



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board January 16-17, 2013

Village Green Resort
725 Row River Road, Cottage Grove
Cascadia Ballroom

Directions: <http://www.villagegreenresortandgardens.com/Directions.htm>

Wednesday, January 16, 2013 *Business Meeting – 8:00 a.m.*

During the public comment periods (Agenda Items E, G, O, 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

Current Oregon Watershed Enhancement Board Co-Chair Eric Quaempts was elected by Board vote in September 2011 to complete the remainder of Dan Heagerty's two-year term. Co-Chair Thorndike will lead a discussion and vote by Board members to elect one Board Co-Chair position for a new two-year term. *Action item.*

C. Review and Approval of Minutes

The minutes of the September 11-12, 2012, Board meeting in Welches will be presented for Board approval. *Action item.*

D. Executive Director Update

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

E. Land and Water Acquisitions [Public Comment at approximately 9:50 a.m.]

Meta Loftsgaarden, Deputy Director, Renee Davis-Born, Senior Policy Coordinator, and Miriam Hulst, Acquisitions Specialist will update the Board on several items related to the Land and Water Acquisitions Program. These items include:

- The water acquisition program (including proposed designation of a Rules Advisory Committee);
- A Board funding decision for the property addition at Yamhill Oaks Preserve, as recommended by the Board Acquisitions Subcommittee;
- Monitoring results for land acquisition projects and a proposed process to address management plan needs for these projects;
- Proposed upcoming acquisition cycles and process refinements for the land acquisition grant program; and
- The Land Acquisition Rules Advisory Committee process and proposed changes to administrative rules for Land Acquisition Grants.

The Board will consider action on several of the aforementioned topics, including the adoption of changes to administrative rules for Land Acquisition Grants. *Action item.*

This agenda item will include time for public comment on Land and Water Acquisitions Issues described above. Only comments pertaining to these topics will be accepted during this portion of the meeting. See ** Public Testimony note on page 5 for additional information regarding public comment on the proposed changes to administrative rules for Land Acquisition Grants. *The Board encourages persons to limit comments to no more than five minutes.*

F. 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.*

G. Public Comment [approximately 1:30 p.m.]

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

H. Willamette Partnership and the Thiess International Riverprize Presentation

Ken Bierly, Senior Partnerships Coordinator, and Pam Wiley, Meyer Memorial Trust, will brief the Board about the recent award of the Thiess International Riverprize to the Willamette River Initiative, a partnership among Meyer Memorial Trust, OWEB and Bonneville Environmental Foundation. *Information item.*

I. Update from Federal Agencies about Watershed Health Evaluations

Greg Sieglitz, Monitoring and Reporting Program Manager, Steve Lanigan, U.S. Forest Service, and Eric Archer, Bureau of Land Management, will update the Board about recent large-scale efforts to evaluate watershed health and discuss opportunities for coordination between the Federal agencies and OWEB. *Information item.*

J. Discussion with Ron Alvarado, Natural Resources Conservation Service

Ron Alvarado, State Conservationist with the Natural Resources Conservation Service (NRCS), will provide information about NRCS initiatives, and engage in a discussion with the Board to explore the potential for joint investments in restoration, conservation and monitoring by OWEB and NRCS. *Information item.*

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 Coast Fork Willamette Watershed Council, McKenzie Watershed Council, McKenzie River Trust, Long Tom Watershed Council, Middle Fork Willamette Watershed Council, and Upper Willamette Soil and Water Conservation District.

*Village Green Resort
725 Row River Road, Cottage Grove*

***Thursday, January 17, 2013
Business Meeting - 8:00 a.m.***

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K. 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.*

L. Conservation Reserve Enhancement Program (CREP) Update

Meta Loftsgaarden, Deputy Director, will update the Board on Oregon's investment in CREP, and request approval of CREP funding for the 2011-2013 biennium. *Action item.*

M. Partnerships Update

Meta Loftsgaarden, Deputy Director, will update the Board on OWEB's Partnership investments and request awards for additional funding in the 2011-2013 biennium for the Deschutes and Willamette Special Investment Partnerships. *Action item.*

N. April 2013 Grant Cycle Offering

Lauri Aunan, Grant Program Manager, will propose the solicitation of grants for the April 22, 2013, grant cycle. *Action item.*

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

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

P. Governor's Sage Grouse and Healthy Rangelands Initiative

Greg Sieglitz, Monitoring and Reporting Program Manager, staff from the Governor's Office, and sage grouse and sagebrush experts will update the Board about the State's initiative focused on ensuring healthy rangelands in central and eastern Oregon. The Board will consider a request from the Governor's Office for funding in support of this effort. *Action item.*

Q. Pacific Coastal Salmon Recovery Fund (PCSRF) Update -- ODFW Funding Request

Greg Sieglitz, Monitoring and Reporting Program Manager, and Tom Stahl, Assistant Conservation and Recovery Program Manager from Oregon Department of Fish and Wildlife (ODFW), will brief the Board about ODFW programs and accomplishments supported by PCSRF, and request approval of additional PCSRF funding to ODFW. *Action item.*

R. Long-Term Investment Strategy Update

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 retreat in October and next steps. *Information item.*

S. Long-Term Investment Strategy Public Comment/Listening Session [approximately 12:45 p.m.]

This time is reserved for public comment on the proposed Long-Term Investment Strategy (Strategy) described in Item R. This is the first of OWEB's 2013 listening sessions for the proposed Strategy; other listening sessions will be held in OWEB's six regions in February and March of 2013. Only comments pertaining to this topic will be accepted during this portion of the meeting. Prior to the January Board meeting, specific questions about the proposed Strategy will be made available on the OWEB website. No decisions will be made at this meeting. The Board is interested in hearing from stakeholders and will consider stakeholder input before making decisions on adoption of a Long-Term Investment Strategy, planned for June of 2013. *The Board encourages persons to limit comments to no more than five minutes.*

T. 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 16, at 1:30 p.m. and Thursday, January 17, at 10:00 a.m. for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

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

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

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181. If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *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

2013 Board Meeting Schedule

March 12-13, 2013, in Salem
June 11-12, 2013, in Pendleton
September 10-11, 2013, in Burns

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

January 16-17, 2013 OWEB Board Meeting Executive Director Update #D-1: Legislative Update

Background

This report updates the Board on the upcoming 2013 legislative session and agency activities in preparation for the 2013 legislative session, including responding to budget notes from the 2011 Legislative Assembly.

2013 Oregon Legislature

The 2013 session begins on February 4, 2013. The November 2012 election will result in changes at the Legislature during the upcoming session. A general description of what we know about the legislative changes is described below. Staff will update the Board with any new information at the January meeting.

Session Schedule

On January 14-17, 2013, the Oregon Legislature will convene for Legislative Organizational Days. Activities are yet to be announced, but likely will include opening ceremonies, swearing-in of members, First Reading of pre-session filed measures, mandatory trainings for members, and organizational meetings of policy committees. The Legislature will convene on February 4, 2013, and committees will begin holding hearings on bills. Because it is an odd-numbered year, the session may not exceed 160 days.

Committee Information

The Senate is still controlled by the Democrats, but the November election results have impacted the composition of membership in the House. The House now also is controlled by the Democrats. Peter Courtney remains as Senate President and Tina Kotek has been selected as House Speaker. Committee chairs and members have not yet been elected. Staff will provide an update about leadership and membership of the policy and other committees most relevant to OWEB at the January Board meeting.

Legislative Policy Issues

OWEB does not have any agency Legislative Concepts (LCs) this session. However, based on information currently available about legislative proposals, OWEB staff likely will be engaged in policy discussions about such topics as acquisitions and ecosystem services during the session. Staff will update the Board about LCs at the January meeting.

Response to 2011 Legislative Budget Notes

OWEB received two budget notes in its 2011-2013 budget. The sections below describe each budget note and steps taken by staff to address and respond to their requirements.

IMST

“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 on this budget note. New operational guidelines were developed and adopted by the IMST earlier in 2012 in response to the budget note. In addition, staff from OWEB, the Governor's Office, IMST, the Institute for Natural Resources and other state natural resources agencies are discussing the future role of science review under the Oregon Plan for Salmon and Watersheds and the Governor's 10-Year Plan for a Healthy Environment. Staff expect the discussions will continue into the new year.

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."*

To address Item #1, staff worked with the Association of Oregon Counties to review the process for establishing and overseeing watershed councils, discuss OWEB's proposals for revising its council support grant program, and consider whether any statutory or rule changes are needed. OWEB also consulted with individual county commission members. Regarding Item #2, by August of 2013, OWEB will require all councils with Council Support grants to submit annual work plans and progress reports that, among other things, document the watershed limiting factors and demonstrate progress towards on-the ground restoration, community engagement and organizational development. To address #3, staff have developed proposals to revise the criteria to better ensure that OWEB invests in groups that reflect the interests of the watershed and have shown success in accomplishing their work plans in the past. (See Agenda Item F for additional information about the Council Support process.)

The report on both budget notes will be submitted to legislators before the end of 2012.

Staff Contact

If you have questions or need additional information about this legislative update, please contact Tom Byler at tom.byler@state.or.us or 503-986-0180, or Renee Davis-Born at renee.davis-born@state.or.us or 503-986-0029.

2013 Oregon Legislature – OWEB-Related Committee Assignments

Senate Environment and Natural Resources Committee

Member	District	Area (Basin)
Sen. Jackie Dingfelder, Chair (D)	23	Portland (Willamette)
Sen. Alan Olsen, Vice-Chair (R)	20	Canby (Willamette)
Sen. Mark Hass (D)	14	Beaverton (Willamette)
Sen. Alan Bates (D)	3	Ashland (Rogue)
Sen. Bill Hansell (R)	29	Pendleton (Umatilla)

Senate Rural Communities and Economic Development Committee

Member	District	Area (Basin)
Sen. Arnie Roblan, Chair (D)	5	Coos Bay (South Coast)
Sen. Herman Baertschiger, Vice Chair (R)	2	Central Point (Rogue)
Sen. Ginny Burdick (D)	18	Portland (Willamette)
Sen. Floyd Prozanski (D)	4	S. Lane/N. Douglas County (Willamette/Umpqua)
Sen. Betsy Close (R)	8	Albany (Willamette)

House Agriculture and Natural Resources Committee

Member	District	Area (Basin)
Rep. Brad Witt, Chair (D)	31	Clatskanie (Lower Columbia)
Rep. Caddy McKeown, Vice Chair (D)	9	Coos Bay (South Coast)
Rep. Sal Esquivel, Vice Chair (R)	6	Medford (Rogue)
Rep. Deborah Boone (D)	32	Cannon Beach (North Coast)
Rep. Wayne Krieger (R)	1	Gold Beach (S Coast)
Rep. Jeff Reardon (D)	48	Happy Valley (Willamette)
Rep. Jim Thompson (R)	23	Dallas (Willamette)
Rep. Ben Unger (D)	29	Hillsboro (Willamette)
Rep. Gail Whitsett (R)	56	Klamath Falls (Klamath)

House Energy and Environment Committee

Member	District	Area (Basin)
Rep. Jules Bailey (D)	42	Portland (Willamette)
Rep. Deborah Boone, Vice Chair (D)	32	Cannon Beach (North Coast)
Rep. Mark Johnson, Vice Chair (R)	52	Hood River (Hood River)
Rep. Cliff Bentz (R)	60	Ontario (Owyhee-Malheur)
Rep. Michael Dembrow (D)	45	Portland (Willamette)
Rep. Jeff Reardon (D)	48	Happy Valley (Willamette)
Rep. Jim Weidner (R)	24	McMinnville (Willamette)
Rep. Gail Whitsett (R)	56	Klamath Falls (Klamath)
Rep. Jessica Vega Pederson (D)	47	Portland (Willamette)

(continued)

House Land Use Committee

Member	District	Area (Basin)
Rep. Brian Clem, Chair (D)	21	Salem (Willamette)
Rep. Lew Frederick, Vice Chair (D)	43	Portland (Willamette)
Rep. Kevin Cameron, Vice Chair (R)	19	Salem (Willamette)
Rep. John Davis (R)	26	Wilsonville (Willamette)
Rep. Paul Holvey (D)	8	Eugene (Willamette)
Rep. Kim Thatcher (R)	25	Keizer (Willamette)
Rep. Ben Unger (D)	29	Hillsboro (Willamette)

Joint Ways and Means Natural Resources Subcommittee

Member	District	Area (Basin)
Sen. Chris Edwards, Co-Chair (D)	7	Eugene (Willamette)
Rep. Ben Unger, Co-Chair (D)	29	Hillsboro (Willamette)
Sen. Jackie Dingfelder (D)	23	Portland (Willamette)
Sen. Chuck Thomsen (R)	26	Mt. Hood (Hood River)
Rep. Jules Bailey (D)	42	Portland (Willamette)
Rep. Bruce Hanna (R)	7	Roseburg (Umpqua)

January 16-17, 2013 OWEB Board Meeting Executive Director Update #D-2: Summer Creek Acquisition Update

Background

At its June 2010 meeting, the OWEB Board awarded \$1 million of federal and other funds to the City of Tigard for the purchase of 43 acres at the confluence of Summer and Fanno creeks in Tigard (“Summer Creek Acquisition, #210-102). As a condition of the grant agreement, OWEB required the City to develop and implement a regional environmental education program. Specifically, the plan would include measures to protect the property’s natural resources from the effects of use associated with the environmental education program. The measures were to include an access plan and consolidation of existing trails. Further, the grant agreement required the City to report to the Board on the regional environmental education program. This report fulfills the grantee’s reporting requirement and updates the Board on progress to date.

The original 43-acre property was purchased in December 2010. Three additional land parcels, totaling just five acres, were purchased using funds from a park bond passed in 2010 and added to the park in May 2011. The City has no formal recreation division, so in May 2011, it contracted with Tualatin Riverkeepers to offer environmental education classes during the 2011-2012 school year and week-long day camps in summer 2011-2012. A new contract with Tualatin Riverkeepers, through 2014, was signed in 2012. Teachers from nearby Fowler Middle School continue to use the property as an outdoor classroom, and spend time doing restoration work.

Planning

To define goals and strategies for the property, the City started both an education plan and a resource management plan. An environmental education draft plan was written in late 2011 and the City is currently moving forward on a final draft with input from regional environmental education experts. A resource management plan for the conservation easement area was also drafted in 2011 to meet requirements of a Metro grant. Metro accepted the draft and that plan is also being finalized.

In February 2011, the City contracted with a local consulting firm, Vigil-Agrimis, to complete a Concept Master Plan that would show the proposed uses of the five acres of developable parcels, as well as the improvements needed to support the environmental education for the original 43-acre property. Stakeholder meetings were held with key individuals and representatives from participating organizations. Two public meetings to help refine the proposed plan were held with neighbors and citizens. The plan locates most of the heavy education uses on the developable parcels, and consolidates existing trails and habitat restoration activities to help protect the valuable natural resource areas. The draft master plan was presented to the Parks and Recreation Advisory Board for its approval at its July 2012 meeting.

The Concept Master Plan, Resource Management Plan, and Education Plan are all expected to be completed by early January 2013. All plans will be aligned to ensure meaningful education opportunities while protecting the natural values of the site. The City anticipates hiring a consultant to take the proposed plans through for land use review. Development of construction drawings are scheduled to begin in 2013.

Staff Contact

If you have questions or need additional information about this update, please contact Wendy Hudson at wendy.hudson@state.or.us or 503-986-0061.

**January 16-17, 2013 OWEB Board Meeting
Executive Director Update #D-3: October 22, 2012 Grant Cycle Update**

Background

A total of 220 eligible grant applications requesting nearly \$19.8 million were submitted to OWEB on its October 22, 2012 deadline. Table 1 displays the number of applications.

Table 1. Types of Applications Received for October 22, 2012

	Technical Assistance	Monitoring	Outreach	Restoration	Water Acquisition	Totals
Region 1	4	7	7	15	0	33
Region 2	7	6	8	16	0	37
Region 3	14	3	9	14	0	40
Region 4	3	3	2	11	0	19
Region 5	6	3	4	38	0	51
Region 6	4	4	3	26	0	37
Statewide	0	0	3	0	0	3
Totals	38	26	36	120	0	220

The application review process started with site visits in each region for selected applications. Regional review team meetings are underway with the Eastern Oregon team meeting on December 12-13, 2012. Regional review teams will meet on January 8 (Willamette Basin and Central Oregon), 9-10 (Mid-Columbia), 15 (Southern Oregon) and 17 (North Coast), 2013.

OWEB's Outreach Review Team met on December 7, 2012, to review and score the statewide Outreach applications.

As a result of the current vacancies and additional workload in the Monitoring and Reporting section, resources are too limited to convene the Oregon Plan Monitoring Team for the October 2012 grant cycle. The lack of the statewide monitoring review is not desirable and is not the long-term approach for how OWEB will review grant applications. It is anticipated that the Effectiveness Monitoring Coordinator and other staff positions will be hired in advance of the April 2013 grant cycle and customary statewide grant application review will resume at that time.

The Board has set funding targets for new applications submitted for the October 2012 application cycle, the last cycle that will be funded in the 2011-2013 biennium. These funding targets are based on the July 2012 Spending Plan and 2011-2013 Legislatively Adopted Budget. These figures do not include the estimated loss of \$900,000 in OWEB grant funds based on decreasing Lottery funds in the state revenue forecast. As discussed in Agenda Item K, it is not necessary for the Board to adjust the spending plan for declining Lottery revenues due to the recapture of unspent funds from recently completed grants. The spending plan targets for the Regular Grant program remain unchanged.

Board Funding Targets for October 2012 Grant Cycle

Restoration:	\$7,579,316
Monitoring:	\$1,221,000
Technical Assistance:	\$ 584,080
Outreach:	\$ 500,000
TOTAL	\$9,884,396

As shown in Table 2, the amount of funds requested exceeds the funding available for this cycle of applications. Based on the review team recommendations, and taking into account available funding, staff will develop funding recommendations for the Board's March 2013 meeting.

Table 2. Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Outreach	Restoration	Totals
Region 1	188,371	410,828	131,541	2,166,848	2,897,588
Region 2	219,552	620,161	204,836	2,306,801	3,351,350
Region 3	449,849	85,112	230,930	1,399,371	2,165,262
Region 4	73,923	309,868	59,836	3,966,519	4,410,146
Region 5	188,474	167,593	137,469	3,588,594	4,082,130
Region 6	108,204	266,271	65,103	2,284,513	2,724,091
Statewide	0	0	125,802	0	125,802
Totals	1,228,373	1,859,833	955,517	15,712,646	19,756,369

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 16-17, 2013 OWEB Board Meeting Executive Director Update #D-4: 2011-2013 Oregon Plan Biennial Report

Background

ORS 541.420 requires the Oregon Watershed Enhancement Board (OWEB) to submit a report that assesses the statewide and regional implementation and effectiveness of the Oregon Plan for Salmon and Watersheds to the Governor and appropriate committees of the Legislative Assembly. The report must address each drainage basin in the state and include watershed and key habitat conditions, an assessment of data and information needs, an overview of state agency programs and voluntary restoration activities, a summary of Board investments, and observations and recommendations from the Board for enhancing Oregon Plan effectiveness. The 2011-2013 Oregon Plan Biennial Report is due by January 15, 2013.

Overview and Status of the 2011-2013 Biennial Report

For the 2011-2013 Oregon Plan Biennial Report, OWEB has produced a two-page Executive Summary (as required by the Legislature) and a section on the OWEB website that provides access to a more extensive version of the report. This biennium's report was developed with the specific intent of delivering a succinct and interesting narrative for executive summary, which is accompanied by a web version of the report designed to provide access to detailed information and statistics about Oregon Plan accomplishments, among other topics. The OWEB Board observations and recommendations has two components: 1) the story of the Oregon Plan's past and present and opportunities for the future; and 2) specific recommendations about sustaining and improving the plan's effectiveness. A printed copy will be available at the Board meeting.

The online version of the 2011-2013 Oregon Plan Biennial Report includes access to data and information about each of the 15 Oregon Plan reporting basins through user-friendly resources such as the OWEB Investment Tracking Tool. Previous biennial reports are also available through the OWEB website at <http://www.oregon.gov/oweb>.

Staff Contact

If you have questions or need additional information about the 2011-2013 Oregon Plan Biennial Report, please contact Greg Sieglitz at greg.sieglitz@state.or.us or 503-986-0194.

January 16-17, 2013 OWEB Board Meeting
Executive Director Update #D-5: Oregon Plan/Governor's Priorities—
Forest Health and Salmon Strongholds

Background

At the June 2012 Board meeting, the Board was visited by the Governor, at which time he accepted the Roger S. Wood Memorial Award and imparted his broad vision for natural resources for the State. During his remarks in June and through his natural resources policy advisor, the Board learned of the Governor's interest in developing priority initiative areas to focus on specific ecological outcomes framed around the Oregon Plan for Salmon and Watersheds. Areas of interest include water quality, sage-grouse/rangeland health (see Agenda Item P for more information about this initiative area), forest health and salmon strongholds. Anticipating the Governor's interest in these priority areas, at the beginning of the biennium the Board adopted a spending plan that included funding to support Oregon Plan priority actions.

Two initiatives in particular, Forest Health and Salmon Strongholds, have a direct connection to OWEB and the agency's granting program. Each of the initiatives also ties directly to OWEB's base of local organizations focused on the implementation of watershed restoration. The Board also awarded \$700,000 to the Governor's Forest Health Initiative last year.

This report provides an update on activities and program development pertaining to Forest Health and Salmon Strongholds subsequent to the September 2012 Board meeting.

Forest Health

Economic Assessment

At the June 2012 Board meeting, staff informed the Board about increasing interest in the development of an economic assessment of current and future forest health treatments on U.S. Forest Service lands in Oregon. At the September 2012 Board meeting, the Board provided funding to assist in the completion of the Oregon National Forest Health Assessment. The Executive Summary of the assessment is included as Attachment A.

Legislative Funding Proposal

Since the update to the Board at its September meeting, the 2013-2015 Governor's Budget has been released, with Forest Health being a new program area for which additional funding is recommended (Attachment B). Approximately \$ 4.5 million dollars in bond related funds have been proposed to support forest collaboratives in order to implement necessary changes in forest management on federal lands. Specifically, the Oregon and California Revested Grant Lands and eastern Oregon forests are the geographic areas targeted for funding. If funding is approved by the Legislature, there is interest in utilizing these funds to support forest collaboratives to scale-up restoration, as well as build a model that can be applied across Eastern Oregon to sustain mill infrastructure.

Salmon Strongholds

The North American Salmon Stronghold Partnership (Partnership) unites public and private resources in a voluntary, incentive-based approach to protect the healthiest remaining salmon ecosystems in North America. Oregon was a founding member of the Partnership in 2009. The Partnership Board includes state and federal agencies, nonprofit organizations, and tribes who are

working collaboratively with local communities, business interests, landowners, and other stakeholders on salmon conservation and restoration activities across Washington, Oregon, Idaho, California, Alaska, and British Columbia.

A key goal of the Partnership is to accelerate protection and restoration in the healthiest rivers and core centers of wild salmon abundance and diversity. This goal has been promoted as one new initiative under the Oregon Plan for Salmon and Watersheds by the Governor. Through joint efforts between the Wild Salmon Center (WSC) and the National Fish and Wildlife Foundation (NFWF), the Governor's Fund for the Environment (Governor's Fund) has been re-aligned to focus on supporting the wild salmon strongholds concept.

As an early action toward salmon stronghold implementation, a solicitation of pre-proposals was announced and a total request of more than \$1.5 million in grant funds was made by 27 applicants to NFWF in November of 2012. With just \$300,000 available for funding, a review panel was established consisting of key state and federal agencies, NFWF, WSC, and the Governor's Office to review application materials. The panel convened on December 20th and the results yielded 15 applicants that have been requested to submit full proposals by January 31st in the amount of nearly \$956,000 (Attachment C). It is anticipated that grants will be awarded in April of this year once final proposals have been reviewed and ranked.

Through Oregon's Pacific Coastal Salmon Recovery Fund (PCSRF) award for FFY 2012, additional funding has been provided to OWEB for establishing and investing in salmon strongholds. OWEB staff will be meeting with the NFWF, WSC, and the Governor's Office in the coming months to outline the next steps of integrating the Governor's Fund, PCSRF, and other funding into a larger strategic approach to salmon stronghold investment. Staff will provide future updates to the Board as the work proceeds.

Staff Contact

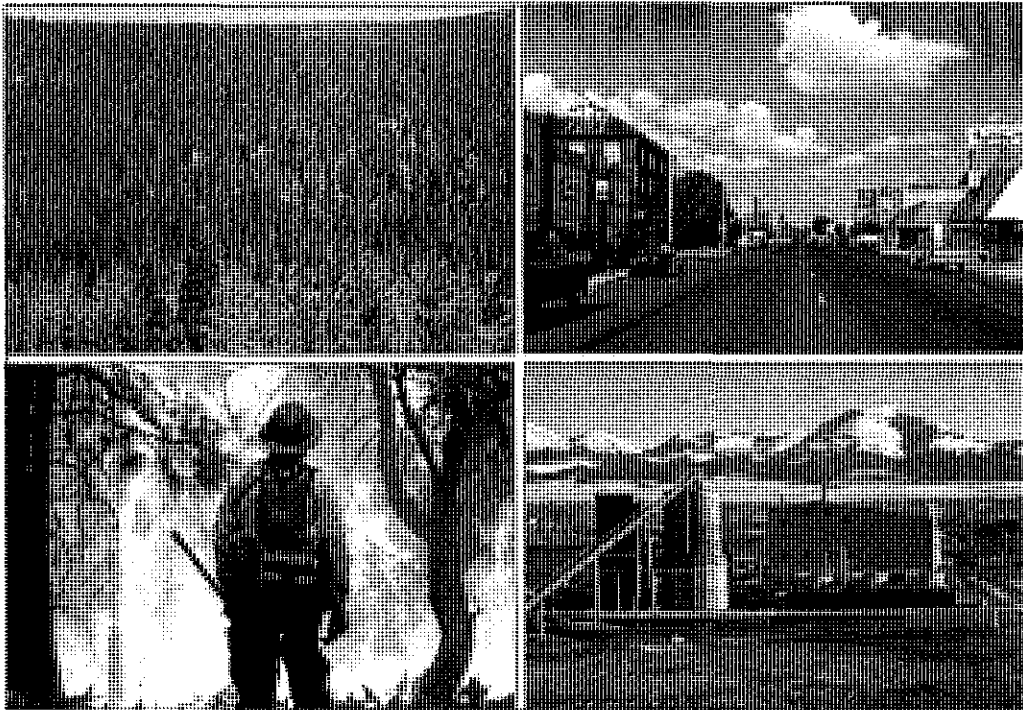
If you have questions or need additional information about the Governor's Priorities, please contact Greg Sieglitz at greg.sieglitz@state.or.us or 503-986-0194.

National Forest Health Restoration

An Economic Assessment of Forest Restoration on Oregon's Eastside National Forests

Prepared for:
Governor John Kitzhaber and Oregon's Legislative Leaders

November 26, 2012



Executive Summary

Increasing the scale and pace of forest health restoration on U.S. Forest Service (USFS) managed forests in eastern and south central Oregon will contribute to the health and resiliency of Oregon's dry-side forest ecosystems. Restoring fire-resilient forest landscapes will provide clean air, clean water, wildlife habitat, recreational opportunities, and other critical ecosystem services.

In addition, eastern Oregon's rural communities will benefit through the creation and retention of thousands of jobs that generate local income, produce commercial wood products and contribute millions of dollars to state tax revenue. These environmental and economic impacts help sustain and enhance the overall quality of life in the entire State of Oregon.

Governor Kitzhaber and members of the Oregon legislature called on the Federal Forest Advisory Committee – *ad hoc* Implementation Work Group to complete an economic assessment of National Forest health restoration activities on Oregon's dry-side National Forests. This report responds to that call. It provides 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.

Economic impacts of USFS' current forest restoration program

Doubling the scale and pace of forest health restoration on USFS-managed forests in eastern Oregon to 258,000 acres annually and sustaining this pace over the next 20 years will allow businesses to invest, restoration contractors to hire more workers, and mills to maintain their operations and employees.

- The USFS' current average annual forest restoration activities on Oregon's eastside provides the following economic impacts:
 - Accounts for a total of 2,310 jobs,
 - Generates \$90.5 million in total income,
 - Accounts for \$231.5 million in total industrial output, and
 - Contributes \$3.6 million in total state tax revenue.
- Currently, the USFS implements forest restoration treatments on about 129,000 acres annually in eastern Oregon, or just 1.4 percent of the USFS forestland in eastern Oregon not restricted from active forest management.
- The USFS spends, on average, \$40.8 million in forest restoration activities per year in eastern Oregon. Doubling the acreage would likely require a doubling of this amount.
- Doubling the current pace of restoration proportionate to the current distribution of treatments would then double the volume of commercial production to 282 million board feet of sawlogs and 450,000 green tons of non-sawlogs and biomass material annually.

National Forest Health Economic Assessment

- The total impact of increasing restoration activity on employment depends on existing use of capacity for restoration work. To the extent that workers are not currently full-time and other equipment is not being fully utilized, we will not see both workers and equipment double with the doubling of the pace of restoration. Doubling of restoration will undoubtedly save existing jobs and increase working hours moving employment numbers in eastern Oregon in a positive direction.
- Industrial output will increase from \$231.5 to \$463 million alongside commercial production expansion because more product sales will occur and more goods and services are being traded among economic sectors.
- The total contribution of forest restoration activities to state tax revenue will increase from \$3.6 to \$7.2 million because state tax revenue is strongly correlated to commercial production (income, corporate, fuels, and harvest tax).

Summary data of National Forest health economic assessment

Summary Data	Northeast	Southeast	Interior Central	Interior South	Total Eastern Oregon
Total Acres (1,000)	2,646	2,905	2,016	3,801	11,368
Available Acres (1,000)	1,879	2,556	1,451	3,307	9,193
Footprint Acres (1,000)*	33	22	37	37	129
Cost (\$1,000)*	\$ 6,687	\$ 5,171	\$ 10,474	\$ 18,452	\$ 40,784
Sawlogs (MMBF)*	18	25	32	66	141
Non-saw/Biomass (1,000 GT)*	73	38	57	57	225
Jobs (#)*	397	329	319	1,265	2,310
Output (\$1,000)*	\$ 36,898	\$ 35,186	\$ 25,106	\$ 134,322	\$ 231,512
Income (\$1,000)*	\$ 16,102	\$ 14,019	\$ 12,875	\$ 47,521	\$ 90,517
State Tax Revenue (\$1,000)*	\$ 778	\$ 518	\$ 1,125	\$ 1,191	\$ 3,612

*On an average annual basis

- In coordination with forest restoration activities, the USFS conducts watershed restoration in order to improve aquatic and terrestrial wildlife habitat and ecosystem function. These restoration activities include fish passage improvement, road drainage, road decommissioning, riparian restoration, and stream channel improvements.

Economic impact of the USFS spending \$1 million on watershed restoration in each economic region

Summary	Northeast	Southeast	Interior Central	Interior South
Jobs (#)	17	24	7	20
Output (\$1,000)	\$1,500	\$ 1,400	\$ 470	\$ 1,600
Income (\$1,000)	\$ 678	\$ 615	\$261	\$644
State Tax Revenue (\$1,000)	\$ 34	\$18	\$ 39	\$9

*The chart shows what \$1 million spent on watershed restoration would return in each economic region - the rows are not additive.

Avoided costs of federal forest restoration activities

An investment in forest health restoration has the potential to save millions of dollars in state and federal funds by avoiding costs associated with fire suppression, social service programs and unemployment benefits.

- The difference between the cost of implementing restoration and conducting fire suppression in eastern Oregon represents a potential \$59.2 million annual savings for the USFS if 129,000 acres were left untreated and burned by wildfire each year. For every \$1 the USFS spends on forest restoration, the agency avoids a potential loss of \$1.45. This avoided cost could be higher because untreated acres are likely to be protected from crown fires by nearby acres that are treated, further reducing the potential for fire suppression expenditures.
- Taxpayers currently spending about \$298 million on social services in eastern and south central Oregon through the Temporary Assistance for Needy Families Program and the Supplemental Nutrition Assistance Programs. Increased forest health restoration has the potential to reduce community dependence on these services by creating jobs that generate additional income to help people become less reliant on social services.
- Eastern Oregon's average unemployment rate (10.8 percent) and poverty rate (19.1 percent) are the highest in the state. Any increase in economic activity in the region from forest health restoration will contribute to the region's long-term economic health and stability.
- In 2010, the Oregon Employment Department distributed \$470 million in unemployment benefits through 29,000 unemployment insurance claims.
- In areas of eastern Oregon, forest health restoration is also benefiting communities through an increase in the property tax base. For example, restoration within the Wildland-Urban Interface enables the construction of high value homes for families wanting to live near the forest. This construction is adding to the local property tax base.
- Forest health restoration presents an opportunity to improve the condition of eastern Oregon's forested landscape which will help to protect, restore, and manage a full suite of sustainable non-timber resources and services.
- A program to increase the pace of forest restoration will protect and retain invaluable ecosystem services that provide clean air, clean water, wildlife habitat, recreational opportunities, and other services that are threatened by degraded forest health.

The opportunity ahead

Without an increased public investment in a robust federal forest restoration program, the economic health of Oregon's rural communities will continue to decline and environmental issues will worsen. Achieving a substantial increase in forest restoration activity across eastern Oregon is a challenging endeavor and will take time to develop. Below are steps that can be taken at the local, regional and state level to help advance this goal.

- Any effort to 'scale up' the pace of forest restoration on Oregon's eastside National Forests will have to be accompanied by an increase in large-scale planning efforts led by the USFS.
- Improving the efficiency of the USFS' planning and implementation will reduce total management costs creating the potential to accomplish more forest restoration. The USFS is working to improve the efficiency of the National Environmental Policy Act (NEPA) planning process by increasing the use of landscape-scale NEPA, proposing the use of new Categorical Exclusions for restoration activities, and the use of an adaptive Environmental Impact Statement process – support of these efforts will be beneficial.
- Reauthorizing the U.S. Forest Service's authority to use stewardship contracting is imperative. Congressional approval granting this authority expires September 30, 2013.
- Determining the differences in the cost of litigation and associated planning between projects supported by collaboratives and those not supported by collaboratives is necessary to determine to what extent the collaborative process helps reduce USFS restoration costs.
- Some forest collaboratives have a decade or more experience cooperative planning with the USFS. The effects of this engagement should be analyzed to help document the value of collaborative efforts. The analysis should be based on specific projects that have been implemented through the collaborative process through individual case studies.
- Priority should be given to supporting existing infrastructure that supports forest restoration work. This infrastructure and workforce helps implement restoration activities and provides markets that can help reduce the per acre costs.
- Developing markets that use products and byproducts of forest restoration will support expansion of landscape scale forest restoration activities. Woody biomass utilization is currently hampered by a lack of available markets. Without sufficient markets, this material will be underutilized.
- Oregon's Forest Biomass Working Group^[1] has identified four market development initiatives that should be pursued and supported at the state level. They are biomass thermal (on-site heat at commercial and institutional facilities), distributed generation (heat and electricity at existing wood product facilities), existing markets (landscape bark, shavings, bedding, etc.), and emerging markets (biofuels, biochar, cellulosic ethanol, etc.).

^[1] The Oregon Forest Biomass Working Group has proposed these initiatives through its recent document, "Growing Oregon's Biomass Industry: Oregon's Forest Biomass Strategy".



Staffing

- Main point of contact and coordination with USDA Forest Service and Region 6
- State legislature and agency communications and coordination (incl. Bd. of Forestry)
- Communication with and support for forest collaborative groups
- Hold collaboratives and USFS accountable for use of any state funds

Science support and Technical assistance

- Science and data support to inform project development;
- Appropriate monitoring of ecological, social and economic impacts;
- Facilitation and project management services;
- Innovative approaches that engage private sector expertise;
- Administered through contracts—ODF

Small Grant Fund

- Focused on shoring up the capacity of collaborative groups to advance meaningful work at landscape scale
- Measured by how well proposed projects will attain key metrics (see separate slide)
- Use OWEB grant infrastructure? (potential model with Business Oregon)

New Business Model / Action on Dry side federal lands

- Contingent upon an approach w/ the USFS that meaningfully changes status quo
- Based on urgency of forest conditions and mill infrastructure
- Premised on the ability of Oregon to affect change through budget approach
- Ties to collaborative model (and related budget allocation)

EZG #		Organization	Project Title	Location Description	Project Description	Proposed LongTerm Outcome	Requested Amount	Proposed Match
Illinois Stronghold								
37684	1	Illinois Valley Soil and Water Conservation District	Deer Creek Streamflow and Habitat Restoration - Phase I	The Deer Creek watershed is located within the Klamath Mountain Geomorphic Province of southwestern Oregon approximately 15 miles southwest of Grants Pass. It is eight miles east of the town of Selma.	Streamflow, channel, floodplain, riparian, and instream habitat restoration of 1.5 miles of upper Deer Creek, a critical sub-basin within the regionally acclaimed Illinois River wild salmon stronghold	Improve instream water volume, fish habitat and production, and water quality. Restore floodplain connectivity, channel and floodplain roughness, channel and bank stability, and riparian health.	\$75,000.00	\$442,800.00
Lower Deschutes Stronghold								
36833	1	The Confederated Tribes of the Warm Springs Reservation of Oregon	Habitat Restoration on Mill Creek at Potter's Ponds	The project is located in the lower Deschutes River sub basin. Mill Creek is a tributary to the Warm Springs River which enters the lower Deschutes River at river mile 85.	The proposed project will reconnect the floodplain, increase sinuosity, remove the lateral floodplain berms, and enhance and increase main and off channel habitat complexity for native salmonids.	This project will help recovery listed Mid-Columbia summer steelhead, increase the production of culturally significant spring Chinook salmon, and restore the natural processes that maintain habitat.	\$75,000.00	\$925,500.00
Lower Grand Ronde Stronghold								
37686	1	Western Rivers Conservancy	Minam River Project (OR)	Wallowa County, Oregon. Minam salmon stronghold. Private land along the lower Minam River adjacent to the Wallowa National Forest.	In the Minam salmon stronghold, Western Rivers Conservancy has a major opportunity to increase habitat connectivity and complexity for spring Chinook, summer steelhead and native aquatic species.	The 16,223-acre acquisition will: consolidate public land management; provide for new restoration, recreation and economic opportunities; and reverse bottlenecks to salmonid abundance.	\$75,000.00	\$75,000.00
37638	1	Wallowa Resources	Joseph Collaborative Planning - Facilitating Implementation	Joseph Creek Watershed in Northeastern Oregon: 178000 acres of remote forests and grasslands that are public and privately owned and managed landscapes in Wallowa County	Our Collaborative assessed 7 habitat parameters & threats to them in Joseph Creek and is providing leadership and fundraising for mature multi-stakeholder group to implement stewardship projects	Achieve significant measurable watershed restoration and salmonid habitat protection using a replicable collaborative planning model that integrates multiple resource needs at the watershed scale	\$70,000.00	\$150,000.00
North Fork John Day Stronghold								
Nehalem - Tillamook Stronghold								
37470	1	Tillamook Estuaries Partnership	Backyard Planting Program (Season 11 and 12)	BYPP planting sites occur within the five estuaries and watersheds of Tillamook County (Nehalem, Tillamook, Netarts, Sand Lake, Nestucca, and Neskowin) on the northern Oregon Coast.	BYPP is a riparian restoration program that enhances water quality and habitats in Tillamook County's estuaries and watersheds. In the 2013/2014 and 2014/2015 seasons BYPP aims to enhance 40 acres.	This voluntary program: 1) Increases stream shade, habitat complexity, and organic and woody inputs; 2) Decreases sedimentation, water temperature, and bacteria levels; and 3) Educates landowners.	\$58,746.00	\$45,000.00
37456	1	The Nature Conservancy Oregon	Kilchis tidal wetland restoration	The Kilchis River is one of five tributaries feeding Tillamook Bay on the north coast of Oregon.	We are restoring 67 acres of tidal wetlands in the lower Kilchis River of Tillamook Bay, Oregon, to benefit coastal coho salmon, and other fish, birds and wildlife.	Long-term outcomes will be 67 acres of seasonally inundated tidal wetlands, providing crucial overwinter habitat for coastal coho salmon and other fish and wildlife, and a buffer for rising sea levels	\$75,000.00	\$320,000.00
36779	1	Upper Nehalem Watershed Council	Pebble Creek - Salmon Habitat Restoration	Pebble Creek is a 6th field watershed covering an area of approximately 13,845 acres and located in the north east section of the coast range in Oregon. It enters the Upper Nehalem River at RM 90.	Rebuild native salmon spawning, rearing and refuge habitat within a 3 mile reach of Pebble and West Pebble Creek.	Placement of large woody debris is expected to have multiple benefits for native salmonids and lampreys by increasing the availability of complex over winter and summer habitat.	\$75,000.00	\$170,000.00
North Umpqua Stronghold								
37101	1	Partnership for the Umpqua Rivers	Rock Creek Instream Enhancement Project	The Rock Creek Drainage is located 22 miles East of Roseburg in the North Umpqua Watershed in Douglas County. Instream project work will occur in the Rock Creek and East Fork Rock Creek.	A total of 160 logs, 70 trees and 2100 boulders will be placed at 50 sites in Rock Creek and East Fork Rock Creek. Work will increase stream complexity, the main limiting factor to fish production.	Coho, spring Chinook, summer steelhead, winter steelhead, and lamprey spawning and rearing habitat will be restored and fish production across all of the Rock Creek drainage will be increased.	\$78,573.00	\$435,049.00
Sandy - Clackamas Stronghold								

EZG #		Organization	Project Title	Location Description	Project Description	Proposed LongTerm Outcome	Requested Amount	Proposed Match
37719	1	Sandy River Basin Watershed Council	Restorative Flood Response Phase II	The Middle-Upper Sandy is a high gradient reach affected by frequent, intense rain-on-snow events causing channel migration and bank erosion in developed areas that overlap priority salmonid habitat	Restorative Flood Response is planning neighborhood scale actions that enhance wild fish habitat while reducing risk to homeowners and infrastructure in the flood-prone Middle-Upper Sandy basin.	RFR Phase II will produce engineering plans for a 1.5-mile reach of the Middle Sandy River, including a side channel reconnection and potential actions to buffer streambanks, sewer and water lines.	\$25,000.00	\$106,300.00
37707	1	Sandy River Basin Watershed Council	Sandy River Salmon Stronghold Restoration	Among the most productive spawning areas in the Lower Columbia ESU, Sandy tributaries Salmon River (28 miles) and Still Creek (13 miles) are expected to drive recovery of Chinook, coho and steelhead.	The Sandy Stronghold project will restore anchor habitat for ESA listed Lower Columbia salmonids, increasing channel complexity and reactivating off-channel habitat in the Salmon River and Still Creek	The Watershed Council, federal agencies, non-profits and volunteers partner to implement on-the-ground restoration of key limiting factors and grow community engagement in priority subbasins.	\$50,000.00	\$50,000.00
37659	1	Clackamas County Water Environment Services	Carli Creek Habitat Restoration	The Carli Creek property is located near the intersection of SE 106th Ave and SE Jennifer St. in Clackamas County.	Restore 3,000ft of Carli Creek, create 7ac of backwater fish rearing habitat along the Clackamas River, and create water quality treatment wetlands.	Water quality improvements to Carli Creek and Clackamas River and establishment of critical habitat for fish and wildlife.	\$50,000.00	\$945,000.00
37618	1	Salmon-Safe, Inc.	Salmon-Safe Stronghold Sandy/Clackamas	Multiple tree farms across Clackamas and Sandy watersheds.	Extends Salmon-Safe's market-proven water quality & habitat focused certification initiative to upper watershed Christmas tree farms with goal of inspiring conservation actions protecting native fish	Engage high impact agricultural sector in conservation practices protecting water quality & wildlife habitat while developing template that can be applied in other West Coast stronghold tributaries.	\$48,400.00	\$54,600.00
36776	1	Oregon Environmental Council	Clackamas Basin Strategic Pesticide Stewardship Partnership	The North Fork of Deep Creek and surrounding areas in the Clackamas River Subbasin, the last major tributary to the Willamette River, and an Oregon salmon stronghold.	Identify and assist users of pesticides known to jeopardize salmon survival in the Clackamas Subbasin with adoption of integrated pest management practices to significantly reduce pesticide run-off.	Significantly reduce the level and frequency of pesticides toxic to threatened salmon in the Clackamas Subbasin by working with pesticide user groups to adopt integrated pest management strategies.	\$75,000.00	\$46,014.00
37422	1	The Freshwater Trust	Salmon River at Miller Road Quarry Phase I	The project site is a former rock quarry on the Salmon River (miles 1.5 to 1.9), and is on public land managed by the BLM and private property to be purchased by the City of Portland for conservation.	TFT seeks to restore instream and riparian habitat at the site of a former rock quarry in the Sandy River basin. Phase 1 activities include site remediation, and site assessment and project design.	This project will restore pool/pool tailout, side channel habitat, and large wood to benefit federally-listed spring Chinook, coho and winter steelhead in the Sandy basin.	\$75,000.00	\$145,000.00
OTHER WATERSHEDS								
Lower John Day								
37207	1	Oregon Rangeland Trust	Conserving John Day River Fish Habitat on Working Ranches	Ten miles of riparian habitat on Thirty-mile Creek on two private ranches at the junction of the lower John Day River.	ORT will partner with 2 ranch families to develop conservation easements that will restore and protect critical steelhead habitat and be a model for educating other riparian owners about conservation.	Restoration & perpetual protection of 10 miles of riparian habitat in a John Day steelhead stronghold; implementation of grazing management plan; new partnerships between landowners, NCOs & agencies	\$50,000.00	\$40,900.00
	15				15 Full Proposal Invitations	27 Pre-proposals Submitted	\$955,719.00	\$3,951,163.00



Oregon

John A. Kitzhaber, MD, Governor

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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item E: OWEB Acquisitions Program
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This staff report provides a summary regarding a number of actions that have been in progress over the last year in the acquisitions program. Staff will:

1. Update the Board about the Water Acquisitions program and request the Board establish a Rules Advisory Committee for rules relating to water acquisitions;
2. Update the Board about the Pugh Property Addition at Yamhill Oaks Preserve Acquisition (Pugh Property) project and request that the Board approve funding for the project based on the recommendation of the Acquisitions Subcommittee;
3. Update the Board about monitoring of land acquisition projects and, based on feedback from the contractors hired by OWEB to review all land acquisitions funded by the Board, request that the Board a) approve a firm deadline of September 30, 2013 for completion of all overdue baseline inventories and management plans and b) delegate authority to the Executive Director to initiate a one-time grant offering that will reimburse OWEB grantees with overdue items to contract completion of those items if needed;
4. Outline for the Board a new land acquisition application and review process;
5. Outline for the Board proposed land acquisition rules as drafted through the Rules Advisory Committee; and
6. Request that the Board adopt proposed land acquisition rules and approve a new land acquisition application and review process.

Additional information and background for each item is provided in the report and associated attachments.

II. Water Acquisitions Update and Designation of Water Acquisitions Rules Advisory Committee

As a follow-up to the Long-Term Land and Water Protection Task Force that was convened in Spring of 2012, OWEB is convening a Water Acquisitions External Committee. This committee will provide input to Board and staff about how best to meet the agency's mission and strategic

plan with investments in water acquisitions. Specifically, this committee will make recommendations to the Acquisitions Subcommittee and the Board about such topics as where to invest to achieve high-priority ecological outcomes, how to partner with other organizations and funders, and potential improvements to the water acquisitions grant-making process. The committee includes a diversity of individuals with expertise in water acquisitions and transactions (see Attachment A for a list of committee members).

The first meeting of the committee was held on December 3, 2012. At that meeting, the group identified collectively agreed upon outcomes desired from water acquisitions and transactions and began a discussion of current acquisition/transaction programs that are underway and what aspects of these programs are working well. A total of four additional meetings will be held between now and early March. Staff's intent is to complete a report with recommendations from the external committee by early April and provide a presentation about the Water Acquisition External Committee process and recommendations to the Board at its June 2013 meeting.

Because the committee will be discussing potential improvements to the water acquisitions grant-making process, staff realize that this discussion may result in proposed changes to administrative rules that guide OWEB's water acquisitions grants. For this reason, staff request that the Board formally designate the Water Acquisitions External Committee as a Water Acquisitions Rules Advisory Committee.

III. Pugh Property Acquisition Project (212-108) – Previously Deferred

The Nature Conservancy (TNC) submitted an application in April 2011, requesting \$128,500 to purchase the Pugh Property, a 48-acre parcel adjacent to TNC's Yamhill Oaks Preserve in Yamhill County. TNC intends to integrate the Pugh Property into the existing 272-acre preserve. When the Pugh Property subsequently was appraised at \$330,000, a fair market value less than what TNC expected, TNC reduced its OWEB request to \$105,448, to maintain an established ratio between OWEB funds and match funds.

Based on the information provided by TNC in the grant application, the opinion of the Regional Review Team (RRT), input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$105,448 in funding for TNC's purchase of the Pugh Property, with the funding conditioned on:

1. Staff's final approval of the form of the conveyance deed;
2. Successful completion of the lot line adjustment process;
3. Development of a management plan that ensures that any use of the property for education and outreach activities does not impact the conservation values; and
4. Staff's approval of the baseline inventory that TNC will develop for the property prior to closing.

Background information on the project is provided in Attachment B to the staff report.

IV. Land Acquisition Monitoring Report and Management Plan/Baseline Funding Request

In June 2012, OWEB contracted with Sage Consulting to complete monitoring on all OWEB funded land acquisitions (i.e., fee title and easements). Using information from other agencies that hold easements, staff developed a template monitoring protocol along with the contractors, which will be available at the January Board meeting as Attachment C to the staff report. The contractors have worked during the Summer and Fall of 2012 to complete monitoring on all but one property, where a site visit is still under negotiation.

The results of their monitoring work will be provided in writing and at a presentation to the Board during the January Board meeting (Attachment C to be available at the January Board meeting). Based on initial conversations about the results of the monitoring, staff and the Land Acquisition Rules Advisory Committee have made recommendations for evaluation criteria for future OWEB-funded fee title acquisitions and easements. These criteria include an analysis of the applicant's organizational capacity and a project soundness evaluation. The Rules Advisory Committee also is recommending that the Board consider funding project costs associated with acquisitions, including management plans, surveys, project design, appraisals and other associated costs. These elements are key to development of a successful project.

As a part of their analysis, the contractors have identified a management plan and baseline inventory as being important to the restoration success of the project. A final baseline inventory, signed by all parties, is an acknowledgement of a property's condition, and is used as an objective measure of compliance with the conservation easement and other grant conditions over time. A management plan describes the conservation trajectory for the property and explicitly outlines how the owner/easement-holder expects to achieve the conservation goals. The contractors identified a number of properties that had no baseline inventory or management plan developed. To address this issue with current projects, staff recommend:

1. The Board set a deadline of September 30, 2013 for completion of all management plans and baseline inventories for OWEB-funded projects. If these required documents are not complete, recipients will not be eligible to apply for new grants through OWEB; and
2. The Board award and delegate distribution authority to the Executive Director in the amount of \$200,000 to be used to finalize management plans and baseline inventories for properties in which OWEB previously invested land acquisition funds. Management plans and baseline inventories are critical for the long-term success of OWEB's land acquisition investments. Monitoring work done by contractors in 2012 documented better outcomes at properties being stewarded and restored under sound management plans than those for which there are no management plans.

While it is recognized that management plans and baselines are a requirement of the program and should be completed by the applicant, based on the results of the monitoring completed, OWEB staff believe it is critical to assist applicants to finalize the management plans and baselines by offering grants to the land acquisition partners, who need extra assistance through a

contractor to develop sound documents. Staff will review and approve the management plans and baselines, with the help of contracted subject matter experts as needed.

V. Land Acquisition Process and Review Proposal

With establishment of the Rules Advisory Committee, OWEB staff undertook an effort to develop a new, more streamlined process to receive, review and make decisions about land acquisition applications, as well as consider the need to fund components of an acquisition in addition to the cost of the land.

A detailed flow chart of the proposed land acquisitions process is provided in Attachment D, and the proposed review process for land acquisition application is outlined in Attachment E. Key components of the new process include:

1. One grant cycle per year allows staff to organize workflow better, while still allowing applicants to apply for properties purchased in the time between each grant cycle;
2. A streamlined review process allows for a Board decision in March following an October grant due date;
3. A expanded review process that evaluates ecological outcomes, project soundness, organizational capacity, and public benefits and impacts, and includes public comment; and
4. Applicants will have the opportunity for a pre-project consultation to ensure projects are ready for submission and fit with OWEB's land acquisition program guidelines.

VI. Land Acquisition Rules Advisory Committee Proposal

As noted in Section V of the staff report, the Rules Advisory Committee proposed that the Board establish a new process for land acquisition applications and review. They also provided specific recommendations on new categories for reimbursement and other policy changes. These recommendations are all encapsulated in revised administrative rules that are proposed for adoption by the Board. Subsequent to the Rules Advisory Committee process, draft rules underwent review by the Acquisitions Subcommittee and Department of Justice and a public comment period was completed. The attached rules (Attachment F to be available on the OWEB website by January 11, 2013 and at the January Board meeting) reflect input received during the review and comment periods and are recommended to the Board for approval. As proposed, these rules constitute a full replacement of the current land acquisition rules.

Key components of the proposed rules include:

1. Use of grant funds – allows grant funds to be used for property purchase price and other costs associated with the acquisition (e.g., survey, appraisal, management plan);
2. Revised evaluation process as discussed in Section E of the staff report; and
3. Identifies revised components of application process as identified in Section E.

VII. Recommendation

Staff recommend the Board:

- A. Direct staff to establish a Rules Advisory Committee and authorize rulemaking to consider amendments to Division 46 of OWEB's administrative rules relating to water acquisition grants;
- B. Approve \$105,448 in funding for TNC's purchase of the Pugh Property, contingent on the conditions described above in the January 2013 Acquisitions staff report;
- C. Adopt new land acquisition rules as drafted through the Rules Advisory Committee and revised to reflect the comments received during review and public comment processes;
- D. For overdue baseline inventories and management plans:
 1. Approve a firm deadline of September 30, 2013 for completion of all overdue baseline and management plans; and
 2. Grant expenditure authority to the Executive Director in the amount of \$200,000 and delegate authority to the Executive Director to initiate a grant program that will reimburse OWEB grantees with overdue baseline inventories and management plans to complete those documents for properties in which OWEB previously invested land acquisition funds; and
- E. Approve a new land acquisition application and review process as outlined in the January 2013 Acquisitions staff report.

Attachments

- A. OWEB Water Acquisition External Committee Participant List
- B. Summary of Pugh Property Acquisition Project
- C. Overview and Results from Land Acquisition Project Monitoring (*to be provided at the January Board meeting*)
- D. Proposed Process for Land Acquisition Applications to OWEB
- E. Outline of Proposed Review Process for Land Acquisition Applications
- F. Proposed Administrative Rules for OWEB Land Acquisition Grants (*to be available on the OWEB website by January 11, 2013 and at the January Board meeting*)

OWEB Water Acquisition External Committee

PARTICIPANT LIST

Andrew Purkey, National Fish and Wildlife Foundation (Alternate: Molly Whitney)

Chris Furey, Bonneville Power Administration

Paul Reich, Meyer Memorial Trust

Todd Reeve, Bonneville Environmental Foundation

Dwight French, Water Resources Department

Jan Lee, Oregon Association of Conservation Districts

Chrysten Lambert, Klamath Basin Rangeland Trust

David Pilz, The Freshwater Trust

Tod Heisler, Deschutes River Conservancy

Trish Carroll, US Forest Service

Marc Thalacker, Three Sisters Irrigation District

David Miller, Landowner

Bruce Aylward, Environmental Economics

Alan Henning, OWEB Board Member

Doug Kraemer, OWEB Board Member

Mark Grenbemer, OWEB Staff

OWEB staff for the committee: Meta Loftsgaarden, Renee Davis-Born, Shannon Schmidt

Summary of Pugh Property Addition at Yamhill Oaks Preserve Acquisition

A. Ecological Benefits

The application states that the Pugh Property acquisition is consistent with all of OWEB's conservation principles for land acquisition, and will result in the restoration of oak woodland, oak savanna, upland prairie, and wet prairie on the property. The application states that until 2007, the population of the federally endangered Fender's blue butterfly at TNC's adjacent Yamhill Oaks Preserve was considered to be 20-40 butterflies. However, the results of a 2009 survey indicate that 173 butterflies are present at the preserve. Acquiring the Pugh Property, which abuts the southern boundary of Yamhill Oaks Preserve, will support further expansion of the butterfly population, in turn supporting the U.S. Fish and Wildlife Service's recovery goals for the species' northern recovery area. The application also states that the Pugh Property contains 12 acres of federally designated critical habitat for Fender's blue butterfly and its host plant, Kincaid's lupine.

The application states that TNC will amend its management plan for Yamhill Oaks Preserve, to incorporate the Pugh Property. The purchase of Yamhill Oaks Preserve was funded in part by OWEB, and the Preserve's management plan, which contains actions for protecting and restoring oak and prairie habitats, was developed with review by OWEB.

The RRT noted that the populations of Fender's blue butterfly and Kincaid's lupine are thought to be even higher on the Pugh Property than on Yamhill Oaks Preserve. The RRT agreed that restoring and protecting the Pugh Property's prairie and oak habitats, together with Yamhill Oaks Preserve, will accomplish an important step in meeting the criteria for a minimum number of self-sustaining Fender's blue butterfly populations in the species' northern recovery area. The RRT concluded that the project has high ecological value.

B. Capacity to Sustain the Ecological Benefits

The application states that TNC has been involved in oak and prairie habitat management for over three decades, and that with eight full-time staff in the Willamette Valley, TNC has the capacity and expertise to execute both the acquisition and the subsequent management of the Pugh Property. The application also states that TNC is fully committed to raising the funds necessary for restoring the Pugh Property.

C. Educational Benefits

The application states that TNC uses its preserves to conduct research, and encourages other scientists to use the preserves for this purpose. The application states that TNC will use the Pugh Property as a field trip destination to inform others about conservation issues and opportunities in the Willamette Valley, and will make the property available to local partners for similar purposes. The application also states that TNC will hold regular work parties on the Pugh Property to allow volunteers to learn about the site and help TNC restore it. Lastly, the application states that TNC will allow "compatible public use" of the Pugh Property, but that camping and pets will be prohibited.

The RRT thought that the Pugh Property is not appropriate for educational and public use activities because Fender's blue butterfly and Kincaid's lupine are susceptible to degradation from foot traffic. The RRT thought that TNC should continue its educational and outreach

efforts at Yamhill Oaks Preserve instead of opening the Pugh Property for educational and outreach activities. The RRT concluded that the project has low educational value.

TNC clarified with staff that the Pugh Property will not be open to unsupervised public use in at least the next several years, although TNC does plan to lead tours at the Pugh Property and actively use the property as a tool to recruit other interested landowners and potential volunteers.

D. Partners, Project Support, and Community Effects

TNC will match \$105,448 of OWEB's funds with \$224,552 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 a variety of entities, including the U.S. Fish and Wildlife Service, Yamhill Soil and Water Conservation District, Greater Yamhill Watershed Council, and Confederated Tribes of the Grand Ronde.

The application states that TNC will request tax exemption for the Pugh Property, removing approximately \$728 from Yamhill County's annual tax base of \$99 million. The application states that TNC feels the effect of removing the Pugh Property from the tax rolls would be nominal.

Staff held a public hearing for the project on November 29, 2012. Other than TNC, there were no attendees.

E. Legal and Financial Terms

OWEB staff, with the assistance of expert reviewers, completed a review of the project's due diligence materials, including the title and proposed conveyance deed, appraisal, environmental site assessment, and option. The materials were found to be sound, and sufficient to protect an OWEB investment in the Pugh Property.

Sale of the Pugh Property to TNC is contingent on a lot-line adjustment which will add the property to Yamhill Oaks Preserve, and leave in possession of the Pugh family a portion of the land currently owned by the family. The lot-line adjustment will be completed at the time TNC closes on the property's purchase. Yamhill County is currently reviewing the lot line adjustment application; TNC does not anticipate any complications in receiving the county's approval.

The deed that will convey the Pugh Property to TNC contains a seller-reserved right to install domestic water wells on the property, to serve the neighboring Pugh-owned land. TNC and Pugh agreed to deed language requested by staff to guide the parties in avoiding well-related impacts to Kincaid's lupine and Fender's blue butterfly habitat. TNC will make final adjustments to the deed to reflect ownership changes that may occur between now and closing, due to a recent death in the Pugh family. The ownership changes will not alter the Pugh family's commitment to completing the property sale.

F. Conclusion

The Board Acquisitions Subcommittee, the RRT, and staff feel that protecting the Pugh Property is an important opportunity to expand on a previous acquisition investment, thereby advancing listed species recovery goals.

Based on the information provided by TNC in the grant application, the opinion of the RRT, input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$105,448 in funding for TNC's purchase of the Pugh Property, with the funding conditioned on:

- 1) Staff's final approval of the form of the conveyance deed;
- 2) Successful completion of the lot-line adjustment process;
- 3) Development of a management plan that ensures that any use of the property for education and outreach activities does not impact the conservation values; and
- 4) Staff's approval of the baseline that TNC will develop for the property prior to closing.

January 11, 2013

Oregon Watershed Enhancement Board
775 Summer St NE Ste 360
Salem, OR 97301-1290

Re: Land Acquisition Monitoring
Contract #212-916-9828

In summer 2012, OWEB contracted with Sage West, LLC to complete monitoring on OWEB land acquisition investments. With the help of subcontractors, Sage West worked with OWEB to develop a protocol for current and future monitoring to ensure consistency in monitoring over time. The contractors completed grantee interviews, site visits and written reports for 55 properties. Of these, 8 are recent acquisitions where restoration and implementation of management actions have yet to occur. The contractors **completed 'compliance only' monitoring on those properties. The remaining 47 properties were fully monitored for compliance and achievement of ecological goals.**

The Sage West team developed a scoring process that rated each property, on scale of 0 to 10 with 10 being the highest possible summary score, and based on evaluations of the following elements:

- ~ Priority Conservation Targets Observed
- ~ Habitat for Targets Maintained and Enhanced
- ~ Basic Project Compliance
- ~ Management Plan Development and Implementation
- ~ Property Achieving Ecological Goals
- ~ Provisions in Place for Long Term Maintenance

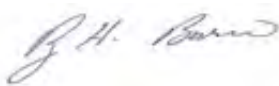
1. In general, properties (fee title and conservation easements) acquired with OWEB funding are performing well. Statistics provided in the table provide more detail.
2. While recognizing that invasive plants are dynamic and transported by many means, OWEB acquisitions are not a primary or dominant source of invasive vegetation to neighboring properties. The Sage West team completed a careful analysis of this at the request of OWEB. No Class A noxious weeds found on any property reviewed. While invasive vegetation occurs on most sites, the degree of severity is relatively low. Data indicates that in all habitat types, more invasives are moving on to the acquisition than are moving off. There is an overall positive trend, showing reduced or stable populations of invasives. This equates to the successful efforts by land managers to control and monitor invasives. All acquisitions are seeing a positive trend with reduced or stable numbers of invasives.
3. Four project components were determined critical to ensure properties achieve the ecological goals described in grant-related documents:
 - a. **Baseline data is necessary to determine a property's progress towards achieving ecological goals.** Currently, twenty one (21) properties do not have finalized, signed baselines on file.

- b. A Management Plan including an implementation schedule is critical to achieving ecological goals. Currently 11% of the properties do not have management plans in place; while 21% are in some stage of development or near completion and need to be finalized, agreed to and signed by both parties.
- c. Sage West determined early in the review process that organizational capacity is needed for both management plan implementation and long-term maintenance. Organizational capacity is the strongest indicator of project success over time. It was estimated that 89% of properties appear to have the organizational capacity needed to implement their projects.
- d. Even with a plan, baseline and organizational capacity grantees still need long-term funding to manage, maintain and restore properties to achieve ecological goals.
4. For projects in which OWEB holds third-party rights in a conservation easement purchased by a grantee, the agency should work to improve the ability to amend the easement in cases where amendments would better maintain or improve ecological outcomes.
5. OWEB can use these lessons learned in their review process to ensure that future investments are made in organizations and properties with the best potential for success.

Score Summary:

Criteria	Percent Meeting Criteria	Notes
Overall Rating 9 or better	43%	Sage West recommends that OWEB's future goal should be ALL properties achieving a 9 or better
Overall Rating 6 or better	87%	Currently 87% of properties are performing above a 5. This is a good trajectory and also shows opportunities for improvement in future monitoring
Class A Noxious Weeds	0%	No property had Class A Noxious Weeds
Presence of invasives and addressed by land owner	74%	Overall, trends are positive and show reduced or stable populations of invasives – this equates to successful efforts led by land managers to control invasives
Baseline Documentation	56%	56% of all properties have either a completed and signed baseline or a baseline was not required; leaving 44% without critical data
Management Plans Approved	57%	11% of properties have no management plan. 21% are in some stage of near-development or completion and need to be finalized; for 11% a plan wasn't required.
Organizational Capacity	89%	Sage West estimates 89% of grantees appear to have the organizational capacity needed to implement their projects. Where the capacity doesn't exist, OWEB will need to work closely with the entity to determine the best approach to improving capacity
Access to long-term funding	69%	31% of properties will have difficulty achieving long-term management goals based on the inability to access long-term funding

Regards,



Roger Borine

OWEB Land Acquisitions Staff Next Steps in Response to Monitoring Contractor Comments

Monitoring Program Summary

In summer 2012, OWEB contracted with Sage West, LLC to complete monitoring on OWEB land acquisition investments. With the help of subcontractors, Sage West worked with OWEB to develop a protocol for current and future monitoring to ensure consistency in monitoring over time. The contractors completed grantee interviews, site visits and written reports for 55 properties. Of these, 8 are recent acquisitions where restoration and implementation of management actions have yet to occur. The contractors completed **'compliance only' monitoring on those properties. The remaining 47 properties were fully monitored for compliance and achievement of ecological goals.**

Sage West, LLC has provided a summary report to OWEB, which is provided to the Board. Below is OWEB's staff response including immediate and long-term 'next steps'. In addition to what is provided below, there are many additional details the staff will be working to address within the contractor's full report.

OWEB Response: Immediate and Long-Term Next Steps from OWEB Staff

1. Individual reports are available for each property and will be provided directly to the grantees.
2. The primary goal of this monitoring was to determine where, either on individual properties or collectively, OWEB can reasonably help to ensure that acquisition grantees achieve the ecological goals they set for their projects. With this in mind, OWEB staff will be working closely with grantees over the coming months to determine the best ways to ensure projects meet compliance requirements, and to identify needs for enhanced management work to achieve ecological goals.
3. Staff recommend the OWEB board approve funding for the completion of overdue management plans and baseline inventories. Staff also recommend a firm due date of 9/30/13 for all overdue plans and baselines.
4. The Rules Advisory Committee has recommended numerous process improvements for future grant applications. These are outlined in the new process and rules to be presented to the Board. In addition, the RAC recommends an expanded suite of funding opportunities for future applicants to address concerns related to organizational capacity and access to long-term funding. Specifically, the proposed rules state that in addition to the cost of the acquisition, OWEB can fund:
 - a. Interest on loans
 - b. Staff costs incurred
 - c. Costs of due diligence and closing (appraisal, environmental site assessment, survey, title, legal fees, closing fees etc.)
 - d. Costs of baseline development
 - e. Costs of management plan development and implementation
 - f. **Costs of securing and maintaining the property's conservation values**

Proposed Process for Acquisition Applications to OWEB

Includes suggested timeline for steps prior to Board decision

**Step 1:
Pre –Application
Consultation**

*No later than 30 days
prior to application
deadline*

Applicant Responsibility

- Provide Preliminary Title Report
- Provide Access Status or Plan
- Provide brief project summary

OWEB Responsibility

Shared Responsibility

Discuss (as appropriate):

- Title Risk/Access & Boundary
- Land Use Changes
- OWEB Funding, Match & Timing
- Organizational Capacity
- Political Support or opposition
- Cultural Resources
- Shared Ecological Expectations
- ESA risk Assessment
- Water Rights
- Any retained rights?

Outcome: Brief summary of discussion including identification of key issues to resolve

**Step 2:
Application
Submission and
Processing**

*Announcement July,
deadline October*

Applicant Responsibility

- Submit Completed Application
- Access Documentation & Issues
- Provide Preliminary Title Report
- Stewardship Endowment \$ and Source
- Letter of acknowledgement from landowner or signed option if available
- Maps
- Submit management plan outline
- *Submit Appraisal (optional at this step)*

OWEB Responsibility

- Prepare Project Evaluation Materials (staff)
- Tribal Notification

Shared Responsibility

Outcome: Completed application and evaluation materials submitted

Step 3: Application Review

*NOTE: See Review
Process attachment for
details*

Oct 15th – Dec 31st

Applicant Responsibility

OWEB Responsibility

- Staff prepare summary sheet of all review items for Subcommittee
- Subcommittee Review:
 - Ecological Outcomes
 - Project Soundness
 - Community Impacts & Benefits
 - Organizational Capacity

Shared Responsibility

- *Appraisal Consultation (Optional)*
- Participate in site visit

Outcome: Evaluations complete and summary provided to subcommittee

Step 4: Subcommittee Recommendation to Board

Recommendation Includes Conditions based on :

- Ecological outcomes
- Public benefits and impacts
- Project soundness
- Organizational capacity

Step 5: Project Startup Consultation

Jan 15 – March 1st

**Note –only completed
at this time if fund
recommendation*

Applicant Responsibility

OWEB Responsibility

Shared Responsibility

- If project is to be recommended:
- Agree to conditions for board decision
 - Begin easement negotiation
 - Begin grant agreement negotiation
 - Develop staff recommendation for the Board including conditions
 - Discuss Required Habitat Documentation Outline

Outcome: Documented agreement between OWEB and applicant on how to address conditions so information can be presented to board as a part of their funding decision materials

Step 6:
Public Review
Jan 15- Feb 28

Applicant Responsibility

- Provide list of individuals to notify
- Respond to Public Comment

OWEB Responsibility

- Staff complete:
 - Public notification process
 - Tribal Consultation
- County Commissioner Notification

Shared Responsibility

- Participate in public hearing

Outcome: Information gathered (including response from applicant) will be included in a written report to the subcommittee and will be included as a part of the report to the Board.

Step 7:
Board Funding
Decision
March Board Meeting

Decision

- Fund with conditions
- No Fund (no further steps)

Step 8:
Complete Due
Diligence and
Meet Funding
Conditions

Complete within 18 months, per rule

Applicant Responsibility (items below, required as needed)

- Signed Option
- Phase 1 ESA/Hazardous Waste
- Baseline Development
- Access agreements
- Address any encroachment issues
- Donation Disclosure
- Surveys
- Land Use Changes
- Submit Appraisal if not already provided
- Document existing infrastructure
- Address mineral rights, oil and gas leases
- Provide next draft of management plan

OWEB Responsibility

- Staff Final Review of:
 - ESA
 - Appraisal
 - Water Rights
- Baseline
- Option
- Legal (DOJ)

Shared Responsibility

- Final Conservation Easement
- Final Grant Agreement
- Deed Development

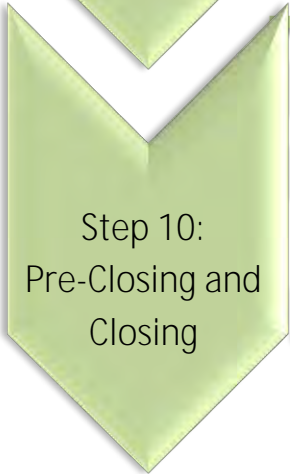
Outcome: Work complete to address conditions as agreed to and complete final real estate due diligence; all conditions documented



Step 9:
Director
Funding
Decision

Decision

- Fund and proceed with closing
- Notify Acquisitions Subcommittee if new information becomes available or a No Fund is recommended



Step 10:
Pre-Closing and
Closing

Applicant Responsibility

OWEB Responsibility

- Staff provide Final Escrow Instructions

Shared Responsibility

- Negotiate Title Insurance
- Document Final Match Funds within 1 month of closing

Outcome: Successful Project Closing



Step 11:
Stewardship

Applicant Responsibility

- Develop Management Plan(Complete within one year of closing)
- Implement Restoration
- Management Plan Updates
- Monitoring

OWEB Responsibility

- Staff Review and Approve Management Plan
- Staff complete Easement Monitoring

Shared Responsibility

- Continued Successful Project Implementation

Outcome: Successful Post-Project Closing Implementation

Draft Review Process Outline

Project Soundness Review

1. DOJ and OWEB staff complete initial analysis – identify any issues of concern
2. Information summarized and provided as part of package to OWEB Acquisitions subcommittee
3. Subcommittee meets with technical experts to analysis project soundness

Outcome: Ensure public funds are invested in a property that can achieve the identified ecological outcomes (appropriate access, title exceptions, etc.)

Ecological Outcomes Review

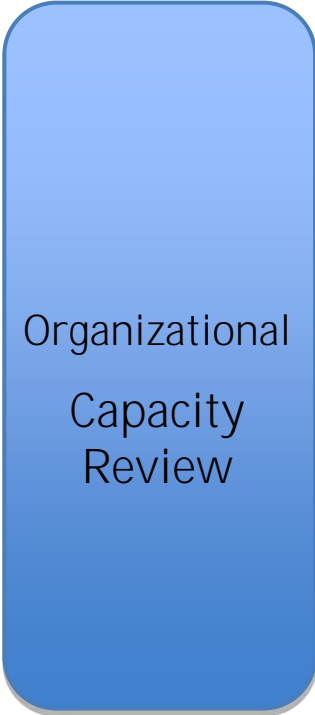
1. Review completed by local individuals with ecological expertise, including member(s) selected by RPR from the regional review team
2. Information summarized and provided as part of package to OWEB Acquisitions subcommittee

Outcome: Ensure public funds are invested in properties that achieve ecological outcomes as identified by the board from both the state and local perspective

Community Benefits and Impacts Review

1. OWEB staff completes initial analysis based on the application
2. Information summarized and provided as part of package to OWEB acquisitions subcommittee

Outcome: Ensure public funds are invested in properties that provide appropriate public benefits and recognize community impacts as identified in the application



Organizational Capacity Review

1. Questions completed as a part of application; but can be reattached from prior application if nothing has changed
2. Includes
 - a. LTA accreditation or equivalent questions completed
 - b. History with OWEB applications; including completion of management plans; and any issues that may have been raised as a part of compliance monitoring;
3. OWEB staff provides any information in addition to what is in the application relating to their completion of management plans and monitoring reports
4. OWEB staff completes check list of capacity questions related to project
5. Information summarized and provided as part of package to OWEB Acquisitions subcommittee

Outcome: Ensure public funds are invested with applicant who has the long-term ability to manage the property once acquired or when the easement is acquired



Public Review

1. Regional Review Team member Notification
2. Public Hearing
3. Tribal Notification
4. County/other jurisdiction notification
5. Once comments are received, provide opportunity for applicant response

Outcome: Information gathered will be included in a written report to the subcommittee and will be included as a part of report to the Board.

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Response in Rule	Additional Comments
Central Coast Land Conservancy	Provide funding for a stewardship endowment for donated conservation easements	<p>695-045-0170 Use of Grant Funds</p> <p>Land acquisition grant funds may be applied towards costs related to the purchase of the property, including:</p> <p>...</p> <p>(9) The cost of securing and maintaining the conservation values associated with the property in accordance with the application or a Management Plan approved by the Director.</p>	This addresses the issue with one caveat. It is difficult for the State to place money in a fund for which the purpose is to leave the funds in an account and spend the interest. Instead, this rule proposes to allow those costs to be covered as a part of an application. It is currently anticipated that guidance will be developed allowing applicants to apply for these funds as a part of the acquisition spending plan after the property is acquired as well, although only to a certain amount and only under certain conditions. These funds would be used for maintenance of conservation values (weed management, fencing, tree planting, etc.)
Oregon Rangeland Trust	Provide funding for the monitoring endowment for donated conservation easements.	<p>695-045-0170 Use of Grant Funds</p> <p>See above</p>	Staff propose to use the same rule adjustment as noted above.
Dale Buck (participant on OWEB acquisition task force)	1) Add 'adjacent land owner, irrigation districts and drainage districts to the list for opportunities to comment	None	<p>Per the current 695-045-0195, 'Comments made at public hearings held and publicized in accordance with ORS 271.735.' This statute states: "Before the acquisition of a conservation easement ... the state agency... considering acquisition of such an easement shall hold one or more public hearings on the proposal and the reasons therefor. The hearings shall be held in the community where the easement would be located and all interested persons, including representatives of other governmental agencies, shall have the right to appear and a reasonable opportunity to be heard."</p> <p>ORS 271.735 addresses Mr. Buck's concerns. OWEB will clarify in guidance that entities listed by Mr. Buck are included in notification.</p>

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Response in Rule	Additional Comments
Dale Buck	2) Appraised value of purchases are 2/3 times the value based on sales in Tillamook County	695-045-0170 Use of grant Funds Land acquisition grant funds may be applied towards costs related to the purchase of the property, including: ... The purchase price and the purchase option fees associated with the property or conservation easement. The purchase price shall be based on an appraisal and review appraisal completed in accordance with applicable appraisal standards, including the Uniform Standards of Professional Appraisal Practice, and as required, the Uniform Appraisal Standards for Federal Land Acquisitions.	OWEB already requires utilization of the processes outlined in the new rule. However, there is a common misconception among many adjacent landowners and others regarding this process. So staff recommend providing this clearly in rule.
The Nature Conservancy	1) 695-045-0180 Matching Contributions 1(d): recommend clarifying by adding "...associated with all costs and activities listed under 695-045-0175" to the end of 1(d). As written, it could be interpreted more broadly.	(1) OWEB may fund up to 75% of the actual land acquisition project cost, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match: (a) All costs listed under OAR 695-045-0170, including in-kind contributions associated with those costs.	

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Response in Rule	Additional Comments
The Nature Conservancy	<p>2) 695-045-0180 Matching Contributions (1)(e). Recommend removal of 25% limitation on use of endowment fund for match. Recommend clarifying when endowment deposit counts as match.</p>	<p>695-045-0175 Matching Contributions OWEB may fund up to 75% of the actual land acquisition project cost, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match:(e) Funds deposited in a stewardship endowment before the time that OWEB funds are released for acquisition of the property.</p> <p>695-045-0195 Director Funding Approval and Distribution of Funds Notwithstanding OAR 695-005-0060(1), for grants established under these rules the Director is authorized to reimburse the grant applicant for allowable costs identified in OAR 695-045-0170 and to recognize matching contributions under OAR 695-045-0175 that were incurred no earlier than 18 months before the applicable grant application deadline.</p>	<p>Removed 25% limitation; set deposit as any time prior to release of OWEB funds. Funds obtained after release of OWEB funds cannot be counted as match.</p> <p>Added match to language identifying how far back agency can go in either reimbursing or counting as match funds associated with acquisition – no more than 18 months prior to the applicable grant deadline.</p>
The Nature Conservancy	<p>3) 695-045-0185 Application Evaluation Process 2(a): Encourage OWEB to take a consistent approach to allocating funds for land acquisition and restoration to both advance priority conservation outcomes</p>	None	<p>This applies to how the board sets priorities and selects projects for investment – setting priorities is allowed for in rule, but specifics are not outlined. This is the same as the previous rule</p>

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Response in Rule	Additional Comments
	<p>while being responsive to projects outside these priorities when opportunities for significant gains can be made.</p>		
<p>The Nature Conservancy</p>	<p>4) 695-045-0185 Application Evaluation Process 2(e): Recognize the value of including “community impacts and benefits” as an evaluation criterion. Request careful application of the criteria to ensure investment in purposes identified in the Oregon Constitution.</p>	<p>None</p>	<p>This applies to how the process will be designed to weigh the five review criteria and which will occur subsequent to rule adoption. Comments will be provided to committee establishing the process.</p>
<p>The Nature Conservancy</p>	<p>5) 695-045-0190 Board Approval and Delegation of Authority (last sentence): Can the grantee ask for an extension under certain circumstance?</p>	<p>None</p>	<p>Per 695-045-0215, the director can waive any rules (this matches with other programs) given specific circumstances</p>
<p>Northwest Habitat Institute</p>	<p>1) Recommend OWEB employ Best Management Practices, including recommendation that more than one habitat(s) may be protected and those should be defined through “The Wildlife-Habitat Relationships in Oregon and</p>	<p>695-045-0160 Nature of Application In accordance with Section 4(b)(4) of Article XV of the Oregon Constitution, OWEB may consider grant applications that propose the acquisition of interests in lands from willing sellers for the purpose of maintaining or restoring watersheds and habitat(s) for native fish or wildlife. Applications must address the conservation needs of habitat(s)</p>	<p>Added (s) to consider multiple habitat(s). Did not add language to specifically reference book, as many references may be used – referencing just one document is limiting.</p>

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Response in Rule	Additional Comments
	Washington” book	and species consistent with conservation priorities and principles identified by the Board. Interests in land include a lease, purchase of a conservation easement, or purchase of fee simple title	
Northwest Habitat Institute	2) Recommends independent verification of appraisal and independently developed and verified baseline	695-045-0170 Use of Grant Funds (see above)	OWEB already requires independent appraisal, now is clearly identified in rule. Baseline costs can be covered as a part of new rules. Comments will be provided to committee establishing the process regarding the request for an ‘independent’ baseline.
Oregon Hunters Association)	The provisions of OWEB easements are acts of the agency prescribing the manner in which OWEB law and policy are interpreted and implemented. As such, they are rules that are required to be adopted. As those ‘to be adopted’ rules relate to restrictions on the use of firearms, they are not authorized by any state statute – OWEB does not have the authority to regulate firearms unless expressly provided by the legislature	None	Per DOJ opinion, this comment and associated case law do not apply to OWEB’s easement documents. OHA has additional concerns about an agency’s ability to limit use of firearms. In response to that concern, OWEB has decided to consider firearms as a prohibited use on properties on a case-by-case basis as requested by the applying entity.

OREGON WATERSHED ENHANCEMENT BOARD

DIVISION 45

LAND ACQUISITION GRANTS

DRAFT

695-045-0010

Definitions

(1) "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, stewardship or monitoring, land uses, public access, and educational or research opportunities on the property.

Comment [ML1]: Public Comment – Public Comment – added in response to comments received from Oregon Rangeland trust and Central Coast Land Conservancy to reinforce the intent to fund work that might be associated with a stewardship or monitoring endowment

(2) "Profit" means the difference between the original purchase price for the property interest acquired with OWEB grant funds and a subsequent purchase price for the same property interest, minus the owner's property improvement costs that, from an accounting or tax perspective, are capitalized and not expensed.

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 purpose of this rule is to supplement ~~these~~ the OWEB Grant Program rules under OAR 695-005 ~~which are applicable~~ and to add specific guidance regarding the OWEB land acquisition grant program.

Comment [ML2]: DOJ Clarification

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0160

Nature of Application Limitations

Comment [ML3]: DOJ Clarification

In accordance with Section 4(b)(4) of Article XV of the Oregon Constitution, OWEB ~~shall~~ may consider grant applications that propose the acquisition of interests in lands from willing sellers for the purpose of maintaining or restoring watersheds and habitat (s) for native fish or wildlife.

Comment [ML4]: DOJ Clarification

Applications must address the conservation needs of habitat(s) and species consistent with conservation priorities and principles identified by the Board. Interests in land ~~may~~ include a lease, purchase of a conservation easement, or purchase of fee simple title.

Comment [ML5]: Public Comment - Added in response to NW Habitat Institute

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0165

Application and Subsequent Grant Processing and Agreement Requirements

- (1) ~~Applications will~~ Land acquisition grant applications must be submitted on the most current form prescribed by the Board.
- (1) ~~The Board may consider proposals that are received for land acquisition grants. Information requirements under 695-00-0030 apply to land acquisition grants if required properties that were acquired by the most current grant application form prescribed by the Board.~~
- (2) ~~Applications can be considered for acquisitions completed applicant~~ after the previous application deadline.
- (2)(3) ~~In the event of any conflict between these requirements and requirements identified in OAR 695-005, the land acquisition grant application deadline requirements in this division will take precedence.~~

Comment [ML6]: DOJ Clarification

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0170

Grant Applicants

~~In addition to grant applicants identified in 695-005-0040 (3), land acquisition grant applicants may include not for profit land conservation organizations and trusts.~~

Comment [ML7]: DOJ - not needed as land conservation organizations and trusts are included in 005, though not explicitly mentioned

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~0175~~0170

Use of Grant Funds

Land acquisition grant funds may be applied towards costs ~~and activities~~ related to the purchase of the property, including:

- (1) ~~The purchase price and the purchase option fees associated with the property or conservation easement. The purchase price shall be based on an appraisal and review appraisal completed in accordance with applicable appraisal standards, including the Uniform Standards of Professional Appraisal Practice, and if required, the Uniform Appraisal Standards for Federal Land Acquisitions.~~
- (2) ~~Interest~~The interest on loans.
- (3) ~~Staff~~The staff costs incurred as part of the acquisition process related to the property.
- (4) ~~Due~~The cost of due diligence activities, including appraisal, environmental site assessment, survey, title review and other customary due diligence activities.
- (5) ~~Baseline~~The cost of baseline inventory preparation.
- (6) ~~Initial~~The cost of preparation of the initial management plan ~~preparation~~, including consideration of any restoration needs, ~~if any~~.
- (7) ~~Legal~~The legal fees incurred.
- (8) ~~Closing~~The closing fees, including recording and title insurance costs.
- ~~(8)~~(9) The cost of securing and maintaining the conservation values associated with the property in accordance with the application or a Management Plan approved by the Director.

Comment [ML8]: Public Comment – added in response to comments from Dale Buck to clarify existing OWEB practice of using appraisals that meet identified standards. RAC made minor adjustments to language

Comment [ML9]: DOJ Clarification

Comment [ML10]: Public Comment – added in response to comments received from Oregon Rangeland trust and Central Coast Land Conservancy. Text revisions made by RAC

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-01800175

Matching Contributions

- (1) ~~OWEB may fund up to 75%~~All applicants shall demonstrate at least 25% of the actual land acquisition project cost is being sought as match, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match:

(a) All costs ~~and activities~~ listed under OAR 695-045-0170~~5~~, including in-kind contributions of those costs.

(b) Funding commitments made by others as a result of grant applicant efforts.

(c) The donated portion of a bargain sale.

~~In kind efforts of the applicant and others.~~

(d) Funds deposited in a stewardship endowment, ~~with the match value not to exceed 25% of the purchase price.~~ before the time that OWEB funds are released for acquisition of the property.

Comment [ML11]: Public Comment – in response to comments by The Nature Conservancy

(2) OWEB funds provided under OAR 695-045-0175-0170 shall not qualify as matching contributions.

(3) The Director retains the discretion to determine that ~~certain~~ specific matching costs are unreasonable in a particular grant context and will not be ~~counted~~ recognized as qualifying matching costs.

Comment [ML12]: DOJ Clarification

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-01850180

Application Evaluation Process

(1) Land acquisition grant applications shall be evaluated in accordance with policy guidance adopted and periodically reviewed by the Board and made available to the public via the agency's website and Board meeting materials.

(2) The grant application evaluation process shall include reviews for:

(a) ~~Consistency~~ The consistency of the project with the ~~OWEB~~ Board's established priorities and principles for land acquisitions.

(b) The significance of the projected ecological outcomes.

(c) The capacity of the grant applicant, or intended property manager, to complete the acquisition and to achieve and sustain the proposed ecological outcomes over time.

(d) The soundness of the legal and financial terms of the proposed real estate transaction.

(e) ~~Community~~The community impacts or benefits- resulting from the project, including those related to jobs, agricultural land use, local property taxes, public access and education.

Comment [ML13]: DOJ Clarification

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-01900185

Board Approval and Delegation of Authority

The Board shall approve grants in accordance with ~~policy~~guidance adopted by the Board and made available to the public. The Director is delegated the responsibility of ensuring that funding conditions required by the Board are fully satisfied by the grant applicant. Conditionally approved grant funds shall be encumbered for ~~distribution-disbursement only~~ after ~~the~~all conditions are fulfilled. The encumbered funds ~~will~~may be made available for other uses by OWEB if all conditions required by the Board are not satisfied within 18 months of the conditional Board approval.

Comment [ML14]: DOJ - rule establishes policy - following is guidance

Comment [ML15]: DOJ Clarification

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-01950190

Public Involvement

The public shall be provided with meaningful opportunities to comment on grant applications being considered by the Board. ~~Consistent~~In a manner consistent with this requirement, the governing bodies of cities and counties with jurisdiction in the area of the proposed acquisition, as well as affected governmental agencies, will be provided with written notice of the Board's intent to consider:

- (1) Written comments received at least 14 days ~~prior to~~before the Board meeting at which the application is to be considered by the Board.
- (2) Comments made at public hearings held and ~~advertised~~publicized in accordance with ORS 271.735.
- (3) Comments made at the Board meeting at which the grant application is considered.

