



OREGON
WATERSHED
ENHANCEMENT BOARD

Agenda Item D

Director's Updates

Board Meeting July 25-26, 2023

July 25-26, 2023 OWEB Board Meeting Executive Director Update D-2: Budget and Legislative

This report provides the board an update about the legislative budgeting process and outcomes of the 2023 Legislative Session.

Background

The 2023 Legislative Session began on January 17 and adjourned on June 25, 2023. During the legislative session, bills with policy and budget implications for OWEB were considered.

The Legislative Budgeting Process

The Oregon Legislature approves budgets for state agencies on a biennial basis. First, each agency submits a requested budget. Agencies must specifically request additions to the base budget and justify the need for each addition. The requested additions to an agency's base budget are called Policy Option Packages (POPs).

The Governor then releases a recommended budget, and the Oregon Legislature approves a final budget. During the legislative session, agencies must support the Governor's Budget.

OWEB's budget bills were heard in the Natural Resources (NR) Subcommittee of the Joint Legislative Committee on Ways and Means on April 12-13. Day 1 was a presentation of the agency's budget by OWEB leadership, and Day 2 was reserved for public comment.

The NR subcommittee and full Ways and Means committee conducted work sessions on the bills in June. Both legislative chambers passed the budget bills. As of the date of this report, the bills are now awaiting Governor Kotek's signature.

Attachment A provides details on OWEB's budget, and the following is an overview:

- The adopted budget continues existing permanent staffing in OWEB's base budget and includes several limited duration positions.
- The adopted budget adds to the agency's organizational structure to partially fulfill OWEB's needs.
- Two of the adopted policy packages provide staffing continuity for the Oregon Agricultural Heritage Program (OAFP) and the Water Acquisitions Program, for a total of three positions.
- The adopted budget provides the necessary General Funds for continuity of the Drought and Fire Disaster relief grants committed in 2021-2023 so that they can carry into the next biennium and continues three staff positions to administer the grants.
- The adopted policy packages allow OWEB to accept federal funds to continue the agency's climate work, comply with federal historic and cultural resource requirements, provide technical support for tide gate replacement planning, administer grant funds from multiple federal agencies, and accept other funds to administer grants to support water quality and salmon habitat improvements.
- The adopted budget assumes a change in Measure 76 lottery funds allocation from 65% grants/35% operations to 70% grants/30% operations.

Policy Legislation

In addition to the agency budget, staff tracked other legislation that may affect OWEB or its partners. The following are summaries and outcomes of the highest priority bills that OWEB tracked during the legislative session:

- HB 2010, which is the ‘omnibus’ water package, directs OWEB to establish a grant program to provide grants to water suppliers to protect sources of drinking water. HB 2010 provides \$1 million in General Fund for the program, and a staff position to OWEB to administer the program. HB 2010 passed both the House and Senate, and as of the writing of this staff report, is now pending signature by Governor Kotek.
- HB 5030 and 5506 are ‘end-of-session’ funding bills that provide an additional \$4 million in Lottery Bond funding for the source drinking water protection program established in HB 2010. Both bills passed both the House and Senate, and as of the writing of this staff report, are now pending signature by Governor Kotek.
- HB 3409, which is the ‘omnibus’ climate package, establishes a Natural and Working Lands Fund, which OWEB would serve as the fiscal agent for. At the direction of the Oregon Global Warming Commission, OWEB will transfer funding to natural climate solutions accounts administered by ODFW, ODA, ODF, and OWEB. The funding will be used to support programs for incentives and technical support for natural climate solutions on natural and working lands. The bill includes a \$10 million General Fund appropriation to OWEB into the Natural and Working Lands Fund, and a position to the agency to support fiscal administration of the fund. HB 3409 passed both the House and Senate, and as of the writing of this staff report, is now pending signature by Governor Kotek.
- HB 3366 would have appropriated funding to OWEB for new OAHP grants. HB 3366 stalled in the Joint Ways and Means Committee, and no additional funding for OAHP was provided in separate end-of session funding bills.
- HB 2998 would have created the Oregon Soil Health Initiative to promote and support farming and ranching systems, and to improve soil health by collaborating on voluntary incentive-based soil health strategies. The bill included a proposed appropriation to OWEB to fund voluntary soil health practices, and associated technical assistance, through OAHP. HB 2998 stalled in the Joint Ways and Means Committee.

Staff Contact

If you have questions or need additional information, contact Stephanie Page, Deputy Director at stephanie.page@oweb.oregon.gov /971-345-7004 or Eric Hartstein, Board and Legislative Policy Coordinator at eric.hartstein@oweb.oregon.gov /503-910-6201.

