- A. The Route to a Long-Term Investment Strategy



OREGON WATERSHED ENHANCEMENT BOARD

The Route to a Long-term Investment Strategy

DRAFT





Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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August 23, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

SUBJECT: Agenda Item L: Watershed Council Support Transition
September 11-12, 2012 OWEB Board Meeting

I. Introduction

This informational item provides an overview of staff's progress on development of the details of the new Watershed Council Support Outcome Based Review and Award Process. The report also outlines next steps, including watershed council listening sessions planned to be held around the state.

II. Background

A. Statute and Rules

By statute, "watershed council" means a voluntary local organization, designated by a local government to address the goal of sustaining natural resource and watershed protection, restoration and enhancement. [ORS 541.890(15)]

Under ORS 541.929(2)(a), OWEB may allocate funds to be used for staff for soil and water conservation districts and watershed councils. "Requests from local watershed councils for state assistance shall be evaluated on the basis of whether the requesting organization reflects the interests of the affected watershed and the potential to protect and enhance the quality of the watershed in question." [ORS 541.910(1)]

Under OWEB's administrative rules, "watershed council support" grants support the capacity of a watershed council or group of watershed councils to conduct activities necessary for watershed protection, enhancement, and restoration. Council support grants may include council coordinator salary and benefits and council operating costs, including risk management and accountability assurance, and fiscal grant management.

B. History of Watershed Council Support Application and Award Process

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 2001, the Oregon Legislature included a budget note in OWEB's legislatively adopted budget, indicating legislative interest in a merit-based approach to funding watershed councils. In 2002, OWEB adopted rules for an interim merit-based approach that was applied to the grant awards for the 2003-2005 biennium. In March 2004, the Board adopted rules outlining a merit-based application and evaluation grant program for Council Support. These are the rules that OWEB currently has for Council Support grants.

Since then, Council Support grant applications have been submitted every two years. Applications are evaluated for merit based on criteria and processes in OWEB's rules, and funding is awarded based on factors in OWEB's rules. Grant awards cover the two years coinciding with OWEB's biennial state budget (e.g., July 1, 2011 – June 30, 2013).

C. Strategic Plan Implementation and Listening Sessions

In 2010, OWEB adopted an agency Strategic Plan. Goal 2 of the 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."

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 engaged 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.

An outcome of the Listening Sessions was the realization that the intensive and time-consuming process – one that engages councils, reviewers from other agencies and organizations, and OWEB staff – needed to be examined and streamlined. Staff believe strongly that a more efficient process can be developed particularly because OWEB provides ongoing operating support to the same councils over many years. In addition, the dialogues brought to light some of the long-standing, complex Council Support policy issues that need to be addressed.

D. 2011 Legislative Budget Note

In a budget note attached to OWEB's legislatively adopted budget, the 2011 Legislature provided direction to OWEB regarding a review of watershed councils.

"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."*

E. Watershed Council Support Principles and Work Group

Before changing existing processes, the Board Watershed Council Support Subcommittee (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 OWEB Biennial Conference, the November 2011 Network of Oregon Watershed Councils Gathering, and to the Board at their September 2010 (Agenda Item C-5), January 2011 (Agenda Item J), September 2011 (Agenda Item P), January 2012 (Agenda Item P) and March 2012 (Agenda Item N) meetings.

OWEB convened the Council Support Work Group (Work Group) in May 2011. The Work Group included a watershed council representative from each of OWEB's six regions, a board member of the Network of Oregon Watershed Councils, a Council Support application reviewer, representatives from two private foundations, and two OWEB staff.

The Work Group addressed items 2 and 3 from the budget note above and also advised OWEB on:

- A streamlined application and funding process 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.

The Work Group developed a concept for an Outcome Based Review and Award Process, and recognized that more work would be needed to develop specific details of the concept. The Work Group concept was presented to the OWEB Board at its meetings in September 2011 and January 2012.

Implementing the Work Group's concept involves significant changes in the Council Support program. As part of moving to the Work Group concept, OWEB is also addressing long-standing, complex Council Support policy issues. Rulemaking will be needed because the eligibility criteria and the evaluation criteria and process are detailed in current administrative rules.

Attachment B is a flow chart that depicts the many moving parts and issues that need to be addressed, planned Board Subcommittee and Board discussions, and stakeholder engagement. Attachment C is the schedule through March 2013, when OWEB staff plan to ask the Board for authorization to begin rulemaking.

III. 2013-2015 Council Support Award Process

Because these changes will affect councils that have relied on Council Support grants over time, the Work Group and the Subcommittee believe it is important to phase in the changes, allowing councils time to adapt and plan. In order to provide the time to consult with councils, develop implementation details, and conduct rulemaking, staff proposed and the Board approved a transition biennium process at the March 2012 Board meeting. The 2013-2015 transition biennium process provides a process for awarding 2013-2015 council support grants to grantees with current council support awards, waived OWEB's rules for council support (**application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060**), and signaled the Board's intent to award 2013-2015 council support funds in June of 2013, at the same funding level as councils received in 2011-2013, *dependent on OWEB's legislatively adopted budget*. The Board also directed OWEB staff to develop the details of the Outcome Based Review and Award Process and hold listening sessions in preparation for changing the program.