Comment [ML16]: DOJ Clarification

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~0200~~0195

Director Funding Approval and Distribution of Funds

(1) The Director may approve the distribution of grant funds when:

- (a) ~~Funding~~The funding conditions, if any, imposed by the Board are satisfied to the full satisfaction of the Director.
- (b) ~~Legal~~The legal and financial terms of the proposed real estate transaction are approved by the Director.
- (c) ~~Title~~The title restrictions required under ORS 541.960 are approved by the Director.
- (d) A grant agreement is executed by the Director and the grant applicant.
- (e) The Director has reconciled conditionally approved funding ~~to~~with actual project costs.
- (f) The grant applicant has satisfied the match requirements under ~~696~~695-045-~~0180~~0175.
- (g) The Board is notified in writing of the Director's intent to distribute the grant funds or hold the grant funds pending Board consideration under 695-045-~~0205~~0200.

Comment [ML17]: DOJ Clarification

(2) Notwithstanding ~~anything to the contrary under OAR 695-005-0060,~~(1), for grants established under these rules the Director is authorized to reimburse the grant applicant for allowable costs ~~identified in OAR 695-045-0170 and to recognize matching contributions under OAR 695-045-0175~~that were incurred no earlier than 18 months ~~prior to~~before the applicable grant application deadline.

Comment [ML18]: Public Comment – added in response to comments from The Nature Conservancy

Comment [ML19]: DOJ Clarification

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~0205~~0200

~~Director Funding Decision Reconsideration by Board~~

Comment [ML20]: DOJ - board reconsiders, not director

In the event that the Director determines an applicant has not met conditions imposed by the Board, the Director shall forward the determination in writing to the Board for its consideration. The applicant will be provided a copy of the written determination. The conditionally encumbered grant funds will remain encumbered until the Board either affirms the Director's determination or authorizes the continued encumbrance of all or part of the funds in accordance with a modified decision of the Board.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~02100~~205

Compliance and Enforcement

- (1) The ongoing use of the property acquired with OWEB land acquisition grant funds shall be consistent with the purposes specified in section 4(b) Article XV of the Oregon Constitution, ~~which is incorporated by reference.~~ If significant compliance ~~matters/issues~~ cannot be ~~satisfied/resolved~~ to the full satisfaction of the Director, the Director, after informing the Board and providing reasonable written notice to the recipient of the grant, may ~~in his or her discretion~~ initiate any and all legal remedies available to OWEB, including recovery of the OWEB grant funds that were used to purchase the property, ~~along with any other and reasonable~~ interest and penalties ~~that at the option of~~ the Director ~~finds it reasonable to seek.~~
- (2) OWEB, ~~its~~ contractors and cooperating agencies will be provided ~~legal and~~ sufficient ~~legal~~ access to property acquired with OWEB funds, ~~with the access to be provided~~ for the purpose of completing inspections and evaluations required under ORS 541.906(2)(c)(A).

Comment [ML21]: DOJ Clarification

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~02150~~210

Subsequent Conveyances

Subsequent conveyances of property acquired with OWEB grant funds ~~shall~~must strictly comply with the requirements of ORS 541.960, ~~which is incorporated by reference.~~ ~~Among other things, ORS 541.960 requires~~including but not limited to the requirement that subsequent conveyances be made subject to Board approval and that subsequent conveyances shall not result in profit ~~to any person.~~

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-~~02200~~215

Waiver and Periodic Review of Rules

The Director may waive the requirements of ~~division~~Division 45 for individual grant applications, unless ~~they are~~ required by statute, when doing so will result in more efficient or effective implementation of the Board's land acquisition grant program. Any waiver ~~shall~~must be in writing and included in the grant file ~~that~~to which the waiver applies ~~to~~.

Comment [ML22]: DOJ Clarification

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

OREGON WATERSHED ENHANCEMENT BOARD

DIVISION 45

LAND ACQUISITION GRANTS

DRAFT

695-045-0010

Definitions

(1) "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, stewardship or monitoring, land uses, public access, and educational or research opportunities on the property.

(2) "Profit" means the difference between the original purchase price for the property interest acquired with OWEB grant funds and a subsequent purchase price for the same property interest, minus the owner's property improvement costs that, from an accounting or tax perspective, are capitalized and not expensed.

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 purpose of this rule is to supplement the OWEB Grant Program rules under OAR 695-005 and to add specific guidance regarding the OWEB land acquisition grant program.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0160

Nature of Application

In accordance with Section 4(b)(4) of Article XV of the Oregon Constitution, OWEB may consider grant applications that propose the acquisition of interests in lands from willing sellers for the purpose of maintaining or restoring watersheds and habitat(s) for native fish or wildlife. Applications must address the conservation needs of habitat(s) and species consistent with

conservation priorities and principles identified by the Board. Interests in land include a lease, purchase of a conservation easement, or purchase of fee simple title.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0165

Application and Subsequent Grant Processing and Agreement Requirements

- (1) Land acquisition grant applications must be submitted on the most current form prescribed by the Board.
- (2) The Board may consider proposals that are received for properties that were acquired by the applicant after the previous application deadline.
- (3) In the event of any conflict between these requirements and requirements identified in OAR 695-005, the land acquisition requirements in this division will take precedence.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0170

Use of Grant Funds

Land acquisition grant funds may be applied towards costs related to the purchase of the property, including:

- (1) The purchase price and the purchase option fees associated with the property or conservation easement. The purchase price shall be based on an appraisal and review appraisal completed in accordance with applicable appraisal standards, including the Uniform Standards of Professional Appraisal Practice, and if required, the Uniform Appraisal Standards for Federal Land Acquisitions.
- (2) The interest on loans.
- (3) The staff costs incurred as part of the acquisition process related to the property.
- (4) The cost of due diligence activities, including appraisal, environmental site assessment, survey, title review and other customary due diligence activities.

- (5) The cost of baseline inventory preparation.
- (6) The cost of preparation of the initial management plan, including consideration of any restoration needs.
- (7) The legal fees incurred.
- (8) The closing fees, including recording and title insurance costs.
- (9) The cost of securing and maintaining the conservation values associated with the property in accordance with the application or a Management Plan approved by the Director.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0175

Matching Contributions

- (1) All applicants shall demonstrate at least 25% of the actual land acquisition project cost is being sought as match, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match:
 - (a) All costs listed under OAR 695-045-0170, including in-kind contributions of those costs.
 - (b) Funding commitments made by others as a result of grant applicant efforts.
 - (c) The donated portion of a bargain sale.
 - (d) Funds deposited in a stewardship endowment, before the time that OWEB funds are released for acquisition of the property.
- (2) OWEB funds provided under OAR 695-045-0170 shall not qualify as matching contributions.
- (3) The Director retains the discretion to determine that specific matching costs are unreasonable in a particular grant context and will not be recognized as qualifying matching costs.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0180

Application Evaluation Process

(1) Land acquisition grant applications shall be evaluated in accordance with guidance adopted and periodically reviewed by the Board and made available to the public via the agency's website and Board meeting materials.

(2) The grant application evaluation process shall include reviews for:

- (a) The consistency of the project with the Board's established priorities and principles for land acquisitions.
- (b) The significance of the projected ecological outcomes.
- (c) The capacity of the grant applicant, or intended property manager, to complete the acquisition and to achieve and sustain the proposed ecological outcomes over time.
- (d) The soundness of the legal and financial terms of the proposed real estate transaction.
- (e) The community impacts or benefits resulting from the project, including those related to jobs, agricultural land use, local property taxes, public access and education.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0185

Board Approval and Delegation of Authority

The Board shall approve grants in accordance with guidance adopted by the Board and made available to the public. The Director is delegated the responsibility of ensuring that funding conditions required by the Board are fully satisfied by the grant applicant.

Conditionally approved grant funds shall be encumbered for disbursement only after all conditions are fulfilled. The encumbered funds may be made available for other uses by OWEB if all conditions required by the Board are not satisfied within 18 months of the conditional Board approval.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0190

Public Involvement

The public shall be provided with meaningful opportunities to comment on grant applications being considered by the Board. In a manner consistent with this requirement, the governing bodies of cities and counties with jurisdiction in the area of the proposed acquisition, as well as affected governmental agencies, will be provided with written notice of the Board's intent to consider:

- (1) Written comments received at least 14 days before the Board meeting at which the application is to be considered by the Board.
- (2) Comments made at public hearings held and publicized in accordance with ORS 271.735.
- (3) Comments made at the Board meeting at which the grant application is considered.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0195

Director Funding Approval and Distribution of Funds

- (1) The Director may approve the distribution of grant funds when:
 - (a) The funding conditions, if any, imposed by the Board are satisfied to the full satisfaction of the Director.
 - (b) The legal and financial terms of the proposed real estate transaction are approved by the Director.
 - (c) The title restrictions required under ORS 541.960 are approved by the Director.
 - (d) A grant agreement is executed by the Director and the grant applicant.
 - (e) The Director has reconciled conditionally approved funding with actual project costs.
 - (f) The grant applicant has satisfied the match requirements under 695-045-0175.

(g) The Board is notified in writing of the Director's intent to distribute the grant funds or hold the grant funds pending Board consideration under 695-045-0200.

(2) Notwithstanding OAR 695-005-0060(1), for grants established under these rules the Director is authorized to reimburse the grant applicant for allowable costs identified in OAR 695-045-0170 and to recognize matching contributions under OAR 695-045-0175 that were incurred no earlier than 18 months before the applicable grant application deadline.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0200

Funding Decision Reconsideration by Board

In the event that the Director determines an applicant has not met conditions imposed by the Board, the Director shall forward the determination in writing to the Board for its consideration. The applicant will be provided a copy of the written determination. The conditionally encumbered grant funds will remain encumbered until the Board either affirms the Director's determination or authorizes the continued encumbrance of all or part of the funds in accordance with a modified decision of the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0205

Compliance and Enforcement

- (1) The ongoing use of the property acquired with OWEB land acquisition grant funds shall be consistent with the purposes specified in section 4(b) Article XV of the Oregon Constitution. If significant compliance issues cannot be resolved to the full satisfaction of the Director, the Director, after informing the Board and providing reasonable written notice to the recipient of the grant, may in his or her discretion initiate any and all legal remedies available to OWEB, including recovery of the OWEB grant funds that were used to purchase the property, and reasonable interest and penalties at the option of the Director.
- (2) OWEB, its contractors and cooperating agencies will be provided sufficient legal access to property acquired with OWEB funds, for the purpose of completing inspections and evaluations required under ORS 541.906(2)(c)(A).

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0210

Subsequent Conveyances

Subsequent conveyances of property acquired with OWEB grant funds must strictly comply with the requirements of ORS 541.960, including but not limited to the requirement that subsequent conveyances be made subject to Board approval and that subsequent conveyances shall not result in profit.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05

695-045-0215

Waiver and Periodic Review of Rules

The Director may waive the requirements of Division 45 for individual grant applications unless required by statute, when doing so will result in more efficient or effective implementation of the Board's land acquisition grant program. Any waiver must be in writing and included in the grant file to which the waiver applies.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 1-2005, f. & cert. ef. 2-1-05



Oregon

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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item F: Watershed Council Support Transition
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This informational item provides an overview of the Council Support Listening Sessions held around the state in November and December 2012. Staff are compiling all comments and feedback received from stakeholders in a report, to be provided at the January Board Meeting. This report also outlines next steps toward development of the new Watershed Council Support Outcome Based Review and Award Process.

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 2010 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 has been conducting a program review of the Council Support program since 2010, looking at process improvements and potential policy changes. OWEB began this process by holding six Watershed Council Listening Sessions around the state in February and March of 2010. An outcome of the Listening Sessions was the realization that the intensive and time-consuming Council Support grant process needed to be streamlined and made more efficient. In addition, the dialogues highlighted long-standing, complex Council Support policy issues (Attachment A). Finally, OWEB heard that councils desired Council Support grants to be as stable and predictable as possible.

D. 2011 Legislative Budget Note

OWEB's 2011 legislatively adopted budget includes direction from the Legislature via a budget note regarding a review of watershed councils. The charge of the budget note was consistent with the purposes of OWEB's Council Support process review. Staff response to this budget note is described in Agenda Item D-1, Legislative Update.

E. Council Support Work Group

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 from the budget note regarding enhanced accountability and a review of eligibility criteria, with a focus on improving OWEB's application, merit criteria, merit review and reporting processes. The group also recommended OWEB provide

two tiers of Council Support grants, rather than the five tiers of funding as OWEB has done since 2005. The first tier would provide equal funding to eligible councils that meet all merit criteria. The second tier would be reduced funding to eligible councils that do not meet all merit criteria. The Work Group concept was presented to the OWEB Board at its meetings in September 2011 and January 2012.

The Work Group did not develop proposed policy changes to OWEB's eligibility criteria, but did review the proposals developed by staff and provide feedback.

III. 2013-2015 Council Support Award – Transition Process

Because the comprehensive program review and program changes will affect councils that have relied on Council Support grants over time, the Work Group, the Board Subcommittee and staff 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 process at the March 2012 Board meeting.

Under the transition process, the Board:

- A. Waived OWEB's rules for 2013-2015 Council Support grants (application requirements, OAR 695-040-0040; evaluation criteria, OAR 695-040-0050; and grant evaluation process, OAR 695-040-0060)
- B. 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*.
 1. Councils must submit work plans by August 2013 in order to receive this funding.
 2. Staff and the Subcommittee will review any performance concerns and develop special conditions for the awarded funds, including potential termination of funding.
- C. Adopted the policy that for 2013-2015, the agency will 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.
- D. 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. 2012 Council Support Listening Sessions

In October 2012 OWEB released its proposed process and policy changes to meet a future vision for council capacity (Attachment B). The proposed changes relate only to how the council capacity granting process works (proposed process changes) and what OWEB's capacity investment in councils looks like in the future (proposed new eligibility criteria, merit criteria and funding approach). OWEB is not proposing any changes to how councils are created and exist on the landscape due to the fact that, under Oregon statutes, local governments create councils through the local recognition process, and councils determine their structure and operations. However, OWEB, as a funder, is considering what the most effective and stable investment in council capacity will be over the long term.

OWEB provided multiple opportunities for feedback and discussion and encouraged stakeholders to present their ideas for achieving the future vision at the Listening Sessions. Opportunities for feedback included 1) Pre-listening Session Survey Monkey, 2) Six Listening Sessions held around the state, one with a Webinar, 3) Post-listening Session Survey Monkey, and 4) Email communication and meetings on request.

Staff heard a range of feedback at the Listening Sessions on both the proposed process and policy changes. Without question, the “scale” (proposed capacity areas) was the biggest topic of discussion. Feedback ranged from “45 areas is too many, there should be fewer” to “OWEB should fund as many councils as exist now and as are created in the future.” However, many (though not all) councils believe that OWEB needs to do something about “scale.”

At the Board meeting, staff will present an overview of proposed process and policy changes. A detailed report, including all listening sessions notes, all survey monkey feedback, and email communication, also will be available at the meeting.

V. Next Steps

It is important for OWEB to take the time to review and consider all of the feedback and ideas provided through the listening sessions. Staff heard support for the proposed process changes (with some suggestions for refinement) and for most of the proposed new eligibility criteria (again, with some suggestions for refinement). The primary focus of stakeholder comments was OWEB’s idea for 45 Council Support capacity areas to define the scale at which OWEB should invest in council capacity. Stakeholders proposed several alternative “scale” ideas.

Staff will meet regularly with the Board Subcommittee on Watershed Council Support between February and May 2013 to discuss what was heard and consider alternative policy directions. Staff will update the Board at its March 2013 meeting. Staff also will continue to communicate and work with stakeholders to follow up on their alternative ideas for the scale at which OWEB should invest in councils.

At the June 2013 Board meeting, staff will present recommendations for moving to the next phase of program development. Staff expect to present the Board with alternative proposals for the scale at which OWEB should invest in council capacity and seek Board direction on that policy issue. Staff also plan to request Board approval to start the rulemaking process with a Rules Advisory Committee composed of stakeholders and staff. Rule changes will be needed because the Council Support eligibility criteria, review process and detailed evaluation criteria are contained in OWEB’s administrative rules. Rulemaking will include public hearings around the state. Attachment C outlines the next steps in more detail.

VI. Recommendation

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

Attachments

- A. Policy and Implementation Issues
- B. Future Vision for Council Capacity
- C. Council Support Flow Chart and Timeline

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.

Future Vision for Council Capacity

Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.

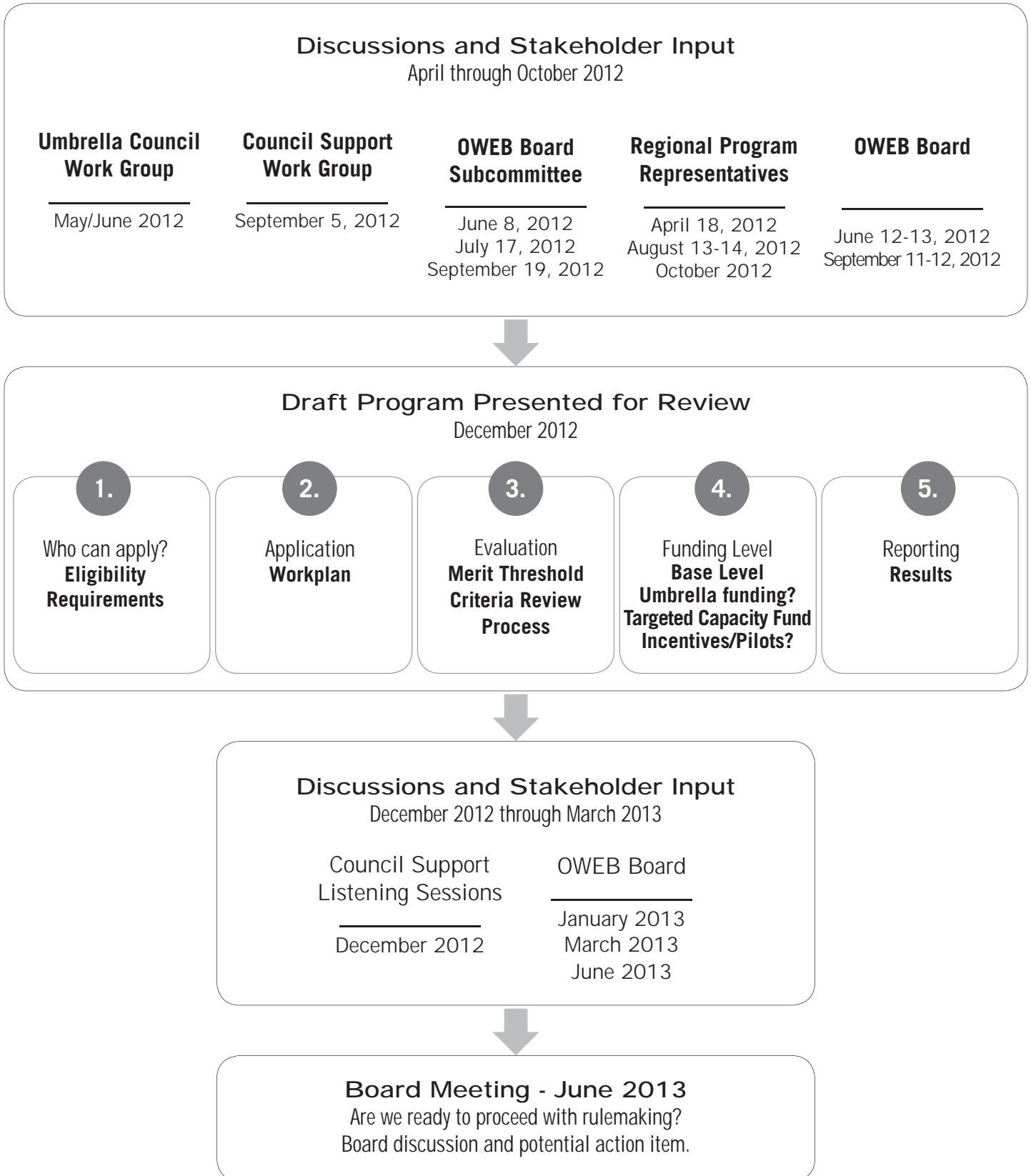
OWEB contributes to council capacity over the long term.

OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.

This vision is accomplished by a council support grant program that:

- Is administratively efficient for councils and OWEB.
- Ensures the most effective, efficient and accountable use of public funds.
- Encourages councils to maximize partnerships, collaboration, and operating efficiencies to become more self-sustaining.
- Provides a stable number of capacity grants for:
 - a more efficient granting process for OWEB, and
 - more predictable and equitable distribution of capacity grants for councils.
- Provides councils local flexibility, innovation and creativity within OWEB's program and funding structure.
- Encourages a whole watershed approach by investing in geographically and ecologically based "ridgetop to ridgetop" council capacity areas.

Watershed Council Support Program Change Process



Watershed Council Support Program Change Process, *Continued*

Discussions and Stakeholder Input

December 2012 through March 2013

Rules Advisory Committee

July-December 2013

OWEB Board

June, 2013
September, 2013
January, 2014
March, 2014

Board Meeting - June 2014

Board adopts new rules

Finalize Details and Materials for New Watershed Council Support Process

June through December 2014

1.

Training Plan
**Eligibility
Process
Reporting**

2.

Application Forms
Workplan

3.

Evaluation
**Teams
Review Process**

4.

Online Process
**Training
Tools/Forms**

5.

Reporting
Forms

Council Support Application Materials Due February 2015

For the 2015-17 biennium

Board Meeting - June 2015

Board decision, 2015-2017 biennium
Council Support Funding Awards

**Report on OWEB's
Watershed Council Support Listening Sessions
November-December 2012**

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Attachment A: Listening Session Materials

Attachment B: Detailed Summaries of Listening Sessions and Attendee List

Attachment C: Pre and Post Survey Results

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2012 OWEB Council Support Listening Sessions Executive Summary

For 15 years, OWEB and its predecessor, the Governor's Watershed Enhancement Board (GWEB) have provided millions of dollars in operating capacity grants to help fund councils' work to engage their communities in achieving watershed restoration outcomes. Over this period, OWEB and councils have evolved and gained experience and knowledge.

With the passage of Ballot Measure 76 in 2010, OWEB's funding is permanent, providing the opportunity to improve programs and outcomes for the long-term future of Oregon. With more than a decade of experience and accomplishments, and permanent funding, it's time to build on success and take Oregon's experiment with local, voluntary collaborative conservation to the next level of organizational capacity, community engagement, and restoration outcomes.

Given the level of investment in council support and the importance of effective councils for OWEB to achieve its mission, OWEB's Board and the Oregon Legislature directed OWEB to conduct a review of the council support grant program to improve the program's effectiveness. OWEB's experience. OWEB deeply values councils and believes effective watershed councils are essential for local, collaborative conservation. At the same time, based on OWEB's experiences over the past years, the council support grant program can be improved, and changes will be made.

OWEB is mid-way through this review and has developed the following goals:

1. Refine criteria defining which councils are eligible to receive council support funding, in order 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.
2. Improve and streamline council support grant administration and processes.
3. Improve reporting for accountability and tracking of accomplishments.
4. Address long-standing policy issues in the council support grant program.

As a part of this review, in the fall of 2012, OWEB proposed a set of process changes based on the Outcome-Based Review and Award Process concept developed by the Council Support Work Group, and policy changes meant to address long-standing policy issues around council support funding. The proposal was communicated to more than 500 stakeholders via email as well as posted on OWEB's website.

Stakeholders had multiple opportunities and methods to provide comments on the proposed changes, which are summarized in this report and its attachments. OWEB staff reviewed the notes of the listening session comments and all written comments submitted by December 17, 2012, and have the following observations:

- A. While there was not consensus, there was general support for the proposed process improvements and many of the proposed eligibility criteria regarding bylaws, fiscal policies, council procedures and county recognition. This general support included suggestions to clarify some language and intent. Comments also identified implementation questions that need to be addressed by OWEB staff and reviewed by stakeholders as OWEB moves forward.

B. Two proposed changes received the most concerns and comments:

(1) The proposal to reduce merit and funding levels from six to three, with “equal funding” for the top level. Most concerns focused on perceived inequities that would result from applying “equal funding” to the proposed 45 “capacity areas,” and whether “equal funding” signaled a move away from a merit-based grant program.

(2) The idea for 45 defined “council capacity areas” instead of the current open-ended “unique geographic areas” with no sideboards for size or scale. As discussed in more detail in Section IV of this report, most comments opposed the 45 capacity areas. However, a significant number of comments indicated that OWEB should address “scale” in some manner. Several alternative proposals were submitted. The most consistent theme was that OWEB should provide incentives or transition funding to support councils’ determination of their own “scale” or boundaries.

The 2012 listening sessions resulted in many opinions and no consensus, particularly for the difficult policy issues around the scale of OWEB’s future investments and future funding levels. OWEB’s Board will need to make choices, and will not be able to satisfy all needs or wishes. It will be important for OWEB to explain what it considered and the reasons for the decisions it makes, before new rules and policies are adopted in 2014.

After the January 2013 Board meeting staff will start developing additional details around the proposed process and policy changes for which there was general support. Staff will also develop alternative “scale” proposals for Board discussion. There will be additional opportunities for stakeholder review and comment before OWEB proposes new rules and policies for Board adoption in 2014.

Report on OWEB's 2012 Watershed Council Support Listening Sessions

I. Introduction

Since 1997, the state of Oregon has provided grants to watershed councils for staffing and operating expenses, first through the Governor's Watershed Enhancement Board (GWEB), then through the Oregon Watershed Enhancement Board (OWEB). These grants help support council capacity to develop and implement watershed restoration projects. OWEB recognizes that councils, together with soil and water conservation districts, are the primary on-the-ground implementers of OWEB's project funding. OWEB's ability to achieve its mission is dependent on their success.

OWEB is midway through a programmatic review of its watershed council support grant program. With the passage of Ballot Measure 76 in 2010, OWEB's funding is permanent, providing the opportunity to improve programs and outcomes for the long-term future of Oregon. With more than a decade of experience and accomplishments, and permanent funding, it's time to build on success and take Oregon's experiment with local, voluntary collaborative conservation to the next level of organizational capacity, community engagement and restoration outcomes.

II. Background

A. Watershed Councils, Local Government Role, and State Role

Watershed councils are locally based, voluntary in nature, and under Oregon law, "designated by a local government group convened by a county governing body, to address the goal of sustaining natural resource and watershed protection, restoration and enhancement within a watershed." Oregon Revised Statute (ORS) 541.890(15).

OWEB is a state agency and does not create or oversee watershed councils. However, OWEB may in its discretion provide grants to councils that represent a balance of interests in their watersheds and demonstrate the potential to protect and enhance the quality of their watersheds. Councils are also expected to assure a high level of citizen involvement in the development and implementation of watershed action programs. ORS 541.910

B. Some Lessons Learned

For 15 years, OWEB and its predecessor, GWEB, have provided millions of dollars in operating capacity grants to help fund councils' work to engage their communities in achieving watershed restoration outcomes. Over this period, OWEB and councils have evolved and gained knowledge. OWEB's lessons learned include:

- Effective watershed councils are essential for successful implementation of OWEB's on-the-ground project funding.
- Money does not necessarily solve ineffective performance. Effective leadership from council board and staff is critical for a council to be productive.
- Councils need basic, workable administrative structures and processes in place: bylaws, accounting practices, policies and procedures. Not all councils have all pieces in place, and OWEB has observed the lack of these create significant obstacles to council effectiveness.

- OWEB cannot, alone, provide adequate capacity funding for all existing and future watershed councils.
- Not all councils understand the voluntary, collaborative role and balance of interests required by Oregon law.
- Councils are unique and one size does not fit all, but after years of public investment, the state should expect to see progress in restoration and community engagement outcomes in order to provide funding for council capacity.

C. Drivers for Review of the Council Support Program

Given OWEB's level of investment in council support and the importance of effective councils for OWEB to achieve its mission, OWEB's Board and the Oregon Legislature directed OWEB to conduct a review to improve the program's effectiveness.

The Board, through the 2010 OWEB Strategic Plan, directed staff to "adjust the council support program to build local capacity, provide base funding and promote strategic partnerships." The Oregon Legislature, through a 2011 Budget Note, directed OWEB to review council support eligibility "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."

OWEB also heard from watershed councils, through the 2010 OWEB Watershed Council Listening Sessions, that councils desire more predictable and stable funding for council capacity needs.

Considering these drivers, staff developed the following goals for this review:

1. Refine criteria defining which councils are eligible to apply for council support funding, in order 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.
2. Improve and streamline grant administration and processes.
3. Improve reporting for accountability and tracking of accomplishments.
4. Address long-standing policy issues.

D. Stakeholder Involvement in Review Process, 2010-2012

OWEB has invited stakeholder input throughout the review, and will continue to do so.

Opportunities for stakeholder involvement and feedback have included:

- Watershed council listening sessions in February 2010 including online surveys.
- Listening Session Follow-up Session at 2010 OWEB Biennial Conference.
- Council Support Work Group (Work Group), 2011-2012, which developed the concept for an Outcome-Based Review and Award Process.
- Umbrella Work Group to inform OWEB's consideration of policy issues.
- OWEB staff meetings with councils at their request.
- OWEB staff attendance at Network of Oregon Watershed Councils Board meetings.

In the fall of 2012, OWEB proposed a set of process changes based on the concept developed by the Work Group, and policy changes to address long-standing policy issues. The proposal was communicated to more than 500 stakeholders via email as well as posted on OWEB's website. Feedback from participants, received via listening session evaluations, said the

sessions were useful, especially the small group discussions, and participants had adequate opportunities to ask questions and discuss the proposed changes.

III. OWEB's Proposed Changes

OWEB deeply values councils and believes effective watershed councils are essential for local, collaborative conservation. At the same time, based on OWEB's experiences over the past years, the council support grant program can be improved, and changes will be made. To provide context for the proposed changes, OWEB developed assumptions and a future vision for council capacity. For the detailed materials provided to stakeholders, see Attachment A.

A. OWEB's Assumptions

- Effective watershed councils are essential for local, collaborative conservation.
- The council support program can be improved.
- OWEB funding for council support grants is not an entitlement.
- Lottery funds and other revenues will vary over time.
- Program changes should seek a stable funding structure while providing for flexibility and creativity at the local level.
- OWEB staffing levels will not increase significantly.

B. Future Vision for Council Capacity

- Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.
- OWEB contributes to council capacity over the long term.
- OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.

The Future vision is accomplished by a council support grant program that:

- Is administratively efficient for councils and OWEB.
- Ensures the most effective, efficient and accountable use of public funds.
- Encourages councils to maximize partnerships, collaboration, and operating efficiencies to become more self-sustaining.
- Provides a stable number of capacity grants for:
 - a more efficient granting process for OWEB; and
 - a more predictable and equitable distribution of capacity grants for councils.
- Provides councils local flexibility, innovation and creativity within OWEB's program and funding structure.
- Encourages a whole watershed approach by investing in geographically and ecologically based "ridgetop to ridgetop" council capacity areas.

C. Proposed Purpose Statement

This purpose statement describes how council support grants help achieve the purposes of Ballot Measure 76.

The purpose of OWEB's watershed council capacity grants is to:

- Help support effective watershed councils to engage people and communities in order to:

- Carry out collaborative, voluntary watershed restoration activities to restore and enhance native fish or wildlife habitat and natural watershed functions to improve water quality or stream flows.

D. Proposed Process Improvements

The proposed process improvements are based on OWEB’s experience and knowledge gained through working closely with watershed councils over many years of council support grants and project grants.

Considering the ongoing relationship between councils and OWEB, the existing process – with a lengthy application every two years, and reliance on external, non-OWEB review using a complicated scoring and ranking process -- is not the most effective nor efficient process to evaluate performance and award funding.

The Council Support Work Group’s concept, and OWEB’s proposal, moves to a streamlined merit and performance-based review that relies more heavily on OWEB’s experience and knowledge as a funder of councils, together with regular, at least annual communication from councils about their accomplishments and challenges.

Specifically, the proposal is for:

1. Online, work-plan based application (instead of 30-page hard copy “resume”)
2. Streamlined merit criteria (five instead of 19) focused on organizational function and development; planning; progress in community engagement; and progress in on-the-ground watershed restoration around the watershed’s limiting factors
3. Streamlined review process:
 - a. OWEB internal review when all merit criteria are met and there are no questions or concerns (three months instead of 12)
 - b. OWEB and third-party interview process and request for additional information if all merit criteria are not met, and when there are significant questions or concerns (6 months instead of 12)
4. Three levels of merit funding instead of six
5. Annual, online work plan updates/progress reports

E. Proposed Policy Changes

OWEB’s Board, staff and stakeholders have had a dialogue around council support policy issues since the first rules were adopted in 2004. Policy issues have included the basis for levels of funding; criteria to be eligible to apply; whether to allow a council that has been part of a group of councils to apply separately for its own individual grants; and whether to provide grants to more than one council in the same geographic area.

OWEB’s proposals in October 2012 were to:

1. Raise the standards councils must meet to be eligible for council support funding. Specifically, in order to apply for council support grants, councils must:
 - a. Include standard governance and accountability provisions in council bylaws, fiscal policies and procedures
 - b. Have a board-adopted action plan

- c. Demonstrate that council membership reflects a balance of interests in the watershed through council policies, procedures and actions
 - d. Be designated by a county government
 - e. Be a legal entity or have a fiscal sponsor that meets IRS requirements
 - f. Meet a minimum geographic scale defined by OWEB
2. Provide three levels of merit-based funding (rather than six currently)
 - a. Level 1: Same level of funding for all councils that
 - (i) are eligible to apply, and
 - (ii) meet all merit criteria
 - b. Level 2: Reduced funding for councils that
 - (i) are eligible to apply, and
 - (ii) do not meet all merit criteria
 - c. Level 3: No funding for councils that perform inadequately
 3. Create a new targeted capacity fund to provide resources to help support continual improvement for all councils

IV. Stakeholder Responses to Proposed Changes

Stakeholders had multiple opportunities and methods to provide comments on the proposed changes: online surveys before and after the listening sessions, the six listening sessions (including webinar), letters and emails. Feedback from participants regarding the listening sessions, received through participant evaluation forms, was generally positive and very appreciative of the small group discussion format. Most participants, not all, felt that there was enough time to ask questions, share ideas, and participate in a useful dialogue.

OWEB estimates more than 150 stakeholders representing watershed council coordinators, watershed council board members, regional review team members, SWCD representatives, community members, tribal representatives, the Network of Oregon Watershed Councils, and interested citizens provided input through these various avenues. OWEB received almost 100 written comments through the surveys, letters and emails.

OWEB appreciates everyone who has participated in the council support review process to date. Stakeholder feedback and ideas will result in a better product. Comments received through all of these avenues are included or summarized in this report and its attachments. See Attachments B: Listening session summaries, C: Pre- and post-listening session surveys and D: Written comments.

V. OWEB Observations of Stakeholder Responses

- A. The Listening Sessions helped to answer stakeholder questions and reduce concerns about many of the proposed changes, as shown by the pre- and post-listening session surveys.
- B. Overall, there was general (though not universal) support for the proposed process improvements, with suggestions for clarifying language, and questions about intent and implementation. OWEB agrees that the process changes will need more details developed and additional stakeholder review before being finalized.

C. OWEB also heard general (but not universal) support for many of the proposed changes to the eligibility criteria regarding bylaws, fiscal policies, procedures and county recognition. Again, there were suggestions to clarify the language and intent as well as implementation questions that need to be addressed and reviewed by stakeholders as OWEB moves forward.

- D. Two proposed changes received the most concerns and comments. These are:
1. The proposal to reduce merit and funding levels from six to three, with “equal funding” for the top level; and
 2. The idea for 45 defined “council capacity areas” instead of the current open-ended “unique geographic areas” with no sideboards for size or scale.

Both of these are discussed in more detail in sections VI and VII.

VI. Streamlined merit criteria and equal funding for top level of merit

A. OWEB proposed this idea in order to:

- Streamline and simplify the review process to provide administrative efficiencies for grantees and OWEB.
- More predictable funding: councils that meet all the merit criteria get quicker decisions and the same level of funding
- More equitable distribution of capacity grants (previously, the six merit tiers were hard to explain and could seem arbitrary, e.g., a difference of a few points could reduce funding by almost ten thousand dollars)

B. Consistent stakeholder concerns and shared ideas:

- It would not be fair to provide “equal funding” for the proposed 45 capacity areas because some areas have one council and others include multiple councils. If OWEB decided to move forward with the proposed 45 capacity areas, many comments suggested OWEB consider other factors in determining the level of funding for capacity areas, such as the number of councils in the area, stream miles, population, and land ownership.
- The concern that “equal funding” signals a shift away from a merit-based system; merit is important to reward and encourage continued improvement of councils.
- The suggestion to reward merit by providing more flexibility to recover administrative and project development costs for grantees that successfully compete for OWEB project grants.

For detailed summaries of listening sessions, summaries of written comments, and pre- and post-listening session surveys, refer to Attachments B-D.

OWEB appreciates the many thoughts, concerns, and ideas. Future communications will more specifically address questions and concerns raised during the listening session process.

It is important to clarify OWEB’s intent related to the streamlined merit criteria and proposal for equal funding. OWEB is not intending to move away from a merit-based evaluation and award process. Instead, OWEB intends to raise the bar and expect continual improvement. The effort and time required to administer the current complicated scoring and ranking

system using 19 criteria and six levels of merit does not provide fine-tuned enough scoring or value added to the review to justify the effort. Three merit levels (fund, reduced fund, no fund) is more efficient while still providing accountability and requiring performance over time.

OWEB is planning to propose changes in its fiscal administrative costs policy during 2013 and will seek stakeholder feedback on its ideas.

VII. An idea for 45 “council capacity funding areas”

A. Background information

OWEB does not govern nor oversee the creation or existence of councils. The proposal for 45 capacity areas was not intended to limit creation of councils or dictate locally determined structure of councils. The proposal was intended to pose hard questions and stimulate dialogue and ideas regarding OWEB’s future investments in council capacity.

OWEB has the discretion to provide grants to watershed councils designated by local governments. OWEB’s rules do not define any size or scale for a council to be eligible to apply for council support grants. Council support grants have been awarded to councils working in areas from 33,500 acres to 6.4 million acres, and populations from 14 people to more than 180,000.

There are currently 89 locally designated watershed councils. OWEB most recently awarded 60 council support grants. Many councils that are part of “shared” or “umbrella” grants would like to apply for their own separate grants. Nine councils exist and do work without receiving an OWEB council support grant, and would like to apply. Recently, cities have designated several new councils and OWEB has heard of other cities interested in this as well.

Under OWEB’s rules, councils created by any local government, including cities and districts, are eligible to apply if they are the only council locally recognized for their area. However, in response to the potential for an increasing number of eligible councils and concerns for "thinning the soup," the OWEB Board placed a moratorium on new council support applications during 2011-2013 and 2013-2015, pending the development and implementation of program changes.

B. Why OWEB proposed an idea for 45 capacity areas

OWEB proposed this idea in order to ask and provoke creative answers to a core, difficult policy question that OWEB will have to answer.

Given unlimited funding, assuming that OWEB could provide adequate capacity grants to all existing and future councils that are locally recognized, the number, size and scale of councils eligible for council support grants would not be a question. With the reality of

limited funding, should OWEB define the size and scale at which it will invest in council capacity? Specifically, OWEB seeks to structure the council support grant program to:

- *Encourage councils to maximize partnerships, collaboration & operating efficiencies to become more self-sustaining*
- *Provide a stable number of capacity grants, which is more predictable/stable for eligible councils*
- *Encourage a whole watershed approach*

C. Stakeholder Responses

OWEB expected this idea to be controversial, and it was. There were many different opinions and no consensus. Many comments opposed the idea for 45 capacity areas. Some councils thought that OWEB needs to set some sideboards for the size and scale of councils that are eligible to apply for council support. Ideas included using OWEB's 28 small grant areas; setting a minimum acreage or a minimum population; closing the door at the current 60 grants; creating a formula based on numerous factors; and providing a significant funding increase to performing councils that partner with smaller or lower performing councils. Some councils thought OWEB should provide some level of capacity funding to all councils that have local government recognition.

In the listening session discussions, many (though not all) stakeholders agreed that OWEB needs to look at the issue of "scale." The most consistent theme was that OWEB should provide resources and incentives, and a transition period, for councils to develop their own revised boundaries based on social, ecological, political, and other factors.

Several stakeholders submitted detailed alternative proposals on this topic, summarized here and included in Attachment D: Written comments.

- An alternate proposal for creating OWEB capacity areas was distributed in several of the listening sessions:
 - Divide available council support funds equally among OWEB's six regions.
 - OWEB establish basic criteria for creation of capacity areas within each region.
 - Councils within each region draw their own boundary line.
 - Regions submit proposed capacity areas to OWEB for approval.
 - OWEB uses regional proposals to draw the new lines.
 - Councils determine how to divide regional funding.
- Alternative proposal discussed at Pacific City and submitted in writing
 - The application process should be streamlined, there should be fewer council support grants than now, and all applications having merit should receive equal funding.
 - Councils that received council support grants in 2011-2013, that meet a reasonable minimum size threshold (to be determined), and have a track record of effectiveness and accomplishments are eligible to continue to apply for support as they are.

- The remainder of councils would be encouraged to enter into partnerships to make joint applications. They would have to partner with councils already meeting the eligibility criteria, but the choices could be made locally.
- OWEB provide real incentives for council partnerships, such as 180% of the base award for two councils (\$100,000 award for one council would be \$180,000 for a partnership of two councils).
- Compilation of several alternative ideas discussed at Salem Listening Session and submitted in writing
 - Fund 60 capacity areas.
 - All councils ranked excellent through good remain harmless and absorb underperforming councils.
 - Let the regions get together and come up with their own solutions.
 - Use a science based process to develop capacity areas.
 - Use a university team to develop 3 alternatives.
 - Have a performance based system.

OWEB plans to consider alternative ideas and feedback around the “scale” question, as discussed in more detail in Sections VIII and IX below.

VIII. Policy Questions Raised by Listening Session Comments

OWEB had already identified a list of policy questions to be addressed in this programmatic review. Comments at the listening sessions raised some additional policy issues.

A. Should OWEB’s grant program seek to support state coverage by watershed councils?

During many of the listening session discussions, the question was asked whether OWEB needs to support councils to work in all parts of the state. For example, there are a few areas of the state that don’t currently have a locally recognized council, or a council that currently does not receive OWEB council support funds.

Many, though not all, comments were that the entire state does not necessarily need to be covered by a watershed council, because there are other organizations (tribes, SWCDs, other non-governmental organizations) performing conservation and restoration work and community engagement in most of these areas.

There was also discussion, and differing opinions, on whether council boundaries or some sort of “capacity area” should cover all parts of the state to provide stability in the council support structure, or should allow flexibility for OWEB to fund new or restructured councils in the future.

B. OWEB’s role and purpose of investments

In proposing the idea for defined “council capacity areas,” OWEB recognized that such a significant change would require time and resources to implement and adjust. Some groups at the listening sessions discussed what type of resources would be needed to transition toward the “capacity areas” idea, for example:

- Facilitators to help councils develop revised structures and working relationships

- Examples of agreements to document working relationships
- Ideas for resources that could be pooled, i.e. fiscal management, outreach, grant writing
- Examples of how some councils are sharing resources
- Short-term transition funding

Councils recommended that OWEB provide between two to three years of transition support regarding “capacity areas” implementation.

During the conversations, several councils recommended that OWEB provide them with funding and/or resources to help them transition to other changes made to the council support program, including updates to bylaws, fiscal policies, council procedures, and meeting revised eligibility and merit criteria.

This raises the question of OWEB’s role. Should OWEB set the bar and expect applicants to meet the bar in order to receive grants, or should OWEB set the bar and then invest in applicants to help them meet the new bar?

A related question is whether OWEB should change what it is investing in. During the 15 years of GWEB and OWEB investment in council capacity, funding has helped to organize and build councils. For example, during 2009-2011, OWEB provided funding to two new applicants to develop bylaws, fiscal policies, and policies and procedures.

At a time when most areas of the state are covered by watershed councils and/or soil and water conservation districts, should OWEB funding be used to help councils meet basic organizational functions in order to be eligible to apply for capacity grants? Or should OWEB instead focus its capacity investments on proven performers with a goal of uplifting councils that have shown success and potential?

This leads to another question: is it more important to provide increased stability to existing councils that have shown success and potential, than to fund new councils? New councils can continue to form under Oregon law, and can compete for project grants. Should they also be eligible for council support grants?

In further review of stakeholder feedback, OWEB may identify additional policy issues raised by comments in the listening sessions.

IX. Next steps

Watershed councils reflect their communities, environments, issues, and history. Not surprisingly, councils are not of one mind with respect to the future course OWEB should take in making investments in council capacity. While there was general agreement on proposed process improvements and most of the proposed policy changes, there were also many opinions and no consensus, particularly for the more difficult policy issues.

OWEB’s Board will need to make choices, and will not be able to satisfy all needs or wishes. It will be important for OWEB to explain what it considered and the reasons for the decisions it makes, before new rules and policies are adopted in 2014.

At the January 2013 Board meeting, OWEB staff will provide an overview of the listening sessions and next steps, and the Board will accept public comments. Following the Board meeting:

A. OWEB staff and the Board Watershed Council Support Subcommittee will review listening session feedback and spend time thinking about the range of comments.

B. Staff will then start developing additional details around:

1. Proposed new merit criteria and funding levels
2. Proposed new review process
3. Proposed new eligibility criteria
4. Proposed new targeted capacity fund
5. Options for changing the scale of OWEB's council support investments

Staff will convene the Council Support Work Group to provide feedback.

C. At the March 2013 Board meeting, staff will update the Board.

D. Between the March 2013 and June 2013 Board meetings, staff will provide stakeholders an additional opportunity to comment on proposed changes and options for how OWEB might address the scale issue.

E. At the June 2013 Board meeting, staff will present the Board with options for how OWEB might address the scale issue, ask the Board for direction on which options to pursue further, and ask the Board for authority to start a rulemaking process.

F. Staff will convene a stakeholder rules advisory committee in the summer of 2013. The advisory committee will consider the scale options identified by the Board in June, and will develop recommendations to OWEB staff regarding proposed policy and process changes and how those are best implemented.

G. OWEB staff will consider the advisory committee recommendations in developing proposed rules and implementation guidance for public hearing. OWEB will hold public hearings regarding the proposed rules around the state in spring 2014.

H. OWEB staff will propose for Board adoption a package of revised rules and implementation guidance in spring/summer 2014.



Item F-Watershed Council Support Program Transition

- OWEB's role as a funder of council capacity
 - Past, Current Context, State & Local Government Roles
- Drivers of Change/Lessons Learned
- Goals of Program Review
- Stakeholder Involvement
- Future Vision for Council Capacity
- Proposed Changes & What We Heard through Listening Sessions
- Next Steps



Roles Under Oregon Statutes

Councils Established by Local Governments

- Locally based, voluntary groups.
- “Designated by a local government group convened by a county governing body, to address the goal of sustaining natural resource and watershed protection, restoration and enhancement within a watershed.”

Oregon Revised Statute 541.890(15)

OWEB Role

- Does not create or oversee councils.
- May provide capacity funding to councils that:
 - Represent a balance of interests in the watershed.
 - Demonstrate potential to protect and enhance the quality of their watershed.
 - Assure high level of citizen involvement.

Oregon Revised Statute 541.910



Time for Change: Drivers

- 2010 OWEB Strategic Plan, Goal 2, Strategy 2
- Measure 76
- 2011 Legislative Budget Note to review program
- Watershed Council Feedback
- OWEB's Lessons Learned



Time for Change: Lessons Learned

Effective watershed councils are essential.

Money does not necessarily solve ineffective performance.

Councils need administrative structures in place and working.

OWEB cannot, alone, provide adequate capacity funding for all existing and future councils.

Not all councils understand the voluntary, collaborative role and balance of interests required by Oregon law.

The state should expect to see progress in restoration and community engagement outcomes in order to provide funding for council capacity.



Programmatic Review: Goals

- Refine criteria defining which councils are eligible to apply for council support funding.
- Streamline grant administration and processes.
- Improve reporting for accountability and tracking of accomplishments.
- Address long-standing policy issues.



Opportunities for stakeholder input

Stakeholder comments will inform Board's decision

- 2010 Listening Sessions
- Stakeholder based work groups
- 2012 Listening Sessions
 - Pre and post-Listening Session online surveys
 - Six Listening Sessions and Webinar
 - Written comments through letters and emails
- Future opportunities 2013-2014



Future Vision for Council Capacity

- Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.
- OWEB contributes to council capacity over the long term.
- OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.



Proposed Process Changes

Objectives: Streamline for efficiencies; improve merit evaluation by greater reliance on OWEB's knowledge as a long-term funder; improve reporting.

- Online, work-plan based application; annual online progress reports.
- Streamlined merit criteria.
 - Organizational function and development.
 - Planning.
 - Progress in community engagement.
 - Progress in on-the-ground watershed restoration around the watershed's limiting factors.
- Streamlined review process.
- Three levels of merit funding (Fund, Reduced Fund, No Fund).

What We Heard

General support, with suggestions to clarify language and intent; specific implementation questions that OWEB needs to address.



Proposed Policy Change – Funding Levels

Current Funding Policy

Numeric scoring & ranking using 19 criteria; six merit levels.

Proposed Funding Policy

- Merit review using 5 criteria; three merit levels.
 - Equal funding when eligible and meet all merit criteria.
 - Reduced funding when eligible and do not meet all merit criteria.
 - No funding for inadequate performance.
- Targeted capacity fund to support continual improvement.

What We Heard

- Equal funding for proposed 45 capacity areas is not equal - some areas have one council, others have multiple. If OWEB implements capacity area idea, use additional factors to determine funding (e.g., number of councils in the area, stream miles, population, land ownership).
- Concern that “equal funding” signals shift away from merit-based system.
- Reward merit – project grants cover more administrative, development costs.



Proposed Eligibility Criteria (Who can apply)

Raise the standards for councils to be eligible for council support funding. *Changes in eligibility criteria are not intended to limit creation and existence of watershed councils, that is local governments' role.*

1. Standard governance and accountability provisions in bylaws, fiscal policies and procedures.
2. Board-adopted action plan.
3. Demonstrate that council membership reflects a balance of interests in the watershed through council policies, procedures and actions.
4. Designated by a county government.
5. Be a legal entity or have a fiscal sponsor that meets IRS requirements.
6. Meet a minimum geographic scale defined by OWEB.

What We Heard

General support for proposed changes regarding bylaws, fiscal policies, procedures, action plan, balance of interests, county recognition, legal entity. Suggestions to clarify language and intent; implementation questions.



Proposed Eligibility Criteria – Scale

Existing Rule: “Unique geographic area” is eligible

- No defined size, scale; no ecological, geographical, or social characteristics.
- Grants go to areas from 33,500 acres to 6.4 million acres, and populations from 14 people to over 180,000.

Question: With limited funding, should OWEB define the size and scale at which it will invest in council capacity in order to:

- Encourage councils to maximize partnerships, collaboration & operating efficiencies to become more self-sustaining.
- Provide a stable number of capacity grants, which is more predictable/stable for eligible councils.
- Encourage a whole watershed approach.



OWEB's Draft Idea: 45 Capacity Areas

Council Support Capacity Areas

- Based on geographical boundaries (USGS stream drainage basins).
- 45 capacity areas; 1 capacity grant per area.
- For areas with more than one council, OWEB provides transition resources for development of locally driven, innovative working relationships and systems.
 - Councils do not have to merge, combine – can keep own brand.
 - Does not limit / set boundaries for other collaboration and partnerships.
- Implementation will require assistance (facilitation, gap funding).

Why this idea

- Encourage councils to maximize partnerships, collaboration & operating efficiencies to become more self-sustaining.
- Stable number of capacity grants – more predictable/stable for councils.
- Encourage a whole watershed approach.



Capacity Areas Idea: What We Heard

- Many opposed to 45 capacity areas.
- Many think OWEB should set sideboards for scale. Ideas:
 - Use OWEB's 28 small grant areas.
 - Set minimum acreage or population.
 - Close the door at the current 60 grants.
 - Create formula based on numerous factors.
 - Significant funding increase to performing councils that partner with smaller or lower performing councils.
- Provide capacity funding to all locally recognized councils.
- Consistent theme: Provide resources/incentives, and a transition period, for councils to develop revised boundaries based on social, ecological, political, other factors.



Policy Questions Raised by Discussions

Should OWEB's grant program seek to support state coverage by watershed councils?

- SWCDs, non-governmental organizations.
- State coverage through stable funding areas vs. flexible, changing areas.

OWEB's role and purpose of capacity investments

- Do we fund councils to help them meet all new criteria?
- Do we fund councils to set up basic organizational functions (e.g., bylaws, fiscal policies)?
- Focus capacity investments on proven performers to uplift councils that have shown success and potential?
- Is it more important to provide increased stability to existing councils that have shown success and potential, than to fund new councils?



Next Steps

- OWEB consider feedback from Listening Sessions
- January – May 2013: Follow-up meetings, dialogue with stakeholders
 - Develop details of new process & eligibility criteria.
 - Develop options for defining scale of capacity grants.
- March 2013 Board meeting: Progress report
- June 2013: Request Board approval to begin rulemaking, Board direction on “scale” issue (alternatives)
- July 2013: Convene Stakeholder Rules Advisory Committee
 - Advise on implementation of changes and options for scale of capacity grants.
- Spring 2014 - Public hearings around the state
 - OWEB consider feedback from public hearings.
- June 2014 – Proposal for Board adoption

2010

2011

2012

2013

2014

2015

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Actual comments available on CD

Region 1

1. Wayne Hoffman, Coordinator, MidCoast Watersheds Council
 - The need for change is real and the proposal for changing the application process is worthy of further consideration.
 - The counter proposal described below has three parts and premises that the application process should be streamlined, there should be fewer council support grants than now, and all applications having merit should receive equal funding.
 - Councils that received council support grants in 2011-2013, that meet a reasonable minimum size threshold (to be determined), and have a track record of effectiveness and accomplishments are eligible to continue to apply for support as they are (maybe 30-40 would meet the criteria).
 - The remainder of councils would be encouraged to enter into partnerships to make joint applications. They would have to partners with councils already meeting the eligibility criteria, but the choices could be made locally.
 - There needs to be real incentives to join into council partnerships, such as 180% of the base award for two councils (\$100,000 award for one council would be \$180,000 for a partnership of two councils).
2. Executive Board, Upper Nehalem Watershed Council
 - Change the OWEB administrative rules to allow councils to utilize all OWEB grant administrative funds in a streamlined manner to support the entire organization.
 - Expedite efforts to streamline all grant application, administration and reporting processes via the internet.
 - Before making any changes to the council support grant program perform an effectiveness analysis of all councils and then any changes would be based on that analysis and be incentive based.
 - Provide incentives for councils to work together.

Region 2

3. Stanley Petrowski, South Umpqua Rural Community Partnership
 - A baseline of support for watersheds new and old. This would be from a general fund.
 - Points scored for collaboration, conformity to the broad OWEB mission vision and resource sharing.

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- Points based on performance to bolster progress based on merit.
With the above tact we could have equity in support without negating the merit based system.
 - The task that OWEB has is monumental. Ecological conditions in the State due to habitat degradation are overwhelming. There must be an increase in OWEB staff to handle the situation. The effort to streamline processes is needed.
4. Harvey Wilcox, North Bend, OR
- Appreciate efforts to create a more efficient grant program.
 - Concern over proposed 45 capacity areas, specifically that the Tenmile Lakes Basin Partnership would be required to share a council support grant with Coos WA. They serve different fish populations and already operate “ridgetop to ridgetop”. No efficiencies would be gained from the combining of the two organizations since Tenmile Lakes Basin partnership already receives rent from the city of Lakeside.
5. Lakeside City Council
- Passed a Proclamation in Recognition of the Tenmile Lakes Basin Partnership.
 - The City of Lakeside supports the continued existence, in the present form, of the Tenmile Lakes Basin Partnership.
 - The City of Lakeside does not support the proposed 45 capacity areas.
6. Lakeside Chamber of Commerce
- The Lakeside Chamber of Commerce supports the Tenmile Lakes Basin Partnership and its staff in the work they do as stewards of Tenmile Lakes.
 - They do not want the Coos Watershed Association to have control over stewardship of the Tenmile Lakes.
7. Ryan Greco, Oregon Department of Forestry Coos District, Timber Unit Manager and Tenmile Lakes Basin Partnership board member.
- Supports the autonomy of the Coos Watershed Association and the Tenmile Lakes Basin Partnership. Each council is an independent organization, tackling unique issues, and working with local landowners, who have come to trust the organizations. Tenmile Lakes Basin Partnership alone meets the future vision of an effective and efficient watershed council.
8. Diane O’Bryan, Tenmile Lakes Basin Partnership Board member
- Concern that most of the good work done by these smaller districts (watershed councils) will be completely undone or reduced by combining watershed districts (councils) into larger districts (councils) with loss of local input and involvement.
 - There would be no, or minimal, cost saving if local support is lost for the Tenmile Lakes Basin Partnership, but there will be loss of the work being done by these

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small watershed districts (councils) and their coordinators. The Salmon Plan and fisheries in general would suffer.

- Please reconsider the proposed 45 capacity areas, find another way to increase cost effectiveness.

9. Steve Mason, Chair, Bear Creek Watershed Council

- The proposed equal distribution of funds to all eligible councils that meet the merit criteria is of concern because capacity areas with more than one council would receive the same amount as areas with only one council. This proposal seems to put areas with more than one council at a disadvantage and seems to discourage rather than encourage councils joining together.
- Allow more time for adjoining watershed councils to work together to develop proposals that improve function and effectiveness while considering local stakeholder connections.

10. Markus Opel, Board Chair, Stream Restoration Alliance of the Middle Rogue

- OWEB must sharpen its focus on council performance. Raising the bar with merit criteria should be an incentive for lesser performing councils to collaborate with higher performing councils.
- Through the capacity areas, whatever they look like, providing the opportunity for higher and more stable funding levels for council coordinators should help councils compete for more experienced staff and lead to higher performing councils, which should attract additional funders.

11. Keith Miller, Riparian Restoration Chair, Middle Rogue Steelheaders

- We applaud the efforts of OWEB to make more efficient and effective watershed councils. Our concern is that in the process of making improvements, OWEB's proposal impacts effective councils.
- We are concerned about equal funding for all councils that meet the merit criteria. It is difficult to understand how this will not adversely affect outstanding councils with only a limited pot of money available.
- We do think it is logical to combine some Region 2 watershed councils, but not the Stream Restoration Alliance of the Middle Rogue and the Lower Rogue Watershed Councils; they are geographically isolated from each other, with a three hour travel time to get to a recent joint council meeting.

12. Paul Dailey, Chair, Smith River Watershed Council

- Request that instead of being included in a proposed capacity area with the Elk Creek and Partnership for Umpqua Rivers (PUR) Watershed Councils we would be included in a capacity area with the Siuslaw Watershed Council. We share more commonalities with this council than with Elk Creek and PUR.

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- We also request that if OWEB creates capacity areas with multiple councils sharing a council support grant, OWEB determines the funds each individual council receives, not the councils.
13. Yvonne Maitland, Chetco River Watershed Council
- Combining the Chetco River Watershed Council and the South Coast Coordinating Councils for efficiency will not work.
14. Frances Oyung, President, Rogue Basin Coordinating Council
- We understand the need and motivations for the proposed changes and support many of the proposed changes, such as simplifying the funding process and development of merit funding criteria.
 - There are two aspects of the proposal that we do not feel are in the best interest of Oregon watershed councils. We feel the proposed 45 council capacity areas would not result in a more sustainable funding program and would not encourage partnerships and collaboration. We also feel that the proposed equal funding to all capacity areas would not increase sustainability; OWEB needs a flexible, adaptable system for funding watershed councils.
 - Because of these concerns we would like to see the timeline for determining the new council support policies extended to September 2013 to allow time for councils to develop workable models based on local needs. The Rogue Councils are currently working through a process to develop a long-term sustainable model and we need time to complete this process.
15. Partnership for the Umpqua Rivers and Stream Restoration Alliance of the Middle Rogue
- Thoughts on the proposal
 - We generally agree with the simplified reporting process.
 - We agree with the concepts of collaboration, scale, basin-wide restoration, and curtailing the increasing number of councils. However, OWEB cannot ignore the history of individual watershed councils. We think OWEB should allow time for voluntary collaboration of councils through working groups that would develop alternative solutions.
 - We do not agree with the equal funding concept and think OWEB should consider other factors when determining the funding for capacity areas.
 - Alternative ideas
 - Require a current watershed assessment with prioritized restoration strategy as a threshold criteria and add a performance bonus based on the number projects a year.
 - Consider a minimum capacity area size and provide incentives for councils to collaborate.

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- Allow time for councils to transition to the new capacity areas (4 years) and use other factors (stream miles, miles of road, population) to determine the funding level for each capacity area.

16. Citizens of Lakeside

- Gathered 140 signatures from the Citizens of Lakeside against the proposed capacity area that includes both the Coos Watershed Association and the Tenmile Lakes Basin Partnership.

17. Janelle Dunlevy, Coordinator, Applegate Partnership and Watershed Council

- We support the letter and proposal submitted by the Rogue Basin Coordinating Council. We request the timeline for adopting new policies and procedures be extended to allow councils to develop local models.

Region 3

18. Dana Dedrick, Executive Director, Long Tom Watershed Council

- I'd like to see some attempt by OWEB to work with data to develop an alternative map for future discussion. I think such an exercise would show why the western 1/3 of the state may continue to warrant more capacity funds based on one ecological issue (stream/road crossings), and private landowner outreach (population). I certainly thought the proposal from the east side (Comment #30) was overlooking the huge amount of work it takes to do outreach on the west side to all the private landowners and to engage citizens.

19. Matt Clark, Executive Director, Johnson Creek Watershed Council

- We applaud and support the Future Vision for watershed council support grants and appreciate the difficult task of reviewing the council support eligibility criteria and recognize the importance of such a review in light of the many drivers for change.
- We do not think the proposed 45 capacity areas, and the "one size fits all" approach recognizes the differences between watershed councils around the state. We would recommend OWEB consider an alternative approach that 1) Provides dispensation funding for highly impacted councils (Johnson Creek is proposed to share one council support grant with 5 other councils), 2) Allocate additional funding to densely-populated councils, or 3) Allow densely-populated areas to form smaller-sized council support areas.
- We also support the idea of allowing each region of the state to develop their own regional council support funding plan that could be more nuanced and responsive to the unique needs of each region, versus a statewide approach.

20. April Olbrich, Coordinator, Tualatin River Watershed Council

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- The Council Steering Committee supports the proposed revised eligibility criteria and thinks the criteria are reasonable organizational requirements and expectations for watershed councils to be effective organizations. We also support the equal funding of the capacity areas and support the idea that OWEB would assist with transition funding for watershed councils impacted by the proposed 45 capacity areas.

21. Dana Dedrick, Executive Director, Long Tom Watershed Council

- Key concepts
 - Proved performance matters, keep the capacity dollars tied to local communities.
 - To be successful we must include critical social factors (private land acreage, number of landowners, infrastructures, stream miles, road density) in determining funding for capacity areas.
 - The Long Tom Watershed Council, with its complex landscape, multiple jurisdictions, and history of originally being 3 councils, justifies a full-time coordinator.
- Process for moving forward
 - There is a historical and merit basis for keeping 60 councils statewide.
 - Give guidance to regions to come up with their own solutions and put currently performing councils in the lead for those solutions.
- Concerns
 - Only one option was presented, we would have appreciated the opportunity to discuss several alternatives, with accompanying data.
 - We feel the process moving forward is unclear, when and how will decisions be made?
 - Solve problems where there are problems, not with a statewide solution.
 - Too many winners and losers with the current plan.
 - It seems like a shift to an entitlement program with equal funding, low eligibility criteria, and self-reporting through a work plan.
- Alternatives
 - Fund 60 capacity areas.
 - All councils ranked excellent through good to remain harmless and absorb underperforming councils.
 - Let the regions get together and come up with their own solutions.
 - Use a science based process to develop capacity areas.
 - Use a university team to develop 3 alternatives.
 - Have a performance based system.

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Region 4

22. Hood River Watershed Group Operations Committee, Hood River, OR

- We are generally supportive of changes relating to the new application process with the following conditions:
 - The future vision statement should reflect OWEB's greater mission, "To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies."
 - We support a strong focus on environmental outcomes, through requirements for work plans, action plans, and performance standards. We caution transitioning too far toward equal council support funding because it would not ensure the highest priority local, state, tribal, and federal issues are adequately addressed.
 - The purpose statement should focus on outcomes instead of activities. Such as "Restore and enhance native fish or wildlife habitat and natural watershed functions by carrying-out collaborative, voluntary watershed restoration activities."
- We don't agree that the proposed 45 capacity areas would result in better achievement of OWEB's ultimate mission of protecting and restoring watersheds. We recommend abandoning the proposal and continuation of OWEB's foundational vision of enabling grass-roots watershed council formation Oregon. We understand opportunities exist and suggest rather than forcing unneeded change encourage voluntary and incentivized merging over time.

23. Brian Nakamura, Board Chair, Hood River SWCD

- We do not support the proposed 45 capacity areas, and in particular the proposed area that could combine Hood River Working Group and Wasco County Watershed Councils.
- We do not see any streamlining opportunities with this proposal.
- Alternative solution
 - Hold harmless all existing watershed councils.
 - Provide incentives to existing councils, especially representing small sub-watersheds, to form councils representing larger areas.
 - Don't assume that all areas of the state must have watershed councils. Perhaps areas not served by a watershed council are served well through their SWCDs or other natural resource agencies or programs.
 - If OWEB insists on setting up new capacity areas, use the existing OWEB small grant zones as the geographical template.

24. Hood River County Administration

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- We have concerns over the proposed capacity area that contains the Hood River WC and the Wasco Areas WCs and encourage voluntarily streamlining council operations and boundaries over time.
25. Anna Kerr, Lake County Umbrella Watershed Councils
- Support the idea of splitting the funding between the regions, but not completely equally, no council needs to receive more than the current excellent umbrella award of \$132,706. Many west side councils slated under the proposal to lose individual funding are doing good work and should receive funding.
 - OWEB staff and the Regional Program Representative know best which councils are excellent and doing good work on the ground and which are struggling, the challenge is taking that knowledge and developing a policy for council support funding.
26. Mel Omeg, Chair, Wasco County Soil and Water Conservation District
- The proposed 45 capacity areas do nothing to improve services to our community. Wasco County Soil and Water Conservation District administers one OWEB grant for five councils and takes pride in our cooperative relationships. We propose OWEB makes no changes to the watershed council boundaries in Wasco County.
27. Wasco Area Watershed Councils: Kristen McNall, Co-chair Mosier Watershed Council, Phil Kaser, Chair, Fifteenmile Watershed Council, Bob Krein, Chair, Bakeoven/Buck Hollow Watershed Council, Brice Lumper, Co-Chair The Dalles Watershed Council, Pat Davis, Chair, White River Watershed Council and Mel Omeg, Chair, Wasco County SWCD
- Understand the drivers and support the general concept behind the future vision.
 - We understand that OWEB has limited resources and wishes to maximize effectiveness throughout Oregon and we agree that encouraging watershed council partnerships will enable OWEB to stretch its funding, however we think Wasco Area WCs is already meeting the effective and efficient goal.
 - We have condensed our comments into two general themes
 1. Wasco County Watershed Councils' strategic partnerships already boost our operational efficiency. OWEB fails to recognize existing partnerships like ours, even while claiming that their proposal will promote such partnerships. Instead of trying to fix an organization that is not broken OWEB should use Wasco Area WCs as a model for efficiency.
 2. Watershed councils must be supported in operating at the local watershed level, where they can most effectively address the issues that members feel are important in their home watershed. The proposal of a "super council" in areas of multiple councils concerns us.
 - Proposed changes to the council support purpose statement.

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- The purpose of OWEB's watershed council support capacity grants is to help support watershed councils that protect and enhance the quality of their watersheds.
- We agree the current system can be improved, is hard to understand and lacks transparency, but have concerns with moving too far from the merit-based system. We understand the proposal still deals with merit, to a degree, but believe it should be refined.
- Alternatives
 - Leave the existing Wasco Area WCs boundary intact.
 - Use OWEB's Small Grant Area boundaries.
 - Support for the proposal submitted by Gilliam East John Day Watershed Council (#30). Some members of the Wasco Areas WCs have concern over a regional decision making process, it could be unwieldy.

Region 6

28. Walter Powell, Interim Manager Gilliam SWCD

- What is a watershed, from John Wesley Powell, "that area of land, a bounded hydrologic system, within which all living things are inextricably linked by their common water course and where, as humans settled, simple logic demanded that they become part of a community."
- Creation of a greater number of watershed councils, or destruction of existing councils, would harm the commonality of community either by splintering on the one hand or forced merger on the other.
- The conversation is about something beyond HUC's. This conversation is about the communities within the HUC. One size, one same, one design is not going to fit this process. You don't stamp out people all the same, you don't stamp out watersheds all the same, and you don't stamp out watershed councils all the same.

29. Jeffrey Kee, Mid-John Day and Bridge Creek Watershed Council and central Oregon ranch owner

- OWEB needs to invest in administrative and leadership assistance for watershed councils. And should focus on organizational development investments over the next two years.
- The three items OWEB should evaluate for council effectiveness should be 1) increase in local target fish production, 2) increase/improvements in available habitat to support local fish production, and 3) education.
- OWEB needs to consider environmental justice and equality when considering council support grants.
- Support the idea that each of OWEB's six regions receives equal capacity funding and then each region decides how many council support capacity areas it has.

30. Sandy McKay, Coordinator, Gilliam East John Day Watershed Council

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- An alternative proposal for creating OWEB Capacity Areas
 - Divide the available council support funds equally amongst the six OWEB regions.
 - OWEB establishes basic criteria for creation of Capacity Areas
 - Create a process for dealing with areas that are not currently covered by a Watershed Council.
 - Have the councils within each region draw their own boundary lines.
 - Regions submit their proposal to OWEB for approval.
 - OWEB uses the regional proposals to draw the new lines.

31. Phil St. Clair, Chairman, Upper South Fork John Day River Watershed Council

- We generally support the changes that OWEB has suggested for improvements to the council support process.
- Funding should be equitably distributed across the state independent of population densities or political centers.
- Existing councils should not be forced to expand their geographic scope to reflect OWEB's council capacity areas.
- OWEB needs to increase its flexibility related to the merit criteria to fit the uniqueness of councils and the role they serve in a community.
- OWEB should not dictate to councils how to share information with the general public or what a diverse board representation means for each council.

Other

32. Erik Kancler, Executive Director and Ryan Gordon, Outreach and Education Director, Network of Oregon Watershed Councils (Network)

- The network heard a few broad themes through the listening sessions and its own engagement with councils over the last few months.
 - Comments on the proposed eligibility criteria, minus the proposed 45 capacity areas, have been mostly positive, with a few concerns for smaller and newer councils.
 - Councils seem broadly supportive of a more streamlined and automated process, and a focus on merit-based criteria.
 - Most of the feedback on the proposed 45 capacity areas has been highly critical.
- The Network will not be offering its own formal proposal or offering support for any specific proposal. However, the Network will continue to advocate for a number of underlying principles that we believe to be core to any successful outcome. For example:

OWEB's 2012 Watershed Council Support Listening Sessions
Condensed Summary of Written Comments received by December 17, 2012
Actual comments available on CD

- That the strategic vision for the new council support process is clearly articulated and broadly supported by councils;
- That the agency's policies make sense for councils statewide;
- That the agency's policies not run counter to the past and ongoing success of highly effective councils;
- That the agency's policies support opportunities to increase capacity and effectiveness of councils and regions where greater capacities and efficiencies can be realized; and
- That the agency's policies reflect the grass roots community-based approach that is central to the Oregon Plan and has been an integral component of council success to date.
- The Network will continue to be a resource to councils by keeping councils informed via the Network Update and individual communications on emerging themes and directions based on our ongoing interactions with all of you and with OWEB staff. We will do our best to focus and guide conversations towards constructive outcomes and work with individual councils to answer questions and help guide participation where assistance is desired.
- The Network intends to be a resource to OWEB staff as they attempt to develop policy solutions that make sense network-wide, whether via one-on-one communications or as participants in any ongoing workgroup or formal feedback processes established by the agency.



Oregon

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December 14, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Senior Partnerships Coordinator

SUBJECT: **Agenda Item H: Willamette Partnership and the Thiess International Riverprize**
January 16-17, 2013 OWEB Board Meeting

I. Introduction

This report provides an update about the accomplishments of Oregon partners through the eyes of others. The Board is asked to cheer when the Meyer Memorial Trust (MMT) staff present the trophy and to laud the efforts of Oregonians to improve watershed health widely and roundly.

II. Background

OWEB and MMT are co-funders of efforts to improve the conditions that support protection or improvement in aquatic ecosystem processes and functions. The shared effort in the Willamette, variously called the Willamette Initiative by MMT and the Willamette Special Investment Partnership (SIP) by OWEB, built on a long tradition of efforts to maintain and improve the ecological conditions of the Willamette River. The Willamette Basin is where more than 70 percent of Oregon's population lives and over 70 percent of the economic output of the state is generated. As funding partners, OWEB and MMT have been working with a loosely knit group of non-profits, watershed councils, land trusts, private landowners, and public agencies to coordinate efforts as much as possible through the application of funding decisions. The partnership has been steadily working on project-scale efforts and developing system-scale information since early 2008.

In the summer of 2012, the partners were encouraged to submit an application to the International River Foundation for the Thiess International Riverprize.

III. The International River Foundation, the 15th International River Forum and the Thiess International Riverprize

A. The International River Foundation

The International River Foundation (IRF) works in partnerships around the world to fund and promote the sustainable restoration and management of river basins. As an international dynamic public benefit organization, they have a life-changing impact on individuals and

communities. By helping restore and sustainably manage rivers, they have achieved improved health, ecological, economic, and social outcomes for people and the environment. IRF rewards and champions best practices in river basin management through the International, Australian and European Riverprizes. From the Danube River in Europe to the Mekong River in Southeast Asia and the St. Johns River in the United States, the IRF has a far reaching network. IRF acts as a catalyst for replication of effective river system management around the world and promotes long term relationships between developed and developing countries around sustainable river system management.

1. Riverprize Criteria

The following criteria were used to judge applicants from around the globe. The criteria include (but are not limited to):

- A science based program delivery aimed at maintaining or improving aquatic ecosystem health; and
- Evidence of an integrated approach to river and basin management that may cover all or some of the following: education programs; cultural and indigenous engagement; economic considerations; scale of the approach (i.e., local, national, cross-boundary); challenges faced; innovative approaches or “wow” factors; and/or gender or health issues.

2. The Judges

The Riverprize is judged by an international panel of judges. The International River Foundation 2012 Thiess International Riverprize judges were:

- Prof. Paul Greenfield - Judging Panel Chair, Independent (Australia)
- A/Prof Eva Abal, Chief Scientist, International Water Centre (Australia)
- Prof. Stuart Bunn, Director, Australian Rivers Institute, Griffith University (Australia)
- Ms. Leith Bouilly, Chair of Healthy Waterways (Australia)
- Mr. Bart Fokkens, Chairman, European Centre for River Restoration (The Netherlands)
- Dr. David Garman, Founding Dean of the School of Freshwater Sciences, University of Wisconsin (USA)
- Mr. Alan Vicory P.E, BCEE, Principal, Stantec (USA)
- Ms. Gayle Wood, Chief Administrative Officer, Lake Simcoe

3. The Finalists

There have been 22 Riverprize winners and more than 60 Riverprize finalists since the establishment of the Riverprize in 1999. The Siuslaw Partnership with the U.S. Forest Service, Siuslaw Watershed Council and Siuslaw Soil and Water Conservation District won in 2004.

The Thiess International Riverprize winner for 2012 was announced on Tuesday October 9, 2012, at the Riverprize Gala Dinner in Melbourne.

4. The 15th International River Forum

The River Forum is truly an international gathering of river folks. While a strong contingency from Australia attends, all corners of the globe were represented. The theme of the 15th annual conference was “Rivers in a Rapidly Urbanising World.” Keynote speakers from Asia, Europe, and North America were represented.

5. The 2012 Thiess International Riverprize winner is the Willamette River of Oregon, USA!

Having two winners in Oregon from a worldwide total of 22 is extraordinary.

Due to the high caliber of the 2012 applications, the judges also decided to present a Highly Commended award. This was given to the Nushagak River of Alaska, USA. The other finalists in 2012 were Prespa Lakes of Greece, and the Okavango River of Angola, Namibia and Botswana. Details about the finalists can be found at <http://riversymposium.com/program/awards/riverprize/#International>.

B. The Riverprize Award

The winner is awarded \$300,000 (AU) and a trophy (see last page of staff report). The trophy has been placed in a position of honor in the MMT lobby. The \$300,000 award can go toward projects of the partnership or other activities that would benefit river restoration. Since the awardees are funders, MMT and OWEB have been discussing alternative uses for the unique award. These conversations will continue over the next few months.

An additional responsibility for winners of the International Riverprize is to “twin” with another river system somewhere else in the world. The relationship that the Siuslaw groups have made with Sakalin Island in the Russian Kamchatka Peninsula is a good example of the anticipated effort. The winner has around a year to develop a business plan for the “twinning” and it was the subject of conversation at the Within Our Reach conference on the Willamette Initiative December 10-12, 2012, in Corvallis.

IV. Recommendation

Staff recommend the Board stand and applaud the prize, and what it represents to have two winners from Oregon with direct OWEB involvement. Staff further recommend you tell your friends and neighbors and take pride in an effort that is recognized throughout the globe.



The Willamette Initiative



Thiess International Riverprize Winner 2012



The design of the distinctive Riverprize trophy is based on an interpretation of a coolamon or piti. This is a vessel used by Australian aboriginal women for carrying water, bush food, or as a cradle for babies. The trophy is cast in aluminum, highlighting the concept of a silver shimmer of reflected light on water.



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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item I: USFS and BLM Watershed Health Evaluation Presentation
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

At the request of the Board's Monitoring, Research and Ecosystem Services Subcommittee (Board Subcommittee), staff from the U.S. Forest Service and Bureau of Land Management who are experts in large-landscape watershed health evaluation have been invited to provide a presentation on their current monitoring programs in Oregon.

II. Background

For the past year, the Board has been developing its Long-Term Investment Strategy (LTIS). During listening sessions around the state in the Spring of 2012, many comments were received about monitoring and, in particular, effectiveness monitoring. The Board's response to these comments, to date, has been to propose to incorporate a specific focus on effectiveness monitoring within its draft long-term strategy.

The Board Subcommittee requested a presentation from the federal land management agencies that are engaged in large-landscape monitoring and evaluation in Oregon in order to provide some background for the Board on existing programs similar to those that would be called for under the draft LTIS. This presentation is one component in a series of presentations—for example, the Funder's Panel at the June 2012 meeting and a discussion with the State Conservationist from the Natural Resources Conservation Service at this same January Board meeting—to provide information and context to the Board for consideration as it determines its final direction under the LTIS in June of 2013.

III. Recommendation

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



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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item K: Budget and Spending Plan Update
January 16-17, 2013 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 Governor's proposed budget in preparation for the 2013 legislative session.

II. 2011-2013 Budget, Spending Plan and Pending Board Awards

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 the Board-approved spending plan for the 2011-2013 biennium.

At the September 2012 board meeting, staff reported that a decline in anticipated Lottery Fund revenue this biennium had created a potential \$891,000 shortfall in budgeted Measure 76 Lottery Funds for grants. At the same time, OWEB received approval of \$1 million in additional expenditure limitation by the legislative Emergency Board to expend federal salmon funds received from a grant. The Board decided at that time to include the additional federal salmon funds in the spending plan. The Board did not, however, remove the \$891,000 of Lottery Funds from the spending plan, with the hope that subsequent revenue forecasts would improve and restore the funding.

The December 2012 revenue forecast for Lottery Funds remained essentially flat, leaving a continued shortfall in Measure 76 grant funds. At this stage, staff do not expect revenues to shift significantly up or down for the remainder of the 2011-13 biennium. Fortunately, the shortfall can be addressed through other means. OWEB has sufficient funding to meet existing spending plan levels due to the identification of recaptured funds made available from completed grants that did not expend all of their awarded funds. As a result of these recaptured funds, staff are confident that adequate funding will be available to meet spending plan targets through the remainder of the biennium.

There are several funding requests for the January meeting that seek Board funding decisions consistent with the spending plan. More specifically, Agenda Items L, M and P ask the Board to

award funding reserved under the Conservation Reserve Enhancement Program, Deschutes Special Investment Partnership (SIP) and Willamette SIP, and Oregon Plan Priorities spending plan line items, respectively.

III. Budget 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 aimed at achieving long-term outcomes.

The process for developing state agency budgets for the 2013-2015 biennium was different than in previous years. The new process organized the state budget into five major outcome areas—Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. State agency budget programs were considered within the appropriate outcome area, rather than as individual state agency budgets.

The Governor's Balanced Budget (GBB) for 2013-2015 was released in December 2012. The GBB sets out the Governor's proposed vision on the state's budget for next biennium, and serves as the starting point for budget discussions with the Legislative Assembly during the 2013 session.

At the time of writing this report, staff are working with the Department of Administrative Services to make appropriate adjustments to the agency's budget numbers based on the Governor's proposal. Staff will provide a summary of the proposed agency budget at the January meeting.

During the 2013 legislative session, initial agency budget presentations are expected to occur from February through early April. Legislative work sessions to take action on agency budgets are anticipated to take place in mid-April and May.

III. Recommendation

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

Attachment

A. OWEB 2011-2013 Spending Plan

**OWEB 2011-13 Spending Plan
January 2013 Board Meeting**

	Spending Plan Jan 2012	Additional PCSRF July 2012	Spending Plan July 2012	Board Awards to Date	Remaining Funds Jan 2013
Regular Grants:					
Restoration	26.400	2.550	28.950	21.371	7.579
Technical Assistance	2.000	0.250	2.250	1.666	0.584
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	26.216	9.884
% 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	0.500	0.000
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	8.700	1.500
% of assumed Total Budget	13.2%		13.4%		
Acquisitions:					
Regular Land and Water	6.650		6.650	2.014	4.636
Deschutes & Willamette SIP	2.000		2.000	2.000	0.000
TOTAL	8.650	0.000	8.650	4.014	4.636
% 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 Priorities	1.250	1.000	2.250	0.696	1.554
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	6.096	2.804
% of assumed Total Budget	10.7%		11.7%		
TOTAL	69.550	6.600	76.150	57.326	18.824

does not include \$800k PCSRF to ODFW approved at Sept 12 Ebd.

Agenda Item K: Governor's Budget Summary

OWEB 2013-15 Governor's Budget Expenditure Summary				
	Lottery	Federal	Other	TOTAL
GRANT PROGRAM:				
Grants-new	51,347,557	12,988,234	1,326,725	65,662,516
Grants-5 FTE direct cost	0	913,230	0	913,230
M76 int	420,000	0	0	420,000
Grants-Carryforward	0	9,460,000	300,000	9,760,000
To ODFW	0	8,276,445	0	8,276,445
IMST	230,894	230,687	0	461,581
LCREP	253,848	0	0	253,848
Sub-Total	52,252,299	31,868,596	1,626,725	85,747,620
AGENCY OPERATIONS:				
Personal Services	4,849,046	775,426	185,370	5,809,842
Services and Supplies	932,318	104,740	24,467	1,061,525
Special Pmts	155,945	0	16,169	172,114
Sub-Total	5,937,309	880,166	226,006	7,043,481
Total	58,189,608	32,748,762	1,852,731	92,791,101
POS/FTE	20/20.00	10/10.00	1/1.00	31/31.00

2013-15 Significant Changes
<p>Pkg #100 Program Continuity – Provides capacity to effectively deliver grants, manage operations of 17-member board and stay abreast of emerging funding opportunities while reporting accomplishments of OWEB investments</p> <ul style="list-style-type: none"> • NRS2 - PCSRF Rptg Assistant. Continues the technical work necessary to provide timely and accurate reports to the federal government on the use of Federal PCSRF grant funds. • NRS3 - PCSRF Rptg Coordinator. Organizes, coordinates, and tracks the reporting efforts and deadlines for all federal funds received by the agency. • NRS4 - BPA-Willamette Partnership Coordinator. Manages the work associated with a federal grant application submitted to the Bonneville Power Administration. • Technical adjustment
<p>Pkg #110 Program Enhancement – Provides support to effectively deliver programs while remaining on the cutting edge of new investments and partnerships that will increase ecological, economic and social benefits for Oregon</p> <ul style="list-style-type: none"> • NRS4 - PCSRF Partnership to Scale. Works with specialists addressing Special Investment Partnerships and other current partnership programs.
<p>Pkg #120 Carry Forward – Limitation for grants committed in previous biennia but not yet spent</p>
<p>Pkg #125 Salmon Plate Revenue Increase – Limitation to support increased Salmon Plate revenues</p>
<p>Pkg #130 PCSRF – Supports implementation, monitoring and reintroduction related to completed and approved state and federal recovery plans</p>
<p>Pkg #200 Conservation Grants – Provides grants to help Oregonians take care of local streams, rivers, wetlands and natural habitat across the state</p>
<p>Pkg #205 Conservation Grant Fund Interest – Limitation for interest earnings</p>
<p>Pkg #210 Carry Forward USFWS Grants – Limitation for grants committed but not yet spent</p>



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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item L: Conservation Reserve Enhancement Program Funding
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This report updates the Board on Oregon's investment in the Conservation Reserve Enhancement Program (CREP). Staff request that the Board award \$500,000 in funding for CREP for the remainder of the biennium, per the 2011-13 biennium spending plan outlined in Agenda Item K.

II. Background

The Oregon Conservation Reserve Enhancement Program was approved in September 1998 with a signing ceremony by Governor Kitzhaber and the Secretary of Agriculture in October 1998.

As an offspring of the Conservation Reserve Program, CREP is a voluntary program for agricultural landowners. This unique state and federal partnership allows landowners to receive incentive payments and conservation rental payments from the Farm Services Agency (FSA) for establishing long-term riparian buffers on eligible land. The Oregon CREP assists in addressing stream water quality issues (primarily temperature).

The Oregon CREP Agreement requires Oregon (through OWEB) to pay for 20 percent of the overall program costs, including both landowner payments for conservation activities and program activities, such as outreach, monitoring, technical assistance, and program coordination. CREP uses state funding for partial payment (25 percent) of all conservation activities (e.g., fencing, off-stream watering, site preparation, plant materials, planting). Since 1999, OWEB has allocated \$10.5 million to landowner cost-share payments through CREP. The federal CREP contract costs are approximately \$69.8 million in the same time.

Attachment A is the CREP annual report for 2011, which provides a comprehensive summary of investments and accomplishments to date.

III. CREP Cost-Share Payments

As of December 7, 2012, OWEB has spent \$1,109,833 on CREP this biennium, leaving \$190,167 for the remainder of the biennium for CREP cost-share payments. Costs to-date during this biennium have been covered using CREP funds that remained from the 2009-2011 biennium, but additional funds will be needed for CREP payments between now and June 30, 2013. The Board allocated, but has not yet awarded \$500,000 for cost-share payments under CREP for the 2011-13 biennium.

IV. Recommendation

Staff recommend the Board award \$500,000 in CREP funding to support project implementation through June 30, 2013, as referenced in the 2011-13 spending plan in Agenda Item K, and delegate authority to the Director to enter into CREP agreements to expend these funds.

Attachment

A. 2011 CREP Annual Report



Oregon's Conservation Reserve Enhancement Program

2011 Annual Program Accomplishment Report December 31, 2011

The Oregon Watershed Enhancement Board 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.

Mission

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

Contact Us

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Photos: a rare lupine is a larval host plant for a rare butterfly. They both thrive on a CREP buffer in Yamhill County.

The Oregon Conservation Reserve Enhancement Program

The Oregon Conservation Reserve Enhancement Program (CREP) is a cooperative venture between the State of Oregon and the U.S. Department of Agriculture (USDA) with support from local soil and water conservation districts. The purpose of the program is to restore, maintain, and enhance streamside areas along agricultural lands to benefit fish, wildlife, and water quality. Landowners enrolled in CREP receive annual rental payments and financial incentives (cost share) to install conservation measures such as planting trees and shrubs, installing fencing, livestock watering facilities, and other approved conservation measures.

Enrollment 2011

Oregon added 97 contracts in the 2011 federal fiscal year to enroll 2,369.5 acres, bringing the cumulative total to nearly 40,000 acres.

Federal and State Contributions

Along with Oregon's agricultural landowners, the State of Oregon and the U.S. Department of Agriculture have contributed significant resources toward riparian restoration through CREP. For 2011, Oregon's CREP expenditures were \$1,380,981 while the estimated federal costs of the Oregon CREP contracts were \$5,264,795. Oregon has invested more than \$16.7 million in CREP since 1999.