Attachment

- A. OWEB 2023-2025 Legislatively Approved Budget – Summary

2023-2025 Legislatively Adopted Budget

| | 2021-23 Legislatively Adopted Budget (LAB) | 2023-25 Current Service Level (CSL) | 2023-25 Legislatively Adopted Budget (LAB) |
|----------------------------|--|---|--|
| Lottery Fund | \$94,776,334 | \$106,626,707 | \$115,133,838 |
| Federal Funds | \$48,251,444 | \$34,812,700 | \$57,035,037 |
| Other Funds | \$29,863,984 | \$2,359,071 | \$39,214,873 |
| General Fund | \$52,526,718 | -- | \$35,485,333 |
| Total Funds | \$225,418,480 | \$143,798,478 | \$246,869,081 |
| Positions | 46 | 30 | 44 |
| Full-Time Equivalent (FTE) | 42.57 | 30.00 | 42.76 |

2023-25 Significant Changes

Overview

- The budget continues existing permanent staffing in OWEB's base budget and also includes several limited duration positions.
- The budget adds to the agency's organizational structure to partially fulfill OWEB's needs.
- Two of the adopted policy packages provide staffing continuity for the Oregon Agricultural Heritage Program and the Water Acquisitions Program, for a total of three positions. No new funding is provided for OAHP.
- The budget provides the necessary General Funds for continuity of the Drought and Fire Disaster relief grants committed in 2021-2023 so that they can carry into the next biennium and continues three staff positions to administer the grants.
- The adopted packages allow OWEB to accept federal funds to continue the agency's climate work, comply with federal historic and cultural resource requirements, provide technical support for tide gate replacement planning, administer grant funds from multiple federal agencies, and accept other funds to administer grants to support water quality and salmon habitat improvements.
- The adopted budget assumes a change in Measure 76 lottery funds allocation from 65% grants/35% operations to 70% grants/30% operations.
- In addition to OWEB's two major budget bills, several other pieces of legislation affected OWEB's 2023-2025 budget. OWEB received two new legislatively created programs related to source water protection and natural climate solutions. OWEB received staff positions to fulfill its responsibilities in the new programs.

Additional Analyst Adjustments – Packages 801 and 803

Package 801 (Operations) increases expenditure limitation by \$169,509 Other Funds and establishes a limited-duration Administrative Specialist position (1.00 FTE) to support non-measure 76 lottery funded grant programs agency wide.

Package 801 (Grants) increases the Lottery Funds Grant expenditure limitation by \$8,447,801 to account for the reallocation of 5% of total biennial revenues from program operations to grants as required in the Oregon Constitution (shift from 65% grants/35% operations to 70% grants/30% operations and adjustments based on the May 2023 revenue forecast).

Package 803 (Operations) increases Federal Funds expenditure limitation by \$723,442 and establishes two limited-duration positions (2.00 FTE) in the Operations program. One of the positions is an Operations and Policy Analyst climate coordinator position funded by the USDA Natural Resources Conservation Service (NRCS). The other is funded through a combination of USDA NRCS technical assistance funds and Bureau of Land Management Good Neighbor Authority funds.

Package 803 (Grants) increases Federal Funds expenditure limitation by \$2,915,110 for funding received through existing cooperative agreements with the U.S. Department of Agriculture (USDA) and the U.S. Bureau of Land Management (BLM). \$743,110 of the total is for USDA, Natural Resource Conservation Service technical assistance grants for conservation programs. The remaining \$2,172,000 supports restoration projects through the BLM, Good Neighbor Authority Program.

Policy Packages - Grants Budget (SB 5539 & SB 5540 Lottery)

200 - Carryforward (FF/OF): This package allows OWEB to spend non-lottery fund grants that have been awarded and continue to be active (FF \$18M, OF \$572,864) as carry-forward. \$18,572,864

201 - Carryforward for GF emergency response grants: This package establishes one-time General Fund appropriations totaling \$23,160,344 to allow the agency to distribute committed grant awards for emergency wildfire and drought response that were made in the 2021-23 biennium. Of the total \$15.5 million is for 2020 fire season recovery grants, \$4.25 million is for 2021 fire season recovery grants, and \$3.45 million is for 2021 drought resiliency grants. \$23,160,344 GF

215 - Oregon Ag Heritage Program (OF): Allows OWEB to spend existing funds allocated to the Oregon Agricultural Heritage Fund during the February 2022 special legislative session. No new funds are included. \$4,238,524

245 – Water Acquisition grant funds continuity (OF): Allows OWEB to continue spending existing grant funds appropriated through the GF in 2021-23 biennium and deposited into the Flexible Incentive Account (OF). No new funds are included. \$9,039,958

280 - Additional Other Funds (OF): \$7M additional OF limitation to be able to receive and expend OF grant funds beyond OWEB's current service level budget. Includes potential OF from PacifiCorp to support water quality improvements in the Upper Klamath Basin as part of the upcoming dam removal process and from Idaho Power for water quality and salmon habitat improvements related to the relicensing of the Hells Canyon Dam complex. \$7,000,000

Policy Packages - Operations Budget (SB 5539)

100 - Agency reorganization and capacity building: Re-classifies 2 existing management positions and re-classifies 1 staff position to a management position to partially establish the necessary organization structure for OWEB. \$102,665 (\$6,253 FF, \$96,412 LF).