IV. Current Status

At the March 2012 Board meeting staff shared with the Board Attachment D, which lists the policy and implementation issues that need to be addressed as staff move forward with the new Council Support Outcome Based Review and Award Process. Over the summer, staff worked with stakeholders to seek feedback from councils on several of those policy issues, including the rule-based "umbrella council bonus award" and funding for councils that do not currently receive individual council support grants.

With that feedback in mind staff worked with the Board Subcommittee to review and provide feedback on potential policy changes. The Grant Program Manager, Grant Program Coordinator and Regional staff met on August 13-14 to review in detail potential process and policy changes and implementation details. The Council Support Work Group, which originally developed the Outcome Based Review and Award Process concept, will meet on September 5 to review and provide feedback on the proposed changes.

Following the September Board meeting, staff will begin planning for watershed council listening sessions in November and early December. Before the end of the year, OWEB must report to the Legislature on its progress carrying out the legislative budget note.

Staff plan a detailed presentation to the Board in March 2013 that will include feedback from the watershed council listening sessions and details of the proposed policy and process changes that are needed to implement the new Council Support Outcome Based Review and Award Process.

V. Recommendation

This is an informational item only. No Board action is required. At either the March or June, 2013, Board meeting, staff plan to request Board approval to begin rulemaking to revise council support program rules. The rulemaking process would begin with a stakeholder and staff Rules Advisory Committee.

Attachments

- A. Draft OWEB Watershed Council Support Principles
- B. Council Support Flow Chart
- C. Council Support Schedule
- D. Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

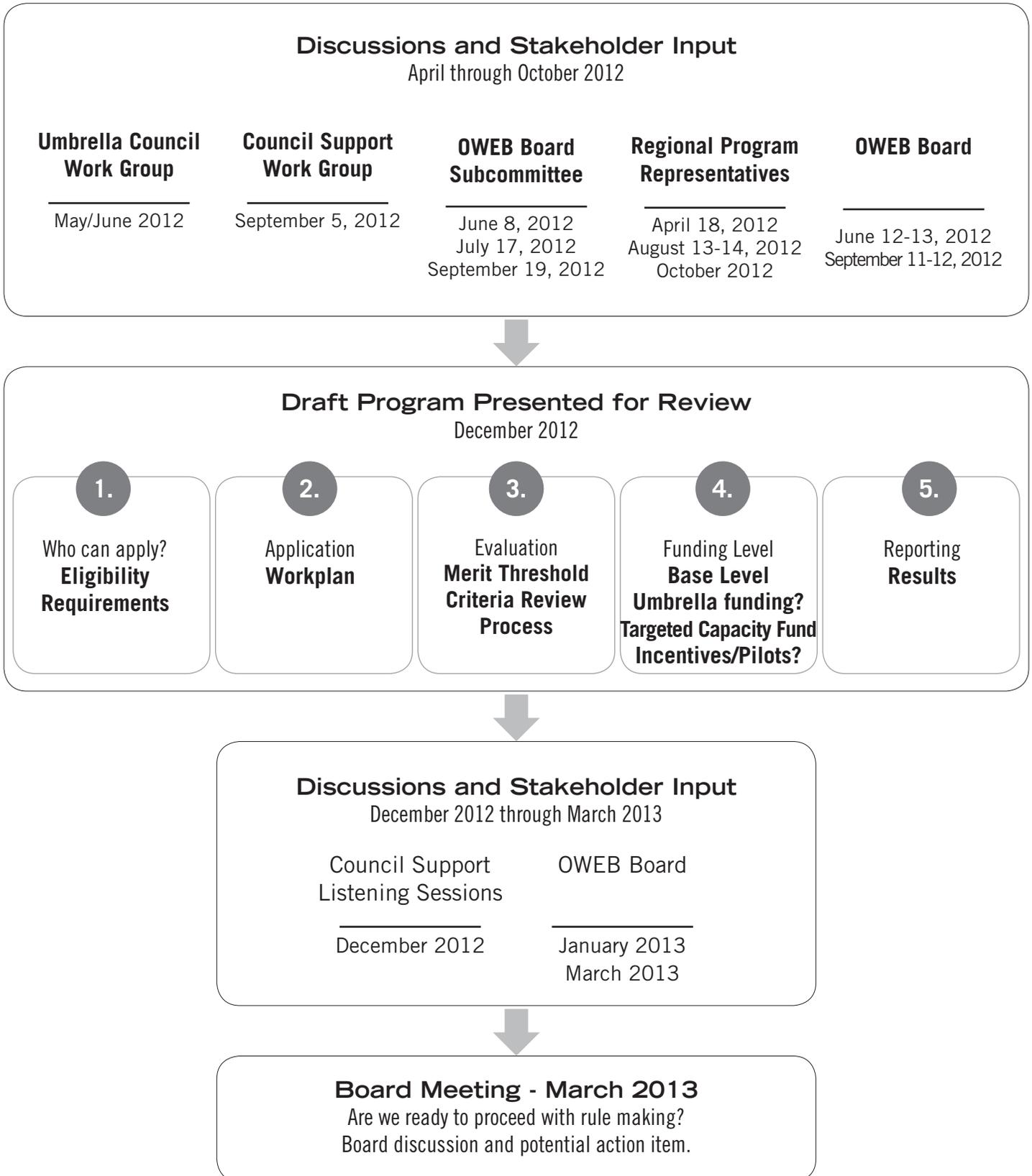
DRAFT OWEB Watershed Council Support Principles