Financial Contribution

State and Local Government and Private Contributions

Oregon and CREP

Oregon continues to support CREP in a variety of ways. Conservation practices implemented through CREP contracts are cost-shared by the Oregon Watershed Enhancement Board (OWEB). The Oregon Department of Agriculture (ODA) and OWEB provide program implementation and coordination services. State funding is provided to support and fund technical assistance positions at soil and water conservation district offices around the state. The Oregon Departments of Forestry and Water Resources also contribute staff time and expertise to the program.

<i>Budget Category</i>	Expenses 10/1/09–9/30/10	Expenses 1999 to Date
State Cost Share Payments	\$609,126	\$9,640,911
OWEB Support	\$7,645	\$523,590
Oregon Department of Forestry	\$34,038	\$462,302
Oregon Department of Agriculture	\$13,125	\$210,071
Oregon Water Resources Department	\$6,249	\$32,452
CREP Support Activities/Technical Assistance	\$460,798	\$2,812,843
Watershed Tech Specialists (est.)	\$250,000	\$3,062,500
Total	\$1,380,981	\$16,744,669

Monitoring Effectiveness

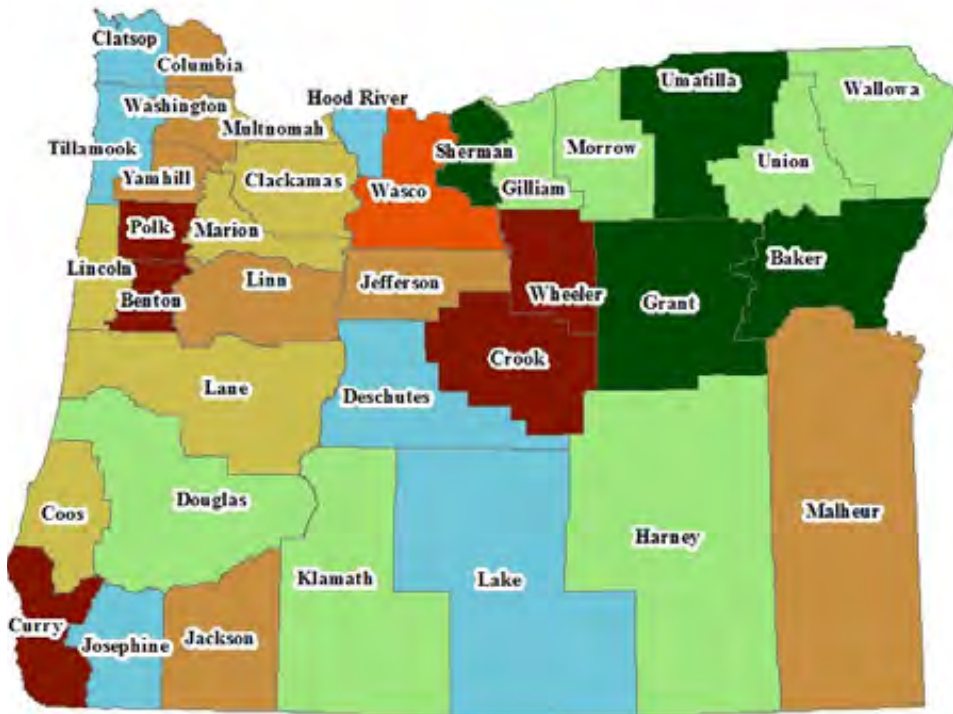
Working toward developing a monitoring plan

Effectiveness Monitoring Program

OWEB initiated an effectiveness monitoring project in 2008 to compare two approaches to riparian buffers: Oregon's cumulative impact bonus buffers; and the traditional, shorter riparian buffers. Further study is needed; the information generated from this project is preliminary because only a handful of projects were sampled and the projects were not yet mature.

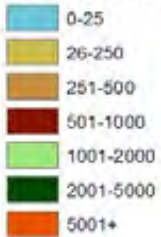
OWEB has identified the need to conduct additional effectiveness monitoring of its riparian restoration investments and is planning to integrate the monitoring of CREP with other riparian evaluation work. OWEB has developed an effectiveness monitoring study plan to provide meaningful information on the status and report on the outcomes of CREP in Oregon. It is anticipated that the study will take place over the next ten years and will also include information on previously completed CREP projects. Potential parameters for this study include stream temperature, stream shading, aquatic macroinvertebrates, fish habitat, and water quality. OWEB hopes to begin a pilot implementation of that study plan in 2012.

Status of Enrollments



Legend

Cumulative Acres Enrolled



Acres Enrolled and Cumulative Water Conserved

October 2010-September 2011

County	FFY 2011 Enrollment		Conserved Water CFS
	Contracts	Acres	
Baker	6	323.4	
Benton	1/	na	0.58
Clackamas	1/	na	0.02
Coos			0.73
Crook	1/	na	4.44
Curry			6.05
Douglas	9	122.8	3.05
Gilliam	4	74.7	3.97
Grant	1/	na	7.52
Klamath	1/	na	15.50
Lane	1/	na	0.02
Lincoln	4	16.7	
Linn	11	323.7	
Malheur	1/	na	
Marion	1/	na	0.96
Morrow	1/	na	1.92
Polk			3.16
Sherman	6	427.9	
Umatilla	15	145.3	1.64
Union	1/	na	
Wasco	17	503.5	3.04
Washington	3	10.3	0.63
Wheeler	6	98.1	1.20
Yamhill	1/	na	1.60
Total	97	2,369.5	56.01

Table includes only those counties with CREP enrollment. Counties not participating currently include: Clatsop, Columbia, Deschutes, Harney, Hood River, Jackson, Jefferson, Josephine, Lake, Multnomah, Tillamook, Wallowa.

Recommendations

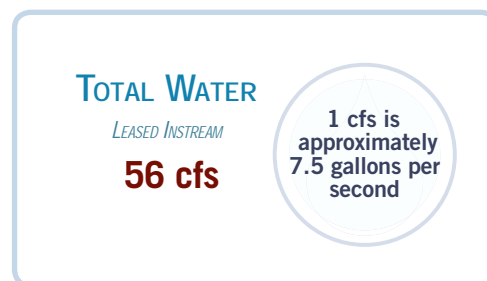


Technical Assistance Resources

There has been significant discussion over the past year among the Oregon CREP partners about the future allocation of technical assistance for CREP. Local delivery of CREP technical assistance has been partially provided by soil and water conservation districts with funding from OWEB. This technical assistance can be critical to engaging landowners and completing conservation plans. The Oregon CREP partners – OWEB, Oregon Department of Agriculture, Oregon Soil and Water Conservation Commission, Farm Service Agency, Natural Resources Conservation Service, and Oregon Association of Conservation Districts – will continue to work together to refine and improve the allocation and oversight of local technical assistance resources.

Protection of Instream Water

One of the unique elements of the Oregon CREP program is the linkage between irrigated land conservation rental and legal protection of water in-stream. During the program development it was recognized that the availability of irrigation had a significant effect on land values and that there was an opportunity to provide streamflow benefits associated with CREP contracts. In order to receive irrigated land rental rights, the Oregon CREP requires that landowners lease water in-stream for the property enrolled for riparian buffers. This benefits the landowner through higher annual payments and benefits the public through incremental increases in streamflow.



To date, landowners have leased more than 56 cfs for instream flow benefits. The majority of the flow benefits have occurred in the John Day and Klamath basins. In both cases the flows protected by the CREP program address significant aquatic resource limitations. The additional flow in the Klamath basin contributes to sucker recovery and assists in the basin scale recovery efforts, while the additional flow in the John Day basin contributes to the recovery of mid-Columbia steelhead. And in the South Coast, additional flow contributes to the recovery of Southern Oregon-Northern California coho salmon.

OWEB will continue implementing the recommendations from the evaluation of instream water right leases associated with CREP in order to achieve additional conservation benefits from the program in Oregon. OWEB, the Oregon Water Resources Department, and other partners will discuss options to allow instream leases to coincide with CREP contract terms.

Cultural Resources

The conduct of cultural resource reviews continues to slow implementation of a number of CREP projects. OWEB and the Oregon CREP partners will continue to explore options for funding cultural resource reviews to increase the efficiency with which CREP projects are implemented in the state over the next year.



Oregon

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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item M: Partnerships Update**
January 16-17, 2013 OWEB Board Meeting

I. Introduction

This report addresses two issues relating to OWEB's Partnerships Program investments. First, the Partnerships Subcommittee has been working with staff on process elements to improve consistency and transparency in and build understanding about OWEB's partnership investments. This staff report provides a summary and outlines next steps for proposed new processes for a Partnership Report and Needs Assessment.

Second, staff request that the Board award \$500,000 each in funding for the Deschutes and Willamette Special Investment Partnerships (SIPs), as outlined in the 2011-13 biennium spending plan in Agenda Item K.

II. Partnership Report and Needs Assessment

Staff and the Partnerships Subcommittee have developed a process for improving consistency and transparency and building understanding among OWEB's partnership investments. The agency has been involved in a variety of partnership investments since 2006, including the Whole Watersheds Restoration Initiative and the Deschutes, Willamette and Klamath SIPs. Each of these partnerships has been established in different ways, and each has a different mechanism for reporting accomplishments to the Board and other funding partners and presenting proposed projects to the Board for funding consideration. Working with the partners, staff and the subcommittee have developed three items: A Partnership Report template; a Partnership Needs Assessment; and a timeline for implementation. These documents are provided for reference in Board members' blue folder.

The **Partnership Report** will include the following elements:

1. Description of program including geography and time-frame
2. Identified ecological/social/economic outcomes
3. Summary of activities/projects
4. OWEB's investment and leveraged funding
5. Accomplishments scorecard (compares progress made to overall goal/target)
6. Lessons learned, opportunities and challenges

These elements will be summarized in a report that includes information about each of the partnership investments, along with overall lessons learned from these partnerships. Staff intend to present this report to the Board in March of 2013. Due to this upcoming full reporting, individual partnership reports will not be provided at the January 2013 Board meeting.

The **Needs Assessment** will be used to identify broader needs from the current partners' perspective for the next five years and detailed needs for the 2013-15 Biennium to assist the Board in developing their spending plan. The needs assessment will include:

1. Ecological Outcome – overall ecological goal/target, limiting factors/critical elements, interim outcomes and basis for expectations that the outcomes can be achieved
2. Strategy – focus area (geography, watershed processes, social/political/economic priorities and actions)
3. Implementation Partners
4. Funding Partners
5. OWEB funding request

Following the Needs Assessment completion, interviews will be scheduled with the partners and the Partnership Subcommittee to discuss the assessment and help the subcommittee identify investment opportunities in preparation for a June spending plan decision.

The **Timeline** outlines further details of the Partnerships process through Spring of 2013.

To provide time for staff and the subcommittee to work through the process for improving consistency and transparency and building understanding among partnership investments, they are recommending a 'pause' on new Special Investment Partnership applications during the 2013-2015 biennium. Once processes are finalized, the Board can then determine as a part of the Long-Term Investment Strategy the approach it desires to use to solicit new partnership proposals.

III. Board Award of Funding for the Deschutes and Willamette SIPs

As noted under Agenda Item K, Budget and Spending Plan Update, during the July 2012 Board teleconference, the Board approved additional funding of \$500,000 each for the Deschutes and Willamette SIPs. However, given declining revenue projections in September, staff chose to wait until the latest revenue projects were available before bringing to the Board a request to award these funds and delegate authority to the Director.

Lottery revenues remain flat. However, 'recapture' of unspent funds returned from completed OWEB grants made available enough funding to cover the spending plan allocations approved by the Board in July. Even with these additional funds, the overall balance for each SIP is less than was originally requested by the partners.

Staff will discuss in more detail next steps for funding projects in the Deschutes and Willamette SIPs at the board meeting. Any projects funded with the additional award will be a part of the project list already approved by the Board for the 2011-13 biennium.

IV. Recommendation

Due to sufficient funds being available to cover allocations in the 2011-13 spending plan outlined in Agenda Item K, staff recommend the Board:

- A. Award \$500,000 each for the Deschutes and Willamette Special Investment Partnerships, to be spent only on projects already identified through the current SIP project lists approved by the Board; and
- B. Delegate authority to the Director to enter into agreements to expend the funds.



OWEB Partnership Program

Guidance for Partnership Reports

Current Biennium Reporting

Partnership Reports for all work done to date will be due January 31, 2013. From the information partners submit below, staff will prepare a *Partnership Program Summary Report* for the March 2013 OWEB Board meeting. Secondary audiences may include boards and staff of other funders, elected officials, Listening Session Participants, and local partners considering future partner investment proposals.

Please concisely answer the following:

1. Program/Timeframe. Briefly describe the overall program, including geographic area, core implementing and funding partners, timeframe, and any other components unique to the partnership.
2. Outcomes. Describe the ecological/social/economic outcomes the partnership is seeking to achieve within the geography and time-frame identified in #1 above.
3. Activities/Projects. Summarize activities/projects that have been implemented to date— whether with OWEB funds or through other funding or implementation partners—as they relate to the outcomes identified in #2 above.
4. Accomplishments. Describe overall program accomplishments to date that show progress toward achieving the outcomes identified in #2 above. If the partnership has a scorecard that compares progress toward targets/goals/outcomes, please attach. Supporting narrative can focus on outputs, but should be put in the context of achieving the desired ecological outcomes, if appropriate and available.
5. Funding/Leverage. Identify OWEB's investment to date by biennium. Identify other funding that has been invested over the same time-frame.
6. Lessons Learned. Identify any overall opportunities, challenges, and impediments to achieving the outcomes identified in #2 above.



Partnerships Needs Assessment

ECOLOGICAL OUTCOMES

1. Target

Identify the desired ecological outcomes you are seeking to achieve. Be specific about the watershed processes/functions to be affected and specific ecological outcomes expected. State the estimated timeframe during which the desired Ecological Outcome (“the full lift”) is expected to be achieved.

2. Limiting Factors/Critical Elements

Identify and discuss the ecological factors and the socio/political/legal/institutional factors that currently affect the ability to achieve the desired ecological outcomes.

3. Expected Interim Objectives /Outcomes

Describe the interim objectives/outcomes expected to be achieved and quantified during the next six years. State how you will measure progress toward these interim objectives/outcomes.

4. Basis for Expectation

Explain what analysis was conducted to lead you to identify that the interim outcomes/objectives would be achievable. Provide justification for why you think they are achievable and your determination of the significance the outcomes/objectives relative to the desired ecological outcome.

STRATEGY

5. Focus Area

- a. Identify the specific geographic focus necessary to address the identified ecological outcomes. Provide a map(s) of the area(s) and a narrative explanation of why this area is necessary or sufficient to achieve your desired outcomes.
- b. Identify the specific watershed processes/functions you will address to achieve the identified ecological outcomes. Clearly explain the relationship between the watershed processes and ecological outcomes expected.

- c. Identify the unique social-economic, political, legal and/or institutional characteristics of the focus area that influence opportunities to achieve the desired ecological outcomes. Identify how you will address those considerations.
- d. Provide a brief list of necessary actions (not projects) based on the priorities established in light of ecological objectives, the social/political environment, and current investments from other partners. Be specific about the actions you expect to complete. Based on the information provided under the ecological outcomes identified above, explain how this list of actions will ensure tangible progress toward the interim objectives/outcomes. As appropriate, provide reference to existing plans and priorities (TMDLs, watershed assessments, etc.).

EXAMPLE -- Actions to be completed:

- 1) Streamflow restoration on Deer Creek
 - Piping for irrigation efficiency
 - Streamflow gaging
- 2) Riparian restoration on Elk Creek
 - Outreach for landowner recruitment
 - Riparian plantings
 - Long-term maintenance/stewardship
- 3) Land acquisition along Beaver Creek
- 4) Etc.

6. Identified Implementation Partners

- a. Identify those core groups that have come together to lead implementation in the partnership. These are the groups that are on point to address identified ecological objectives/outcomes. These core partners bring substantial staff and/or funding resources to the program. This is not assumed to constitute the full suite of partners. Attach a letter of participation from each core implementation partner (or a common signed letter, if appropriate).
- b. Explain the capacity of each core implementation partner to help achieve the identified priorities. Explain how each core partner is positioned to help achieve the desired results. In responding, clearly identify the core partner, the skill set they bring to the partnership and how responsibility will be distributed.

7. Funding Partners

- a. Identify core partners who have committed, or will be committing, substantial funding to the project. Provide a letter of commitment or other documentation from each core funder that identifies the expectations of the funder, and provides a description of their commitment (length of commitment, commitment amount, etc.).
- b. For each core funder, describe how their investments will be focused within your prioritized list of actions noted in 5(d) above.
- c. Briefly discuss your expectations of OWEB's role in the partnership in addition to funding projects. Also, if there are specific ways that OWEB can assist in helping the partnership continue to 'scale up' to achieve conservation outcomes, please identify those here.

8. Monitoring

All OWEB partnership investments will include monitoring (which may consist of baseline monitoring/analysis and project effectiveness monitoring, as appropriate).

- a. Describe what you are currently implementing for both baseline and effectiveness monitoring through your partnership (both in coordination with OWEB and with other partners).
- b. For the 2013-15 biennium,
 - i. Identify what the key monitoring needs are to demonstrate progress toward achieving your desired outcomes.
 - ii. Describe any work already planned with partners to implement the monitoring needs identified (both in coordination with OWEB and with other partners).
 - iii. Describe the gaps that exist between your identified needs and the work planned. In the budget, estimate the costs of meeting those needs.

9. Estimated Budget– 2013-2015 Biennium

Partnership investments are designed to focus funding and leverage in a specific geography to achieve the outcomes identified. As a result, partners may not apply for projects to achieve the same Partnership-defined desired ecological outcomes in the same Partnership-defined geography through the regular grant program.

Using the table on the next page, and referring to the Budget Category Explanations on page 6, show all funding requested for all categories, as applicable. Be sure to:

- a. Identify the lead organization(s) for each budget category for which you are seeking funding in order to achieve the identified outcomes.

- b. Indicate your estimate of the funding necessary to make progress toward the ecological objectives/outcomes in the 2013-15 biennium.
- c. In addition to the chart below, briefly describe in narrative form what the funds will be used for. This request should tie back to 5(d) above. Do not identify specific projects at this time. Ultimately, Board-approved Partnerships will require a project list developed to correlate directly with the priorities identified above.

2013-2015 Biennium Estimated Budget				
OWEB Grant Category	Lead Organization(s)	OWEB Requested Investment	Funding Partner Investment	Implementation Partner/Other Leverage[†]
Partnership Capacity^{††}		\$	\$	\$
Outreach		\$	\$	\$
Technical Assistance		\$	\$	\$
Restoration		\$	\$	
Land Acquisition		\$	\$	\$
Water Acquisition		\$	\$	\$
Monitoring (per #8)		\$	\$	\$
Total		\$	\$	\$

[†] Indicate in parentheses following the dollar amount whether the leverage is secured (S) or pending (P).

^{††} This section should include programmatic needs such as strategic planning, coordination and organizational development. While funds from existing OWEB council support grants and capacity funding for districts may be used to support operations of councils and districts that are part of this partnership, they should not be included in the budget either as a requested item or listed as leverage. Requests included in this section should only be those needed specifically in support of the partnership.

10. Estimated Time Horizon and Funding Needs

The OWEB Board would like to have a sense of the time horizon/duration envisioned for each Partnership program, and the estimated funding needs beyond the 2013-2015 biennium. The answers below are by no means definitive, but should reflect your best thinking *at this time* on your program duration and future funding needs.

- a. *Discuss your time horizon for achieving all outcomes you've identified in Question 1 and the anticipated funding trajectory. For example, do you anticipate a 5-year trajectory? 10-year? 20-year? Do you expect a constantly increasing funding trajectory, a trajectory that begins low, increases, then decreases, etc.?*

- b. *Using the budget categories from Question 9, estimate the total funds needed for the four years following the 2013-2015 biennium. Separate your response into estimated needs for the 2015-2017 and 2017-2019 biennia. So, for example, if you estimate that you will need \$3.2 million between 2015 and 2019, how does that break out by biennium? Will your needs increase, decrease, or stay about the same from the 2015-2017 biennium to the 2017-2019 biennium? Explain your rationale.*

Please be aware that the OWEB Board cannot make firm funding commitments beyond the current biennium; *as we approach each new biennium, you will have an opportunity to refine your budget, as you have for the 2013-2015 biennium in Question 9.*

Grant Category Explanations

Refer to the following explanations when completing question 9.

Lead Organization – *Indicate which organization(s) will be the primary point of contact and lead implementer for this grant category. Funds may be provided to multiple organizations, but one entity should be indicated as the lead.*

OWEB Requested Investment – *Estimate the amount of funding requested for each relevant grant category. Once the needs assessment is completed, staff will work with the partners to identify specific projects to be proposed, reviewed and approved.*

Funding Partner Investment – *By grant category, and as relevant, indicate the amount of funding committed by other investors to the partnership. Note below the table if funds are secured or anticipated.*

Implementation Partner/Other Leverage – *Indicate match contributions from implementation partners or others (e.g., landowners) for each category.*

Grant Funding Categories

Partnership Capacity (includes strategic planning, coordination and organizational development)

Funds for this category are specifically related to coordination of the partner program. Examples might include overall coordination of partnership investments, completion of strategic planning, etc. Capacity funds are provided statutorily for Watershed Councils and Soil and Water Conservation Districts. Any funding requested by a council or district in this category must include an explanation for how funding requested is distinct from capacity funding.

Other Funding Categories: Outreach, Technical Assistance, Restoration, Land Acquisition, Water Acquisition.

Any funding requested through OWEB will need to meet OWEB grant requirements for that category. To ensure compliance, review requirements at http://www.oregon.gov/OWEB/GRANTS/pages/grant_faq.aspx.

DRAFT Partnerships Timeline

2011-2013 Biennium

Deliverable	Tasks	Complete by
Current Partnerships		
Establish new process for current partnerships	Develop new needs assessment template and template for report	10/15/12
	review both with partnerships subcommittee	10/16/12
	revisions due from partnerships subcommittee	10/23/12
	email to local partners with 1) request for comments on templates and 2) Doodle poll for November meeting	11/15/12
	response due from local partners	11/30/12
	meeting with partners to share needs assessment and report templates	12/06/12
	present process and templates to board	Jan. 2013 Board meeting
Develop Partnerships Report	partnership report content due from partners	01/31/13
	review report content with subcommittee	by 2/15/13
	staff develop report	by 2/28/13
	present report to Board (information also to be provided to legislators during 2013 session)	Mar. 2013 Board meeting
Submission of current partnerships (Klamath, Deschutes, Willamette, WWRI) through new process	staff work with each partnership to develop 2013-15 needs assessment (submissions will include end-date)	March 2013
	Internal process to develop eligibility guidelines for Partnerships relative to other OWEB grant programs	by 3/31/13
	Needs Assessment Due - consultations with staff	by 3/31/13
	Staff and subcommittee review of partnership needs assessment	April 2013
	Subcommittee interviews with partners	May 2013
	present recommendations to board	Jun. 2013 Board meeting
	Develop partnership agreements	begins after 6/30/13

Partner Meeting Notes – December 6, 2012

Below is a summary of the responses to the following questions posed at the December 6, 2012 Partnership Meeting that included representatives from the Whole Watersheds Restoration Initiative; and the Willamette, Deschutes and Klamath Special Investment Partnerships (SIPs), along with OWEB staff. The notes were taken from flipcharts, then summarized into overarching themes that arose from each of the breakout groups. The conversation was then used to revise the draft documents developed by OWEB staff. These notes, combined with the revised Needs Assessment, Report and Timeline, constitute the meeting summary.

Questions:

- 1) *What has worked, and what has been a challenge?*
- 2) *Are there any surprises you've come across working through this funding arrangement (good or bad)?*
- 3) *What lessons have you learned that will improve the program in the future?*
- 4) *Are there things that a non-traditional funder might provide in the future that could be of value?*

What has worked?

- 1) **Flexible.** The program has excellent flexibility. It allows partners to identify the portfolio of projects, and provides flexibility in the timing for project implementation. Funding is adaptable and not tied to specific actions up front. OWEB positively considers a large array of 'leverage' and match. The agency has experience in granting and uses that experience to improve implementation at a program level.
- 2) **Strategic Investment.** OWEB respects local decision-making in terms of which projects are 'ripe'. This strategic approach also requires that local partners identify their roles, increasing the strategic nature of the investment beyond just OWEB dollars. As a result, the value in being strategic is not limited to the SIP – it goes beyond both in terms of achievement and leverage (funding and partners). OWEB is a catalytic investor in these partnerships. However, as these programs move forward, it is recognized that strategic partnerships may need a different type of capacity funding to be fully successful.
- 3) **Personal Staff Commitment** at OWEB. There has been personal attention since the start of each partnership and an openness to learn as we go. This personal relationship results in a long-term trust between partners and OWEB. The process allows all involved to move beyond project to program-level thinking.

- 4) Review Process** (note for this section, there was some divergence of opinion between SIPs). There is a rapid grant application review process in the Deschutes. However, as noted in the challenge section below, this is not necessarily the case with all partnerships. The technical teams take responsibility for choosing good, ready projects. Overall, the OWEB forms are useful to others and there seems to be a good system for validating projects.
- 5) Match.** State funding dollars are essential match for federal funds and are often difficult to find. The partnerships are a great showcase for how this leverage can work.
- 6) Certainty of Funding.** Though only a biennial commitment (see additional notes below), the partnerships still enable additional capacity by providing certainty beyond a project level, and some stability in funding for the biennium.

What has been a challenge?

- 1) Process.** (note: for this section, there were differences between the experiences of the various partnerships). For some partners, internally the review process feels duplicative. There are also both internal (partner) and external concerns about transparency in the process. In other cases, there is a short turn-around time on presenting projects. There is a sense that the SIP should formally have the right partners and agencies around the table up front that a technical review team may not be necessary. There also needs to be a balance of OWEB involvement and oversight – in some cases there is a feeling of too little involvement, in other cases, too much. Since the process isn't well-defined, it's difficult to know the timing of what's next and to be properly prepared.
- 2) Funding Limitations.** Measure 66 capital funds placed a constraint on what could be funded in a partnership (mostly on-the ground). That has now changed, and OWEB needs to adapt with it to fund outreach, monitoring, capacity etc. Capacity is critical to success and should be recognized as a viable investment when those dollars can't be found elsewhere. The limitations on administrative costs (when program coordination isn't a valid cost) creates a burden for implementing successful partnerships. There are more good projects that fit the strategic approach than funding available. There is a recognition that these are good partners with strong projects that would compete well in the regular grant program and may receive less funding (though more stable) through the partnership investments.

- 3) Loosely defined long term commitment.** Biennium-only funding makes it tough for partner fundraising, and it is hard to quantify outcomes at 2-year increments when they are really based on 10+ year timeframes. It is recognized that OWEB can't make a formal commitment beyond a biennium, but the ability to give a formal board indication of multi-biennia funding support would be helpful.
- 4) Outcome Measures.** There is an overall challenge in both articulating the ultimate outcomes and determining how best to measure them. Also, in terms of review, if the goal of the partnerships is to achieve specific outcomes, and OWEB trusts the work of local partners to vet projects, the review process should move away from a project-by-project review and focus on outcomes from the portfolio of projects identified.
- 5) Funding and other Mechanics.** Individual grants (grant applications, agreements, etc.) are required by OWEB – are there possibilities for block grants to increase ease of implementation? There are numerous logistical issues in meshing the partnership program with more traditional processes, reporting, grant agreements, etc.
- 6) Communication within OWEB.** The lack of structure, process and transparency has led to challenges both internally and externally with support for and understanding of the various partnerships.

Are there any surprises you've come across working through this funding arrangement?

The good surprises include:

- That this whole experiment happened in the first place! And that the partner investments are so incredibly diverse
- The SIP is easier to navigate than the regular grant program
- In some instances, processes are coming together more seamlessly than originally assumed – and it continues to get better over time. The forms change a little too often, but the process is improving
- Partnership investments truly have taken on a more holistic approach to funding
- The staff have been engaged, enthusiastic and helpful throughout the process
- The partners have been innovative in their approaches and understanding of the funding challenges. They recognize that the amount invested is good considering all of the other demands on OWEB funds.

Other surprises:

- With the recognition that there are so many more projects within the partnerships (and other potential partnerships) that OWEB hasn't worked more at the funder-to-funder level to leverage additional dollars and partner relationships
- There isn't consistency between how the partnerships are implemented from a process standpoint – it would be helpful to be able to use lessons learned across partnerships to improve processes for each where appropriate while maintaining flexibility
- There is very little effectiveness review on the partnerships as a whole (and individually)

What lessons have you learned that will improve the program in the future?

- 1) **Communications and Networking.** Regular interaction with the OWEB Board (and other funders) is key to strong relationships. This has not always occurred in the past and should be improved moving forward. In addition, OWEB should expand its role to recruit other funders into partnership investments. The agency should take a lead role in coordinating amongst other agencies where partners are implementing programs that achieve outcomes across agencies. And, OWEB should consider expanding its role as a convener of partnership implementers and funders.
- 2) **Process Improvements.** A number of process improvements can and should be made to improve program delivery. These could include:
 - Online application system, that feeds into accessible database for ease of reporting
 - Clear and transparent processes for selection and implementation – AND duration of partnership investments
 - Consistent messaging between the partner investments and the regular grant program.
 - If implemented appropriately, the partner programs can become an example for other OWEB grant investments
- 3) **Consistency.** Consistency among partnerships is critical, including clarity around what makes an OWEB partnership investment – strategic importance, accountability, clearly identified outcomes, committed partners and consistent reporting.
- 4) **Flexibility.** On the other hand... while being consistent and transparent in process, OWEB should continue to maintain (and expand) its flexibility between the various partner investments. This can result in greater outcomes for fewer dollars. Where flexibility is possible, trust leads to willingness to loosen requirements or share

responsibilities. Balancing these two items (consistency and flexibility) will continually be a challenge.

- 5) **Funding Certainty.** However it is possible, OWEB should give indications of funding that extend across biennia. Certainty of funding provides local partners the ability to better fundraise with others. It is also a strong incentive for accomplishments. OWEB's funding is critical for federal match and for other funders to come to the table. At this programmatic level, increased certainty is increasingly critical to raise the comfort level of other potential investors.
- 6) **Outcomes.** OWEB should work closely with partners to help them establish an early "estimate" of how long it will take and investment needed to achieve desired ecological outcomes. This includes development of outcomes, metrics for measurement, interim objectives and other milestones.

Are there things that a non-traditional funder might provide in the future that could be of value?

- 1) **Funder.** Some of the conversation revolved around the various components of a program that OWEB could fund. These include:
 - Capacity Funding – look at new approaches
 - Outreach
 - Research - applied research and identification of future needs
 - Funding for working land conservation easements
 - Payments for ecosystems services/ ecological outcomes
- 2) **Convener.** Recognizing that each partnership is a funder relationship with implementers and co-funders, OWEB needs to emphasize that partnerships bring additional \$ to the enterprise. In that vein, OWEB should convene partners to learn from one another. This will help partners catalyze new ideas and provide an opportunity for 'cross-pollination' among local innovators. Shared toolboxes can be developed, along with best practices. The agency should also serve as a convener or clearinghouse for other conservation investors.
- 3) **Effectiveness monitoring.** Coordination and support for effectiveness monitoring within a SIP and across SIPs was noted as important. This includes planning, design, monitoring outreach and implementation as well as reporting results and adaptive management. In addition, collaborating with other funders to support effectiveness monitoring will help all funders better report outcomes and adaptively invest.

- 4) **Innovative Approaches** - Beyond funding, partners saw other opportunities for OWEB as well:
 - Work with partners to explore new and innovative tools for engaging private landowners at scale and incentives
 - Can OWEB use different approaches to blend funds (ie expand WWRI model)?
- 5) **Long-term commitment.** The Board could/should signal an intent for a long term commitment to partnership programs. To accomplish this, partners and co-funders also need to have more 'face time' in front of the board.
- 6) **Reporting.** Currently, reporting and accounting standards are not integrated across funders, and there is not consistency in metrics or outcome reporting. OWEB funding may be needed to develop an integrated documentation of accomplishments.
- 7) **Leveraging.** To help partners and OWEB leverage investments, the agency can help by communicating successes, recruiting new funders, and helping existing funding partners collaborate better.

2011-2013 Deschutes SIP Projects

		2011-2013 Biennium								
Name / Location	Lead Organization	Total Potential Projects	High Priority Projects for Funding	Match Funding	Projects in Development	OWEB Grant	Grant Amount	Project Status	Summary	Key Partners
Whychus Creek & Lake Creek										
Habitat Restoration										
Rimrock Ranch Stream Restoration	UDWC				\$1,000,000			Design	The project will focus on 2 miles of stream channel restoration to improve spawning and rearing habitat for resident and anadromous fish. It will include >100,000 native plants, 25 acres wetlands created and 0.25 mile of new channel created.	DLT, DRC, USFS, BLM, ODFW, USFWS, Wolffree, CTWS, TNC, OSU
Spring Creek Riparian and Wetland Restoration	UDWC	\$65,000	\$35,000	\$45,000				Implementation	The project will focus on enhancing the DLT's new Spring Creek easement through riparian planting, weed management and in-stream placement of large woody material.	DLT, ODFW, Private landowners
TSID to town restoration design - Whychus Creek	UDWC	\$75,000	\$75,000					Design	The four mile reach of Whychus Creek that flows from the downstream end of the TSID project to the edge of the Sisters UGB is facing several issues with road crossings, channel avulsions and diversion dams. Most of this reach is managed by the USFS. This project would include comprehensive restoration planning for this reach.	
Lower Whychus Creek Restoration Design	UDWC	\$125,000	\$100,000			212-4999-9846	\$100,000	Design	In the past, many of the large privately-owned reaches along Whychus Creek were inaccessible for study and/or restoration projects because of landowner constraints. However, now that the DLT is conserving several of these parcels, it will be important to assess the restoration needs at each site and develop a strategy to restore the most important reaches. The proposed project will evaluate 10+ miles of Whychus Creek between the Bradley property and Rimrock Ranch to identify specific restoration needs and sequencing.	
Fish Passage / Screening										
Sokol Diversion Fish Passage, Screening and Habitat	UDWC	\$500,000	\$100,000	\$250,000				Design	The first phase of the project includes the design for the elimination of two fish passage barriers and a fish screen on Whychus Creek upstream of Sisters.	Pelton Fund, Deschutes National Forest, Sokol Family, ODFW, USFWS, NOAA.
Small Passage and Screening: Whychus Creek	UDWC	\$325,000	\$225,000	\$325,000		212-4999-10228	\$100,000	Implementation	Includes Leithauser, Uncle John and Runco	
Small Passage and Screening: Lake Creek		\$350,000	\$175,000	\$200,000		212-4999-9374	\$158,000	Implementation	Includes Suttle Lake, Barton, etc	
Flow Restoration										
Instream Leasing	DRC	\$50,000	\$30,000	\$50,000				Implementation	The project will secure temporary water leases in Whychus Creek and the lower Crooked River including McKay and Ochoco Creeks.	TSID, OID, Landowners, OWRD
TSID Uncle John Ditch	DRC	\$400,000	\$390,000	\$100,000		212-4999-9370	\$300,000	Design	The canal piping project will permanently restore up to 2 cfs instream to be held in trust by the State of Oregon and eliminate one irrigation diversion on Whychus Creek. The project will be complete in 2012.	TSID, USFS, City of Sisters, Landowners, Pelton Fund

2011-2013 Deschutes SIP Projects

TSID Main Canal (Phase 4)	DRC				\$500,000	212-4999-10253	\$250,000	Design	This canal piping project will permanently restore and legally protect 2 cfs instream to be held in trust by the State of Oregon. The project will be completed in 2013.	TSID, Landowners, BOR, Pelton Fund
Land Conservation										
Whychus Creek Acquisition (Remund)	DLT	\$2,000,000	\$2,000,000	\$2,000,000		212-4999-9897	\$1,250,000	Design	The project will protect 1.8 miles of priority floodplain and provide an opportunity for comprehensive channel restoration by the UDWC.	UDWC, ODFW, USFS, USFWS
Watershed Monitoring										
Long-term Integrated Monitoring Project	UDWC		\$55,000	\$68,000		212-4999-9376	\$50,000	Implementation	The long-term monitoring efforts led by the UDWC are tracking key indicators of watershed health (e.g., water quality, macroinvertebrates, flow, etc.) to answer fundamental questions about restoration effectiveness. This monitoring has been in place since 2001 and is following a peer-reviewed monitoring plan published in 2009. It provides a robust baseline upon which to build understanding of watershed conditions. This monitoring informs all of the restoration projects in the watershed.	UDWC, DRC, Bonneville Environmental Foundation, DEQ, Laird Norton Family Foundation, Bella Vista Foundation, Landowners
Community Engagement										
Community Engagement in Restoration Efforts	UDWC		\$55,000	\$60,000		212-4999-9375	\$54,000	Implementation	Engaging the community - students, adults, landowners and leaders - has proven to be critical for accomplishing large scale stream habitat and stream flow restoration projects. This project will focus on working with 1,500 people in on-the-ground restoration efforts, stewardship activities and information programs, thus building the relationships, understanding and trust necessary to tackle ambitious restoration efforts. This effort benefits all of the individual projects in the watershed.	UDWC, DLT, DRC, USFS, School Districts, City of Sisters, Wolfree, Coporate Sponsors, Landowners

2011-2013 Deschutes SIP Projects

Name / Location	Lead Organization	2011-2013 Biennium				Projects in Development	Project Status	Summary	Key Partners	
		Total Potential Projects	High Priority Projects for Funding	Match Funding						
Lower Crooked River & McKay Creek										
Habitat Restoration										
Lower Crooked River - City of Prineville Restoration	CRWC	\$330,000	\$330,000	\$150,000			Design	This project will improve habitat on 3 miles of the Lower Crooked River through the City of Prineville Urban Growth Boundary. The project will involve removing or lowering levees, constructing off-channel habitat for fish rearing and flood refugia, bank stabilization to reduce erosion, and riparian afforestation.	Crook County Parks and Recreation District, City of Prineville, Mayberry Development, USFWS	
Lower Crooked River Bank Stabilization and Habitat Improvement - Tognoli	CRWC	\$15,000	\$15,000		\$450,000 for implementation	212-4999-9371	\$302,000	Design	This project will restore floodplain connectivity and instream habitat structure and will provide bank protection and stabilization along 1000 ft of the Lower Crooked River. The project will employ bioengineering approaches to channel stabilization and habitat improvement and serve as a model for for other sites along the Lower Crooked River in need of similar treatment.	Landowners , CTWSRO, NRCS
Lower McKay Creek Restoration (Penhollow, Armstead, & Woerner)	CRWC	\$150,000	\$120,000	\$40,000				Design	This project will restore floodplain connectivity and wetlands, enhance instream habitat structure, and conduct riparian afforestation on 1.5 miles of McKay Creek.	USFWS, Pelton Fund, Owners
Fish Passage / Screening										
Opal Springs Passage	CRWC	\$310,000	\$260,000	\$300,000	\$1,000,000 w/ \$3,000,000 match from DVWD	212-4999-9373	\$260,000	Design	The Opal Springs Dam is a 25 foot fish passage barrier at river mile 1 on the Crooked River. The barrier blocks upstream migration to the 132 miles of upstream habitat on the Crooked River. Designs for a fish ladder to provide passage over the dam have already been completed, and studies of the effects on downstream passage have shown downstream passage mortality to be minimal.	Deschutes Valley Water District, USFWS, ODFW, CTWS, BOR, SWCD
Stearns Dam Removal Project	CRWC	\$280,000	\$35,000	\$71,000		212-4999-9372	\$38,000	Design	This project will provide passage into the Bowman Tailrace fishery - a fishery renowned for its excellent habitat and productivity. The project make the existing 5 foot structure passable to up and downstream migrating fish, opening approximately 13 miles of habitat.	Owners, BLM, Pelton Fund, ODFW
Rice-Baldwin	CRWC				\$300,000			Design	This project will be complimentary to the removal of Stearns Dam, providing passage into the Bowman Tailrace fishery. The project will make the existing 3 foot structure passable to up and downstream migrating fish, opening approximately 1 mile of habitat up to Stearns Dam.	Owners, Pelton Fund, ODFW

2011-2013 Deschutes SIP Projects

Flow Restoration										
McKay Creek Exchange	DRC				\$1,500,000			Design	The project will use an innovative exchange of water rights to permanently restore and legally protect up to 7 cfs instream in McKay Creek	Ochoco Irrigation District, Pelton Fund, Landowners, CRWC, OWRD, NRCS, DBLT
NUID Water Supply Initiative Phase I	DRC	\$1,000,000	\$995,000	\$3,000,000		212-4999-9369	\$700,000	Implementation	The project will restore up to 7,880 acre feet (approximately 20 cfs) of flow to the lower Crooked River by implementing conservation measures on North Unit Irrigation District's Main Canal. The project will be complete in 2012.	North Unit Irrigation District, Pelton Fund, BOR
NUID Water Supply Initiative Phase III	DRC	\$1,000,000	\$995,000	\$2,000,000		212-4999-9941	\$300,000	Design	The project will restore up to 5,000 acre feet (approximately 15 cfs) of flow to the lower Crooked River by implementing conservation measures on North Unit Irrigation District's Main Canal. The project will be complete in 2013.	North Unit Irrigation District, Pelton Fund, BOR
Land Conservation										
Ochoco Creek Conservation Easement (Breese)	DLT				\$750,000			Design	This permanent conservation easement will protect 1.2 miles of threatened Ochoco Creek habitat and provide opportunities for habitat restoration by the CRWC.	CRWC, DRC
McKay Creek Conservation Easement (Parga)	DLT	\$750,000		\$750,000				Design	This permanent conservation easement will protect 1.5 miles of priority McKay and Allen Creek habitat and facilitate flow protection (DRC) and stream restoration (CRWC).	CRWC, DRC
Lower Crooked River Conservation Easement (Tognoli)	DLT				\$750,000			Design	This permanent conservation easement will protect 2+ miles of the Lower Crooked River and provide stream restoration (CRWC) opportunities.	CRWC, DRC
Community Engagement										
Community Engagement in Flow Restoration Efforts	DRC		\$10,000	\$10,000				Implementation	Lack of community understanding of complex water management issues is an impediment to restoring instream flows in the Crooked River. This project will focus outreach and education efforts on community members and groups that play a role in local water management decisions. The DRC will take the lead on educating elected officials, irrigation districts, landowners, and local, state and regional watershed groups about the various needs for water in the Crooked River basin.	DRC, CRWC, Ochoco Irrigation District, City of Prineville, Crook County and Landowners
Sub Total		\$7,725,000	\$6,000,000	\$9,409,000	\$4,050,000		\$3,862,000			
Grand Total					\$21,184,000					

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)	January 2013 Status	OWEB Amount Awarded	BiOp Funding
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	withdrawn		
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	Grant awarded	\$228,030	\$100,000
Albany Lakes and mouth of Cox Creek	Calapooya 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	Grant awarded	\$199,590	

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)	?	?	not recommende d for full proposal		
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	Funded by MMT		
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	\$82,024 Funded by MMT		
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		Grant awarded	\$199,066	
Harkens Lake	Greenbelt Land Trust	Acquisition of Easement to 600 acres at Harkens Lake and development of restoration design	\$1,298,558	\$0	Restoration design and plan and initial restoraion of floodplain forest implementation	\$90,000	\$30,000	Grant awarded		
Horseshoe Lake	Greenbelt Land Trust	Acquisition of Easement to 200 acres at Horseshoe Lake and development of restoration design	\$287,637	\$0	Restoration design and plan and initial restoraion implementation	\$55,000	\$25,000	HTT Consideration in early 2013		

Willamette SIP Funding Table 2011-2013

Middle Fork-Coast Fork Confluence to Long Tom Confluence Anchor Habitats									
Harper Oxbow	McKenzie River Trust				Acquire 400+ acres of floodplain habitat	\$0	\$0	submitted to ODFW	
Green Island	McKenzie River Trust	Restore 800 acre floodplain habitat			Restore 150+ acre "south field"	\$400,000	\$100,000	Grant Awarded	\$163,646
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	HTT Consideration in early 2013	
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	\$2,507,081		Design for gravel pond restoration and evaluate fish trapping potential	\$200,000	\$110,000	Grant awarded	\$200,000
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		
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				\$2,200,000	Riparian restoration in focus watersheds of Model Watersheds	\$1,000,000	\$1,400,000		
	Middle Fork Willamette WC	Lost Creek Riparian						Grant awarded	\$127,726
	Marys River WC	Marys River Riparian						Grant awarded	\$121,203
	Long Tom WC	Coyote, Bear & Furgeson Riparian						Grant awarded	\$179,069

Willamette SIP Funding Table 2011-2013

	Luckiamute WC	Upper Luckiamute						Grant awarded	\$168,912	
	South Santiam WC									
	North Santiam WC							Grant awarded	\$203,889	
	Calapooia WC									
Willamette SIP Support for Ecosystem Services										
	The Freshwater Trust (TFT) and Willamette Partnership	Provide match for Conservation Innovation Grant (CIG) to TFT and Willamette Partnership			CIG grant awarded. OWEB will purchase completed restoration projects and associated ecosystem service credits/benefits. Riparian restoration projects being developed by TFT in conjunction with watershed councils.	\$400,000		Grant award pending project development and full implementation	TDB	
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	?	Grant awarded	\$126,246	\$25,000
	Benton SWCD/ USGS	Conduct geomorphology Issues evaluation and conduct pilot mapping of geomorphic features					\$75,875	Grant awarded	\$37,950	

Willamette SIP Funding Table 2011-2013

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		\$1,955,327	
						\$3,369,000				
Approved= Director Approval signed										
Granted= Grant agreement prepared										
Recommended= RRT recommended for funding										



Oregon

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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

SUBJECT: **Agenda Item N: April 2013 Grant Cycle Offerings
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This report proposes the Board revise the 2011-2013 grant cycle schedule to allow staff to solicit grant applications for Restoration, Water Acquisition and Technical Assistance for the upcoming April 22, 2013, deadline.

II. Background

In OAR Chapter 695, Division 5, OWEB's rules direct the Board to announce the timing and type of grant applications to be considered. In June of 2011, the Board adopted a grant cycle schedule for the 2011-2013 biennium. The Board updated this schedule in January 2012.

The Board has not yet identified types of grants to be offered for the April 22, 2013, grant deadline. Applications are posted to OWEB's website by the end of January 2013. The Board will consider grant awards for the April 2013 solicitation at its September 2013 meeting.

Staff plan to propose a grant cycle schedule for all or part of the 2013-2015 biennium at the June 2013 Board meeting. The ability to propose a full schedule in June 2013 depends on the timing and results of the 2013 Legislative Session with respect to OWEB's final budget, and results of OWEB's future 2013 grant application to NOAA for funding from the Pacific Coastal Salmon Recovery Fund (PCSRF).

III. Budget Considerations

At present, we do not know with certainty how much funding will be available for OWEB grant cycle offerings during the 2013-2015 biennium. As discussed in Agenda Item K, Budget and Spending Plan Update, the state revenue forecast indicates Lottery Funds will be down next biennium. In addition, we do not yet know what level of PCSRF dollars will be available to OWEB over this same time period.

IV. April 22, 2013 Grant Cycle

Typically, the April grant cycle has been limited to offerings of Restoration, Land and Water Acquisition, and Technical Assistance. Technical Assistance grants meet important needs to provide engineering, design, and other guidance for development of restoration projects.

As discussed in Agenda Item E, staff recommend the next offering of Land Acquisition applications occur in October 2013.

Even though OWEB's budget for the 2013-2015 biennium is not yet known, staff recommend soliciting Restoration, Water Acquisition, and Technical Assistance grant applications on the April 22, 2013, deadline for Board consideration at the September 2013 meeting (Attachment A).

Staff are not suggesting a Board reserve of 2013-2015 funding for the April 2013 grant cycle at this time. Staff plan to propose a spending plan, and Restoration, Water Acquisition, and Technical Assistance funding recommendations that follow the proposed plan, for discussion at the June 2013 Board meeting.

V. Recommendation

Staff recommend the Board revise the 2013-2015 grant cycle schedule to add the solicitation of Restoration, Water Acquisition, and Technical Assistance applications to the April 22, 2013, grant application deadline, as shown in Attachment A of this report.

Attachment

- A. 2011-2013 and 2013-2015 Biennia Grant Application Deadlines and Types of Grant Offerings, updated January 2013

**2011-2013 Biennium Grant Application Deadlines and
Types of Grant Offerings
Updated January 2013**

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
April 18, 2011	Restoration/Acquisition Technical Assistance	September 13-14, 2011 (T-W)
October 17, 2011	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012 (T-W)
April 16, 2012	Restoration, Water Acquisition, Technical Assistance	September 11-12, 2012 (T-W)
October 22, 2012	Restoration, Water Acquisition, Technical Assistance, Monitoring, Outreach	March 12-13, 2013 (T-W)
See below for April 22, 2013 deadline		

**2013-2015 Biennium Grant Application Deadlines and
Types of Grant Offerings
Updated January 2013**

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
April 22, 2013	Proposed: Restoration, Water Acquisition, Technical Assistance	September 10-11, 2013 (T-W)
October 15, 2013	To be determined	March 2014 (Dates and location TBD)
April 15, 2014	To be determined	September 2014 (Dates and location TBD)
October 21, 2014	To be determined	March 2015 (Dates and location TBD)



Oregon

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January 11, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item P: Governor's Sage-Grouse/Rangeland Initiative – Planning and Coordination**
January 16-17, 2013 OWEB Board Meeting

I. Introduction

This report requests the Board award \$125,000 to assist planning and coordination activities associated with the Governor's Office priority Sage-Grouse/Rangeland Initiative. Specifically, the request seeks funding to hire a project manager and act on some immediate technical needs, such as mapping. Future requests to the Board for additional funding to support the initiative are anticipated.

II. Background

In 2015, the U.S. Fish and Wildlife Service (USFWS) is required to make a decision about listing the Greater Sage-Grouse under the federal Endangered Species Act (ESA). Sage-grouse and their habitat cover nearly 25 percent of the state's land area in southeast, central and northeastern Oregon, in addition to extensive areas across many other western states. As a result, this listing decision and the subsequent related actions and obligations have the potential to impact land management practices in Oregon at a scale similar to the actions related to salmon and spotted owls in the 1990s.

Governor Kitzhaber is seeking to develop a comprehensive plan that, when combined with updated Bureau of Land Management (BLM) Resource Management Plans, will maintain and improve sage-grouse populations and habitat in Oregon. The short-term objective of the state's planning effort is to inform the USFWS's listing decision in 2015. The Governor's long-term goal is to protect and restore sage-grouse populations and the ecological health of lands across southeast Oregon and other areas of the state through responsible stewardship that generates and allows for economic use and development of lands vital to healthy rural communities.

OWEB has a vested interest in sage-grouse and their habitat. The habitat area spans three OWEB regions and has been a major focus of watershed restoration investments for the Board. The area comprises large tracts of private, state, and federal lands. Over the years, a number of watershed projects funded by OWEB on private lands have been designed to enhance sage-

grouse habitat. Other projects have been conducted in conjunction with federal land managers with the same purpose in mind.

III. State's Planning Efforts and Needs

The USFWS's Conservation Objectives Team (COT) Report provides specific guidance on what threats the states need to address through regulatory mechanisms and conservation investments. To determine whether or not there is a need to list the species, the USFWS will conduct a certainty test as described in the Policy for Evaluating for Conservation Efforts. The certainty test considers state and local laws, regulations, ordinances, programs and other specific conservation measures that either positively or negatively affect a species status and how they meet the certainty test requirements necessary to avoid a listing and/or stronger federal oversight.

The State, through the Oregon Department of Fish and Wildlife, developed a science-based strategy in 2011 entitled "*Greater Sage-Grouse Conservation Assessment and Strategy for Oregon.*" The strategy provides recommendations for protecting and restoring sage-grouse populations and habitat. While this strategy provides a great foundation to inform the USFWS during its listing deliberations, the Governor's Office has determined that further evaluation, assessment, prioritization of needs and potential policy and program development will better inform the USFWS listing decision and guide the State's future conservation measures for the species. Moreover, the unprecedented large wildland fires that occurred in 2012 highlight that some key assumptions within the State's current conservation assessment and strategy may need additional review and revision to ensure goals for conservation and recovery can be met and maintained.

Emerging threats (e.g., energy development and mining) combined with the pending federal decision make a coordinated and multi-stakeholder approach to update Oregon's sage-grouse plan critical to achieving long-term certainty for healthy sage-grouse populations and their habitats as well as to attaining a more predictable future for local landowners and land managers.

IV. Governor's Vision for a Holistic Approach

The Governor's Office seeks to develop a more comprehensive plan to maintain and improve sage-grouse populations and habitat. The state plan will be developed with input from a diverse coalition of state and federal agencies, local governments, industry, private landowners, and other stakeholders interested in supporting the Governor's long-term goal. The plan will build on the scientific and technical foundations provided by the State's 2011 strategy and the reports produced by the BLM's National Technical Team (2011) and the USFWS's COT (2012).

Specifics of the plan will include:

- Addressing all of the key threats identified for each of Oregon's sage-grouse populations in the COT report;
- Dovetailing state management strategies with those developed for federal lands through the BLM's current Greater Sage-Grouse Resource Management Plan amendment process;

- Using available spatial data to develop a predictive model of the impacts that proposed actions or policies will have on sage-grouse populations and habitat;
- Identifying policy changes that will be designed to ameliorate each of the identified threats to sage-grouse populations and habitat;
- Enlisting the support and commitment of key parties needed to implement priority actions;
- Creating a framework for landscape-scale mitigation of impacts to sage-grouse habitats on both public and private lands that accounts for cumulative impacts and steers mitigation actions to priority conservation areas; and
- Developing a credible and grounded approach to implementation, including monitoring, evaluation and adaptive management, and funding strategies to ensure fulfillment of the State's commitments.

The goal is to develop the comprehensive plan by January 2014, leaving a very short time-period to complete the needed work products. The timing is critical, however. If the elements of the plan are completed in a timely manner, it will allow the USFWS to evaluate the plan when making its listing decision. A completed state plan, therefore, has the potential to influence the outcome of the listing decision.

V. Key Dates and Milestones within Federal Process

There are several important federally determined dates and critical milestones that the state process will be both tailored to address and organized around beginning this year, including:

2013

March: BLM draft EIS
 October/November: Draft State of Oregon plan
 November: BLM final EIS

2014

January: Finalize State of Oregon plan
 January: Governor's Consistency Review of BLM plans
 August: BLM Record of Decision

2015

September: USFWS Proposed Rule and Critical Habitat Definition

VI. Funding Request and Future Needs

The current request for funding is to assist the Governor's Office with the state's immediate needs to develop a comprehensive plan for sage-grouse. The most critical immediate needs are for \$125,000 to support a project manager and some near-term technical needs. The \$125,000 would support the following two items:

1. Project Manager

The project manager will be hired with the intent of securing the services of an experienced individual with good political, communication and organizational skills to coordinate overall development of the plan. This person will ideally be someone with good knowledge of state government, ability to represent Governor's Office and engage at a high level, and coordinate processes. The project manager will act as the point person to work with the state coordination workgroup and coordinate and keep the individual committees and teams on track. Funding from OWEB currently is requested for 9 months of the 18-month term ranging from \$85,000-\$100,000.

2. Immediate Mapping Needs

Funding for the Institute for Natural Resources is sought for mapping current sage-grouse habitat using new methods to produce more accurate habitat data. Future scenarios and mitigation opportunity areas will also be delineated. The current funding request to meet this need is approximately \$25,000-\$40,000.

It is anticipated that the full project may require 18-24 months to complete. An estimate of full project needs, products and budget is included in Attachment A. A portion of the grant funds may be used to support some of the items listed in this attachment, if funding needed for the project manager and mapping is below anticipated levels. A description of the organizational structure the project manager would help lead is contained in Attachment B.

A number of stakeholders are making significant investments in further development of information and approaches for conserving sage-grouse in Oregon. The Natural Resources Conservation Service and BLM are investing significant funding in planning and restoration of sage-grouse habitat in Oregon. The Oregon Cattlemen's Association is working with the USFWS and BLM on the development of a Candidate Conservation Agreement for federal grazing lands in the region. Harney County is working with the USFWS on a Candidate Conservation Agreement with Assurances for private lands in the County. The Nature Conservancy (TNC) has made a commitment of over \$500,000 to develop data sets and improve sage-grouse re-seeding restoration practices and, at the Governor's request, TNC is seeking additional funding to support development of data and technical tools to help with the state's efforts. In addition, the Department of Land and Conservation Development has \$30,000 that can be used as match to assist with mapping in Lake County.

VII. Recommendation

Staff recommends that the Board award \$125,000 for the purposes described in Section VI of this report and delegate authority to the Director to enter into appropriate agreements to distribute the funds.

Attachments

- A. Anticipated State of Oregon Sage-grouse and Rangeland Habitat Conservation Initiative Needs
- B. Oregon's Sage-Grouse Planning Structure and Work Groups

**Anticipated State of Oregon Sage-grouse and Rangeland Habitat
Conservation Initiative Needs**

January 2013

The following needs are estimated in addition to the Agenda Item P funding request:

- Project Manager: Second term of contract. \$100,000
- Conservation Practices Expertise: Contract with EOARC for delivery of products through Practices Technical Team. \$45,000-\$90,000
- Sage Grouse Expertise: Secure services (part-time, one year) of one or more individuals with expertise in sage grouse conservation and management to ensure sound foundation in science and conservation biology. \$25,000.
- Habitat Condition, Landscape Assessment and Predictive Modeling Expertise: A Landscape Assessment Technical Team lead charged with coordinating data development and analysis with the BLM and state and local agencies; tracking/attending Workgroup and Committee meetings to gather and present data needs; and 2-5 analysts charged with developing data sets, running predictive models and producing products for the State's plan. \$25,000 -\$50,000
- Mitigation & ESA Expertise: A Mitigation Technical Team lead and ESA expertise to work with the State, USFWS and BLM to define rules for implementing ODFW's mitigation policy for sage grouse. \$35,000-\$50,000

Oregon's Sage-Grouse Planning Structure and Work Groups Nov. 2012

State Coordination Workgroup

The state workgroup will be led by Richard Whitman and staffed by the Project Manager. The workgroup includes a representative of the Association of Oregon Counties, state staff with expertise in wildlife management and land use and management policies and programs, and staff and/or contractors leading the Stakeholder Committees and technical teams.

The state workgroup acts as a steering committee for the development of the State's plan, including: management of project staff and contractors assigned to the state workgroup and technical teams associated with the project, and leadership of the stakeholder committees. The state workgroup makes decisions on contents of the plan, evaluates policy options and identifies issues to be raised before and/or addressed by Stakeholder Committees, Technical Teams. The state workgroup is responsible for coordinating with BLM, NRCS, and USFWS, which are ex-officio members of the workgroup. Contractors help staff the group as needed.

STAKEHOLDER COMMITTEES

Habitat Fragmentation Stakeholder Committee: The Habitat Fragmentation Stakeholder Committee will be led by Richard Whitman, with support from the Project Manager and/or a professional facilitator. Members of the Committee will be recruited as needed. Relevant state agency staff and contractors in the Technical Teams will support the Committee.

The Habitat Fragmentation Stakeholder Committee is charged with identifying existing and new land use-related policies and programs that show promise for reducing the threat of habitat fragmentation. The workgroup provides input to, and reviews products from, the Technical Teams – in particular the Mitigation Technical Team's products.

Fire, Invasives & Land Management Stakeholder Committee: The Fire, Invasives & Land Management Stakeholder Committee will be led by Brett Brownscombe with support from the Project Manager and/or a professional facilitator. Members of the Committee will be drawn from SageCon and others recruited as needed. Relevant state agency staff and contractors in the technical teams will support the Committee.

The Fire, Invasives and Land Management Committee is charged with identifying existing and new policies and programs that show promise for reducing the threats associated with fire, weeds, juniper, and livestock grazing.

TECHNICAL TEAMS:

1. Sage Grouse State Technical Team (SGSTT): The SGSTT team will be made up of the existing State Sage Grouse State Technical Team with the addition of a representative from a conservation organization with expertise in bird conservation. The technical team will be led by ODFW and supported by a contracted expert on sage grouse. The Sage

Grouse Technical Team will provide technical support to State Workgroup, and other Technical Teams on biological and ecological issues related to sage grouse conservation.

2. Practices Technical Team (PTT): The PTT will be led by Brett Brownscombe and staffed by Tony Svejcar and Eastern Oregon Agricultural Research Center, supported by the Institute for Natural Resources and/or The Nature Conservancy.

The Practices Technical Team gets input from the Sage Grouse Technical Team and provides technical support and recommendations to the Fire, Invasives and Land Management Committee and provides products to the Mitigation Technical Team.

3. Mitigation Policy and Programs Technical Team (MPPTT): Led by Richard Whitman and staffed by ODFW, USFWS, and BLM and contractors. The MPPTT develops recommendations to State Workgroup on mitigation policies and programs. The group will use input from Practices and Sage Grouse Technical Teams. Products from the MPPTT will be reviewed by Habitat Fragmentation Team.

4. Landscape Assessment Technical Team (LATT): Led by Richard Whitman and staffed by INR & TNC, ODFW, BLM and USFWS. The LATT develops and analyses landscape data to help set priorities and predict benefits of proposed actions. Responds to needs generated by the work groups and approved by the State Workgroup.



Oregon

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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item Q: Pacific Coastal Salmon Recovery Fund (PCSRF) – Oregon Department of Fish and Wildlife (ODFW) Funding Request January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This report outlines the request to provide Federal Fiscal Year (FFY) 2012 PCSRF funding in the amount of \$800,000 to ODFW to complete the second year of ongoing research, monitoring, and evaluation of salmon and steelhead and their habitats in the lower Columbia River. Staff from ODFW will attend the January Board meeting to provide a brief overview of activities supported by the PCSRF funding and answer questions from Board members.

II. Background

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, the National Marine Fisheries Service (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.

III. Emergency Board Request

In September of 2012, OWEB and ODFW jointly requested expenditure limitation from the Legislature's Emergency Board. OWEB sought \$1,800,000 in Federal Funds limitation from the FFY 2012 PCSRF grant award to the state. Of this request, \$1,000,000 was for use this biennium for OWEB grant awards to salmon-related watershed restoration activities. The remaining \$800,000 was for expenditure limitation to pass through funding to ODFW to assist in satisfying that agency's Legislatively Adopted Budget for the 2011-2013 biennium. ODFW requested \$800,000 of Other Fund limitation to allow the agency receipt of the potential funding from OWEB. The Emergency Board approved the request.

IV. ODFW Use of the PCSRF Funding

ODFW will use the funds to support elements of salmon and steelhead fish population and habitat monitoring in support of the Lower Columbia River Salmon and Steelhead Recovery Plan, as described in the FFY 2012 PCSRF grant application to NMFS. Through their parallel recovery planning processes, the states of Oregon and Washington have determined that the lack of information on population status and habitat conditions is a critical uncertainty that must be addressed in order to ensure effective implementation of the recovery plans. The states worked collaboratively with NMFS to identify funding needed under PCSRF to support critical monitoring and evaluation activities in the lower Columbia River.

This funding request allows for the monitoring and evaluation that began this biennium to continue through July of 2013. Specifically, this funding would implement counts of adult steelhead, comprehensive chum salmon monitoring, and fish habitat monitoring. All aspects of this monitoring provide essential information supporting recovery of salmon and steelhead in the 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 pre-season harvest management planning and post-season assessment of salmon and steelhead fisheries.

In June of 2010, all of this work was approved in ODFW's Legislatively Adopted Budget for the 2011-2013 biennium in anticipation of future PCSRF funding.

V. Recommendation

Staff recommend the Board approve \$800,000 in funding from the FFY 2012 PCSRF grant awarded to Oregon in July of 2012 to ODFW for Lower Columbia River salmon and habitat monitoring. If approved, OWEB staff will work with ODFW to amend the Interagency Agreement with additional funding to complete this biennium the second year of ongoing research, monitoring, and evaluation in the lower Columbia River.



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December 16, 2012

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item R: OWEB's Long-Term Investment Strategy for Conservation
January 16-17, 2013 OWEB Board Meeting**

I. Introduction

This report updates the Board on the Roadmap for OWEB's Long-Term Investment Strategy for Conservation, including stakeholder involvement. This report is for informational purposes only; no Board action is requested. Additional information will be provided at the January 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.

In spring of 2012, 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."

Staff also reached out specifically to tribal governments to make them aware of the Long-Term Investment Strategy process. Eleven tribal governments were contacted and two tribes—the Cow Creek Band of Umpqua Tribe of Indians and The Confederated Tribes of Grand Ronde—requested meetings with OWEB staff. Topics of interest and suggestions to the OWEB Board from these tribes include: 1) a focus on entire ecosystems is critical to maintaining ecosystems through time; 2) investments in collaborative, community-based trust building is needed to help break down silos among agencies, tribes and others; 3) water quality, including both surface water and groundwater, is a high-priority issue; and 4) telling the story of the state's collective progress toward Oregon Plan goals is important. Staff will notify tribal governments of future listening sessions and invite further input from them.

The Executive Committee has met monthly by conference call during 2012 to oversee the structure and process for stakeholder involvement and plan for Board retreats on the development of the Long-Term Investment Strategy. The Board held a retreat on July 25-27. The facilitator's report on the July Board retreat, along with preliminary products from the retreat, was presented at the September Board meeting and posted on OWEB's website.

The Board's second retreat was held October 29-30, 2012. The facilitator's report on the October retreat is included as Attachment A and will be posted to the OWEB website. The draft proposal for OWEB's Long-Term Investment Strategy for Conservation will be posted on the OWEB website as soon as it is available. The facilitator's report and draft proposal also will be e-mailed to stakeholders for review in advance of the January Board meeting and the listening sessions to follow.

At the January meeting, staff will present an overview of the draft Long-Term Investment Strategy for Conservation, and then the Board will take public comment on the draft proposal. Staff encourage Board member attendance at the 2013 listening sessions for the Long-Term Investment Strategy, and recommend the Board plan sufficient time at its March 2013 meeting to discuss the next steps in preparation for the planned adoption of the Strategy at the June 2013 Board meeting.

III. Roadmap Timeline/Next Steps

A second round of stakeholder listening sessions will be held in early 2013 to discuss the direction the Board is heading and seek more stakeholder feedback.

IV. Recommendation

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

Attachment

A. Facilitator's Report from October 2012 OWEB Board Retreat

OWEB Board Retreat

October 29 and 30, 2012

Oregon Garden Hotel, Silverton, Oregon

Facilitators' Report

In attendance for all or part of the session:

- Board Members – Sybil Ackerman, Alan Henning, Debbie Hollen, John Jackson, Kim Kratz, Will Neuhauser, Lisa Phipps, Eric Quaempts, Trish Smith, Dan Thorndike, Bob Webber, Karl Wenner, Bill White
- Staff – Lauri Aunan, Tom Byler, Rick Craiger, Renee Davis-Born, Meta Loftsgaarden, Cindy Silbernagel, Greg Sieglitz
- Facilitation Team – Robin Gumpert, Donna Silverberg

Day 1

Chair Dan Thorndike welcomed the group to the Oregon Garden Hotel in Silverton. Facilitator Donna Silverberg reviewed the retreat agenda and goals, and reminded the Board and Staff about the process that had led to today's discussion and draft proposal for a Long Term Investment Strategy (Investment Strategy) framework and portfolio. The series of stakeholder listening sessions, Board meetings and retreats, Executive Committee work; and managers and staff meetings have all contributed to the draft product.

Board members focused during this retreat on clarifying the proposal and deciding what to share out to the public as a draft for discussion and input. Donna emphasized that this product would not be considered 'final' after today, but that the Board is getting closer to its target of adopting an Investment Strategy in June 2013. She also reviewed the elevations chart to show where this process is nested in the various levels of OWEB decision making inputs. The Investment Strategy is informed by OWEB's mission and Strategic Plan, and informs future spending plans, funding decisions and grant processes. The Board was asked to focus this retreat on the Investment Strategy. Once the Investment Strategy is adopted, it will need to be implemented through future Board and staff work at the more detailed levels of spending plans, funding decisions and grant processes.

Overview:

Director Tom Byler thanked his Board for attending and for contributing to the dialogue, acknowledging that the Long-Term Investment Strategy has required extra time, and their

effort has been extremely valuable to the agency. He said this is a very exciting time for OWEB. Permanent funding under Measure 76 provides the opportunity to review our programs and where we are headed in the long term. He noted that the Board makes funding decisions and the Investment Strategy will be an intentional roadmap for the decisions the Board makes. He shared his hope that the Investment Strategy will provide a good compass to guide our investments and more transparency about our priorities that will benefit our stakeholders.

Tom noted that the product of the Board's July Retreat was the "framework" for our investments. The goal of this Retreat is to determine whether the Board is ready to share its draft ideas with stakeholders for their feedback. If so, the draft proposal would be sent to the public by the end of December. The proposed Investment Strategy will not be final until after stakeholder listening sessions early next year, and Board discussions at its January, March and June 2013 meetings.

Tom offered that any shifts resulting from the Investment Strategy will not happen immediately, but Board adoption of the Strategy will kick off more detailed staff, Board and stakeholder conversations about implementation. For example, the 2013-15 spending plan will likely look quite similar to the current spending plan.

Tom walked the group through the draft proposal document and there were a number of clarifying questions and comments.

Renee Davis-Born and Rick Craiger shared highlights from OWEB staff comments about the draft proposal, provided at an All-Staff Retreat on October 11, 2012. Staff saw opportunities in the draft proposal, noted red flags, and identified important considerations for the Board.

Rick reminded the Board of OWEB's history including the time when watershed councils were being created, the Oregon Plan for Salmon and Watersheds, Measure 66 and the resulting large increase in grant funds, and the ongoing struggle with how to set priorities, there is a valid concern about the importance of grassroots efforts. Board members appreciated staff comments and had the following observations:

- Staff is saying we should not lose what has worked.
- The thoughtful discussion from staff is appreciated. I heard if you make changes, know that they need to be implemented in a thoughtful and deliberate way so as not to lose those who have done great work so far. Enlist them to help us go to the next level, and don't try to make these changes overnight.
- This shows me that we need to connect the Long-Term Investment Strategy with on-the-ground implications and implementation. The investment strategy will continue to be a work in progress, never actually 'final'.

- We should reiterate our commitment to the grassroots effort that has been so successful in the past.
- The rationale for the proposed phased-in increase to Focused Investments was not clearly articulated in the draft proposal.

Donna Silverberg then facilitated a Board discussion about three questions.

1. Is the proposal responsive to public input? If not, what needs to be refined?

It was noted that being responsive is not the same as agreeing to all public input. With that clarification, Board members commented that they felt the draft proposal is responsive to public input. It was noted that the draft proposal is a reflection of where we've been and where we are going and that OWEB has never written it down before. It was also noted that there was no consensus from the public, with the exception of the consistent request for effectiveness monitoring and telling the story.

2. Is the proposal responsive to Board input? If not, what is needed?

Board members thought that the draft proposal reflects Board input, and recognized that the Board will need to consider the next round of stakeholder feedback from the Long-Term Investment Strategy 2013 listening sessions.

3. Do you understand the proposal? If not, what needs to be clarified?

The Board had a lengthy discussion about clarifications that were needed to ensure the Board was on the same page about what the draft proposal means. Suggested clarifying edits were captured by the facilitation team. In particular, the Board spent a lot of time discussing the intent around the Board identification of specific ecological priorities or outcomes under Focused Investments.

DAY 2

Based on the Board comments from Day 1, the facilitation team, several Board members and managers refined the draft proposal and presented it to the group the morning of Day 2. Donna described the refinements and invited the Board to respond. Board members asked questions and offered suggestions that led to a further refined draft. **The refined proposal discussed at the retreat is included as Attachment A to this report.**

After significant discussion, Donna asked the Board to show, using the five finger consensus tool, their level of support for sharing the framework with the public as a draft proposal. All Board members present agreed. A few caveats were expressed:

- Put 'proposed' on the documents.

- Ensure consistency in messages across the three pages.

Donna then asked for a show of fingers on Board support for sharing with stakeholders the proposal to phase-in, over time, an increase in resources for Focused Investments. The Board supported sharing this idea with stakeholders, with the following caveats:

- Focused Investments will be spent on quality projects – we won't box ourselves in to putting more in to Focused Investments if we don't receive proposals we think are worth funding.
- There will be transparency about our intentions not to do a major shift right away, but that we will retain flexibility around this given future needs and opportunities that arise.
- There is a remaining concern that we still have unanswered questions about the benefits and consequences of this shift.

Rationale for phased-in increase in Focused Investments

Donna noted that several Board members had commented that the draft proposal was not as clear as it could be in its rationale for why OWEB is proposing a gradual increase in Focused Investments. She asked Board members to work in three small groups to articulate their rationale.

Group 1

- Greater ecological benefits – targeted landscape/issue approach
 - Leverage partnerships funding/social capital/ecological
 - More focused monitoring to measure/evaluate success
 - Broader community investment and cooperation in restoration
 - Fosters collaborative problem solving
 - Potential for more stable integrated approach at larger scale
-

Group 2

- Define and support an ecological outcome
 - It is a way to marshal resources
 - Based on time and circumstances we identify an ecological outcome that needs to be addressed
 - Accountability on a broad scale
 - Potential for longer term funding for partners
-

Group 3

- Want to see OWEB move to more strategic decision making (It was clarified that this statement is about OWEB being more strategic, not about partners being more strategic)
- Our history/maturity has informed our direction
- Focused energy when field is ripe results in accelerated outcomes at scale e.g. Deschutes, Tillamook, Sandy River
- We can demonstrate our effectiveness
- Monitoring gives us the opportunity to prove the value of strategic investment

Based on the small group discussions, Board members discussed additional messages that will be important to convey:

- There are not enough grant funds to meet all needs; therefore the Board needs to make explicit choices about priorities.
- The Board appreciates and values the hard work and efforts of local grassroots groups. We are committed to supporting them now and in the future.
- To value and continue the good work that has been done to date.

Next Steps

Donna helped the group set forth a plan for refining the draft proposal for public comment:

- Small group refine (Sybil, Bob, Lisa, Kim, OWEB manager, and facilitation team)
- Email refinement to Board, staff and stakeholder focus group for feedback on clarity
- 1 week for comments
- Refine as needed
- Take to Listening Sessions as 'DRAFT Proposal'

Outreach ideas

Board members are committed to listening to stakeholders and being responsible to the people of Oregon, who are our funders. It was noted that we are trying to use the best process we can and provide opportunities for public input.

- Stakeholder focus group to help the draft proposal be as clear and understandable as possible for the public
- January Board meeting opportunity for public comment
- Webinar offered as part of the 2013 Listening Sessions in the 6 regions
- March Board meeting

- June Board meeting

Wrap up:

Tom said he was impressed with this very engaged and thoughtful board. Clearly, everyone cares about the issues and is asking great questions, and this means a lot to staff. We appreciate your patience and diligence going through this process. We are still far from a final decision on this and even beyond that, there will be many more decision points for the Board. Tom said he is excited about the opportunities and looks forward to the next step of hearing from the public.

The meeting concluded with wrap-up comments from Board members and staff.

ATTACHMENT A

***Refined draft proposal discussed at October Board Retreat, to be further developed by small group of Board members, facilitators, and OWEB manager**

All investment areas lead to ecological outcomes

Open solicitation investments based on locally selected ecological outcomes

- Small grants
- regular grants (capped)
- Large grant offering
- Includes outreach

Focused investments based on collaboratively prioritized ecological outcomes

- Refined by clear criteria
- Outcome based
- Outcome measured
- Time limited
- Tools unlimited (e.g. Grant, RFP, Contract, MOU)
- Includes outreach and emerging issues related to Board focus

Operating and Capacity Investments

- Council and District operating funds
- Standards for: eligibility; reporting; and accountability

Foundational Underpinnings for all:

- Board selected
 - Effectiveness monitoring
 - Reporting results
 - Emerging issues/ideas

APPROVED BY THE BOARD JUNE 11, 2013
Oregon Watershed Enhancement Board

January 16, 2013
OWEB Board Meeting
Cottage Grove, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Will Neuhauser
Lisa Phipps
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

Members Not Present

Sybil Ackerman
Kim Kratz
Eric Quaempts
Morgan Rider
Patricia Smith

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Miriam Hulst
Meta Loftsgaarden
Shannon Schmidt
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Pam Reber
Kelley Beamer
Al Elkins
Eric Riley
David Parker
Catherine Pruett
Kendra Smith
Pam Wiley
David Waltz
Ron Alvarado
Myriem Le Ferrand
Eve Montanero

Others Present

Sandy McKay
Ray Tharp
Wayne Hoffman
Kelly Sparks
Mary Wahl
Janelle Dunlevy
Gail Grogan Perrotti
Brian Swift
Lee Russell
Michael Pope
Liz Vollmer-Buhl
Josh Murphy
Vickie Killion
Mike Mader
Diane O'Bryan
Bob Main
Richard Litts
Ralph Perkins
Jimmy Schiper
Ryan Houston
Bruce Taylor
Joe Moll
Anna Kerr
Ryan Gordon
Jim Pendergrass
Dana Dedrick
Tara Davis
Liz Redon

A. Board Member Comments

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

B. Board Co-Chair Election

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 Dan Thorndike stated that Eric Quaempts was elected to complete the remainder of Dan Heagerty's term as Co-Chair which is now expired. Co-Chair Quaempts

has expressed interest in continuing to serve as Board Co-Chair, and was nominated by the Board.

Board members unanimously re-elected Eric Quaempts to serve as OWEB Board co-chair for a two-year term.

C. Minutes

Minutes of the September 11-12, 2012, Board meeting in Welches were unanimously approved.

D. Executive Director Update

Director Byler provided updates on the following:

1. Legislative

The legislative session starts on February 4, 2013, and Board members were provided a list of legislative committee assignments. Renee Davis-Born, Senior Policy Coordinator, is OWEB's legislative coordinator. Although OWEB does not own any bills, there are some policy issues affecting OWEB that we will be tracking regarding acquisitions and ecosystem services. As requested in the 2011-2013 Legislatively Adopted Budget, OWEB provided a report responding to budget notes on watershed councils and the IMST. As has been done in past legislative sessions, staff will hold bi-monthly legislative update conference calls every other Friday at 11:00 a.m. beginning February 8.

2. Summer Creek Acquisition (#210-102)

In June 2010, the OWEB Board awarded \$1 million of federal and other funds to the City of Tigard for the purchase of 43 acres at the confluence of Summer and Fanno creeks in Tigard. As a condition of the grant agreement, OWEB required the City to develop and implement a regional environmental education program, and report to the Board on progress. The City has met the reporting requirement as outlined in the grant agreement.

3. October 22, 2012, Grant Cycle

A total of 220 eligible grant applications (Technical Assistance, Monitoring, Outreach, Restoration, and Water Acquisition) requesting nearly \$19.8 million were submitted to OWEB by its October 22, 2012, deadline. Staff have begun the review process and will propose funding recommendations to the Board at its March 2013 meeting.

4. 2011-2013 Biennial Report

Greg Sieglitz, Monitoring and Reporting Program Manager, provided an overview and presentation of the 2011-2013 Oregon Plan Biennial Report, and recognized the hard work of staff who assisted in putting the report together, in particular Ashley Seim, Renee Davis-Born, and for the Board members who provided their observations and recommendations. As required by statute, by January 15 of each odd-number year, OWEB submitted its report that assessed the statewide and regional implementation and effectiveness of the Oregon Plan for Salmon and Watersheds to the Governor and appropriate committees of the legislative assembly. The biennial report consists of a two-page Executive Summary, a segment on the OWEB website that provides access to the full report, and short video reports for each of six regions of the state depicting current watershed health issues and key restoration effort.

Director Byler also mentioned that things are starting to move ahead on the Oregon Plan Governor's Priorities relating to forest health and salmon strongholds.

The Secretary of State's office recently concluded audit work of selected financial accounts at OWEB as part of a statewide compliance audit [Comprehensive Annual Financial Report (CAFR)] for the year ended June 30, 2012. The audit did not identify any deficiencies in internal control over financial reporting.

E. Land and Water Acquisitions

Public Comment

The following provided public comment in support of the proposed new acquisition process and revised rules:

- Bruce Taylor, Oregon Habitat Joint Venture
- Michael Pope, Greenbelt Land Trust
- Russ Hoeflich, The Nature Conservancy
- Kendra Smith, Bonneville Environmental Foundation
- Al Elkins, Oregon Hunters Association, had concerns about hunting language in the easement document and had relating concerns in the rules that were addressed during the public comment process prior to the meeting.

Meta Loftsgaarden, Deputy Director, and Renee Davis-Born, Senior Policy Coordinator, Miriam Hulst, Acquisitions Specialist, and Roger Borine with Sage West Consulting provided Board members with a summary of progress over the last year in the acquisitions program.

1. Update the Board about the Water Acquisitions program and request the Board establish a Rules Advisory Committee for rules relating to water acquisitions.

Board members voted unanimously to direct staff to establish a Rules Advisory Committee and authorize rulemaking to consider amendments to Division 46 of OWEB's administrative rules relating to water acquisition grants.

2. Update the Board about the Pugh Property Addition at Yamhill Oaks Preserve Acquisition project and request the Board approve funding for the project based on the recommendation of the Acquisitions Subcommittee.

Board members unanimously approved \$105,448 in funding for Grant Application Number 212-108 from The Nature Conservancy to purchase the Pugh Property, contingent on the conditions described in the January 2013 Acquisitions staff report.

3. Update the Board about monitoring of land acquisition projects and, based on feedback from the contractors hired by OWEB to review all land acquisitions funded by the Board, request that the Board a) approve a firm deadline of September 30, 2013 for completion of all overdue baseline inventories and management plans and b) delegate authority to the Executive Director to initiate a one-time grant offering that will reimburse OWEB grantees with overdue items to contract completion of those items if needed.

In June 2012, OWEB contracted with Sage West Consulting, to complete monitoring on all OWEB funded land acquisitions. Roger Borine, Sage West Consulting, briefed Board members on their work during the summer and fall of 2012. As part of their analysis, the

contractors identified a management plan and baseline inventory as being important to the restoration success of the project. The consultants have submitted a 500-page final report, and staff plan to prepare an individual response to each of the property owners on their findings.

Board members voted unanimously to:

1. *Approve a firm deadline of September 30, 2013 for completion of all overdue baseline and management plans; and*
2. *Grant expenditure authority to the Executive Director in the amount of \$200,000 and delegate authority to the Executive Director to initiate a one-time grant offering to reimburse OWEB grantees with overdue baseline inventories and management plans to contract completion of those documents. Grants will be offered following filing of land acquisition grant administrative rules.*

4. Outline for the Board a new land acquisition application and review process.

OWEB staff outlined the key components of the proposed new acquisition process.

- One grant cycle per year allows staff to organize workflow better, while still allowing applicants to apply for properties purchased in the time between each grant cycle;
- A streamlined review process allows for a Board decision in March following an October grant due date;
- A expanded review process that evaluates ecological outcomes, project soundness, organizational capacity, and public benefits and impacts, and includes public comment; and
- Applicants will have the opportunity for a pre-project consultation to ensure projects are ready for submission and fit with OWEB's land acquisition program guidelines.

*Board members unanimously approved a new land acquisition application and review process as outlined in the **revised** Attachment D to the January 2013 Acquisitions staff report.*

5. Outline for the Board proposed land acquisition rules as drafted through the Rules Advisory Committee; and
6. Request that the Board adopt proposed land acquisition rules and approve a new land acquisition application and review process.

Staff outlined the key components of the proposed land acquisition rules and review process:

- Use of grant funds – allows grant funds to be used for property purchase price and other costs associated with the acquisition (e.g., survey, appraisal, management plan);
- Revised evaluation process including:
 - A Project Soundness Review by OWEB and DOJ;

An Ecological Outcomes Review by local individuals with ecological expertise;

A Community Benefits and Impacts Review by OWEB;

An Organizational Capacity Review by OWEB;

Followed by a public review.

- Eleven step process for acquisition applications from pre-application consultation through successful post-project closing implementation.

Board Members voted unanimously to adopt new land acquisition rules as drafted through the Rules Advisory Committee and revised to reflect 1) the Board's revision of the definition of "profit" to mean the "positive difference" and 2) the comments received during review and public comment processes as contained in Attachment F to the January 2013 Acquisitions staff report.

F. Watershed Council Support Update

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, provided Board members with an overview of the Council Support Listening Sessions held around the state in November and December 2012. Staff also provided Board members with background information on the process to date, and outlined next steps toward development of the new Watershed Council Support Outcome Based Review and Award Process.

They briefed Board members on the transition process:

- OWEB's role as a funder of council capacity
Past, current context, state and local government roles
- Drivers of change/lessons learned
2010 OWEB Strategic Plan, Goal 2, Strategy 2
Measure 76
2011 Legislative budget note to review program
Watershed council feedback
OWEB's lessons learned
- Goals of program review
Refine criteria defining which councils are eligible to apply for council support funding;
Streamline grant administration and processes;
Improve reporting for accountability and tracking of accomplishments;
Address long-standing policy issues.
- Stakeholder involvement
2010 Listening Sessions
Stakeholder based work groups
2012 Listening Sessions
Future opportunities in 2013 and 2014
- Future vision for council capacity
Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.
OWEB contributes to council capacity over the long term.
OWEB does not, alone, support the capacity needs of councils. Community support and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.

- Proposed changes and what was heard through the listening sessions
OWEB's objectives are to: Streamline for efficiencies; improve merit evaluation by greater reliance on OWEB's knowledge as a long-term funder; improve reporting. Staff presented the proposed process changes and discussed what was heard in the listening sessions regarding funding levels, eligibility criteria, and 45 capacity areas. Several policy questions were raised by discussions:
Should OWEB's grant program seek to support state coverage by watershed councils?
OWEB's role and purpose of capacity investments.
- Next steps
OWEB staff will consider feedback from listening sessions; and have follow-up meetings and conversations with stakeholders.
Staff will provide a progress report at the March Board meeting.
At the June 2013 Board meeting, staff will request approval to begin rulemaking, and get the Board's direction on the "scale" issue.
In summer/fall 2013, staff will convene a stakeholder Rules Advisory Committee.
In spring 2014, public hearings on proposed council support rules will be held around the state.
At the June 2014 Board meeting, staff will submit a council support rules proposal for Board adoption.

Staff will continue to work with the Board Council Support Subcommittee to refine the process and help prepare materials for the March Board meeting.

G. Public Comment

Public Comment -- Watershed Council Support

- Sandy McKay, Gilliam-East John Day WC, expressed the need for OWEB to use limited funds effectively. He presented the concept that would allocate support funds equally between regions and let local partners determine the appropriate scale and boundaries.
- Vickie Killion, Stream Alliance of the Middle Rogue, emphasized the value of using incentives to address the scale issue.
- Wayne Hoffman, MidCoast Watersheds Council, discussed the history of council support, and asked that OWEB not lose local focus of the Oregon Plan for Salmon and Watersheds.
- Anna Kerr, Lake County Umbrella WC, supports change in the process; scale idea needs refinement with input from councils to prevent thinning of the soup.
- Kendra Smith, Bonneville Environmental Foundation, supported updating the council support process and mentioned the need for long-term technical support.
- Lee Russell, Elk Creek WC, expressed concerns about the scale proposal; need to consider different ecology of watersheds.
- Naomi Parker, City of Lakeside, opposes capacity areas; support Tenmile Lakes Watershed Council.
- Bob Main, Coos County Commissioner, opposes capacity areas; support Tenmile Lakes Watershed Council.
- Ryan Houston, Upper Deschutes WC, supports process change; focus on effectiveness not efficiencies; scale idea needs refinement.

- Mike Mader and Diane O’Bryan, Tenmile Lakes Watershed, commented that the Tenmile Lakes Watershed Council is effective; scale change won’t work.
- Richard Litts, Tenmile Lakes Basin Partnership, commented that a bigger scale for councils could make it harder to connect with landowners.
- Ryan Gordon, Network of Oregon Watershed Councils, discussed the Network’s recently completed council needs assessment and focus of the Network.
- Eric Riley, Partnership for the Umpqua Rivers, supports process changes; scale proposal is not biologically equitable; use incentives.
- Liz Vollmer-Buhl, Siuslaw WC, commented that process change proposals are okay; scale proposal needs local input.
- Dana Dedrick, Deborah Saunders Evans, and Jim Pendergrass, Long Tom WC, support effective councils; proposal is too simplistic; scale is not the only factor; OWEB should look at stream density, population, and landowners; focus on performance; use 60 high-ranked councils as the starting point.
- Jack Shipley, Collaboration of Rogue Basin WCs, supports changes to process; the Rogue councils developing a proposal for OWEB.
- Janelle Dunlevy, Applegate, Gail Perrotti, Seven Basin, and Kelly Sparks, Lower Rogue WC, commented that there does need to be change, and the Rogue councils are developing a proposal to share with OWEB to address the scale idea.
- Eve Montanaro, Middle Fork Willamette WC, opposes capacity area proposal; supports staff efforts; change is needed.
- Liz Redon, North Santiam WC, expressed the need to continue dialogue with councils to refine the scale proposal.