115 – Oregon Agricultural Heritage Program Continuation: Establishes limited duration Operations and Policy Analyst position (.75 FTE/full-time for 18 months) to administer existing Oregon Agricultural Heritage Program grants. No new funds were added. \$226,011 OF

145 - Water Acquisitions Continuation: Establishes two limited duration positions (2.00 FTE) for administration of funding provided to OWEB during the 2021-2023 biennium to administer grants for water acquisition projects. \$556,208 OF

150 - Emergency Response Program Continuity Ops: Provides a one-time \$1 million General Fund appropriation and establishes three limited-duration positions (3.00 FTE) for administration of emergency wildfire response and drought resiliency grant funding. \$1,000,000 GF

160 - Program continuity: Extends 1 limited duration Federal Fund position to support tide gate work. \$327,864 FF

165 - National Historic Preservation Act compliance: Includes a new limited duration Federal Fund position to assure compliance with new National Historic Preservation Act requirements associated with Pacific Coastal Salmon Recovery funding. \$251,678 FF

Statewide Adjustments and Budget Reconciliation Adjustments (SB 5506 and HB 5030)

Section 233 of SB 5506 provides OWEB spending authority for \$4 million in lottery bond funds authorized in SB 5030 for land acquisition grants for source water protection. The \$4 million adds to \$1 million in general funds allocated through HB 2010, which created the source water protection land acquisition grant program. \$4,000,000 OF

Section 234 of SB 5506 provides OWEB funding to cover the issuance costs for the \$4 million in lottery bond funds authorized in SB 5030. \$52,728 OF

Section 318 of SB 5506 includes statewide adjustments based on reductions in the Department of Administrative Services' assessments and charges for services and Attorney General Rates. (\$37,082) LF / (\$2,010) FF / Total (\$39,092)

Section 5 of HB 5030 authorizes the State Treasurer to issue \$4 million in lottery bonds to support grants in the newly established land acquisition grant program for source water protection. HB 2010 created this new program and is summarized below in the Policy Bills section of this handout.

Policy Bills

HB 2010 establishes a new source water protection land acquisition grant program at OWEB and allocates \$1 million in General Funds to the program. It adds OWEB to the list of agencies that OWRD must consult with on the Integrated Water Resources Strategy. The bill provides funding and position authority to OWEB for a .88 FTE Natural Resources Specialist 4 to administer the source water protection grant program and a .25 FTE Operations and Policy Analyst to staff OWEB's IWRS engagement work. \$1,324,989 GF

HB 3409 re-names the Oregon Global Warming Commission to the Oregon Climate Action Commission and adds the Executive Director of OWEB to the commission's ex-officio members. The bill establishes a Natural and Working Lands (NWL) Fund to support natural climate solutions and invests \$10 million into the fund. It designates OWEB as the fiscal agent for the NWL fund and identifies OWEB as one of four agencies that will work with the commission to develop programs and activities related to natural climate solutions. It establishes four funds that may receive transfers from the NWL fund to support projects identified by the agencies and the commission. It establishes a Fiscal Analyst 3 (.88 FTE) to support the work associated with fund administration. \$10,000,000 GF/\$10,000,000 OF/Total \$20,000,000

Fund Source key: LF = Lottery Funds FF = Federal Funds GF = General Funds OF = Other Funds

2023-25 Legislatively Adopted Budget Summary

| | General Funds | Lottery Funds | Other Funds | Federal Funds | Total | Pos/FTE |
|---------------------------|---------------|---------------|--------------|---------------|---------------|----------|
| OWEB Admin (Program 010) | \$1,324,989 | \$9,191,684 | \$1,227,454 | \$4,375,038 | \$16,119,165 | 44/42.76 |
| | | | | | | |
| OWEB Grants (Program 020) | \$34,160,344 | \$105,942,154 | \$37,987,419 | \$52,659,999 | \$230,749,916 | |
| TOTAL | \$35,485,333 | \$115,133,838 | \$39,214,873 | \$57,035,037 | \$246,869,081 | 44/42.76 |

This report provides the board an update on the agency-wide Information Technology (IT) projects currently underway.

Shared Services Agreement with Oregon Water Resources Department for Information Technology Services

An Intra-agency agreement exists between OWEB and the Oregon Water Resources Department (OWRD) for provision of some IT services including (but not limited to) file sharing, database hosting, web hosting, desktop and network support, database, GIS, and server technical support. This agreement has worked well for OWEB and allows our internal IT staff of two to focus on programming and maintaining our internal and external (grantee facing) systems including OWEB Grant Management System (OGMS), Application Review Module, Grantee Dashboard, Oregon Watershed Restoration Inventory among others. OWRD staff help our staff manage hardware and software issues as well as setting up new laptops and devices. OWRD's IT leadership also provide consultative services in the agency's cybersecurity services.