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

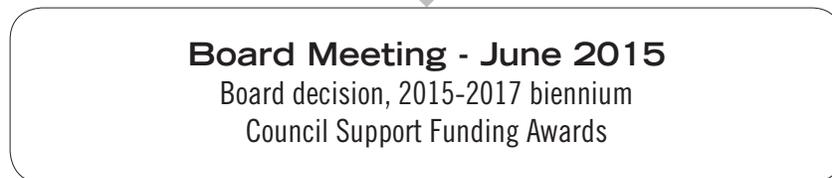
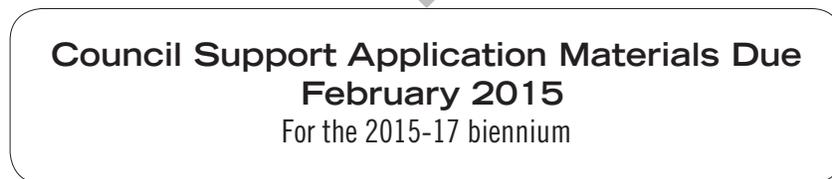
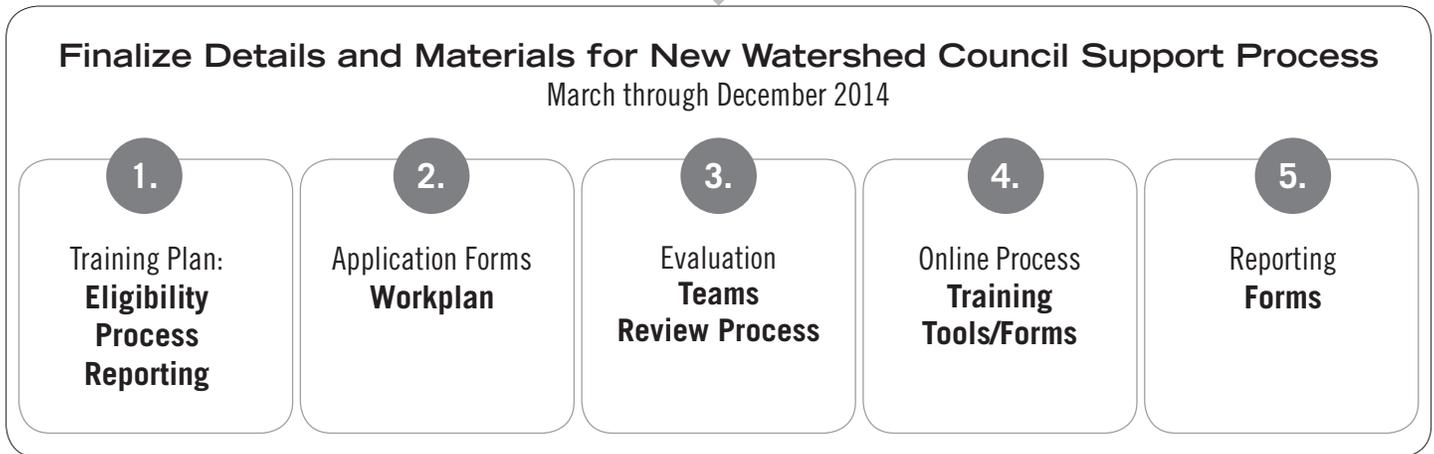
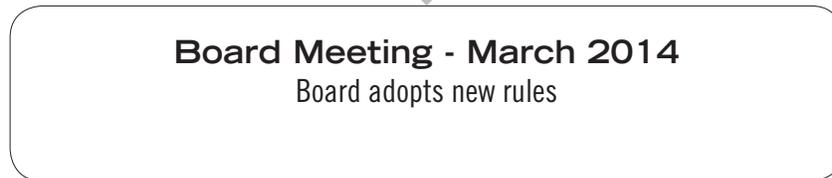
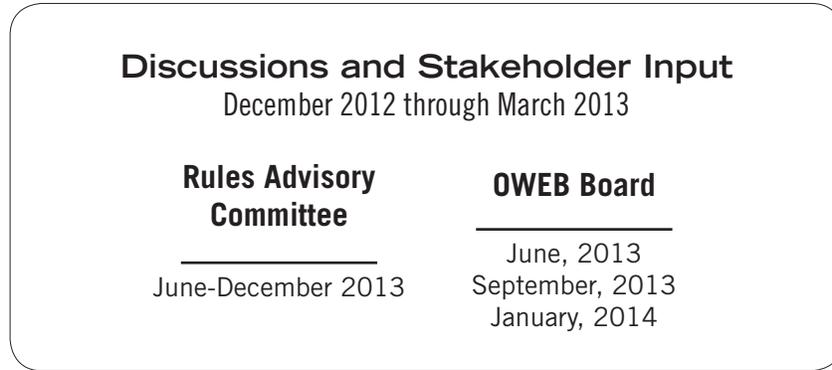
OWEB is interested in working with the Network of Oregon Watershed Councils around organizational effectiveness standards for councils, or using other third-party information, rather than requesting separate information about organizational function and accountability.