Public Comment – General

- Joe Moll, McKenzie River Trust Executive Director and COLT President, introduced Kelley Beamer, as the new Executive Director of the Coalition of Oregon Land Trusts (COLT). He also provided an update on progress at two OWEB-supported acquisitions – Green Island and Waite Ranch.
- Jimmy Schaper, Friends of Row River and Cottage Grove Forest Web, supported the Aquatic Conservation Strategy applied on federal lands in Western Oregon. He also stated that water quality and salmon runs are improving, and OWEB deserved congratulations.

H. Willamette Partnership and the Thiess International Riverprize Presentation

Ken Bierly, Senior Partnerships Coordinator, and Pam Wiley, Meyer Memorial Trust (MMT), presented this item to the Board.

OWEB and the MMT are co-funders of efforts to improve the conditions that support protection or improvement in aquatic ecosystem processes and functions. The shared effort in the Willamette [The Willamette Initiative (MMT) and the Willamette SIP (OWEB)], built on a long tradition of efforts to maintain and improve the ecological conditions of the Willamette River. As funding partners, OWEB and MMT work with a group of non-profits, watershed councils, land trusts, private landowners, and public agencies to coordinate efforts through the application of funding decisions.

MMT on behalf of the Willamette partners submitted an application to the International River Foundation for the 2012 Thiess International Riverprize. The IRF works in partnerships around the world to fund and promote the sustainable restoration and management of river basins.

There have been 22 Riverprize winners and more than 60 Riverprize finalists since the establishment of the Riverprize in 1999. The Siuslaw Partnership with the U.S. Forest Service, Siuslaw Watershed Council, and Siuslaw SWCD won in 2004.

The Willamette River was selected as the 2012 Thiess International Riverprize winner at the 15th International River Forum in Australia. Ken Bierly, Pam Wiley, and Kendra Smith (BEF) were present to receive the award. The winner is awarded a trophy and \$300,000 to go toward projects of the partnership or other activities that would benefit river restoration. An additional responsibility for the winners is to “twin” with another river system somewhere else in the world. OWEB and MMT will be discussing alternative uses for the financial award, as well as what river system to “twin” with.

I. Update from Federal Agencies about Watershed Health Evaluations

Greg Sieglitz, Monitoring and Reporting Program Manager, was joined by Eric Archer, Bureau of Land Management, and Sean Gordon, Portland State University, to brief Board members on current large-scale federal planning efforts and associated monitoring programs in Oregon. The Board Monitoring, Research, and Ecosystem Services Subcommittee requested presentations from the U.S. Forest Service and BLM who are experts in implementing the Northwest Federal Forest Plan and Pacfish/Infish Biological Opinion watershed health evaluation programs designed to evaluate long-term trends in implementation response. Information was presented about the methods used, the metrics for measuring progress toward accomplishment and the ecological response following several years of plan implementation. These evaluation methods were presented to the Board as examples to consider when contemplating a strategy that is focused on producing ecological outcomes across the state of Oregon. While these monitoring efforts were focused on federal lands, the same techniques could be applied to state and private lands to develop a more holistic view of watershed health overall and trends in key ecological measures throughout the state.

J. Discussion with Ron Alvarado, Natural Resources Conservation Service

Ron Alvarado, State Conservationist, Natural Resources Conservation Service, and Board Member Bill White, NRCS, briefed Board members on NRCS initiatives, and engaged the Board in a discussion to explore the potential for joint investments in restoration, conservation, and monitoring by OWEB and NRCS.

At the conclusion of the day’s meeting, Board members, staff, and visitors attended an informal reception sponsored by the following local organizations:

- Coast Fork Willamette Watershed Council
- McKenzie Watershed Council
- McKenzie River Trust
- Long Tom Watershed Council
- Middle Fork Willamette Watershed Council
- Upper Willamette Soil and Water Conservation District

APPROVED BY THE BOARD JUNE 11, 2013
Oregon Watershed Enhancement Board

January 17, 2013
OWEB Board Meeting
Cottage Grove, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Will Neuhauser
Lisa Phipps
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Renee Davis-Born
Carolyn Devine
Sue Greer
Miriam Hulst
Meta Loftsgaarden
Shannon Schmidt
Courtney Shaff
Greg Sieglitz

Others Present

Janelle Dunlevy
Gail Grogan Perrotti
Xan Augerot
Kristen Larson
Josh Murphy
Jon Souder
Nick Scheidt
Trace Price
Myriem Le Ferrand
David Parker
Liz Vollmer-Buhl
Deborah Evans

Members Not Present

Sybil Ackerman
Kim Kratz
Eric Quaempts
Morgan Rider
Patricia Smith

K. Budget and Spending Plan Update

Tom Byler, Executive Director, updated Board members on the status of OWEB's 2011-2013 budget. In September 2012, staff reported that a decline in anticipated Lottery Fund revenue this biennium had created a potential \$891,000 shortfall in budgeted Measure 76 Lottery Funds for grants. The Board did not remove that amount from the spending plan. In the December 2012 revenue forecast, Lottery Funds remained essentially flat, leaving a continued shortfall in Measure 76 grant funds. In order to meet the spending plan levels, OWEB will use recaptured funds made available from completed grants that did not expend all of the awarded funds.

Director Byler also updated Board members on Governor's Budget that was released in December 2012. This sets out the Governor's proposed vision on the state's budget for the next biennium as serves as the starting point for budget discussions with the Legislative Assembly during the 2013 session. Director Byler summarized the OWEB 2013-2015 Governor's Budget Expenditure Summary, and identified significant changes from the Agency Request Budget. He explained a technical adjustment that is needed for positions inadvertently omitted from the Governor's Budget. Budget presentations are expected to occur from February through early

April. Legislative work sessions to take action on agency budget are anticipated to take place in mid-April and May.

L. Conservation Reserve Enhancement Program Update

Meta Loftsgaarden, Deputy Director, and Ken Bierly, Senior Partnerships Coordinator, provided background information on the Oregon Conservation Reserve Enhancement Program (CREP) and briefed Board members on a funding request for the remainder of the 2011-2013 biennium. In this biennium, \$1.1 million has been spent on CREP cost-share payments, with \$190,000 remaining. Costs to date during this biennium have been covered using CREP funds that remained from the 2009-2011 biennium. In the 2011-2013 spending plan, the Board allocated \$500,000 for CREP funding; staff requested to award the \$500,000 for project implementation for use this biennium.

Board members unanimously voted to award \$500,000 in CREP funding to support project implementation, as referenced in the 2011-13 spending plan in Agenda Item K, and delegate authority to the Director to enter into CREP agreements to expend these funds.

M. Partnerships Update

Meta Loftsgaarden, Deputy Director, and Ken Bierly, Senior Partnerships Coordinator, briefed Board members on proposed new process for a Partnership Report and Needs Assessment, and a funding request for the Deschutes and Willamette SIPs.

Partnership Report and Needs Assessment

Staff and the Partnership Investments Subcommittee have developed a process for improving consistency and transparency and building understanding among OWEB's partnership investments. The new process includes completion of a partnership report template, a partnership needs assessment, and a timeline for implementation of the proposed new process for partnership investments.

To provide time for staff and the subcommittee to work through the process, staff recommended a 'pause' on new SIP applications during the 2013-2015 biennium. Once processes are finalized, the Board can then determine as a part of the Long-Term Investment Strategy the approach it wants to use to solicit new partnership proposals.

Board Award of Funding for the Deschutes and Willamette SIPs

Staff also presented a funding request to provide additional funding of \$500,000 each for the Deschutes and Willamette SIPs. The funding was originally approved in July 2012 as part of the Board's spending plan; however because of the potential for declining Lottery revenue in fall forecasts, the funding was not allocated. OWEB has recaptured funds returned from completed OWEB grants, and staff request the Board to allocate funding at this meeting. Funding will be spent only on projects already identified through the current SIP project lists approved by the Board.

Board members unanimously voted to:

- 1. Award \$500,000 each to the Deschutes Special Investment Partnership (Grant Application Number 212-4999) and Willamette Special Investment Partnership (Grant Application Number 212-3999), to be solicited from and spent only on*

projects already identified through the current SIP project lists approved by the Board; and

2. *Delegate authority to the Director to enter into agreements to expend the funds.*

N. April 2013 Grant Cycle Offering

Lauri Aunan, Grant Program Manager, asked Board members to revise the 2011-2013 grant cycle schedule to allow staff to solicit grant applications for Restoration, Water Acquisition, and Technical Assistance for the upcoming April 22, 2013, deadline.

Staff plan to propose a grant cycle schedule for all or part of the 2013-2015 biennium at the June 2013 Board meeting. The ability to propose a full schedule in June depends on the timing and results of the 2013 Legislative Session with respect to OWEB's final budget, and results of OWEB's future 2013 grant application for Pacific Coastal Salmon Recovery Funds.

Board members unanimously voted to revise the 2013-2015 grant cycle schedule to add the solicitation of Restoration, Water Acquisition, and Technical Assistance applications to the April 22, 2013, grant application deadline, as shown in Attachment A of the staff report.

O. Public Comment

- Jimmy Schaper, Friends of Row River and Cottage Grove Forest Web, supported the Aquatic Conservation Strategy applied on federal lands in Western Oregon. He also stated that water quality and salmon runs are improving, and OWEB deserved congratulations.
- Janelle Dunlevy, Applegate Partnership and Watershed Council, said that CREP hasn't taken off in southwest Oregon. She would like to see the out of town Board meetings spaced out so travel won't be so difficult. She would like to have the watershed council support work plans made functional.
- Xan Augerot, Marys River Watershed Council, commented on the Willamette SIP Model Watershed Program. She's looking forward to seeing the details on the LTIS. The outreach strategy is important. She expressed concern about focused investments and how/when the funding ends.
- Pam Reber, Coast Fork Willamette Watershed Council, stated that there is a unique situation in Region 3 being more competitive than other regions; the SIP increased this and would like to see more funding allocated to the regular grant program.
- Kristen Larson, Luckiamute Watershed Council, is also part of the Model Watershed Program in in the Willamette. She opposed the HUC watershed council support proposal, and would like to see more outreach to continue to show off projects.
- Russ Hoeflich, The Nature Conservancy, commented on the Forest Service partnerships and thanked OWEB for their efforts.

P. Governor's Sage-Grouse and Healthy Rangelands Initiative

Greg Sieglitz, Monitoring and Reporting Program Manager, introduced Richard Whitman, Governor Kitzhaber's Natural Resources Director, Eric Rickerson, ODFW, and Cathy McDonald, The Nature Conservancy, who briefed Board members on a funding request to assist planning and coordination activities associated with the Governor's Office priority Sage-Grouse/Rangeland Initiative. This funding would support hiring a project manager and act on

some immediate technical needs, such as mapping. Staff anticipate future funding requests to support the initiative.

Richard Whitman complimented the Board regarding the Long-Term Investment Strategy and how it meshes well with the Governor's Office long-term vision statewide. The Governor has identified his natural resources priorities relating to water quantity, water quality, forest and rangeland health and protection of sage-grouse and their habitat. In 2015, the U.S. Fish and Wildlife Service is required to make a decision about listing the Greater Sage-Grouse under the federal Endangered Species Act. Governor Kitzhaber is seeking to develop a comprehensive plan that when combined with updated BLM Resource Management Plans will maintain and improve sage-grouse populations and habitat in Oregon. The completed plan has the potential to influence the outcome of the listing decision. A timeline was identified beginning with the BLM draft EIS in March 2013, and ending with USFWS Proposed Rule and Critical Habitat Definition in September 2015.

OWEB staff outlined the current funding need for a project manager and immediate mapping needs, and requested the Board approve \$125,000 to fund these efforts.

Board members unanimously voted to award \$125,000 for the purposes described in Section VI of the staff report and delegate authority to the Director to enter into appropriate agreements to distribute the funds.

Q. Pacific Coastal Salmon Recovery Fund (PCSRF) Update – ODFW Funding Request

Greg Sieglitz, Monitoring and Reporting Program Manager, outlined a request for \$800,000 of FFY 2012 PCSRF funding to ODFW to complete the second year of ongoing research, monitoring, and evaluation of salmon and steelhead and their habitats in the lower Columbia River. Tom Stahl, ODFW, briefed Board members on activities supported by the PCSRF funding. In September 2012, the Legislative Emergency Board approved a joint request by OWEB and ODFW for expenditure limitation for \$1.8 million in PCSRF funding. Of the \$1.8 million request, \$1 million was for use this biennium for OWEB grant awards to salmon-related watershed restoration activities; \$800,000 was for expenditure limitation to pass through funding to ODFW to assist in satisfying ODFW's Legislatively Adopted Budget for the 2011-2013 biennium. The ODFW funding allows for the monitoring and evaluation that began this biennium to continue through July 2013.

Greg Sieglitz also reported that OWEB on behalf of Oregon will submit its pre-application to NOAA for FFY 2013 PCSRF funding, and that the full application is due on March 14, 2013. Of the total \$65 million available, there is a \$25 million cap on each state's application. Oregon's pre-application requests \$25 million.

Board members unanimously voted to approve \$800,000 in funding from the FFY 2012 PCSRF grant awarded to Oregon in July of 2012 to ODFW for Lower Columbia River salmon and habitat monitoring. If approved, OWEB staff will work with ODFW to amend the Interagency Agreement with additional funding to complete this biennium the second year of ongoing research, monitoring, and evaluation in the lower Columbia River.

R. Long-Term Investment Strategy Update

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, updated Board members on development of OWEB's Long-Term Investment Strategy. They provided background information on work that has taken place since early 2012 beginning with listening sessions held around the state. OWEB reached out to tribal governments. The Board held two retreats in July and October. A small group of Board members refined the draft direction in the fall of 2012. A stakeholder focus group comprised of a small group of watershed councils, soil and water conservation district and land trust representatives, reviewed the draft direction and provided feedback for clarifying communications. At the October retreat, the Board supported sharing the draft direction for the LTIS with stakeholders. This is the first listening session for public comment. Six additional listening sessions, one with a webinar, are planned around the state during February.

It is anticipated that the Board will adopt its direction at the June 2013 Board meeting. In the summer and fall of 2013, staff will begin to develop implementation details based on the Board's direction. Stakeholders will have opportunities to be involved with or comment on implementation of the Board's direction.

Director Byler explained the proposed framework for OWEB's investments. They all have a goal of achieving ecological outcomes that also help build communities and support the local economy. The proposed framework has three investment areas, based on three key pillars which have been the foundation of OWEB's investments: Operating Capacity; Open Solicitation, and Focused Investments. Also included in the proposed framework are Effectiveness Monitoring and Reporting and Emerging Issues.

The overarching themes and key messages deal with: Big Picture Priorities/Investment Philosophy; Grant Programs Responsive to Local and State Needs; Education, Outreach and Awareness; Organizational Support/Capacity Building; Catalyzing Collaboration and Fostering Partnerships; Monitoring; Innovation/Creativity; Communication: Public Relations and Messaging; Acquisitions; and Emergency/Opportunity Fund.

S. Long-Term Investment Strategy Public Comment/Listening Session

- Wayne Hoffman, MidCoast Watersheds Council, commented that the zero sum game is not necessary. He commented on the PCSRF, Coastal Wetlands Program, other grant funds where legislative authorization is needed, and supported up-front investments in the regular grant program.
- Jon Souder and Nick Scheidt, Coos Watershed Association, are generally supportive of the LTIS; cautioned OWEB to spend money equally across the state; open solicitation forces applicants to be at the top of their game competitively, focused investments has lots to offer; review small grant program before putting more funding into it.
- Gail Grogan Perrotti, Seven Basins Watershed Council, commented on the need to maintain ecological and socio-economic balance; need to be flexible; need to be thoughtful.
- David Parker, Partners for the Umpqua Rivers, supports having education and outreach as part of the LTIS; stated that PUR has great effectiveness monitoring.

- Dana Dedrick, Long Tom Watershed Council, would like to see SWCD support evaluated like watershed council support; don't lose sight of watershed resilience as the ultimate goal; role of science.
- Traci Price, Oregon Community Foundation, wants more money put into education and outreach; tie it into watershed council support grants.
- Kristen Larson, Luckiamute Watershed Council, stated that the definitions were different; council support should reward performance; include a check-in point; streamline grants and applications.
- Xan Augerot, Marys River Watershed Council, commented that the social component is critical; OWEB should look at and evaluate all programs; outreach and education is important; ecological outcomes is the center of the plate.
- Liz Vollmer-Buhl, Siuslaw Watershed Council, echoed comments made by Wayne Hoffman and Dana Dedrick; creative savings on the table; thoroughly examine new categories as they could decrease funding for restoration, monitoring, and outreach; need for greater transparency moving into focused investments; need to reflect OWEB's direction back to stakeholders, as it's difficult to funding elsewhere because they think that OWEB will take care of it.

T. Other Business

There was none.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board March 12-13, 2013

Willamette Heritage Center at the Mill
1313 Mill Street SE, Salem
The Dye House

Directions: http://www.willametteheritage.org/how_to_find_us.html

Tuesday, March 12, 2013

Business Meeting – 8:00 a.m.

During the public comment periods (Agenda Items B and F) 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. Pending Regular Grant Applications

Introduction

Prior to hearing public comment, Lauri Aunan, Grant Program Manager, will provide background information on the October 22, 2012, grant cycle.

Public Comment [approximately 8:55 a.m.]

This time is reserved for public comment on pending restoration, outreach, monitoring, 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 March 1, 2013, deadline. *The Board encourages persons to limit comments to no more than five minutes.*

Board Consideration of Pending Regular Grant Applications

The Board will consider grant applications submitted by the October 22, 2012, application deadline for restoration, outreach, monitoring, and technical assistance. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

C. Long-Term Investment Strategy

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, will provide an overview of OWEB's February 2013 listening sessions for the Long-Term Investment Strategy for Conservation, and seek Board dialogue about and consideration of listening session feedback and ideas. Staff also will present a draft structure for OWEB's spending plan based on the Long-Term Investment Strategy framework and discuss next steps in the strategy development process. *Information item.*

D. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will brief the Board development of the new Watershed Council Support Outcome Based Review and Award Process and describe next steps for the process. Policy issues will be presented by staff and discussed by the Board. This item is intended to help prepare the Board for action items at the June 2013 Board meeting. *Information item.*

E. Streamlining Process for Soil and Water Conservation District (SWCD) Capacity Grants

Meta Loftsgaarden, Deputy Director, and staff from the Oregon Department of Agriculture (ODA) will update the Board about ODA's proposed approach to ensure SWCD capacity funding supports implementation of the state's Agricultural Water Quality Management Program. *Information item.*

F. Public Comment – General

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

Wednesday, March 13, 2013

Business Meeting - 8:00 a.m.

During the public comment period (Agenda Item 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.***

G. Executive Director Update

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

H. Land and Water Acquisitions

Meta Loftsgaarden, Deputy Director, Miriam Hulst, Acquisitions Specialist, and Renee Davis-Born, Senior Policy Coordinator, will update the Board on several items related to the Land and Water Acquisitions Program. The Board will consider funding decisions for the Bald Hill Farm Acquisition Project and the Cardwell Hill Acquisition Project. Staff will brief the Board about status of the Water Acquisition Rules Advisory Committee process. *Action item.*

I. Salmon Strongholds

Greg Sieglitz, Monitoring and Reporting Program Manager, and representatives from the Wild Salmon Center and the National Fish and Wildlife Foundation will brief the Board about the Oregon Plan priority focused on salmon strongholds. The Board will consider a request from the Governor's Office for funding in support of this effort. *Action item.*

J. Budget and Legislative

Tom Byler, Executive Director, and Renee Davis-Born, Senior Policy Coordinator, will update the Board on the 2013-2015 budget development process and the 2013 Legislative session. *Information item.*

K. Healthy Rangelands

Greg Sieglitz, Monitoring and Reporting Program Manager, and staff from the Governor's Office will update the Board about recent progress on the State's healthy rangelands initiative. The Board will consider a funding request for this effort, as follow-up to initial discussion about this initiative in January 2013. *Action item.*

L. Agricultural Water Quality

Greg Sieglitz, Monitoring and Reporting Program Manager, and Lisa Hanson, Deputy Director of the Oregon Department of Agriculture (ODA), will brief the Board about updates that are underway for ODA's Agricultural Water Quality Management Program. *Information item.*

M. Public Comment – General [approximately 11:35 a.m.]

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

N. Partnerships

Meta Loftsgaarden, Deputy Director, will update the Board on OWEB's Partnership investments, including a newly developed Partnerships report that describes each partnership investment and its accomplishments and lessons learned to date. *Information item.*

O. Forest Collaboratives

Greg Sieglitz, Monitoring and Reporting Program Manager, local forest collaborative groups, and Oregon Solutions staff will brief the Board about accomplishments by forest collaboratives in Oregon under the Governor's priority on forest health. *Information item.*

P. Other Business

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

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

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

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

A public comment period for pending grant applications will be held on Tuesday, March 12, 2013, at 8:55 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 1, 2013, 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 late in the day on Tuesday, March 12, and at 11:35 a.m. on Wednesday, March 13 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: *Vacant*
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 Assistant to Executive Director and Board - Bonnie Ashford

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503-986-0181

2013 Board Meeting Schedule

June 11-12, 2013, in Pendleton
September 10-11, 2013, in Burns

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



Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

www.oregon.gov/OWEB



February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Carolyn Devine, Grant Program Analyst

**SUBJECT: Agenda Item B: OWEB Regular Grant Program Overview
Statewide Outreach and Staged Awards Recommendations
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report provides an overview of the October 22, 2012, regular grant cycle and budget considerations. This report also contains funding recommendations for the Statewide Outreach applications and the second phase of the “staged” award for the Sycan River Connectivity project (212-4013). A progress report for this project is provided in Section III below.

II. October 2012 Cycle Background and Summary

A. Applications Submitted

Application types solicited in this funding cycle were Restoration, Water Acquisition, Outreach, Monitoring, and Technical Assistance. A total of 220 grant applications, seeking about \$19.76 million, were received by the October 22, 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. Two were withdrawn before review: 213-1051 and 213-2049. One was withdrawn after review: 213-6030.

C. Development of Staff Recommendations

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 three Statewide Outreach applications (Attachment C) were reviewed only by the Statewide Outreach Review Team (SORT).

OWEB staff considered the funding availability and the Board’s 2011-2013 spending plan, 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.

D. 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 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.

The SORT met in Salem in December to review the three Statewide Outreach grant applications and the multi-region application (213-2055). The SORT discussed 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.

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 Report for Staged Award 212-4013, Sycan River Connectivity

A. Background and Status of Staged Awards

Over the years, OWEB has seen a greater number of more complex, large-dollar projects (also known as "big ticket" projects) vying for available resources. The challenge has been to balance support for smaller, shorter term opportunities with support for larger, longer term

projects, while also making award decisions that assure grantees of larger projects that they will receive the funding they need to succeed. In previous cycles, staff addressed this issue by recommending that the Board approve “big-ticket” projects with the condition that only part of the funding is awarded at the first decision meeting, along with the commitment to award remaining project funds at future Board meetings, dependent on progress reports from grantees showing the need for the funding. This approach – called “staged awards” -- allowed OWEB to continue to fund a number of projects in all six regions during each cycle. It also required OWEB staff to carefully track the future commitments made by the Board to ensure accurate calculations of available grant resources.

As available grant funds have decreased, OWEB staff concluded that the agency should no longer make staged awards, since they committed funding from future cycles. The last time OWEB’s Board approved staged awards was the September 2011 Board meeting.

B. Progress Report

The Sycan River Connectivity Phase 1 (212-4013) Restoration application was submitted to OWEB in April of 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 \$202,093 and committed to fund the remainder of the request (\$354,227), contingent on the grantee’s progress report showing the need for the funding.

This is the last staged award approved by the OWEB Board. Attachment D shows the staged award and recommended funding amount.

This project is to restore hydrologic, geomorphic, and ecological function of the Sycan River on the eastern half of Sycan Marsh and allow the natural function of the system to return. There are four restoration elements: 1) fill approximately four miles of an existing irrigation ditch; 2) remove a railroad grade and fill the adjacent ditches; 3) revegetate the excavation and fill areas; and 4) remove two trestles. This work will finish the establishment of connectivity in the Sycan River across the marsh.

Restoring the natural hydrologic function will increase the quality of fish habitat for salmonids, and establish connectivity for native salmonids, providing access to over 65 miles of new upstream habitat on national forest lands and connectivity to Long Creek and the Klamath Basin.

The grantee has been working with the U.S. Fish and Wildlife Service (USFWS) and the J.R. Simplot Company to include their adjacent lands in this restoration project. Including the adjacent lands would facilitate removal of all fish passage barriers in the Sycan River in the project area. The Service has offered over \$200,000 to cover the costs of fish passage and screening on the Simplot Company lands.

Project design, including that for the Simplot Company lands, is to be completed by June 2013. The USFWS will shepherd the design through the permitting process, with the expectation to initiate on-the-ground restoration by August 2013, and needs an award of \$354,277 in March 2013 to pay for construction costs of the restoration work.

IV. Staff Funding Recommendations

The funding recommendations for the October 2012 cycle fall within the Board’s overall spending plan, as shown in Table 1 below.

Table 1. 2011-2013 Regular Grant Program Spending Plan and Total Staff Funding Recommendations

Grant Type	Spending Plan	Awards to Date	Grant Funds Remaining	Staff Recommendations
Restoration	\$28,950,000	\$21,371,000	\$7,579,000	\$7,315,245
Restoration – Staged Award, 212-4013 (April 2011)	0			354,227
Outreach	1,100,000	600,000	500,000	531,143
Monitoring	2,500,000	1,279,000	1,221,000	1,156,914
Technical Assistance	2,250,000	1,666,000	584,000	526,471
June 2011 Grant Awards	1,300,000	1,300,000	0	
TOTAL	\$36,100,000	\$26,216,000	\$9,884,000	\$9,884,000

A. October 2012 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 gray shading.

Staff recommend funding for:

- 62 of the 87 Restoration applications recommended by the RRTs;
- 22 of the 27 regional Outreach applications recommended by the RRTs;
- All 19 Monitoring applications recommended by the RRTs; and
- All 19 Technical Assistance applications recommended by the RRTs.

Details are contained within each of the attached regional staff reports.

B. October 2012 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 one of the three Statewide Outreach applications, as shown in gray shading on Attachment C.

C. Staged Award Recommendation

The Sycan River Connectivity grantee has submitted the required progress report. Staff recommend the Board award the second stage of funding for 212-4013, as shown in Attachment D to this report. This is the last “staged” award from previous grant cycles. Staff no longer recommend “staged” awards, since they reduce funding for future grant cycles in a time of decreased grant funds available.

Attachments

- A. Grant Applications Submitted for the October 2012 Grant Cycle
- B. RRT and Staff Funding Recommendations for the October 2012 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 22, 2012

	Technical Assistance	Monitoring	Outreach	Restoration	Totals
Region 1	4	7	7	15	33
Region 2	7	6	8	16	37
Region 3	14	3	9	14	40
Region 4	3	3	2	11	19
Region 5	6	3	4	38	51
Region 6	4	4	3	26	37
Statewide	0	0	3	0	3
Totals	38	26	36	120	220

Dollar Amounts by Application Type

	Technical Assistance	Monitoring	Outreach	Restoration	Totals
Region 1	188,371	410,828	131,541	2,166,848	2,897,588
Region 2	219,552	620,161	204,836	2,306,801	3,351,350
Region 3	449,849	85,112	230,930	1,399,371	2,165,262
Region 4	73,923	309,868	59,836	3,966,519	4,410,146
Region 5	188,474	167,593	137,469	3,588,594	4,082,130
Region 6	108,204	266,271	65,103	2,284,513	2,724,091
Statewide	0	0	125,802	0	125,802
Totals	1,228,373	1,859,833	955,517	15,712,646	19,756,369

Funding Recommendations for the October 22, 2012 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	3	3	6	6	7	6	10	8
Region 2	3	3	3	3	6	4	11	9
Region 3	7	7	1	1	7	5	12	10
Region 4	1	1	2	2	2	2	6	4
Region 5	3	3	3	3	3	3	31	16
Region 6	2	2	4	4	2	2	17	15
Statewide	0	0	0	0	1	1	0	0
Total	19	19	19	19	28	23	87	62

Dollar Amounts by Application Type Recommended by Staff for Funding

Region	Technical Assistance	Monitoring	Outreach	Restoration
Region 1	\$138,371	\$386,028	\$105,264	\$1,269,784
Region 2	\$54,253	\$162,308	\$116,366	\$1,239,340
Region 3	\$202,044	\$40,284	\$112,605	\$1,025,370
Region 4	\$14,423	\$142,930	\$55,295	\$1,474,055
Region 5	\$70,488	\$159,093	\$73,400	\$1,365,583
Region 6	\$46,892	\$266,271	\$31,996	\$941,113
Statewide	\$0	\$0	\$36,217	\$0
Staged (April 2011)	\$0	\$0	\$0	\$354,227
Total	\$526,471	\$1,156,914	\$531,143	\$7,669,472

**Statewide
Outreach Applications Recommended by the Outreach Team
October 22, 2012 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-7002	NOWC Outreach Program Statewide Events ^	36,217	1
Total Outreach Projects Recommended for Funding to Staff by Outreach Team		\$36,217	
Total Outreach Projects Recommended for Funding by Staff to Board		\$36,217	

**Statewide
Outreach Applications Not Recommended for Funding by the Outreach Team
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-7000	iMapInvasives Statewide Outreach Project	39,674
213-7001	Stream Webs Student Stewardship Network	49,911

**Staged Awards Reserve
Second Stage Award**

Grant Award Staff Recommendations to the Board are Highlighted in Gray		
Project #	Project name	
212-4013	Sycan River Connectivity	354,227
Total Restoration Projects Recommended for Second Stage Award by Staff to Board		\$354,227

◆ Total amount is \$556,320 staged award with \$202,093 awarded September 2011



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Tom Shafer, North Coast Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 1, North Coast
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the North Coast Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 33 applications for a total request of about \$2.9 million. The North Coast RRT met in January 2013 to review the applications 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 26 applications for funding: 10 Restoration applications, 7 Outreach applications, 6 Monitoring applications, and 3 Technical Assistance applications.

III. Staff Recommendation

For the March Board meeting, staff recommend funding for 23 applications for a total award of \$1,899,447: \$1,269,784 for Restoration; \$105,264 for Outreach; \$386,028 for Monitoring; and \$138,371 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 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

**Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1025	Neahkahnie Lake Creek and Wetland Enhancement * PE \$54,731	178,865	1
213-1023	Killam Creek Habitat Enhancement	31,615	2
213-1032	Clatskanie River Fish Passage Improvement	463,608	3
213-1040	Ecola Creek Forest Reserve Large Wood Mobilization *	137,054	4
213-1050	North Coast Invasive Plant Treatment Project	61,400	5
213-1024	George Creek Culvert Replacement Project	169,741	6
213-1039	Salvage Log Fund	37,880	7
213-1052	Pebble Creek - Sub-Basin Restoration - Phase II **	189,621	8
213-1044	Lobster & Preacher Creek Restoration Project	232,941	9
213-1028	Siuslaw Restoration Materials Acquisition IV	41,876	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,544,601	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,269,784	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase

**Region 1 - North Coast
Technical Assistance Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1033	Clatskanie River Floodplain Restoration	38,910	1
213-1022	Joe Creek Culvert Alternatives Analysis and Design	50,000	2
213-1045	Skipanon River Comprehensive View	49,461	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$138,371	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$138,371	

Region 1 - North Coast
Outreach Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1020	Stream Team Extension VII	8,701	1
213-1026	Siuslaw Middle School Stream Team	8,660	2
213-1029	Siuslaw Watershed Camps 2013	14,785	3
213-1036	Lower Columbia Watershed Stewardship Project * ^	22,700	4
213-1046	Restoring Ecosystems & Educating Future "REEF" Conservation Leaders	25,418	5
213-1038	CSC Natural Resource Crews *	25,000	6
213-1041	Spawning Salmon Fieldtrips: a hook for adult learning ^	19,366	7
Total Outreach Projects Recommended for Funding to Staff by RRT		\$124,630	
Total Outreach Projects Recommended for Funding by Staff to Board		\$105,264	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 1 - North Coast
Monitoring Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-1030	Volunteer Water Quality Monitoring Program 2013-2014	11,115	1
213-1035	Tillamook Estuaries Partnership Bacteria Effectiveness Monitoring	30,000	2
213-1047	2013 - 2014 Salmon Drift Water Quality Monitoring *	42,317	3
213-1048	Mid-Coast Basin Trend Monitoring Phase II	15,394	4
213-1034	Tillamook Suspended Sediment Discharge Study Phase III	168,000	5
213-1049	Mid Coast Monitoring Project ^	119,202	6
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$386,028	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$386,028	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

ATTACHMENT B

**Region 1 - North Coast
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-1027	Grant Creek Stream and Wetland Restoration	61,810
213-1031	Phase 2 Fivemile Bell Restoration PE \$33,089	285,321
213-1037	Fiddle Creek Road Culvert Replacerment MP 0.09	34,304
213-1042	Five Rivers Subbasin Restoration LFA Prescriptions Phase PE \$21,753	266,646

**Region 1 - North Coast
Technical Assistance Application Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-1043	Big Elk Road Sediment	50,000

**Region 1 - North Coast
Monitoring Application Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-1021	2013-2014 Salmonberry River Rapid Bio-Assessment	24,255

Region 1 - North Coast
Restoration Application Withdrawn by Applicant
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-1051	Neawanna Road Ends Riparian Restoration Project	32,076



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Mark Grenbemer, Southwest Oregon Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 2, Southwest Oregon
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Southwest Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 37 applications for a total request of about \$3.35 million. The Southwest Oregon RRT met in January 2013 to review the applications 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 23 applications: 11 Restoration applications, 6 Outreach applications, 3 Monitoring application, and 3 Technical Assistance applications.

III. Staff Recommendations

For the March Board meeting, staff recommend funding for 19 applications for a total award of \$1,572,267: \$1,239,340 for Restoration; \$116,366 for Outreach; \$162,308 for Monitoring; and \$54,253 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

ATTACHMENT A

**Region 2 - Southwest Oregon
Restoration Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2026	Tokay Canal Dam Removal ^	23,779	1
213-2042	Noble Creek Watershed Restoration Project ^ PE \$10,000	165,854	2
213-2052	Brush Creek Subwatershed Restoration Phase II	161,219	3
213-2027	Smith River Tributaries Instream Restoraton- Phase I (North Sisters & Scare)	210,588	4
213-2020	North Fork Coquille Basin Water Quality & Ecological Restoration ** ^ PE \$20,614	284,562	5
213-2046	Camp Creek Instream Restoraton Phase I ^	92,539	6
213-2035	Thompson Creek Habitat Restoration Project * ^ PE \$18,338	82,328	7
213-2025	Ashland Creek Confluence Riparian Maintenance PE \$14,300	15,230	8
213-2039	Bridges Creek Watershed Restoration ^ PE \$10,000	203,241	9
213-2041	Joe's Creek Stream Complexity Improvements ^	82,574	10
213-2040	Williams River Habitat Improvements: End of the Line ^	150,766	11
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,472,680	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,239,340	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 2 - Southwest Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2022	Side Channel Reconnection at Coyote Trails' Jefferson Nature Center	24,825	1
213-2054	South Umpqua Restoration Planning ^	18,023	2
213-2032	Applegate Fish Barrier Assessment: Thompson/Slate	11,405	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$54,253	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$54,253	

^Fund with Conditions

Region 2 - Southwest Oregon
Outreach Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2044	Master Watershed Stewards Youth Program ^	23,957	1
213-2034	Curry Watersheds Education Project 2013-14 *	35,409	2
213-2055	School-community partnerships for watershed restoration *	32,000	3
213-2028	Nonpoint Source Pollution & Stream Wise WS Outreach Package * ^	25,000	4
213-2053	PUR Salmon Schools, Phase II ^	8,011	5
213-2030	Seven Basins Youth Engagement	11,305	6
Total Outreach Projects Recommended for Funding to Staff by RRT		\$135,682	
Total Outreach Projects Recommended for Funding by Staff to Board		\$116,366	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 2 - Southwest Oregon
Monitoring Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-2047	Umpqua Basin Stream Flow/Temperature Monitoring Project	70,363	1
213-2043	Coos Watershed Hydrological, Sediment, and Meteorological Monitoring 2013-2014 *	46,886	2
213-2037	Whetstone Creek Monitoring Project *	45,059	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$162,308	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$162,308	

*Listed Amount Reflects Recommended Reduction

ATTACHMENT B

**Region 2 - Southwest Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-2021	North Curry Coho Restoration 2013 PE \$92,919	191,717
213-2024	Whetstone Creek Restoration and Reed Canary Grass Demonstration Project	28,700
213-2036	Curtis Creek Habitat Restoration (Phase I)	21,016
213-2038	Deer Creek Streamflow, Channel, and Floodplain Restoration - Phase I	275,000
213-2048	Sullivan Gulch Bottomland Restoration PE \$10,918	293,717

**Region 2 - Southwest Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-2029	Williams Creek Restoration Management Plan	19,613
213-2045	Channel Processes in Tye Sandstone of the Coos Watershed	49,986
213-2051	Jackson Creek Fish Passage Restoration- Hanley Road Culvert	45,700

Region 2 - Southwest Oregon
Outreach Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-2031	Cultivating Healthy Watershed Education Program	28,400
213-2033	Little Butte Creek Water Quality Outreach	22,885

Region 2 - Southwest Oregon
Monitoring Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-2019	Tenmile Lakes Watershed Stream Flow and Weather Monitoring	39,915
213-2023	Little Butte Creek Surface Water Quality Monitoring Project	196,583
213-2050	Gold Ray Dam Removal Monitoring Program	176,488

Region 2 - Southwest Oregon
Technical Assistance Application Withdrawn by the Applicant
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-2049	Fielder Dam Removal	50,000



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Wendy Hudson, Willamette Basin Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 3, Willamette Basin
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Willamette Basin Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 40 applications for a total request of nearly \$2.17 million. The Willamette Basin RRT met in January 2012 to review the applications 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 27 applications: 12 Restoration applications, 7 Outreach applications, 1 Monitoring application, and 7 Technical Assistance applications.

III. Staff Recommendations

For the March Board meeting, staff recommend funding for 23 applications for a total award of \$1,380,303: \$1,025,370 for Restoration; \$112,605 for Outreach; \$40,284 for Monitoring; and \$202,044 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 3 - Willamette Basin
Restoration Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3063	Upper Sandy River Basin Habitat Restoraton Project *	126,810	1
213-3050	Wapato Access Restoration PE \$21,064	138,086	2
213-3057	BWCA Floodplain Enhancement Project Phase I PE \$17,655	49,315	3
213-3053	Snake Deford Confluence	65,486	4
213-3048	Brush Creek Habitat Restoration PE \$7,898	115,587	5
213-3055	Securing the Gains: Landscape Scale Knotweed Control Luckiamute Basin	194,621	6
213-3067	Soda Fork Habitat Improvement *	52,639	7
213-3051	Mosby Creek Spring Chinook Habitat Project Phase II	109,550	8
213-3049	Rock and Griffith Creeks Large Wood Placement **	43,276	9
213-3058	Restoring connectivity for salmon at a 300-acre Multnomah Channel wetland * ^	130,000	10
213-3035	Hancock Creek Fish Passage ^	52,778	11
213-3041	Smith and Bybee Wetlands Bottomland Forest Restoration- Phase I ^ PE \$34,155	115,955	12
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,194,103	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,025,370	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 3 - Willamette Basin
Technical Assistance Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3042	Chahalpam Wildlife Area Restoration Plan	7,800	1
213-3030	Hobart Natural Area/Bradshaw's Lomatium Management Plan	25,726	2
213-3060	Lost Creek Fish Passage and Habitat Enhancement **	38,490	3
213-3045	Johnson Creek Riparian Reforestation Strategy	21,268	4
213-3046	Calapooia-Santiam Landowner Recruitment: Expanding Impact to Next Priority Areas ^	41,360	5
213-3043	Dart Creek Fish Passage Improvement *	49,900	6
213-3032	Forest Park Landowner Outreach and Restoration * ^	17,500	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$202,044	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$202,044	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 3 - Willamette Basin
Outreach Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3052	Sweet Home and Lebanon Youth Watershed Councils ^	18,667	1
213-3059	Watershed Rangers Project	15,812	2
213-3039	Slough School: SERVE Project * ^	38,000	3
213-3036	The Meldrum Bar Restoration and Outreach Project (Meldrum Bar Project) * ^	24,536	4
213-3034	Connecting People to Place * ^	15,590	5
213-3064	South Lane Salmon Watch Outreach Program	20,200	6
213-3033	Urban Watershed Mentors	5,327	7
Total Outreach Projects Recommended for Funding to Staff by RRT		\$138,132	
Total Outreach Projects Recommended for Funding by Staff to Board		\$112,605	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 3 - Willamette Basin
Monitoring Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-3054	Pudding River & Tributaries Rapid Bio Assessment ^	40,284	1
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$40,284	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$40,284	

^Fund with Conditions

ATTACHMENT B

**Region 3 - Willamette Basin
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-3044	Cedar Creek Confluence Enhancement	143,500
213-3062	2013 Tryon Watershed Riparian Restoration Project	40,686

**Region 3 - Willamette Basin
Technical Assistance Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-3031	NCUWC Restoration Plan Development	22,800
213-3037	Johnson Creek Fish Passage Prioritization	46,805
213-3040	Restorative Flood Response II- Restorative Design Playbook	15,000
213-3056	Russel Creek Restoration Action Plan	48,950
213-3061	Polk County Riparian Prioritization Project	39,091
213-3066	South Yamhill Floodplain Restoration Design	27,490
213-3068	Restorative Flood Response Phase II- Middle Sandy River Design	39,979

Region 3 - Willamette Basin
Outreach Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-3029	Upper Willamette Urban Water Quality Outreach Project	14,180
213-3065	Willamette Futures - Watershed Screening Events	44,288

Region 3 - Willamette Basin
Monitoring Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Project #	Project Name	Total Amount Requested
213-3038	2013 - 2014 Tryon Monitoring	25,630
213-3047	Characterizing Spatial Variation in Stream Temperatures to Improve Effectiveness	19,198



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Rick Craiger, Central Oregon Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 4, Central Oregon
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Central Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Funding Recommendations

Applicants submitted 19 applications for a total request of about \$4.4 million. The RRT met in January 2013 to review the applications 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: 6 Restoration applications; 2 Outreach applications; 2 Monitoring applications; and 1 Technical Assistance application.

III. Staff Recommendation

For the March Board meeting, staff recommend funding for nine applications for a total award of \$1,686,703: \$1,474,055 for Restoration; \$55,295 for Outreach; \$142,930 for Monitoring; and \$14,423 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 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4014	Rookerey Diversion Replacement ^	170,380	1
213-4020	Hourret Ranch Fish Passage Project * ^	297,820	2
213-4030	Beaver Creek's Sage Grouse Recovery ^	205,855	3
213-4017	Tumalo Feed Canal Phase 4 * ^	800,000	4
213-4021	Flymon Stewardship Project * ^	286,750	5
213-4027	Ochoco Canal Screening Project	60,025	6
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,820,830	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,474,055	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 4 - Central Oregon
Technical Assistance Application Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4018	Rattlesnake Canyon Irrigation Water Management ^	14,423	1
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$14,423	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$14,423	

^Fund with Conditions

Region 4 - Central Oregon
Outreach Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4028	Crook County Natural Resources CTE Outreach Project * ^	45,094	1
213-4029	Klamath River Boat Tour ^	10,201	2
Total Outreach Projects Recommended for Funding to Staff by RRT		\$55,295	
Total Outreach Projects Recommended for Funding by Staff to Board		\$55,295	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 4 - Central Oregon
Monitoring Application Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-4023	Fifteenmile Watershed Monitoring Phase 2 ^	127,930	1
213-4015	Realtime Suspended Sediment Concentrations (SSC) Monitoring of the Sprague River * ^	15,000	2
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$142,930	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$142,930	

* Listed Amount Reflects Recommended Reduction ^Fund with Conditions

**Region 4 - Central Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-4016	KBRT - Keno Springs Restoration Project	64,388
213-4019	Lateral 58-11 Conserved Water Initiative- Phase I	623,922
213-4024	Rock Creek Piping and Threemile Creek Flow Restoration	266,489
213-4025	Willow Creek, Molony	240,900
213-4026	Horse Heaven Creek Instream Restoration	225,620

**Region 4 - Central Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-4022	White River Watershed LIDAR	50,000
213-4031	Wolf Creek Collaborative - Ochoco NF	9,500

**Region 4 - Central Oregon
Monitoring Application Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-4013	Monitoring Fourmile Creek Restoration Project - Part 1	84,381



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Karen Leiendecker, Eastern Oregon Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 5, Eastern Oregon
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Eastern Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 51 applications for a total request of more than \$4 million. The Eastern Oregon RRT met in December 2012 to review the applications 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 40 applications for funding: 31 Restoration applications; 3 Outreach applications; 3 Monitoring applications; and 3 Technical Assistance applications.

IV. Staff Recommendation

For the March Board meeting, staff recommend funding for 25 applications for a total award of \$1,668,564: \$1,365,583 for Restoration; \$73,400 for Outreach; \$159,093 for Monitoring; and \$70,488 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 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5045	Ladd Creek-Highway 203 Bridge Replacement	180,611	1
213-5061	Little Malheur River Restoration and Habitat Improvement ^	95,980	2
213-5068	MLB Wood Be Gone ^	113,978	3
213-5048	Wallowa River/6-Ranch Habitat Restoration Projects 2 *	176,600	4
213-5055	Newell Water Quality Improvement Phase III ^	123,953	5
213-5064	Keeping Elk Snouts Out of Deer Creek Willow's Business	38,078	6
213-5040	Lone Willow Water Quality Improvement ^	45,188	7
213-5074	Lower Camp Creek Restoration ^	41,967	8
213-5053	Rattlesnake Water Quality Improvement * ^	87,549	9
213-5075	Otis Moffet Core Sage-grouse Habitat Enhancement * ^	203,612	10
213-5058	Black Hollow Water Quality Improvement * ^	27,197	11
213-5083	Willow Creek Feedlot Relocation *	77,470	12
213-5070	Looking down 3rd Avenue ^	11,069	13
213-5038	Fossil Water Quality Improvement ^	51,952	14
213-5041	Beet Dump Water Quality Improvement ^	43,556	15
213-5087	Jamieson Livestock Waste Water Elimination ^	46,823	16
213-5076	Thousand Springs Riparian and Upland Restoration	176,858	17
213-5065	Craw Dad Waterline Phase 1	49,007	18
213-5073	Planting and Protecting the Previously Pounded Powder ^	82,013	19
213-5084	Livestock Grazing Management and Water Quality Improvement	110,476	20
213-5043	Muddy Waters Sediment Elimination	19,986	21
213-5086	Eight Fields Water Quality Improvements	168,965	22
213-5072	Eliminating Turner Creek Runoff	18,874	23

Continued on following page

Region 5 - Eastern Oregon
Restoration Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Continued from previous page

213-5063	Rescuing Cusick Creek's Besieged Aspen	39,029	24
213-5067	4DJ Water Quality Restoration	183,999	25
213-5080	Grande Ronde River Irrigation and Water Quality Improvement * ^	38,425	26
213-5079	UGR Whiskey Cr. Road Relocation and Riparian Restoration *	84,081	27
213-5039	Kingman Water Quality Improvement	39,986	28
213-5057	McCoy Runoff Elimination *	77,387	29
213-5056	Mahogany Water Management	54,102	30
213-5042	Black Rock Water Quality Improvement	95,876	31
Total Restoration Projects Recommended for Funding to Staff by RRT		\$2,604,647	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,365,583	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 5 - Eastern Oregon
Technical Assistance Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5049	Eagle Valley Point of Diversion Survey **	5,950	1
213-5069	Phase II Irrigated Ag Conservation Assessment	50,000	2
213-5066	Burnt River PFC Assessment	14,538	3
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$70,488	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$70,488	

**Listed Amount Reflects Recommended Increase

Region 5 - Eastern Oregon
Outreach Application Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5071	Understanding the adoption of BMPs, an Oregon example	18,700	1
213-5060	Wallowa Resources' Watershed Evaluation Teams (WET) Program * ^	15,000	2
213-5077	Model to Protect Sage-grouse Phase II *	39,700	3
Total Outreach Projects Recommended for Funding to Staff by RRT		\$73,400	
Total Outreach Projects Recommended for Funding by Staff to Board		\$73,400	

*Listed Amount Reflects Recommended Reduction ^Fund with Conditions

Region 5 - Eastern Oregon
Monitoring Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-5047	Grande Ronde Basin Stream Flow Gauging Stations Operations	87,384	1
213-5044	Powder Basin Monitoring Program - Phase I ** ^	56,709	2
213-5062	Spaldings Catchfly Monitoring at Wallowa Lake Phase 1 *	15,000	3
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$159,093	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$159,093	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

ATTACHMENT B

**Region 5 - Eastern Oregon
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-5046	Upper Grande Ronde Invasive Weed Control (IV)	40,000
213-5051	Beaver Creek Dam Fish Passage	600,000
213-5052	Indian Fort Creek Enhancement	100,511
213-5054	Pink Plume Water Quality Improvement	27,447
213-5081	Canyon Lands Conversion - Flood to Sprinkler	38,952
213-5082	Sediment Control Pipeline	29,689
213-5085	Harper Wash Soil Erosion Reduction	69,412

**Region 5 - Eastern Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-5050	Harney County Landowner Recruitment	46,750
213-5059	Westside/Poley Allen Pressurized Pipe Project	27,000
213-5078	Harney Basin Carp Inventory Phase I	45,000

**Region 5 - Eastern Oregon
Outreach Application Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-5088	Oregon Habitat Monitoring Initiative	40,000



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February 15, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Sue Greer, Mid-Columbia Regional Program Representative

**SUBJECT: Agenda Item B: OWEB Grant Award Recommendations
Region 6, Mid-Columbia Region
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Mid-Columbia Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 37 applications for a total request of more than \$2.7 million. The Mid-Columbia RRT met in January 2013 to review the applications 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: 17 Restoration applications; 2 Outreach applications; 2 Technical Assistance applications; and 4 Monitoring applications.

III. Staff Recommendations

For the March Board meeting, staff recommend funding for 23 applications for a total award of \$1,286,272: \$941,113 for Restoration; \$31,996 for Outreach; \$266,271 for Monitoring; and \$46,892 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 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-6035	Mountain Creek Water Quality	156,885	1
213-6030	Olsen Diversion Removal ■	59,880	2
213-6057	Upper South Fork John Day -- Upland Initiative Early Action (Continued) ** ^	36,418	3
213-6029	Ballance Creek Riparian Enhancement Phase I **	80,426	4
213-6031	Thirtymile Armstrong Canyon Fish Passage ^	46,328	5
213-6038	Dove Meadows Stategic Area Protection	27,380	6
213-6028	Circle W Ranch Juniper Removal	52,470	7
213-6033	Direct Seed Soil Conservation ^	72,792	8
213-6036	Lower Bridge Creek - Bear Creek Habitat Water Quality Phase #2 *	49,015	9
213-6045	Campbell Crossing Restoration ^	159,332	10
213-6037	Rowe Creek Watershed Spring Development	57,275	11
213-6060	Maxwell Ranch Upland Improvement ^	58,730	12
213-6051	Summit and Reed Fire Restoration * ^	83,226	13
213-6044	Cox Upland Watershed Improvements ^	25,536	14
213-6049	Fruitvale Water Management Phase 3 of 5	35,300	15
213-6042	Lower Umatilla River Habitat Enhancement and Re-vegetation - Phase I PE \$34,793	94,186	16
213-6056	Andersen Upland Improvement	36,120	17
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,131,299	
Total Restoration Projects Recommended for Funding by Staff to Board		\$941,113	

*Listed Amount Reflects Recommended Reduction **Listed Amount Reflects Recommended Increase ^Fund with Conditions

■ Withdrawn by applicant after RRT review

Region 6 - Mid Columbia
Technical Assistance Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-6047	Assessment of Herbicide Use for Juniper Management ** ^	17,174	1
213-6062	Red Boy Settling Pond Assessment ^	29,718	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$46,892	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$46,892	

**Listed Amount Reflects Recommended Increase ^Fund with Conditions

Region 6 - Mid Columbia
Outreach Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-6048	STELLAR Watershed Education and Community Outreach	25,996	1
213-6054	Eastern Oregon Natural Resource Camp ^	6,000	2
Total Outreach Projects Recommended for Funding to Staff by RRT		\$31,996	
Total Outreach Projects Recommended for Funding by Staff to Board		\$31,996	

^Fund with Conditions

Region 6 - Mid Columbia
Monitoring Applications Recommended for Funding by the RRT
October 22, 2012 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
213-6053	Meacham Creek Geomorphic-hyporheic Flow Restoration Monitoring	50,000	1
213-6034	Umatilla Basin - Wildhorse Creek Target Implementation Study	106,507	2
213-6043	Upper South Fork John Day -- Historical Data Compilation ^	11,944	3
213-6040	Walla Walla Watershed Hydrology Monitoring ^	97,820	4
Total Monitoring Projects Recommended for Funding to Staff by RRT		\$266,271	
Total Monitoring Projects Recommended for Funding by Staff to Board		\$266,271	

^Fund with Conditions

**Region 6 - Mid Columbia
Restoration Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-6032	Range Improvements for Riparian and Animal Enhancements	27,979
213-6039	Bull Run Creek Culverts - Phase I	313,163
213-6041	Clarke Ranch Watershed Enhancements	42,440
213-6046	Osburn Pipeline Phase II	109,112
213-6050	Indian Creek Habitat Improvement	136,460
213-6052	Little Wall Road Decommission and Reconstruction	61,904
213-6055	Butte Creek Juniper Removal	103,200
213-6058	Long Creek Private Aspen Restoration	95,053
213-6061	Fox Creek Reach 16 Restoration	183,329

**Region 6 - Mid Columbia
Technical Assistance Applications Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-6063	Miller Property Restoration Phase I	19,917
213-6064	Lower John Day River and Rowe Creek Habitat Restoration Project	41,895

**Region 6 - Mid Columbia
Outreach Application Not Recommended for Funding by the RRT
October 22, 2012 Grant Cycle**

Project #	Project Name	Total Amount Requested
213-6059	Environmental Literacy Outreach	33,107



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February 26, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: Agenda Item C: OWEB's Long-Term Investment Strategy for Conservation
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This report updates the Board on the Proposed Direction for OWEB's Long-Term Investment Strategy for Conservation, including stakeholder involvement. 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.

Staff presented an update to the Board at its January 2013 meeting in Cottage Grove (Agenda Item R, http://www.oregon.gov/OWEB/docs/board/2013-01/Item_R_Long-Term-Investment-Strategy.pdf). From February 20–28, 2013, OWEB is holding six listening sessions around the state, including one with a webinar. The purpose of the sessions is to inform stakeholders about the proposed direction for the Long-Term Investment Strategy (Attachment A), and seek feedback and ideas about the proposed direction to inform the Board's decisions, planned for June 2013. Materials were posted on OWEB's website and announced through OWEB's email listserv prior to the sessions, and can be accessed at http://www.oregon.gov/OWEB/Pages/LTIS-for-conservation.aspx#Long-Term_Investment_Strategy_Documents.

At the March meeting, staff will provide a verbal overview of the listening sessions and seek Board dialogue and consideration of listening session feedback and ideas. Staff also are planning a briefing

about the Long-Term Investment Strategy (date yet to be determined) for other natural resources agencies to obtain their input and feedback.

Staff will also present a Framework for OWEB Spending Plan–Long-Term Investment Strategy for Conservation (Attachment B). While Measure 76 provided permanent funding, it did not provide more funding. There will be less funding available in the 2013-2015 biennium because Lottery revenues are down. OWEB does not intend to make radical changes to our programs or spending plan in a short time period. Rather, we plan to phase in changes over time. Staff do, however, expect the 2013-2015 spending plan will have some new and different elements, based on the Board’s Long-Term Investment Strategy direction to be adopted in June 2013. In addition, the spending plan could be affected by legislative and budget decisions that OWEB does not control.

III. Timeline/Next Steps

OWEB plans to convene an all-staff meeting to discuss the listening session feedback. Staff will develop a written report of the listening sessions by April of 2013. The report will be posted on OWEB’s website and announced through OWEB’s email listserv. Staff will work with the Executive Committee to further develop recommendations for the Long-Term Investment Strategy for consideration by the Board at its June 11-12, 2013, meeting.

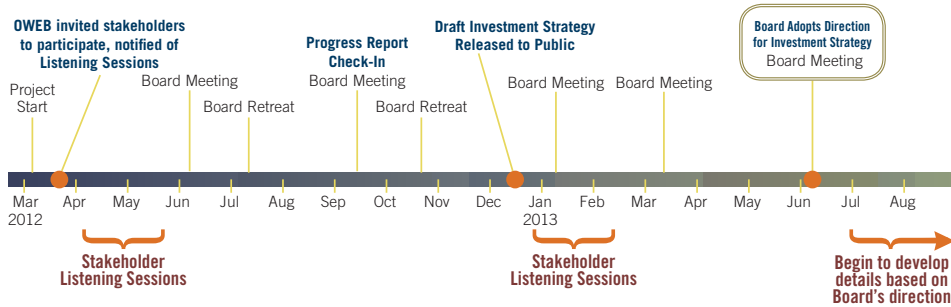
IV. Recommendation

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

Attachments

- A. Proposed Direction for OWEB’s Long-Term Investment Strategy for Conservation
- B. Framework for OWEB Spending Plan–Long-Term Investment Strategy for Conservation

Developing the Proposed Long-Term Investment Strategy for Conservation



Guiding Principles

for the development and implementation of the Long-Term Investment Strategy for Conservation

1. Build on accomplishments

OWEB values the commitment and work of our local partners, which has resulted in a nationally and internationally recognized approach with unmatched environmental accomplishments. OWEB wishes to build on this foundation while working toward the future.

2. Effective communication

OWEB realizes that successful cooperative conservation can only occur when ideas, priorities and results are communicated with all partners and potential partners. OWEB is committed to active, two-way communication with its staff, partners and the public as a means for developing and maintaining a strong investment strategy.

3. Transparency

OWEB values transparency and develops its Long-Term Investment Strategy through an open, transparent process that involves input and dialogue with stakeholders and staff.

4. Maximize service, minimize disruption

In developing the Long-Term Investment Strategy, the Board considers how OWEB's grant portfolio impacts partner organizations and staff resources to maximize effectiveness without adversely affecting service delivery.

5. Responsive

The Long-Term Investment Strategy will adjust to changes in revenue and be responsive to changes in ecological priorities from the Governor, Legislature, the Board and local partners.

6. Adapt based on monitoring and evaluation

OWEB's staff and Board monitor and evaluate the effectiveness and implementation of the Long-Term Investment Strategy to assure it is meeting the Board's desired goals and outcomes. As needed, the Board shall adapt and modify the strategy to improve overall investment success.

7. Phase-in Change

OWEB's Long-Term Investment Strategy will guide us in our future efforts and will be periodically revisited. It is designed to implement any changes over a reasonable period necessary to phase-in any changes and allow adjustment by stakeholders and OWEB staff.



OREGON WATERSHED ENHANCEMENT BOARD Proposed Direction for OWEB's Long-Term Investment Strategy for Conservation

DRAFT FOR PUBLIC COMMENT

OWEB invites public feedback and discussion on its proposed direction for the Long-Term Investment Strategy for Conservation. OWEB's Board will consider public input prior to making a decision, currently planned for the June 2013 Board meeting. For more information, please visit our website www.oregon.gov/OWEB.

Background

Mission

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

About Us

The Oregon Watershed Enhancement Board 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.

What is the Long-Term Investment Strategy for Conservation?

The purpose of the Long-Term Investment Strategy for Conservation is to identify how OWEB desires to structure its grant portfolio to achieve its mission, priorities and ecological outcomes.

Please refer to pages 3 and 4 for more information about the proposal.

Why a Long-Term Investment Strategy for Conservation?

With the passage of Measure 76, the time is right for OWEB to evaluate our course and seek ways to improve. Until recently, it was unclear whether OWEB's principle source of funding would be available after 2014. Permanent funding under Measure 76 creates the opportunity to look long-term.

The investment strategy will guide the Board's programs and granting decisions.

Framework for Grant Investments

The Three Pillars

Achieve Ecological Outcomes!

All of OWEB's investments in ecological outcomes have helped build communities and support the local economy. The draft investment strategy is based on the three key pillars which have been the foundation of OWEB's investments as described below.

Operating Capacity Investments

These grants

- Support the operating costs of effective watershed councils and soil and water conservation districts.
- Are performance and outcome-based.
- Contain high standards for eligibility, reporting and accountability.

Reason for this investment

Councils and districts are identified specifically in OWEB's statutes because they are essential leaders in the development and implementation of voluntary collaborative conservation projects to protect native fish and wildlife habitat, watersheds and water quality.

Currently:

Watershed councils are locally established voluntary organizations; OWEB may provide grants for council operating capacity.

Soil and water conservation districts are local government entities overseen by the Oregon Department of Agriculture (ODA). District operating capacity grants are administered by ODA, but funded with OWEB dollars.

Open Solicitation Investments

These grants

- Respond to locally selected ecological priorities based on local, state, and regional conservation strategies and plans.
- Are competitive.
- Are offered in regular cycles with ongoing availability across the state.

Reason for this investment

- Encourage a statewide culture of voluntary, collaborative conservation.
- Support a wide variety of ecological outcomes in all parts of the state.

Currently include:

- Regular Grants (Restoration, Land and Water Acquisition, Technical Assistance, Monitoring, Outreach, Watershed Assessment)
- Small Grants
- ODA Weed Grants
- Conservation Reserve Enhancement Program (CREP)
- CREP Technical Assistance

Focused Investments

These grants

- Support collaboratively prioritized ecological outcomes selected by the OWEB Board.
- Are outcome-based and outcome-measured.
- Commit funding for multiple years.
- Move around the state as ecological priorities and leveraging opportunities intersect.

Reason for this investment

- Provide greater certainty for OWEB and partners in making progress toward collaboratively identified and prioritized ecological outcomes.
- Better leveraging of private, federal and other state/local funding for a longer, more sustained time frame.

Currently include:

- Ecosystem Services
- Effectiveness Monitoring
- Research
- Special Investment Partnerships
- Whole Watersheds Restoration Initiative

Proposal for OWEB's Long-Term Investment Strategy for Conservation

Operating Capacity Investments

Continue this investment area.

Proposed changes

- OWEB is updating its council capacity grant program, and plans to propose changes for Board decision in 2014.
- ODA is revising its grant administration for the soil and water conservation districts.

Reason for proposal

Continue to hold grantees to high standards of effectiveness with the expectation of continual improvement.

Open Solicitation Investments

Continue this investment area.

Proposed changes

- **Small grants:** increase funding and expand types of grants beyond restoration (for example, outreach and monitoring small grants).
- **Regular restoration grants:** caps on individual applications as a way to fund more projects across the state.
- Develop a new process for "**big ticket, large cost**" restoration projects.
- Develop an **outreach grant strategy**, including partnering with other outreach funders to leverage additional investment.

Reason for proposal

Maintain or expand the grant opportunities for local projects, even if the amount of funding for Open Solicitation Investments does not increase, or is reduced over time.

Focused Investments

Continue this investment area.

Proposed changes

- Phase-in a gradual **increase in this investment area over time**.
- Develop criteria and process for Board selection of collaboratively prioritized ecological outcomes.
- Update criteria and process and improve transparency of Board decisions around Focused Investments, including clear time limits.

Reason for proposal

With committed funding over multiple years, Focused Investments provide greater certainty for OWEB and partners in making progress toward collaboratively prioritized ecological outcomes. The increased state emphasis on 10-year outcomes makes it important for OWEB to invest in more certain progress, and to develop clear criteria and process for prioritized ecological outcomes.

Potential Benefits & Consequences of OWEB's Proposed Direction

While OWEB's funding now has long-term status, grant funds will vary over time and will be affected by state and federal budget decisions.

Depending on funding availability, increases in investments in one area may have impact on other areas of investment.

OWEB is interested in your thoughts on the benefits and consequences of these proposed changes.

Investment in the following areas provides support and accountability to the above:

Competitive Offering for Emerging Issues

- **New grant offering.**
- Develop criteria, structure and process.
- Consider activities appropriate for one-time/short term funding that are consistent with OWEB's mission, but do not qualify under OWEB's other grant programs.
- Examples include conservation efforts that require short-term assistance for planning or research, and pilot funding for innovative approaches to natural resources management.

Reason for proposal:

OWEB has invested in emerging issues in the past. It is important to have clear structure, criteria and process to guide decisions on funding requests.

Focused Effectiveness Monitoring & Reporting

Continue to conduct board-directed effectiveness monitoring for selected types of Open Solicitation grants.

Proposed change

- Include effectiveness monitoring in all of OWEB's Focused Investments.

Reason for proposal

Outcomes are foundational to sound investments and adaptive management. It is important to tell the story of accomplishments from OWEB's investments.

Contact Us

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Framework for OWEB Spending Plan

Long-Term Investment Strategy for Conservation

2011-13 Spending Plan Framework	
Regular Grants	
Restoration	} → Open Solicitation
Technical Assistance	
Monitoring	
Outreach	
Assessments	
Partnerships	
Deschutes Special Investment Partnership	} → Focused Investment
Willamette Special Investment Partnership	
Klamath Special Investment Partnership	
Whole Watershed Restoration Initiative	
Conservation Reserve Enhancement Program Technical Assistance	} → Open Solicitation
Conservation Reserve Enhancement Program	
Acquisitions	
Regular Land and Water	→ Open Solicitation
Deschutes & Willamette Special Investment Partnership	→ Focused Investment
Local Capacity	
Capacity Grants	→ Operating Capacity
Miscellaneous	
Effectiveness Monitoring	→ Open Solicitation & Focused Investment
Oregon Plan/Governor Priorities	} → Focused Investment
Ecosystem Services	
Weed Grants	} → Open Solicitation
Small Grants	
Research	→ Focused Investment

DRAFT 2013-15 Spending Plan Framework	
Open solicitation	
Restoration	} → Open Solicitation
Technical Assistance	
Monitoring	
Outreach	
Assessments	
Conservation Reserve Enhancement Program Technical Assistance	} → Focused Investment
Conservation Reserve Enhancement Program	
Regular Land and Water Acquisitions	} → Open Solicitation
Effectiveness Monitoring	
Weed Grants Regular	
Small Grants	} → Operating Capacity
Capacity Grants	
Focused Investments*	
Deschutes Special Investment Partnership	} → Focused Investment
Willamette Special Investment Partnership	
Klamath Special Investment Partnership	
Whole Watershed Restoration Initiative	
Effectiveness Monitoring	
Oregon Plan/Governor Priorities	} → Open Solicitation
Ecosystem Services	
Research	→ Focused Investment

**May include one or several of the following:* Restoration, Technical Assistance, Monitoring, Effectiveness Monitoring, Outreach, Land and Water Acquisition



Oregon

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March 1, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item D: Watershed Council Support Transition
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This is an informational item intended to help prepare the Board for action items at the June 2013 Board meeting. Staff hope the key policy issues presented in Section III of this report will stimulate dialogue at the March Board meeting. In June 2013, staff will:

- Update the Board on progress toward the Watershed Council Support Outcome-Based Review and Award Process;
- Present policy options and staff recommendations, and ask the Board for policy direction;
- Ask the Board for permission to begin council support rulemaking that will inform OWEB funding decisions for the 2015-2017 biennium; and
- Ask the Board to award watershed council support grants for the 2013-2015 biennium.

II. Background

OWEB adopted its Strategic Plan in 2010. Goal 2 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 its Council Support program review in 2010, looking at process improvements and potential policy changes. In order to provide the time for staff to consult with councils (2010 and 2012 Listening Sessions and Watershed Council Support Work Group), develop implementation details, and conduct rulemaking for the revised Council Support program, the Board approved the 2013-2015 Council Support award transition process at the March 2012 Board meeting. (See Section V for additional detail.) This decision results in 2013-2015 being a transition biennium during which OWEB and watershed councils can prepare for refinements to the Council Support program that will be instituted during the 2015-2017 biennium.

A. Watershed Councils, Local Government Role, and State Role

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. Applications are evaluated for merit based on detailed 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).

Watershed councils are locally based, voluntary in nature, and under Oregon law, "designated by a local government group convened by a county governing body, to address the goal of sustaining natural resource and watershed protection, restoration and enhancement within a watershed" (Oregon Revised Statute [ORS] 541.890(15)).

OWEB does not create or oversee watershed councils. OWEB has the discretion to provide capacity grants to councils that represent a balance of interests in their watersheds and demonstrate the potential to protect and enhance the quality of their watersheds. Councils are also expected to assure a high level of citizen involvement in the development and implementation of watershed action programs (ORS 541.910).

B. 2011 Legislative Budget Note

OWEB's 2011 Legislatively Adopted Budget includes direction from the Legislature regarding a review of watershed councils. The charge of the budget note was consistent with the purposes of OWEB's Council Support program review. OWEB's response to this budget note was provided to the Board at the January 2013 Board meeting.

C. 2012 Council Support Listening Sessions and Follow-up

In the fall of 2012, OWEB shared a vision for council capacity (Attachment A) and proposed a set of process changes based on the Council Support Work Group recommendations, and policy changes to address long-standing policy issues. Six Listening Sessions and one webinar were held around the state. As shown by the pre- and post-Listening Session surveys, the information and discussions at the meetings helped to answer stakeholder questions and reduce concerns about many of the proposed changes.

Overall, there was general (though not universal) support for the proposed process improvements, with suggestions for clarifying language and questions about intent and implementation. OWEB also heard general (but not universal) support for many of the proposed changes to the eligibility criteria regarding bylaws, fiscal policies, procedures and county recognition. Again, there were suggestions to clarify the language and intent as well as implementation questions that need to be addressed and reviewed by stakeholders as OWEB moves forward.

Two proposed policy changes received the most concerns and comments:

1. The idea for 45 defined "council capacity areas" instead of the current open-ended "unique geographic areas" with no sideboards for size or scale; and
2. The proposal to move to three merit and funding levels (instead of six), with "equal funding" for the top merit level.

At the January 2013 Board meeting, staff presented an overview of the proposed process and policy changes and key themes from the Listening Sessions, and the Board took public comment. Consistent with the Listening Session comments, testimony indicated that the “capacity area” idea and merit/funding levels raised the most concerns.

Staff and the Board’s Watershed Council Support Subcommittee are in the process of discussing stakeholder feedback and considering possible alternative policy directions for the “capacity areas” and merit/funding level issues. Staff also are communicating and working with stakeholders to discuss alternatives to council support capacity areas and equal funding. The Council Support Work Group will be re-convened in spring of 2013. Staff are planning a stakeholder meeting to discuss updated OWEB proposals before the June 2013 Board meeting.

At the June 2013 Board meeting, staff will present Council Support policy options and staff recommendations, and ask the Board for policy direction.

III. Key Policy Issues for the June 2013 Board Meeting

A. Proposed Policy Changes Seek Improved Results

OWEB recognizes that effective watershed councils are essential for successful implementation of the Oregon Plan for Salmon and Watersheds and OWEB’s mission. Oregon’s approach to watershed restoration is nationally and internationally recognized, and councils have been a huge part of that success. However, with significant investment of public dollars, OWEB should constantly strive to improve its programs.

OWEB’s goal is to improve community engagement and on-the-ground restoration outcomes and results from its investment in council capacity. Some things to think about:

- Oregon’s watersheds face increasing challenges from population growth, climate change and continuing loss and degradation of habitat for native fish, wildlife and plants.
- How well is Oregon set up to meet those challenges?
- Knowing that OWEB does not have unlimited funding, are there program changes that will help councils be more resilient, effective, and better able to help address these challenges over the long term?

OWEB is not trying to change or limit the number of councils that exist or that may be locally created in the future – those are local government and local council decisions. OWEB, as a funder, is considering how its investments in council capacity can be most effective with limited state funding.

B. Increased Collaboration and Sharing Can Help Build Capacity and Effectiveness

Considering more than two years of feedback and discussions with stakeholders and OWEB staff, as well as the history of the Council Support program, this report concludes that the Council Support grant program needs to promote continuous improvement in performance, and encourage greater partnerships, collaboration and sharing of resources among councils to build capacity.

This conclusion is supported by many of the comments made at the 2012 Listening Sessions related to staffing and the ability of councils with limited staff capacity to accomplish watershed level community engagement and on-the-ground restoration (Attachment B). It is also consistent with the Board’s 2010 Strategic Plan Goal 2, Strategy 2 direction to “evaluate and adjust

Watershed Council Support grant review and funding processes to build capacity, provide base funding, and promote strategic partnerships.”

C. OWEB’s Council Support Policies Have Not Effectively Promoted Strategic Partnerships

As Oregon developed its voluntary, collaborative, locally-based approach to watershed restoration, the goal was to have councils created across the state and get restoration work going. The Council Support program has constantly wrestled with conflicting drivers and desires, and policy decisions have fluctuated over time.

- Council Support rules included a short-lived preference for councils working at 5th field or higher Hydrologic Unit Code (HUC) areas (2002, but deleted in 2004).
- With no size or scale criteria, OWEB awarded grants to councils serving areas from 33,500 acres to 6.4 million acres and populations from 14 people to more than 180,000.
- Concern about inadequate capacity funding led OWEB to require some councils to share grants in order to “stop thinning the soup” of Council Support grants (councils call these “forced marriages”).
- Conversely, OWEB has allowed six councils that were part of shared grants to apply for their own separate grants. For example, in 2008, the Board approved three councils that had shared one Council Support grant to apply separately, while at the same time, denied a request from two councils that receive a shared grant to apply separately.
- OWEB’s current rules do not allow duplicate Council Support grants for councils recognized for the same geographic area. Under this rule, 15 councils that are locally recognized for parts of larger watershed areas, for which one “coordinating” council is also locally recognized, are not eligible to apply for individual grants.

With inconsistent policies over time, and because individual grants provided more funding to a single council than shared grants to more than one council, the Council Support grant program effectively promoted separating rather than partnering.

D. Fundamental Policy Question in Light of No Stakeholder Consensus

OWEB proposed the idea of 45 capacity areas in order to stimulate discussion about how to encourage collaboration, partnerships and operating efficiencies for councils to become more self-sustaining. Stakeholder feedback ranged from “45 capacity areas is too many, there should be fewer” to “OWEB should fund as many councils as exist now and as are created in the future.” However, many (though not all) councils believe that OWEB needs to do something about the “scale” of its investments in council capacity.

There are no perfect answers. There are benefits and consequences to making change and to making no change. Opinions are strong on all sides. Staff and the Board Subcommittee have begun wrestling with a fundamental philosophical question that will need to be answered by the time the Board adopts new Council Support rules and policies in 2014.

The fundamental question is: *Should OWEB develop defined Council Support funding areas with minimum requirements for size/scale/population, along with policies that promote strategic partnerships, collaboration and sharing, or should the Board provide the opportunity for all councils that have local government recognition now and in the future to apply for individual capacity grants?* Additional considerations regarding this question are listed in Attachment C.

At the June 2013 Board meeting, staff will present alternative proposals, and staff recommendations, regarding how OWEB should invest in council capacity including at what scale and funding levels. Staff will seek Board direction on these policy issues.

IV. June 2013 Request for Permission to Begin Rulemaking

At the June 2013 Board meeting, staff plan to request Board approval to start the rulemaking process with a Rules Advisory Committee (RAC) comprised of stakeholders and staff. Rule changes will be needed because the Council Support eligibility criteria, review process and evaluation criteria are contained in OWEB's administrative rules. Direction from the Board in June on key policy issues will inform the range of topics brought to the RAC later this year.

Staff believe it will be important to build in the ability to make timely changes to the new program as needed. As a result, staff plan to propose less-detailed rules and more detailed Board policies for adoption, which will provide the ability for adaptive management of the program through time.

Rulemaking will include public hearings around the state. OWEB plans to bring proposed rule and policy recommendations to the Board in June 2014. (See Attachment D for an outline of the process.)

V. 2013-2015 Council Support Transition Awards Process

In preparation for the June 2013 Council Support awards, OWEB staff and the Subcommittee will meet in April to review any performance concerns for currently funded watershed councils. OWEB staff may, depending on these discussions, develop special conditions to be included in some grant agreements, including potential termination of funding if grant agreement conditions are not met.

At the June Board meeting, staff will ask the Board to award Council Support grants to current Council Support grantees, at the same funding level as each grantee received in 2011-2013, *dependent on OWEB's Legislatively Adopted Budget*. Depending on the status of OWEB's budget approval, the award may be conditional and grant agreements may be held until OWEB's budget has final approval.

After the Board's action and the adoption of OWEB's Budget staff will amend current council support grant agreements to include 2013-2015 funds. Current Council Support grantees will not have to submit a grant application for 2013-2015. In addition, councils will be able to carry-over 2011-2013 unspent council support funds into the 2013-2015 biennium. All councils will be required to submit a 2013-2014 work plan by October 1, 2013, and an updated work plan (progress report) by June 30, 2014.

VI. Recommendation

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

Attachments

- A. Vision for Council Capacity
- B. Input for Board Consideration regarding Increased Council Support Capacity and Effectiveness
- C. Fundamental Policy Question Considerations
- D. Council Support Flow Chart and Timeline
- E. Map and list of 89 Locally Recognized Watershed Councils

Future Vision for Council Capacity

Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.

OWEB contributes to council capacity over the long term.

OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.

This vision is accomplished by a council support grant program that:

- Is administratively efficient for councils and OWEB.
- Ensures the most effective, efficient and accountable use of public funds.
- Encourages councils to maximize partnerships, collaboration, and operating efficiencies to become more self-sustaining.
- Provides a stable number of capacity grants for:
 - a more efficient granting process for OWEB, and
 - more predictable and equitable distribution of capacity grants for councils.
- Provides councils local flexibility, innovation and creativity within OWEB's program and funding structure.
- Encourages a whole watershed approach by investing in geographically and ecologically based "ridgetop to ridgetop" council capacity areas.

Input for the Board to Consider regarding the Need for Increased Council Capacity and Effectiveness

- The 2012 Network of Oregon Watershed Council's needs assessment survey reported that 1) about 53 percent of councils responding have 1 FTE or less staff and 2) identifying and securing adequate funding were identified as a major concern and the biggest challenge to councils achieving their objectives. Councils reported that they fund their activities primarily through OWEB grants.
- A Listening Session participant in Salem has observed two types of council coordinators: 1) strong technical specialist/project implementer and 2) organizational developer/fundraiser. Councils need both, which is hard to find in one person. Can collaboration and shared resources help fill both needs?
- A Listening Session participant in Eastern Oregon noted the importance of sustainable, professional councils for the future, to achieve more project implementation. Multiple one-person-shop councils working at smaller scales won't have the capacity to do more of what needs to be done.
- The Eastern Oregon discussion also noted that councils with one or less staff experience greater burnout and turnover. Operating at a larger scale with increased sharing, partnerships and staff would result in greater diversity of council staff capabilities, resulting in a broader range of restoration projects.
- Several participants noted that through collaboration and sharing resources, including staff, they have kept their local identities while increasing community engagement and on-the-ground restoration outcomes. Coordinators expressed hope that these examples could be effectively shared with other councils.
- Staff have heard that some state agencies struggle to provide technical assistance to multiple councils, and as a result must prioritize, leaving some councils with minimum or no assistance in developing and designing restoration projects.
- As shown by OWEB's map of 89 locally recognized councils in Attachment E, there are very few areas of the state that are not covered by a council, a soil and water conservation district, or a tribal government. Full coverage by councils could be achieved with boundary changes.

Fundamental Policy Question Considerations

Policy Question: Should OWEB develop defined Council Support funding areas with minimum requirements for size/scale/population, along with policies that promote strategic partnerships, collaboration and sharing, or should the Board provide the opportunity for all councils that have local government recognition now and in the future to apply for individual capacity grants?

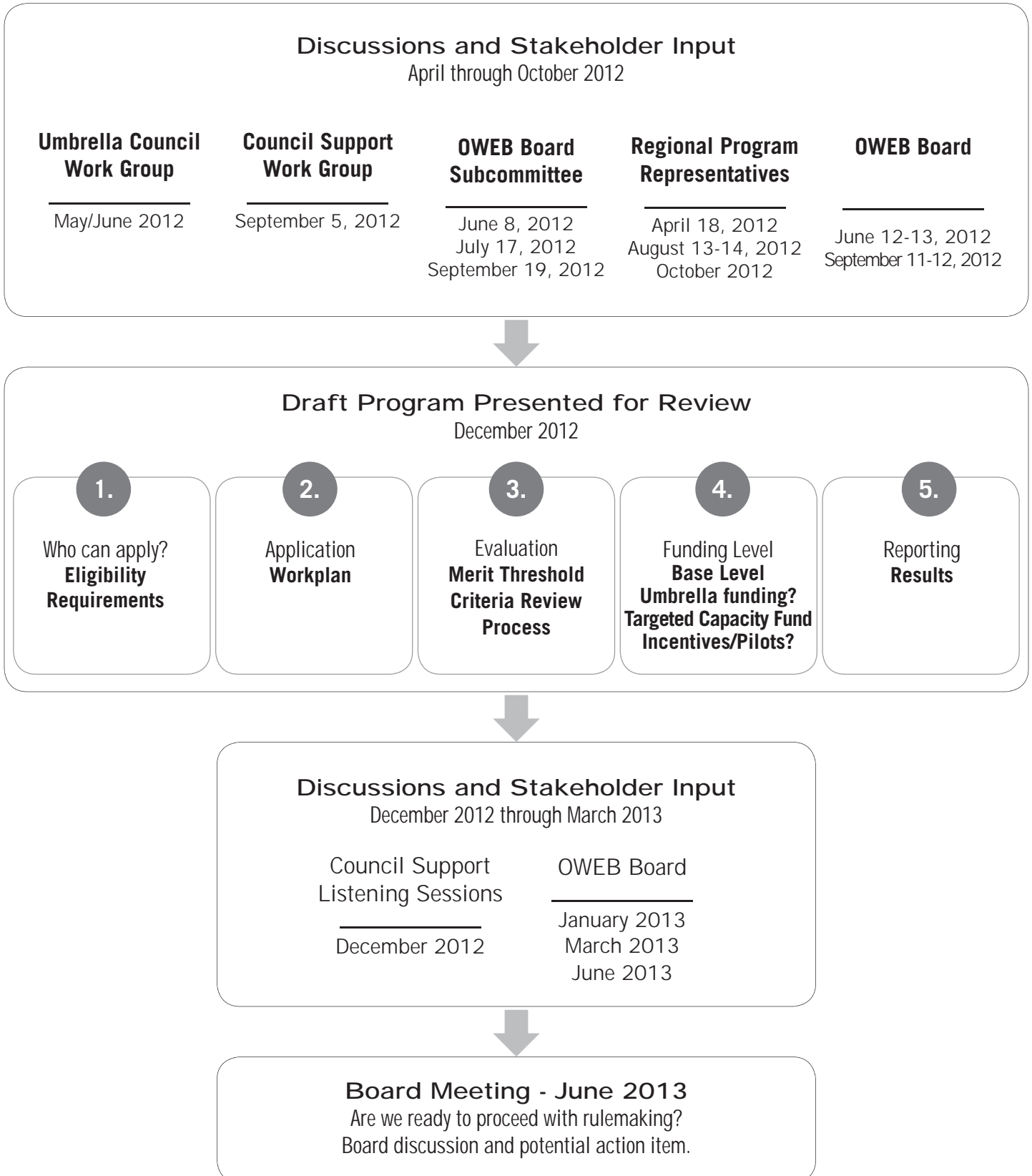
Considerations regarding defined Council Support funding areas with minimum requirements for size/scale/population include:

1. A minimum size/scale/population would seek to encourage a whole watershed approach
2. Explicit focus on promoting partnerships and collaboration
3. Defined funding areas would mean a more stable number of capacity grants over time, making funding more predictable for grantees
4. Consideration of “lessons learned” (i.e., what has worked and what has not worked to encourage partnerships, collaboration and sharing)
5. How does OWEB incent collaborative partnerships that result in community engagement and on-the-ground restoration outcomes, as well as operating efficiencies, that are greater for the partnership than could be achieved by any of the individual partners alone?
6. Should OWEB provide resources to interested councils to help develop collaborative partnerships that realize increased community engagement and on-the-ground restoration outcomes as well as operating efficiencies for the collective?

Considerations regarding all councils with local government recognition being able to apply for capacity grants include:

1. All councils that meet other eligibility criteria would have equal opportunity to apply
2. Resolves existing “forced marriages”
3. Potential for up to 29 new grants, which would result in “thinning the soup” of OWEB capacity funds for existing Council Support grantees
4. Potential for duplicate Council Support grants to more than one council in the same geographic area
5. May also “thin the soup” of available agency technical assistance to councils (assist with projects, attend council meetings, and provide technical input)
6. May discourage increased collaboration, sharing, and operating effectiveness

Watershed Council Support Program Change Process



Watershed Council Support Program Change Process, *Continued*

Discussions and Stakeholder Input

December 2012 through March 2013

Rules Advisory Committee

July-December 2013

OWEB Board

June, 2013
September, 2013
January, 2014
March, 2014

Board Meeting - June 2014

Board adopts new rules

Finalize Details and Materials for New Watershed Council Support Process

June through December 2014

1.

Training Plan
**Eligibility
Process
Reporting**

2.

Application Forms
Workplan

3.

Evaluation
**Teams
Review Process**

4.

Online Process
**Training
Tools/Forms**

5.

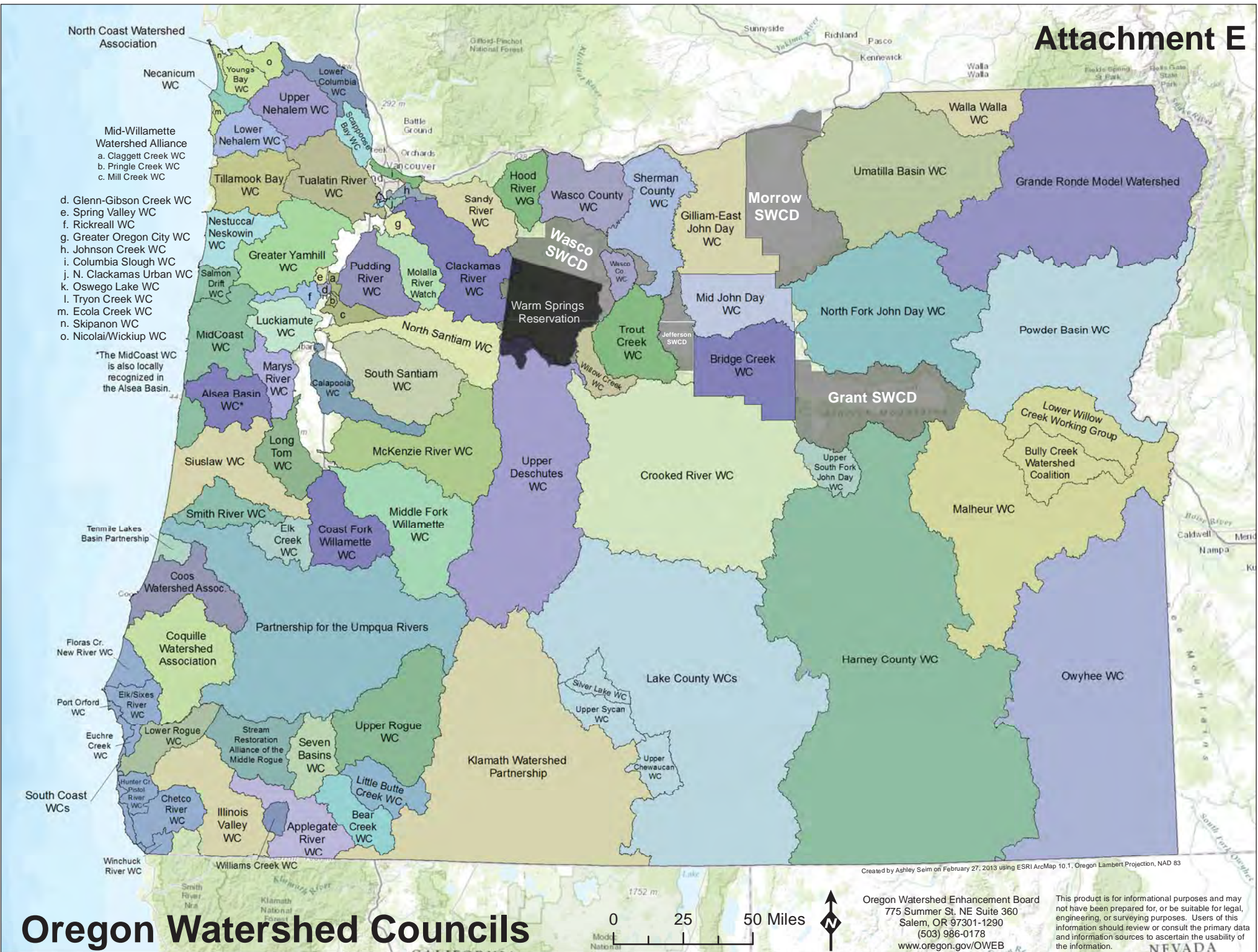
Reporting
Forms

Council Support Application Materials Due February 2015

For the 2015-17 biennium

Board Meeting - June 2015

Board decision, 2015-2017 biennium
Council Support Funding Awards



North Coast Watershed Association

Necanicum WC

Mid-Willamette Watershed Alliance
a. Claggett Creek WC
b. Pringle Creek WC
c. Mill Creek WC

d. Glenn-Gibson Creek WC
e. Spring Valley WC
f. Rickreall WC
g. Greater Oregon City WC
h. Johnson Creek WC
i. Columbia Slough WC
j. N. Clackamas Urban WC
k. Oswego Lake WC
l. Tryon Creek WC
m. Ecola Creek WC
n. Skipanon WC
o. Nicolai/Wickiup WC

*The MidCoast WC is also locally recognized in the Alsea Basin.

