



OREGON
WATERSHED
ENHANCEMENT BOARD

Agenda Item C

Director's Updates

Board Meeting July 28-29, 2026



This report provides the board updates on upcoming OWEB rulemaking efforts.

Background

Grant programs at OWEB are guided by administrative rules. Rules cover topics such as project eligibility, application requirements, evaluation criteria, technical review processes, and funding decisions for OWEB grant programs/types.

OWEB regularly conducts rulemaking to update existing rules and establish rules for new programs. Generally, rulemaking takes 12 months from board initiation to rule adoption. During those 12 months, OWEB staff recruit a Rulemaking Advisory Committee (RAC) through a process consistent with Oregon Administrative Procedures law (ORS 183.333) that requires the committee to be made up of entities most likely to be impacted by the rules, develop draft rule language, hold several RAC meetings to discuss rule language, and provide formal tribal and public notification to receive comments on draft rules. The schedule may be abbreviated in instances where a RAC is not involved in rulemaking.

The process begins when staff requests the board initiate rulemaking in an [OWEB rules division](#). At that time, staff will provide a high-level overview of what is intended to be accomplished with rulemaking and describe the draft schedule. For rulemaking efforts that involve a RAC, staff will provide the board a progress update on key emerging themes of the draft rules at a second meeting near the middle of the rulemaking. At a third board meeting, staff will bring a final draft set of rules for board consideration for adoption.

Rulemaking Schedule

The following table describes the tentative schedule for current and future OWEB rulemaking. It does not include the ongoing rulemaking associated with the Oregon Environmental Restoration Council established in SB 1561 (2024). The timeframes in the table below may be adjusted due to workload.

Administrative Rules	Board Initiate Rulemaking	Board Consideration for Adoption - Proposed
Water Acquisition Grants (Division 46)- See Agenda Item D	July 2025	July 2026
Operating Capacity Grant Program Rulemaking (including Division 40) – See Agenda Item M	July 2026	July 2027
Land Acquisition Grants (Division 45) – See Agenda Item I	July 2027-October 2027	July 2028-October 2028



This report provides the board updates on OWEB's Agency Request Budget for the 2027-2029 biennium.

Background

The Oregon Legislature approves budgets for state agencies on a biennial basis. First, each agency submits a requested budget (Agency Request Budget). Then the Governor releases a recommended budget, and the Oregon Legislature approves a final budget (Legislatively Adopted Budget).

State agencies are required to submit and post the compiled 2027-2029 Agency Request Budget document by August 31, 2026. There are several milestones along the way including final budget entry due by July 31, 2026. 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). Consistent with the instructions to state agencies from the Department of Administrative Services, Chief Financial Office (DAS CFO), OWEB proposed very minimal 2027-2029 POPs. Agencies may only submit requests that are revenue-neutral – in other words, an agency must propose a corresponding reduction somewhere else or identify a fund source that does not require new state General Fund or Lottery Fund investments.

In early July, the DAS CFO, identified reductions needed in Measure 76 Lottery Funds for the five agencies receiving operations funding (30% of Lottery revenues distributed to the Natural Resources Fund) in order to balance projected revenues and agency needs. The reductions are captured in a Revenue Shortfall package (PKG 070) and OWEB's share of that reduction is \$448,536. This reduction package is included as part of OWEB's Agency Request Budget.

Budget Proposals for the 2027-2029 Biennium

The DAS CFO has approved OWEB to submit requests for three revenue-neutral POPs for staff positions as part of the 2027-2029 Agency Request Budget with available or anticipated funds, along with the required revenue shortfall package. The positions in the POPs and revenue shortfall package include:

- Converting a limited duration Senior Grant & Budget Analyst (Fiscal Analyst 3) position to permanent to provide critical support and expanded capacity to the OWEB fiscal team to manage a growing diversity of funding and compliance issues, enhance customer service, add capacity for process improvements and facilitate succession planning (Lottery & Other Funds);
- Continuity of an existing limited duration Federal Programs Specialist (NRS4) position for administration of potential new federal funding if awarded from Bureau of Land Management and/or USDA's Natural Resource Conservation Service (Federal Funds);
- Continuity of an existing limited duration Oregon Environmental Restoration Program (OERP) Grant Specialist (NRS4) position that is currently vacant for potential grant program needs (Other Funds).
- Revenue Reduction Package – proposes the elimination of a vacant Land Acquisition Stewardship & Compliance Specialist (NRS 3) position added in the 2025-2027 biennium

budget that was self-funded with a reduction in services & supplies. The position was intended to fulfill the agency's responsibilities related to baseline documentation and management plan review for land acquisition investments, and routine compliance monitoring of OWEB-funded land protection projects. An additional \$169,954 was proposed as reductions in services and supplies including travel, office expenses, professional/contracted and attorney general services.