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.

Watershed Council Support Program Change Process



Watershed Council Support Program Change Process, Continued



Schedule for Council Support Changes

DATES	ACTIONS	PROGRESS/STAFF
March 13-14, 2012	OWEB Board Meeting <ul style="list-style-type: none"> Staff will ask the Board to approve waiving the council support application, review, and funding process for 2013-2015 and signal to councils the Board's intent to award council support funds for 2013-2015 at \$6.1 million, dependent on OWEB's budget. 	Complete
April 5, 2012	Watershed Council Support Board Subcommittee – Update on progress of all Council Support elements and discuss umbrella funding work group	Complete
April 18, 2012	Grant Staff Meeting with Council Support Discussion	Complete
May/June 2012	Umbrella Discussion with small work group	Complete
June 8, 2012	Watershed Council Support Board Subcommittee	Complete
June 12-13, 2012	OWEB Board Meeting Salem	Complete
July 17, 2012	Watershed Council Support Board Subcommittee	Complete
August 13-14, 2012	RPR Mtg on Council Support Changes	Complete
September 5, 2012	Council Support Work Group Meeting	Courtney, Lauri, Sue Greer
September 12-13, 2012	OWEB Board Meeting	Courtney, Lauri
September 19, 2012	Watershed Council Support Board Subcommittee	Courtney, Lauri, RPRs
October 2012	Grant Staff Meeting with Council Support Discussion	Courtney, Lauri, RPRs
November & December 2012	Listening sessions with councils	OWEB staff and Board
January 2013	OWEB Board Meeting - Update	Courtney, Lauri
March/June 2013	OWEB Board Meetings <ul style="list-style-type: none"> Presentation of revised program Request for Board approval of council support program rulemaking 	Courtney, Lauri

Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

OWEB staff will work with the Board Watershed Council Support Subcommittee and councils to develop the details of the new process and make recommendations to the Board regarding policy and rule changes. OWEB last revised its council support rules in September 2004. Since that time, several policy issues have been raised but not resolved. The list below includes implementation details that need to be worked out, and policy issues that have been identified to date.

Eligibility Criteria

1. Who can apply for a council support grant?
 - OWEB's current council support eligibility criteria are very broad. OWEB needs to take a look at what its council support funding is intended to achieve, and what type of council should receive council support (operating) funds, including questions such as watershed size, and activities.
2. Umbrella Bonus.
 - Should OWEB continue to award an umbrella council bonus? If so, who is eligible and what is the criteria and funding level?
3. Requests for individual funding.
 - Under current rules, councils that are locally recognized but located within the boundaries of another council receiving OWEB council support funds are not eligible for individual funding.
4. Rules or guidance for councils that reorganize.
5. How does new eligibility criteria apply to currently funded councils and to councils that have never received OWEB council support funding?
6. Currently OWEB accepts local recognition of councils from any local government entity including SWCDs, cities, counties, water districts, and more. Should this change?

Merit Threshold Criteria

If a council is eligible for a council support grant, its application will be evaluated on whether it meets, or falls short of, merit threshold criteria. OWEB needs to develop threshold criteria that can be practically and equitably applied in a streamlined review process. Considerations include:

1. Clear objective of the criteria.
2. Clearly defined bar to meet.
3. Clearly demonstrate council support is not an entitlement program.
4. Fund councils with a good track record with minimal hoops.
5. Criteria need to be measurable.
6. Need to demonstrate councils are worthy of state funding and effective organizations.

Equal Distribution of Funds

The Council Support Work Group concept recommended that councils meeting the merit threshold criteria should receive the same amount of funding. Policy and implementation questions include:

1. Level of award for councils that meet the merit threshold criteria.

2. How is the umbrella bonus factored in?
3. How much awarded to councils that are eligible, but do not meet the merit threshold criteria?
4. How much are new applicants awarded?
5. How do we distribute the funds if we have less than \$6.1 million?
6. Should there be an incentive for councils to reorganize/combine? if so, how much?

Application Materials & Review Process for Previously Funded Councils

The Council Support Work Group concept was based on the fact that OWEB has provided ongoing funding to the same councils over many years and is familiar with the work of these councils.

