



OREGON
WATERSHED
ENHANCEMENT BOARD

Agenda Item G

Oregon Agricultural Heritage Program

and

Natural and Working Lands Funding

Board Meeting April 22-24, 2024



Oregon

Tina Kotek, Governor



OREGON
WATERSHED
ENHANCEMENT BOARD

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Agenda Item G supports OWEB's Strategic Plan Priority #4: Watershed organizations have access to a diverse and stable funding portfolio.

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis, *Acquisitions and Special Programs Manager*
Taylor Larson, *Oregon Agricultural Heritage Program Coordinator*

SUBJECT: Agenda Item G – Oregon Agricultural Heritage Program (OAHP) and Natural and Working Lands Funding Acceptance and Authorization to Initiate OAHP Rulemaking
[April 22-24, 2024, Board Meeting](#)

I. Introduction

This staff report summarizes new funding recently allocated to OWEB and requests that the board amend OWEB's 2023-2025 spending plan to include this funding. In addition, the report requests approval by the OWEB board to initiate rulemaking for the Oregon Agricultural Heritage Program (OAHP).

II. Background

OWEB recently received two separate allocations of funding that connect with natural and working lands and OAHP.

- **\$2.5 million in Natural and Working Lands (NWL) funds** allocated to OWEB by the Oregon Climate Action Commission.
- **\$5.161 million legislatively allocated to OWEB for OAHP** during the 2024 legislative session.

\$2.5 million in Natural and Working Lands funds

The \$2.5 million in NWL funds are a result of House Bill (HB) 3409, which was signed into law by the Governor on July 27th, 2023. The bill established a NWL Fund that is overseen by the Oregon Climate Action Commission. OWEB serves as the fiscal agent for the NWL fund. Money appropriated from the fund is to provide:

- a) Incentives to help landowners, Indian tribes, land managers and environmental justice communities adopt practices that support natural climate solutions; and
- b) Financial assistance for technical support for landowners, Indian tribes, land managers and environmental justice communities for the adoption of natural climate solutions.

HB 3409 allocated \$10 million total to the NWL Fund. Under that fund, there are four distinct sub-funds that hold funding for each of the four agencies: OWEB, and the Oregon Departments of Agriculture, Fish and Wildlife, and Forestry.

\$5.161 million Legislatively Allocated to OWEB for OAHP

[Senate Bill \(SB\) 5701](#) is the end-of-session bill for the 2024 Legislative Session. This bill allocates \$5.161 million in funding for OAHP (\$4,541,680 for grants and \$619,320 for operations). The bill passed out of both legislative chambers prior to the adjournment of the 2024 Legislative Session and is awaiting signature by the Governor.

Administrative rules for OAHP were adopted in January 2019. The Oregon Agricultural Heritage Commission (OAHC) serves as a Rules Advisory Committee (RAC) to the OWEB board for OAHP rulemaking.

III. Funding Allocations

The Oregon Climate Action Commission allocated \$2.5 million to be deposited into the Watershed Natural Climate Solutions Fund, which is the OWEB sub-fund of the NWL Fund. This \$2.5 million is divided among OWEB programs and costs as follows:

- 1) \$1,500,000 to fund Open Solicitation (OS) Restoration and Technical Assistance grants for projects that provide climate benefits.
- 2) \$750,000 to OAHP for both Technical Assistance (TA) grants and grants to develop and implement conservation management plans (CMP) that have carbon sequestration and greenhouse gas emissions reduction benefits via a payment-for-climate-smart-practices approach.
- 3) \$250,000 in administrative costs.

The Climate Action Commission gave OWEB the option to increase funding to the OAHP portion of the allocation if the demand of TA and CMP grant requests exceeds the initial funds available.

As noted previously, SB 5701 allocated \$4.54 million to OAHP grants, to be deposited in the Oregon Agricultural Heritage Fund. Following approval of receipt of the grant funding of \$4,541,680 by the OWEB board, the OAHC will adopt a spending plan that provides direction to staff and applicants about the allocation of available funding across the four grant types offered through OAHP.

The table below describes each of these fund sources. The Grant Allocation column lists what the board is being asked to accept receipt of and add to the 2023-25 spending plan.

Program	Related Legislation	Grant Allocation	Administrative Allocation	Total Allocation
Watershed Natural Climate Solutions Fund	HB 3409 & OCAC allocation	Total \$2,250,000 OS \$1,500,000 OAHP \$750,000	\$250,000	\$2,500,000
OAHP	SB 5701	\$4,541,680	\$619,320	\$5,161,000

IV. Spending Plan

The proposed additions to the 2023-2025 Spending Plan are reflected in the Spending Plan included on page 12 of the e-Book for this board meeting.

V. OAHP Rulemaking

By statute, the OAHC serves as the RAC for rulemaking governing the Oregon Agricultural Heritage Program. Over the coming year, the OAHC will need to advise the OWEB board about revisions to OAHP administrative rules. For example, revisions are needed to incorporate climate evaluation criteria adopted by the OWEB Board in July 2023 and provide additional clarity to staff and applicants around the mechanics of the program. If the board approves the initiation of rulemaking for OAHP, the OAHC would plan to have revised rules for the Board's consideration at its January 2025 meeting.

Staff recommends the OWEB board:

1. Approve receipt of the \$2,250,000 in grant funding from the Watershed Natural Climate Solutions Fund, and amend the "Other Funds" section of the 2023-25 Spending Plan to include:
 - a. \$1,500,000 in funding for natural climate solution projects in OWEB Open Solicitation offerings.
 - b. \$750,000 in funding for natural climate solution projects in OAHP, with all funds to be used in accordance with expectations described in this staff report.
2. Contingent upon Governor's signature on SB 5701, approve receipt of \$4,541,680 in grant funding from the Oregon Agricultural Heritage Fund, and amend the "Other Funds" section of the 2023-25 Spending Plan to include this grant funding for the OAHP.
3. Authorize rulemaking for the Oregon Agricultural Heritage Program.