Online Payment Request (OPR) implementation and update

Beginning in 2018, OWEB identified a need to streamline the grantee payment request process to enable online submissions. A team was formed, and a framework was developed. The project was paused during the pandemic and restarted in early 2022. Following some significant efforts by programming staff and the creation of several training modules, a pilot Online Payment Request module was launched to a small group of grantees in January, with additional groups added in February and March. On April 3, 2023, the module was released to all grantees and the response has been overwhelmingly positive. Most grantee payment requests are now being submitted via this new functionality which streamlines the process for grantees, minimizes forms to be completed and submitted and reviewed electronically and speeds up payment timelines.

SharePoint migration

A team of OWEB staff are working on migrating the current electronic file structure on our server to SharePoint a cloud-based system. Though the actual transfer of data will be coordinated with OWRD staff, the process will involve all staff at every level of the agency. A team is focused on the redesign of the existing electronic file structure, identifying data that cannot be migrated (e.g., GIS system data), confidentiality needs, reviewing records retention requirements, and proposing a more streamlined and intuitive file structure for the future. This work will be on-going over the next several months and will result in increased opportunities to collaborate on and access documents, used in our daily work.

Information Technology (IT) Strategic Plan/Governor's Expectations

As part of the Agency Request Budget for 2023 – 2025, submitted in September 2022, OWEB was required to prepare a brief IT Strategic Plan. This brief plan had no required structure or components and was an opportunity for OWEB to identify our current state/systems; IT project prioritization; future needs; technology governance and short- and long-term goals and plans. On January 11, 2023, Governor Tina Kotek sent a letter to executive branch agencies with a series of expectations. One of these expectations is to create an Agency IT Strategic Plan.

Though smaller boards and commission (less than 50 FTE) are currently exempt from developing an IT strategic plan they are strongly encouraged to start engaging in the planning process. OWEB has already engaged with Enterprise Information Services to identify opportunities to utilize the template and will work towards completing a draft plan by December 31, 2023.

Grant Application Changes

OWEB is busy identifying, developing, and implementing positive changes to our grant applications. Some of these changes include streamlining and simplifying the grant application itself, gathering data on climate impacts of proposed projects, and building new reporting systems (Application Programming Interface – API's) for the Pacific Coastal Salmon Recovery Fund (PSCRF) grant metrics. This work involves several teams of OWEB staff including the Dedicated Application Working Group (DAWGS), PSCRF reporting staff, programming staff and many others. Careful planning and cross-program coordination is important in this work to ensure accuracy in data reporting (i.e., OWEB currently relies on applications to gather important metrics for NOAA reporting, and we need to ensure we are still able to access and report on that data with any application changes). We hope to launch the new grant application in time for the Spring 2024 Open Solicitation cycle and the new PSCRF metrics reporting API before Opens Solicitation grants are recommended to the Board for award in October 2024.

Staff Contact

If you have questions or need additional information, contact Miriam Scharer, Fiscal Officer/Business Operations Manager at Miriam.scharer@oweb.oregon.gov or 503-877-0555.

July, 25-26 2023, OWEB Board Meeting

Executive Director Update D-4 Strategic Plan Update

This report provides the board updates on the implementation progress of the 2018-2028 strategic plan. In addition, this report shares OWEB's current thinking on a timeline and process for an update to the strategic plan, in accordance with Governor Kotek's expectations of state agencies.

Background

In June 2018, the board approved a new, ten-year strategic plan. Beginning with the July 2022 board meeting, staff began providing quarterly reports using a new template.

Attachment A shows the latest update of actions related to the strategic plan between April 2023 and July 2023.

During this quarter, OWEB's outreach included meetings with additional new groups to discuss watershed health throughout Oregon and a presentation at NOAA's Restoring Riverscapes Conference. Staff continued Diversity, Equity, Inclusion and Environmental Justice training that focused on bridging the urban-rural divide. Working lands were supported through the award of nine OAHP projects. OWEB's continued climate focus included discussions about how to enhance and quantify carbon sequestration, a grant with The Nature Conservancy to evaluate the climate benefits of riparian reforestation, and the creation of a Climate Criteria recommendation for grant applications. OWEB also focused on customer service through grant consultations, training, and launching a new Online Payment Request function.

Upon taking office in January 2023, Governor Kotek shared a list of expectations for state agencies related to operational excellence. One of the expectations is that agencies with strategic plans older than 36 months will update those plans by June 1, 2024.

In response, OWEB has engaged with Dialogues in Action, the consulting team who helped the agency develop the current 2018-28 Strategic Plan. The first step includes engagement with board, staff, and partners through a series of interviews, focused discussions and surveys. An agenda item on this topic is planned for the October 2023 board meeting.