Tennille Lakes Basin Partnership

Coos Watershed Assoc.

Floras Cr. New River WC

Port Orford WC

Euclre Creek WC

South Coast WCs

Winchuck River WC

Williams Creek WC

Oregon Watershed Councils

0 25 50 Miles



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Oregon

John A. Kitzhaber, MD, Governor

Oregon Watershed Enhancement Board

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February 25, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: Agenda Item E: Agriculture Water Quality Management Strategic Planning and Soil and Water Conservation District (SWCD) Scope of Work Process March 12-13, 2013 OWEB Board Meeting

I. Introduction

With the passage of Ballot Measure 76, the Oregon Watershed Enhancement Board (OWEB) became the official grantor for SWCD capacity funding, which had previously been directly administered directly by the Oregon Department of Agriculture (ODA). OWEB and ODA staff have worked closely since the passage of Measure 76 to ensure that management of the program remains with ODA while OWEB coordinates grant agreements and payments in as seamless a manner as possible.

As a part of their Agriculture Water Quality Strategic Planning process, ODA has worked with SWCDs, the Soil and Water Conservation Commission, and the Board of Agriculture to develop a new approach to capacity investments in SWCDs to support implementation of the Agricultural Water Quality Management Act. This report provides an update to the Board about that process.

II. Background

In 1993, the Oregon Legislature passed the Agricultural Water Quality Management Act (formerly known as Senate Bill 1010). This legislation directs ODA to develop plans to prevent and control water pollution from agricultural activities. Working with Oregon's 45 SWCDs, ODA is the lead state agency to prevent and control water pollution and soil erosion from agricultural activities on rural lands. Capacity funding, now coordinated jointly between ODA and OWEB, is a key component to assist in the implementation of the Act.

At the March Board meeting, ODA staff will be updating the OWEB Board on its proposed new direction for SWCD funding to meet the intent of the Agricultural Water Quality Management Act. Attachment A contains a summary of the new process.

III. Recommendation

No action is necessary. This is an information item only.

Attachment

A. ODA Memo – Agricultural Water Quality Management Program Strategic Planning

State of Oregon
Department of Agriculture

Memorandum

Date: February 8, 2013
To: Oregon Watershed Enhancement Board
From: John Byers- Program Manager, Agricultural Water Quality Programs
Subject: Agricultural Water Quality Management Program Strategic Planning

Background:

In 1993, the Oregon Legislature passed the Agricultural Water Quality Management Act (formerly known as Senate Bill 1010). This legislation directs the Oregon Department of Agriculture (ODA) to develop plans to prevent and control water pollution from agricultural activities.

Working with Oregon's 45 Soil and Water Conservation Districts (SWCDs), the ODA is the lead state agency to prevent and control water pollution and soil erosion from agricultural activities on rural lands.

Funding:

It is anticipated that during the 2013-2015 biennium, \$6.1 million of dedicated lottery funds will be distributed to SWCDs to help implement the Oregon Plan for Salmon and Watershed. Through an agreement with the Oregon Watershed Enhancement Board (OWEB), the ODA administers the program to distribute these funds to SWCDs and identifies the activities to be completed. Of these funds, each SWCD will receive \$100,000 (\$50,000 annually) to provide technical assistance to landowners. The remaining funds are used for SWCD "operations" to support the technical assistance activities.

Board of Agriculture Direction:

The Oregon Board of Agriculture has directed the ODA to "develop alternatives to a complaint-based agricultural water quality program. In addition, staff should streamline current processes in order to devote more resources to building relationships, plan implementation, and compliance."

Scopes of Work – Plan Implementation:

Scopes of Work (SOW) are developed cooperatively between the ODA and SWCDs. The SOW documents guide SWCDs regarding landowner agricultural water quality work. The SOW outlines and tracks these activities in such a manner to ensure that all fund usage and activities conducted meet Measure 76 requirements (for example, projects that protect watershed function or restore wildlife habitat).

Focus Areas:

For many years, SWCDs have been conducting vast amounts of water quality improvement activities such as technical assistance, on-the-ground restoration, student education events, and outreach demonstrations throughout each SWCD. A more “focused” approach is presently being established to fulfill the Board of Agriculture’s directives for a more targeted effort.

Under this new approach, SWCDs will be strategically concentrating (*focusing*), their assistance, restoration, and outreach activities. Additionally, the ODA is requiring that a minimum of 25% of SWCD funding be allocated to *Focus Area* activity. The goal of this focused work is to be able to clearly pursue, within the Focus Area, the reduction of adverse agricultural activity that may be contributing to water pollution, and document the resulting changes in landscape condition and water quality.

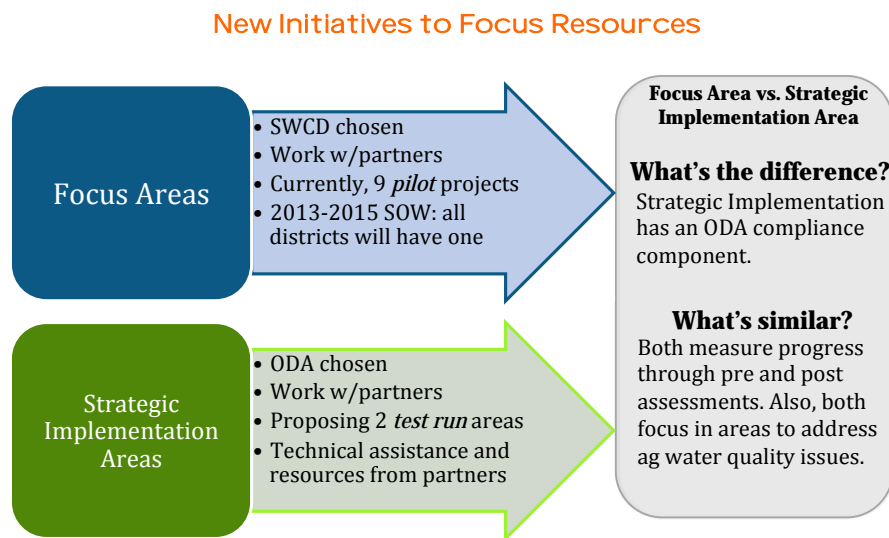
Reporting:

As has always been the case, each SWCD is required to report quarterly to the ODA to ensure all SOW activities have been achieved and they meet Measure 76 funding requirements. The ODA then reports these findings quarterly to OWEB.

Strategic Compliance Implementation (*Strategic Implementation Areas*):

Historically, compliance with agricultural water quality regulations has been pursued primarily through complaint investigations and secondarily through staff initiated cases. A more strategic approach is being initiated where the ODA and partners will focus resources in areas where agricultural activity may be contributing to water quality issues. This approach relies on partnerships to provide technical assistance and financial incentives, while ODA ensures compliance with agricultural water quality regulations.

Fig. 1: Illustrates the differences/similarities of Focus and Strategic Implementation Areas



March 12-13, 2013 OWEB Board Meeting

Executive Director Update #G-1: Pacific Coastal Salmon Recovery Fund

Background

On an annual basis since Federal Fiscal Year (FFY) 2000, OWEB has applied for and received funding from NOAA Fisheries through the Pacific Coastal Salmon Recovery Fund (PCSRF). These dollars have been an important complement to the Board's investment of dedicated lottery funding provided through Measures 66 and 76. Over the previous 12 years, PCSRF has contributed nearly \$158 million, or 25 percent, of OWEB's expenditures towards grants for salmon recovery and watershed restoration actions.

Current Status

In January of this year, NOAA announced the latest funding opportunity for FFY 2013 PCSRF funding, which includes a two-step application process. The first step was submittal of a draft application on February 14, 2013, for review by NOAA staff. Staff anticipate receiving preliminary comments from NOAA on the draft application to inform the structure of the final application. The second step will be submittal of a final application on or before March 14, 2013.

NOAA developed new priorities last year and those will largely drive the distribution and eligible uses of the FFY 2013 funding. NOAA made some additional changes to the priorities for FFY 2013 funding. The changes show a continued and increasing focus on on-the-ground projects that directly address factors limiting the productivity of ESA-listed salmon. Under the priorities, less emphasis is being placed on planning, design, research and other activities.

As with FFY 2012, NOAA's grant solicitation and awards for FFY 2013 will reflect the new priorities. The priorities are in rank order and funding will be provided in decreasing amounts from Priorities 1 through 4. In addition, Priority 3 is capped at 10 percent of the requested amount from grant applicants. With the overall Congressional approved grant amount of \$65 million for FFY 2013, applicants' grant requests caps were reduced to a maximum of \$25 million.

OWEB, on behalf of Oregon, will request the maximum funding possible and split the application with \$20.2 million requested for Priority 1 and \$4.8 million requested for Priority 3. A significant component of Oregon's application for FFY 2013 is a request for more than \$4.1 million in funding for ongoing Oregon Department of Fish and Wildlife programs. The programs for which this PCSRF funding is requested are being supported this biennium with Measure 76 and PCSRF moneys allocated by the Oregon Legislature.

With an emphasis on on-the-ground projects as defined by the newly refined PCSRF priorities and funding, staff expect PCSRF will be used differently than it has been during the last decade. These changes, which were initiated in FFY 2012 and will continue in FFY 2013, will require adjustment by the Board, staff and other agencies when applying these funds to programs and projects.

Federal Sequestration

It is not entirely clear at the time of writing this staff report what impacts either sequestration and/or a continuing resolution will have on the decisions about and distribution of PCSRF funds for FFY 2013. In consultation with key NOAA staff in the region, OWEB has learned that current estimates for the sequestration impact could be as high as 5 percent of the available funding for FFY 2013. At 5 percent, there would be a \$3.25 million reduction in the funds available from the \$65 million funding level included in the grant solicitation for FFY 2013. If translated to a pro-rata reduction to all state and tribal PCSRF grant recipients, and assuming a below average to average distribution of funding to Oregon, the reduction could range from \$400,000-\$600,000. A Continuing Resolution has been described by NOAA staff as a real possibility that would likely translate to a later-than-July distribution date and added uncertainty for the next few months.

Staff will update the Board on any new developments at the March and subsequent Board meetings.

Staff Contact

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

March 12-13, 2013 OWEB Board Meeting Executive Director Update #G-2: Weed Grants Update

Background

The Oregon State Weed Board (OSWB) is established under ORS 561.650 and has a mission of guiding statewide noxious weed control priorities and awarding noxious weed control Lottery funds. The OSWB provides direction to control efforts at the county and local levels based on priorities developed, in part, through the state noxious weed control policy and classification system. The OSWB also awards grants to assist cooperators in noxious weed control efforts throughout the state. The seven-member board represents weed control interests in Oregon.

For the 2011-2013 biennium, the OSWB Weed Grants for noxious weed control projects are funded with Measure 76 (M76 Lottery Funds) and administered by OWEB. This arrangement is different from past biennia, during which OWEB provided funding to the Oregon Department of Agriculture (ODA), which administered the Weed Grants. As described in a Memorandum of Agreement (MOA), OWEB and ODA staff work cooperatively to manage and administer the Weed Grant Program. ODA solicits, reviews, and manages the Weed Grants in partnership with OWEB, while OWEB has grant agreements with Weed Grantees (as required under the use of M76 Grant Funds). This approach retains existing processes as appropriate and meets M76 requirements.

2011-2013 Weed Board Grants

The Board awarded \$2,544,125 for Weed Grants for the 2011-2013 biennium, and delegated authority to the Executive Director to distribute funds for these grants consistent with criteria and processes outlined in the MOA. The OSWB has awarded three cycles of grants this biennium, with the most recent awards made at its February 25-26, 2013, meeting. In March 2013, the Executive Director will approve funding for the most recent Weed Grant awards.

OWEB, ODA and the OSWB are using this biennium to explore options and opportunities available under M76. Some improvements already have been made to streamline the Weed Grants process including: 1) transitioning to a single cycle each year; 2) providing additional guidance to grantees about OWEB requirements; and 3) developing an online reporting system for Weed Grantees within OWEB's web-based Project Completion Reporting system.

In January and February of 2013, ODA and OWEB completed an abbreviated Lean Process to identify strengths, challenges and opportunities of the current Weed Grant process and develop recommendations for future streamlining and improvements to that process. The Lean results were presented to and supported by the OSWB at its February 2013 Board meeting.

Implementation of the recommendations is delayed, however, due to uncertainties about ODA staffing levels associated with Weed Grants. The Governor's Budget proposes staff reductions within ODA's Noxious Weed Control Program, and it is unclear at the writing of this staff report if these positions will be restored during the Legislative budget process. Staff will update the Board in June about ODA staffing levels and any potential changes or refinements to the Weed Grant Program that may be contemplated.

Staff Contact

Contact Renee Davis-Born at renee.davis-born@state.or.us or 503-986-0029.



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February 25, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director
Miriam Hulst, Acquisitions Specialist
Renee Davis-Born, Senior Policy Coordinator

**SUBJECT: Agenda Item H: Land and Water Acquisition Program
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This staff report briefs the Board about several activities occurring within OWEB's Land and Water Acquisition Program. Staff will update the Board about the 1) Bald Hill Farm Acquisition Project and 2) Cardwell Hill Acquisition Project and request that the Board approve funding for these projects based on the recommendation of the Acquisitions Subcommittee. Staff also will inform the Board about recent progress by the Water Acquisitions Rules Advisory Committee.

II. Bald Hill Farm Acquisition Project (212-101) – Previously Deferred

Greenbelt Land Trust (Greenbelt) submitted an application in April of 2011, requesting \$940,000 to purchase Bald Hill Farm, an approximately 589-acre property between the Corvallis city-owned Bald Hill Natural Area and Benton County's Fitton Green Natural Area. Bald Hill Farm is directly north of Lupine Meadows, a property acquired by Greenbelt in 2007 with OWEB assistance. Information about the project is provided in Attachment A of the staff report. A map of the property is shown in Attachment B.

Conclusion

Based on the information provided by Greenbelt in the grant application, the opinion of the Regional Review Team (RRT), input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$940,000 in funding for Greenbelt's purchase of the Bald Hill Farm Property, with the funding conditioned on:

1. Staff's final approval of all due diligence materials;
2. Greenbelt consideration of making any wood cut in the course of OWEB-approved restoration activities available to local conservation groups at a price less than the market rate; and
3. Development of a management plan in which any grazing is designed as a tool for enhancing the property's conservation values.

III. Cardwell Hill Acquisition Project (209-104) – Previously Deferred

Benton County (the County) submitted an application in April of 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 of 2011, to request \$136,700 to purchase two of the properties in fee simple, and to purchase a conservation easement on one of the properties. The two fee simple purchases were funded by the Board in July of 2012 and closed in October of 2012. The final purchase of the project, the Percy-Schoener conservation easement, is now ready for a Board funding decision. The County requests \$41,300 for the purchase. Information about the project is provided in Attachment A of the staff report. A map of the property is shown in Attachment C.

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 \$41,300 in funding for the County's purchase of the Percy-Schoener conservation easement under the Cardwell Hill Acquisition Project, with the funding conditioned on:

1. Staff's final approval of the baseline inventory documentation; and
2. Staff's final approval of the form of the grant agreement.

IV. Water Acquisitions Rules Advisory Committee (RAC) Update

At the January 2013 Board meeting, staff updated the Board about a process that had been initiated to improve the effectiveness and efficiency of OWEB's Water Acquisitions grant program. The intent of the process is to make recommendations to the Acquisitions Subcommittee and the Board about such topics as where to invest to achieve high-priority ecological outcomes, how to partner with other organizations and funders, and potential improvements to the water acquisitions grant-making process. Initially, staff convened an external committee of water acquisitions/transactions experts to participate in the process and develop recommendations to the Board. At the January Board meeting, staff requested that and the Board designated this committee as a rules advisory committee, given that the recommendations may result in proposed changes to administrative rules guiding OWEB's water acquisition grants.

The Water Acquisition RAC has met four times and, to date has:

1. Identified agreed upon outcomes desired from water acquisitions and transactions,
2. Summarized the current water acquisition/transaction programs that are underway in Oregon and what aspects of these programs are working well;
3. Outlined elements of successful water acquisitions program;
4. Completed a gap analysis to pinpoint current limitations (including geographic, organizational, and available tools) in existing water acquisitions programs relative to the necessary elements for a successful program; and
5. Outlined the activities required for successful implementation a water acquisition program and the current funding situation relative to funding need for these activities.

At its most recent meeting, the Water Acquisitions RAC coalesced around a joint funder model for a water transactions program. The concept is that a group of potential funders would jointly draft a framework for a program that combines funding sources to the extent practicable, with coordination amongst funders, to fund the suite of activities necessary to design and implement local water

acquisition/conservation programs. The intent of this concept is to maximize opportunities for leveraging funding and program/transaction efficiencies to better achieve the desired outcomes from water transaction programs.

Staff are working to convene a meeting of water acquisition/transaction funders—including, but potentially not limited to OWEB, Bonneville Power Administration, the National Fish and Wildlife Foundation, Bonneville Environmental Foundation, and Meyer Memorial Trust—in early March to further discuss the concept of a joint funder model. Following that meeting, staff will re-convene the Water Acquisitions RAC to share the draft framework developed by the funders and obtain feedback about how this framework can inform recommendations that will be advanced to Acquisitions Subcommittee during Spring of 2013. Staff will provide a presentation about the Water Acquisition RAC process and recommendations to the Board at its June 2013 meeting.

V. Recommendation

Staff recommend the Board:

- A. Approve \$940,000 in funding for Greenbelt Land Trust’s purchase of the Bald Hill Farm Property, Application Number 212-101, contingent on the conditions described above in Section II of the staff report; and
- B. Approve \$41,300 in funding for Benton County’s purchase of the Percy-Schoener conservation easement under the Cardwell Hill Acquisition Project, Application Number 209-104, contingent on the conditions described above in Section III of the staff report.

Attachments

- A. Summary of Land Acquisition Projects
- B. Map of Bald Hill Farm Acquisition Project, #212-101
- C. Map of Cardwell Hill Acquisition Project, #209-104

Summary of Land Acquisition Projects

I. Summary of Bald Hill Farm Acquisition

A. Ecological Benefits

The application states that Bald Hill Farm contains 70 acres of oak woodlands, 25 acres of upland prairie, 20 acres of wet prairie, and 45 acres of lowland riparian forest and shrubland, all in good ecological condition. The property also contains a total of three miles of Mulkey and Oak Creeks, tributaries of the Marys River. The application states that Greenbelt will restore 65 acres of oak woodlands, 234 acres of upland prairie, 107 acres of wet prairie, and 9 acres of lowland riparian forest and shrubland. Upon completion of restoration, the property will contain priority habitats on approximately 575 acres of the property's 589 acres. The remainder of the property's acreage consists of buildings and other farm infrastructure.

The application states that the Bald Hill Farm acquisition is consistent with all of OWEB's conservation principles, and therefore will: protect a large intact area, stabilize an area on the brink of ecological collapse, secure a transition area, restore function, protect a site with exceptional biodiversity, improve connectivity of habitat, and complement an existing network of conservation sites.

The application states that protecting Bald Hill Farm will result in more than 1,400 acres of permanently protected lands near Corvallis. The lands are identified as priority areas for the recovery of 38 native prairie species described in Benton County's recently completed Prairie Species Habitat Conservation Plan (HCP). OWEB priority species that will benefit from the protection of the property include acorn woodpecker, chipping sparrow, Oregon vesper sparrow, white-breasted nuthatch, Chinook salmon, western gray squirrel, Kincaid's lupine, Willamette daisy, and Nelson's checkermallow.

The RRT expressed strong support for the project, stating that protecting and restoring Bald Hill Farm will preserve habitat connectivity, augment a network of conserved sites, and provide a large area in which to advance listed species recovery goals. The RRT agreed that Greenbelt is capable of building the partnerships and raising the funding necessary to accomplish its restoration goals for the property. The RRT also generally agreed that the project is a good opportunity to demonstrate to the community that grazing can be successfully used as a conservation tool, but stated that Greenbelt will need to intensively manage grazing in order to accomplish its goal of prairie improvement. The RRT requested Greenbelt consider making any wood cut in the course of OWEB-approved restoration activities available to local conservation groups at a price less than the market rate. The RRT concluded that the project has high ecological value.

B. Capacity to Sustain the Ecological Benefits

The application states that Greenbelt was established in 1989, and is accredited by the Land Trust Alliance. Greenbelt has a staff of nine and is responsible for stewardship or ownership of 1,320 acres in Benton, Linn, and Polk Counties. The application states that Greenbelt has a very active stewardship program, which secured more than \$320,000 for activities in 2010. Greenbelt has more than 600 members and a large group of volunteers. Financial

information provided by Greenbelt shows that for the 2009-2010 fiscal year, Greenbelt had income of approximately \$700,000 and expenses of approximately \$573,000.

The application states that Greenbelt will use revenue generated from an agricultural lease, conifer thinning, and its Bald Hill Community Acquisition Campaign to implement restoration and stewardship of the property. Greenbelt has identified a technical advisory team composed of experts in restoration ecology, hydrology, environmental education, sustainable agriculture, and forest stewardship. The team will develop a framework or outline for a detailed management and stewardship plan for the property. The application contains good information about probable restoration activities, and identifies actions that need to be taken immediately to reduce threats to priority ecological systems.

C. Educational Benefits

The application states that Greenbelt has an exemplary record of conducting tours workshops, seminars, K-12 and university-level educational events, volunteer work parties, lectures, and trail runs in its service area. In 2010, more than 5,000 residents attended events that Greenbelt coordinated or helped to coordinate. The application states that educational activities at the property will continue Greenbelt's strong record of promoting and implementing public interactions with conservation properties. The application also states that the property's trails will provide the community with daily access to parts of the property.

The RRT agreed that the greater Bald Hill area is highly used by the public, and therefore the project is an excellent opportunity to raise community awareness of conservation, and demonstrate that recreation can be compatible with restoration and protection of conservation values. The RRT concluded that the project has high educational value.

D. Partners, Project Support, and Community Effects

After submitting the grant application to OWEB, Greenbelt received a Bonneville Power Administration (BPA) award that will be applied to the property's purchase price. To simplify grant administration processes and account for differences in OWEB and BPA's policies pertaining to mitigation crediting, Greenbelt revised the grant application to propose that OWEB and BPA funds be applied to separate tax lots. Under the revision, OWEB's funds will be applied to tax lots totaling approximately 106 acres and BPA's funds will be applied to a single tax lot that is approximately 483 acres. Greenbelt will still achieve its conservation objective of permanently protecting the entire property, and therefore staff support the revision. BPA will hold a conservation easement similar to OWEB's on the portion of the property to which the BPA funds are applied.

The application states that the project has numerous supporters, including Marys River Watershed Council, The Nature Conservancy, Benton Soil and Water Conservation District, Benton County commissioners, Oregon Department of Fish and Wildlife (ODFW), and the Institute for Applied Ecology. After submitting the grant application to OWEB, Greenbelt ran a very successful community fundraising campaign, raising approximately \$500,000 from local citizens for acquisition and stewardship of the property. As described in Legal and Financial Terms below, Greenbelt is able, provided that it receives the OWEB grant award it is seeking, to put nearly the entire amount of the community-raised funds into a

stewardship fund for the property. An explanation of the significance of this matter is provided in Legal and Financial Terms.

The application states that the property will remain on the tax rolls. It also states that the community will be positively impacted by the project because local contractors will be hired to do some of the restoration work, and the property will be available to students for use as a “living laboratory.” Furthermore, Bald Hill Farm contains approximately three miles of low-impact publicly accessible hiking trails that connect to a trail network on Fitton Green and Bald Hill Natural Areas. The trails will be managed for public use under a 99-year easement agreement granted by the property’s seller to Benton County in 2004.

Staff held a public hearing for the project on January 31, 2013. Eleven people came to the hearing. All were in strong support of the project. Questions and comments revolved around the extensive public meetings Greenbelt has already held for the project, and how Bald Hill Farm can be a positive example of sustainably combining recreational access, natural areas, and limited agricultural production. The hearing participants viewed Bald Hill Farm as an excellent purchase, and said they look forward to Greenbelt, the City of Corvallis, and Benton County managing their conservation lands in a coordinated manner. Marys River Watershed Council also stated its support of the restoration and associated educational opportunities at Bald Hill Farm.

E. Legal and Financial Terms

OWEB staff, with the assistance of expert reviewers, conducted an assessment of the project’s due materials.

An appraisal conducted in late 2012 determined a fair market value of \$4,030,000, significantly less than the appraised value of \$4,740,000 in 2010. OWEB’s review appraiser determined that the report requires several clarifications, which may slightly affect the property’s final appraised value. The appraiser is amenable to making the changes requested by the review appraiser, and staff expect a smooth conclusion to the appraisal review.

Despite the decline in the property’s fair market value since 2010, staff recommend the Board award Greenbelt’s original grant request of \$940,000, which is consistent with the Acquisition Program’s budget. Staff support the full OWEB award because it will enable Greenbelt to put nearly \$500,000 in community-raised cash into a stewardship fund for the property, rather than spend the community cash on the property purchase. Stewardship of the property will be critically important in achieving the conservation goals described by Greenbelt in the grant application, and will be an expensive endeavor because of the size of the property and its complex ecological systems.

For the portion of Bald Hill Farm to which OWEB funds will be applied, Greenbelt proposes to match \$940,000 from OWEB with \$827,200 from the U.S. Fish and Wildlife Service’s (USFWS) Cooperative Endangered Species Conservation Fund Recovery Land Acquisition Grant Program (Section 6 Program), a \$100,000 bargain sale donation from the seller, and \$12,800 in cash raised by Greenbelt. Greenbelt has already spent nearly \$120,000 for due diligence and the fundraising campaign; Greenbelt will most likely count these expenditures as additional match. Greenbelt will purchase the remainder of the property with BPA funds,

a \$400,000 bargain sale donation from the seller, and Greenbelt cash. The non-OWEB funding amounts might be slightly altered at closing, depending on the final outcome of the appraisal clarifications described above.

Several minor boundary encroachments and deed discrepancies were uncovered in the course of due diligence. The deed discrepancies will be resolved with quit claim deeds, which are in final form. Staff and Greenbelt have agreed on a process for resolving the encroachments, and work is proceeding accordingly. It will be completed before closing. The rest of the project's due diligence was relatively routine.

F. Conclusion

The Board Acquisitions Subcommittee, the RRT, and staff feel that protecting Bald Hill Farm is an important opportunity to expand a network of protected properties, thereby advancing listed species recovery goals and preserving habitat connectivity.

Based on the information provided by Greenbelt in the grant application, the opinion of the RRT, input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$940,000 in funding for Greenbelt's purchase of Bald Hill Farm, with the funding conditioned on the items listed in the staff report to which this summary is attached.

II. Summary of Cardwell Hill (Pearcy-Schoener) Acquisition

A. Ecological Benefits

The application states that Benton County's purchase of a conservation easement on the Pearcy-Schoener property will protect approximately 27 acres of Western Oregon upland prairie, and riparian habitat adjacent to the Marys River. The endangered Fender's blue butterfly, and the butterfly's threatened host plant, Kincaid's lupine, are present on the property.

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 HCP. The County developed the HCP in cooperation with the USFWS. 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 Pearcy-Schoener 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 Restoration and Reintroduction Education (RARE) 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 USFWS 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 USFWS 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 USFWS's Cooperative Endangered Species Conservation Fund Recovery Land Acquisition Grant Program (Section 6 Program).

The application states that the project is supported by the USFWS, ODFW, 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.

Staff held a public hearing for the project on January 31, 2013. Nine people came to the hearing. All were in strong support of the project. The hearing participants asked questions about how weeds would be managed (mostly hand pulling with some spraying as needed), and how Kincaid's lupine would be managed. Marys River Watershed Council and Institute for Applied Ecology commented that the property's current habitat values and landowner stewardship are strong. Attendees felt this was an excellent property within the regional context.

E. Legal and Financial Terms

The County intends to match OWEB's funds at 100 percent, with USFWS's Section 6 funds comprising \$41,300 of the \$82,600 conservation easement purchase price. The purchase price was established by an appraisal dated May 18, 2009 and updated October 18, 2010, both by Robert E. Hugie, MAI. OWEB's review appraiser at the Oregon Department of State Lands determined that the appraisal and appraisal update met established standards and were sound. The valuation date of the appraisal update is more than 18 months prior to the transaction closing and, therefore the Director could require an updated appraisal under the administrative rules for acquisition grants. However, according to the County, the cost of a new appraisal would be approximately 22 percent of the value of the conservation easement. In light of that information, and in the interest of timely closings for projects in the acquisition backlog, the Director determined that requiring an appraisal update would not be in the best interests of OWEB and the County. The USFWS's Section 6 Program concurred.

An environmental site assessment (ESA), prepared by Omnicon Environmental Management and dated June 19, 2009, was reviewed by the Oregon 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 the administrative rules for acquisition grants. 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, which was reviewed by OWEB's expert third-party reviewer. The reviewer determined that based on the information provided by the County, no further follow-up actions appear to be necessary.

The rest of the project's due diligence review did not reveal any special issues; the due diligence materials were found to be sound by OWEB staff and expert reviewers, and sufficient to protect an OWEB investment in the Pearcy-Schoener conservation easement.

F. Policy Considerations

In May 2008, the Board Acquisitions Subcommittee did not recommend proceeding with a due diligence review of the Cardwell Hill 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, OWEB staff worked to develop a mitigation policy, which was presented at the January 2009 Board meeting, and approved by the 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 are not 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, USFWS 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.

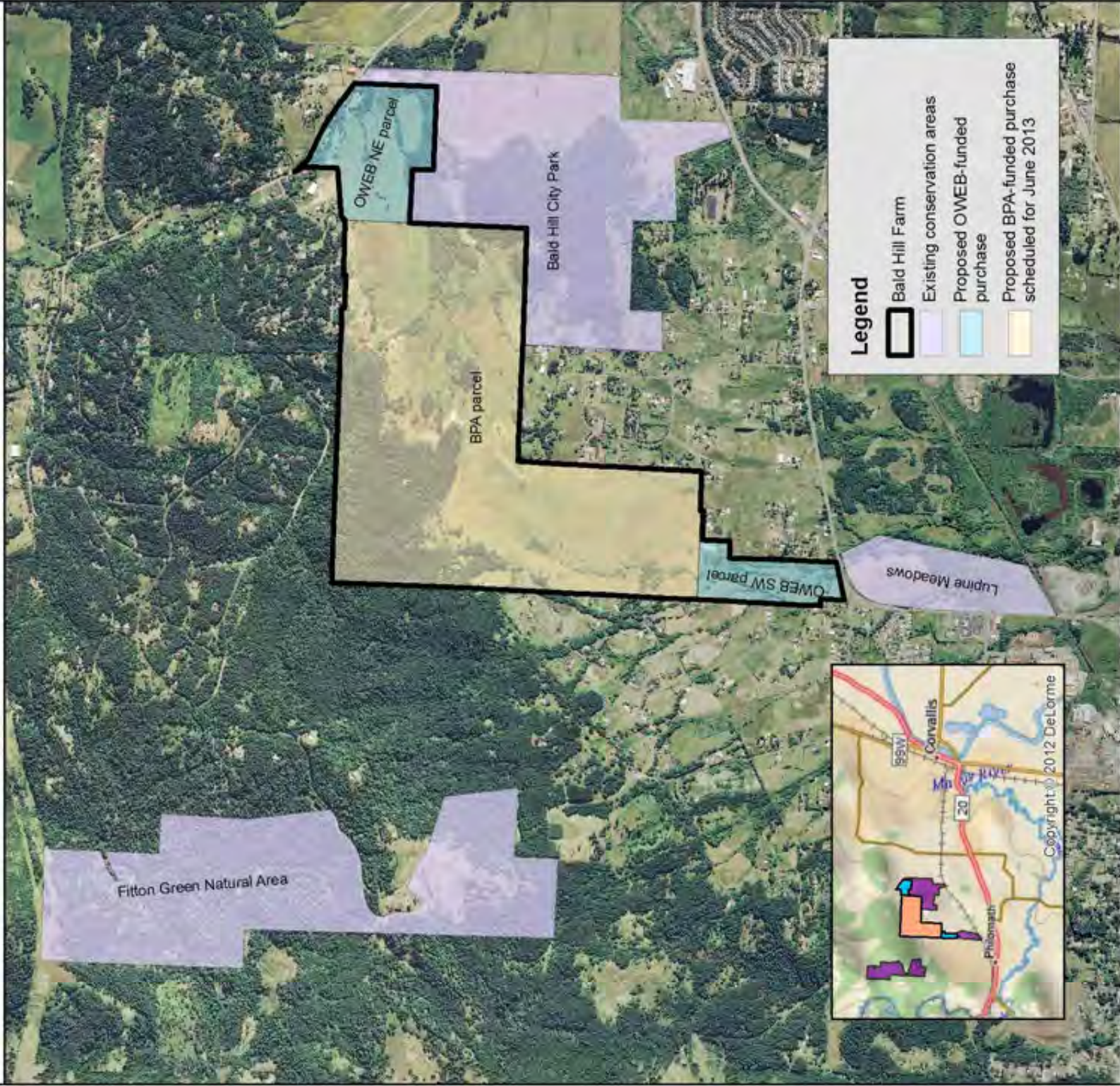
In June 2012, the County provided additional information to staff regarding its intended long-term management of the Cardwell Hill properties it will acquire. The County stated that in exchange for the incidental take permit the County was issued under the HCP, the County is obligated to carry out the 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.

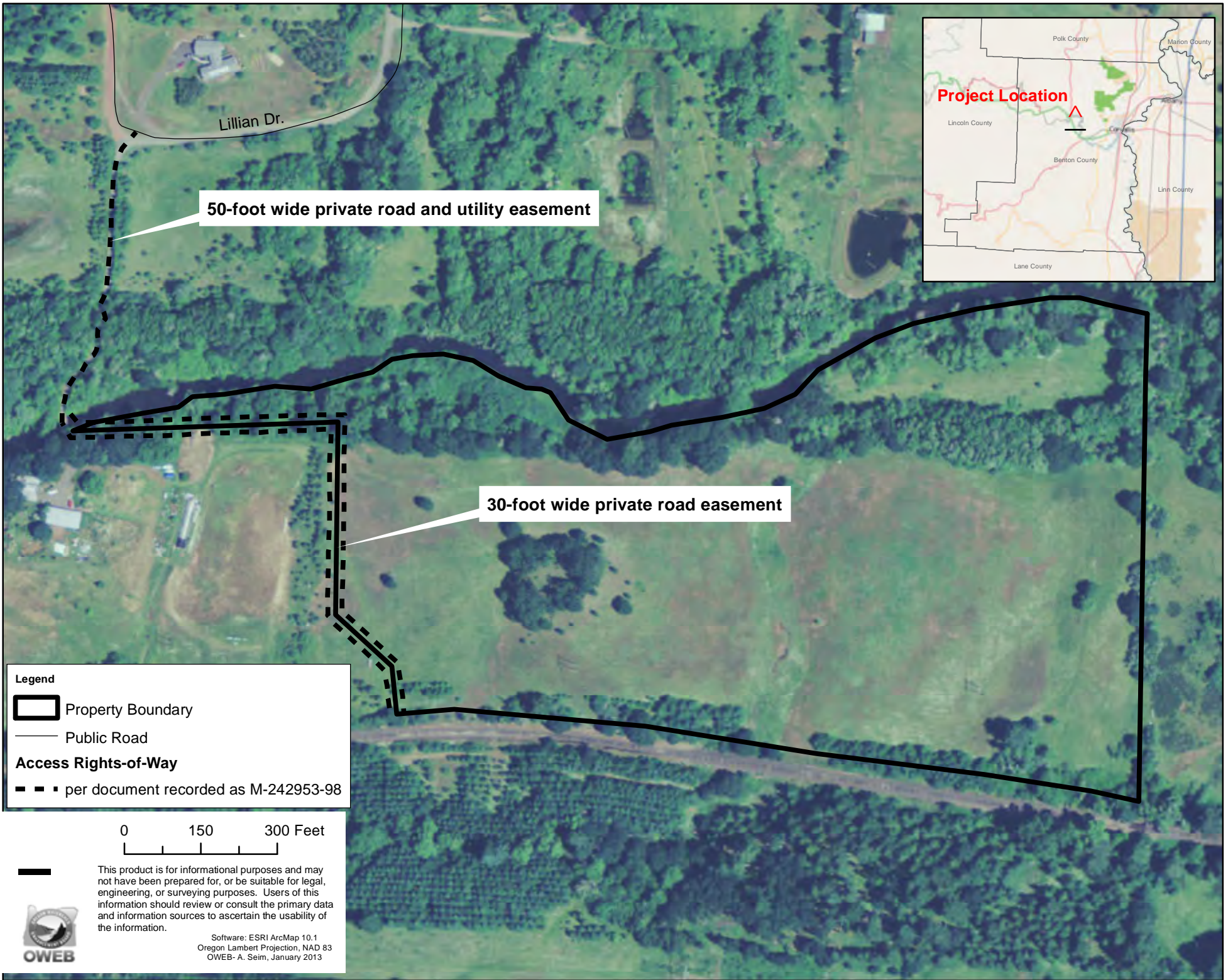
G. Conclusion

The Board Acquisitions Subcommittee, the RRT, and staff feel that the purchase of the Percy-Schoener conservation easement can be a significant benefit to Kincaid's lupine and Fender's blue butterfly. 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 \$41,300 in funding for the County's purchase of the Percy-Schoener conservation easement of the Cardwell Hill Acquisition Project, with the funding conditioned on the items listed in the staff report to which this summary is attached.

Conservation Landscape Bald Hill Farm



Cardwell Hill Conservation Easement: Percy-Schoener



50-foot wide private road and utility easement

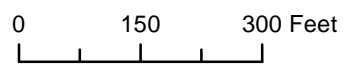
30-foot wide private road easement

Legend

- Property Boundary
- Public Road

Access Rights-of-Way

- per document recorded as M-242953-98



This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Software: ESRI ArcMap 10.1
Oregon Lambert Projection, NAD 83
OWEB- A. Seim, January 2013



Oregon

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March 5, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item I: Salmon Strongholds**
March 12-13, 2013 OWEB Board Meeting

I. Introduction

This report provides background on the Governor's priorities related to salmon conservation and the implementation of the salmon strongholds. At the March meeting, Brett Brownscombe, Governor Kitzhaber's Natural Resources Policy Advisor, will discuss the strongholds concept with the Board. The report also includes a funding request in support of early actions to advance salmon strongholds in the state.

II. Background

The North American Salmon Stronghold Partnership (Partnership) unites public and private resources in a voluntary, incentive-based approach to protect the healthiest remaining salmon ecosystems in North America. Oregon was a founding member of the Partnership in 2009. The Partnership Board includes state and federal agencies, nonprofit organizations, and tribes who are working collaboratively with local communities, business interests, landowners, and other stakeholders on salmon conservation and restoration activities across Washington, Oregon, Idaho, California, Alaska, and British Columbia. The Portland-based Wild Salmon Center (WSC) staffs this effort and has been advancing the concept recently through state-based partnerships.

A key goal of the Partnership is to accelerate protection and restoration in the healthiest rivers and core areas of wild salmon abundance and diversity. As described by Governor Kitzhaber during his remarks to the Board at the June 2012 meeting, this goal is one new focus area under the Oregon Plan for Salmon and Watersheds during the Governor's current term. Through joint efforts between the WSC, the National Fish and Wildlife Foundation (NFWF), and the Governor's Office, the Governor's Fund for the Environment (Governor's Fund) has been re-aligned to focus on supporting the wild salmon strongholds concept.

III. Salmon Strongholds Concept

Designed to complement (rather than replace) ongoing recovery efforts, the salmon strongholds concept begins with a science-based process to identify a portfolio of watersheds that supports wild, diverse, and abundant salmon populations and make the greatest contribution toward

regional goals such as those contained in recovery plans. Once strongholds are identified, existing plans are used to prioritize limiting factors and emerging threats. In addition, regional partners are engaged in the process to determine common challenges and opportunities to increase the effectiveness of ongoing conservation efforts. The Partnership emphasizes the importance of assessing these “systemic challenges,” recognizing that, as one habitat restoration partner explained, “habitat restoration takes us one step forward, but too often forces beyond our control push us two steps back.” While recognizing the importance of restoration, the Partnership places a higher priority on the need to create incentives that address and avoid the continued loss of high-quality habitat.

The strongholds concept also is premised on increasing the resources available to partners in strongholds and sustaining this support over the long term. This coordination of potential funding sources is taking place at the federal level through the WSC’s support for the Pacific Salmon Stronghold Conservation Act and at the state level through the focus of the Governor’s Fund on salmon strongholds.

IV. Oregon’s Approach to Salmon Strongholds

Oregon’s initial focus for roll-out of the salmon strongholds concept includes framework development and some early on-the-ground actions. This approach involves outreach and communication, establishment of the strongholds infrastructure and composition, technical analysis, initiation of pilot projects and development of funding structure. An overarching theme to Oregon’s approach is to pilot innovative and incentive-driven conservation strategies that address challenges to salmon strongholds. These pilot actions will be structured purposefully and strategically to generate information and lessons learned that are applicable throughout a stronghold’s ecoregion. Two examples include development of ecosystem service models and “safe harbor” opportunities. Another early focal point for the State’s approach is to continue to seek and secure the resources necessary to support priority protection and restoration efforts in strongholds.

Oregon’s stronghold development efforts over the past 12 months are significant. The analyses of salmon population and habitat data have been completed. Partner organizations have already started applying these data in other landscape-scale planning efforts, such as the Oregon and California Revested Grant (O&C) Lands, the U.S. Fish and Wildlife Services’ habitat prioritization work, and the U.S. Forest Service’s key watersheds identification. The Oregon Stronghold map (Attachment A) has been produced and it has been approved by the Oregon Department of Fish and Wildlife and other members of the Partnership. WSC has completed extensive outreach to local partners in the mapped strongholds; to date, the concept has experienced full support from these local groups. Senators Wyden and Merkley and four of Oregon’s five Representatives in the House co-sponsored the Pacific Salmon Stronghold Conservation Act (112th Congress). OWEB has secured Federal Fiscal Year (FFY) 2012 Pacific Coastal Salmon Recovery Fund (PCSRF) funding dedicated to the Oregon network of salmon strongholds and has requested additional funding for FFY 2013. (See Executive Director Update G-1.) And, as mentioned above, Governor Kitzhaber and NFWF have dedicated the Governor’s Fund to support projects in strongholds areas.

V. Recent Governor's Fund Awards for Salmon Strongholds

In 2005, the U.S. Government charged an international shipping company with violating numerous federal pollution laws. As part of the settlement, the courts ordered \$2 million in community service payments to be made to NFWF to maintain a sustained grant program to benefit the rivers and streams passing through Oregon and near coastal waters. NFWF used these funds to establish the Oregon Governor's Fund for the Environment. Through joint efforts in 2012 between the Governor's Office, WSC and NFWF, the Governor's Fund was re-aligned to focus on supporting wild salmon strongholds.

An early action toward salmon strongholds implementation included a solicitation by NFWF for pre-proposals in November of 2012 and a request for full proposals in December of 2012. Fourteen full proposals (with requests totaling \$900,000) were submitted by the January 31, 2013, deadline and would implement a range of activities in seven salmon stronghold areas. (See Attachment B for additional detail about the proposals.) With just \$300,000 in funding available, a review panel was established that consists of key state and federal agencies, NFWF, WSC, and the Governor's Office, to review and prioritize proposed projects. At the time of writing this staff report, the review of proposals was underway. The Governor's Fund review panel will finalize funding decisions prior to the March Board meeting. At the meeting, staff will update the Board about these decisions.

It is anticipated that, due to the limited resources available through the Governor's Fund, several high-priority proposals will not be funded. In order to begin building a robust framework of salmon strongholds within the state, staff request the Board to provide matching funding from the Oregon Plan Priorities line item within OWEB's 2011-2013 spending plan in the amount of \$300,000. This funding would support implementation of high-priority, on-the-ground projects in salmon strongholds. This investment will continue to move the salmon strongholds concept forward, utilizing some of the FFY 2012 PCSRF funds granted to Oregon for this purpose.

VI. Prioritizing Habitat Protection, Mitigation and Restoration within Strongholds

Given that strongholds are not accompanied by new regulatory or management obligations, the voluntary efforts of landowners and communities balanced with ongoing protection and mitigation programs will continue to be the primary means of making headway in preserving and enhancing salmon habitat. A unique opportunity has emerged that would capitalize on an existing effort, the Stream Assessment Methodology Testing and Tool Development project, underway by the State and many other partners.

The procedures and tool that are being developed by this project will be an integral part of a watershed-based approach to stream mitigation in Oregon, namely several regulatory agencies including the Department of State Lands, Environmental Protection Agency, and U.S. Army Corps of Engineers. In addition to regulatory uses, however, the stream assessment procedures (including a stream classification) and tool are being designed specifically to benefit voluntary stream restoration planning and provide useful metrics for reporting ecological outcomes and gains toward recovery targets.

The project partners worked for the last two years evaluating stream functions, developing the stream assessment tool, and mapping the path toward interagency adoption of a watershed-based stream mitigation framework. This framework is centered on ecological functions, values and outcomes. Because of its dual purpose and focus on priority actions and outcomes, the testing of this framework, which is planned for spring and fall of 2013, is an excellent opportunity to ground-truth this within salmon stronghold areas. The intent of this ground-truthing is to determine if the framework offers a viable approach for tracking ecological outcomes across regulatory program actions, mitigation, and strategic voluntary actions.

Staff request \$40,000 from the Board's spending plan item for Ecosystem Services to match the \$40,000 provided by the Willamette Partnership and other partners to allow the testing of the stream mitigation framework to occur in more geographically diverse watersheds, specifically within salmon strongholds. The testing will be completed and a stream assessment tool will be ready for use by the end of calendar year 2013.

VII. The Path Forward

All of OWEB's grant program areas have played a very important role in salmon habitat protection and restoration over the last 14 years (Attachment C). Staff submit that as the Board moves toward completion of its Long-Term Investment Strategy, the role of salmon strongholds and the potential to align OWEB's investment in salmon habitat conservation and restoration with the salmon strongholds concepts in the future will be an important consideration. Staff will continue to participate in the development of the strongholds concept and will consult with the Board as ideas and proposals on this topic emerge.

VIII. Recommendation

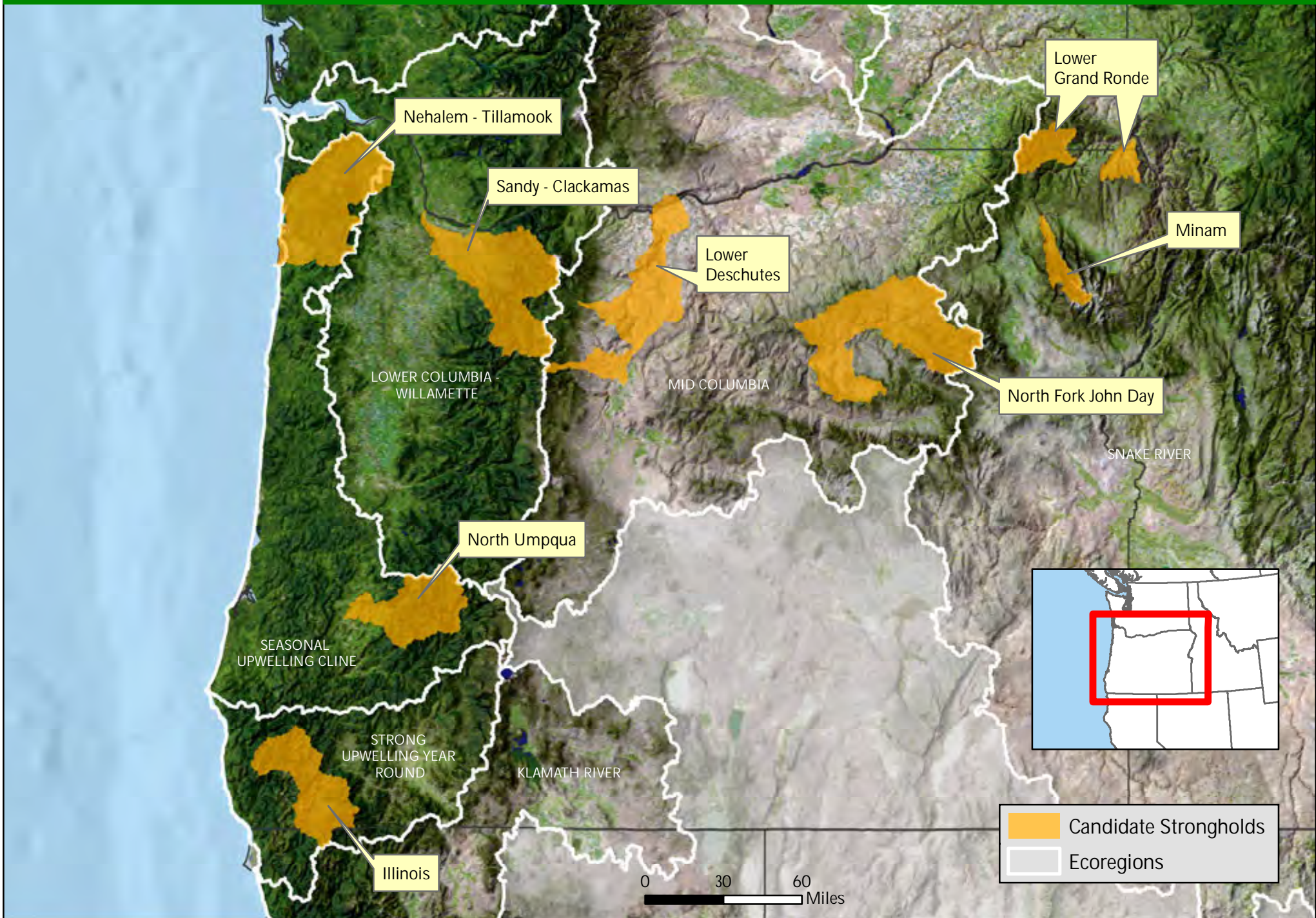
Staff recommend that the Board:

- A. Award \$300,000 from the Oregon Plan Priorities line item within OWEB's 2011-2013 spending plan to serve as match funding to the Governor's Fund awards that support implementation of high-priority, on-the-ground projects in salmon strongholds from those projects listed in Attachment B;
- B. Award \$40,000 from OWEB's spending plan item for Ecosystem Services to allow the testing of the State's stream mitigation framework to occur in salmon strongholds, as described in Section VI of this report; and
- C. Delegate authority to the Director to enter into appropriate agreements to distribute the funds awarded in Recommendations A and B above.

Attachments:

- A. Oregon Candidate Strongholds – April 2012 Draft
- B. 2013 Oregon Governor's Fund Full Proposals
- C. OWEB Grants in Salmon Strongholds

Oregon Candidate Strongholds – April 2012 Draft



2013 Oregon Governor's Fund Full Proposals

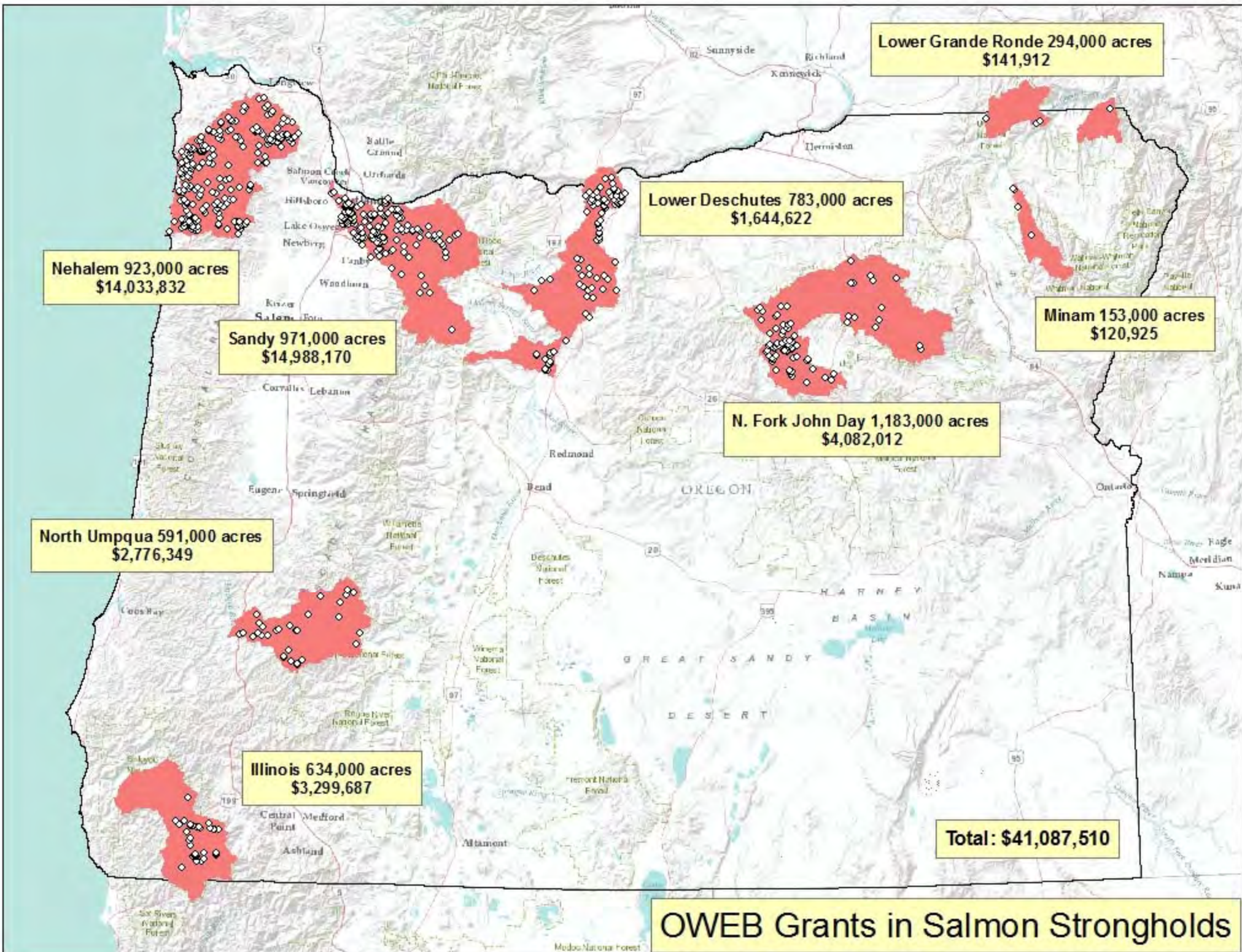
EZG #	Applicant Organization	Project Title	Project Description	Proposed LongTerm Outcome	Total Requested Amount	Proposed Match
Illinois Stronghold						
37684	Illinois Valley Soil and Water Conservation District	Deer Creek Streamflow and Channel Restoration (OR)	Restore 0.2 miles of an Illinois River salmon stronghold stream. Improved irrigation delivery and the restored channel will improve habitat conditions for salmonids, including threatened Coho salmon	Improve instream water volume, fish habitat and production, and water quality. Restore floodplain connectivity, channel and floodplain roughness, channel and bank stability, and riparian health.	\$74,999.59	\$442,800.00
Lower Grand Ronde Stronghold						
37686	Western Rivers Conservancy	Minam River Project (OR)	In the Minam salmon stronghold, Western Rivers Conservancy has a major opportunity to increase habitat connectivity and complexity for spring Chinook, summer steelhead and native aquatic species	The 16,223-acre acquisition will: consolidate public land management; provide for new restoration, recreation and economic opportunities; and reverse bottlenecks to salmonid abundance	\$65,000.00	\$65,000.00
37638	Wallowa Resources	Joseph Collaborative Planning - Facilitating Implementation	Our Collaborative assessed threats to 7 resource areas in Joseph Creek and will lead mature multi-stakeholder group to prioritize & implement stewardship projects to benefit steelhead & other species	Achieve significant measurable watershed restoration and salmonid habitat protection using a replicable collaborative planning model that integrates multiple resource needs at the watershed scale	\$70,000.18	\$150,000.00
Nehalem - Tillamook Stronghold						
37470	Tillamook Estuaries Partnership	Backyard Planting Program (Season 11 and 12)	The Backyard Planting Program is a riparian restoration program that enhances water quality and habitats in Tillamook County. In the 2013/2014 and 2014/2015 seasons the Program will enhance 40 acres	This voluntary program: 1) Increases stream shade, habitat complexity, and organic and woody inputs; 2) Decreases sedimentation, water temperature, and bacteria levels; and 3) Educates landowners	\$63,144.89	\$45,000.00
37456	The Nature Conservancy - Oregon	Kilchis tidal wetland restoration	We are restoring 67 acres of tidal wetlands in the lower Kilchis River of Tillamook Bay, Oregon, to benefit coastal coho salmon, and other fish, birds and wildlife.	Long-term outcomes will be 67 acres of seasonally inundated tidal wetlands, providing crucial overwinter habitat for coastal coho salmon and other fish and wildlife, and a buffer for rising sea levels	\$75,000.00	\$210,000.00
36779	Upper Nehalem Watershed Council	Pebble Creek - Salmon Habitat Restoration	Rebuild native salmon spawning, rearing and refuge habitat within a 3.7 total mile reach of Pebble and West Fork Pebble Creeks.	Placement of large woody debris is expected to have multiple benefits for native salmonids and lampreys by increasing the availability of complex over winter and summer habitat.	\$74,700.00	\$170,000.00
North Umpqua Stronghold						
37101	Partnership for the Umpqua Rivers	Rock Creek Instream Salmon Habitat Enhancement Project (OR)	A total of 160 logs, 70 trees and 2100 boulders will be placed at 50 sites in Rock Creek and East Fork Rock Creek. Work will increase stream complexity, the main limiting factor to fish production	Coho, spring Chinook, summer steelhead, winter steelhead, and lamprey spawning and rearing habitat will be restored and fish production across all of the Rock Creek drainage will be increased.	\$78,551.00	\$466,570.00
Sandy - Clackamas Stronghold						
37719	Sandy River Basin Watershed Council	Restorative Flood Response Phase II	Restorative Flood Response is planning neighborhood scale actions that enhance wild fish habitat while reducing risk to homeowners and infrastructure in the flood-prone Middle-Upper Sandy basin	RFR Phase II will produce engineering plans for a 1.5-mile reach of the Middle Sandy River, including a side channel reconnection and potential actions to buffer streambanks, sewer and water lines	\$25,000.00	\$106,300.00
37707	Sandy River Basin Watershed Council	Sandy River Salmon Stronghold Restoration	The Sandy Stronghold project will restore anchor habitat for ESA listed Lower Columbia salmonids, increasing channel complexity and reactivating off channel habitat in the Salmon River and Still Creek	The Watershed Council, federal agencies, non-profits and volunteers partner to implement on-the-ground restoration of key limiting factors and grow community engagement in priority subbasins	\$50,000.00	\$50,000.00

2013 Oregon Governor's Fund Full Proposals

EZG #	Applicant Organization	Project Title	Project Description	Proposed LongTerm Outcome	Total Requested Amount	Proposed Match
37618	Salmon-Safe, Inc.	Salmon-Safe Stronghold Sandy/Clackamas	Extends Salmon-Safe's market-proven water quality & habitat focused certification initiative to upper watershed Christmas tree farms with goal of inspiring conservation actions protecting native fish	Engage high impact agricultural sector in conservation practices protecting water quality & wildlife habitat while developing template that can be applied in other West Coast stronghold tributaries	\$48,400.00	\$69,600.00
36776	Oregon Environmental Council	Clackamas Basin Strategic Pesticide Stewardship Partnership	Identify and assist users of pesticides known to jeopardize salmon survival in the Clackamas Subbasin with adoption of integrated pest management practices to significantly reduce pesticide run-off	Significantly reduce the level and frequency of pesticides toxic to threatened salmon in the Clackamas Subbasin by working with pesticide user groups to adopt integrated pest management strategies	\$74,988.73	\$47,264.00
37422	The Freshwater Trust	Salmon River at Miller Road Quarry - Phase I	TFT seeks to restore instream and riparian habitat at the site of a former rock quarry in the Sandy River basin. Activities include site remediation, project design and on-the-ground restoration.	This project will restore pool/pool tailout, side channel habitat, and large wood to benefit federally-listed spring Chinook, coho and winter steelhead in the Sandy basin.	\$74,981.15	\$145,000.00
Lower Deschutes Stronghold						
36833	The Confederated Tribes of the Warm Springs Reservation of Oregon	Habitat Restoration on Mill Creek at Potter's Ponds	The proposed project will reconnect the floodplain, increase sinuosity, remove the lateral floodplain berms, and enhance and increase main and off channel habitat complexity for native salmonids	This project will help recovery listed Mid-Columbia summer steelhead, increase the production of culturally significant spring Chinook salmon, and restore the natural processes that maintain habitat	\$75,000.00	\$950,500.00
Other Watersheds						
37207	Oregon Rangeland Trust	Conserving John Day River Fish Habitat on Working Ranches	ORT will partner with 2 ranch families to develop conservation easements that will restore and protect critical steelhead habitat and be a model for educating other riparian owners about conservation	Restoration & perpetual protection of 10 miles of riparian habitat in a John Day steelhead stronghold; implementation of grazing management plan; new partnerships between landowners, NGOs & agencies	\$50,000.00	\$40,900.00
				14 Proposals	\$899,765.54	\$2,958,934.00

Application Withdrawn

EZG #	Applicant Organization	Project Title	Project Description	Proposed LongTerm Outcome	Total Requested Amount	Proposed Match
37659	Clackamas County Water Environment Services	Carli Creek Habitat Restoration	Restore 3,000ft of Carli Creek, create 7ac of backwater fish rearing habitat along the Clackamas River, and create water quality treatment wetlands.	Water quality improvements to Carli Creek and Clackamas River and establishment of critical habitat for fish and wildlife.	\$50,000.00	\$945,000.00





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February 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Renee Davis-Born, Senior Policy Coordinator

**SUBJECT: Agenda Item J: Budget and Legislative Update
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

This report provides an update on the OWEB budget and policy issues during the 2013 legislative session.

II. 2013 Legislative Budget Process

The Governor's Budget for 2013-2015 was released in December 2012. This budget sets out the Governor's proposed vision on the state's budget for next biennium, and reflects the 10-Year Plan for Oregon. The 10-Year Plan seeks to move from a two-year budget-balancing process to budgeting aimed at achieving long-term outcomes, and organizes state agency programs among five major outcome areas—Education, Healthy People, Economy and Jobs, Healthy Environment, and Safety. The Governor's Budget serves as the starting point for budget discussions with the Legislative Assembly during the 2013 session. An overview of OWEB's budget as included in the Governor's Budget is contained in Attachment A.

During the 2013 legislative session, initial agency budget presentations are occurring from February through early April. OWEB's budget hearing before the Ways and Means Natural Resources Subcommittee is scheduled for March 7 and 11. Legislative work sessions to take action on agency budgets are anticipated to take place in mid-April and May.

At the March Board meeting, staff will update the Board about the initial agency budget presentation and other budget-related issues.

III. Legislative Policy Issues

The 2013 session began on February 4, 2013. A list of the natural resource related committees and membership of each committee is included in Attachment B. Staff have met 37 legislators since the beginning of the session. The purpose of these meetings is to familiarize the legislators with OWEB and discuss any policy issues of interest or concern to the agency.

OWEB has no agency bills other than its budget bills. Despite that, several policy bills have been introduced that have the potential to directly affect OWEB programs. At the March Board meeting, staff will update the Board about these bills and their current status.

IV. Recommendation

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

Attachments

- A. Governor's 2013-2015 Budget Summary for OWEB
- B. 2013 Legislative Committee Membership

Governor's Budget Summary, Attachment A

OWEB 2013-15 Governor's Budget Expenditure Summary				
	Lottery	Federal	Other	TOTAL
GRANT PROGRAM:				
Grants-new	51,347,557	12,988,234	1,326,725	65,662,516
Grants-5 FTE direct cost	0	913,230	0	913,230
M76 int	420,000	0	0	420,000
Grants-Carryforward	0	9,460,000	300,000	9,760,000
To ODFW	0	8,276,445	0	8,276,445
IMST	230,894	230,687	0	461,581
LCREP	253,848	0	0	253,848
Sub-Total	52,252,299	31,868,596	1,626,725	85,747,620
AGENCY OPERATIONS:				
Personal Services	4,849,046	775,426	185,370	5,809,842
Services and Supplies	932,318	104,740	24,467	1,061,525
Special Pmts	155,945	0	16,169	172,114
Sub-Total	5,937,309	880,166	226,006	7,043,481
Total	58,189,608	32,748,762	1,852,731	92,791,101
POS/FTE	20/20.00	10/10.00	1/1.00	31/31.00

2013-15 Significant Changes
<p>Pkg #100 Program Continuity – Provides capacity to effectively deliver grants, manage operations of 17-member board and stay abreast of emerging funding opportunities while reporting accomplishments of OWEB investments</p> <ul style="list-style-type: none"> • NRS2 - PCSRF Rptg Assistant. Continues the technical work necessary to provide timely and accurate reports to the federal government on the use of Federal PCSRF grant funds. • NRS3 - PCSRF Rptg Coordinator. Organizes, coordinates, and tracks the reporting efforts and deadlines for all federal funds received by the agency. • NRS4 - BPA-Willamette Partnership Coordinator. Manages the work associated with a federal grant application submitted to the Bonneville Power Administration. • Technical adjustment
<p>Pkg #110 Program Enhancement – Provides support to effectively deliver programs while remaining on the cutting edge of new investments and partnerships that will increase ecological, economic and social benefits for Oregon</p> <ul style="list-style-type: none"> • NRS4 - PCSRF Partnership to Scale. Works with specialists addressing Special Investment Partnerships and other current partnership programs.
<p>Pkg #120 Carry Forward – Limitation for grants committed in previous biennia but not yet spent</p>
<p>Pkg #125 Salmon Plate Revenue Increase – Limitation to support increased Salmon Plate revenues</p>
<p>Pkg #130 PCSRF – Supports implementation, monitoring and reintroduction related to completed and approved state and federal recovery plans</p>
<p>Pkg #200 Conservation Grants – Provides grants to help Oregonians take care of local streams, rivers, wetlands and natural habitat across the state</p>
<p>Pkg #205 Conservation Grant Fund Interest – Limitation for interest earnings</p>
<p>Pkg #210 Carry Forward USFWS Grants – Limitation for grants committed but not yet spent</p>

2013 Oregon Legislature – OWEB-Related Committee Assignments

Senate Environment and Natural Resources Committee

Member	District	Area (Basin)
Sen. Jackie Dingfelder, Chair (D)	23	Portland (Willamette)
Sen. Alan Olsen, Vice-Chair (R)	20	Canby (Willamette)
Sen. Mark Hass (D)	14	Beaverton (Willamette)
Sen. Alan Bates (D)	3	Ashland (Rogue)
Sen. Bill Hansell (R)	29	Pendleton (Umatilla)

Senate Rural Communities and Economic Development Committee

Member	District	Area (Basin)
Sen. Arnie Roblan, Chair (D)	5	Coos Bay (South Coast)
Sen. Herman Baertschiger, Vice Chair (R)	2	Central Point (Rogue)
Sen. Ginny Burdick (D)	18	Portland (Willamette)
Sen. Floyd Prozanski (D)	4	S. Lane/N. Douglas County (Willamette/Umpqua)
Sen. Betsy Close (R)	8	Albany (Willamette)

House Agriculture and Natural Resources Committee

Member	District	Area (Basin)
Rep. Brad Witt, Chair (D)	31	Clatskanie (Lower Columbia)
Rep. Caddy McKeown, Vice Chair (D)	9	Coos Bay (South Coast)
Rep. Sal Esquivel, Vice Chair (R)	6	Medford (Rogue)
Rep. Deborah Boone (D)	32	Cannon Beach (North Coast)
Rep. Wayne Krieger (R)	1	Gold Beach (S Coast)
Rep. Jeff Reardon (D)	48	Happy Valley (Willamette)
Rep. Jim Thompson (R)	23	Dallas (Willamette)
Rep. Ben Unger (D)	29	Hillsboro (Willamette)
Rep. Gail Whitsett (R)	56	Klamath Falls (Klamath)

House Energy and Environment Committee

Member	District	Area (Basin)
Rep. Jules Bailey (D)	42	Portland (Willamette)
Rep. Deborah Boone, Vice Chair (D)	32	Cannon Beach (North Coast)
Rep. Mark Johnson, Vice Chair (R)	52	Hood River (Hood River)
Rep. Cliff Bentz (R)	60	Ontario (Owyhee-Malheur)
Rep. Michael Dembrow (D)	45	Portland (Willamette)
Rep. Jeff Reardon (D)	48	Happy Valley (Willamette)
Rep. Jim Weidner (R)	24	McMinnville (Willamette)
Rep. Gail Whitsett (R)	56	Klamath Falls (Klamath)
Rep. Jessica Vega Pederson (D)	47	Portland (Willamette)

(continued)

House Land Use Committee

Member	District	Area (Basin)
Rep. Brian Clem, Chair (D)	21	Salem (Willamette)
Rep. Lew Frederick, Vice Chair (D)	43	Portland (Willamette)
Rep. Kevin Cameron, Vice Chair (R)	19	Salem (Willamette)
Rep. John Davis (R)	26	Wilsonville (Willamette)
Rep. Paul Holvey (D)	8	Eugene (Willamette)
Rep. Kim Thatcher (R)	25	Keizer (Willamette)
Rep. Ben Unger (D)	29	Hillsboro (Willamette)

Joint Ways and Means Natural Resources Subcommittee

Member	District	Area (Basin)
Sen. Chris Edwards, Co-Chair (D)	7	Eugene (Willamette)
Rep. Ben Unger, Co-Chair (D)	29	Hillsboro (Willamette)
Sen. Jackie Dingfelder (D)	23	Portland (Willamette)
Sen. Chuck Thomsen (R)	26	Mt. Hood (Hood River)
Rep. Jules Bailey (D)	42	Portland (Willamette)
Rep. Bruce Hanna (R)	7	Roseburg (Umpqua)



Oregon

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February 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item K: Governor's Sage-Grouse/Healthy Rangeland Initiative – Planning and Coordination**
March 12-13, 2013 OWEB Board Meeting

I. Introduction

This report provides background on the Governor's priorities related to sage-grouse conservation and healthy rangelands and recent progress of this effort. The Board awarded initial funding to support state efforts at the January 2013 meeting. While no funding is requested at this time, future requests to the Board for additional funding to support the initiative are likely. At the March meeting, the Board will hear from Brett Brownscombe, Governor Kitzhaber's Natural Resources Policy Advisor.

II. Background

In 2015, the U.S. Fish and Wildlife Service (USFWS) is required to make a decision about listing the Greater Sage-Grouse under the federal Endangered Species Act (ESA). Sage-grouse and their habitat cover nearly 25 percent of the state's land area in southeast, central and northeastern Oregon, in addition to extensive areas across many other western states. As a result, this listing decision and the subsequent related actions and obligations have the potential to impact land-management practices in Oregon at a scale similar to the actions related to salmon and spotted owls in the 1990s.

Governor Kitzhaber is seeking to develop a comprehensive plan that, when combined with updated Bureau of Land Management (BLM) Resource Management Plans will maintain and improve sage-grouse populations and habitat in Oregon. The short-term objective of the state's planning effort is to inform the USFWS's listing decision in 2015. The Governor's long-term goal is to protect and restore sage-grouse populations and the ecological health of lands across southeast Oregon and other areas of the state through responsible stewardship that generates and allows for economic use and development of lands vital to healthy rural communities.

OWEB has a vested interest in sage-grouse and their habitat. The habitat area spans three OWEB regions and has been a major focus of watershed restoration investments for the Board. The area comprises large tracts of private, state, and federal lands. Over the years, a number of watershed projects funded by OWEB on private lands have been designed to enhance sage-

grouse habitat. Other projects have been conducted in conjunction with federal land managers with the same purpose in mind. At the January 2013 Board meeting, the Board provided \$125,000 in funding to assist with the project management and data development for the Governor's initiative on sage-grouse and healthy rangelands.

III. State's Planning Efforts and Needs

The USFWS's Conservation Objectives Team (COT) Report provides specific guidance on what threats the states need to address through regulatory mechanisms and conservation investments. To determine whether or not there is a need to list the species, the USFWS will conduct a certainty test as described in the Policy for Evaluating for Conservation Efforts. The certainty test considers state and local laws, regulations, ordinances, programs and other specific conservation measures that either positively or negatively affect a species status and how they meet the certainty test requirements necessary to avoid a listing and/or stronger federal oversight.

The State, through the Oregon Department of Fish and Wildlife, developed a science-based strategy in 2011 entitled "*Greater Sage-Grouse Conservation Assessment and Strategy for Oregon.*" The strategy provides recommendations for protecting and restoring sage-grouse populations and habitat. While this strategy provides a great foundation to inform the USFWS during its listing deliberations, the Governor's Office has determined that further evaluation, assessment, prioritization of needs and potential policy and program development will better inform the USFWS listing decision and guide the State's future conservation measures for the species. Moreover, the unprecedented large wildland fires that occurred in 2012 highlight that some key assumptions within the State's current conservation assessment and strategy may need additional review and revision to ensure goals for conservation and recovery can be met and maintained.

Emerging threats (e.g., energy development and mining) combined with the pending federal decision make a coordinated and multi-stakeholder approach to update Oregon's sage-grouse plan critical to achieving long-term certainty for healthy sage-grouse populations and their habitats as well as to attaining a more predictable future for local landowners and land managers.

IV. Governor's Vision for a Holistic Approach

The Governor's Office seeks to develop a more comprehensive plan to maintain and improve sage-grouse populations and habitat. The state plan will be developed with input from a diverse coalition of state and federal agencies, local governments, industry, private landowners, and other stakeholders interested in supporting the Governor's long-term goal. The plan will build on the scientific and technical foundations provided by the State's 2011 strategy and the reports produced by the BLM's National Technical Team (2011) and the USFWS's COT (2012).

Specifics of the plan will include:

- Addressing all of the key threats identified for each of Oregon's sage-grouse populations in the COT report;
- Dovetailing state management strategies with those developed for federal lands through the BLM's current Greater Sage-Grouse Resource Management Plan amendment process;

- Using available spatial data to develop a predictive model of the impacts that proposed actions or policies will have on sage-grouse populations and habitat;
- Identifying policy changes that will be designed to ameliorate each of the identified threats to sage-grouse populations and habitat;
- Enlisting the support and commitment of key parties needed to implement priority actions;
- Creating a framework for landscape-scale mitigation of impacts to sage-grouse habitats on both public and private lands that accounts for cumulative impacts and steers mitigation actions to priority conservation areas; and
- Developing a credible and grounded approach to implementation, including monitoring, evaluation and adaptive management, and funding strategies to ensure fulfillment of the State's commitments.

The goal is to develop the comprehensive plan by January 2014, leaving a very short time-period to complete the needed work products. This timing is critical, though; if the elements of the plan are completed in a timely manner, it will allow the USFWS to evaluate the plan when making its listing decision. A completed state plan, therefore, has the potential to influence the outcome of the listing decision.

V. Key Dates and Milestones within Federal Process

There are several important federally determined dates and critical milestones that the state process will be both tailored to address and organized around beginning this year, including:

- March 2013: BLM draft EIS
- October/November 2013: Draft State of Oregon plan
- November 2013: BLM final EIS
- January 2014: Finalize State of Oregon plan; Governor's Consistency Review of BLM plans
- August 2014: BLM Record of Decision
- September 2015: USFWS Proposed Rule and Critical Habitat Definition

VI. Planning Effort Accomplishments to Date

While the Board provided initial funding just two months ago, several actions already have been taken. OWEB has entered into an agreement with the Oregon University System allowing the Institute for Natural Resources to serve as the primary contract manager. The agreement consists of tasks and funding to support a technical project lead and an overall project manager for the initiative. Several near-term mapping products and analysis also are included in the agreement. The technical project lead has been hired and, at the time of writing of this staff report, an active search process is underway for the project manager. Some of the sage-grouse technical work groups also met recently. Staff anticipate updating the Board at future meetings about additional progress.

VII. Recommendation

No action is necessary. This is an information item only.



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February 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item L: Agricultural Water Quality Management Program
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

For this report, the Board will receive an overview from Oregon Department of Agriculture (ODA) staff on the agency's efforts to update the Agricultural Water Quality Management Program. The Board will hear from Lisa Hanson, ODA Deputy Director, and John Byers, Soil and Water Conservation District (SWCD) Program Manager, about the current vision and future direction of the program.

II. Background

Oregon's Agricultural Water Quality Management Act was passed by the Oregon Legislature in 1993. The law required ODA to develop plans to prevent and control water pollution from agricultural activities and soil erosion on rural lands. In addition, the law makes ODA responsible for ensuring that farmers and ranchers help achieve water quality standards and meet the agricultural pollutant load allocations assigned by the Department of Environmental Quality in their Total Maximum Daily Loads.

ODA's program is recognized for its unique approach to addressing agricultural water quality issues. The program offers numerous options for agricultural producers to manage their farms and ranches in ways to achieve water quality standards. SWCDs are relied upon as the primary implementer of on-the-ground projects with agricultural producers.

In recent months, ODA has embarked upon strategic planning and streamlining efforts to update the Agricultural Water Quality Management Program. The overarching goals for improving and enhancing the program are to: 1) Account for actions and progress; 2) Coordinate effectively and efficiently; 3) Implement priority actions; 4) Provide quality information through outreach; and 5) Measure progress toward outcomes.

ODA staff will brief the Board on the latest developments of the program update effort.

III. Recommendation

No action is necessary. This is an information item only.



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February 25, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item N: Partnerships Update
March 12-13, 2013 OWEB Board Meeting**

I. Introduction

In January 2013, OWEB received reports from all of its partnership investments. These include the Whole Watershed Restoration Initiative, and the Deschutes, Willamette and Upper Klamath Special Investment Partnerships (SIPs). Staff will provide a written report summarizing each partnership and its ecological outcomes, funding details, activities and accomplishments to date, and lessons learned at the March Board Meeting.

In addition, this staff report provides a reminder of next steps for a proposed new process for a Partnership Needs Assessment. This is an information only item.

II. Partnership Report and Needs Assessment

Staff and the Partnerships Subcommittee have developed a process for improving consistency among and increasing transparency and building understanding about OWEB's partnership investments. The agency has been involved in a variety of partnership investments since 2006, including the Whole Watersheds Restoration Initiative and the Deschutes, Willamette and Upper Klamath SIPs. Each of these partnerships was established in different ways. While there have been regular updates to the Board, the partnerships have reported accomplishments to the Board and other funding partners through diverse reporting mechanisms. Also, the four partnerships have proposed projects to the Board for funding consideration by varying processes. Working with the partners, staff and the subcommittee developed three tools to help improve consistency in reporting, transparency, and understanding of OWEB's partnership investments: 1) a Partnership Report template; 2) a Partnership Needs Assessment; and 3) a timeline for implementation of the proposed new process for partnership investments. These documents were provided to the Board at its January 2013 meeting

The Partnership Report included the following elements:

1. Description of program including geography and time-frame
2. Identified ecological/social/economic outcomes
3. Summary of activities/projects
4. OWEB's investment and leveraged funding

5. Accomplishments scorecard (compares progress made to overall goal/target)
6. Lessons learned, opportunities and challenges

These elements are currently being summarized in a report for the Board, other funders and the public that includes information about each of the partnership investments, along with overall lessons learned from these partnerships. The report will be finalized for and presented at the March Board meeting.

The Needs Assessment will be used to identify broader needs from the current partners' perspective for the next six years and detailed needs for the 2013-15 Biennium to assist the Board in developing their spending plan. The Needs Assessment includes:

1. Ecological outcome – overall ecological goal/target, limiting factors/critical elements, interim outcomes and basis for expectations that the outcomes can be achieved
2. Strategy – focus area (geography, watershed processes, social/political/economic priorities and actions)
3. Implementation partners
4. Funding partners
5. OWEB funding request

Following the development of each partnership's Needs Assessment, interviews will be scheduled with the four partnerships and the Partnerships Subcommittee to discuss the assessment and help the subcommittee identify investment opportunities in preparation for a June spending plan decision.

Finally, staff are working with the subcommittee to define a new process for future focused investments. Staff will bring a draft of this process for discussion by the Board during fall of 2013.

III. Recommendation

No action is necessary. This is an information item only.



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March 1, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item O: Forest Collaboratives**
March 12-13, 2013 OWEB Board Meeting

I. Introduction

This report provides an overview of forest collaborative accomplishments related to forest health issues in Oregon. At the March meeting, representatives from two eastside forest collaboratives will discuss activities, challenges and accomplishments of their groups.

II. Background

Fire suppression and other land-use impacts 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 and scale of forest restoration in a way that is ecologically sustainable, economically viable, and acceptable to diverse stakeholders.

During the last two decades, a number of forest collaboratives have formed around the state (Attachment A). 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.

The emergence of these collaborative partnerships has been, in large part, to provide recommendations for federal forest management activities occurring within and near the communities that they represent. Starting with a handful of pioneering local partnership efforts in the 1990s, there are now more than 170 organizations participating in Oregon’s forest collaboratives. As of 2012, there is at least one community-based collaborative group working within each of the 11 National Forests and seven of the nine Bureau of Land Management districts in the state. Of the 23 existing collaboratives, 14 are focused on “dry-forest” landscapes in eastern and southern Oregon and nine are focused on “west-side forest” landscapes (west of the Cascades’ crest).

All west-side collaboratives have an "all lands" focus; in contrast, most dry-forest collaboratives focus on public lands. The west-side collaboratives are characterized by more involvement by watershed councils and soil and water conservation districts, while dry-forest collaboratives are characterized by more involvement by state, county, city, non-governmental organizations, private forest sectors, and private energy organizations.

Convened by the Governor's Office, 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.

At the January and September 2012 Board meetings, the Board awarded nearly \$700,000 to support The Nature Conservancy and Oregon Solutions for an 18-month period to provide support to local collaboratives, conduct forest assessments and treatments, and to provide support to the FFAC-IWG through June of 2013. This funding represents "bridge funding" for one aspect of the Governor's priorities related to forest health.

The Governor's Budget for 2013-2015 and various pending legislative bills present longer term budgetary solutions to funding forest collaboratives, forest health treatments, technical assistance and planning, and other important programs designed to make a sizeable impact to the forest-health needs throughout the state. OWEB has been identified as an important supporter of the forest-health effort through granting to forest collaborative organizations under certain legislative and budgetary scenarios. However, at this point, none of the budget proposals implicate Measure 76 Lottery Funds.

III. Forest Collaboratives: Progress and Challenges

The emergence of forest collaboratives represents a significant and growing commitment of communities' social capacity to addressing forest health and related issues on our Federal lands. With a commitment by many on all of the National Forests and most of the BLM districts in the state, the surrounding local communities have broken through many bottlenecks of the past. Although not yet formally quantified, anecdotal comments by collaborative representatives and the U.S. Forest Service (USFS) strongly suggest that due to the hard work of collaboratives, appeals of federal land management actions has been significantly reduced in recent years (Attachment B).

Another example of success that has been realized by collaboratives is the Collaborative Forest Landscape Restoration Program (CFLRP). The CFLRP was authorized by Congress in 2009. The purpose of the CFLRP is to encourage collaborative, science-based ecosystem restoration of priority forest landscapes. Since 2009, three of the 23 CFLRP projects selected nationwide are located on dry, fire-prone forests in Oregon. The USFS awarded about \$7.1 million through the CFLRP to Oregon projects during 2012. Even with this success, funding is still the most commonly reported limitation for Oregon collaborative groups in attempting to achieve landscape scale forest restoration. Planning and available treatable acres are also commonly reported limitations. As such, the FFAC-IWG is working to develop more stable administrative

support, technical assistance, and project implementation funding mechanisms to contribute to organizational stability of Oregon's forest collaboratives, and to facilitate the scaling-up of landscape-level agreement, treatment, restoration, monitoring, and evaluation activities of these groups.

At the meeting, representatives from two eastside forest collaboratives will discuss activities, challenges and accomplishments of their groups.

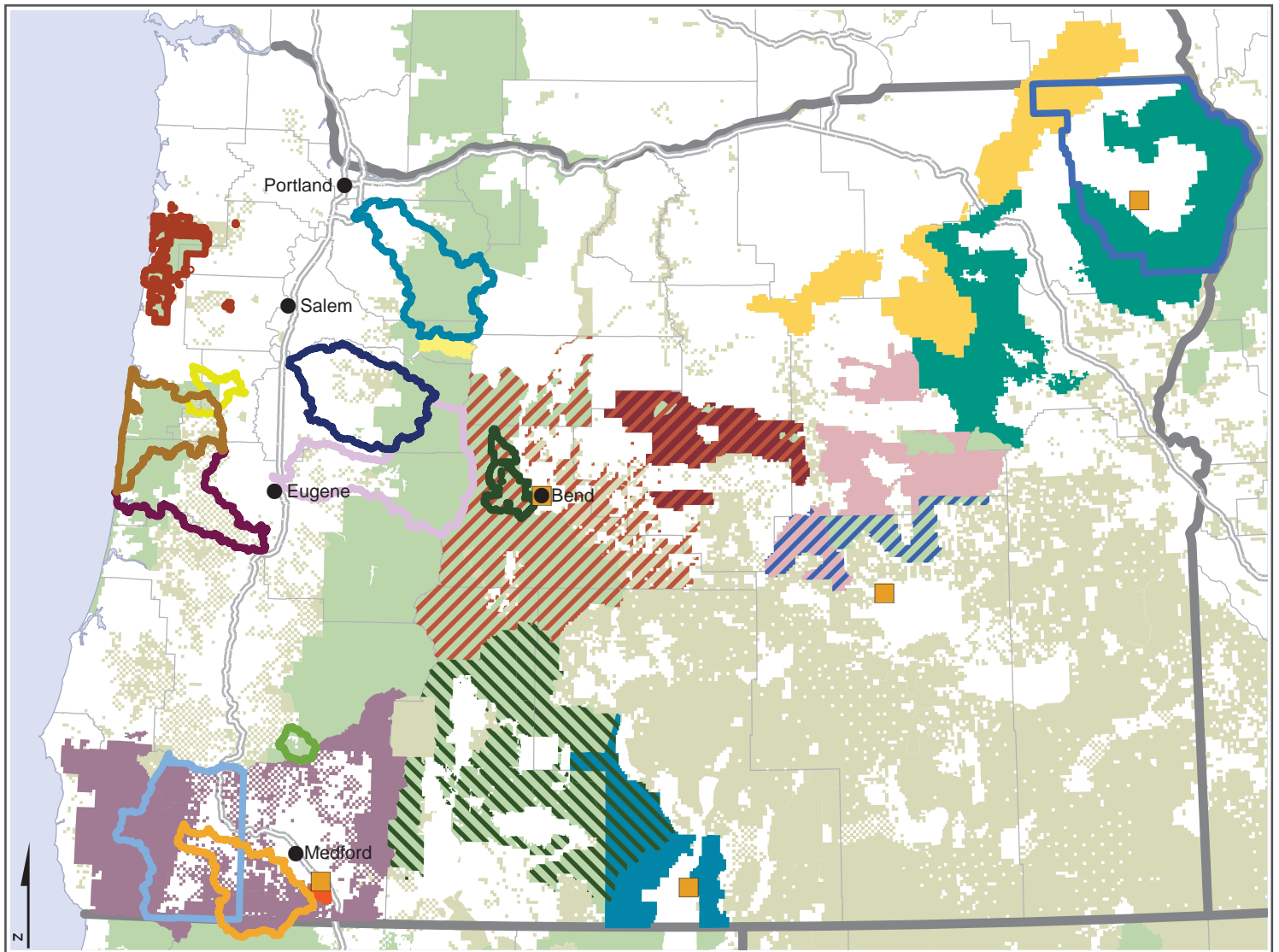
IV. Recommendation

No action is necessary. This is an information item only.