1. Deadline.
2. What is reviewed (work plan, 1 pager of questions, other)?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Consequences for councils that do not meet the Merit Threshold Criteria.
8. How do we review reorganized councils?
9. Decision deadline (June Board meetings).

Application Materials & Review Process for New Applicants

Depending on the eligibility criteria, we can expect to see a range of new applicants (those that have never received an OWEB council support grant), from councils that have existed for many years, to newly formed councils with no track record. These need a different type of review than councils OWEB has funded for many years.

1. Deadline.
2. What will be reviewed?
3. Merit Threshold Criteria.
4. Who reviews?
5. Review Process.
6. Feedback Process.
7. Funding amount.
8. Decision date (September Board meetings).

Reporting Accomplishments, Tracking Accountability

OWEB is phasing in the new council support process by requiring all 2011-2013 council support grantees to submit work plans for their 2013-2015 awards. We expect we will learn and adjust the work plan and reporting process for the 2015-2017 council support grant cycle.

1. Work with grantees to finalize work plan format.
2. Work with OWEB Programmer to make electronic submittal possible.
3. Seek council feedback on electronic form and test with grantees.
4. Train grantees.
5. Finalize by May 2013 for August 2013 submittal deadline.

6. Adjust work plan and progress reports for 2015.
7. Other reporting requirements:
 - PCSRF.
 - Reporting on council biennial self-evaluation.
 - Annual reporting to county government.
 - Fiscal Reporting.
 - Other?

Targeted Capacity Fund

The work group recommended a fund accessible to all councils for training and capacity development needs.

1. How much is available?
2. Where does the money come from?
3. Develop rules.
4. Develop review and award process.
5. What is the objective?
6. Timing, when offered?
7. What is the length of the grant?
8. Don't re-create the wheel, talk to other funders to see what they do for small capacity awards.

APPROVED BY THE BOARD JANUARY 16, 2013
Oregon Watershed Enhancement Board
September 11, 2012
OWEB Board Meeting
Welches, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Rick Craiger
Renee Davis-Born
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Bruce Taylor
Chris Gannon
Steve Wise
John Buckley
Linc Cannon
Lisa Seales
Anne MacDonald
Phil Chang
Tod Heisler
Catherine Pruett
Wayne Hoffman
Jack Shipley
Russ Hoeflich
Joe McCanna

Members Not Present

Patricia Smith

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 June 12-13, 2012, Board meeting in Salem, and July 17, 2012, Special Board meeting via telephone conference call were unanimously approved.

C. Forest Health

Public Comment

- Jack Shipley, Applegate Partnership and the “Knitting Circle” (as known as the Southern Oregon Forest Restoration Collaborative), expressed concerns regarding proposed Phase 2 funding of The Nature Conservancy/Oregon Solutions grant regarding forest collaboratives. He stressed the importance of communication between the grantees and local restoration groups and also with OWEB about investments in forest health initiatives.

Greg Sieglitz, Monitoring and Reporting Program Manager, and Renee Davis-Born, Senior Policy Coordinator, were joined by Mark Stern, The Nature Conservancy (TNC), and Pete Dalke, Oregon Solutions, to present this item to the Board.

In January 2012, the OWEB Board awarded \$345,340 in funding to support implementation of the first phase of an 18-month proposed work period for TNC and Oregon Solutions to provide support to the local collaboratives, conduct forest assessments and treatments, and to provide support to the FFAC-IWG through September 2012. At the time of the January request, the Governor's Office, Oregon Department of Forestry (ODF), and the grantees signaled that they do not consider OWEB to be a long-term source of funding for their coordination efforts nor for local forest collaboratives. Since that time, a legislative proposal for the 2013-15 biennium was developed to address the need for ongoing funding to support forest restoration in Oregon. Mark Stern and Pete Dalke each reported on accomplishments from the past nine months related to the TNC and Oregon Solutions work under Phase 1 of this project. Board members posed questions to the grantees about the process for communicating with local restoration groups to increase understanding about the forest health work and facilitate coordination with these groups where appropriate. The Board also asked for additional information about monitoring that is occurring related to forest collaboratives' work.

TNC and Oregon Solutions are requesting funding in the amount of \$351,341 for the second 9-month phase of the project, which will continue through the remainder of the 2011-13 biennium. The Oregon Solution's portion of this request would include support for an economic assessment of current and future forest health treatments on U.S. Forest Service lands in Oregon that is underway. Several agencies and organizations already have committed \$82,500 in funding to this project. The Governor's Office has requested an additional \$17,500 from OWEB to support an Oregon Solution's subcontract for portions of the Oregon "National Forest Health Restoration Economic Assessment."

To address Board member questions and concerns, staff recommended refinement of the Phase 2 work plan to address issues raised regarding communication and monitoring. Staff will continue to update the Board about this project at future meetings.