Staff Contact

If you have questions or need additional information, contact Courtney Shaff, Monitoring and Reporting Program Manager, at Courtney.Shaff@oweb.oregon.gov or 971-345-7012

Attachments

A. OWEB Strategic Plan Report July 2023

OREGON Watershed Enhancement Board



Sisters ODOT

2018-2028 Strategic Plan

Quarterly Report to the Board | July, 2023



Mission: To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.



Priority 1

Broad awareness of the relationship between people and watersheds

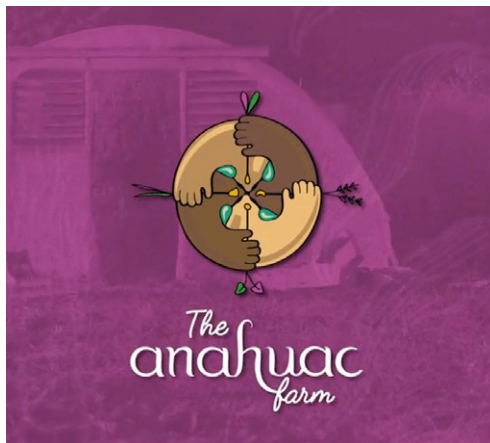


Poster from the 4-H Youth Voices in Action Conference.

This past quarter, OWEB leadership continued to **connect with key organizations that can help build awareness about the relationship between people and watersheds.** Leadership met with four organizations active in connecting youth with Oregon’s cultural and natural resources:

- At the [Oregon 4-H Youth Voices in Action Leadership Conference](#), youth presented on a question from OWEB: should grantmaking focus on habitat and species most vulnerable or most resilient to climate change?
- [Capaces Leadership Institute Anahuac Farm Program](#) provides a bridge for youth to connect with plants, farming, food, and ceremonies from indigenous cultures throughout Mexico, Central, and South America. The Anahuac Program is currently being offered in partnership with both the Farmworker Housing Development Corporation (FHDC) and MacLaren Youth Correctional Facility.
- The [USDA Farm Service Agency \(FDA\)](#) recently hired staff to focus on Urban Agriculture, a growing area of emphasis in Northwest Oregon.
- At [Chemeketa Community College](#), OWEB leadership met with the Director of Apprenticeship, as the program is exploring the work force needs among local partners and contractors, including those working in watershed restoration.

In addition to the groups above, OWEB leadership also continued regular meetings with other partner organizations and groups, including the Oregon Conservation Partnership, agricultural and conservation organizations, and the Oregon Organic Coalition.

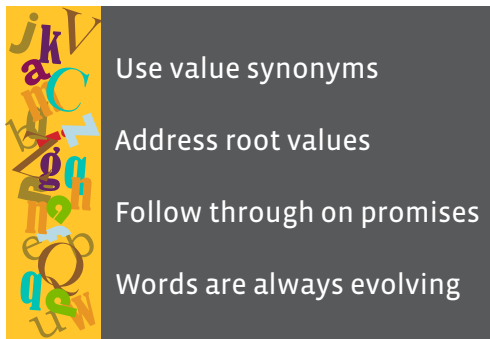


Video from the Anahuac Farm.



Priority 2

Leaders at all levels of watershed work reflect the diversity of Oregonians



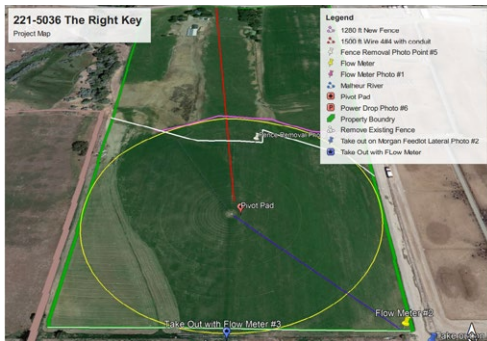
Training points from the training.

OWEB staff engaged in **training focused on communication strategies to bridge the urban-rural divide.** Through an interactive workshop format, staff developed understanding about the similarities and differences between urban and rural attitudes on environment and conservation values, and discussed the implications for OWEB’s work.



Priority 3

Community capacity and strategic partnerships achieve healthy watersheds



Example of a project map on an OWRI report for an improved irrigation system.

Staff regularly **train and provide guidance** to newer watershed councils, Soil and Water Conservation Districts, or other grantee staff **on how to navigate the Oregon Watershed Restoration Inventory** and the project completion reporting on their grants.



Engagement materials from the East Cascade Oaks Partnership.

The **newest cohort of Focused Investment Partnership (FIP)** grantees are engaging with OWEB staff to establish technical review teams for grant proposals submitted under each FIP. This is a critical part of OWEB's administration of FIP grants.



Priority 4

Watershed organizations have access to a diverse and stable funding portfolio



Wood River wetlands: Greg Shine, BLM.