In addition to these staff position POPs, DAS has also approved OWEB requesting standard POPs related to continuity of federal and other funds grant program spending authority. See Attachment A for additional details on OWEB's Agency Request Budget.

At future meetings, staff will provide updates to the board about the progress of the 2027-2029 biennium budget process.

Attachments

- A. OWEB 2027-2029 Agency Request Budget Summary



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2027-2029 OWEB Agency Request Budget Policy Option Packages

	2025-2027 Legislatively Approved Budget (LAB)	2027-2029 Current Service Level (CSL)	2027-2029 Agency Request Budget (ARB) (estimated/pre-audit)
Lottery Funds*	\$120,403,089	\$123,894,869	\$123,740,972
Federal Funds	\$61,728,557	\$39,665,201	\$70,086,791
Other Funds	\$80,713,410	\$43,082,960	\$58,529,621
General Fund	\$2,766,582	\$192,666	\$192,666
Total Funds	\$265,611,638	\$206,158,036	\$252,550,050
Positions	48	42	44
Full-Time Equivalent (FTE)	47.50	42.00	44.00

Policy Packages - Operations Budget

070 – Revenue Shortfall: Proposes the elimination of a vacant Land Acquisition Stewardship & Compliance Specialist (NRS3) position and approximately \$170,000 in services and supplies budget to meet the reduction target for Lottery funded operations expenses requested by the Department of Administrative Services Chief Financial Office. \$448,536 (LF).

100 – Fiscal Capacity & Continuity: Converts a limited-duration Senior Grant & Budget Analyst (Fiscal Analyst 3) position to permanent to provide critical support and expanded capacity to the OWEB fiscal team to manage a growing diversity of funding and compliance issues, enhance customer service, add capacity for process improvements and facilitate succession planning. Includes associated services and supplies. \$392,853 (\$294,640 LF; \$98,213 OF).

101 – Federal Program Staffing Capacity: Provides continuity for one limited-duration Federal Program Specialist (Natural Resource Specialist 4) position to administer federal funds from the Bureau of Land Management and the Natural Resources Conservation Service. Includes associated services and supplies. \$421,590 (FF).

102 – Oregon Environmental Restoration Program (OERP) Grant Administration Continuity: Provides continuity for one limited duration OERP Grant Specialist (Natural Resource Specialist 4) position to develop and administer grant program activities associated with the OERP. Includes associated services and supplies. \$348,447 (OF)

Policy Package - Grants Budget

200/201 - Standard Grant Program Continuity: These POP's request continuity of expenditure limitation for grant programs to pay for grants that have been awarded and continue to be active with funding available. (FF \$30 million, OF \$15 million)

Agency Staffing

2027 - 2029 Current Service Level	42.0 FTE (permanent positions/FTE)
2027 - 2029 Agency Request Budget additions	<u>2.0 FTE</u> (Added: 1 permanent FTE, 2 limited duration FTE, Eliminated 1 permanent FTE)
Total at ARB	44.0 FTE (42 permanent, 2 limited duration FTE)

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

*includes Lottery Funds Debt Service



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Mt. Hood and Milky Way south of the Dalles, Oregon by Bill Devlin, cc

2025-2028 Strategic Plan

Quarterly Report to the Board | July 2026



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

Each quarterly report describes key accomplishments under Strategies that have been identified for each of the six Strategic Plan priorities. See the last page for the full list of Strategies, and a summary of when accomplishments were reported throughout the calendar year.



Priority 1

Build awareness of the relationship between people and watershed protection and restoration.



Metrics section of the Malheur county fact sheet.

Strategy 1.1 OWEB produced [fact sheets](#) for each county that highlight investments by project type, along with key accomplishment metrics, including:

- Miles of instream and riparian habitat enhanced
- Miles of newly accessible fish passage
- Acres of upland habitat improved
- Acres of wetland or estuarine habitat restored or created



Fact sheet.

Strategy 1.2 / 4.1 OWEB published a [fact sheet on the socio-economic benefits of watershed restoration](#) that includes key findings from statewide and geographically focused areas of the state.



Priority 2

Engage the diversity of Oregonians in watershed enhancement work.



Director O'Brien on tour with Rogue River Watershed Council at Elk Creek.

Strategy 2.1 Director O'Brien traveled to southern and central Oregon to meet with regional staff and partners, tour projects, and learn about collaborative work underway in the basins. This included **visits with key partners and partnerships** focused on native fish habitat restoration, floodplain restoration and other agricultural water quality efforts, and upland fuels reduction in the Rogue, Klamath, and Deschutes Basins.