Board members unanimously voted to award \$351,341 in Phase 2 funding for local planning and implementation capacity, including support to local forest collaboratives and statewide coordination support for the Federal Forestlands IWG as described in Attachments C and D of the staff report. Funding would enable work between September 2012 and June 2013 and be distributed as follows:

- a. \$248,341 in funding to The Nature Conservancy; and*
- b. \$103,000 in funding to Oregon Solutions; including \$17,500 in funding to support a subcontract for portions of the Oregon "National Forest Health Restoration Economic Assessment."*

D. OWEB Investment Tracking Tool

This item will be rescheduled at a future Board meeting.

E. Public Comment – Pending Grant Applications

- Wayne Hoffman, MidCoast Watersheds Council, supported funding for 213-1010 which was recommended for funding.

- Steve Wise, Sandy River Basin Watershed Council, commented on 213-3018 which was not recommended for funding by the RRT or OWEB staff, and noted that the application would be resubmitted to OWEB.
- Chris Gannon, Crooked River Watershed Council, requested funding for the third year of staged funding for 211-4010, Horse Heaven Creek Watershed Restoration which was recommended for funding by OWEB staff.
- Mike Kasberger, Ochoco Irrigation District, requested funding for 213-4006 which was recommended for funding by the RRT but fell below the staff-recommended funding line.
- John Buckley, East Fork Irrigation District, and Joe McCanna, Warm Springs Tribe, discussed the layout and purpose of 213-4002 which was recommended for funding.
- Philip Chang, Central Oregon Intergovernmental Council, supported 213-4012 which was recommended for funding by the RRT but fell below the staff-recommended funding line.
- Josh Thompson, Wasco County Conservation District, supported funding for 213-4009, which was recommended for funding by the RRT but fell below the staff-recommended funding line.
- Jack Shipley, Applegate Partnership and Watershed Council, supported funding for 213-2015, which was recommended for funding by the RRT but fell below the staff-recommended funding line, and 213-2004 which was not recommended for funding by the RRT or OWEB staff.

F. Board Consideration of Pending Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the April 16, 2012, grant cycle. One hundred and forty-five grant applications seeking a total of \$16.3 million were received. No water acquisition applications were received.

The following identifies the number of applications received by application type and the amount of OWEB funds requested:

Technical Assistance	38	\$ 1,334,363
Restoration	<u>107</u>	<u>\$14,985,886</u>
TOTAL	145	\$16,320,249

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.

Staged Awards

Horse Heaven Creek Watershed Restoration (211-4010)

In September 2010, the Board awarded \$193,301 of a total project cost of \$518,848, and committed to fund the remainder of the request over time, contingent on the grantee’s progress report showing the need for funding. In September 2011, the Board awarded \$156,861. Staff received a positive progress report and recommended the Board award the remainder of the staged award for the third year of the project at \$165,529.

Dee Irrigation District Piping and Passage Project (212-4001)

In September 2011, in order to fund further down the line of Restoration applications recommended by the RRTs, the Board awarded \$10 of a total project cost of \$450,000, and committed to fund the remainder of the request over time, contingent on the grantee's progress report showing the need for funding. A revised budget was submitted showing that OWEB funds would be used to purchase pipe instead of provided funding for pipeline construction. Staff received a positive progress report and recommended the Board award the remainder of the staged award the project at \$449,990, of the revised project cost of \$450,000.

At the start of each regional grant award presentation, program representatives highlighted a project or projects in their region showing the location, issues to be addressed, solutions, and expected results.

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager

Tom Shafer, Regional Program Representative

Projects Highlighted: Strategic process beginning in the 1990s; strategic solutions provided; many partnerships identified, and results were provided on four projects recommended for funding in the North Coast region, 213-1011, 213-1006, 213-1010, and 213-1009.

Lauri Aunan provided an overview of the Region 1 funding recommendations as presented in the staff report.

REGION 2, SOUTHWEST OREGON

Lauri Aunan, Grant Program Manager

Mark Grenbemer, Regional Program Representative

Projects Highlighted: Summary of nine Restoration projects addressing coho limiting factors and recommended for funding -- \$828,642 in OWEB recommended funding would leverage an additional \$788,898 in other funding for the identified projects.

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

Projects Highlighted: Top three projects in the Willamette basin recommended for funding this cycle are in model watersheds: #1 Calapooia Watershed (213-3024), #2 Middle Fork Willamette Watershed (213-3006), and #3 Luckiamute Watershed (213-3010).

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report.

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager

Rick Craiger, Regional Program Representative

Project Highlighted: Invasive juniper project, Conant Basin Watershed Restoration (213-4007)

Lauri Aunan provided an overview of the Region 4 funding recommendations as presented in the revised staff report.

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager

Karen Leiendecker, Regional Program Representative

Project Highlighted: Griffin Creek

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: Mountain Creek Watershed Restoration

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:

Staged Awards

Board members voted unanimously to award the final stages of funding for applications 211-4010 and 212-4001, as shown in Attachment C to the Overview staff report.

Regional Awards

Board members voted unanimously to approve the staff funding recommendations as shown in the gray shaded sections of Attachment A to the Region 1, 2, 3, 4, 5, and 6 staff reports with the exception of application 213-1001.

Board members voted unanimously to approve the staff funding recommendation for 213-1001 for \$101,969. (Board Member Lisa Phipps recused herself from voting on this project.)