OWEB **accepted applications for Water Acquisitions**, with funding awards anticipated at the July board meeting. Water acquisition grants support the planning and implementation of an interest in water from a willing seller in Oregon. The grants can support a range of project activities including instream leases; conserved water projects; and water use agreements. The purpose is to increase flow to address conservation needs and improve water quality.



Restoring Riverscapes Workshop Advancing Process-Based Actions

NOAA Restoring Riverscapes Workshop: Advancing Process-Based Actions.

Staff **presented at NOAA's virtual Restoring Riverscapes Conference** on The Structure of Salmon Funding with more than 8,000 attendees. Riverscape restoration is a broad-scale, systems approach to restoration.



Priority 5

The value of working lands is fully integrated into watershed health

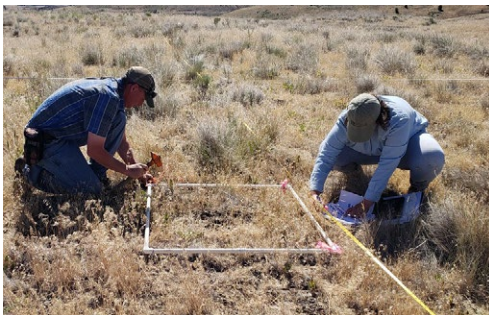
ASPEN VALLEY RANCH

Virtual tour of Aspen Valley Ranch video on YouTube: Deschutes Land Trust.

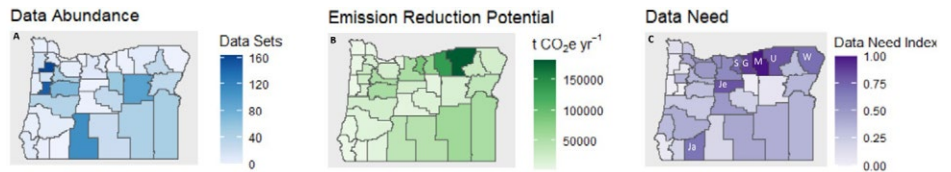
OWEB’s Oregon Agricultural Heritage Program staff evaluated applications, convened technical review teams, conducted site visits, and prepared recommendations for the Oregon Agricultural Heritage Commission. The Commission voted to recommend 9 projects for funding to the OWEB board and the board voted to **fund all 9 projects OAHF projects** at it’s April meeting.

- **Conservation Easement Grants:** [Wahl Ranch](#), [Aspen Valley Ranch –Rim Tract](#), [Seely Farm Phase 1](#), [Pitchfork T](#), O’Keefe Ranch, Justin and Janya Ferrell, Hagan.
- **Conservation Management Plan Grants:** Baker & EOARC, and Branch Road.

OWEB continued to participate in discussions about how to support practices that **enhance and quantify carbon sequestration** to inform the states’ natural and working lands goal.



Soil mapping in Gilliam County, an area where more data will be collected in a research grant project. Photo by Jenni Moffitt, NRCS.



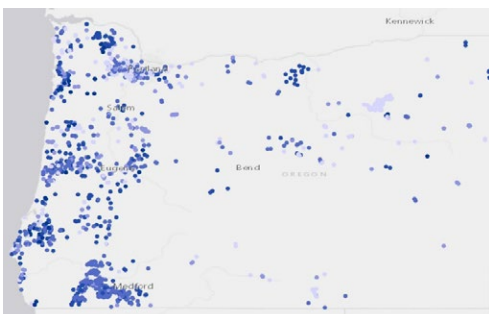
Priority 6

Coordinated monitoring and shared learning to advance watershed restoration effectiveness



Snorkel survey on Mosby Creek: CFWWC YCC

Staff held several **monitoring application consultations** with interested applicants to learn about their monitoring interests and provide guidance to help them submit proposals that meet OWEB’s evaluation criteria.



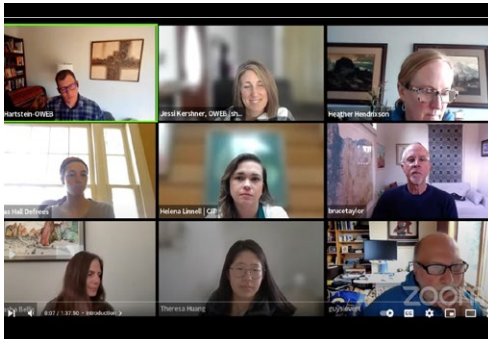
Map of riparian reforestation evaluation sites: TNC

OWEB supported a grant with The Nature Conservancy to **evaluate the climate benefits resulting from riparian reforestation projects**. The statewide effectiveness monitoring project will use a post-treatment method to assess the effectiveness of riparian reforestation on increasing carbon storage and riparian function.