Attachments

- A. Map of Forest Collaboratives in Oregon
- B. Figure of forest collaborative activity and appealed project trends

Multi-Stakeholder Forest Collaborative Groups Working on Public Lands, January 28 2013



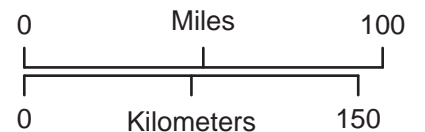
Data collected by EWP

Public lands collaboratives

- Ashland Forest Resiliency Stewardship Project
- Black Hills Collaborative Project
- Blue Mountains Forest Partners
- Central OR Partnerships for Wildfire Risk Reduction
- Harney County Restoration Collaborative
- Lakeview Stewardship Group
- North Santiam Forest Collaborative
- Ochoco Forest Restoration Collaborative
- Southern OR Forest Restoration Collaborative
- Umatilla Forest Collaborative Group
- Wallowa-Whitman National Forest Collaborative

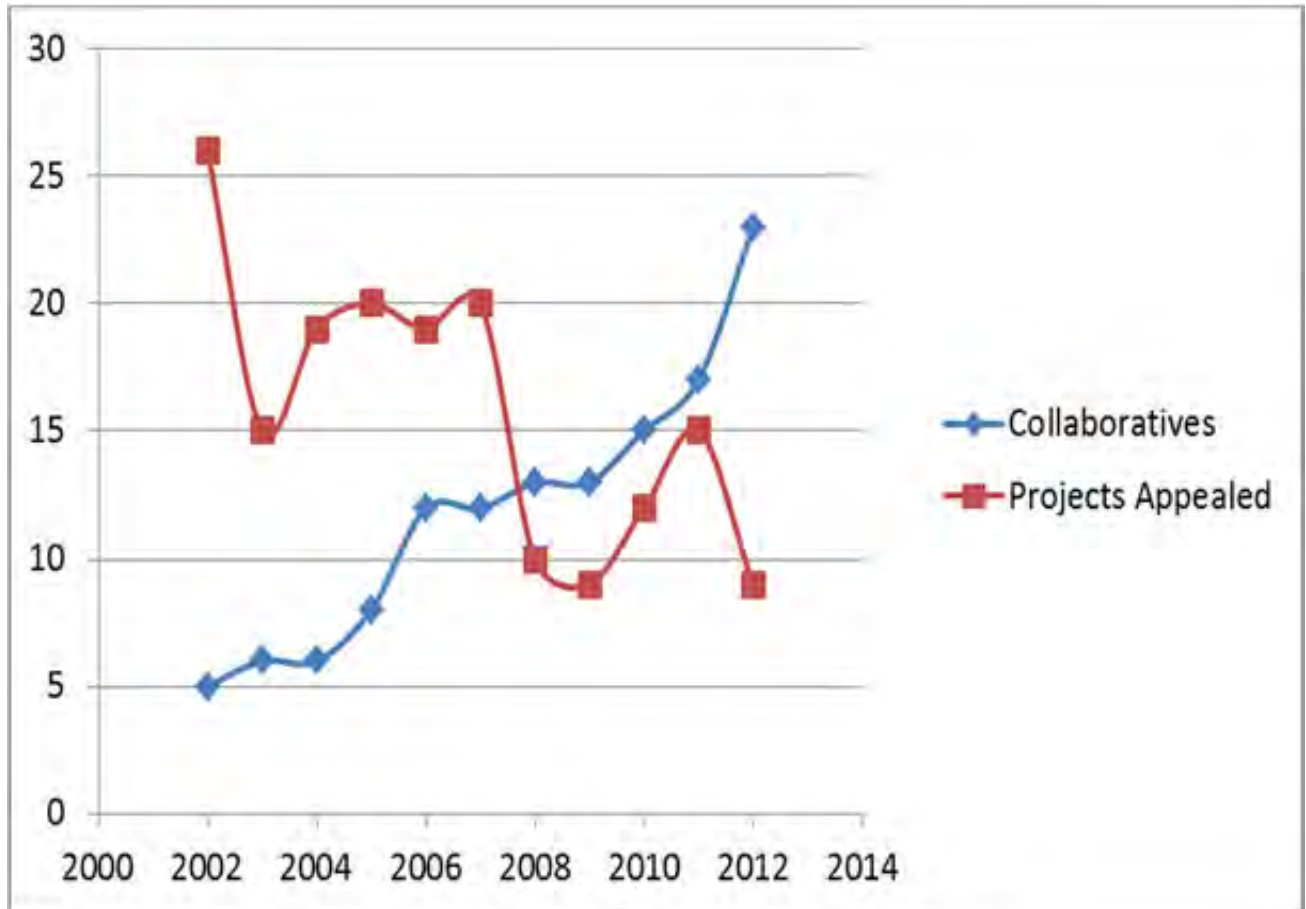
All lands collaboratives

- Alsea Stewardship Group
- Applegate Partnership
- Clackamas Stewardship Partners
- Deschutes Collaborative Forest Project
- Hebo Stewardship Group
- Josephine County Stewardship Group
- Marys Peak Stewardship Group
- McKenzie Collaborative Group
- Siuslaw Stewardship Group
- South Umpqua Rural Community Partnership
- Sweet Home All Lands Collaborative
- Wallowa County NRAC



- Cities of over 50,000 people
- Community-based natural resource organizations
- Interstates
- BLM and other Federal lands
- US Forest Service lands

Trends in Forest Treatment Projects Appealed and the Establishment of Forest Collaboratives 2002-2012



*source: Oregon Solutions 2013

APPROVED BY THE BOARD JUNE 11, 2013
Oregon Watershed Enhancement Board

March 12, 2013
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Morgan Rider
Patricia Smith
Bob Webber
Bill White

Members Not Present

Eric Quaempts
Dan Thorndike
Karl Wenner

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Dana Hicks
Wendy Hudson
Karen Leiendecker
Meta Loftsgaarden
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Gail Grogan Perrotti
Janelle Dunlevy
Ryan Johnson
Eric Riley
JL Liddane
Linda Johnston
Lisa Seales
Jane VanDyke
Elmer McDaniels
John Burgi
Corrine Close
George Hemingway
Kevin O'Brien
Greg Palmer
Chauncey Anderson
Kristen Larson
Mike Freese
Traci Price
Shirley Kalkhoven
Catherine Pruett
Richard Litts
Wayne Hoffman
Ryan Gordon
Sheila Marcoe
Barbara Boyer
Jerry Nicolescu

Note: Due to the lack of a Board quorum, staff funding recommendations were discussed by attending Board members, but will be voted on at a Special Board Meeting via telephone conference call on March 18, 2013.

A. Board Member Comments

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

B. Pending Regular Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the October 22, 2012, grant cycle. Two hundred and twenty grant applications seeking a total of \$19.76 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	\$ 1,228,373
Monitoring	26	\$ 1,859,833
Outreach	36	\$ 955,517
Restoration	<u>120</u>	<u>\$15,712,646</u>
TOTAL	220	\$19,756,369

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 Award

Sycan River Connectivity (212-4013)

The Sycan River Connectivity Phase I Restoration application was submitted in April 2011. At the September 2011 Board meeting, in order to fund further down the line of Restoration applications, the Board awarded \$202,093; and committed to fund the remainder of the request (\$354,227), contingent on the grantee’s progress report showing the need for the funding. The grantee has submitted the required progress report therefore; staff recommended funding for the second stage of this project.

This is the last staged award form previous grant cycles. Staff no longer recommend staged awards since they reduce funding for future grant cycles in a time of decreased grant funds available.

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.

Public Comment – Pending Grant Applications

- Ryan Johnson, OSU Extension Service Sea Grant, supported funding for 213-7001 (Stream Webs Student Stewardship Outreach Project), which was not recommended for funding by the Outreach Team and OWEB staff.
- Jane VanDyke, Columbia Slough Watershed Council, supported funding for 213-3039 (Slough School: SERVE Project), at the full amount requested.
- Linda Johnston, Alsea Watershed Council, supported funding for 213-1044 (Lobster and Preacher Creek Restoration Project), which fell below the line of staff funding recommendations.
- Greg Palmer and Rob Kool, Maverick Solutions, LLC, supported funding for 213-1044 (Lobster and Preacher Creek Restoration Project), which fell below the line of staff funding recommendations.
- Chuck Fisher, U.S. Forest Service, supported funding for 213-1044 (Lobster and Preacher Creek Restoration Project), which fell below the line of staff funding recommendations.

- Elmer McDaniels and Jon Burgi, Tumalo Irrigation District, supported 213-4017 (Tumalo Feed Canal Phase 4).
- Corrina Chase, Tryon Creek Watershed Council, supported funding for 213-3038 (2013-2014 Tryon Monitoring) which was not recommended for funding by the RRT and OWEB staff.
- George Hemingway, Lower Nehalem Watershed Council, expressed concern regarding OWEB’s Long-Term Investment Strategy and the proposed Watershed Council Support Process.
- Kevin O’Brien, Illinois Valley Watershed Council, supported funding for 213-2038 (Deer Creek Streamflow, Channel, and Floodplain Restoration – Phase I), which was not recommended for funding by the RRT and OWEB staff.
- Chauncey Anderson, U.S. Geological Survey, supported 213-4015 (Realtime Suspended Sediment Concentrations (SSC) Monitoring of the Sprague River, which was recommended for a reduced funding amount by OWEB staff.

Board Consideration of Pending Grant Applications

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager
Tom Shafer, Regional Program Representative

Projects Highlighted: “Engaging the Siuslaw Community since 1997.” Tom Shafer provided a summary of how an outdoor educational program has grown over the years. OWEB has funded three grants totaling \$32,104 of a total \$155,756. Outcomes: Ecological stewardship, increased skills, knowledge, future watershed professionals, culture of stewardship.

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
Courtney Shaff, Grant Program Coordinator

Projects Highlighted: “Oregon Coast Coho Conservation Plan; Watershed Assessments, including Coastal Coho Assessments.” Ecological Outcome: Instream Habitat Improved; Fish Passage Improved, Riparian Habitat Improved; Water Quality Improved

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

Lauri Aunan informed the Board that this was Wendy Hudson’s last Board meeting as the Willamette Basin Program Representative, but OWEB is fortunate that she will be

staying with the agency as the Partnerships Coordinator. Lauri thanked Wendy for her excellent work.

Projects Highlighted: Wendy Hudson highlighted the top three restoration projects in the Willamette basin recommended for funding this cycle: Sandy River Basin (213-3063), Sauvie Island (213-3050), and McKenzie Watershed (213-3057).

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report. She noted a technical correction that changed the recommended amount of funding for 213-3060 (Lost Creek Fish Passage and Habitat Enhancement) to \$38,940.

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager
Rick Craiger, Regional Program Representative

Project Highlighted: Rick Craiger highlighted projects placing a high priority for fish passage: Honey Creek, 213-4014, and 213-4020.

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: Karen Leiendecker, provided an overview of the geographical diversity, regional strategic priorities (water quality, riparian/stream, sage grouse) in Eastern Oregon.

- Water Quality Enhancement in the Malheur and Owyhee basins – 9 proposals recommended by staff.
- Riparian Restoration in the Grande Ronde, Powder, and Malheur basins – 5 proposals recommended by staff.
- Sage-grouse habitat in the Malheur basin – 2 proposals recommended by staff.

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: Sue Greer briefed Board members on the Mountain Creek Watershed Restoration: current situation, restoration solution, and benefits.

Lauri Aunan provided an overview of the Region 6 funding recommendations as presented in the staff report.

C. Long-Term Investment Strategy

Public Comment

- Wayne Hoffman, MidCoast Watersheds Council, expressed concern about the Board being asked to make a decision in June without the details, and no opportunity for the public and the Board to converse prior to the June Board meeting.
- Janelle Dunlevy, RBCC, expressed concern about the LTIS and no details. She stated that the LTIS is still at the 25,000 foot level and recommended that the Board not “free fall.”
- Gail Grogan Perrotti, Seven Basins Watershed Council, expressed concern that the council support process needs more time to create the proposed process. On the LTIS, she would like to see balance between Focused Investments and Open Solicitation. It takes time and outreach to achieve ecological outcomes.
- Jerry Nicolescu, OACD, and Ryan Gordon, Network of Oregon Watershed Councils, like the direction of the LTIS and the focus on building partnerships. The NOWC is doing a survey of watershed councils to help NOWC prioritize its efforts.

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, updated the Board on the Proposed Direction for OWEB’s Long-Term Investment Strategy for Conservation (LTIS), including stakeholder involvement. Director Byler thanked the Board Executive Committee for their efforts and thanked the Board members who attended the listening sessions.

The draft LTIS was developed by the Board at its July 2012 and October 2012 retreats. The Board decided to share the draft with stakeholders to get their feedback and ideas to inform the Board. The Board has identified three key pillars as a Framework for its grant investments, based on how OWEB has been investing over time: 1) Operating Capacity Investments; 2) Open Solicitation Investments; and 3) Focused Investments. OWEB is already investing in each of these areas. In addition, the Board identified Focused Effectiveness Monitoring and Reporting and a Competitive Offering for Emerging Issues as foundational investment areas.

From February 20-28, 2013, OWEB held six listening sessions around the state, including one with a webinar. The purpose of the listening sessions was to inform stakeholders about the proposed direction of the LTIS, hear from them about benefits and consequences and their ideas about the proposed changes. Stakeholder feedback will inform the Board’s decision, currently planned for the June 2013 Board meeting.

Lauri Aunan noted that staff will prepare a report of the listening sessions and provide it to the public by the end of April. The many comments are still being reviewed, but there were common themes from the listening sessions.

- Overall, people had excellent questions and ideas for OWEB to think about as we move forward.
- There were diverse opinions on a number of the proposed program changes. People identified both benefits and consequences of the proposed direction.
- Common themes across the state:
 - The importance of clarity and definitions in the various proposals.
 - The importance of transparency in processes and tradeoffs as a result of OWEB changes and decisions.

- The importance of opportunity to participate in all investment areas.
- The need to consider the strategic connection between different OWEB grant programs: how are they integrated? How do they build on each other and connect with each other?
- Consideration of risk in different investment categories: risk to local partner infrastructure, risk of achieving outcomes, overall risk of being spread too thin.
- The importance of monitoring, adaptive management and outreach. With different ideas for needs and strategies.

Board members who attended the sessions provided their observations. Director Byler noted that the Board's action in June will not result in will any immediate program changes, but will kick off continuing work to develop details. Designing and developing details will be gradual and transparent; any changes will be phased in so that you and OWEB staff will have time to adjust. We expect to involve stakeholder work groups and committees to advise OWEB in designing and developing details. The design and details will include check-in points by the OWEB Board to evaluate progress and results. As needed, the Board can adapt and modify the strategy.

The next steps in the process include a briefing for the other natural resource agencies, posting the listening session report, an All-Staff meeting in April to discuss the listening session feedback, and Executive Committee meetings in April and May to prepare for the June Board meeting.

From February 20-28, 2013, OWEB held six listening sessions around the state, including one with a webinar. The purpose of the listening sessions was to inform stakeholders about the proposed direction of the LTIS and allow stakeholders a chance to provide feedback and ideas to information the Board's decision, currently planned for the June 2013 Board meeting. Director Byler reviewed a draft framework for OWEB's spending plan, based on the LTIS framework. The 2013-2015 spending plan will use this new framework.

D. Watershed Council Support

Public Comment

- Janelle Dunlevy and Gail Grogan Perrotti, Rogue Basin Coordinating Council (RBCC), read a statement by the RBCC/Watershed Council Ad Hoc Restructuring Committee, comprised of all nine of the RBCC member watershed councils. The Committee plans to submit a proposal for a pilot project to the OWEB Board for consideration at the June 2013 Board meeting. The proposed project scope will: 1) enable greater ecological, economic, and social outcomes; 2) create a framework structure for greater capacity; and 3) create a pilot proposal to develop the model.
- Janelle Dunlevy, Applegate Partnership and Watershed Council, stated that the Applegate Watershed has a lot of federal lands and not much private land so they partner with the USFS and BLM, but there is less money available. They have very active board members and a small staff. The council finds it hard to compete for qualified staff against SIP organizations when they can only offer a part-time contractor position with no benefits compared to full-time jobs with benefits.
- Gail Grogan Perrotti, Seven Basins Watershed Council, said that local ideas take time to develop.
- Catherine Pruet, Salmon Drift Creek Watershed Council, would like to see incentives allowing the independent and viable councils to pursue and obtain funding.

- Richard Litts, Tenmile Basin Partnership, was concerned about how to define capacity. He would like to: 1) keep the box flexible; 2) lean towards watershed as a base unit; 3) keep the area uniqueness in mind; 4) don't mess up landowner partnerships; and 5) remember the history of the area.
- Kristen Larson, Luckiamute Watershed Council, commented that partnerships take a long time to develop, and keep the uniqueness of the area in mind.
- Wayne Hoffman, MidCoast Watersheds Council, said the early 1990s experiment with watershed councils was a success. He suggested that OWEB hire a contract to do an analysis.

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, briefed Board members on the council support process to date to help prepare Board members for action items at the June 2013 Board meeting. At the June Board meeting, staff will:

- Present scale and funding alternatives and staff recommendations, and ask the Board for policy direction or directions for staff to pursue with the stakeholder based rules advisory committee;
- Ask the Board for permission to begin council support rulemaking to develop rules for Board adoption in June 2014; and
- Ask the Board to award watershed council support grants for the 2013-2015 biennium.

The Board will not be making any final decisions about changes to the council support program at its June Board meeting; final Board decisions will not be made until June 2014. The council support program needs to promote continuous improvement in performance, and effectively promote greater partnerships, collaboration, and resource sharing. The Board will need to consider the fundamental policy question: Should OWEB adopt defined funding areas with minimum size/population requirements and policies that promote strategic partnerships, collaboration and sharing, or should the Board provide the opportunity for all councils that have local government recognition to apply for individual council support grants? This question frames two ends of a spectrum of possibilities. Staff are developing alternative proposals based on this question for consideration by OWEB and the Board Council Support Subcommittee.

Board members debated what makes a successful council and how does OWEB evaluate that success when the structure and function of successful councils differ across the state. The Board also discussed the limitations of OWEB funding and how those limitations need to be considered as the Board and staff consider the direction of the program.

At the June Board meeting, staff will ask the Board to award Council Support grants to current Council Support grantees, at the same funding level as each grantee received in 2011-2013, dependent on OWEB's Legislatively Adopted Budget. Current grant agreements will be amended to include new reporting deadlines and requirements and the additional funding, which will be available July 1, 2013. There is a new requirement for councils to complete and submit online work plans by October 1, 2013.

E. Streamlining Process for Soil and Water Conservation District (SWCD) Capacity Grants

Meta Loftsgaarden, Deputy Director, provided background information on the Agricultural Water Quality Management Act (formerly known as Senate Bill 1010) and SWCD capacity funding. With the passage of Measure 76, OWEB became the official grantor for SWCD

capacity funding, which had previously been directly administered by the Oregon Department of Agriculture (ODA). Since that time, OWEB and ODA staff have worked closely to ensure that management of the program remains with ODA while OWEB coordinates grant agreements and payments.

As directed by the Board of Agriculture, ODA worked with SWCDs, the Soil and Water Conservation Commission (SWCC), and the Board of Agriculture to develop a new approach to capacity investments in SWCDs to support implementation of the Agricultural Water Quality Management Act.

John Byers, Ag Water Quality, Smoke Management and SWCD Program Manager, ODA; Sheila Marcoe, Water Quality Specialist, ODA; Jerry Nicolescu, Executive Director, OACD; and Barbara Boyer, Chair, SWCC; updated the OWEB Board on the proposed new direction for SWCD funding to meet the intent of the Agricultural Water Quality Management Act. A more focused approach is being established by ODA staff to fulfill the Board of Agriculture's directive for a more targeted effort. ODA has currently identified a focus area for nine pilot projects. In 2013-2015 each SWCD will have a focus watershed and will be required to allocate a minimum of 25 percent of SWCD scope of work funding to the focus area.

In addition, ODA selected two test run strategic implementation areas, to work with partners to address agriculture water quality issues. This is a more strategic approach where ODA and partners will focus resources in two watersheds where agricultural activity may be contributing to water quality issues. ODA will continue to ensure compliance with agricultural water quality regulations across the state.

Capacity funding for SWCDs will be addressed as part of OWEB's Long-Term Investment Strategy, and will be included in OWEB's 2013-2015 spending plan.

F. Public Comment -- General

Note: Public comment is listed under the specific agenda item.

APPROVED BY THE BOARD JUNE 11, 2013
Oregon Watershed Enhancement Board
March 13, 2013
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Morgan Rider
Bob Webber
Bill White

OWEB Staff Present

Bonnie Ashford
Lauri Anan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Dana Hicks
Wendy Hudson
Karen Leindecker
Meta Loftsgaarden
Courtney Shaff
Greg Sieglitz

Others Present

Steve Morgan
Jeff Poewrs
Michael Pope
Bruce Taylor
Janelle Dunlevy
Gail Grogan Perrotti
Steve Wise
Perry Brooks
Lisa Seales
John Byers

Members Not Present

Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner

Note: Due to the lack of a Board quorum, staff funding recommendations were discussed by Board members present at the meeting, but will be voted on at a Special Board Meeting via telephone conference call on March 18, 2013.

G. Executive Director Update

G-1. Pacific Coastal Salmon Recovery Funds (PCSRF)

Director Byler briefed Board members on OWEB's recent submittal for PCSRF funding. OWEB on behalf of Oregon requested the maximum funding possible (\$25 million) and split the application with \$20.2 million requested for Priority 1 and \$4.8 million requested for Priority 3. He also discussed the potential effect Federal Sequestration may have on the amount of funding received. In consultation with NOAA, OWEB has learned that current estimates for the sequestration impact could be as high as five percent of the available funding for FFY 2013, which is expected to be \$400,000 to \$600,000. A Continuing Resolution is possible that could translate to a distribution date of later than July.

G-2. Weed Grants Update

Director Byler briefly described the Weed Grant Program. For 2011-2013, the Weed Grants are funded under Measure 76 and administered by OWEB through a Memorandum of Agreement with the Oregon Department of Agriculture. The Board awarded \$2,544,125 for Weed Grants for the 2011-2013 biennium, and delegated authority to the Executive Director to distribute funds for these grants consistent with criteria and processes outlined in the MOA. In January and February of 2013, ODA and OWEB completed a process identifying strengths, challenges and opportunities of the current Weed Grant process and developed recommendations for future streamlining and improvements. The results were presented to and supported by the Oregon State Weed Board at its February 2013 meeting.

Implementation of the results was delayed pending completion of the legislative budget process for ODA regarding staffing levels.

H. Land and Water Acquisitions

Public Comment

- Michael Pope and Claire Fiegner, Green belt Land Trust, gave a brief description of the Bald Hill Farm Acquisition.
- Jeff Powers, Benton County Natural Areas and Parks Department, gave a brief description of the Cardwell Hill Acquisition.

Meta Loftsgaarden, Deputy Director, and Renee Davis-Born, Senior Policy Coordinator, briefed Board members on recent activities in OWEB's Land and Water Acquisitions programs.

Bald Hill Farm Acquisition Project (212-101)

The Greenbelt Land Trust submitted an application in April of 2011 requesting \$940,000 to purchase Bald Hill Farm. Staff recommended the project for funding based on the following conditions:

1. Staff's final approval of all due diligence materials;
2. Greenbelt consideration of making any wood cut in the course of OWEB-approved restoration activities available to local conservation groups at a price less than the market rate; and
3. Development of a management plan in which any grazing is designed as a tool for enhancing the property's conservation values.

Cardwell Hill Acquisition Project (209-104)

Benton County submitted an application in April of 2008, requesting \$385,230 to purchase conservation easements on five properties in the Cardwell Hill area. The last of those projects, the Percy-Schoener conservation easement, is ready for purchase at \$41,300, with the following conditions:

1. Staff's final approval of the baseline inventory documentation; and
2. Staff's final approval of the form of the grant agreement.

There was tremendous community support and no opposition at the joint public hearings held for these two acquisition projects.

Water Acquisitions Rules Advisory Committee (RAC) update

Renee Davis-Born, Senior Policy Coordinator, updated Board members on a process that was initiated to improve the effectiveness and efficiency of OWEB's Water Acquisitions grant

program. OWEB used an already established external committee of water acquisitions/transactions experts to compose the RAC. The RAC has met four times and has most recently discussed a concept around a joint funder model for a water transactions program. The intent is to maximize opportunities for leveraging funding and program/transaction efficiencies to better achieve the desired outcomes from water transactions programs. Staff convened a meeting of water acquisition/transaction funders to discuss the concept of a joint funder model on March 6, 2013. The conversations were very productive. Staff will reconvene the RAC to provide recommendations to the Board Acquisitions Subcommittee and come back at the June Board meeting with a recommendation on how to proceed.

I. Salmon Strongholds

Public Comment

- Steve Wise, Sandy River Basin Watershed Council, supports funding for salmon strongholds and wants his basin to be eligible for those funds.

Brett Brownscombe, Governor Kitzhaber's Natural Resources Policy Advisor, described how the Governor is featuring Salmon Strongholds as part of his overall natural resources priorities along with forest health, healthy rangelands, and sage-grouse. In previous years, the Oregon Plan focused on key portions of Oregon landscapes and key issues on those landscapes. In 2009, Oregon was a founding member of the North American Salmon Stronghold Partnership, who works collaboratively with local communities, business interests, landowners, and their stakeholders on salmon conservation efforts and restoration activities in the Pacific Northwest, California, Alaska and British Columbia. The Wild Salmon Center staffs this effort and has been advancing the concept through state-based partnerships.

Greg Sieglitz, OWEB's Monitoring and Reporting Program Manager; Mark Trenholm, Wild Salmon Center; Bruce McIntosh, Oregon Department of Fish and Wildlife; and Cara Rose, National Fish and Wildlife Foundation; provided information to the Board about the Salmon Stronghold Initiative, the role of salmon strongholds in salmon conservation and recovery and the recent changes to the Governor's Fund for the Environment focusing the grant process on supporting salmon strongholds.

Staff presented the current proposal to request supplemental funding from the Board's spending plan to support Oregon Plan Priorities and Governor's Initiatives. The funding request consisted of utilizing \$300,000 of Pacific Coastal Salmon Recovery Fund revenue approved by NOAA Fisheries in the FFY 2012 grant in May of 2012. A portion of that grant was focused on funding requested to support Salmon Strongholds. The funding requested of the Board would allow more of the Governor's Fund projects to be funded and would be focused on approximately three projects that were not part of OWEB's regular grant solicitation process. The project selected would also likely be for grantees familiar with OWEB's grant management methods and requirements. An additional \$40,000 was requested from the Board's Ecosystem Services budget item in its spending plan to be awarded to assist the State's stream mitigation tool and to allow testing within Salmon Stronghold areas.

Staff also described the importance of conducting more outreach with local communities about the Salmon Strongholds concept, and highlighted more work to be accomplished around formulation of the role of salmon strongholds in conservation and recovery planning.

Both of the funding requests were approved unanimously.

J. Budget and Legislative

Director Byler updated Board members on the following:

Legislative Budget Process

The total Lottery Funds are down slightly. The longer term Lottery Fund expectations are that they will be down or remain flat. It is estimated there may be fewer federal funds available in 2013-2015 because the overall PCSRF budget will be reduced by approximately \$5 million. However, since this is an application process for funding, OWEB will not know until after applications are approved how much funding the state will receive. Overall, there will be less federal funds available in 2013-2015, because this biennium will only have two years of federal funds compared to 2011-2013 which had three years because of a holdover of one year.

The Governor's Budget was released in December 2012. The Governor's Budget serves as the starting point for budget discussions with the legislative assembly during the 2013 session. The Co-Chair's budget was recently released was at a high level, but looked good for natural resource agencies. OWEB's budget hearing before the Ways and Means Natural Resources Subcommittee was held on March 7 and 11. Legislative work sessions to take action on agency budgets are anticipated to take place in mid-April and May.

Legislative Policy Issues

Director Byler along with Renee Davis-Born, Senior Policy Coordinator, met with 37 legislators since the beginning of session, which included most of the members of the natural resource related committees. The purpose of the meetings was to familiarize the legislators with OWEB and discuss any policy issues of interest or concern to the agency. Although OWEB is tracking a number of bills that have the potential to directly affect OWEB programs, OWEB has no agency bills other than its budget bills. Renee Davis-Born briefly described the main bills OWEB is tracking: HB 2173 relating to water projects; HB 2516 relating to conservation education; and HB 3337 relating to ecosystem services.

K. Healthy Rangelands

Greg Sieglitz, Monitoring and Reporting Program Manager and Brett Brownscombe, Governor Kitzhaber's Natural Resources Policy Advisor, briefed Board members on the Governor's priorities related to sage-grouse conservation and healthy rangelands and recent progress of this effort.

At the January 2013 meeting, the Board awarded \$125,000 in initial funding for a project manager to support state efforts and for mapping of fires and invasive species. The Governor is seeking to develop a comprehensive plan that, when combined with updated BLM Resource Management Plans will maintain and improve sage-grouse populations and habitat in Oregon. The short-term objective is to inform the USFWS's listing decision in 2015. The Governor's long-term goal is to protect and restore sage-grouse populations and the ecological health of lands across southeast Oregon and other areas of the state through responsible stewardship that generates and allows for economic use and development of lands vital to healthy rural communities.

Oregon's habitat area for sage-grouse spans three OWEB regions and has been a major focus of watershed restoration investments for the Board. The NRCS is a strong partner in sage-grouse efforts.

Since the January 2013 Board meeting, OWEB has entered into an agreement with the INR to serve as the contract manager for the planning effort. The initial priorities for the planning effort include developing technical tools and mapping, funding for a technical project manager and funding for the overall project manager for the plan development. A future funding request is anticipated at a future Board meeting.

L. Agricultural Water Quality

Greg Sieglitz, Monitoring and Reporting Program Manager, introduced Lisa Hanson, Deputy Director, Oregon Department of Agriculture (ODA), John Byers, Ag Water Quality, Smoke Management and SWCD Program Manager, ODA, and Sheila Marcoe, Statewide Planning Coordinator, for ODA's briefing of OWEB Board members on efforts to update the Agricultural Water Quality Management Program at ODA. The overarching goals for improving and enhancing the program are to: 1) Account for actions and progress; 2) Coordinate effectively and efficiently; 3) Implement priority actions; 4) Provide quality information through outreach, and 5) Measure progress toward outcomes.

Lisa Hanson provided additional context around ODA's Strategic Implementation areas. Staff will be working to define those areas for Board of Agriculture approval. They will work closely with partner organizations to provide producers opportunities to address agricultural water quality goals on their operations throughout the process.

M. Public Comment -- General

- Steve Morgan, Friends of Confluence Park, opposed the environmental restoration at the confluence of the middle and coast fork of the Willamette River being proposed by the Army Corps of Engineers.

N. Partnerships

Meta Loftsgaarden, Deputy Director, briefed Board members about OWEB's Partnership Program, which includes the Whole Watershed Restoration Initiative, and the Willamette, Deschutes, and Upper Klamath Special Investment Partnerships.

The Vision of the Partnership Program is "To achieve a collective impact with ecological outcomes of regional significance with long-term commitment of resources." The common elements of OWEB Partnership Investments are:

- Leveraged at funder level;
- Multi-year/multi-project;
- Supports improved cooperation and collaboration at a program level; and
- Strengthens local capacity to take on landscape-scale restoration to improve restoration outcomes.

Working with the partners, staff, and the Board Partnerships Subcommittee developed three tools to help improve consistency in reporting, transparency, and understanding of OWEB's partnership investments:

- A Partnership Report template;
- A Partnership Needs Assessment; and
- A timeline for implementation of the proposed new process for partnership investments.

Full reports have been provided to the Partnerships Subcommittee and are available on request. Once the reports are summarized into a single document, it will be provided to the Board and available to other funders, and the public. Each partnership is completing a Needs Assessment which will be used to identify broader needs for the next six years and detailed needs for the 2013-2015 biennium to assist the Board in developing their spending plan. Following development of the Needs Assessment, staff and the Board Subcommittee will interview representatives of the partnerships to discuss the assessment and help the subcommittee identify investment opportunities in preparation for a June spending plan decision. Staff are also working with the subcommittee to define a new process for future focused investments and will bring a draft for Board discussion in the fall of 2013.

The following staff of the Policy and Oregon Plan Coordination program briefed Board members on the partnerships:

- Ken Bierly, Senior Partnerships Coordinator, Whole Watershed Restoration Initiative and the Deschutes Special Investment Partnership;
- Wendy Hudson, Partnerships Coordinator, Willamette Special Investment Partnership; and
- Renee Davis-Born, Senior Policy Coordinator, Upper Klamath Special Investment Partnership.

Board members spent time discussing lessons learned from the reports and how those lessons can inform the Board moving forward with its Long-Term Investment Strategy. Discussions revolved around the length of funding for partnership investments, staff engagement and time commitment to partnerships, and the capacity of local organizations to implement large-scale, focused investments.

O. Forest Collaboratives

Greg Sieglitz, Monitoring and Reporting Program Manager, and Pete Dalke, Oregon Solutions, provided an update to the Board on the progress under the Forest Health investments made by the Board at its January and September 2012 Board meetings to Oregon Solutions and The Nature Conservancy. Two representatives from local forest collaborative groups; George McKinley, Southern Oregon Small Diameter Collaborative, and Jim Walsh, Lake County Resources Initiative, discussed broadly what forest collaboratives do, specific activities of the collaboratives that they represent, challenges and important watershed accomplishments of their respective groups. The guests also highlighted the importance of watershed councils and soil and water conservation districts to the forest collaborative process and they described the role that specific organizations have played in their collaboratives over time.

P. Other Business

There was none.

Having no further business, the meeting was adjourned.



Oregon

Theodore R. Kulongoski., Governor

Oregon Watershed Enhancement Board

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www.oregon.gov/OWEB



Special Meeting Notice

Monday, March 18, 2013

2:00 p.m.

State Lands Building

Third Floor, Conference Room 303

775 Summer Street NE

Salem

The Oregon Watershed Enhancement Board will meet via telephone conference call on Monday, March 18, 2013, at 2:00 p.m. to take action on funding decisions discussed at the Board meeting in Salem on March 12-13, 2013.

Due to the absence of a Board quorum at its meeting, voting to expend funds was postponed until a later date when a Board quorum would be available via telephone conference call. At the Board meeting, public comment was taken and Board discussions occurred about the agenda items before voting members heard the proposed motion for each funding item. For each proposed motion, Board members expressed any opposition and proposed any necessary amendments.

More information on the agenda items to be voted on by the Board is available online at http://www.oregon.gov/OWEB/Pages/boardmtgs/boardmtg_SR_march13.aspx.

Board members will participate in this meeting by telephone from multiple locations. The public may attend this meeting at the location listed above.

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 at 503-986-0181 as soon as possible.

APPROVED BY THE BOARD JUNE 11, 2013
Oregon Watershed Enhancement Board
March 18, 2013
OWEB Board Meeting
Salem, Oregon

Minutes

OWEB Members Present

John Jackson
Doug Krahmer
Will Neuhauser
Morgan Rider
Patricia Smith
Dan Thorndike
Bob Webber
Karl Wenner

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Renee Davis-Born
Tom Shafer
Greg Sieglitz
Cindy Silbernagel

Others Present

None

Members Not Present

Mike Haske
Alan Henning
Debbie Hollen
Jim Johnson
Kim Kratz
Lisa Phipps
Eric Quaempts
Bill White

Due to the absence of a Board quorum at its meeting on March 12-13, 2013, voting to expend funds was postponed until a later date when a Board quorum would be available via telephone conference call. At that time, funding recommendations discussed at the March 12-13, 2013, meeting will be revisited and voted on.

A special meeting via telephone conference call was held on Monday, March 18, 2013, at 2:00 p.m. The meeting was held to have a quorum vote on funding recommendations. The telephone conference call meeting included a quorum of the Board.

Board Co-Chair Dan Thorndike presided over the meeting.

The telephone conference call meeting included a quorum of the Board. There was no public comment.

B. Pending Regular Grant Applications

Statewide Outreach Award

Board members unanimously approved the staff funding recommendation as shown in the gray-shaded section of Attachment C to the Overview staff report.

Staged Award

Board members unanimously approved to award the second stage of funding for application 212-4013, as shown in Attachment D to the Overview staff report.

Regional

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 1 staff report.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 2 staff report.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 3 staff report, with a corrected total amount of \$38,940 for Application #213-3060, Lost Creek Fish Passage and Habitat Enhancement.

Board member Karl Wenner asked staff about Application #213-4015, submitted by the Klamath Tribes, and why it was not recommended for funding. Dr. Wenner identified the importance of projects relating to phosphorus in the Klamath basin and requested that staff follow-up with the applicant regarding a potential future application and potential consideration of ecosystem services.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 4 staff report, with the following revisions for Application #213-4017, Tumalo Feed Canal Phase 4, as requested by the applicant in letter dated February 26, 2013: (1) A total OWEB funding amount of \$750,000, and (2) the funding conditions will not restrict OWEB grant funds only for the purchase of pipe. OWEB staff will work with the applicant to develop a revised project budget.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 5 staff report.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 6 staff report.

After a brief discussion, Board members approved (7 aye; 1 nay) funding for Application #213-1044, Lobster and Preacher Creek Restoration Project, in the amount of \$232,941. This funding will come from recaptured grant funds.

H. Acquisitions Program Update

Board members unanimously approved:

- A. *\$940,000 in funding for Greenbelt Land Trust's purchase of the Bald Hill Farm Property, Application #212-101, contingent on the conditions described in Section II of the staff report; and*
- B. *\$41,300 in funding for Benton County's purchase of the Percy-Schoener conservation easement under the Cardwell Hill Acquisition Project, Application #209-104, contingent on the conditions described in Section III of the staff report.*

I. Salmon Strongholds

Greg Sieglitz, Monitoring and reporting Program Manager, provided Board members with information on the presentations and discussion at the March 13, 2013, board meeting. These funding awards would come from 2012 Pacific Coastal Salmon Recovery Funds.

Board members unanimously approved to:

- A. Award \$300,000 from the Oregon Plan Priorities line item within OWEB's 2011-2013 spending plan to serve as match funding to the Governor's Fund awards that support implementation of high-priority, on-the-ground projects in salmon strongholds from those projects listed in Attachment B of the staff report;*
- B. Award \$40,000 from OWEB's spending plan item for Ecosystem Services to allow the testing of the State's stream mitigation framework to occur in salmon strongholds, as described in Section VI of the staff report; and*
- C. Delegate authority to the Director to enter into appropriate agreements to distribute the funds awarded in Recommendations A and B above.*

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board Meeting Agenda

Oregon Watershed Enhancement Board June 11 and 12, 2013

Wildhorse Resort & Casino
46510 Wildhorse Blvd, Pendleton
Columbia/Snake Room

Directions: <http://www.wildhorseresort.com/footer/directions.html>

Tuesday, June 11, 2013

Business Meeting – 8:00 a.m.

During the public comment period (Agenda Item D) 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 following OWEB Board meetings will be presented for Board approval:

January 16-17, 2013, Board meeting in Cottage Grove;

March 12-13, 2013, Board meeting in Salem; and

March 18, 2013, Special Board meeting via telephone conference call.

Action item.

C. Executive Director Update

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

D. Public Comment – General [approximately 9:20 a.m.]

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

E. Ecosystem Services Update

Greg Sieglitz, Monitoring and Reporting Program Manager, and Dana Hicks, Ecosystem Program Coordinator, will update the Board on the OWEB Ecosystem Services Program. OWEB staff, staff from the Eugene Water and Electric Board (EWEB), and other local participants will present information about EWEB's Voluntary Incentive Program and the relationship it has with OWEB's investment in cooperative protection and restoration of riparian lands. *Information item.*

F. Coastal Wetlands

Meta Loftsgaarden, Deputy Director, will update the Board about two Coastal Wetlands projects: the Waite Ranch project and the Miami-Crabbe project. Staff will request the Board approve submission of a Coastal Wetlands Grant application by OWEB to the U.S. Fish and Wildlife Service for the Waite Ranch project. The Board also will consider a restoration funding request for the Miami-Crabbe project. *Action item.*

G. Acquisitions Program Update**

Meta Loftsgaarden, Deputy Director, Miriam Hulst, Acquisitions Specialist, and Renee Davis-Born, Senior Policy Coordinator, will update the Board on several items related to the Land and Water Acquisitions Program. The Board will consider a funding decision for the Necanicum Forest Acquisition Project. Staff will propose revised Water Acquisition Grant administrative rules for adoption by the Board. *Action item.*

H. 2013-2015 Spending Plan Discussion – Introduction (See also Agenda Item P)

Tom Byler, Executive Director, will provide an introduction to several program areas to be discussed during a subsequent agenda item that will inform the Board's decision about the 2013-2015 Spending Plan under Agenda Item P. *Information item.*

I. Partnerships Program Update

Meta Loftsgaarden, Deputy Director, and other OWEB staff will update the Board on OWEB's Partnership investments, including the results of a recent Needs Assessment for each. OWEB staff will present the results of the Needs Assessments for the Deschutes, Willamette and Upper Klamath Special Investment Partnerships and the Whole Watershed Restoration Initiative. Partners from each will be present to answer questions for the Board. The Board will consider refined scopes for these Partnerships during the 2013-2015 biennium. *Action item.*

J. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, will update the Board about the Watershed Council Support Outcome Based Review and Award process. The Board will be asked to approve the start of rulemaking for the Council Support process, beginning with the formation of a stakeholder Rules Advisory Committee, and to provide policy guidance to inform rulemaking. *Action item.*

K. Confederated Tribes of the Umatilla Indian Reservation (CTUIR) Presentation

Staff from the CTUIR will present to the Board about recent restoration and conservation work—including the Meacham Creek Project—undertaken by the Tribes and its collaborators. *Information item.*

Wednesday, June 12, 2013

Business Meeting - 8:00 a.m.

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

L. 2013-2015 Grant Cycle and Board Meeting Schedule

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, will discuss the proposed Board meeting and Regular Grant Program grant application deadline schedule for the 2013-2015 biennium. *Action item.*

M. Healthy Rangelands Update

Greg Sieglitz, Monitoring and Reporting Program Manager, and participants in Oregon's Sage-Grouse conservation efforts will update the Board about recent progress under this Governor's initiative. The Board will consider a funding request for this effort, as follow-up to initial funding provided by the Board in January 2013. *Action item.*

N. Public Comment – General [approximately 8:45 a.m.]

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

O. Long-Term Investment Strategy

Tom Byler, Executive Director, and Lauri Aunan, Grant Program Manager, will present a proposal for the Long-Term Investment Strategy framework and direction for adoption by the Board. Staff also will describe priority work areas for the 2013-2015 biennium arising out of the Board's direction for the Long-Term Investment Strategy. *Action item.*

P. 2013-2015 Spending Plan

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. After hearing public comment, Director Byler will lead a discussion with the Board on the proposed spending plan. *Action item.*

Q. Other Business

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

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

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

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

A general public comment period will be held on Tuesday, June 11 at 9:20 a.m., and Wednesday, June 12 at 8:45 a.m., for any matter before the Board. Comments relating to a specific agenda item may be heard by the Board as each agenda item is considered. People wishing to speak to the Board are asked to fill out a comment request sheet (available at the information table). *The Board encourages persons to limit comments to no more than five minutes.*

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

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

Questions? If you have any questions about this agenda or the Board's procedures, please call Bonnie Ashford, OWEB Board Assistant, at 503-986-0181. If special physical, language or other accommodations are needed for this meeting, please advise Bonnie Ashford (503-986-0181) as soon as possible but at least 48 hours in advance of the meeting.

Oregon Watershed Enhancement Board Membership

Voting Members

Board of Agriculture member: *Doug Krahmer*
Environmental Quality Commission member: *Morgan Rider*
Fish and Wildlife Commission member: *Bob Webber*
Board of Forestry member: *Vacant*
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
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

2013 Board Meeting Schedule

September 10-11, 2013, in Burns

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

June 11-12, 2013 OWEB Board Meeting Executive Director Update #C-1: Budget and Legislative

Background

The Governor's Budget for 2013-2015 was released in December 2012. This budget sets out the Governor's proposed vision on the state's budget for the biennium, and serves as the starting point for budget discussions with the Legislative Assembly during the 2013 session.

The 2013 Legislative session began on February 4. OWEB has no agency bills other than its budget bills.

Status of the 2013 Legislative Budget Process

An overview of OWEB's budget as included in the Governor's Budget is contained in Attachment A. The agency's budget hearing occurred before the Ways and Means Natural Resources Subcommittee on March 7 and 11. Legislative work sessions to take action on natural resources agency budgets began on May 15. As of the writing of this update, the work session for OWEB's budget has not yet been scheduled.

At the June Board meeting, staff will update the Board about budget-related issues both for OWEB and other agencies with which OWEB partners on Oregon Plan priorities.

Legislative Policy Issues

Despite OWEB having no agency bills, several policy bills have been introduced that have the potential to directly affect OWEB programs. These bills include:

- House Bill (HB) 2173 and HB 3040 regarding non-farm uses, including conservation activities, on agricultural lands;
- HB 2516 regarding funding for conservation education;
- HB 3337 regarding ecosystem services; and
- Several bills related to forest health.

At the June Board meeting, staff will update the Board about these bills and their current status.

Staff Contact

For information or questions about budget issues, contact Tom Byler at tom.byler@state.or.us or 503-986-0181. For information or questions about legislative issues, contact Renee Davis-Born at renee.davis-born@state.or.us or 503-986-0029.

Attachment

- A. Overview of OWEB's 2013-2015 budget

Governor's Budget Summary, Attachment A

OWEB 2013-15 Governor's Budget Expenditure Summary				
	Lottery	Federal	Other	TOTAL
GRANT PROGRAM:				
Grants-new	51,347,557	12,988,234	1,326,725	65,662,516
Grants-5 FTE direct cost	0	913,230	0	913,230
M76 int	420,000	0	0	420,000
Grants-Carryforward	0	9,460,000	300,000	9,760,000
To ODFW	0	8,276,445	0	8,276,445
IMST	230,894	230,687	0	461,581
LCREP	253,848	0	0	253,848
Sub-Total	52,252,299	31,868,596	1,626,725	85,747,620
AGENCY OPERATIONS:				
Personal Services	4,849,046	775,426	185,370	5,809,842
Services and Supplies	932,318	104,740	24,467	1,061,525
Special Pmts	155,945	0	16,169	172,114
Sub-Total	5,937,309	880,166	226,006	7,043,481
Total	58,189,608	32,748,762	1,852,731	92,791,101
POS/FTE	20/20.00	10/10.00	1/1.00	31/31.00

2013-15 Significant Changes
<p>Pkg #100 Program Continuity – Provides capacity to effectively deliver grants, manage operations of 17-member board and stay abreast of emerging funding opportunities while reporting accomplishments of OWEB investments</p> <ul style="list-style-type: none"> • NRS2 - PCSRF Rptg Assistant. Continues the technical work necessary to provide timely and accurate reports to the federal government on the use of Federal PCSRF grant funds. • NRS3 - PCSRF Rptg Coordinator. Organizes, coordinates, and tracks the reporting efforts and deadlines for all federal funds received by the agency. • NRS4 - BPA-Willamette Partnership Coordinator. Manages the work associated with a federal grant application submitted to the Bonneville Power Administration. • Technical adjustment
<p>Pkg #110 Program Enhancement – Provides support to effectively deliver programs while remaining on the cutting edge of new investments and partnerships that will increase ecological, economic and social benefits for Oregon</p> <ul style="list-style-type: none"> • NRS4 - PCSRF Partnership to Scale. Works with specialists addressing Special Investment Partnerships and other current partnership programs.
<p>Pkg #120 Carry Forward – Limitation for grants committed in previous biennia but not yet spent</p>
<p>Pkg #125 Salmon Plate Revenue Increase – Limitation to support increased Salmon Plate revenues</p>
<p>Pkg #130 PCSRF – Supports implementation, monitoring and reintroduction related to completed and approved state and federal recovery plans</p>
<p>Pkg #200 Conservation Grants – Provides grants to help Oregonians take care of local streams, rivers, wetlands and natural habitat across the state</p>
<p>Pkg #205 Conservation Grant Fund Interest – Limitation for interest earnings</p>
<p>Pkg #210 Carry Forward USFWS Grants – Limitation for grants committed but not yet spent</p>

June 11-12, 2013 OWEB Board Meeting

Executive Director Update #C-2: Pacific Coastal Salmon Recovery Fund

Background

On an annual basis since Federal Fiscal Year (FFY) 2000, OWEB has received funding from NOAA Fisheries through the Pacific Coastal Salmon Recovery Fund (PCSRF). In 2007, this funding opportunity became a competitive process with a grant application submittal and review process. NOAA reported to OWEB during its program review in 2012 that OWEB has been more successful at securing funding through the competitive process than the agency would have been if a continued proportional distribution of funding had occurred subsequent to 2007.

PCSRF has been an important complement to the Board's investment of dedicated lottery funding provided under Measures 66 and 76. In 12 years, PCSRF has contributed nearly \$158 million, or 25 percent, of OWEB's expenditures towards grants for salmon recovery and watershed restoration actions.

Current Grant Application Status

In January, NOAA announced the latest funding opportunity for FFY 2013 PCSRF funding, which includes a two-step application process. The first step was submittal of a draft application on February 14, 2013, for review by NOAA staff. OWEB staff received preliminary comments from NOAA on the draft application to inform the structure of the final application. The revised final application was submitted immediately preceding the March OWEB Board meeting. Staff expect a preliminary indication of the potential award to OWEB from FFY 2013 PCSRF prior to the June Board meeting.

NOAA developed new priorities for PCSRF funding last year. The priorities in rank order are:

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 or protect the habitat of anadromous salmonids that are necessary for the exercise of tribal treaty fishing rights or native subsistence fishing, as well as projects that support ongoing efforts to restore such populations while limiting factors are being addressed
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 projects that are necessary precursors to implementing projects above including outreach, planning and coordination, design, research, monitoring, and assessment projects that can be justified as directly supporting one of the priorities.

Funding will be provided in decreasing amounts from Priorities 1 through 4.

As with FFY 2012, NOAA's grant solicitation for FFY 2013 reflects the new priorities, and those largely will drive the distribution and eligible uses of the FFY 2013 funding. However, NOAA did make some additional changes to the priorities for FFY 2013 funding. The changes show a continued and increasing focus on on-the-ground projects that directly address factors limiting the productivity of ESA-listed salmon. Under the priorities, less emphasis is being placed on planning, design, research and other activities. The overall Congressional approved grant amount under sequestration for FFY 2013 is \$61 million, down from \$65 million in 2012. NOAA capped PCSRF applicants' grant requests for FFY2013 at a maximum of \$25 million. This is a reduction from a cap of \$30 million for grant requests in prior years.

OWEB, on behalf of the State of Oregon, requested the maximum funding possible and split the requested amount between Priority 1 (\$20.2 million requested) and Priority 3 (\$4.8 million requested). One component of Oregon's application for FFY 2013 is a request for more than \$4.1 million in funding for ongoing Oregon Department of Fish and Wildlife (ODFW) programs. The ODFW programs for which this PCSRF funding is requested are being supported this biennium with both Measure 76 and PCSRF moneys allocated by the Oregon Legislature. The Governor's 2013-2015 Budget proposes a similar approach next biennium. After the final Oregon award is announced by NOAA, OWEB will coordinate with ODFW to assess where any adjustments should be made if the NOAA grant award is less than the \$25 million request.

Use of PCSRF in the Board's Spending Plan

Due to the emphasis on on-the-ground projects as defined by the newly refined PCSRF priorities for funding, staff expect PCSRF will be used differently than it has been during the last decade. These changes, which were initiated in FFY 2012 and continue in FFY 2013, will require adjustment by the Board, staff, grantees and other agencies when applying these funds to programs and projects. FFY 2013 funding provided to OWEB from NOAA (minus OWEB administration and the ODFW distribution) will be made available for allocation or reserve by the Board in its draft spending plan described under Agenda Item P. This amount is estimated to be \$4.1 million and requires the approval by the Oregon Legislature for inclusion in the agency's 2013-2015 biennial budget.

Staff Contact

For more information about the PCSRF program and the FFY 2013 grant request, contact Greg Sieglitz at greg.sieglitz@state.or.us or 503-986-0194.

June 11-12, 2013 OWEB Board Meeting

Executive Director Update #C-3: Forest Health and Forest Collaboratives

Background

Fire suppression and other land-use impacts 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 and scale of forest restoration in a way that is ecologically sustainable, economically viable, and acceptable to diverse stakeholders.

During the last two decades, a number of 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.

The emergence of these collaborative partnerships has been, in large part, to provide recommendations for federal forest management activities occurring within and near the communities that they represent. Starting with a handful of pioneering local partnership efforts in the 1990s, there are now more than 170 organizations participating in Oregon’s forest collaboratives. As of 2012, there is at least one community-based collaborative group working within each of the 11 National Forests and seven of the nine Bureau of Land Management districts in the state.

Convened by the Governor’s Office, 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.

Forest Collaboratives: Large-Scale Progress and Biennial Accomplishments

The emergence of forest collaboratives represents a significant and growing establishment of communities’ social capacity to addressing forest health and related issues on federal lands. Through this commitment on all of the National Forests and most of the BLM districts in the state, the surrounding local communities have broken through many bottlenecks of the past. Although not yet formally quantified, anecdotal comments by collaborative representatives and the U.S. Forest Service (USFS) strongly suggest that due to the hard work of collaboratives, appeals of federal land management actions has been significantly reduced in recent years.

In the 2011-2013 biennium, OWEB invested \$700,000 to assist as bridge funding for priority forest health work, while longer term funding options were explored. This funding supported the statewide planning and coordination infrastructure led by the Governor’s Office, with Oregon Solutions and The Nature Conservancy (TNC) as key partners. A complete listing of accomplishments from this grant work is found in Attachment A.

Future OWEB Role in Forest Health

Forest health remains one of the Governor's top priorities. As such, several agencies including the Oregon Department of Forestry, Oregon Business Development Department (OBDD), and OWEB are being considered in legislation as potential granting agencies to support forest health activities, forest collaboratives and federal forest management issues next biennium. At the time of writing this report, several pieces of pending legislation and agency budgets are in flux.

Specifically for OWEB, a funding proposal in the legislature would seek lottery-backed bonding authority (not associated with Measure 76 funds) through the OBDD to generate revenue in the amount of \$840,000. These moneys would be used to fund local forest collaborative organizations and forest health related work. (Attachment B) OWEB was identified as a logical part of this larger Governor's Dry-Side Forest Health Budget Package due to the agency's significant granting experience, and, in particular, the financing and support already provided by OWEB to similar local organizations such as watershed councils and soil and water conservation districts. Staff will update the Board on this issue at the June meeting.

Staff Contact

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

Attachments

- A. Complete list of 2011-2013 accomplishment for forest health grants to Oregon Solutions and TNC
- B. Overview of Governor's Dry-Side Forest Health Budget Package

2011-2013 Biennial Accomplishments pertaining to Forest Health and Forest Collaborative Work through Oregon Solutions and The Nature Conservancy

Treatments and Products

- Through the Forest Resiliency Project within the City of Ashland's watershed, treated 2,900 acres of forest using ground-based mechanical and helicopter-based thinning techniques, as well as non-commercial fuels treatments and understory and slash-pile burning, with a total of 2.2 million board feet of timber taken to Murphy Lumber in White City;
- Through collaborative partners, developed a proposal to expand the Deschutes Forest Collaborative Forest Restoration Project by 88,000 acres;
- Through collaborative partners, developed recommendations on restoration strategies and prescriptions for the Barry Point and Pole Creek post-fire treatments and submitted to Fremont-Winema and Deschutes National Forests;
- Developed the Lakeview Collaborative Forest Landscape Restoration Project (CFLRP) Monitoring Plan; and
- Developed a pilot online dashboard, titled "Restoring America's Forests," that includes common metrics to assess progress and effectiveness of forest restoration.

Publications and Material Development

- Assisted in the completion of a "National Forest Health Restoration: An Economic Assessment of Forest Restoration on Oregon's Eastside National Forests," which was provided to the Board in January 2013;
- Updated and refined the "Statewide Inventory of Forest Health Collaboratives";
- Took a lead role in developing outreach materials in support of a legislative proposal that aims to secure funding to support collaboratives;
- Completed analysis of "Remote Sensing Legacy Trees for Efficient Old Growth Stewardship" in southwest Oregon;
- Completed "Restoration Need Analysis for Dry Pine and Dry-Mixed Conifer Forests of eastern and southwest Oregon;" and
- Completed draft white paper titled "Science and Strategies for Dwarf Mistletoe in Collaborative Dry Forest Restoration" with Dr. Kerry Metlen and Pete Caligiuri.

Coordination and Planning

- Facilitated and continued support of the FFAC-IWG process, including developing a new subcommittee focused on future funding;
- Convened Fire Learning Network Workshop in Bend in November 2013 bringing together 140 participants from nine collaboratives in Oregon and two collaboratives in Washington. Partners from Boise Cascade, Ochoco Lumber, Collins Pine, American Forest Resources Council, Oregon Wild, Western Environmental Law Center, Conservation Northwest, Larch Company, Klamath Tribes, Sustainable Northwest, The

Nature Conservancy, U.S. Forest Service, Bureau of Land Management, U.S. Fish and Wildlife Service joined in for three days of discussion and workshop;

- Convened Rogue Basin Fire Learning Network Workshop in Ashland with more than 60 participants from local collaboratives discussing ecological principles and outcomes for dry and mixed conifer forests of Southwest Oregon;
- Assisted with presenting information from the National Forest Health Restoration Economic Assessment to the Joint Legislative Task Force on County Payments;
- Provided a contract project manager/facilitator for the Umatilla National Forest Collaborative;
- Workshop at Sycan Marsh led by Drs. Jerry Franklin and Derek Churchhill to provide training focused on techniques and methods to develop “stand reconstruction/stand history plots” for The Klamath Tribes, USFS staff and partners;
- Led session on Endangered Species Act Consultation for the Collaborative Forest Landscape Restoration Workshop in Hood River in April 2013;
- Supported engagement in local forest collaborative groups through capacity grants to community collaboratives with focus on Lake County Resources Initiative, Southern Oregon Forest Restoration Collaborative, North Fork John Day Watershed Council, Oregon Wild, and Central Oregon Intergovernmental Council; and
- Delivered five community presentations on the need for and process of collaborative dry forest restoration in Central Oregon, including all day workshop attended by more than 100 participants.

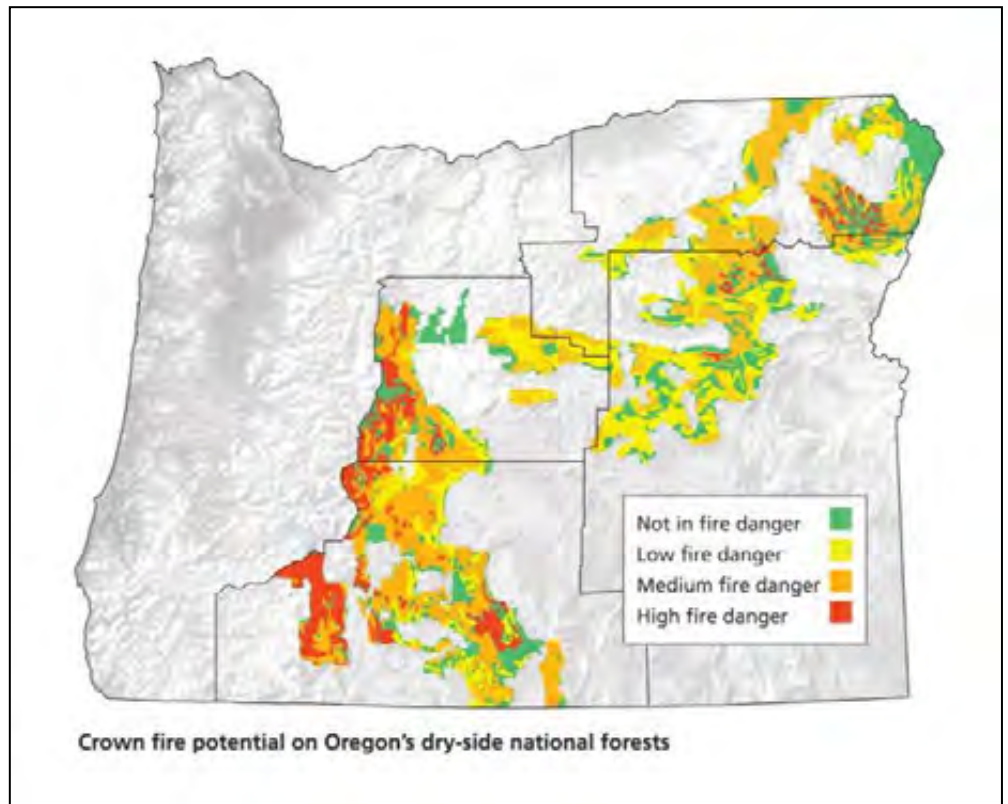
Governor's Dry-Side Forest Health Budget Package

Governor Kitzhaber has proposed a Dry-Side Forest Health Budget Package to increase the pace and scale of science-based, collaboratively-driven forest management efforts on national forests in eastern and south central Oregon. The proposal will lead to restoration of landscape-level ecological function, reduced fire risk, and increased forest-related jobs, commercial wood products and usable biomass.

While positive local collaborative efforts and needs exist across Oregon, this Budget Package focuses on piloting its approach to restoring forest and community health and resilience within the State's "dry-side" federal forests. The *National Forest Health Restoration Economic Assessment*¹, published December 2012, identified that the US Forest Service manages 9 million acres of forests in the zone that have moderate to high crown fire potential. The assessment hypothesized that accelerating treatment of these forests to 250,000 acres annually would have a significant impact on forest ecosystem health, create or protect an additional 2,310 jobs, and generate an additional \$3.6 million in annual state tax revenue.

Background

In a 2009 action plan adopted by the Oregon Board of Forestry, the Federal Forest Advisory Committee (FFAC) identified a need, among others, **for the State to "create a Federal Forest Liaison Program to ... support federal agency and local community efforts to improve forest health on federal forestlands" and "to provide financial and technical resources to local collaboratives."** Throughout 2012, members of the FFAC Implementation Working Group gathered input from collaborative members and others in crafting budget recommendations **to the Governor's Office**. Governor Kitzhaber drew from this backdrop, the FFAC recommendations and other outreach to craft this proposal, which would advance \$4 million in the FY2014-2015 biennium to support science-based, collaboratively driven forest



The dry-side proposal focuses on the national forests east of the Cascade Crest (excluding Mt. Hood NF) and the western portion of the Rogue River-Siskiyou NF – forests at risk of crown fire.

management on national forests in eastern Oregon and in the dry forest portions of southwest Oregon.

Program Details

To accomplish the above goals, this proposal will:

- a. Accelerate the effectiveness of local collaboratives by providing technical assistance, science support, and capacity funding to leverage existing successes.
- b. Develop and test a new business model for federal/state partnership that leverages resources, advances planning and implementation efficiencies, and increases restoration activities.

Collaborative Support

Collaborative Capacity Grant Program (\$0.8 million) – Maintain and grow the capacity of community-based collaboratives to create the social license for increased restoration on Federal forests. A competitive grant program will be administered by the Oregon Watershed Enhancement Board (OWEB), awarding grants from \$10-

\$40K. Each grant will be specific to needs identified by the collaborative and carry specific deliverables for achievement. Example grant scopes include:

- Facilitation and coordination related to developing specific project design and implementation
- Outreach to broaden understanding and agreement around ecological and economic factors

Technical and Science Support (\$1.0 million) – Provide technical assistance and scientific support needed to increase the pace and scale of collaboratively developed management efforts. Contracts will be competitively awarded and administered by the Oregon Department of Forestry (ODF) to support identified needs across the dry side. Examples of contract scopes include:

- Scientific support (e.g., data collection / analysis) and development of landscape strategies to identify and prioritize treatments
- Design and implementation of monitoring for ecological, social and economic outcomes
- Innovative approaches to improving planning and implementation efficiencies
- Development and implementation to promote peer-to-peer learning and uptake of efficient practices among collaboratives

State/Federal Business Partnership

New Business Model (\$1.9million) – Build and pilot a new business model that increases the pace and scale of implementation of federal forest management projects, **specifically tiered to the USFS “Blue Mountain Restoration Strategy,”** including the Wallowa-Whitman, Umatilla, Ochoco and Malheur National Forests. Focus will be on innovative approaches to achieving restoration needs, timber supply, and efficiencies in planning, implementation, and administration. Funds are contingent upon additional USFS investment and contracts will be awarded and administered by the Oregon Department of Forestry (ODF). Potential contract scopes include:

- Innovative data collection methods (ie. LiDAR) or other needs in creating “**project pipeline**”
- Timber marking and sale layout

Project Manager (\$0.3 million) –Serve as the State’s lead to ensure effective establishment and advancement of the New Business Model, Collaborative Capacity Fund, and Science and Technical Fund. The Project Manager will oversee development of this effort and provide coordination across the state level (agencies and legislature), local communities and collaborative groups, and work in partnership with the USFS Regional Forester and staff. Primary deliverables will be:

- Formalization of State/Federal Business Partnership
- Effective implementation of Technical and Science Support Fund and Small Grant Program
- Achievement of and accountability to the program’s Performance Measures

Selected Performance Measures

In order to measure success against the FY2011 baseline, **the Governor’s Office worked with FFAC-IWG** participants, collaborative group representatives, and others to develop performance measures.

Economic

- Increased overall timber supply, reported by diameter distributions and/or categories of wood products, volume sold, volume under **contract, and volume in “project pipeline”**
- Jobs retained and created, including details on types of job and wages

Ecological

- Increased size, diversity and/or complexity of collaboratively developed projects
- **Increase in “NEPA-ready acres” on dry side** national forests
- Increased number of acres and watershed health projects contracted annually

Social

- Increased diversity in collaborative participation and support
- Reduction in appeals/litigation related to collaboratively developed projects

Administrative

- An agreement between the State and US Forest Service, increasing the pace and scale of collaboratively developed forest management **on Oregon’s dry-side** national forests
- Reductions in planning and implementation costs through efficiency gains

ⁱ http://orsolutions.org/beta/wp-content/uploads/2011/08/OR_Forest_Restoration_Econ_Assessment_Nov_20121.pdf

For more information, contact: Brett Brownscombe, Natural Resource Policy Advisor to Gov. John Kitzhaber
Email: brett.brownscombe@state.or.us
Phone: 503-373-1680

June 11-12, 2013 OWEB Board Meeting Executive Director Update #C-4: Five-Year Rule Review Update

Background

Oregon Revised Statute (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.

The following table shows the current OWEB rules to which the five-year rule review requirement applies.

Current OWEB Rules Subject to Five-Year Review Requirement

Division / Title	Rule	Effective Date	Review Date
Division 7 / Salmon Season Grants	695-007 (All)	2/1/2007	February 2012
Division 3 / Public Records	695-003 (All)	3/25/2008	March 2013
Division 4 / Watershed Enhancement Program	695-004 (All)	1/1/2009	January 2014
Division 10 / Restoration Grants	695-010-0110	1/1/2009	January 2014
Division 35 / Small Grant Program	695-035-0080	1/1/2009	January 2014
Division 40 / Watershed Council Support	695-040-0080	1/1/2009	January 2014
Division 45 / Land Acquisition Grants	695-040 (Most)	1/31/2013	January 2018

Rule Review Process

At the September 2011 Board meeting, a process was initiated to review the Salmon Season Grants rules and determine if rulemaking was needed to repeal or amend these rules. Due to workload and staffing changes, the rule review was not completed.

Staff are reinitiating the rule review process for the Salmon Season Grants rules, and also will begin review of the Division 3, Public Records rules. The review process will require minimal staff and stakeholder time. The Board will receive a report about the review at either the September 2013 or January 2014 Board meeting, including, if necessary, a request for rulemaking.

Staff Contact

Contact Renee Davis-Born at renee.davis-born@state.or.us or 503-986-0029 with questions about the rule-review process.

June 11-12, 2013 OWEB Board Meeting
Executive Director Update #C-5: April 22, 2013 Grant Cycle Update

Background

OWEB received 140 eligible grant applications by the April 22, 2013, 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 April 22, 2013

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	9	12	21
Region 2	0	6	16	22
Region 3	0	15	13	28
Region 4	1	2	11	14
Region 5	0	6	32	38
Region 6	0	2	15	17
Totals	1	40	99	140

The application review process is underway, with site visits in each region for selected applications. Regional Review Team (RRT) meetings will occur during May and June 2013. The Eastern Oregon Region RRT meeting is May 21-22; Southwest Region, June 5; Mid-Columbia Region, June 18-19; Central Oregon Region, June 20; Willamette Basin Region, June 25, and North Coast Region, June 27. Staff funding recommendations will be presented to the Board at its September 2013 meeting.

Applications awarded by the Board will be funded under OWEB's 2013-2015 budget. Typically, OWEB's regional review teams recommend roughly two-thirds of submitted restoration and technical assistance applications for funding. If that trend holds for the April cycle, as shown in Table 2, the amount of applications recommended for funding may exceed available funding.

Table 2. Dollar Amounts by Application Type

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	331,790	3,005,026	\$3,336,816
Region 2	0	251,310	2,908,665	\$3,159,975
Region 3	0	529,797	1,301,160	\$1,830,957
Region 4	750,000	74,617	3,338,160	\$4,162,777
Region 5	0	163,384	2,551,246	\$2,714,630
Region 6	0	58,985	1,856,656	\$1,915,641
Totals	\$750,000	\$1,409,883	\$14,960,913	\$17,120,796

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.

McKenzie Voluntary Incentives Program: Investing in Natural Capital

Karl Morgenstern, Eugene Water & Electric Board



OWEB Board Meeting
June 11, 2013



Discussion Summary

- Background
 - EWEB utility background
 - McKenzie Watershed
 - EWEB's Source Protection Program
- Threats to Watershed Health
- Voluntary Incentives Program

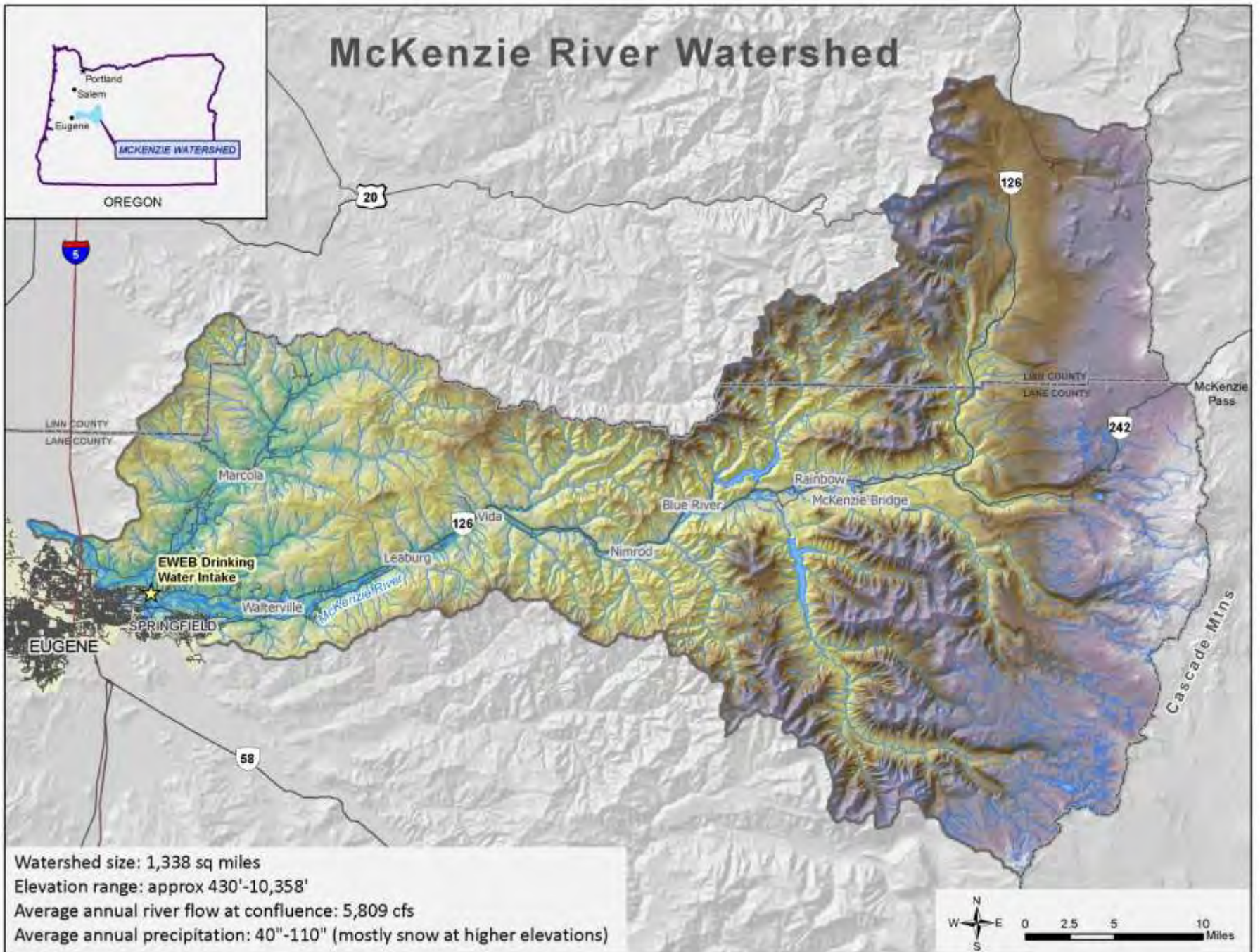
EWEB Basics

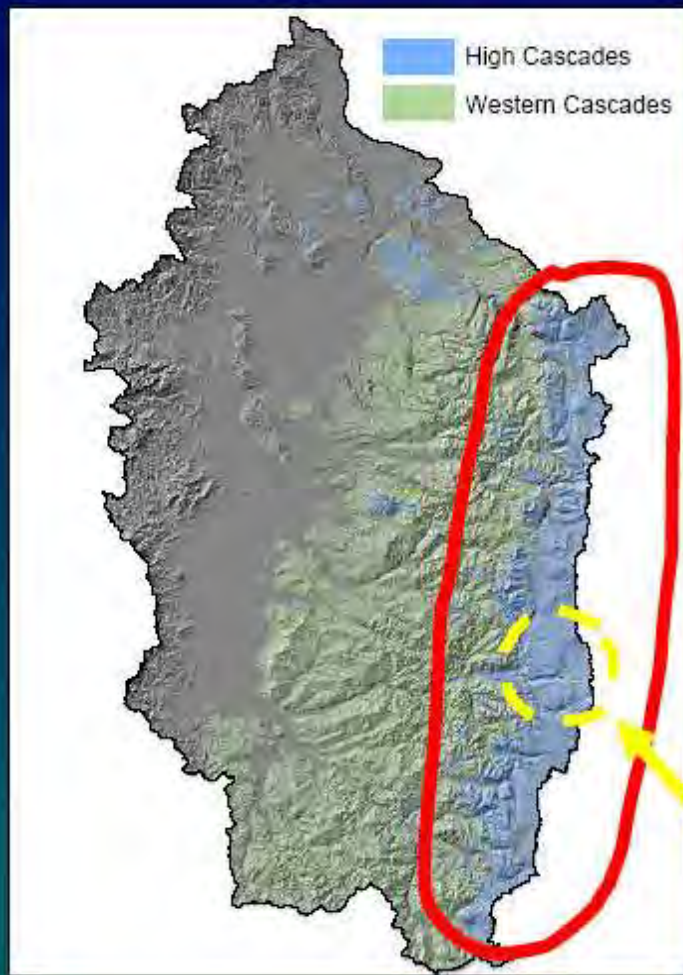
- Publically owned water & electric utility since 1911.
- Electric Side:
 - 87,277 customer accounts
 - EWEB owned generation (wind farms, hydroelectric, solar, co-generation facilities)
 - \$166.8 million in revenue (retail sales)
- Water Side (McKenzie River sole source):
 - 51,628 customer accounts
 - \$22.52 million in revenue from sales

McKenzie River Watershed



OREGON

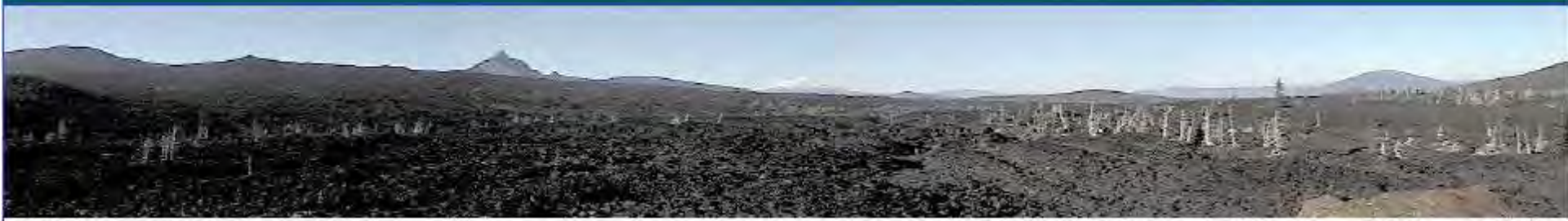




High Cascades

Young basalts, basaltic andesites, andesites, pumice, and ash < 7 million years old

Youngest McKenzie Pass lava flows (≤ 3000 years old)



BELKNAP CRATER

LITTLE BELKNAP SHIELD

MT. WASHINGTON

MT. JEFFERSON

BALD PETER

DUGOUT BUTTE

GREEN RIDGE

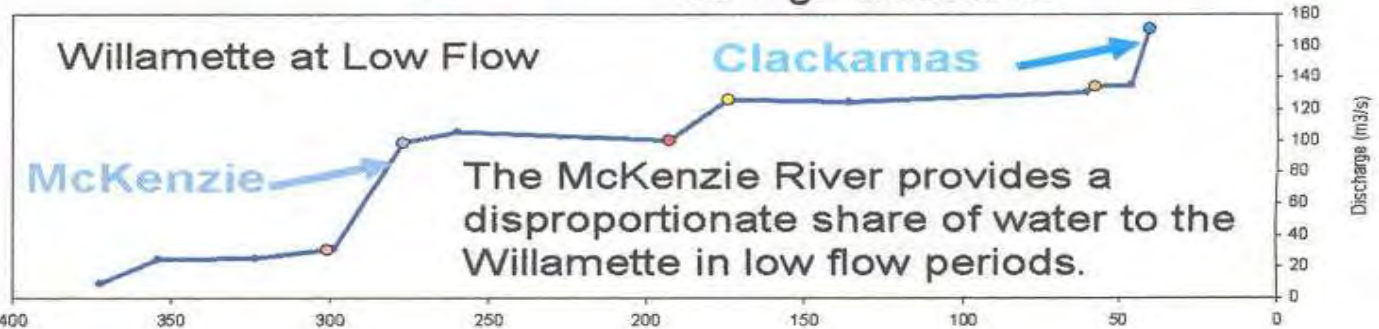
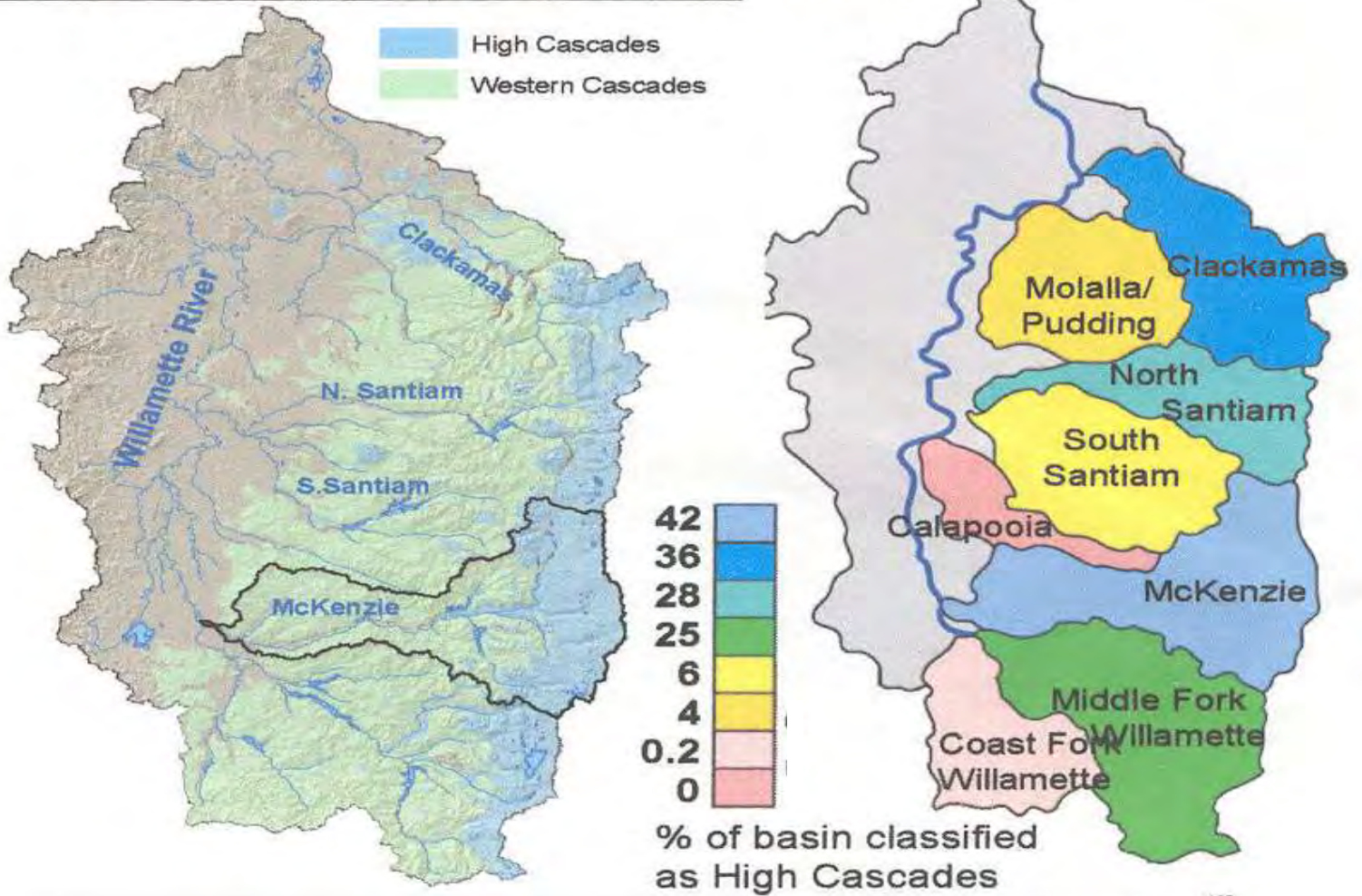
BLACK BUTTE

BLACK CRATER

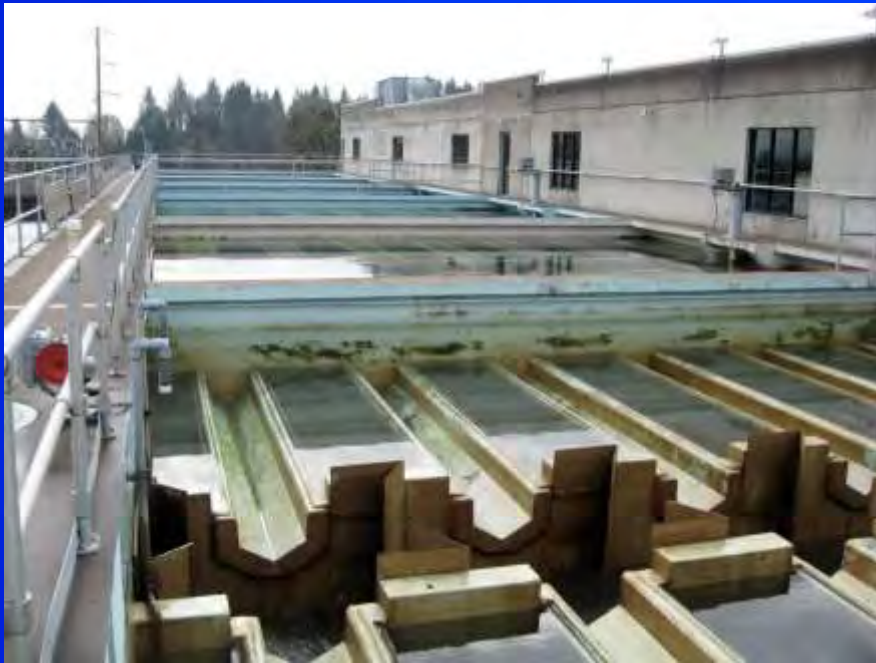
Cascade Springs - GUSHERS!