At the conclusion of the business meeting, OWEB Board and staff participated in a tour lead by the Sandy River Basin Watershed Council and Sandy River Partners. The tour was of a side channel and floodplain reconnection projects in priority anchor habitats along the Salmon and Sandy rivers.

After the tour, the Sandy River Basin Watershed Council and Sandy River Partners sponsored a reception for OWEB Board members, staff, and local partners.

APPROVED BY THE BOARD JANUARY 16, 2013
Oregon Watershed Enhancement Board
September 12, 2012
OWEB Board Meeting
Welches, Oregon

Minutes

OWEB Members Present

Sybil Ackerman
Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Rick Craiger
Renee Davis-Born
Sue Greer
Wendy Hudson
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Tara Davis
Chris Gannon
Lisa Seales
Erik Kancler
Pamela Reber
Wayne Hoffman
Russ Hoeflich

Members Not Present

Kim Kratz
Patricia Smith

G. Acquisition Program Update

Meta Loftsgaarden, Deputy Director, updated Board members on the acquisitions program including acquisition closings since January, the Long-Term Land and Water Protection Task Force, and progress on the Agency/Funder Panel, monitoring contract and upcoming process committee.

In January 2012, OWEB had over 20 acquisition projects awaiting completion of due diligence to receive Board approval to fund the projects. Partially due to the backlog, the OWEB Board place a moratorium on new Acquisition applications through the April 2013 cycle and asked staff to complete a full review of the Acquisitions Program. Since January, OWEB has closed six transactions for a total investment of more than \$2.0 million to permanently protect 1040 acres.

A Long-Term Land and Water Protection Task Force comprised of a group of people actively involved in the long term protection of land and water throughout Oregon was convened to take a fresh look at OWEB's Acquisitions Program and provide advice to the OWEB Board on ideas relating to funding, tool, and approaches. The primary themes that emerged were:

- Continue with what OWEB has done best.
- Take a whole landscape view.
- Develop a statewide integrated watershed strategy that links efforts in a more comprehensive manner.
- Focus investments on outcomes and values that can be achieved.
- Engage and leverage landowners to get their help working their land with conservation in mind.
- Be a more vocal advocate and educator for conservation in Oregon.

An agency/funder panel of a group of state and federal agencies involved in acquisitions and easements along with non-profit funders of transactions associated with acquisitions was convened to get their recommendations and priorities related to the long-term land and water protection. The panel recommended that:

- OWEB needs to prioritize where and how it invests to achieve the desired ecological outcomes and monitor to identify successes and areas for improvement.
- OWEB needs to be clear and transparent about its priorities and how it selects projects.
- OWEB needs to recognize both social and economic benefits of ecological protection investments.

OWEB contracted with four individuals who worked through the summer to monitor OWEB's existing easement and acquisition investments.

Based on the results of different groups convened to review OWEB's Acquisitions Program, staff recommended that the Board initiate a review of current rules and recommend rule changes to be considered at the January 2013 Board meeting. The proposed rulemaking process involves convening a rules advisory committee to recommend any changes to OWEB's administrative rules.

Board members unanimously voted to authorize rulemaking to consider amendments to OAR 695-045-0010 through 695-045-0150. If changes recommended in this section are applicable to water acquisitions under OAR 695-046-0010 through 695-046-0170, rulemaking may be proposed for those sections as well.

H. Executive Director Update

Executive Director Tom Byler provided brief updates on the following:

- H-1: Partnerships Update
Board members were provided with an update on OWEB current partnerships, including the Upper Klamath SIP, Deschutes SIP, Willamette SIP, and the Whole Watershed Restoration Initiative (WWRI). Information was provided on the upcoming "Within Our Reach 2012 Conference – Making Progress Towards a Healthier Willamette."
- H-2: Natural Resource Agency Reporting of Measure 76 and PCSRF Funded Programs
This item provided Board members with a summary of the agency activities to date during the 2011-2013 biennium for those programs utilizing PCSRF funds. Updates were provided by the Oregon Departments of Fish and Wildlife, Environmental Quality, Water Resources, and Agriculture.

- In August, Board Co-Chair Eric Quaempts and Director Byler attended the 20th Anniversary celebration of the Grande Ronde Model Watershed.
- Ken Bierly, Partnerships Coordinator, was recently selected as the recipient of the Ecological Society of America's 2012 Regional Policy Award, recognizing Ken's accomplishments to support Oregon's rivers, wetlands and natural areas during his career.

I. Budget and Spending Plan Update

Director Byler updated Board members on the agency's 2011-2013 spending plan and development of OWEB's 2013-2015 Agency Request Budget in preparation for the 2013 legislative session.

The August 2012 state revenue forecast showed that Lottery Fund revenues are in decline. If the estimate of this forecast holds, OWEB could have about \$900,000 less on the grant side than anticipated in the current spending plan. Staff recommended waiting for the November forecast before considering any adjustments to the current spending plan. If needed, changes to the spending plan could be made at the January 2013 Board meeting.