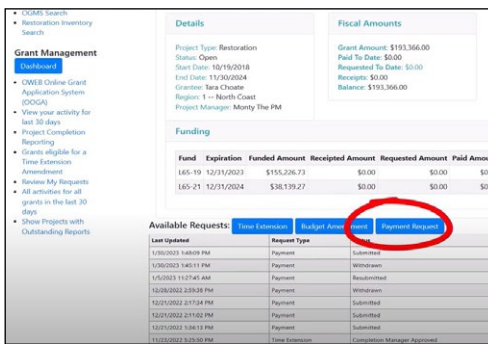
Priority 7

Bold and innovative actions to achieve health in Oregon's watersheds



Efforts to integrate climate considerations into OWEB's grant-making continued, as the agency **convened a 12-member Rules Advisory Committee** including applicants, grantees, review team members, and non-traditional partners to provide input into evaluative criteria. The final recommended [climate criteria](#) will be considered by the board at their July 2023 board meeting.

Climate Criteria Rulemaking Advisory Committee meeting.



OWEB staff **launched a new Online Payment Request function** within our online grant management system. This system is a result of years of collaboration between OWEB IT, fiscal staff, and OWEB project management staff, and is in direct response to grantee feedback on their needs. Staff provided training workshops, [videos](#), Q&A, and written instructions.

Screenshot of the Online Payment Request function.



accomplishments
 highlighted in quarterly update

October
 January
 April
 July

Strategies Chart October 2022 - July 2023

1 Broad awareness of the relationship between people and watersheds

| | | | | |
|---|--|--|--|--|
| 1.1 Develop and implement broad awareness campaigns and highlight personal stories to tell the economic, restoration, and community successes of watershed investments. | | | | |
| 1.2 Increase involvement of non-traditional partners in strategic watershed approaches. | | | | |

2 Leaders at all levels of watershed work reflect the diversity of Oregonians

| | | | | |
|---|--|--|--|--|
| 2.1 Listen, learn and gather information about diverse populations. | | | | |
| 2.2 Create new opportunities to expand the conservation table. | | | | |
| 2.3 Develop funding strategies with a lens toward diversity, equity and inclusion (DEI) | | | | |

3 Community capacity and strategic partnerships achieve healthy watersheds

| | | | | |
|---|--|--|--|--|
| 3.1 Evaluate and identify lessons learned from OWEB's past capacity funding. | | | | |
| 3.2 Champion best approaches to build organizational, community and partnership capacity. | | | | |
| 3.3 Accelerate state/federal agency participation in partnerships. | | | | |

4 Watershed organizations have access to a diverse and stable funding portfolio

| | | | | |
|---|--|--|--|--|
| 4.1 Increase coordination of public restoration investments and develop funding vision. | | | | |
| 4.2 Align common investment areas with private foundations. | | | | |
| 4.3 Explore creative funding opportunities and partnerships with the private sector. | | | | |
| 4.4 Partner to design strategies for complex conservation issues that can only be solved by seeking new and creative funding sources. | | | | |

5 The value of working lands is fully integrated into watershed health

| | | | | |
|---|--|--|--|--|
| 5.1 Implement the Oregon Agricultural Heritage Program. | | | | |
| 5.2 Strengthen engagement with a broad base of working landowners. | | | | |
| 5.3 Enhance the work of partners to increase working lands projects on farm, ranch and forestlands. | | | | |
| 5.4 Support technical assistance to work with owners/managers of working lands. | | | | |
| 5.5 Develop engagement strategies for owners and managers of working lands who may not currently work with local organizations. | | | | |

6 Coordinated monitoring and shared learning to advance watershed restoration effectiveness

| | | | | |
|--|--|--|--|--|
| 6.1 Broadly communicate restoration outcomes and impacts. | | | | |
| 6.2 Invest in monitoring over the long term. | | | | |
| 6.3 Develop guidance and technical support for monitoring. | | | | |
| 6.4 Increase communication between and among scientists and practitioners. | | | | |
| 6.5 Define monitoring priorities. | | | | |
| 6.6 Develop and promote a monitoring framework. | | | | |

7 Bold and innovative actions to achieve health in Oregon's watersheds

| | | | | |
|--|--|--|--|--|
| 7.1 Invest in landscape restoration over the long term. | | | | |
| 7.2 Develop investment approaches in conservation that support healthy communities and strong economics. | | | | |
| 7.3 Foster experimentation that aligns with OWEB's mission. | | | | |

July 25-26, 2023, OWEB Board Meeting

Executive Director Update D-5, Klamath River Post-Dam Removal Watershed Restoration Update

This report provides the board with an update on the status of OWEB's investment in Klamath River Post-Dam Removal Watershed Restoration costs associated with work by the Klamath River Renewal Corporation (KRRC).