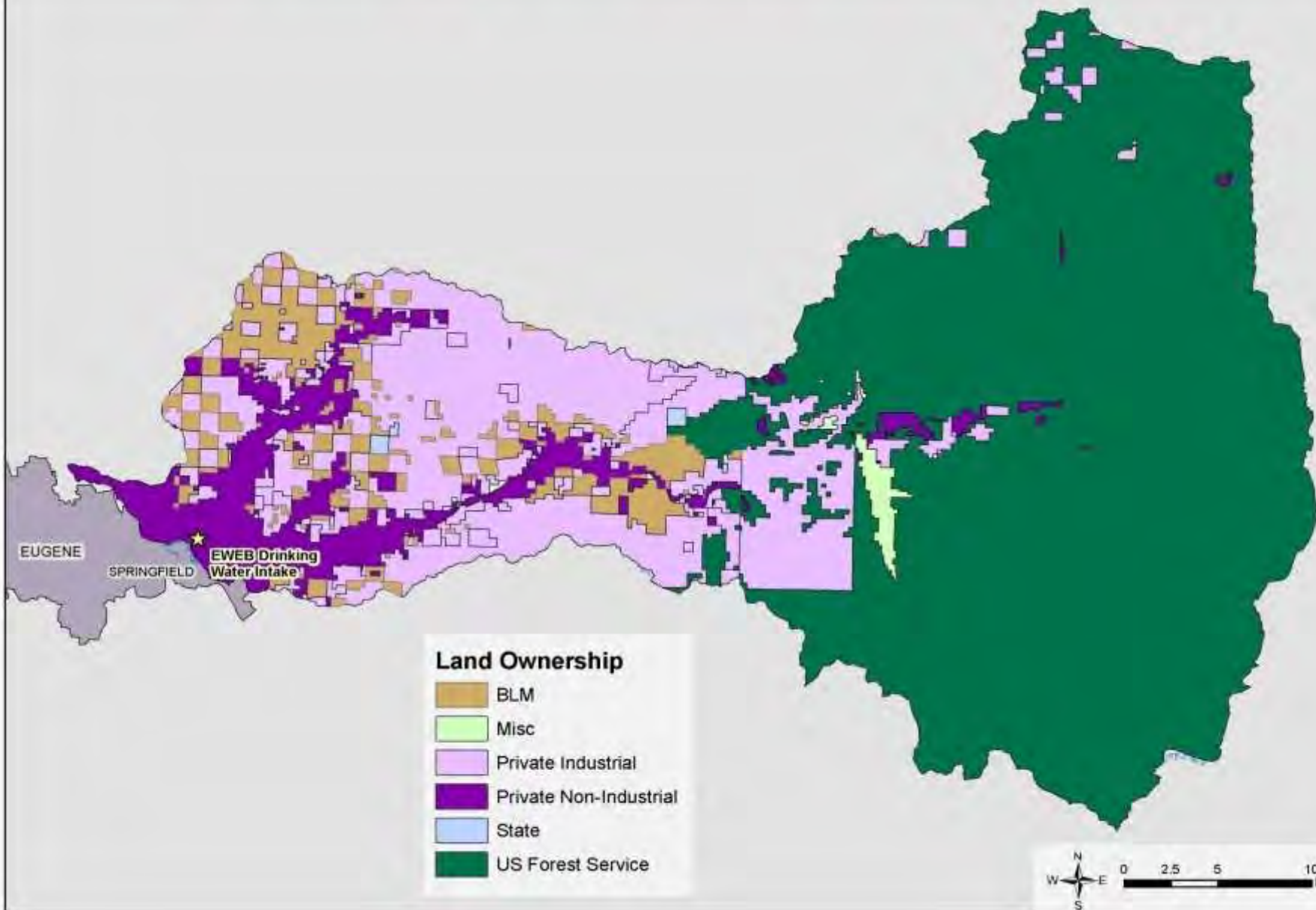
Importance to the Willamette



EWEB's Source Water Protection Program



Land Ownership in the McKenzie River Watershed



Increase economic viability while reducing chemical use/increase buffers



Development on River



Urban Runoff



Industry



Hazardous Material Spills



Some of the Major Initiatives

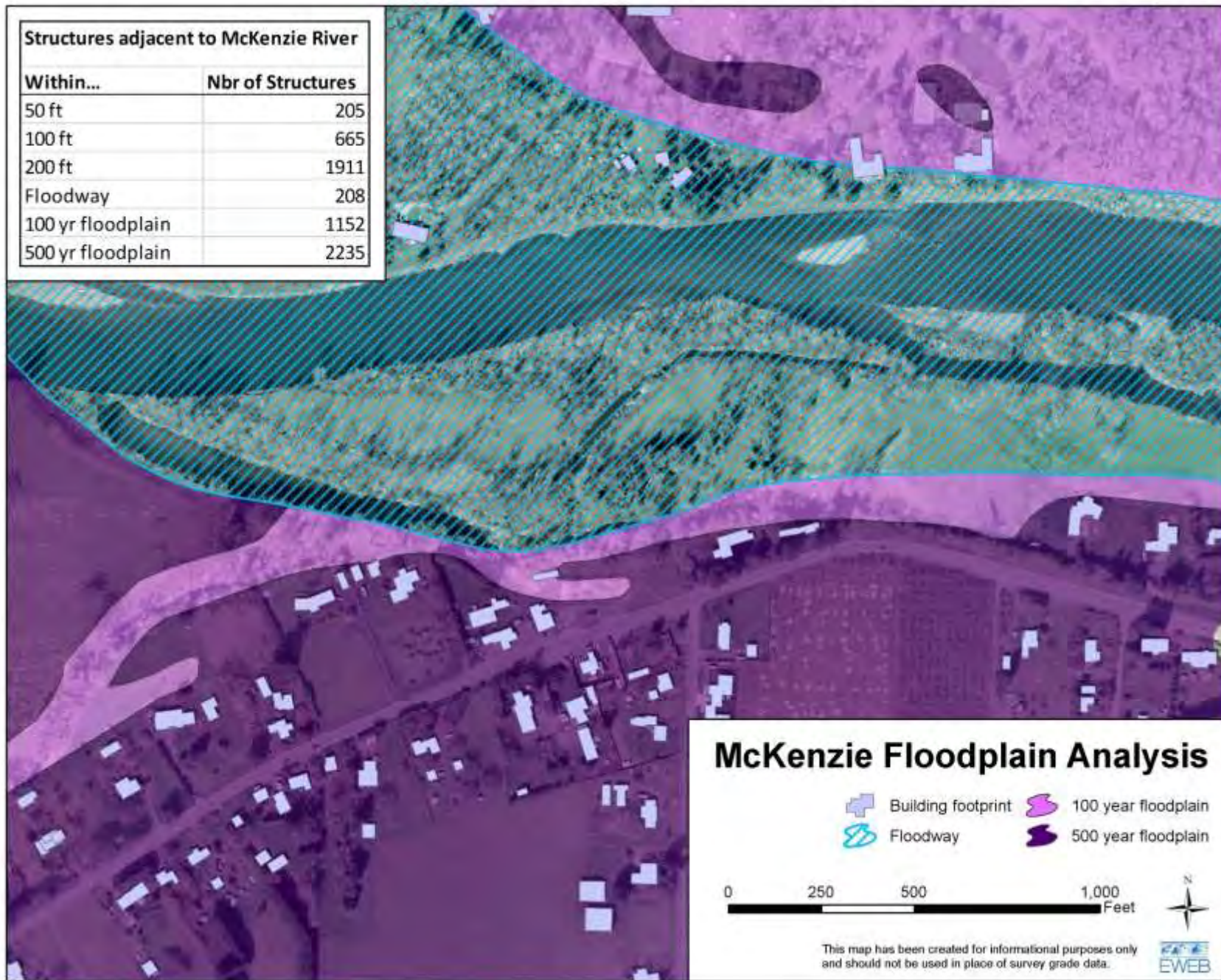
- Pollution Prevention/Ecobiz Certification
- Watershed Emergency Response System
- Comprehensive Water Quality Monitoring
- Septic System Assistance program
- Healthy Farms Clean Water Program
- Berggren Demonstration Farm
- Leaburg Demonstration Forest
- Voluntary Incentives Program

Development Impacts



Structures adjacent to McKenzie River

Within...	Nbr of Structures
50 ft	205
100 ft	665
200 ft	1911
Floodway	208
100 yr floodplain	1152
500 yr floodplain	2235



McKenzie Floodplain Analysis

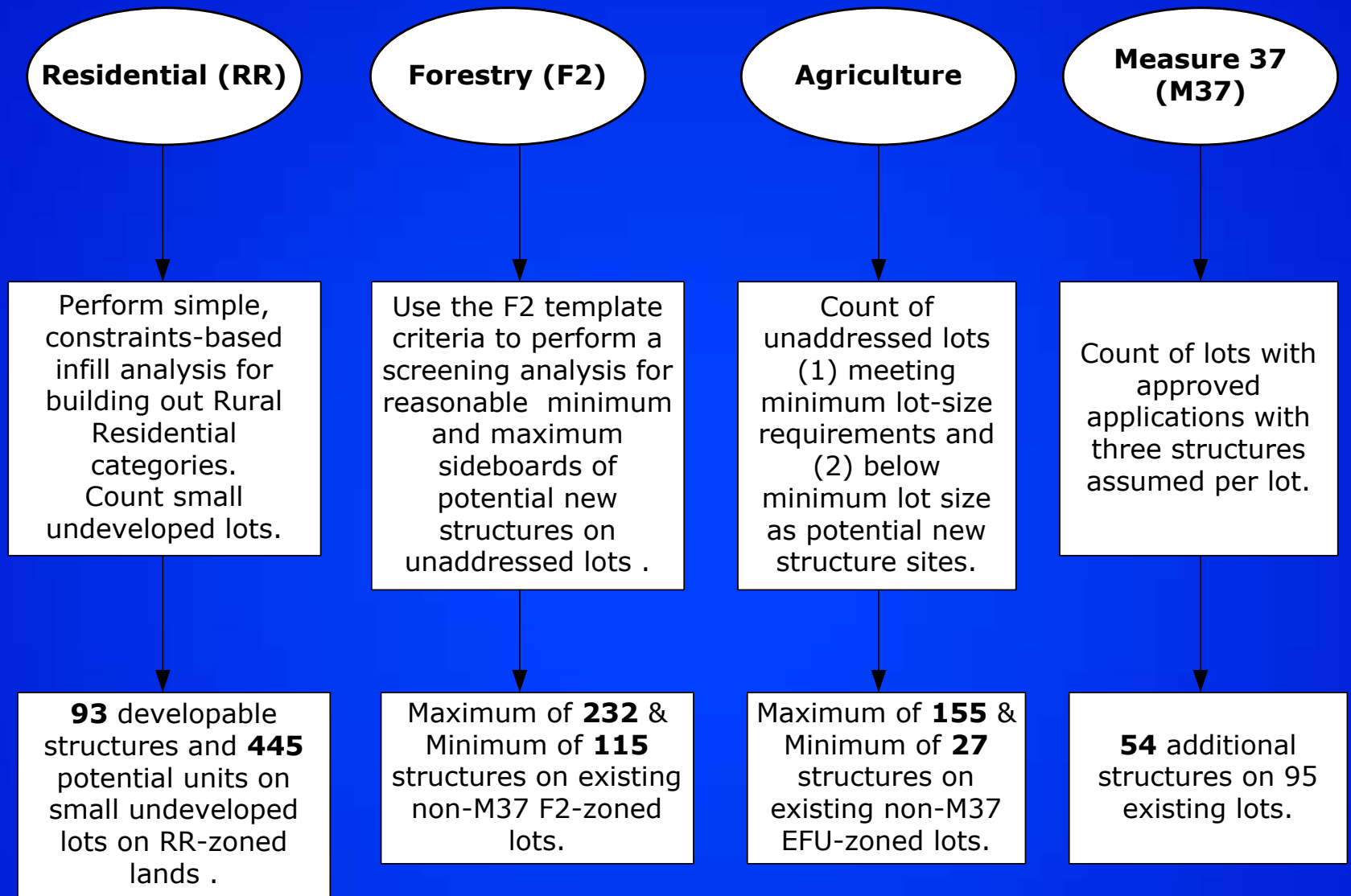
-  Building footprint
-  Floodway
-  100 year floodplain
-  500 year floodplain

0 250 500 1,000 Feet



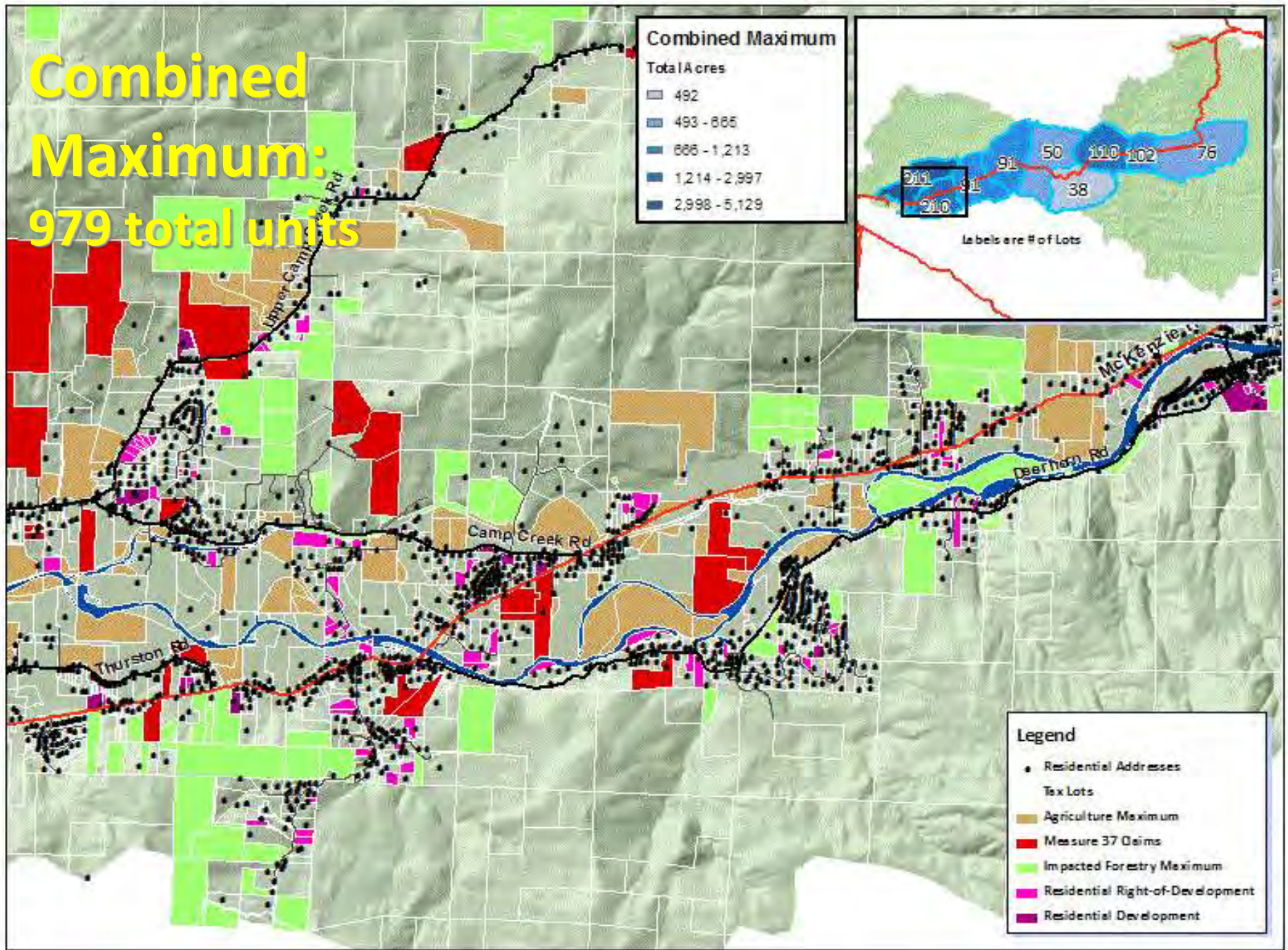
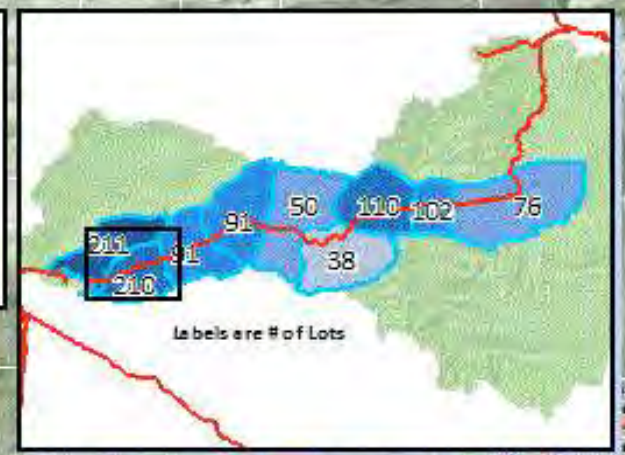
This map has been created for informational purposes only and should not be used in place of survey grade data.





Total of a maximum of 979 & minimum of 734 new structures

**Combined
Maximum:
979 total units**



Reaction to Protection Ordinance

- No new regulations
- Less Government
- Private Property Rights
- Urban vs Rural

LAND USE

A river of discontent

A decision to put new riverside development restrictions on a fast track left landowners feeling sidelined

BY MATT COOPER
The Register-Guard

Appeared in print: Sunday, Nov. 14, 2010, page A1

On Oct. 4, John Sullivan could see the storm coming.

Three days earlier, Lane County had sent letters to 9,000 property owners notifying them of plans to protect public drinking water by dramatically expanding riverside development restrictions. One of the proposals: a 200-foot buffer between water sources and development — four times the current setback.

Sullivan, a Lane County Planning Commission member, was worried. People didn't seem to understand the proposals; misinformation was spreading. Property owners were talking about hiring attorneys and challenging the proposals.

Even worse, Sullivan wasn't sure the people were wrong. The county had been working on the proposals for months with the Eugene Water & Electric Board, watershed councils and environmentalists — but not with property owners. Sullivan wasn't sure the public would get a chance for full input before the county Board of Commissioners voted on the changes.

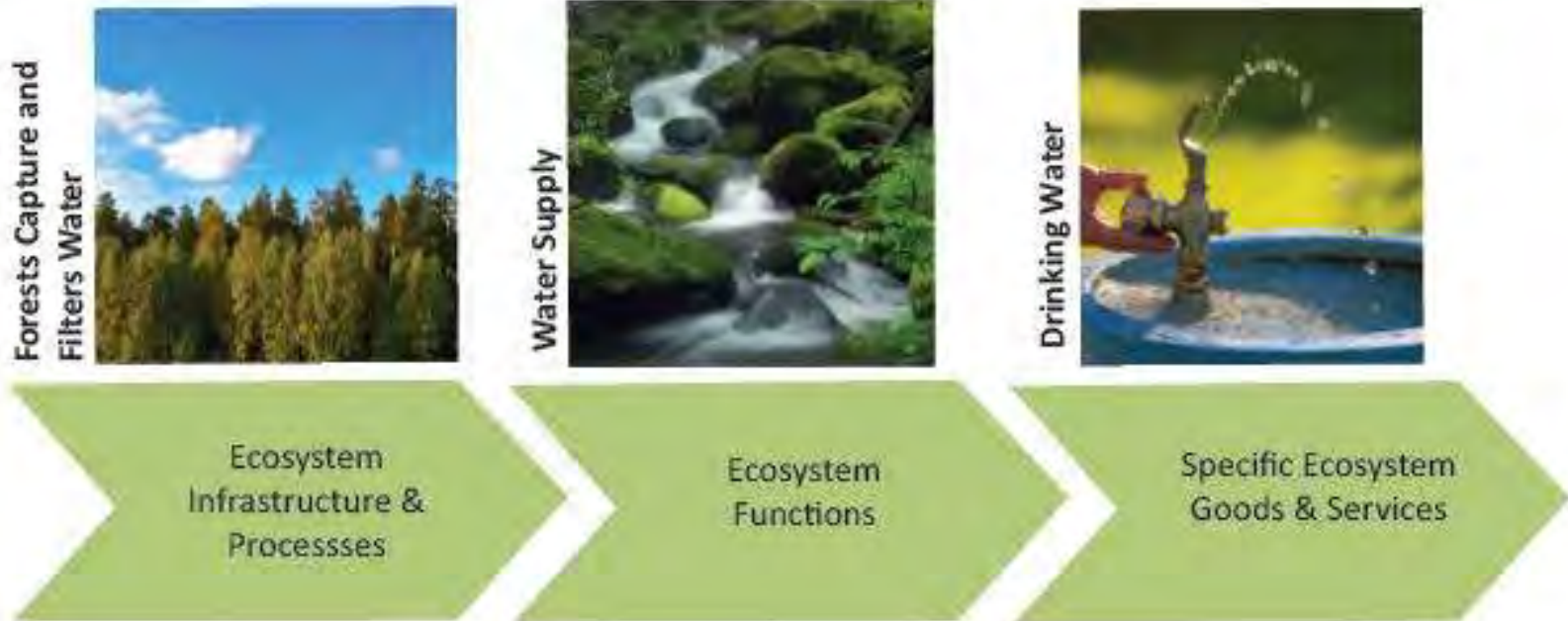
"I have suggested to citizens not to hire attorneys yet, but am concerned things will move along without citizens full engagement," Sullivan wrote in an e-mail to county Commissioner Faye Stewart. "So maybe they should be hiring attorneys."

The storm hit Oct. 26: More than 400 people flooded the county building in Eugene for a hearing on the drinking-water protections, many angry with what they saw as a surprise government land grab.

In a rare spectacle for Lane County government, the standing-room-only crowd overwhelmed Harris Hall and shouted over the assembled officials; the hearing was quickly canceled because the crowd exceeded the hall's fire code limit. And shortly after, the county dropped the entire project indefinitely.

Watershed Valuation – Adding Value to Natural Processes

Figure 1 - The Link between Natural Infrastructure and Ecosystem Goods and Services



www.eartheconomics.org

Nature's Value in the McKenzie Watershed

A Rapid Ecosystem Service Valuation

May 2012

EARTH
ECONOMICS 



Comparison of Natural Asset Values

Land Cover Type (Generalized)	Highest Natural Asset Value (\$/acre/year)
Wetlands	\$34,888
Lakes and Rivers	\$23,041
Riparian Buffer	\$6,717
Forest	\$3,677
Shrub and Scrub	\$2,710
Grassland	\$695
Agricultural lands	\$644

Use of Valuation Data

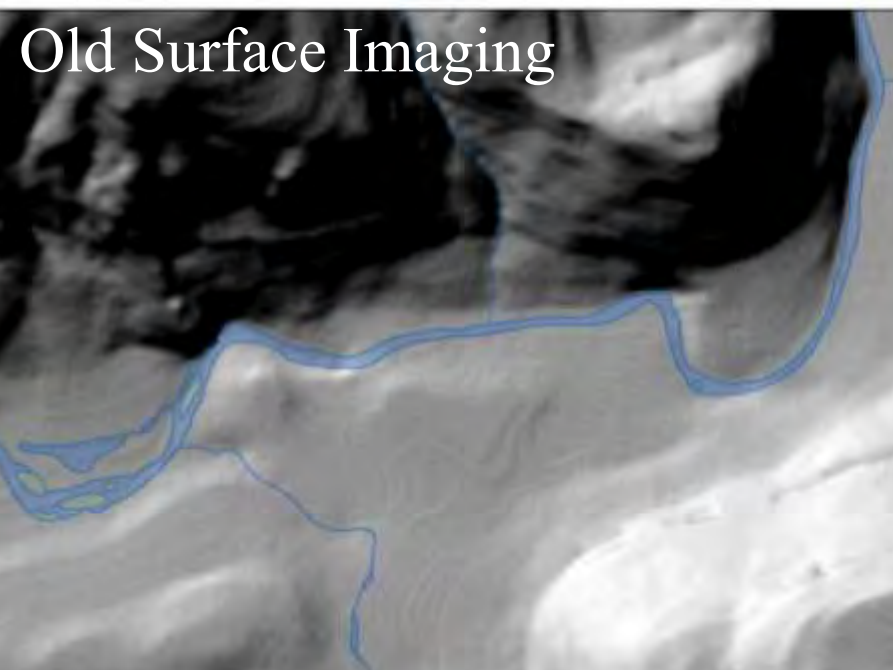
- Provides value to natural capital
- Prioritize areas of highest value
- Better cost/benefit analysis (incl. avoided costs)
- Understand “lost value” from impacts
- Focus existing required mitigation

Voluntary Incentives Program (VIP)

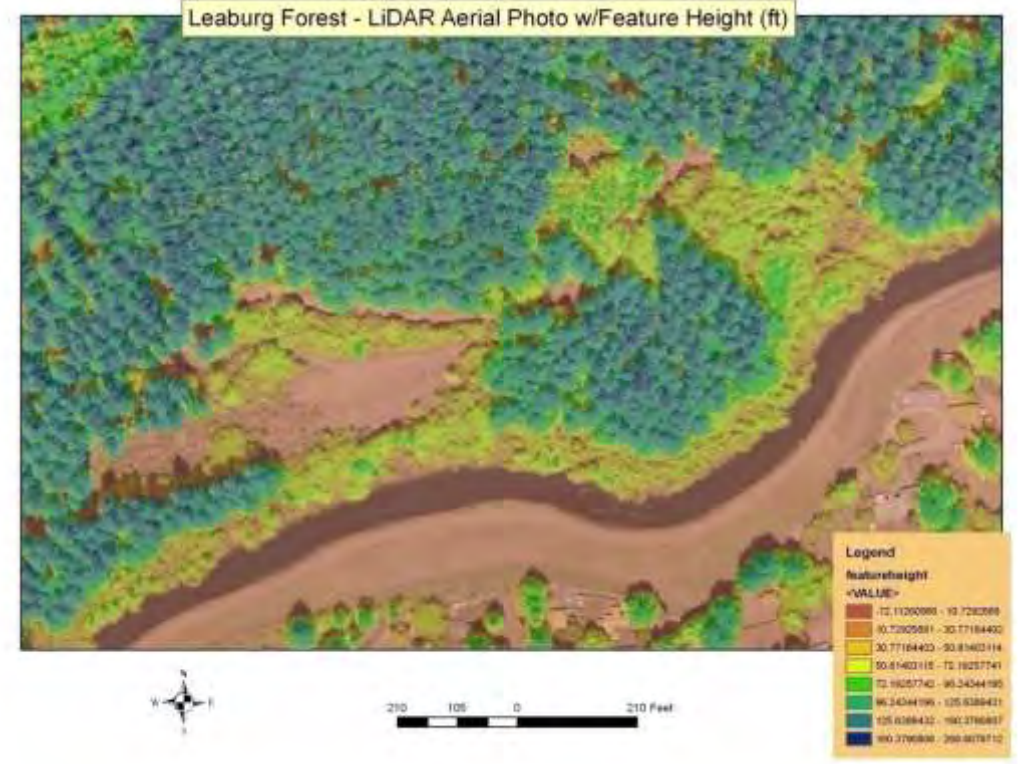
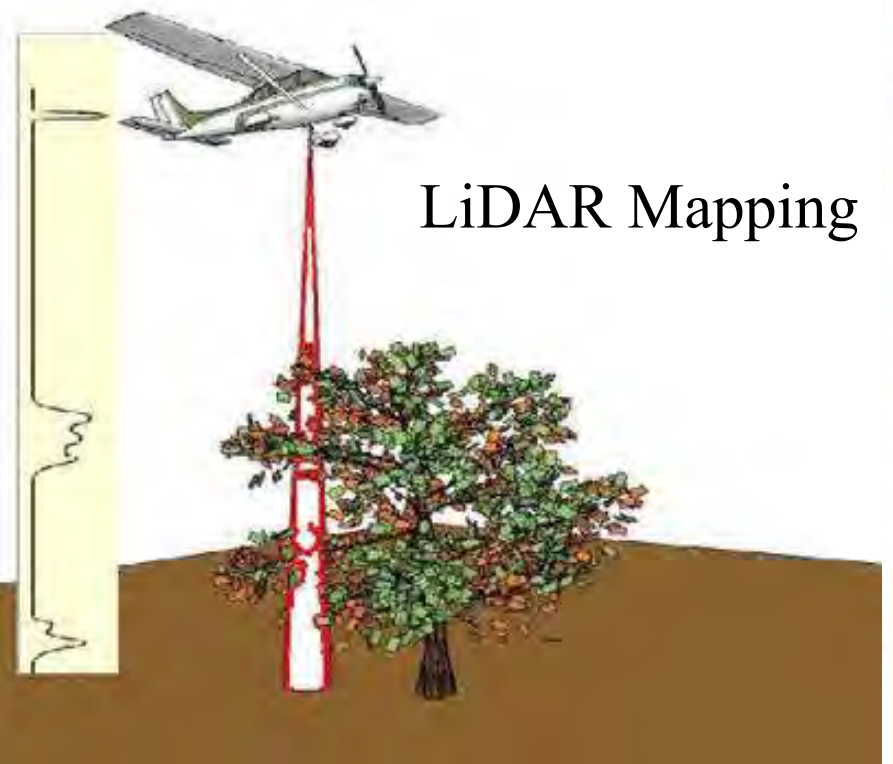
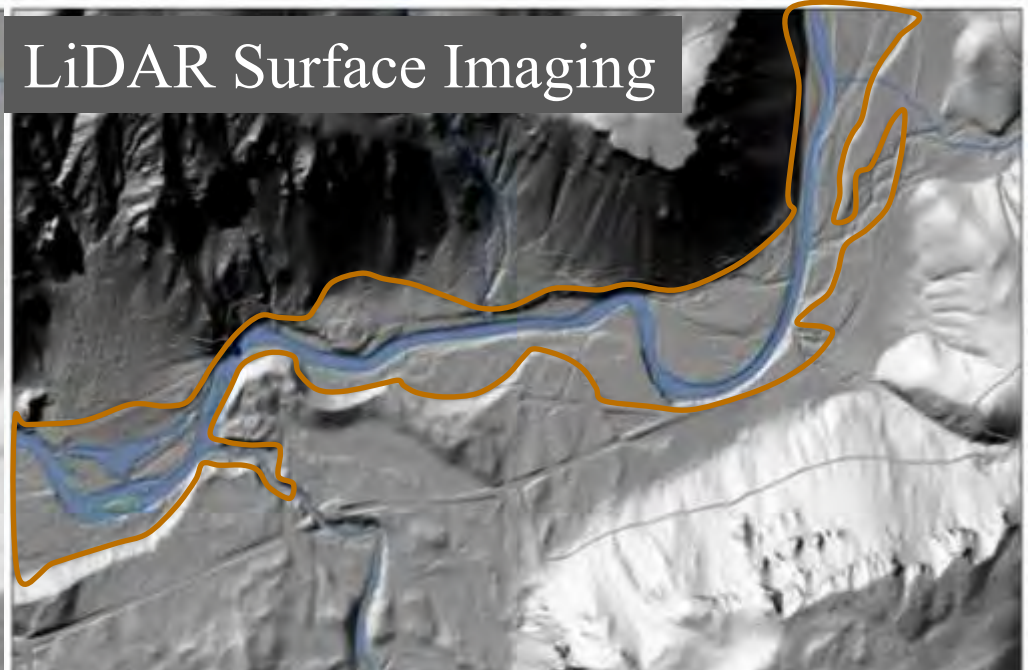
Protection vs. Restoration

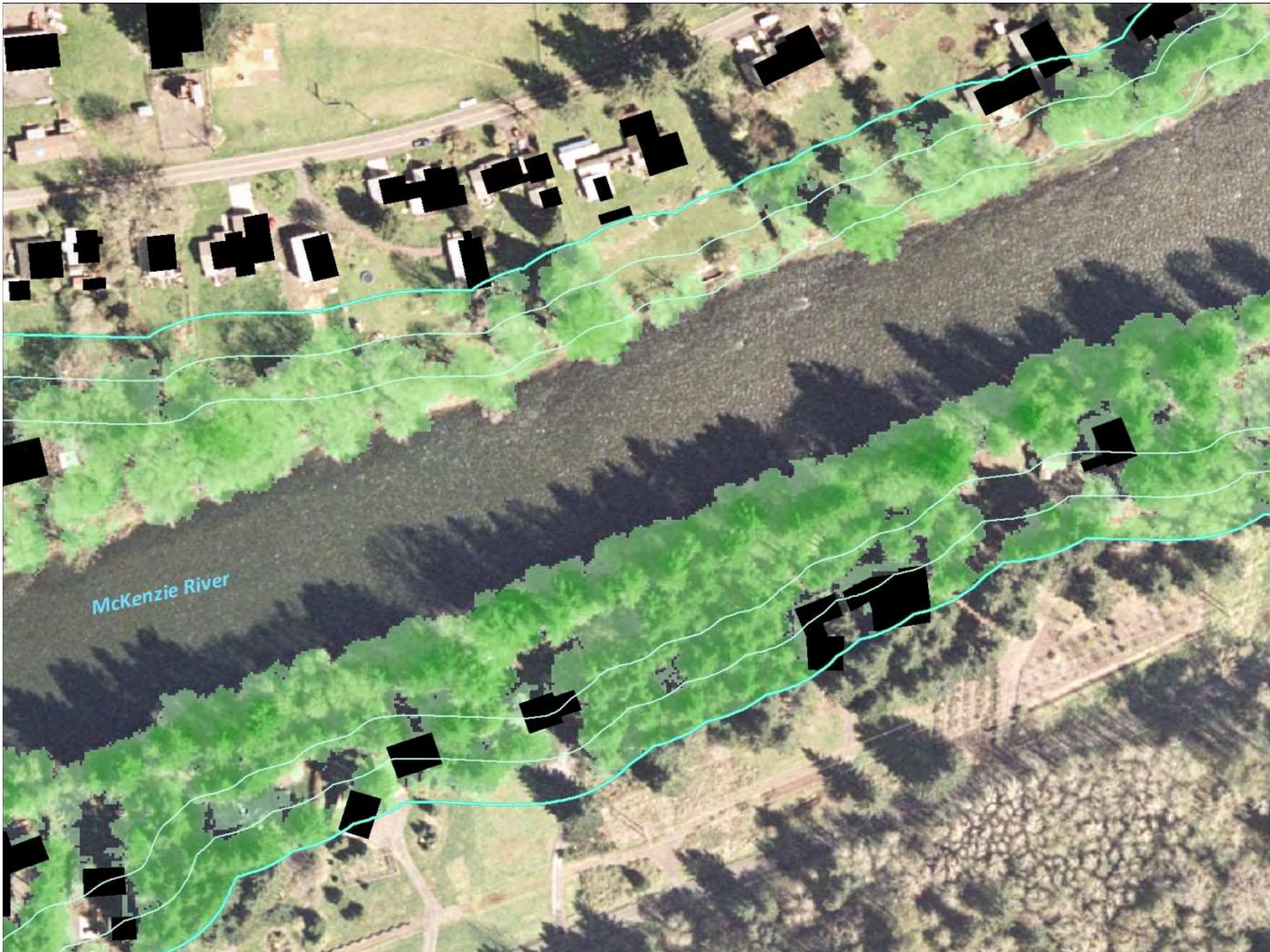
- Reward good stewardship through payments to landowners who maintain healthy riparian areas over long term
- Pays dividends on natural capital provided by their land
- Landowners must be within designated program boundary

Old Surface Imaging



LiDAR Surface Imaging

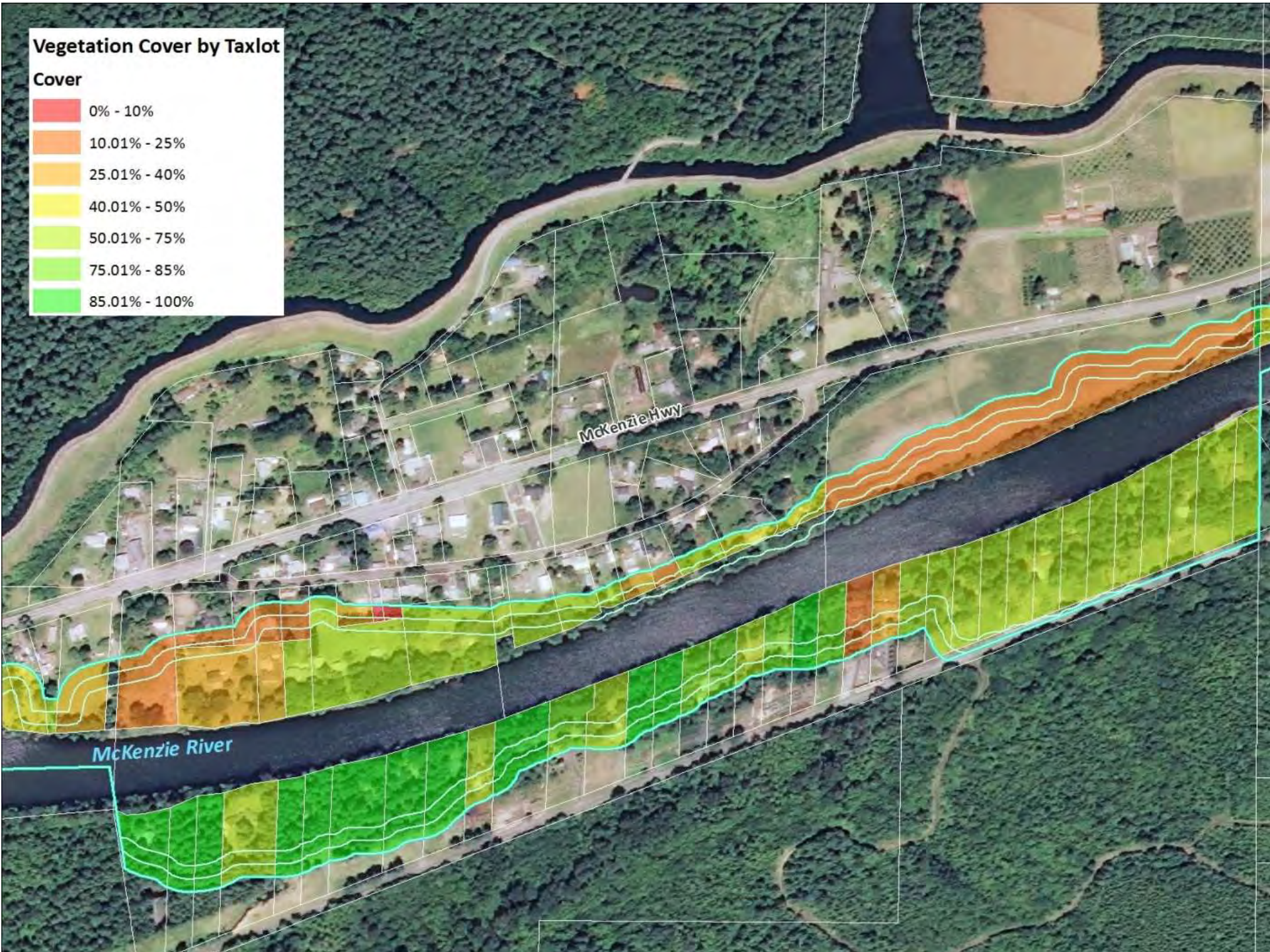




McKenzie River

Vegetation Cover by Taxlot

Cover



McKenzie Hwy

McKenzie River

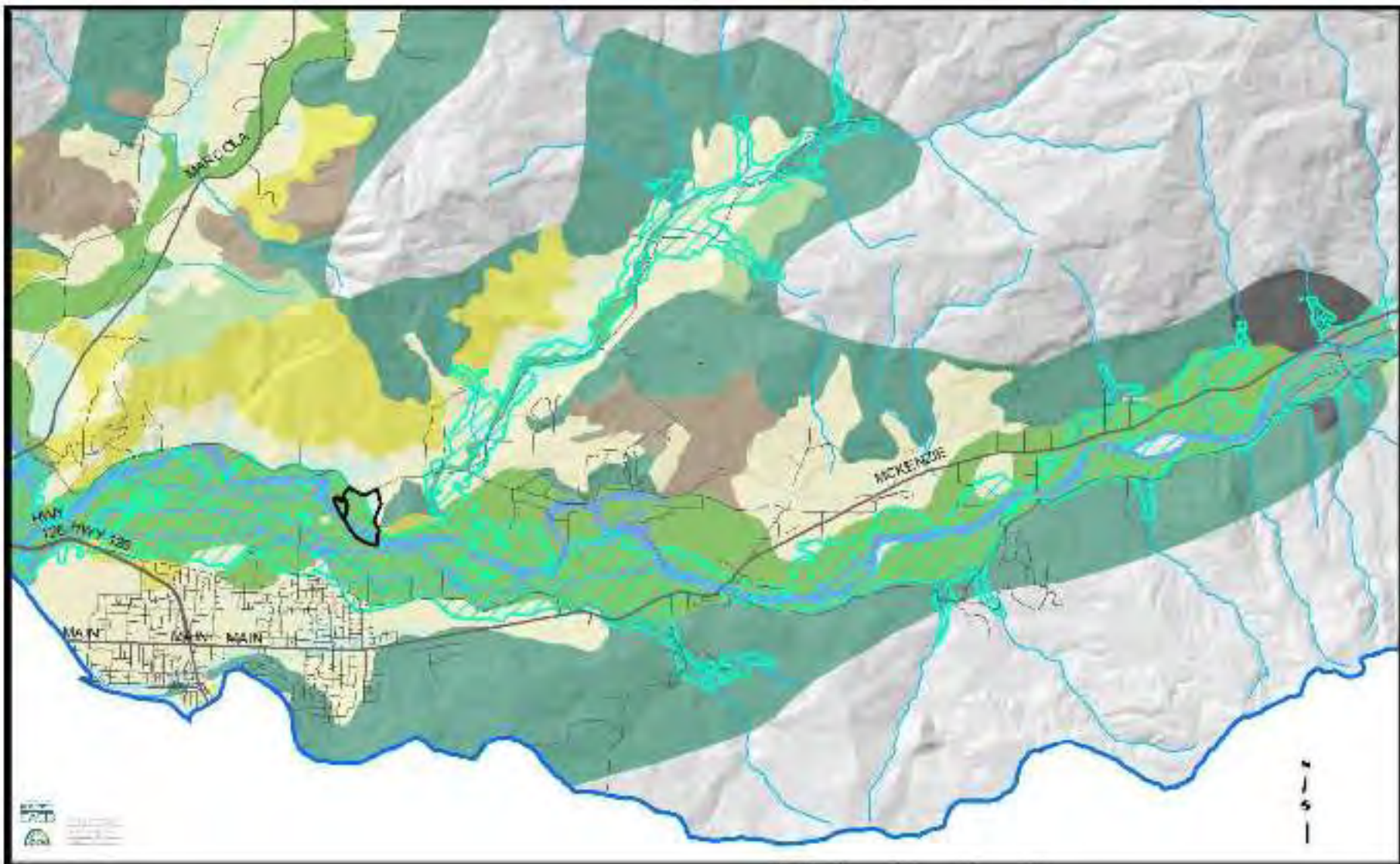
McKenzie Riparian Voluntary Incentive Program

DRAFT Marketplace Boundary

Historic Vegetation c. 1850

Legend

-  Natural Substrate
 -  Marketplace Boundary (2000)
 -  Riparian Zone
 -  Riparian Zone Buffer (1000)
- Revised from the
General Land Office Vegetation Data
- | | | | | |
|---|---|---|---|---|
|  Forested Area |  Open Woodland |  Pasture |  Shrubland |  Grassland |
|  Wetland |  Riparian Zone |  Pasture |  Shrubland |  Grassland |



LiDAR Analysis – Healthy Riparian Forest Cover Summary

Percent Cover	Acres	Percent of Total Area
0-33%	1,664	25.7
34-66%	1,927	29.8
67-100%	2,872	44.4
Total Acres	6,463	

Paying Dividends on Landowner's Natural Capital

$\$250,000/6,463 \text{ acres} = \$38.68/\text{ac}$

Year 1 – 300 acres enrolled = \$11,604 payout

$\$488,396/6,463 \text{ acres} = \$75.56/\text{ac}$

Year 2 – 600 acres enrolled = \$45,341 payout

$\$693,055/6,463 \text{ acres} = \$107.23/\text{ac}$

Year 3 – 1,000 acres enrolled = \$107,230 payout

$\$835,825/6463 \text{ acres} = \$129.32/\text{ac}$

POTENTIAL FUNDING

EWEB

Rate Payer Funds
Bond/Ballot Measure

CORPORATIONS

Offsets, Sponsorship

Grants/Foundations

One-Time Investments

OWEB/DSL

Restoration /
Protection funds

USFS/BLM

Stewardship Contracting
% of O & C Receipts

Federal Programs

NRCS Progs, BPA,
FEMA, Tax deductions

Mitigation Funds

Developers, ODOT
Hydroelectric

SWCDs

% of tax base

PARTNERS

- McKenzie River Trust
- McKenzie Watershed Council
- Upper Willamette SWCD
- Lane Council of Governments
- Cascade Pacific RC&D

PROGRAM INFRASTRUCTURE

Riparian Health Assessments
Landowner Agreements
Fiscal Mngt/Accounting
Monitoring & Planning
Agreement Compliance
Education/Outreach/Marketing

\$



\$

\$

**Dividend Payments
for Stewardship**

**Funding for
Restoration**

LANDOWNERS

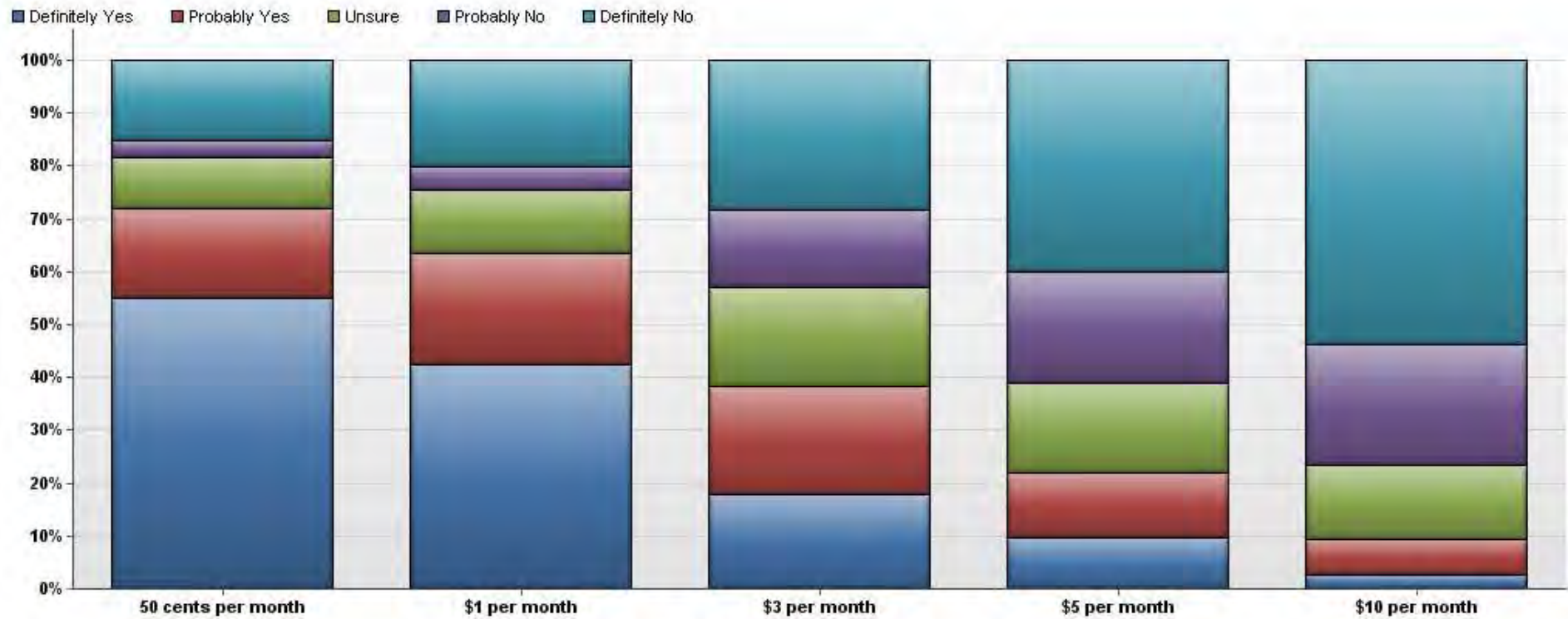
Residential
Agriculture
Forestry (F2)
Nonprofits
Local Governments



OSU and U of O Research components

- Surveys:
 - ✓ Ratepayers (buyers)
 - ✓ Landowners (sellers)
- Interviews and focus groups – businesses as additional investors
- Interviews with VIP partners
- Focus groups – OR and WA utilities

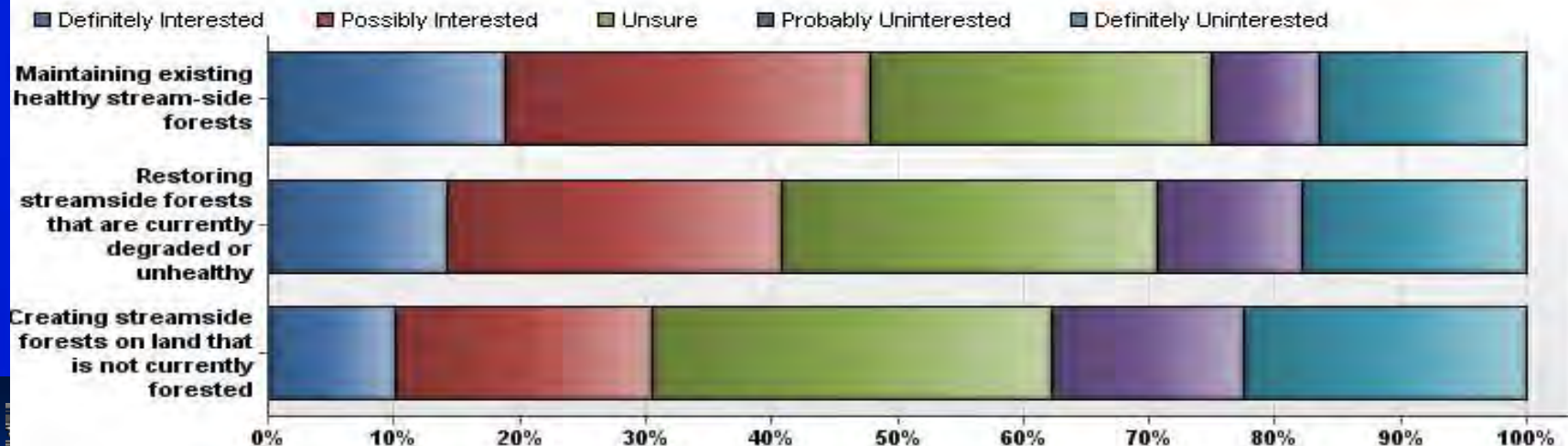
Willingness to Pay



Interest in the VIP program

10) The voluntary incentive program would pay landowners to maintain existing healthy streamside forests. A partner program would fund projects to restore degraded streamside forests or convert areas currently under other uses to forest. How interested or uninterested would you be in participating in these programs? *(select one response for each)*

	Definitely Interested	Possibly Interested	Unsure	Probably Uninterested	Definitely Uninterested
Maintaining existing healthy streamside forests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restoring streamside forests that are currently degraded or unhealthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creating streamside forests on land that is not currently forested	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Landowner Engagement

- 87 landowners indicated on survey they wanted to be contacted/engaged
- Hold larger landowner meeting to keep informed as build VIP (2 meetings in 2013)
- Selected 10 landowners for VIP advisory committee meeting monthly

Payments vs. Services

- Landowners interested in services vs. cash payments
- Examples: landscape architecture, discounts for organic fertilizers/native plants, labor to remove invasive plants
- Potential corporate sponsors of VIP also interested in providing services to people vs. cash

2014 Pilot Project

- 8 to 12 landowners
- Varying land sizes and characteristics

Goals:

- Determine program feasibility
- Refine partner roles, program criteria, and working relationships
- Establish projected budget needs
- Develop website for landowner recruitment
- Develop dashboard for reporting and accountability
- Partners prepare reports for evaluating pilot period to help expanding VIP program

PROGRAM ELEMENTS



Program Recruitment



Assessment



Contract Negotiation



Fiscal Administration



Monitoring



Compliance

Partner Roles

VIP Activity	EWEB	MWC	UWSWCD	CPRCD	LCOG
Program Recruitment	X	X	X	X	X
Riparian Assessment		X	X		X
Landowner Agreements	X				
Fiscal Management	X			X	
Monitoring	X	X	X		X
Compliance	X			X	

Monitoring & Reporting

- LiDAR analysis of changes over time (canopy cover, tree height, vegetation density, channel changes)
- Riparian health assessments/metrics
- Properties enrolled in VIP and engaged in restoration
- Water quality trends over time
- VIP and watershed health dashboard

Where We Are

- Monthly McKenzie Collaborative meetings to design and coordinate roles on VIP and implement Stewardship Contracting with USFS
- Holding Landowner & Landowner Advisory Committee Meetings
- Establish watershed investment funding
- Implement VIP pilot project in 2014
- Enhance and adjust for full VIP rollout in 2015/2016.



Rely on us.

<http://www.eweb.org/sourceprotection/vip>

Contact Karl Morgenstern at:

(541) 685-7365 or via e-mail Karl.morgenstern@eweb.org





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



May 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager
Dana Hicks, Ecosystem Program Coordinator

**SUBJECT: Agenda Item E: Ecosystem Services Program
June 11-12, 2013 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 an overview of a proposed program in the south Willamette Valley region spearheaded by the Eugene Water & Electric Board that could become an important collaboration with OWEB. This report is for informational purposes only.

II. Background

At Board meetings during the last two years, staff provided updates about several ongoing projects, including those in the Willamette Basin, eastern Oregon, and the Klamath Basin. More recent program activity includes tool development and testing for a stream-habitat assessment methodology in priority watersheds for Salmon Strongholds. The agency's work-to-date has been designed around furthering the goals of the Senate Bill 513 (SB 513) Working Group recommendations following the 2011 legislative session regarding ecosystem services and markets.

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 our communities. 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 our various 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 protocols 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 the agency's business model in pursuit of attaining demonstrable and long-lasting ecological outcomes.

At the January 2011 meeting, staff first provided the Board with a program framework for considering the new roles that were emerging for OWEB in ecosystem services and markets. The projects and ideas included in this framework 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 the agency as it implements its Long-Term Investment Strategy. This framework has been updated following recent interviews with key stakeholder organizations and practitioners in ecosystem services in Oregon. (Attachment A)

Previous Board discussions have identified the potential for using ecosystem services approaches to identify areas of overlapping resource values while measuring 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).

III. Current Activities

Given previous feedback from the Board, staff have focused their 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.

A. 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 (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, still are needed to support the emergence and growth of these markets both

nationally and in Oregon. An equally important need is to demonstrate marketplace infrastructure. 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 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/Bonneville Environmental Foundation "Model Watershed Program." Attachment B displays the structure, key elements, and roles and relationships among the various entities involved in this pilot project.

The objectives for the pilot are threefold: 1) test the potential for ecosystem markets to attract diversified funding for restoration; 2) ensure that restoration outcomes emerging from projects can be quantified using the newly developed tools; and 3) create a higher certainty of return on investment by utilizing the newly developed protocols.

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 of agreement, involving both monitoring and maintenance activities.

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 for project performance standards 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, given that the ecosystem service credits will be retired and unavailable for subsequent purchase, sale, or trade.

TFT has been working with Model Watershed Councils to develop outreach strategies to landowners, define project protocols, and develop agreement templates with project partners to clearly define roles and responsibilities associated with the project. OWEB staff have been developing the administrative process needed to enter into this pilot arrangement with TFT, including coordinating with Department of Justice and modifying grant templates and processes to achieve the objectives of the pilot.

B. Salmon Strongholds and Stream Restoration Planning and Mitigation

Stream management decisions are often made with limited information and understanding of how a site-level action is influenced by its watershed context, and how that action will affect stream functions. While many rapid stream assessment methods exist in the U.S., few attempt to evaluate function, which is defined as the processes that create and support a stream ecosystem. Yet, there is broad agreement that structure-based restoration alone provides questionable gains toward ecological goals when compared to function- and process-based restoration.

In March 2013, the Board awarded \$40,000 from the 2011-2013 spending plan item for Ecosystem Services to help test a Stream Assessment Methodology (Method) within Salmon Stronghold areas. (Attachment C) The Method is being developed with the primary purpose of helping meet the goals of the federal Clean Water Act and Oregon's Removal-Fill Law, including the need to provide compensatory mitigation for unavoidable impacts to jurisdictional waters through the requirements of permitting programs. However, the need to determine measurable ecological outcomes of stream activities on hydrology, geomorphology, biology and water quality is important whether the context is regulatory or voluntary.

The Method evaluates functions and values—defined as the ecological and societal benefits that riverine systems provide—at the site-level, but considers these within the broader watershed context. Prior to methodology development, extensive work was done to identify and describe eleven stream functions that represent the majority of the stream and riparian processes necessary to sustain stream ecosystems. Because functions are difficult to measure directly, a number of measurable attributes were developed that are science- and function-based, but that allow rapid evaluation in a repeatable manner. The contribution of individual ecological function and value scores at each site then are informed by a stream classification system that overlays watershed context on the site-level scores.

The Method and stream classification system provide the scientific underpinnings for a stream mitigation framework in Oregon that includes guidance for site selection, assessment of impacts and restoration actions, development of function-based objectives and performance standards, and definition of watershed approach. The Method will be tested for accuracy, repeatability, sensitivity, and usability over the next year.

The North American Salmon Stronghold Partnership (Partnership) unites public and private resources in a voluntary, incentive-based approach to protect the healthiest remaining salmon ecosystems in North America. A key goal of the Partnership is to accelerate protection and restoration in the healthiest rivers and core areas of wild salmon abundance and diversity. Because of its dual purpose and focus on priority actions and outcomes, the testing planned is an excellent opportunity to conduct some ground-truthing within the Salmon Stronghold areas to determine if it is a viable approach to providing useful metrics for reporting ecological outcomes and gains toward recovery targets, and identifying a critical interface of regulatory program actions, mitigation, and strategic voluntary restoration.

C. Klamath Tracking and Accounting Program

At several Board meetings over the past two years, staff described activities in which OWEB is involved in the Klamath Basin, including investments by the Regular Grant program, the

Upper Klamath Special Investment Partnership (SIP), and ecosystem services initiatives that are underway and in development. Good alignment was identified between the various OWEB investment areas and Klamath ecosystem services-related projects that are attempting to quantify the results of restoration actions.

One of the 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 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, Oregon Department of Environmental Quality, 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.

OWEB staff continue to stay involved in the KTAP working group and provide the agency's perspective on protocol development and pilot projects. Staff also continue to work together on ecosystem services opportunities within OWEB, particularly related to SIP investments and tracking and accounting ecological uplift and benefits.

IV. Potential New Opportunity – Eugene Water & Electric Board's Voluntary Incentives Program

Municipal water utilities, such as the Eugene Water & Electric Board (EWEB), across the western United States are facing similar pressures on the watersheds that are the sources of drinking water for over 80 million people. These pressures include increased development in floodplains and riparian areas, increased amounts of impervious surface, declining health of headwater forests, increased threats from severe wildfire and resulting mudslides, and extreme weather patterns as climate change becomes a reality.

Land-use decisions do not often consider the full spectrum of ecosystem services provided by "natural infrastructure." Examples include riparian areas that provide stream shading or wetlands that provide water storage. It is difficult to compare the value of these services to land uses that would result in economic benefits from development, resource extraction and job creation. Meanwhile, restoration programs such as OWEB's create opportunity and flexibility for land owners and land managers to help counter development pressures in ecologically valuable areas. Often, those that would develop for economic gains and those that would protect

and restore natural infrastructure are viewed and treated as separate communities; however, their landscapes, actions and watersheds are intertwined.

EWEB has spent the last two years working with a number of partners to develop an investment mechanism that makes the economic case for protecting natural systems, with a specific focus on healthy riparian forests, wetlands, and floodplains in the McKenzie Watershed. The McKenzie River is the source of drinking water for the Eugene metropolitan area. It also is the last remaining stronghold for native Upper Willamette River Spring Chinook and Columbia River Bull Trout, and provides critical habitat for the Oregon Chub. Taking actions to protect the watershed has value through avoided future water treatment costs, reduced threats from water quality problems, reduced need for complex and expensive restoration investments, and mitigated risks associated with climate change. The concept is simple: payments are made to landowners who agree to the long-term preservation of critical landscapes, such as healthy riparian forests, as a way to maintain and improve water quality within the McKenzie River Watershed.

The formal name for the EWEB concept that is being built is the Voluntary Incentives Program (VIP). Through payments to landowners, the inherent value of the natural environment—and, in particular, the habitat for listed species and drinking water for the residents of Eugene it provides—is quantified and capitalized. (Attachment D) Further, a stewardship movement is incentivized, which could lead to a greater interest in and additional opportunities for restoration actions. More information about the VIP and its potential collaboration with OWEB and other partners will be presented at the June Board meeting. For more information about the VIP, see: <http://www.eweb.org/public/documents/water/EWEBEcosystemmarket.pdf>.

V. Summary

OWEB's participation in the projects listed above demonstrates continued momentum and progress on several priority areas for the ecosystem services program. A strong connection between the ecosystem services and effectiveness monitoring programs exists since both are focused on ecological outcomes attained 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. With the Board poised to adopt its Long-Term Investment Strategy, which is built upon the expectation that demonstrated progress will be made in attaining ecological outcomes, the ecosystem services program and the methods it uses to quantify progress and success will be an important aspect of the Board's and agency's portfolio.

Ecosystem services projects enhance OWEB's goal of achieving desired ecological outcomes while providing an important test-bed for methods and approaches used to elevate assurances that these outcomes are met through rigorous monitoring and long-term stewardship.

VI. Recommendation

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

Attachments

- A. Prioritization Framework for OWEB Ecosystem Services Program
- B. Structure and Key Elements of the Willamette Ecosystem Services Pilot
- C. Stream Classification Map with Salmon Stronghold Watershed Boundaries
- D. Potential Areas of Interest in EWEB's Voluntary Incentives Program

Prioritization Framework for Ecosystem Services (ES)

Policy Development

- Allow complete project costs necessary to evaluate ecological outcomes
- Investigate credit purchase & sale of project credits for voluntary market

Integrated Planning

- Plan integration to identify focus areas
- Plan integration to identify priority actions and desired ecological outcomes
- Adaptive management to incorporate results into natural resource plans

Tool Development

- New tool development & testing
 - *Stream assessment testing 2013; OR Rangeland Ecosystem Function (OREF)*
- Work with sister agencies/funding partners to adopt common standards and protocols for ES

Pilot Projects

- *Willamette Pilot Project*
- *Klamath Tracking and Accounting Project*
- *Eugene Water & Electric Board (EWEB) Voluntary Incentive Program (TBD)*

Implementation

- Integration of ES concepts into grant program methods/process
- Use of ES methods to track function and value-based outcomes
- Expand local organizational capacity for ES

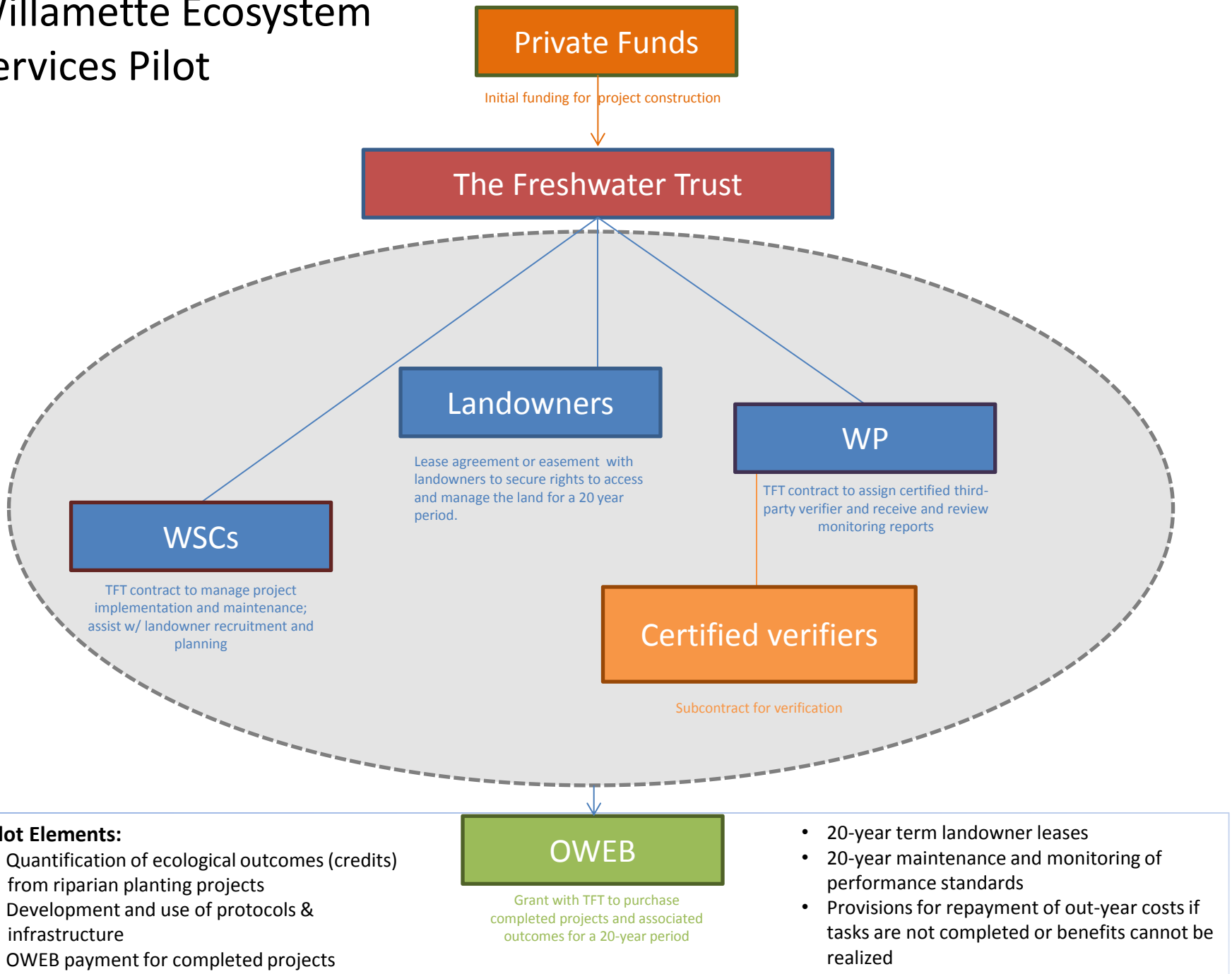
Monitoring

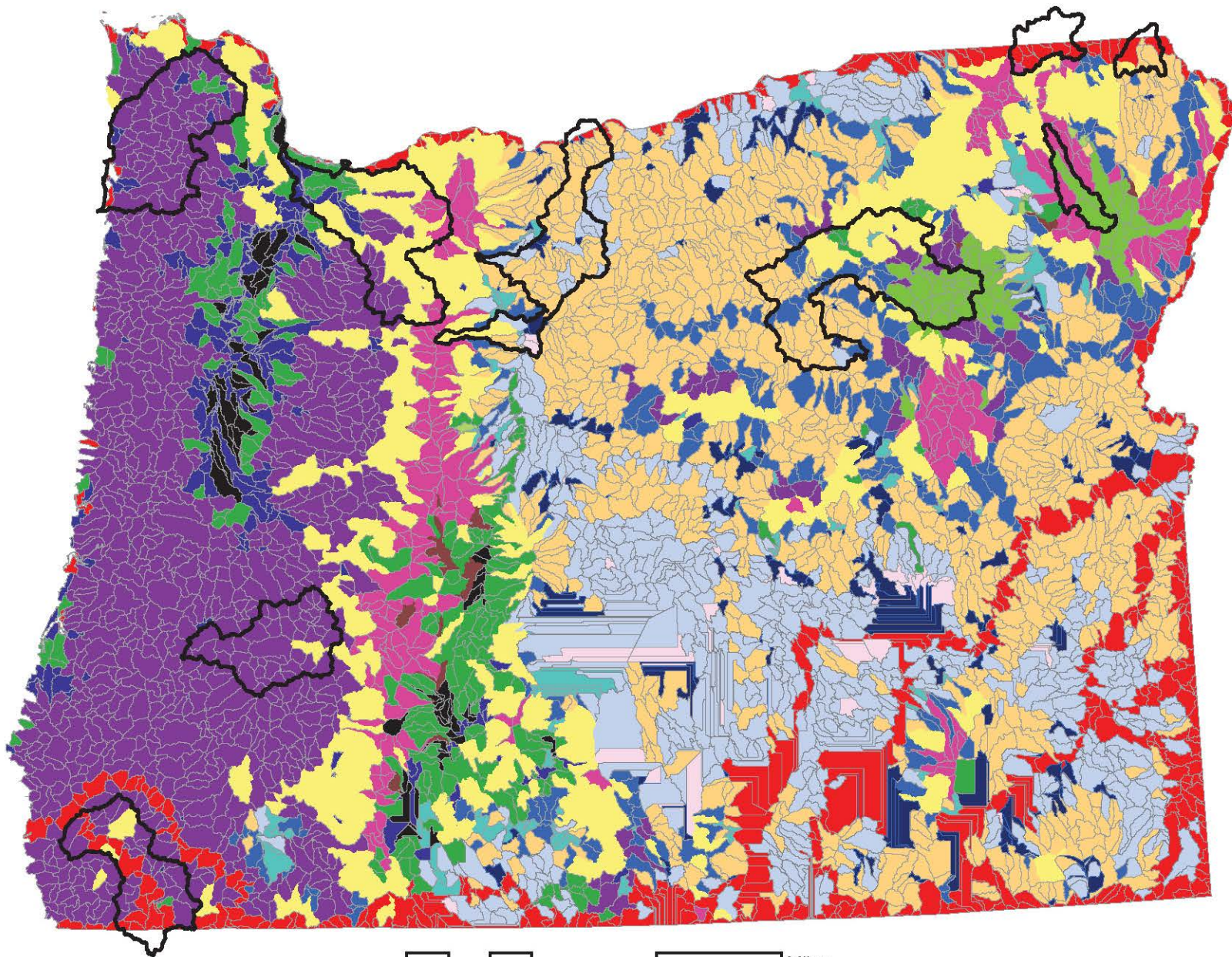
- Effectiveness in achieving predicted ecological outcomes
- True measures of functions/values to correlate results from rapid assessment tools
- Link project level outcomes to watershed-level monitoring for Oregon Plan

Education & Outreach

- Promote ES concepts
- Track ecosystem benefits through OGMS or credit registry
- Oregon Plan Biennial Reporting to include ES

Willamette Ecosystem Services Pilot

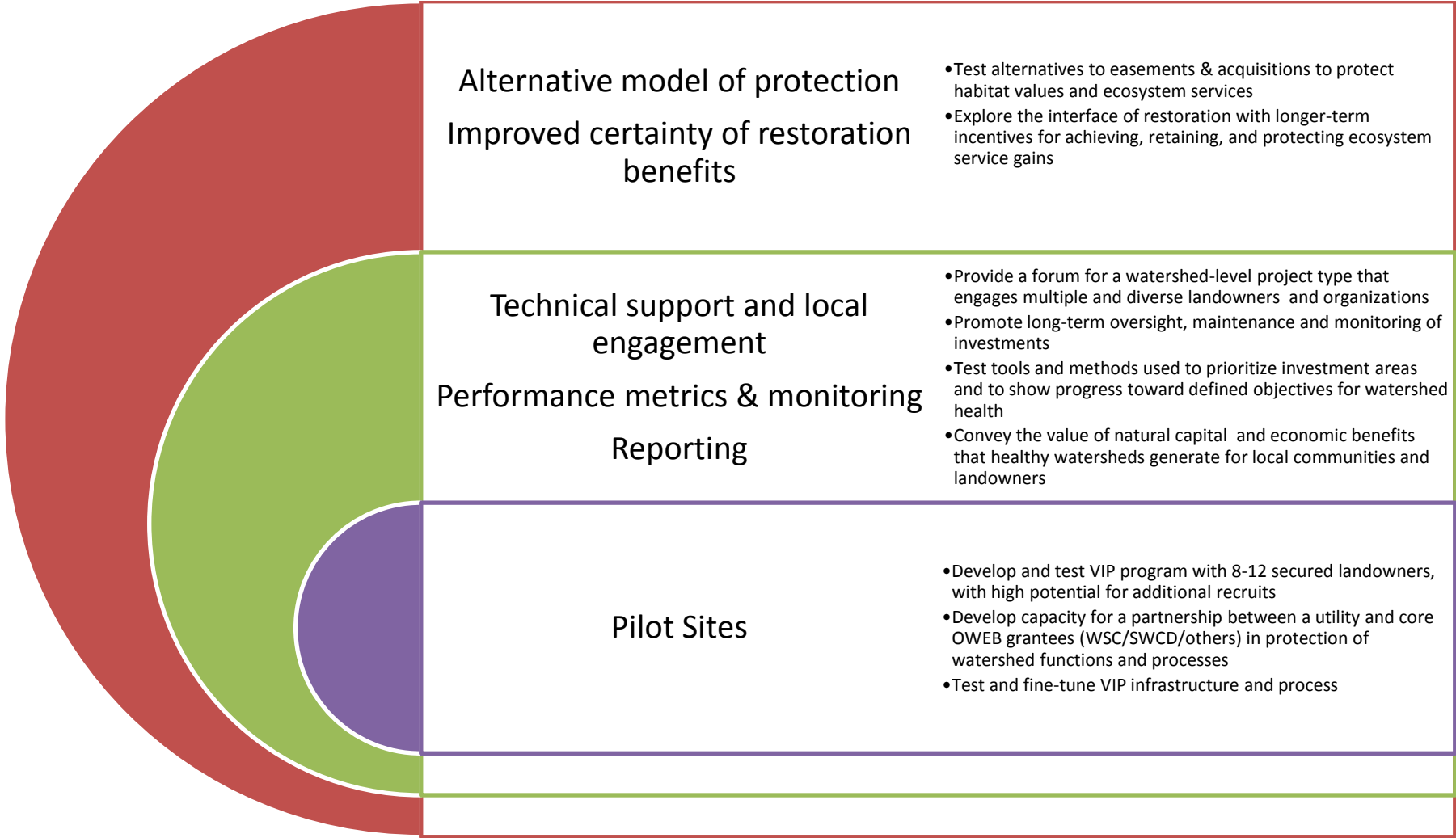




Legend

Salmon Stronghold	Mountain Wet Snow Impermeable	Transitional Wet	Mountain Wet Snow / Valley Dry
StreamType	Mountain Wet Snow Permeable	Transitional Dry	Mountain Dry / Valley Dry
Mountain Dry	Mountain Wet / Locally Mountain Dry	Mountain Wet Rain / Valley Wet	Unclassified Stream Type
Mountain Wet Rain Impermeable	Valley Wet	Mountain Wet Rain / Valley Dry	
Mountain Wet Rain Permeable	Valley Dry	Mountain Wet Snow / Valley Wet	

Potential areas of interest in the Eugene Water and Electric Board (EWEB)
Voluntary Incentive Program (VIP)



- Alternative model of protection

Goal: Develop alternative methods to protect restoration project benefits and high-quality habitats; especially where acquisitions or easements are not the preferred method.

Develop and test the ability of the VIP program to utilize alternatives to permanent conservation easements or land acquisitions to protect habitat values and ecosystem services. This is especially important where there are working lands, small acreages involved, or political aversion to traditional protection devices. Alternatives may include land leases with annual cash payments, a system of trade between landowners enrolled in the program and discounted/donated services or products from local businesses, or other means.

- Interface with restoration

Goal: Explore the interface of restoration with longer-term incentives for achieving, retaining, and protecting ecosystem service gains

Bridge the gap between watershed restoration focused programs and those designed to retain and protect habitat values and ecosystem services. Explore incentives, performance standards and monitoring by which riparian areas falling within the mapped VIP **area but not meeting the “healthy” designation could be restored. Once standards are met, these areas would qualify for enrollment** in the VIP program. Explore incremental levels of incentives as performance targets are achieved at restoration sites (e.g. incremental benefit model). Explore the interface of grant funds for restoration with incentive payments for protection from the VIP program.

- Technical support and local engagement

Goal: Support collaboration among partners vested in a particular area or activity; Invest in local organizational capacity needed to increase the use of ecosystem concepts and practices;

Provide a test opportunity to engage local watershed councils, soil and water conservation districts and other core OWEB grantees in a collaborative arrangement with a utility (EWEB) for the protection of watershed functions and processes. Provide a forum for local entities to engage in a common program, and potentially provide capacity for participation. Develop the relationships and organizational capacity necessary for partners and EWEB to provide longer-term oversight, maintenance and monitoring of enrolled sites.

- Performance metrics and monitoring

Goal: Develop and measure outcomes that are function and value-based; link progress at the project level to watershed-level monitoring

Define site and program-level performance metrics that will show progress toward defined objectives. Determine how site-level objectives will be tied to watershed-level monitoring to show progress toward larger water quality and habitat goals in the watershed and for EWEB facilities.

- Reporting

Goal: Advance ecosystem services and markets in Oregon; integrate reporting of outcome-based measures of investments

Develop a reporting tool that conveys: 1) the value of natural capital and the economic benefits that healthy natural systems generate for local communities and landowners, 2) the need, objectives and results of the VIP program, and 3) the health of the McKenzie River Watershed, as it relates to the water quality and habitat goals being monitored.

- Pilot Sites

Goals: Provide a focused area to develop and test new, cutting edge concepts that have a high potential to export to other locations.

EWEB has secured 8-12 landowners interested in using their properties to help develop and test the VIP process. Pilots would include development of landowner agreements, conducting riparian health assessments, fine-tuning the areas for inclusion in VIP, and developing additional actions needed to enhance riparian areas. EWEB will partner with Upper Willamette Soil & Water Conservation District, the McKenzie Watershed Council and others. EWEB and partners have demonstrated a high level of interest from additional landowners, and a high probability that the **VIP program will expand in the McKenzie. EWEB's networking** and mentoring of other utilities provides an opportunity to use VIP as a model for other areas of the state.



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May 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item F-1: Coastal Wetlands – Waite Ranch Application
June 11-12, 2013 OWEB Board Meeting**

I. Introduction

OWEB staff request the Board recommend the agency submit an application for a U.S. Fish and Wildlife Service (USFWS) Coastal Wetlands (CW) Grant for restoration work on the previously acquired Waite Ranch property, sponsored by both the Siuslaw Watershed Council and McKenzie River Trust.

II. Background on the Coastal Wetlands Grant Process through OWEB

OWEB is designated as a state agency authorized to submit applications for the USFWS CW program. Applications can only be submitted by a state agency. Any agency submitting a grant application for federal funding must receive legislative approval to both submit the application and to receive funds if the grant is successful.

In early 2013, staff worked to revise the internal processes for OWEB to request legislative approval to submit for and receive federal CW grants. Under this new process, project sponsors need to notify OWEB of their interest by March 15 each year. Staff also determined that, because OWEB is the submitting agency, the local sponsor also should request funds from OWEB as match. This request provides the staff nexus for working on the project. Once notification is complete and OWEB concurs that the general concept fits with the agency's mission and confirms that the sponsors will request OWEB match, the applicant provides a draft application to OWEB for the CW grant at the same time they submit their OWEB grant application requesting state Lottery funds (this year, applications were due on April 22).

Once the application is received, OWEB's new process utilizes a subset of the regional review team (RRT) to review the CW grant to determine if the project contains enough information and has enough likelihood of success to be worthy of submission. The OWEB Board receives the RRT recommendation, along with staff perspective and recommendation about whether the agency should request approval from the legislature to submit an application for federal funds and then submit a grant application to USFWS.

Separately, the OWEB portion of funding will be reviewed through the agency's regular grant processes. If funding is not approved by the Board through the agency's regular grant processes, then staff will not recommend proceeding with receipt of the federal funds because associated match requirements will not have been met.

III. Background on the Waite Ranch Coastal Wetlands Proposal and Review Process

The Waite Ranch proposal will restore tidal wetland function at Waite Ranch, a 217-acre property owned by McKenzie River Trust in the lower Siuslaw River estuary in Lane County, Oregon. Approximately 67 percent of tidal wetlands have undergone major alterations that block or greatly reduce tidal flows. Fully 97 percent of tidal swamp has been lost from the estuary. Restoration of this property has been identified as an important part of estuary-wide efforts to protect and enhance a network of high-quality nursery and out-migration stopover sites for salmonids and habitat for numerous other tidal wetland-dependent fish and wildlife species.

Waite Ranch is currently diked and tide-gated from tidal inundation, and restoration of tidal processes will enable significant amplification of the ecological values at the site, as well as in the larger estuary.

The local sponsors are proposing a mix of CW, NOAA-Fisheries and OWEB funding. Neither OWEB nor NOAA-Fisheries funds are yet secure, but determinations of those funding requests will be made prior to USFWS' final determination of CW funding. The project sponsors are proposing that OWEB funds initially be used for technical assistance, with an OWEB restoration application to follow. The CW funds are proposed to be used for both technical assistance and restoration.

Tom Shafer, OWEB's North Coast Regional Program Representative, selected a qualified subset of the RRT to review the CW proposal. Their review focused on ecological outcomes and project soundness to determine whether or not it is appropriate for OWEB to proceed with application submission and to recommend any changes based on their review. They completed the site visit and review on May 10. The review is provided as Attachment A to this report. Based on that review, the RRT members recommend that OWEB move forward with a grant submission to USFWS, with changes to the draft application as identified in Attachment A. Staff have worked with the local sponsors, and those changes are in the process of being made to the grant application.

IV. Recommendation

Staff recommend the Board approve OWEB's submission of a Coastal Wetlands application to the U.S. Fish and Wildlife Service for \$599,755 for the Waite Ranch Property, with adjustments to the proposal as recommended by the RRT members.

Attachment

A. RRT review of Waite Ranch project

Agenda Item F-1: Coastal Wetlands – Waite Ranch Application

On May 9th, six members of the Region 1 Review Team conducted a site visit on the Waite Ranch property owned by the McKenzie River Trust (MRT). Along with the six reviewers were two staff from MRT, two staff from the Siuslaw Watershed Council (Council), the ecological lead for the Waite Advisory Group accompanied by a visiting researcher from Portugal, and a staff member from USFWS.

Plans and maps revised from the previous visit in March were distributed and discussed and the reviewers were pleased to see some of their concerns from the previous visit had been addressed. When on the actual site, the group was joined by one of the project's consulting geologists, along with a staff member from Ecotrust.

Discussion with the consulting geologist provided the reviewers with the background necessary to understand the fundamental issues constraining the restoration options possible for the property. One important fact is that the soils on the property and in the immediate vicinity were extremely unconsolidated, making plans for construction of any heavy structures or protective devices extremely complicated. Waite Ranch was historically tidally influenced marshland, with a few areas of slightly higher ground. Much of its northern boundary was essentially a fully wetted slough, and tidal channels into the Waite property entered and exited from this slough, as well as from the mainstem Siuslaw at the western end of the property. When Highway 126 was built, the roadbed was constructed right down the middle of the slough on top of the same unconsolidated soils as those that form Waite Ranch. The geologist explained that test pits and core samples on the Waite Ranch property showed soil consolidation rates of between 2 and 15 percent. Or, as the geologist put it, the test pits showed the soils are slightly more substantial than Jello. The highway shows clear signs of its roadbed slowly sinking into the unconsolidated soils.

Because the highway and Waite Ranch share a common property line, the safety of the highway has to be factored into any restoration work proposed for the Ranch. Also, ODOT has to be agreeable to any restoration plan developed for the Ranch that could affect its highway. Because of the unconsolidated nature of the underlying soils, the weight of any materials used to protect the highway has to be considered, because there is concern that that the additional weight could cause the highway to slump or otherwise be negatively affected.

Recommendations:

- The reviewers recognized the need to model several options involving the stub dike and highway protection, and thought the proposed technical assistance application could be modified to provide funding for these modeling exercises: 1) shortening the stub dike and building the earthen berm as planned, thereby filling in the existing channel alongside the highway, and rip-rapping the southern side of the berm as necessary for further protection; OR 2) shortening the stub dike, not building the earthen berm, but rip-rapping the south side of the highway roadbed itself and thereby allowing the existing channel alongside the highway to remain wetted. The reviewers strongly recommend the MRT and the Council work together to better engage ODOT as soon as possible so restoration plans are built on solid ground.

- The reviewers noted the current plans for the western portion of the property's dike were indefinite about to what exact elevation the dike would be lowered, and recommended the elevation be at least that of the marshland immediately downstream of the dike. Again, they noted this might need additional modeling since the elevation in the current plan was unspecified.
- The reviewers appreciated the planned location, depth and width of the new channel to be constructed and offered no suggestions for adjustments.
- The reviewers thought the western dike could be lowered (to some yet-to-be-determined specific elevation) all the way from the end of the stub dike to a point roughly one hundred yards upstream of the site of the dock belonging to the landowner across the river (between sites #7 and #8 on the current plan map). This lowering would improve the project's potential restoration benefits. The reviewers recognized that additional modeling of this recommendation would be needed, and once again recommended a portion of the technical assistance funding currently being requested be utilized for that purpose.
- The last portion of the site review concentrated on the remainder of the dike upstream, where it was apparent the geologist's portrayal of the "dike" as a natural river levee was accurate, making thoughts of lowering that levee for possible greater restoration inappropriate.
- The one issue that did arise at that site was the plan to construct a road atop the levee in order to provide access to the cross-river landowner's dock and to the power line poles crossing the river at the dock site. The reviewers remained concerned about the need to maintain the road long term and what that might mean for the height of the levee should supplementation of hardened material to the road remain necessary over time. They would like that issue addressed.
- The reviewer's remaining concern is the lack of a long-term management plan for the water control structures proposed to be installed in the new cross-dike with the intent to keep the construction of the cross-dike from creating a bathtub of the upstream neighbor's property. They recommend the CW grant application provide that management plan.



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June 7, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

**SUBJECT: UPDATE: Agenda Item F-2: Coastal Wetlands – Miami River (Tillamook) Restoration
June 11-12, 2013 OWEB Board Meeting**

I. Introduction

This staff report recommends the Board consider a request from The Nature Conservancy (TNC) to use previously designated Acquisition Funds for a Restoration project on the Miami River in Tillamook County. OWEB's funds are match for a Coastal Wetlands (CW) Grant. Other matching funds will be used for the acquisition portion of the project.

II. Summary of Miami River Project

The Miami River is one of five watersheds that drain into Tillamook Bay on Oregon's north coast. The Miami wetlands support a variety of plants and wildlife, including all five species of Tillamook Bay salmonids. Habitats for these species along the Miami River include: the main channel, side channels, floodplain wetlands, riparian areas, and tidal swamp and channel habitats. Like the other four watersheds in the Tillamook Bay basin, the Miami River watershed has lost much of its original estuarine, emergent, scrub-shrub and forested wetland areas to diking, draining and other uses.

The overall project goal is to restore and permanently protect wetland function in the lower Miami Basin, emphasizing habitat conditions for anadromous salmon and trout species. Other wildlife and plant species also will benefit from restored function at the site. This high-visibility project presents an opportunity to protect and enhance wetlands, while also providing public education and monitoring opportunities with multiple partners.

III. Use of Coastal Wetlands and OWEB Funds

In June 2010, OWEB, along with TNC as the local project sponsor, submitted a CW grant application to the U.S. Fish and Wildlife Service (USFWS). The original grant assumed that a combination of OWEB and CW funds would be used to acquire each property described in the application, and restoration would be funded by the CW grant.

In March 2011, the Acquisitions Subcommittee of the OWEB Board recommended that staff proceed with due diligence to fund acquisition of properties identified in the grant application. Due diligence

was completed on what is called the “Parks” property, and that property has since been acquired using OWEB and Coastal Wetlands funds.

Subsequent to that, OWEB faced a large backlog of acquisition projects and other challenges that resulted in a change of priorities for grantees such as TNC. In 2012, TNC recommended spending all of OWEB’s remaining Miami Project funding commitment on restoration, and completing the remaining acquisitions with CW funds. In January 2013, OWEB submitted a request to USFWS for a funding shift within the CW grant, which the agency ultimately approved. In April, TNC submitted a restoration grant application to OWEB for the Board’s consideration.

On June 6, the Regional Review Team (RRT) completed their site visit to the property. They specifically looked at the need for and the value of additional planting (and release) over and above what the Tillamook Estuary Partnership currently is doing on the same property. The RRT also evaluated the project budget for this work. The site visit report is provided as Attachment A. In summary, the reviewers found the TNC application provided sufficient detail to understand the work being proposed and they strongly agreed the work should be successful in producing the expected outcomes. They found the designs and plans intelligently developed and targeted. They also noted the planting plans are extremely well considered and designed, a combination that provides assurance for the success of the entire project. The reviewers found the project budget appropriate for the tasks ahead and believe the project to be extremely sound in all aspects.

The reviewers remarked that this is a good investment on a previous good investment and with the documented success of the previous work and the dedication of all staff involved, there was no reason to expect anything but success with this new effort.

IV. Recommendation

Staff recommend the Board award \$152,188 of acquisition funds for a restoration project on the Miami in Tillamook County (Application #213-1053).

Attachment

- A. RRT review – Miami River Project (*to be provided at the June Board meeting*)

REGIONAL REVIEW - MIAMI WETLANDS RESTORATION APPLICATION

On Thursday June 6th, six members of the Region 1 RRT conducted a site visit of The Nature Conservancy's (TNC) Miami River Restoration project on their property at the mouth of the Miami River in Tillamook County. Along with the RRT members were two TNC staff and two staff from Tillamook Estuaries Partnership (TEP). The purpose of the site visit was to review TNC's current grant application to utilize \$152,188 of a previously awarded Coastal Wetlands (CW) Acquisition grant for restoration, a purpose different than originally intended. The full amount of the CW grant was not expended and TNC is now asking to use the balance for restoration rather than acquisition. The restoration planned consists of planting and plant establishment activities on the Miami Wetlands property.

The TNC planting and plant establishment work would supplement and build upon the work already accomplished by TEP over the course of the last three years, where TEP planted thousands of native herbaceous wetland plants, shrubs and trees in appropriate elevations and locations across the property and conducted thorough plant establishment activities multiple times throughout the ensuing growing seasons.

On the site visit, the reviewers found the TNC application provided sufficient detail to understand the work being proposed and they strongly agreed the work should be successful in producing the expected outcomes. The reviewers walked the property with the TNC and TEP staff and found the designs and plans intelligently developed and targeted. They remarked that the design and on-the-ground work accomplished already by TEP provided an excellent template and process for the work TNC is proposing and were pleased to understand the management transition from TEP to TNC appeared seamless. The reviewers noted the planting plans are specific on the species to be planted with the locations/elevations specific to the needs of each different species, and the plant establishment activities are extremely well considered and designed, a combination that provides assurance for the success of the entire project. The reviewers found the project budget appropriate for the tasks ahead and because the project supplements and continues the previous planting and plant establishment work, they believe the project to be extremely sound in all aspects.

The reviewers finally remarked that this is a good investment on a previous good investment and with the documented success of the previous work and the dedication of all staff involved, there was no reason to expect anything but success with this new effort.



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May 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director
Miriam Hulst, Acquisitions Specialist
Renee Davis-Born, Senior Policy Coordinator

**SUBJECT: Agenda Item G: Land and Water Acquisition Program
June 11-12, 2013 OWEB Board Meeting**

I. Introduction

This staff report briefs the Board about several activities occurring within OWEB's Land and Water Acquisition Program. Staff will update the Board about the Necanicum Forest (Falleur Property) Acquisition and request funding for the project. Staff also will request Board approval of Water Acquisition Rules as designed by the Water Acquisitions Rules Advisory Committee (RAC) and amended based on public comment.

II. Necanicum Forest (Falleur Property) Acquisition (#209-101) – Previously Deferred

North Coast Land Conservancy (NCLC) requests \$220,000 as a reimbursement of a portion of costs it incurred in its prior purchase of the Falleur Property. The Falleur Property is NCLC's second and final purchase under application #209-101, submitted in April 2008. The Board funded the first purchase in September 2010. Other purchases proposed in the application will not occur because of changes in property ownership and landowner interest.

The 40-acre Falleur property consists of approximately 20 acres of Sitka spruce forest, 20 acres of floodplain and riparian forest, and 0.25 miles of the North Fork Necanicum River. NCLC purchased the property in December 2011.

Conclusion

Based on the information provided by NCLC in the grant application, the opinion of the Regional Review Team (RRT), input from the Board Acquisitions Subcommittee, and due diligence, staff recommend the Board approve \$220,000 in funding for partial reimbursement of NCLC's costs of acquiring the Falleur Property. The funding is conditioned on completion of all due diligence and grant documents to staff's satisfaction, including but not limited to securing acceptable access to the property and title insurance for OWEB, and closing by July 31, 2013.

Information about the project is provided in Attachments A and B to the staff report.