OWEB recently submitted the 2013-2015 Agency Request Budget. Governor Kitzhaber launched the 10-Year Plan for Oregon as a way to design how state government building its budget and makes investment decisions. The 10-Year plan changes the budget process from a two-year budget-balancing process to a process that budgets to meet long-term outcomes. The new process organizes the state budget into five major outcome areas – Education, Health People, Economy and Jobs, Healthy Environment, and Safety. State agency budget programs will be considered within the appropriate outcome area. Board members were provided with OWEB's 2013-2015 Policy Option Package proposals and corresponding links to the Governor's Healthy Environments Outcome Strategy. Program Funding Teams for each outcome area were appointed by the Governor and will review agency budget requests to make recommendations to the Governor's office to consider as it develops the Governor's Recommended Budget, due at the end of the calendar year.

OWEB and ODFW sent a joint request to the legislative Emergency Board to increase Federal Funds and Other Fund expenditure limitation by \$1,800,000 and \$800,000, respectively, for a portion of the PCSRF grant awarded to the State of Oregon in July 2012. If approved, the additional limitation would be used this biennium for OWEB grant awards and to complete the second year of ongoing research, monitoring, and evaluation in the lower Columbia River.

J. Long-Term Investment Strategy

Director Byler and Lauri Aunan, Grant Program Manager, updated Board members on the status of the development of OWEB's Long-Term Investment Strategy, including stakeholder involvement.

The passage of Measure 76 by Oregon voters created a long-term funding horizon for OWEB grant investments. As a result of this change, OWEB is approaching the 2013-2015 biennium as a transition period for the Board, staff and stakeholders to consider the future direction of the agency and make appropriate policy and priority adjustments. The Board has identified development of a long-term investment strategy as a key priority.

OWEB contracted with DS Consulting to help facilitate

To date, the roadmap has included:

- Staff presentations at the March, June, and September 2012 Board meetings.
- All staff retreats in March and July 2012.
- Board retreat in July 2012.
- Stakeholder Listening Sessions in May and June 2012.
- Stakeholder survey in June 2012.
- Monthly Board Executive Committee meetings beginning in February 2012.

Next steps:

- A fall Board retreat on October 29-30, 2012.
- Additional all staff retreats in October 2012 and January 2013.
- Additional stakeholder listening sessions in February and March 2013.
- Monthly Board Executive Committee meetings.
- Staff presentations at the January and March 2013 Board meetings, with anticipated Board adoption of the Long-Term Investment Strategy at the June 2013 Board meeting.

K. Public Comment – General

- Russ Hoeflich, The Nature Conservancy, provided comments on how OWEB’s future is aligned with the intent of Ballot Measure 76. He also discussed the importance of Forest Health and the Governor’s Office, as well as work done in concert with Oregon Solutions.
- Pamela Reber, Coast Fork Willamette Watershed Council, spoke about the value of watershed councils and community outreach, as OWEB develops its Long-Term Investment Strategy.
- Eric Kancler, Executive Director, and Tara Davis, Board Chair, Network of Oregon Watershed Councils, updated the Board on Network services and announced the hiring of a new Outreach Director.
- Wayne Hoffman, MidCoast Watersheds Council, commented on the watershed council support process and how it related to the different types of umbrella councils.

L. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, provided Board members with an overview of staff’s progress on development of the details of the new Watershed Council Support Outcome Based Review and Award Process. They used a PowerPoint presentation to provide background information on statutes and rules, the history of the watershed council support application and award process, how it relates to OWEB’s Strategic Plan implementation.

In a budget note attached to OWEB’s 2011-2013 Legislatively Adopted Budget, the 2011 Legislature provided direction to OWEB regarding a review of watershed councils. A Council Support Work Group was convened to advise OWEB on a streamlined application and funding process with improved reporting for accountability and tracking of accomplishments, how council “effectiveness indicators” might be incorporated into the process, and refined councils support eligibility criteria. The Work Group concept was presented to the Board at its September 2011 and January 2012 meetings. Implementing the concept involves significant changes to the

council support program. As part of the process, OWEB staff are also addressing long-standing, complex council support policy issues. Rulemaking will be needed because the eligibility and evaluation criteria and process are detailed in current administrative rules.

OWEB staff have been identifying issues that need to be addressed, planning Board Subcommittee and Board discussion, and stakeholder engagement. OWEB will soon begin listening sessions across the state, one in each region as well as a webinar, to provide the first of many opportunities to learn about potential changes to the watershed council support program and provide feedback to OWEB. The Board will not be asked to make any final changes until after the listening sessions and a stakeholder rules advisory committee in 2014.

No action was taken on this agenda item. As attachments to the staff report, Board members were provided with:

- Draft OWEB Watershed Council Support Principles
- Watershed Council Support Program Change Flow Chart
- Schedule for Council Support Changes
- Policy and Implementation Issues to be Addressed in Development of the New Council Support Outcome Based Review and Award Process

M. Other Business

There was none.