Background

PacifiCorp previously owned four hydroelectric dams on the Klamath River, three in California and one in Oregon (J.C. Boyle dam). PacifiCorp and the Oregon Public Utilities Commission determined that it is in the best interest of the company and its customers to stop operating the dams rather than spending substantial amounts on improvements needed if they were to continue generating power. The dams are not used for irrigation. KRRC is a private, independent nonprofit organization formed by signatories of the amended Klamath Hydroelectric Settlement Agreement (KHSA). Signatories of the amended KHSA, including the States of Oregon and California, local governments, Tribal nations, PacifiCorp, irrigators, and several conservation and fishing groups, appointed KRRC to take ownership and oversee the removal of the four Klamath River dams. Funding in the amount of \$450 million for removal and watershed restoration was committed.

As KRRC implements the dam removal, former reservoir areas will become exposed and require restoration and stabilization of bare sediment deposits for long-term water quality, ecological benefits, and restoration of natural river functions and processes. Restoration work also will be needed at upland sites (where dredged material generated by regrading of slopes will be deposited) and at the mouths of creeks entering the former reservoir pools. KRRC submitted a Reservoir Area Management Plan (RAMP) to the Federal Energy Regulatory Commission (FERC), the responsible entity for principal federal regulatory review of the project. The RAMP describes measures for restoration, monitoring, and adaptive management of the former reservoir areas and high-priority tributaries, including actions specifically planned for the former reservoir area upstream of J.C. Boyle dam, the section of the project located in Oregon.

During the FERC review, a question was raised about whether existing contingencies and risk tools provide a high enough level of certainty that the work will be completed on time and within budget. In response to this concern, the states and PacifiCorp agreed to provide up to \$45 million in additional financial support for the project, divided equally among the three entities. On October 26, 2022, the OWEB Board committed \$15 million over a period of 3-5 years for Klamath River post-dam removal watershed restoration costs incurred by KRRC. Multiple funding sources administered by OWEB will be utilized for this commitment. The initial grant award made and delegated by the board is \$4.053 million. The remaining \$10.947 million will be included in the OWEB Board's spending plans for future biennia, beginning in 2023-2025.

The final License Surrender Order from FERC approving the decommissioning and removal of the dams was issued on November 17, 2022. Ownership of the four dams and associated lands was transferred to KRRC effective December 1, 2022. The removal of the J.C. Boyle facility located in Oregon is expected to occur in 2024.

In late 2022, OWEB and KRRC finalized a partnership agreement that affirms the intent of OWEB's investment in Klamath River post-dam removal watershed restoration and describes the framework, scope, tasks, and timeline for the overarching \$15 million in funding. In addition, the States of Oregon and California, PacifiCorp, and KRRC finalized a Memorandum of Agreement regarding the Supplemental Contingency Funding Implementation.

In February 2023, OWEB opened a grant cycle for this KRRC-specific grant offering that includes a project-level grant application and associated guidance documents for use by KRRC to propose specific activities that would utilize the OWEB's post-dam removal watershed restoration funding. Grant applications submitted by KRRC will mirror the restoration actions for the J.C. Boyle area as outlined in the RAMP and will adhere to minor additional requirements included in FERC's final order.

In March 2023, work officially began on dam removal. Significant work has been completed, including the construction of a new water line for the City of Yreka, bridge and road improvements, foundations for a new fish hatchery, removal of buildings that will no longer be needed, and pre-deconstruction monitoring.

Status Update

Since the April 2023 board meeting, OWEB staff have been in regular communication with KRRC on multiple topics. An amendment to the OWEB-KRRC partnership agreement has been initiated to accurately reflect the timeframe for OWEB funding allocations (i.e., the remaining \$10.947 million will be divided between the 2023-25 and 2025-27 board spending plans, then drawn upon by KRRC via periodic payment requests). KRRC also is working with RES, KRRC's restoration contractor, to prepare for submission of a grant application to OWEB in late fall of 2023. KRRC and RES are scoping details of restoration activities that will be completed with OWEB funding; anticipated actions include tributary restoration, floodplain restoration and reconnection, fish-passage barrier removal, instream large-wood placement, revegetation, and treatment of invasive species.

An exciting development related to the Klamath dam removal and watershed restoration effort is the notification by NOAA Fisheries about OWEB's Pacific Coastal Salmon Recovery Fund (PCSRF) award for federal fiscal year 2023. The award includes \$5.5 million in PCSRF funding (partially consisting of Bipartisan Infrastructure Law monies) to support the work by KRRC and its contractors on post-dam removal restoration. NOAA specifically called out the importance of the Klamath work in affecting the amount of funding awarded to OWEB, on behalf of the State of Oregon, during this funding cycle.

In terms of progress related to the broader Klamath dam removal project, KRRC received final approval from FERC for several modifications to two dams (i.e., Iron Gate and Copco 1) that are needed for drawdown and deconstruction, and work to complete those modifications is underway. Removal of the first of the four dams, Copco 2 Dam in California, will occur in September of 2023, and the remaining dams—including J.C. Boyle—are scheduled for removal in 2024. Restoration work will continue for multiple years.

Quarterly reports will be provided to the board at each meeting.

Staff Contact

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