Strategy 2.2 Assessed and enhanced OWEB's website and materials to improve accessibility, including reviewing content structure, updating formatting for readability, ensuring compatibility with assistive technologies, and aligning materials with current accessibility standards.



Priority 3

Strengthen and leverage people and organizational capacity to achieve healthy watersheds.



RPR Liz Redon with grantees.

Strategy 3.2 OWEB's Regional Program Representatives (RPRs) are **designing an application training workshop for Open Solicitation grants** (Technical Assistance, Engagement, Restoration, and Monitoring). The training will be provided to grantees this winter. There have also been informal Grant Agreement and application trainings in the Willamette every six months.



Priority 4

Advance learning about watershed restoration effectiveness through coordinated monitoring.



Slide from webinar about SIAs.

Strategy 4.1 OWEB continues to **lead an inter-agency team to review monitoring proposals for Strategic Implementation Areas (SIAs)**. The team includes ODFW, DEQ and OSU Extension, and accepts proposals quarterly. After reviewing, the team meets with each SIA monitoring lead and application team to offer technical resources and discuss the local SIA monitoring approach.



Beaver Creek Valley-scale Floodplain Restoration Design from Private Forest Accord Grant Program [storymap](#).

Strategy 4.1 ODFW's Private Forest Accord program has begun finishing the first round of projects. These projects include reporting to OWEB's Oregon Watershed Restoration Inventory. OWEB uses the results to **facilitate communication among natural resource agencies**.



Priority 5

Increase connection of urban and working lands to watershed health.



The Seely Farms Phase II project was awarded a Conservation Easement grant through the Oregon Agricultural Trust. PHOTO courtesy of Seely Farms.

Strategy 5.2 In April, OWEB awarded \$1,603,345 in funding for [three working lands conservation easements](#) to support **agricultural viability and watershed health on over 3,700 acres of working lands**. Projects will support ongoing use of rangeland and agricultural land throughout Oregon, while also protecting important habitat for native plant diversity and migrating birds and big game species.



Priority 6

Take bold and innovative action toward climate resilience.



A view of the Mt. Hood National Forest and Enola Hill in the Henry Creek drainage—drinking water source for Rhododendron, a grant recipient. Photo: Jonathan Boone, Boone Bros Media.

Strategy 6.1 / 3.1 OWEB's Drinking Water Source Protection (DWSP) Grant Program, originally funded by the Oregon Legislature in 2023, has been a source of bold and innovative grantmaking for the agency, at the intersection of human health, watershed protection, and climate resiliency. Contingent upon the annual distribution of the fund, the **Environmental Restoration Council recently approved up to \$1.2 million for the DWSP program**, which will allow OWEB to offer a second grant cycle later this year as well as to maintain staffing for an additional year.



Aerial of Bailey Nurseries project site.

Strategy 6.2 / 5.1 / 2.3 OWEB published an [article](#) in Digger magazine highlighting Bailey Nurseries' work to remove two earthen dams and restore the surrounding riparian area. This project created 0.3 acres of new wetland, opened 2.5 miles of Salt Creek for fish passage, and shows the multiple improvements in water quality and quantity for business, habitat, and the local community.

Strategies Chart

October 2025 - July 2026

 accomplishments
 highlighted in quarterly update

 October
 January
 April
 July

1 Through our grantmaking, build awareness of the relationship between the people of Oregon and watershed protection and restoration

1.1 Elevate the story of how protection and restoration promote healthy watersheds				
1.2 Connect people around watershed work				
1.3 Increase use of OWEB's engagement grant offering to support grantees doing community engagement				

2 Leverage our position as an anchor funder to engage the diversity of Oregonians in watershed enhancement

2.1 Enhance OWEB presence throughout Oregon				
2.2 Increase diversity and inclusion through improving access to our programs				
2.3 Engage organizations, entities, and communities that have not traditionally been involved in watershed restoration work				

3 Use our funding to strengthen and leverage people and organizational capacity to achieve healthy watersheds

3.1 Support diverse funding opportunities to sustain the capacity of partners				
3.2 Expand training for partners				

4 Advance learning about watershed restoration effectiveness through coordinated monitoring

4.1 Facilitate learning through monitoring				
4.2 Learn, share and support efforts to integrate indigenous knowledge				
4.3 Communicate data-driven outcomes to guide restoration investments				

5 Increase investment connecting urban and working lands to watershed health

5.1 Promote value of multi benefit watershed projects				
5.2 Increase investment connecting of urban and working lands to watershed health				
5.3 Support and fund grantees building or expanding partnerships with urban constituencies				

6 Take bold and innovative action toward funding projects that advance climate resilience

6.1 Increase support for bold and innovative grant making in service to watershed restoration and protection				
6.2 Articulate the benefits of watershed protection and restoration for climate resiliency				