III. Water Acquisition Rules Advisory Committee Proposal

At the March 2013 Board meeting, staff updated the Board about the Water Acquisitions RAC process, which was authorized by the Board at its January meeting, to improve the effectiveness and efficiency of OWEB's Water Acquisitions grant program. The intent of the process was to make recommendations to the Acquisitions Subcommittee and the Board about such topics as where to invest to achieve high-priority ecological outcomes, how to partner with other organizations and funders, and potential improvements to the water acquisitions grant-making process. The RAC process now is complete and resulted in proposed revised administrative rules for OWEB's water acquisition grants.

The proposed revised rules for water acquisition grants as designed by the Water Acquisitions Rules Advisory Committee (RAC) made specific recommendations on:

- Transitioning from a focus on applications that propose individual water acquisition projects to those that propose comprehensive water acquisition programs;
- Broadening the potential interests in water that may be considered for funding under water acquisition grants;
- Expanding eligible costs that can be covered with OWEB funds and revising qualifying matching contributions;
- Creating opportunities for coordinating and partnering with other funders of water acquisitions;
- Outlining content areas on which applications will be evaluated; and
- Describing the Board and Director approval processes and the process for distribution of funds.

The proposed revised rules also state that, following Board consideration and adoption of rule amendments, the Board will develop and approve a refined grant-making process (including both application and evaluation procedures) and identify priorities for water acquisition investments. All of these recommendations are encapsulated in revised administrative rules that are proposed for adoption by the Board at its June 2013 meeting. As proposed, the revised rules constitute nearly a full replacement of the current water acquisition rules.

Subsequent to the RAC process, draft rules underwent review by the Acquisitions Subcommittee and Department of Justice and a public comment period was completed. The proposed revised rules (Attachment C to this staff report, which will be available on the OWEB website by June 6, 2013 and at the June Board meeting) reflect input received during the review and comment periods and are recommended to the Board for adoption.

If the revised rules are adopted by the Board in June, beginning in Summer of 2013, staff will undertake an effort to explore the potential for a coordinated funder-based approach to soliciting and screening proposals for water acquisition programs, as well as develop a new, more streamlined process to receive, review and make decisions about water acquisition applications.

IV. Recommendation

Staff recommend the Board:

- A. Approve \$220,000 in funding for partial reimbursement of NCLC's costs of acquiring the Falleur Property, with the funding conditioned on completion of all due diligence and grant documents to staff's satisfaction, including but not limited to securing acceptable access to the property and title insurance for OWEB, and closing by July 31, 2013.

- B. Adopt new rules for water acquisition grants as drafted through the Rules Advisory Committee, revised to reflect the comments received during review and public comment processes, and shown in Attachment C to this staff report.

Attachments

- A. Summary of Necanicum Forest (Falleur Property) Acquisition
- B. Map of Necanicum Forest (Falleur Property) Acquisition
- C. Proposed Revised Administrative Rules for OWEB Water Acquisition Grants (*to be available on the OWEB website by June 6, 2013 and at the June Board meeting*)
 - 1. Clean version of proposed revised rules
 - 2. Tracked Changes version of proposed revised rules
 - 3. Public comments received and staff responses
 - 4. Current rules

Summary of Necanicum Forest (Falleur Property) Acquisition

A. Ecological Benefits

Baseline materials prepared by NCLC state that the Falleur Property contains 0.25 miles of both sides of the North Fork Necanicum River, approximately 20 acres of riparian and floodplain forest with scattered off-channel wetlands, and approximately 20 acres of Sitka spruce upland forest with pockets of wetlands. NCLC is committed to protecting and enhancing the property for the benefit of OWEB priority species such as rufous hummingbird, band-tailed pigeon, coho salmon, and steelhead.

The RRT reviewed NCLC's project as originally envisioned: the purchase of 212 acres from three landowners. At that time, the RRT determined that the project was important because of its potential to sustain salmon rearing and spawning, and concluded that the project had high ecological value. Since that time, changes in property ownership and landowner interest have altered the project to two purchases (the Falleur Property included) totaling approximately 70 acres.

B. Capacity to Sustain the Ecological Benefits

The application states that NCLC has been certified as a non-profit for 22 years, carrying out conservation on the North Coast during that time, and is seen as a leader in advancing the long-term protection of the region's landscape-scale systems. The application also states that NCLC has professional skill and experience, with an active professional development plan, a funded strategic plan, and an endowment fund of approximately \$500,000 that supports its stewardship staff position.

C. Educational Benefits

The application focuses on the educational benefits associated with the first purchase of the project, rather than the Falleur Property. The RRT concluded that the project has high educational value.

D. Partners, Project Support, and Community Effects

The application states that NCLC has the support of Rainland Fly Casters, City of Seaside, Clatsop County Parks, Natural Resources Conservation Service, and Necanicum Watershed Council.

The application states that NCLC typically submits requests for property tax exemption for its holdings, but because of very low tax rates on the kinds of properties it purchases, the exemptions have little effect on the Clatsop County tax base. The application also states that conservation properties increase the value of neighboring properties by preserving their viewsheds.

A public hearing was held on May 3, 2013. It was attended by an adjacent property owner and a representative of Lewis and Clark Oregon Timber, LLC. The neighbor had questions about water rights, which were answered during the hearing. The representative of the timber company expressed support for the project.

E. Legal and Financial Terms

The Falleur Property was appraised at \$285,000 by RWLS, Inc. on March 13, 2009. The appraisal was reviewed by OWEB's independent review appraiser. NCLC then purchased the property for \$320,000 on December 29, 2011. NCLC used a \$220,000 loan from Craft3 (formerly Enterprise Cascadia) for the purchase, and will use the OWEB award to pay off the loan.

The valuation date of the appraisal was more than 18 months prior to the transaction closing, and therefore the Director could require an updated appraisal under the administrative rules for acquisition grants. However, with the purchase already completed by NCLC, and in the interest of timely closings for projects in the acquisition backlog, the Director determined that requiring an appraisal update would not be in the best interests of OWEB and NCLC.

An environmental site assessment (ESA) was prepared by Parametrix in April 2009. The ESA concluded that no environmental hazards appear to be present at the Falleur Property. Parametrix issued an ESA update on February 23, 2012, stating that no material change in environmental conditions was identified. The ESA update was reviewed by OWEB's independent third-party reviewer. The reviewer determined that based on the information provided, no further follow-up actions appear to be necessary.

NCLC is working with Lewis and Clark Oregon Timber, LLC to purchase access to the Falleur Property via an easement on logging roads owned by the timber company. The parties have begun work on crafting the access easement, but are not finished. Staff have indicated that OWEB must have access rights under the easement and that the form of the easement must otherwise be acceptable to OWEB.

Staff are in the process of working with the title company and NCLC to clarify title matters and arrive at an acceptable form of title insurance for OWEB.

NCLC drafted baseline inventory documentation for the Falleur Property. Staff reviewed the draft, and returned suggested edits and requests for clarifications. The final baseline is not yet completed.

Staff are confident that NCLC will complete the remaining due diligence items in a timely manner and to the satisfaction of all parties.

OREGON WATERSHED ENHANCEMENT BOARD

DIVISION 46

WATER LEASE AND TRANSFER GRANTS

695-046-0010

Purpose

The Board is directed under Article XV, Section 4b of the Oregon Constitution and ORS 541.375(9) to allocate funding for water acquisition projects that 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 water acquisition projects using the criteria described in this Division. These rules will guide the Board's consideration of water acquisition project grant applications based on the proposed project's ecological benefits, partners, the effect the proposed project will have on the local and regional community, and the financial and legal soundness of the proposed water right transaction. The Oregon Watershed Enhancement Board will not hold an interest in water rights under these rules.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0020

Definitions

(1) "Water Acquisition Project" is a project that proposes to acquire an interest in water from a willing seller for the purpose of increasing instream flow to:

(a) Address the conservation needs of priority habitat and species; and/or

(b) Improve water quality in a water quality limited area. Interests in water include short-term instream leases, including split season use instream leases, and permanent and time-limited instream transfers.

(2) "Partners" are persons or entities that have committed funding, expertise, materials, labor, or other assistance to a proposed water acquisition project.

(3) "Due Diligence Review" is a review conducted by OWEB staff and their agents of the legal and financial terms of the proposed acquisition of an interest in water. This review includes:

(a) An independent, third-party review of the fair market value water appraisal or other OWEB Board-approved valuation submitted by the applicant; and

(b) Review by OWEB's legal counsel of the:

(A) Ownership and lien report;

(B) Option, purchase, transfer or lease agreement;

(C) And any other portion of the transaction requested by OWEB staff.

(c) Review of the assessment of reliability of the water right submitted by the applicant by Oregon Water Resources Department staff.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0025

Eligible Expenses

Water acquisition project grant awards will only provide funding to assist with the purchase or lease price for an interest in water. Interests in water include short-term instream leases, including split season use instream leases, and permanent and time-limited instream transfers.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0030

Ineligible Expenses

Expenses other than the actual purchase or lease price of an interest in water are not eligible for reimbursement as part of an OWEB water acquisition project grant award.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0040

Evaluation Criteria

Water lease or transfer grant applications will be evaluated based on:

- (1) The ecological benefits of the proposed project;
- (2) The financial partners in the project and other support expressed for the project;
- (3) The effect of the proposed project on the local and regional community; and
- (4) The soundness of the legal and financial terms of the proposed water right transaction.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0050

Application Requirements: Ecological Benefits of a Proposed Acquisition Project

(1) The ecological value of a proposed instream water lease or transfer project will be evaluated based on a project's ability to increase instream flow to address the conservation needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. Projects to address the conservation needs of priority habitat and species will be evaluated in part by reference to The Oregon Plan Streamflow Restoration Priorities (2001), incorporated in these administrative rules by reference. However, those projects that are not in a high priority area will still be considered based on their individual benefit to priority habitat and species as demonstrated by the applicant.

The Oregon Plan Streamflow Restoration Priorities may be found on the Oregon Water Resources Department website at www.oregon.gov/OWRD, on OWEB's website at www.oregon.gov/OWEB, or at OWEB's Salem office.

(2) To enable the Board to fully evaluate the ecological benefits of a project, an applicant shall provide the following information as part of a grant application:

(a) A description of:

(A) the kind of water transaction proposed;

(B) the term of the transaction in months or years;

(C) the amount of water expressed as cubic feet per second proposed to be leased or transferred;

(D) the total volume of water to be secured in acre-feet;

(E) the reach on the instream water right in river miles; and

(F) the party that will maintain the water interest.

(b) A map showing the location of the point(s) of diversion and place(s) of use of the water interest proposed for lease or transfer.

(c) If applicable, a description of the habitat and species the project proposes to protect and/or restore, the relative importance of the site's habitat and species values at the watershed and basin scale, and how the project relates to other watershed restoration and protection efforts in the watershed. Describe the specific species and life stages most likely benefited.

(d) If applicable, reference to current conservation plans that identify the habitat and species as protection priorities. Applicants will attach the relevant pages from these plans to the grant application.

(e) If applicable, a description of water quality parameters the project proposes to directly affect, and the current condition and trend of water quality in the project area.

(f) A proposal for periodic measurement of whether the instream lease or water right is being met, and for monitoring and evaluating the project's benefits over time.

(g) An explanation of why the applicant believes lease or transfer of a water interest is the best method to accomplish the proposed protection, restoration, or improvement in habitat or water quality.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0060

Application Requirements: Partners, Support for the Project, and the Effect of the Proposed Acquisition Project on the Local and Regional Community

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:

(1) A description of financial and in-kind partners in the project, and what they will contribute.

(2) A description of entities that support the proposed acquisition, and documentation of their support.

(3) A description of the current land uses on the property to which the water right is appurtenant, and the land uses adjacent to the property.

(4) A statement by the applicant regarding the proposed acquisition's effect on the property taxes paid on the property to which the water right is appurtenant, and on the local property tax base.

(5) A description of the economic and social effects the project may have on the local and regional economy and community.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0070

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 transfer of a water interest, applicants shall submit the following information as part of a grant application:

(a) The names of and contact information for the grant applicant(s), and the current holder(s) of the portion of the water right proposed to be transferred or leased instream.

(b) A letter from the current water right holder(s) stating that they are in discussions with the grant applicant about transferring or leasing the water right interest.

(c) 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.

(d) The water right certificate or permit number issued by the Oregon Water Resources Department.

(e) A statement regarding whether the lands served are within an irrigation district or similar organization that conveys water to the subject water right(s).

(f) An ownership and lien report for the property to which the water right is appurtenant.

(g) A copy of the written option, purchase, or lease agreement for the subject acquisition, including the agreed-upon purchase or lease price for the water interest.

(h) A statement of whether the seller or lessor of the water 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 lease or transfer.

(i) Disclosure of the amount of a contractually required donation or payment is required after an initial staff recommendation has been prepared 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 water 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 Director of the Oregon Watershed Enhancement Board in writing, prior to the Board's consideration of the proposed funding request, or the grant application will not be considered for funding by the Board.

(j) An assessment of the reliability of the water right for providing instream benefits, including a description of which month(s) the water right has typically been used, and how often the water right has been met in the last ten years. This assessment should include a written statement from the Oregon Water Resources Department describing the extent to which the water right has historically been met, and whether regulation has been or may be required on the stream in question regarding the proposed right. The assessment should also include a signed statement from the current holder of the portion of the water right proposed to be transferred or leased instream or the landowner to

which the water right is appurtenant stating that the water has been used over the past five years in accordance with the terms and conditions of the right or that the right is not subject to forfeiture under ORS 540.610.

(2) 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 2-2005, f. & cert. ef. 2-1-05

695-046-0080

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 or lease of the interest in water.
- (2) Secured funding commitments from other sources for the proposed purchase or lease of a water interest. These commitments must be supported by documentation.
- (3) If the proposed purchase of an interest in water will be for less than the appraised or OWEB Board-approved valuation of fair market value, the difference between the appraised or valued fair market value and the actual purchase price of the water 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 or lease an interest in water, if it is credited toward the purchase or lease price.
 - (b) The cost of the fair market value appraisal or other OWEB Board-approved valuation of the water interest submitted to OWEB, including reasonable consulting fees necessary to complete the appraisal or other OWEB Board-approved valuation.
 - (c) The cost of an ownership and lien report.
 - (d) Funds raised for monitoring the ecological benefits of the project. Secured pledges must have supporting documentation.
- (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 2-2005, f. & cert. ef. 2-1-05

695-046-0090

Application Review Process: Overview

(1) Water acquisition grant applications will be considered by the Board and evaluated according to the rules in this division if all application materials listed in OAR 695-046-0050 through 0080 are submitted prior to the grant application deadline established by the Director.

(2) The processing of all water acquisition project grant applications by the Board will involve the following steps:

(a) Review by the appropriate Regional Review Team, as defined in OAR 695-005-0020(4), of the ecological value of the proposed acquisition project.

(b) A due diligence review as defined in OAR 695-046-0020(3) using the materials identified in OAR 695-045-0070.

(c) After a due diligence review of a proposed water acquisition project is complete, the Director of OWEB will synthesize the following into a staff funding recommendation to the Board:

(A) The ecological benefits of a proposed project;

(B) Financial partners in and other support for the project;

(C) The effect of the proposed project on the local and regional community;

(D) The due diligence review of a proposed project;

(E) The evaluation of the Regional Review Team; and

(F) Information about available funding resources and competing projects.

(d) The Board will make a funding decision on a water lease or transfer project grant application based on the ecological benefits of a proposed project, financial partners in and other support for the project, the effect of the project on the local and regional community, and the financial and legal soundness of the proposed 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 2-2005, f. & cert. ef. 2-1-05

695-046-0100

Application Review Process: Regional Review Team Evaluation

(1) The geographically appropriate Regional Review Team will evaluate the ecological value of every proposed water acquisition project.

(2) In its evaluation of the ecological value of a proposed water acquisition, the Regional Review Team will make explicit findings about a proposed project's ability to increase instream flow to:

(a) Address the conservation needs of priority habitat and species; and/or

(b) Improve water quality in a water quality limited stream reach. Projects to address the conservation needs of priority habitat and species will be evaluated in part by reference to The Oregon Plan Streamflow Restoration Priorities (2001), incorporated in these administrative rules by reference. However, those projects that are not in a high priority area will still be considered based on their individual benefit to priority habitat and species as demonstrated by the applicant.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0110

Application Review Process: Due Diligence Review

The Director shall undertake a due diligence review in preparation for making a funding recommendation to the full Board. The due diligence review will include:

- (1) An independent, third-party review of the fair market value water appraisal or other OWEB Board-approved valuation submitted by the applicant; and
- (2) Review by OWEB's legal counsel of the:
 - (a) Ownership and lien report;
 - (b) Option, purchase, or lease agreement; and
 - (c) Any other portion of the transaction requested by OWEB staff.
- (3) Review of the assessment of reliability of the water right submitted by the applicant by Oregon Water Resources Department staff.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0120

Application Review Process: Staff Funding Recommendation

The Director will develop a staff funding recommendation to the Board based on the evaluation criteria listed in OAR 695-046-0040. This decision will be based on the information provided by the grant applicant, reviewers, and OWEB staff. 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 2-2005, f. & cert. ef. 2-1-05

695-046-0130

Application Review Process: Board Funding Decision

The Board will make a funding decision on a water lease or transfer project grant application based on the evaluation criteria listed in OAR 695-046-0040. This decision will be based on the information provided by the grant applicant, reviewers, 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 2-2005, f. & cert. ef. 2-1-05

695-046-0140

Lease or Transfer Prior to Application

Applicants, as a general rule, may only submit an application for funding for a water lease or transfer prior to the lease or transfer. However, applicants may submit an application for a lease or transfer that occurred prior to Board review if the lease or transfer 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 lease or transfer prior to Board review of the application; and
- (2) A statement acknowledging that the applicant proceeded with the lease or transfer with the understanding that the Board might not approve funding for the project, and that the prior lease or transfer 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 2-2005, f. & cert. ef. 2-1-05

695-046-0150

Application Review Process: Alternate Review Processes

The Board may designate alternate grant cycles and review processes for water lease or transfer grant applications.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0160

Grant Conditions

(1) 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.

(2) Prior to the disbursement of any grant funds for the lease or purchase of an instream lease or transfer, evidence of final approval by the Oregon Water Resources Department of the instream lease or transfer must be provided to OWEB by the grantee. Grant funds may be adjusted to reflect the quantity and timing of water protected instream as specified in the approved instream lease or transfer.

(3) Grant agreements will include, but are not limited to, provisions ensuring that:

(a) The use of the water interest will be consistent with the purposes specified in Section 4(b), Article XV of the Oregon Constitution.

(b) In the event that a water 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 with interest due and payable from the effective date of the grant agreement at the rate provided for in ORS 82.010.

(c) The Board's approval will be required to terminate a water right lease or time-limited transfer funded in part with Board funds prior to the end of its term.

(d) Grantees that receive Board funding for water right transfers or leases will be required to submit monitoring reports, for a time period specified by the Board, which shall evaluate the benefits of the instream lease or transfer, and certify that the water interest is being used and managed in a manner consistent with Section 4(b), Article XV of the Oregon Constitution.

(4) 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.

(5) 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 water lease or transfer, including applicable options, purchase, or lease agreements, even if not earlier submitted to the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0170

Conveyance of Water Interest Acquired with Assistance of OWEB Funds

An interest in water 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:

(1) 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.

(2) Whether the proposed recipient of the lease or time-limited transfer has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules; and

(3) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

DIVISION 46

WATER ~~ACQUISITION~~ LEASE AND TRANSFER GRANTS

695-046-0010

Purpose

~~The purpose of this rule is to supplement the OWEB Grant Program rules under OAR 695-005 and to add specific guidance regarding the OWEB water acquisition grant program. The Board is directed under Article XV, Section 4b of the Oregon Constitution and ORS 541.375(9) to allocate funding for water acquisition projects that 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 water acquisition projects using the criteria described in this Division. These rules will guide the Board's consideration of water acquisition project grant applications based on the proposed project's ecological benefits, partners, the effect the proposed project will have on the local and regional community, and the financial and legal soundness of the proposed water right transaction. The Oregon Watershed Enhancement Board will does not itself hold an interest in water rights in grants authorized under these rules, but rather allocates funding for water allocation projects to other entities to hold the interest in water rights, subject to their contractual and statutory obligations and the compliance requirements set forth in OAR 695-046-0220.~~

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0020

Definition of Water Acquisition Projects

~~(1) "Water Acquisition Project" or "Water Acquisition Project" is a program or project that proposes to plans for and/or implements, or both, the acquisition of an interest or interests in water from a willing seller for the purpose of increasing instream flow to do either or both of the following:~~

~~(a) Address the conservation needs of priority habitats and species; and/or~~

~~(b) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality. Interests in water include short-term instream leases, including split-season use instream leases, and permanent and time-limited instream transfers.~~

~~(2) A water acquisition project can include the following activities:~~

~~(a) Strategic planning and development, project design, landowner outreach, and other activities associated with water acquisitions in a given basin or other defined area;~~

~~(b) Acquisition of an interest in water and associated due diligence; and~~

~~(c) Monitoring and other associated activities to ensure the interest is maintained through time~~

~~(2) "Partners" are persons or entities that have committed funding, expertise, materials, labor, or other assistance to a proposed water acquisition project.~~

~~(3) "Due Diligence Review" is a review conducted by OWEB staff and their agents of the legal and financial terms of the proposed acquisition of an interest in water. This review includes:~~

~~(a) An independent, third-party review of the fair market value water appraisal or other OWEB Board-approved valuation submitted by the applicant; and~~

(b) Review by OWEB's legal counsel of the:

(A) Ownership and lien report;

(B) Option, purchase, transfer or lease agreement;

(C) And any other portion of the transaction requested by OWEB staff.

(c) Review of the assessment of reliability of the water right submitted by the applicant by Oregon Water Resources Department staff.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; [OWEB 6-2013, f. & cert. ef. XX-XX-13](#)

695-046-0025

Eligible Expenses

Water acquisition project grant awards will only provide funding to assist with the purchase or lease price for an interest in water. Interests in water include short-term instream leases, including split-season use instream leases, and permanent and time-limited instream transfers.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0030

Ineligible Expenses

Expenses other than the actual purchase or lease price of an interest in water are not eligible for reimbursement as part of an OWEB water acquisition project grant award.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0040

Evaluation Criteria

Water lease or transfer grant applications will be evaluated based on:

(1) The ecological benefits of the proposed project;

(2) The financial partners in the project and other support expressed for the project;

(3) The effect of the proposed project on the local and regional community; and

(4) The soundness of the legal and financial terms of the proposed water right transaction.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0050

Application Requirements: Ecological Benefits of a Proposed Acquisition Project

(1) The ecological value of a proposed instream water lease or transfer project will be evaluated based on a project's ability to increase instream flow to address the conservation needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. Projects to address the conservation needs of priority habitat and species will be evaluated in part by reference to The Oregon Plan Streamflow Restoration Priorities (2001), incorporated in these administrative rules by reference. However, those projects that are not in a high-priority area will still be considered based on their individual benefit to priority habitat and species as demonstrated by the applicant. The Oregon Plan Streamflow Restoration Priorities may be found on the Oregon Water Resources Department website at www.oregon.gov/OWRD, on OWEB's website at www.oregon.gov/OWEB, or at OWEB's Salem office.

(2) To enable the Board to fully evaluate the ecological benefits of a project, an applicant shall provide the following information as part of a grant application:

(a) A description of:

(A) the kind of water transaction proposed;

(B) the term of the transaction in months or years;

(C) the amount of water expressed as cubic feet per second proposed to be leased or transferred;

(D) the total volume of water to be secured in acre-feet;

(E) the reach on the instream water right in river miles; and

(F) the party that will maintain the water interest.

(b) A map showing the location of the point(s) of diversion and place(s) of use of the water interest proposed for lease or transfer.

(c) If applicable, a description of the habitat and species the project proposes to protect and/or restore, the relative importance of the site's habitat and species values at the watershed and basin scale, and how the project relates to other watershed restoration and protection efforts in the watershed. Describe the specific species and life stages most likely benefited.

(d) If applicable, reference to current conservation plans that identify the habitat and species as protection priorities. Applicants will attach the relevant pages from these plans to the grant application.

(e) If applicable, a description of water quality parameters the project proposes to directly affect, and the current condition and trend of water quality in the project area.

(f) A proposal for periodic measurement of whether the instream lease or water right is being met, and for monitoring and evaluating the project's benefits over time.

(g) An explanation of why the applicant believes lease or transfer of a water interest is the best method to accomplish the proposed protection, restoration, or improvement in habitat or water quality.

Stat. Auth.: ORS 541.006

Stats. Implemented: ORS 541.032(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05

695-046-0060

Application Requirements: Partners, Support for the Project, and the Effect of the Proposed Acquisition Project on the Local and Regional Community

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:

- (1) A description of financial and in-kind partners in the project, and what they will contribute.
- (2) A description of entities that support the proposed acquisition, and documentation of their support.
- (3) A description of the current land uses on the property to which the water right is appurtenant, and the land uses adjacent to the property.
- (4) A statement by the applicant regarding the proposed acquisition's effect on the property taxes paid on the property to which the water right is appurtenant, and on the local property tax base.
- (5) A description of the economic and social effects the project may have on the local and regional economy and community.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. of. 2-1-05

695-046-0070

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 transfer of a water interest, applicants shall submit the following information as part of a grant application:

- (a) The names of and contact information for the grant applicant(s), and the current holder(s) of the portion of the water right proposed to be transferred or leased instream.
- (b) A letter from the current water right holder(s) stating that they are in discussions with the grant applicant about transferring or leasing the water right interest.
- (c) 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.
- (d) The water right certificate or permit number issued by the Oregon Water Resources Department.
- (e) A statement regarding whether the lands served are within an irrigation district or similar organization that conveys water to the subject water right(s).
- (f) An ownership and lien report for the property to which the water right is appurtenant.
- (g) A copy of the written option, purchase, or lease agreement for the subject acquisition, including the agreed-upon purchase or lease price for the water interest.
- (h) A statement of whether the seller or lessor of the water 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 lease or transfer.
- (i) Disclosure of the amount of a contractually required donation or payment is required after an initial staff recommendation has been prepared 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 water 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 Director of the Oregon Watershed Enhancement Board in writing, prior to the Board's consideration of the proposed funding request, or the grant application will not be considered for funding by the Board.

(j) An assessment of the reliability of the water right for providing instream benefits, including a description of which month(s) the water right has typically been used, and how often the water right has been met in the last ten years. This assessment should include a written statement from the Oregon Water Resources Department describing the extent to which the water right has historically been met, and whether regulation has been or may be required on the stream in question regarding the proposed right. The assessment should also include a signed statement from the current holder of the portion of the water right proposed to be transferred or leased instream or the landowner to which the water right is appurtenant stating that the water has been used over the past five years in accordance with the terms and conditions of the right or that the right is not subject to forfeiture under ORS 540.610.

(2) 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 2-2005, f. & cert. of. 2-1-05

695-046-0080

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 or lease of the interest in water.

(2) Secured funding commitments from other sources for the proposed purchase or lease of a water interest. These commitments must be supported by documentation.

(3) If the proposed purchase of an interest in water will be for less than the appraised or OWEB Board approved valuation of fair market value, the difference between the appraised or valued fair market value and the actual purchase price of the water 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 or lease an interest in water, if it is credited toward the purchase or lease price.

(b) The cost of the fair market value appraisal or other OWEB Board approved valuation of the water interest submitted to OWEB, including reasonable consulting fees necessary to complete the appraisal or other OWEB Board approved valuation.

(c) The cost of an ownership and lien report.

(d) Funds raised for monitoring the ecological benefits of the project. Secured pledges must have supporting documentation.

(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 2-2005, f. & cert. of. 2-1-05

695-046-0090

Application Review Process: Overview

~~(1) Water acquisition grant applications will be considered by the Board and evaluated according to the rules in this division if all application materials listed in OAR 695-046-0050 through 0080 are submitted prior to the grant application deadline established by the Director.~~

~~(2) The processing of all water acquisition project grant applications by the Board will involve the following steps:~~

~~(a) Review by the appropriate Regional Review Team, as defined in OAR 695-005-0020(4), of the ecological value of the proposed acquisition project.~~

~~(b) A due diligence review as defined in OAR 695-046-0020(3) using the materials identified in OAR 695-045-0070.~~

~~(c) After a due diligence review of a proposed water acquisition project is complete, the Director of OWEB will synthesize the following into a staff funding recommendation to the Board:~~

~~(A) The ecological benefits of a proposed project;~~

~~(B) Financial partners in and other support for the project;~~

~~(C) The effect of the proposed project on the local and regional community;~~

~~(D) The due diligence review of a proposed project;~~

~~(E) The evaluation of the Regional Review Team; and~~

~~(F) Information about available funding resources and competing projects.~~

~~(d) The Board will make a funding decision on a water lease or transfer project grant application based on the ecological benefits of a proposed project, financial partners in and other support for the project, the effect of the project on the local and regional community, and the financial and legal soundness of the proposed 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 2-2005, f. & cert. of. 2-1-05

695-046-0100

Application Review Process: Regional Review Team Evaluation

~~(1) The geographically appropriate Regional Review Team will evaluate the ecological value of every proposed water acquisition project.~~

~~(2) In its evaluation of the ecological value of a proposed water acquisition, the Regional Review Team will make explicit findings about a proposed project's ability to increase instream flow to:~~

~~(a) Address the conservation needs of priority habitat and species; and/or~~

~~(b) Improve water quality in a water quality limited stream reach. Projects to address the conservation needs of priority habitat and species will be evaluated in part by reference to The Oregon Plan Streamflow Restoration Priorities (2001), incorporated in these administrative rules by reference. However, those projects that are not in a high-priority area will still be considered based on their individual benefit to priority habitat and species as demonstrated by the applicant.~~

~~Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05~~

~~695-046-0110~~

~~Application Review Process: Due Diligence Review~~

~~The Director shall undertake a due diligence review in preparation for making a funding recommendation to the full Board. The due diligence review will include:~~

~~(1) An independent, third-party review of the fair market value water appraisal or other OWEB Board-approved valuation submitted by the applicant; and~~

~~(2) Review by OWEB's legal counsel of the:~~

~~(a) Ownership and lien report;~~

~~(b) Option, purchase, or lease agreement; and~~

~~(c) Any other portion of the transaction requested by OWEB staff.~~

~~(3) Review of the assessment of reliability of the water right submitted by the applicant by Oregon Water Resources Department staff.~~

~~Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05~~

~~695-046-0120~~

~~Application Review Process: Staff Funding Recommendation~~

~~The Director will develop a staff funding recommendation to the Board based on the evaluation criteria listed in OAR 695-046-0040. This decision will be based on the information provided by the grant applicant, reviewers, and OWEB staff. 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 2-2005, f. & cert. ef. 2-1-05~~

~~695-046-0130~~

~~Application Review Process: Board Funding Decision~~

~~The Board will make a funding decision on a water lease or transfer project grant application based on the evaluation criteria listed in OAR 695-046-0040. This decision will be based on the information provided by the grant applicant, reviewers, 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 2-2005, f. & cert. of. 2-1-05

695-046-0140

Lease or Transfer Prior to Application

Applicants, as a general rule, may only submit an application for funding for a water lease or transfer prior to the lease or transfer. However, applicants may submit an application for a lease or transfer that occurred prior to Board review if the lease or transfer 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 lease or transfer prior to Board review of the application; and
- (2) A statement acknowledging that the applicant proceeded with the lease or transfer with the understanding that the Board might not approve funding for the project, and that the prior lease or transfer 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 2-2005, f. & cert. of. 2-1-05

695-046-0150

Application Review Process: Alternate Review Processes

The Board may designate alternate grant cycles and review processes for water lease or transfer grant applications.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. of. 2-1-05

695-046-0160

Grant Conditions

- (1) 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.
- (2) Prior to the disbursement of any grant funds for the lease or purchase of an instream lease or transfer, evidence of final approval by the Oregon Water Resources Department of the instream lease or transfer must be provided to OWEB by the grantee. Grant funds may be adjusted to reflect the quantity and timing of water protected instream as specified in the approved instream lease or transfer.
- (3) Grant agreements will include, but are not limited to, provisions ensuring that:
 - (a) The use of the water interest will be consistent with the purposes specified in Section 4(b), Article XV of the Oregon Constitution.
 - (b) In the event that a water 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 with interest due and payable from the effective date of the grant agreement at the rate provided for in ORS 82.010.

(c) The Board's approval will be required to terminate a water right lease or time-limited transfer funded in part with Board funds prior to the end of its term.

(d) Grantees that receive Board funding for water right transfers or leases will be required to submit monitoring reports, for a time period specified by the Board, which shall evaluate the benefits of the instream lease or transfer, and certify that the water interest is being used and managed in a manner consistent with Section 4(b), Article XV of the Oregon Constitution.

(4) 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.

(5) 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 water lease or transfer, including applicable options, purchase, or lease agreements, even if not earlier submitted to the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. of. 2-1-05

695-046-0170

Conveyance of Water Interest Acquired with Assistance of OWEB Funds

An interest in water 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:

(1) 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.

(2) Whether the proposed recipient of the lease or time-limited transfer has demonstrated its ability to hold and manage the interest consistent with the provisions of the original grant agreement and current OWEB rules; and

(3) Whether the proposed recipient agrees to the material terms of the original grant agreement, and any new conditions reasonably set by the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. of. 2-1-05

695-046-0175

Nature of Application

In accordance with Section 4(b) of Article XV of the Oregon Constitution, OWEB may consider grant applications in partnership with other funders for ~~projects programs~~ that plan or implement the acquisition of an interest in water from willing sellers for the purpose of maintaining or restoring watersheds and habitat(s) for native fish or wildlife. Interest in water includes, but is not limited to, short-term instream leases (including split season use instream leases), water use agreements that result in demonstrable protectable instream flows, conserved water projects as determined by the Oregon Water Resources Department's Allocation of Conserved Water Program, and permanent and time-limited instream transfers. ~~Specifically, these projects programs will~~ must be designed to increase instream flow to do either or both of the following:

(a) Address the conservation needs of habitats and species; ~~and/or~~

(b) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality.

Applications must address the conservation and restoration needs of habitat(s) and species consistent with ecological priorities and principles identified by the Board. ~~Interest in water includes, but is not limited to, short term instream leases (including split season use instream leases), water use agreements that result in demonstrable instream flows, conserved water projects, and permanent and time limited instream transfers.~~

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0180

Application and Subsequent Grant Processing ~~and Agreement~~ Requirements

- (1) Grant applications for water acquisition ~~projects~~ ~~programs~~ must be submitted on the most current form that conforms with the process prescribed by the Board.
- (2) This Board-prescribed process may be conducted in cooperation with other funders of water acquisition ~~programs~~ ~~projects~~.
- (3) In the event of any conflict between these requirements and requirements identified in OAR 695-005, the water acquisition requirements in this division will take precedence.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0185

Use of Grant Funds

Water acquisition grant funds may be applied towards reasonable costs, as determined by OWEB, related to the planning and/or implementation of acquisition of interest in water from willing sellers, including:

- (d) The purchase price and the purchase option fees associated with acquisition of ~~an~~ interest in water.
- (e) The monetary interest on loans.
- (f) The staff costs incurred as part of ~~the~~ ~~acquiring~~ ~~acquisition program~~ ~~for~~ ~~related to~~ the interest in water.
- (g) The cost of water-owner outreach activities ~~necessary for the funded project~~.
- (h) The cost of due diligence activities, including appraisal or valuation of the interest to be acquired, title report, assessment of the ~~timing and extent of water use and regulation associated with water rights for the reliability of the~~ interest in water, Oregon Water Resources Department application costs, and other customary due diligence activities.
- (i) The legal fees incurred.
- (j) The transfer and closing fees related to the acquisition of ~~an~~ interest in water.
- (k) The cost of monitoring the acquisition to certify that the water interest is being used and managed consistent with Section 4(b), Article XV of the Oregon Constitution.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. ~~XX-XX-13~~

695-046-0190

Matching Contributions

- (1) All applicants shall demonstrate at least 25% of the actual water acquisition ~~project program~~ cost is being sought as match, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match:
 - (a) All costs listed under OAR 695-046-0185, including in-kind contributions of those costs.
 - (b) Funding commitments made by others as a result of grant applicant efforts (including funding to be secured from other funders as part of a Board-prescribed process conducted in cooperation with other funders).
 - (c) ~~The~~Any donated portion of the interest in water.
- (2) OWEB funds provided under OAR 695-046-0185 shall not qualify as matching contributions.
- (3) The Director retains the discretion to determine that specific matching costs are unreasonable in a particular grant context and ~~will~~would not be recognized as qualifying matching costs.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. ~~XX-XX-13~~

695-046-0195

Coordinating and Partnering with Other Funders

OWEB may consider grant applications in partnership with other funders for the purpose of creating operational efficiencies and better coordinating investments in water acquisitions to maintain or restore watersheds and habitat(s) for native fish or wildlife ~~and~~ that are designed to ~~, specifically, will~~ increase instream flow to do one or both of the following:

- (a) Address the conservation needs of habitats and species; ~~and/or~~
- (b) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality.

~~The OWEB Board may prescribe a process for water acquisition grants that is conducted in cooperation with other funders of water acquisition programs.~~

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. ~~XX-XX-13~~

695-046-0200

Application Evaluation Process

- (1) Grant applications for water acquisition ~~project programs~~ shall be evaluated in accordance with guidance (including priorities, ~~and~~ principles, and process) adopted and periodically reviewed by the Board and made available to the public via the agency's website and Board meeting materials.

(2) The evaluation may be conducted in cooperation with other funders.

(3) The grant application evaluation process shall include reviews for:

(a) The consistency of the water acquisition ~~project program~~ with the Board's established priorities and principles for water acquisitions.

(b) The significance of the projected ecological outcomes.

(c) The business plan for the water acquisition ~~project program~~, including:

- i. Socio-economic strategy, including the community impacts or benefits resulting from the ~~program project~~ (including, but not limited to, description of both current and proposed water uses, potential effects on existing water rights and uses, and other relevant socio-economic information).
- ii. The capacity of the grant applicant to complete the acquisition and to achieve and sustain the proposed ecological outcomes over time.
- iii. The soundness of the planning, ~~legal,~~ and of the legal and financial terms of the proposed water acquisition ~~project program~~, and its feasibility to achieve the projected ecological outcomes.
- i. ~~Priority will be given to projects that are planned or implemented, or both, by grant applicants with a sound program to acquire interests in water rights to address the conservation needs of habitats and species and improve water quality in a water-quality-limited area, as determined by the Oregon Department of Environmental Quality.~~

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0205

Public Involvement

The public shall be provided with opportunities to comment on grant applications for water acquisition ~~projects programs~~ being considered by the Board. OWEB will provide written notice ~~through its website~~ of the Board's intent to consider water acquisition grant applications. The Board will accept:

(1) Written comments received at least 14 days before the Board meeting at which the application is to be considered by the Board.

(2) Oral comments made at the Board meeting at which the grant application is considered.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0210

Board Approval and Delegation of Authority

The Board shall conditionally approve grants in accordance with guidance adopted by the Board and made available to the public. The Director is delegated the responsibility of ensuring that funding conditions required by the Board are fully satisfied by the grant applicant. ~~Conditionally approved grant funds shall be encumbered for disbursement disbursed only after all conditions are fulfilled. The encumbered funds may be made available for other uses by OWEB if all conditions required by the Board are not satisfied within 18 months of the conditional Board approval.~~

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0215

Director's Funding Approval and Distribution of Funds

(1) The Director may approve the distribution of grant funds when:

~~The funding conditions, if any, imposed by the Board are satisfied to the full satisfaction of the Director.~~

(a) ~~The legal and financial~~ terms of the proposed acquisition of an interest in water are approved by the Director.

(b) _____

~~A grant agreement is executed by the Director and either the grant applicant or the entity or entities(ies) identified under the Board-prescribed process for other funders as referenced under OAR 695-046-0180. In the latter case, the other funder(s) must subsequently execute a grant agreement with the applicant to utilize OWEB funds in support of a water acquisition project. A grant agreement is executed by the Director and the grant applicant and/or, under OAR 695-046-0180, the by the Director and the entity(ies) identified under the Board-prescribed process for conducted with other funders that must, by which that entity(ies) also subsequently will execute a grant agreement with the grant applicant.~~

(c) The Director has reconciled conditionally--approved funding with actual ~~program~~ costs.

(d) The grant applicant has satisfied the match requirements under 695-046-0190.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0220

Compliance and Enforcement

(1) The ongoing use of the water interest acquired with OWEB water acquisition grant funds shall be consistent with the purposes specified in section 4(b) Article XV of the Oregon Constitution. If significant compliance issues cannot be resolved to the full satisfaction of the Director, the Director, after informing the Board and providing reasonable written notice to the recipient of the grant, may in his or her discretion initiate any and all legal remedies available to OWEB, including recovery of the OWEB grant funds that were used to purchase the water interest, and reasonable interest and penalties at the option of- the Director.

(2) OWEB, its ~~grantees~~, contractors and cooperating agencies ~~will~~ must be provided sufficient legal access to property to which the water interest acquired with OWEB funds is appurtenant, for the purpose of monitoring to certify that the water interest is being used and managed consistent with Section 4(b), Article XV of the Oregon Constitution.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. **XX-XX-13**

695-046-0225

Subsequent Conveyances

~~Subsequent conveyances of the~~A water interest acquired with OWEB grant funds shall not be conveyed to another party ~~without~~unless the ~~subsequent conveyances being~~isare approved by the ~~made subject to~~ Board approval, and may not be conveyed for the purpose of consumptive uses.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. ~~XX-XX-13~~

695-046-0230

Waiver and Periodic Review of Rules

The Director may waive the requirements of Division 46 for individual grant applications, ~~not including mandatory statutory requirements unless required by statute~~, when doing so is reasonably calculated to ~~will~~result in more efficient or effective implementation of the Board's water acquisition grant program. Any waiver must be in writing and included in the grant file to which the waiver applies. ~~Water acquisition grant~~The administrative rules for water acquisition grants shall be periodically reviewed by the Board and revised as necessary and appropriate.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. ~~XX-XX-13~~

DIVISION 46

WATER ACQUISITION GRANTS

695-046-0010

Purpose

The purpose of this rule is to supplement the OWEB Grant Program rules under OAR 695-005 and to add specific guidance regarding the OWEB water acquisition grant program. The Oregon Watershed Enhancement Board does not itself hold an interest in water rights in grants authorized under these rules, but rather allocates funding for water allocation projects to other entities to hold the interest in water rights, subject to their contractual and statutory obligations and the compliance requirements set forth in OAR 695-046-0220.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0020

Definition of Water Acquisition Project

(1) "Water Acquisition Project is a program or project that plans for or implements, or both, the acquisition of an interest or interests in water from a willing seller for the purpose of increasing instream flow to do either or both of the following:

- (a) Address the conservation needs of habitats and species;
- (b) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality.

(2) A water acquisition project can include the following activities:

- (a) Strategic planning and development, project design, landowner outreach, and other activities associated with water acquisitions in a given basin or other defined area;
- (b) Acquisition of an interest in water and associated due diligence; and
- (c) Monitoring and other associated activities to ensure the interest is maintained through time

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0175

Nature of Application

In accordance with Section 4(b) of Article XV of the Oregon Constitution, OWEB may consider grant applications in partnership with other funders for projects that plan or implement the acquisition of an interest in water from willing sellers for the purpose of maintaining or restoring watersheds and habitat(s) for native fish or wildlife. Interest in water includes, but is not limited to, instream leases (including split season use instream leases), water use agreements that result in protectable instream flows, conserved water projects as determined by the Oregon Water Resources Department's Allocation of Conserved Water Program, and permanent and time-limited instream transfers. These projects must be designed to increase instream flow to do either or both of the following:

- (1) Address the conservation needs of habitats and species; or
- (2) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality.

Applications must address the conservation and restoration needs of habitat(s) and species consistent with ecological priorities and principles identified by the Board.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0180

Application and Subsequent Grant Processing Requirements

- (1) Grant applications for water acquisition projects must be submitted on the most current form that conforms with the process prescribed by the Board.
- (2) This Board-prescribed process may be conducted in cooperation with other funders of water acquisition projects.
- (3) In the event of any conflict between these requirements and requirements identified in OAR 695-005, the water acquisition requirements in this division will take precedence.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0185

Use of Grant Funds

Water acquisition grant funds may be applied towards reasonable costs, as determined by OWEB, related to the planning and/or implementation of acquisition of interest in water from willing sellers, including:

- (1) The purchase price and the purchase option fees associated with acquisition of an interest in water.
- (2) The monetary interest on loans.
- (3) The staff costs incurred as part of acquiring the interest in water.
- (4) The cost of water-owner outreach activities necessary for the funded project.
- (5) The cost of due diligence activities, including appraisal or valuation of the interest to be acquired, title report, assessment of the timing and extent of water use and regulation associated with water rights for the interest in water, Oregon Water Resources Department application costs, and other customary due diligence activities.
- (6) The legal fees incurred.
- (7) The transfer and closing fees related to the acquisition of an interest in water.
- (8) The cost of monitoring the acquisition to certify that the water interest is being used and managed consistent with Section 4(b), Article XV of the Oregon Constitution.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0190

Matching Contributions

- (1) All applicants shall demonstrate at least 25% of the actual water acquisition project cost is being sought as match, with the grant applicant required to provide matching funds and efforts necessary to complete the purchase. The following costs and activities will qualify as match:
 - (a) All costs listed under OAR 695-046-0185, including in-kind contributions of those costs.
 - (b) Funding commitments made by others as a result of grant applicant efforts (including funding to be secured from other funders as part of a Board-prescribed process conducted in cooperation with other funders).
 - (c) Any donated portion of the interest in water.
- (2) OWEB funds provided under OAR 695-046-0185 shall not qualify as matching contributions.
- (3) The Director retains the discretion to determine that specific matching costs are unreasonable in a particular grant context and would not be recognized as qualifying matching costs.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0195

Coordinating and Partnering with Other Funders

OWEB may consider grant applications in partnership with other funders for the purpose of creating operational efficiencies and better coordinating investments in water acquisitions to maintain or restore watersheds and habitat(s) for native fish or wildlife that are designed to increase instream flow to do one or both of the following:

- (1) Address the conservation needs of habitats and species; or
- (2) Improve water quality in a water-quality-limited area as determined by the Oregon Department of Environmental Quality.

Stat. Auth.: ORS 541.906
Stats. Implemented: ORS 541.932(9)
Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0200

Application Evaluation Process

- (1) Grant applications for water acquisition project shall be evaluated in accordance with guidance (including priorities, principles, and process) adopted and periodically reviewed by the Board and made available to the public via the agency's website and Board meeting materials.
- (2) The evaluation may be conducted in cooperation with other funders.
- (3) The grant application evaluation process shall include reviews for:

- (a) The consistency of the water acquisition project with the Board's established priorities and principles for water acquisitions.
- (b) The significance of the projected ecological outcomes.
- (c) The business plan for the water acquisition project, including:
 - i. Socio-economic strategy, including the community impacts or benefits resulting from the project (including, but not limited to, description of both current and proposed water uses, potential effects on existing water rights and uses, and other relevant socio-economic information).
 - ii. The capacity of the grant applicant to complete the acquisition and to achieve and sustain the proposed ecological outcomes over time.
 - iii. The soundness of the planning and of the legal and financial terms of the proposed water acquisition project, and its feasibility to achieve the projected ecological outcomes.
 - iv. Priority will be given to projects that are planned or implemented, or both, by grant applicants with a sound program to acquire interests in water rights to address the conservation needs of habitats and species and improve water quality in a water-quality-limited area, as determined by the Oregon Department of Environmental Quality.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0205

Public Involvement

The public shall be provided with opportunities to comment on grant applications for water acquisition projects being considered by the Board. OWEB will provide written notice through its website of the Board's intent to consider water acquisition grant applications. The Board will accept:

- (1) Written comments received at least 14 days before the Board meeting at which the application is to be considered by the Board.
- (2) Oral comments made at the Board meeting at which the grant application is considered.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0210

Board Approval and Delegation of Authority

The Board shall conditionally approve grants in accordance with guidance adopted by the Board and made available to the public. The Director is delegated the responsibility of ensuring that funding conditions required by the Board are fully satisfied by the grant applicant.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0215

Director's Funding Approval and Distribution of Funds

- (1) The Director may approve the distribution of grant funds when:
 - (a) The terms of the proposed acquisition of an interest in water are approved by the Director.
 - (b) A grant agreement is executed by the Director and either the grant applicant or the entity or entities identified under the Board-prescribed process for other funders as referenced under OAR 695-046-0180. In the latter case, the other funder(s) must subsequently execute a grant agreement with the applicant to utilize OWEB funds in support of a water acquisition project. The Director has reconciled conditionally-approved funding with actual costs.
 - (c) The grant applicant has satisfied the match requirements under 695-046-0190.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0220

Compliance and Enforcement

- (1) The ongoing use of the water interest acquired with OWEB water acquisition grant funds shall be consistent with the purposes specified in section 4(b) Article XV of the Oregon Constitution. If significant compliance issues cannot be resolved to the full satisfaction of the Director, the Director, after informing the Board and providing reasonable written notice to the recipient of the grant, may in his or her discretion initiate any and all legal remedies available to OWEB, including recovery of the OWEB grant funds that were used to purchase the water interest, and reasonable interest and penalties at the option of the Director.
- (2) OWEB, its grantees, contractors and cooperating agencies must be provided sufficient legal access to property to which the water interest acquired with OWEB funds is appurtenant, for the purpose of monitoring to certify that the water interest is being used and managed consistent with Section 4(b), Article XV of the Oregon Constitution.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0225

Subsequent Conveyances

A water interest acquired with OWEB grant funds shall not be conveyed to another party unless the conveyance is approved by the Board, and may not be conveyed for the purpose of consumptive uses.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-XX-13

695-046-0230

Waiver and Periodic Review of Rules

The Director may waive the requirements of Division 46 for individual grant applications, not including mandatory statutory requirements, when doing so is reasonably calculated to result in more efficient or effective implementation

of the Board's water acquisition grant program. Any waiver must be in writing and included in the grant file to which the waiver applies. The administrative rules for water acquisition grants shall be periodically reviewed by the Board and revised as necessary and appropriate.

Stat. Auth.: ORS 541.906

Stats. Implemented: ORS 541.932(9)

Hist.: OWEB 2-2005, f. & cert. ef. 2-1-05; OWEB 6-2013, f. & cert. ef. XX-

Summary of Rule Public Comments and Response

Commenter	Public Comment Provided	Proposed Response in Rule (changes to address comment shown in <i>bold italic</i>)	Additional Comments
<p>US Forest Service (USFS) staff comments (provided by Group Leader for Land Adjustments, Rights of Way, Pacific NW Region)</p>	<p>It is good for OWEB to recognize certain incidental expenses. The agency suggests that reimbursement should be limited to situations where there is a successfully completed transaction.</p>	<p>695-046-0185, Use of Grant funds: “Water acquisition grant funds may be applied towards reasonable costs as determined by OWEB related to the planning or implementation of acquisition of interest in water from willing sellers, including.”</p>	<p>The degree to which proposed costs are reasonable will be one criterion included in the application evaluation process (see 695-046-0200). Regarding the reimbursement-based process used by the USFS, the Forest Service’s approach differs from OWEB’s grant-making approach.</p>
<p>Oregon Farm Bureau Federation</p>	<p>1) Edit OAR 695-046-0175 to reference water acquisitions for “the purpose of increasing instream flow” 2) Need information to understand “cost” in the form of current land use (i.e., listed beneficial use of water and map of property) and how the water acquisition may affect future similar land use, property taxes, etc. 3) Via evaluation process, promote projects that do not remove water from appurtenant lands supporting agriculture 4) Encourage the use of short-term leases rather than permanent transfers 5) Better emphasize “clean water” benefits of water acquisitions, making these equivalent to habitat benefits</p>	<p>695-046-0200, Application Evaluation Process: “i. Socio-economic strategy, including the community impacts or benefits resulting from the project (including, but not limited to, description of both current and proposed water uses, potential effects on existing water rights and uses, and other relevant socio-economic information).” This revision addresses Comment #2.</p>	<p>Regarding Comment #1 about adding “the purpose of increasing instream flow” to 695-046-0175, the Oregon Constitution does not specifically state this detailed objective. It does, however, mention habitat and water quality, both of which already are included in this rule. Regarding Comment #5 and as noted above, both habitat and water quality benefits are noted in the Oregon Constitution and in statute, are reflected in OWEB’s proposed rule, and have equal standing in terms of importance. Regarding Comment #3, the proposed edit to address #2 (see column to the left) will ensure socio-economic information is obtained from applicants. The evaluation process for water acquisition grants will include consideration of such issues as community impacts or benefits, which will inform decision-making by the OWEB Board. Regarding Comment #4, both leases and transfers are activities associated with “interest in water” identified in OWEB’s rule. The agency is open to applicants proposing either or both of these activities.</p>

Summary of Rule Public Comments and Response

<p>Confederated Tribes of the Umatilla Indian Reservation (CTUIR)</p>	<p>1) Include tribal consultation in OAR 695-046-0200 2) In OAR 695-046-0210, decrease the amount of time allowed for meeting conditions to allow grant disbursement 3) Clarify OAR 695-046-0225 to ensure subsequent conveyances will not allow water interests to be converted to consumptive uses</p>	<p>695-046-0225, Subsequent Conveyances: “Subsequent conveyances of the water interest acquired with OWEB funds shall not be conveyed to another party for the purpose of consumptive uses. Subsequent conveyances must be made subject to Board approval.” This revision addresses Comment #3.</p>	<p>Regarding Comment #1, tribal consultation will be included as part of the Application Evaluation Process guidance to be adopted and periodically reviewed by the OWEB Board (see OAR 695-046-0200(1)). The guidance will be developed following this rule-making through a Board approved process to develop application and evaluation materials (not through subsequent rule-making). Regarding Comment #2, current OWEB rules for water acquisitions and all other grant types do not specify any timeframe for meeting conditions necessary to allow grant disbursement. At the advice of the Oregon Department of Justice, the timeframe reference was deleted from the proposed rules.</p>
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Oregon

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May 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item I: Partnerships Program Update
June 11-12, 2013 OWEB Board Meeting**

I. Introduction

This staff report briefs the Board about the Partnership Needs Assessment documents that partners and staff have prepared over the last several months. The Needs Assessments are the next step in the Board-approved process for improving Partnership Program transparency and understanding. At the June Board meeting, staff will request that the Board approve the Needs Assessments for each Partnership for the 2013-2015 biennium and consider Partnership Program funding requests as part of the OWEB 2013-2015 spending plan. (See staff report for Agenda Item P.) Partnerships include three Special Investment Partnerships (SIPs)—Deschutes, Upper Klamath, and Willamette—as well as the Whole Watershed Restoration Initiative (WWRI).

II. Background

OWEB began its current partnership investments in 2006 with the WWRI, a multi-agency, cooperative funding grant program to restore salmon habitat. This was followed in 2008 with the Deschutes SIP, a four-way implementer partnership to provide habitat and passage for Chinook salmon and steelhead above the Pelton-Round Butte dam complex. The Willamette SIP followed later that year; like the WWRI, it has been largely a funder-driven initiative in targeted areas along the Willamette River mainstem and in the 13 sub-watersheds that comprise the Model Watershed Program. Finally, in 2012, the Board approved the Upper Klamath SIP — a multi-practitioner effort to reestablish, improve, and sustain the ecological and hydrologic connectivity of aquatic ecosystems in the Upper Klamath Basin.

By 2012, the Board expressed a desire for clearer understanding of the purpose, outcomes, costs, and time horizons for its partnership investments. In late 2012, staff and the Partnerships Subcommittee developed a process for increasing program transparency and understanding. To this end, staff and the subcommittee, working with the various program partners, developed three tools: 1) a Partnership Report template to describe each partnership and its status; 2) a Partnership Needs Assessment; and 3) a timeline for implementation of the proposed new process for partnership investments. These templates were provided to the Board at its January 2013 meeting, and staff presented the Partnership Reports at the March 2013 meeting.

III. Results of the Needs Assessments

Prior to the March 2013 meeting, staff began working with partners on completing their respective Needs Assessments. Partners submitted their draft assessments at the end of March, and staff then worked with the partners to refine the drafts. In May, partnerships staff shared the revised drafts with other OWEB staff as part of the agency's commitment to improve transparency and understanding. OWEB staff from several sections within the agency provided useful insights and suggestions for clarifying and improving the documents. In mid-May, core program proponents (core funders in the case of the WWRI and Willamette SIP and core implementers in the case of the Deschutes and Upper Klamath SIPs) presented their respective Needs Assessments to a subset of the Partnerships Subcommittee. These presentations were the final opportunity to clarify and refine the drafts before the June Board meeting.

The Needs Assessment review is being used to identify, from the partners' perspectives, broader needs for the next six years and detailed needs for the 2013-2015 biennium to assist the Board in developing their spending plan. The portions of the Needs Assessments used specifically to inform staff recommendations to the Board about the spending plan are:

- A. Ecological outcome – overall ecological goal/target, limiting factors/critical elements, interim outcomes and basis for expectations that the outcomes can be achieved;
- B. Strategy – focus area (geography, watershed processes, social/political/economic priorities and actions);
- C. Implementation partners;
- D. Funding partners; and
- E. OWEB funding request.

Attachments A-D contain staff summaries of each of the needs assessments for Board review.

IV. Recommendation

Staff recommend the Board approve the Needs Assessments as summarized in Attachments A-D of the staff report. These documents will serve as the framework for investment decisions for the 2013-2015 biennium.

Attachments

- A. WWRI Needs Assessment summary
- B. Deschutes SIP Needs Assessment summary
- C. Willamette SIP Needs Assessment summary
- D. Upper Klamath SIP Needs Assessment summary

**Whole Watersheds Restoration Initiative (WWRI) Partnership Needs Assessment,
prepared by WWRI**

OWEB Staff Summary for Board Review

Desired Outcomes

The WWRI is a unique model that facilitates collaborative agency restoration investments in targeted watersheds. The WWRI’s mission, like many other restoration grant programs in the Pacific Northwest, is to recover key watershed processes to benefit listed salmon. Their strategy, however, is distinct. The partnership seeks to catalyze salmon and habitat recovery by:

- a. Coordinating and concentrating restoration funding in select Focus Watersheds and
- b. Funding high-priority work that restores the major, natural processes in these watersheds.

Working across a broad physical and social landscape, the WWRI is somewhat distinct from other Partnership Investments. As a strategic granting program, once an individual Focus Watershed is set on a path of recovery, as defined by restoration action plans, restoration efforts and funding will then be concentrated in other areas. For this reason, the geographic focus will change over time.

Expected Interim Objectives /Outcomes

Objective	Proposed Metrics
1. Accelerate the pace of restoration	<ul style="list-style-type: none"> • Completion of high-priority restoration in sub-watersheds and/or entire Focus Watersheds [cannot satisfactorily measure now] • Total funds awarded by the WWRI (by Focus Watershed, Priority Basin, and state) [can measure now] • Amount of money leveraged (by each WWRI partner, within each Focus Watershed, Priority Basin, and by state) [can measure now]
2. Increase decision-maker and public awareness of restoration benefits	<ul style="list-style-type: none"> • Number of restoration success stories, including publishing venues and number of times stories are shared (e.g., 2 articles published to a blog with 200 shares on social media)
3. Improve ability to monitor restoration progress and funding outcomes	<p>Percent of Focus Watersheds for which we can confidently state that we know how close we are to completing high-priority salmon habitat restoration work [cannot satisfactorily measure now]</p> <p><i>E.g.,</i></p> <ul style="list-style-type: none"> • Percent of Focus Watersheds that have restoration action plans (with prioritized sub-watersheds and treatments) • Percent of Focus Watersheds with clear treatment benchmarks such as individual projects or number of acres • Percent of Focus Watersheds that have rigorous tracking of completed projects/treatments. • Percent of Focus Watersheds with above information readily available for analysis (i.e., in structured, accessible database).

Focus Area



Actions

Continuing to fund high-priority salmon habitat restoration actions

The criteria in WWRI's grant application give preferentiality to projects that remove chronic risk factors and restore watershed processes in the watershed for the benefit of anadromous fish.

Activities considered for funding include, but are not limited to:

- Culvert removal and traditional culvert replacement with stream-bed simulation-type culverts or bridges;
- Removal of dams or other large obstructions to rivers and streams;
- Breaching or removal of levees;
- Road decommissioning or modification for habitat restoration purposes;
- Re-establishing river flow patterns, meanders, and channels that have been altered;
- Restoring stream complexity and roughness;

- Restoring and enhancing connections between lakes, sloughs, side channels, floodplains, and main channels; and
- Restoring riverbanks and floodplains, including riparian restoration.

Growing restoration investments in Focus Watersheds

- Boost contributions from WWRI funding partners.
- Recruit new funding partners to the WWRI.
- Explore potential for raising private dollars for restoration.

Completing high-priority work in at least three Focus Watersheds by 2019 (proposed)

- WWRI partners are considering the addition of a third tier to the funding strategy, earmarking funds for a short list of Focus Watersheds that overlap with Salmon Strongholds.

Implementation Partners

Subgrantees to date have included Soil and Water Conservation Districts, Watershed Councils, other non-profits (e.g., Siuslaw Institute, The Nature Conservancy, The Freshwater Trust), National Forests, and Tribes. Many of these groups have successfully competed for funding year after year; the WWRI has worked with more than 50% of the following implementation partners on two or more projects.

Funding Partners

U.S. Forest Service
 Oregon Watershed Enhancement Board
 U.S. Fish and Wildlife Service (Partners Program)

NOAA Restoration Center
 Bureau of Land Management
 Natural Resources Conservation Service

Budget Categories – 2013-2015 Biennium

OWEB Grant Category	Lead Organization(s)	OWEB Requested Investment	Funding Partner Investment	Implementation Partner/Other Leverage
Partnership Capacity	Ecotrust	√	√	
Outreach				
Technical Assistance				
Restoration	Subgrantees	√	√	√
Land Acquisition				
Water Acquisition				
Monitoring (per #8)	Ecotrust	√		
Total		\$1,500,000	\$1,500,000	\$600,000
OWEB staff recommendation		\$500,000		

**Deschutes SIP Partnerships Needs Assessment
prepared by Deschutes SIP Partners**

OWEB Staff Summary for Board Review

Desired Ecological Outcomes

The Partnership seeks to restore the physical and biological conditions necessary to support self-sustaining populations of wild salmon and steelhead in the reintroduction areas of the Metolius River, Whychus Creek and the lower Crooked River. Accordingly, strategies are designed to achieve specific outputs (e.g., streamflow) and outcomes (e.g., adequate water quality) that will cumulatively address the primary limiting factors that limit native salmonid production in a given stream reach.

Expected Interim Objectives /Outcomes

The expected outcomes are identified below for each tributary to the Upper Deschutes River:

Metolius River Objectives
Conserve portions of undeveloped properties on Metolius River, Lake Creek, and Spring Creek to prevent future floodplain development and habitat loss, facilitate and protect restoration projects on same
Provide fish passage unimpeded by artificial barriers and eliminate threats of entrainment in unscreened diversions
Restore stream channel, riparian, and floodplain function on Metolius River, Lake Creek, and Spring Creek
Increase community and stakeholder support for watershed restoration
Whychus Creek Objectives
Conserve and facilitate restoration of historic wet meadows along Whychus Creek from Sisters to Crooked River National Grassland
Use conservation, acquisition, and leasing to achieve Oregon instream flow target of 33 cfs (interim target)
Provide fish passage unimpeded by artificial barriers and eliminate threats of entrainment in unscreened diversions
Restore stream channel, riparian, and floodplain function on nine miles of stream
Increase community and stakeholder support for large-scale watershed restoration
Continue outcome monitoring to support prioritization of restoration projects and refinement of restoration strategies

Lower Crooked River Objectives
Protect and facilitate restoration of priority fish production reaches on upper McKay Creek, upper Ochoco Creek, and Crooked River
Use conservation, acquisition, and leasing to restore 60 cfs to Lower Crooked River and 11 cfs on McKay Creek
Provide fish passage unimpeded by artificial barriers and eliminate threats of entrainment in unscreened diversions
Restore stream channel, riparian, and floodplain function on total of five miles between McKay Creek, Ochoco Creek, and Crooked River
Increase community and stakeholder support for large-scale watershed restoration
Support prioritization and adaptive management by building existing monitoring efforts and strengthening integration with Pelton-Round Butte related monitoring

Focus Area

The focal area is the reintroduction areas of the Metolius River, Whychus Creek and the lower Crooked River (see map).

Actions

The types of actions necessary to achieve the desired ecological outcomes vary by watershed because the limiting factors, political conditions and needs are different in each key watershed.

Metolius River

- Community support
- Land conservation
- Fish passage and screening on Lake Creek and Jack Creek – pumps, diversions, road crossings and dams
- Fish habitat enhancement on tributaries
- Restoring instream woody material and riparian habitat

Whychus Creek

- Community outreach
- Streamflow restoration – water conservation, transfers, leasing
- Land conservation
- Fish passage and screening at pumps, diversions and dams
- Stream restoration - reaches that have been channelized to improve instream habitat and overall stream/floodplain function
- Conducting long-term, multi-parameter monitoring to evaluate effectiveness over time

Crooked River (includes McKay and Ochoco Creeks)

- Streamflow restoration – transfers through source switches, leasing, storage release management at Prineville Reservoir
- Land conservation
- Fish passage and screening at individual private pumps and diversions and passage at all diversion structures and hydro-electric facilities
- Stream restoration – floodplain and side-channel reconnection, increasing riparian diversity and cover, potential for large wood recruitment
- Provide for more diverse habitat features, both physical and biological, throughout the target area
- Conduct long term, multi-parameter trend monitoring for water quality coupled with project monitoring results; work to add additional monitoring parameters as funding becomes available to better inform project outcomes, project priority setting, and overall watershed health
- Community outreach

Implementation Partners

- Upper Deschutes Watershed Council (UDWC)
- Crooked River Watershed Council (CRWC)
- Deschutes Land Trust (DLT)
- Deschutes River Conservancy (DRC)

Funding Partners

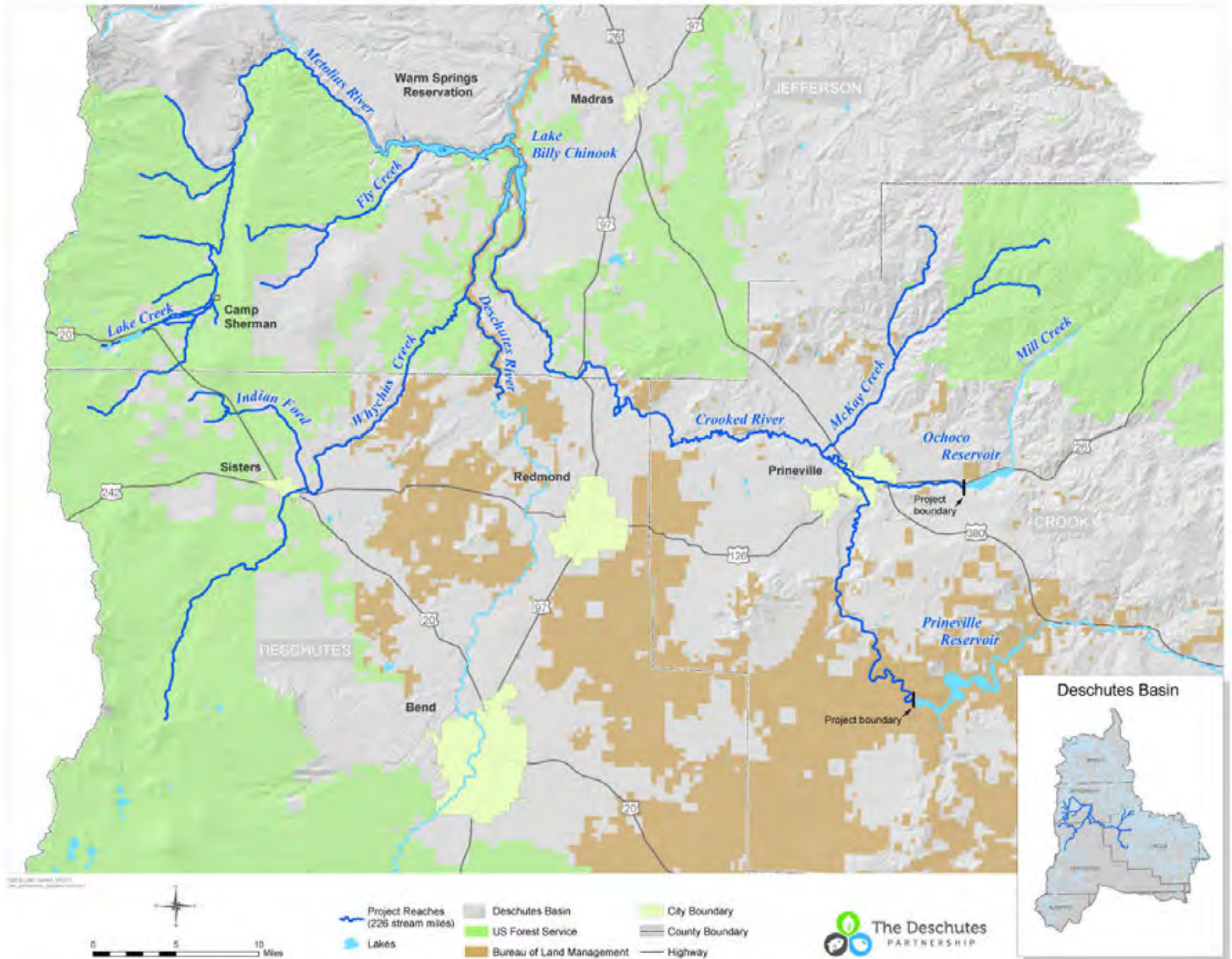
- Bonneville Environmental Foundation
- Pelton General Fund
- Pelton Water Fund: Project funding for streamflow restoration projects.
- National Fish and Wildlife Foundation/BPA (Columbia Basin Water Transactions Program)









(See next page for budget)

Budget Categories – 2013-2015 Biennium

OWEB Grant Category	Lead Organization(s)	OWEB Requested Investment	Funding Partner Investment	Implementation Partner/Other Leverage
Partnership Capacity	All	√	√	√
Outreach	All	√	√	√
Technical Assistance	UDWC, CRWC	√	√	√
Restoration	UDWC, CRWC, DRC	√	√	√
Land Acquisition	DLT	√	√	√
Water Acquisition	DRC	√	√	√
Monitoring (per #8)	UDWC, CRWC	√	√	√
Total		\$7,000,000	\$9,158,000	\$1,251,000
OWEB Staff Funding Recommendation		\$4,000,000		

Deschutes Partnership Project Area



-  Project Reaches (226 stream miles)
-  Lakes
-  Deschutes Basin
-  US Forest Service
-  Bureau of Land Management
-  City Boundary
-  County Boundary
-  Highway



**Willamette SIP Needs Assessment
Summary for Board Review**

The Willamette Special Investment Partnership (WSIP) comprises two separate, but related programs: The Mainstem Willamette and the Model Watershed programs.

Desired Ecological Outcomes

Mainstem

- Increased channel complexity and length
- Improved connectivity between the river and its floodplain
- Expanded geographic extent and improved health of floodplain forests

Model Watersheds

- Enhanced riparian corridors and floodplains
- Enhanced in-stream and stream-associated habitat
- Enhanced flow and water quality

Expected Interim Objectives/Outcomes

Mainstem Objectives
Build the capacity of local organizations
Improve the ability to implement restoration and protection in the anchor habitats
Conduct specific evaluation of processes that can be used to target restoration actions
Increase floodplain reconnection
Increase and improve the extent and condition of floodplain forests
Increase side channel length and complexity
Implement large-scale validation and effectiveness monitoring

Model Watershed Objectives
Build the capacity of participating councils
Conduct outreach to landowners to determine interest.
Enhance riparian corridors and related floodplains
Enhance in-stream habitat
Enhance flow or water quality
Implement uniform monitoring across model watersheds

Focus Area

Geographic Focus

The WSIP currently encompasses the length of the Willamette River from its confluence with the Coast and Middle forks downstream to its confluence with the Columbia River. Along its length, the partners have identified 12 anchor habitats, which have their origin in The Nature Conservancy’s synthesis mapping project of conservation opportunity areas. Essentially, the anchor habitats are located at major tributary confluences and river sections where there are opportunities to re-connect the river to its historic floodplain. The effort relies on the *Willamette River Basin Planning Atlas’s* “Slices Framework,” which creates a spatial context for consistent and simultaneous analysis of the floodplain and its human systems. The WSIP is currently working to define critical areas to allow the WSIP to focus limited funds on program objectives in priority habitat areas. Staff will update the Board at its September 2013 Board meeting.

Necessary actions

Mainstem

While mainstem actions are collaboratively funded, Meyer Memorial Trust (MMT) tends to focus on funding capacity, outreach, and research, whereas the WSIP and Bonneville Power Administration (BPA) focus on restoration and monitoring. In the list below, MMT has a particular interest in the collective impact piece and WSIP and BPA in the other four actions. Specific actions to be funded by the partners and identified during that process will be to:

- Explore a process for achieving “collective impact” to examine the feasibility of regional collaboratives to assess local anchor habitat conditions (MMT);
- Restore floodplain forest along the Willamette mainstem (MMT, BPA, WSIP);
- Reconnect the Willamette mainstem to remnant side channels (MMT, BPA, WSIP);
- Reconnect the floodplain with adjacent active channels (MMT, BPA, WSIP); and
- Conduct research and monitoring (MMT, BPA, WSIP)

Model Watersheds

While each Model Watershed has a comprehensive restoration program, WSIP funds *only* riparian restoration in the Model Watersheds. All other Model Watershed work is eligible for funding through OWEB’s Regular Grant Program. In the list below, the first three actions are eligible for WSIP funds.

- Manage invasive species in riparian areas (MMT, WSIP)
- Revegetate riparian areas (MMT, WSIP)
- Install livestock exclusion fencing in riparian areas (MMT, WSIP)
- Restore and maintain adequate stream flows (MMT, OWEB)
- Increase hydraulic diversity and wood in key stream reaches (MMT, OWEB)
- Reconnect side channels, alcoves, and remeander straightened streams (MMT, OWEB)
- Reconnect floodplains /wetlands (MMT, OWEB)
- Remove artificial fish barriers and sediment transport barriers (MMT, OWEB)

Implementation Partners

Mainstem

Land trusts (Greenbelt Land Trust, McKenzie Land Trust, The Nature Conservancy)	Tribes (Grand Ronde, Siletz, and Warm Springs)
Watershed councils (Calapooia and Luckiamute)	Oregon Parks and Recreation Department
Local government (Benton SWCD, Cities of Albany, Salem, and Portland)	Oregon Department of Fish and Wildlife
Non-profit conservation groups (Friends of Buford Park and Mt. Pisgah, Willamette Riverkeeper)	Academia (Oregon State University, University of Oregon)
For-profit enterprises (River Design Group)	U.S. Geological Survey

Model Watersheds

Calapooia Watershed Council (Middle Calapooia and Courtney Creek subwatersheds)	Middle Fork Willamette Watershed Council (Lost and Little Fall creeks subwatersheds)
Long Tom Watershed Council (Ferguson, Bear, and Coyote creeks subwatersheds)	North Santiam Watershed Council (Valentine Creek and Bear Branch subwatersheds)
Luckiamute Watershed Council (King’s Valley subwatersheds)	South Santiam Watershed Council (Hamilton and McDowell creeks subwatersheds)
Marys Watershed Council	

Three of the watershed councils — Calapooia, North and South Santiam — have combined their outreach and technical staff to achieve cost efficiencies. They are regarded, therefore, as a single model watershed.

Funding Partners

At present, the Mainstem partnership has three core funding partners: OWEB, MMT, and BPA. The latter has two habitat-related programs in the Willamette Basin: Willamette River Habitat Protection and Restoration Program (shown as “BPA BiOp” in the table below) and Willamette Wildlife Mitigation Program (shown as “BPA Wildlife Mitigation”). The Model Watershed Program is funded mainly by MMT and OWEB, and is managed by the Bonneville Environmental Foundation.

Budget Categories – 2013-2015 Biennium

Mainstem

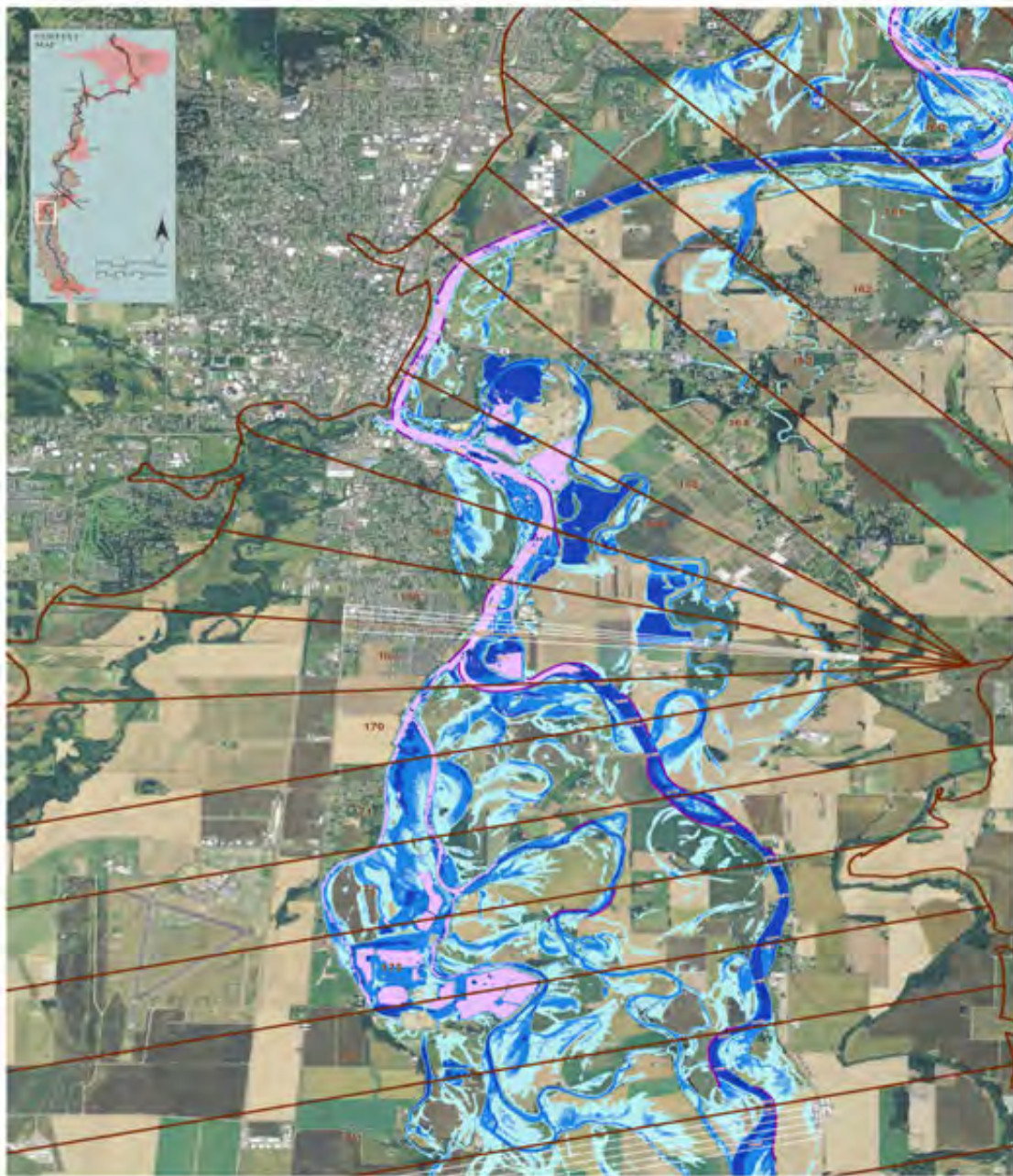
OWEB Grant Category	Lead Organization(s)	Core Funding Partners			
		OWEB Requested Investment	MMT	BPA BiOp	BPA Wildlife Mitigation
Partnership Capacity	MMT	√	√		
Outreach	Watershed groups (WGs)/BEF		√		
Technical Assistance/Research	WG, Land trusts (LTs)	√	√		
Restoration	WGs, LTs, BEF	√	√	√	
Land Acquisition	LT's, BPA/ODFW			√	√
Monitoring	OWEB, BPA, BEF	√		√	
Total		\$2,000,000	\$1,300,000	\$1,600,000	\$1,200,000
OWEB staff recommendation		\$2,000,000			

Model Watersheds

OWEB Grant Category	Lead Organization(s)	Core Funding Partners		
		OWEB Requested Investment [†]	MMT	BEF
Partnership Capacity	BEF		√	
Outreach	BEF		√	√
Technical Assistance	BEF		√	
Restoration	model watersheds	√	√	√
Land Acquisition				
Monitoring	BEF/model watersheds		√	
Total		\$1,000,000	\$1,400,000	\$120,000
OWEB staff recommendation		\$1,000,000		

[†] WSIP funds only riparian restoration in the Model Watersheds; all other Model Watershed work is eligible through OWEB's Regular Grant Program.

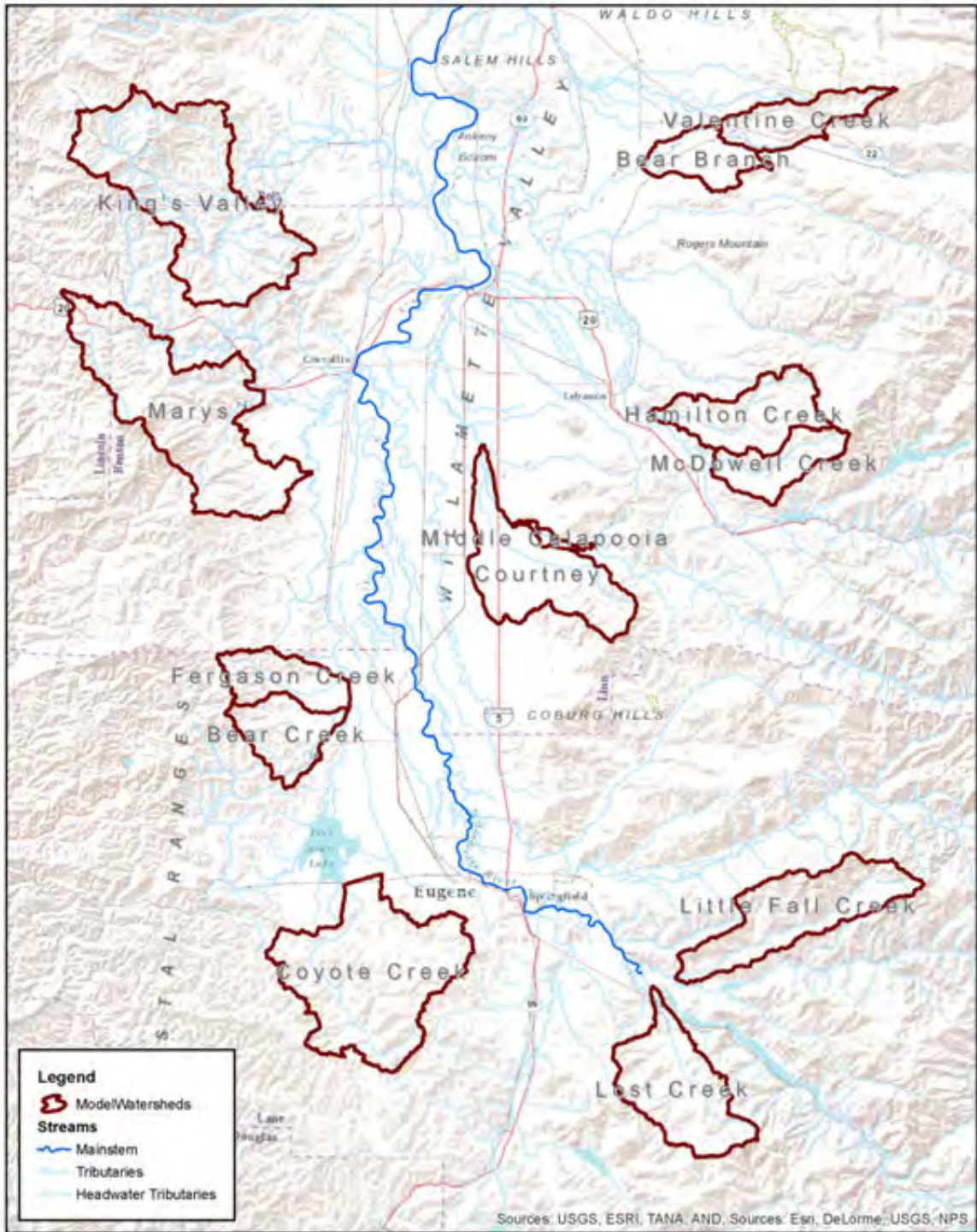
WILLAMETTE RIVER FLOODPLAIN | 100 METER SLICES FRAMEWORK



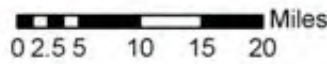
Legend: LAND USES, WATER CHANNELS, SLICES, BRIDGE, SPUR CHANNEL, INUNDATION ZONE, COLD-WATER REFUGIA

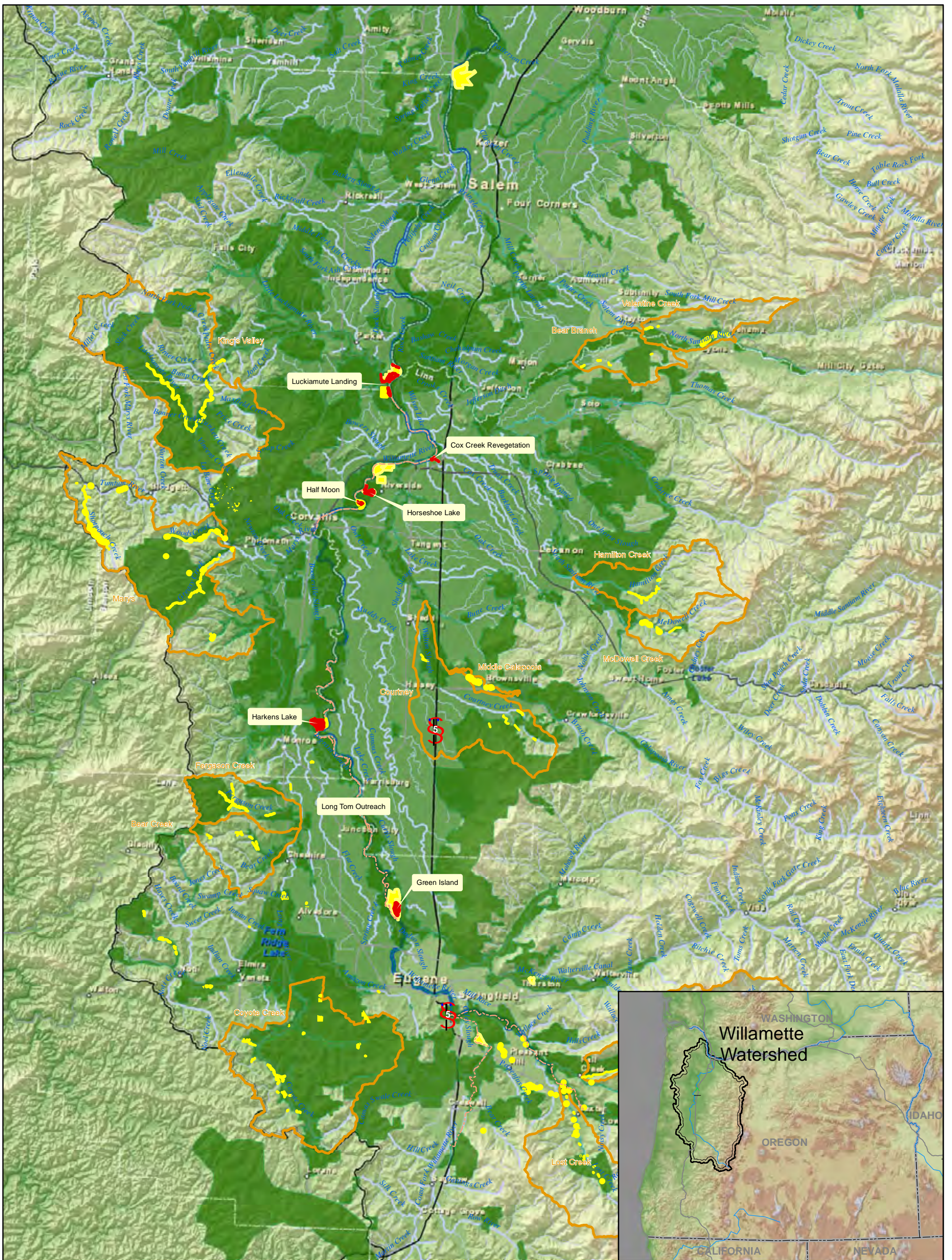
OSU Oregon State University
WR 14
Scale: 1:50,000
Date: 2014

The WSIP currently is working to define critical areas to allow the program to focus limited funds on program objectives in priority habitat areas. The effort is grounded in the *Willamette River Basin Planning Atlas's* “Slices Framework,” which creates a spatial context for consistent and simultaneous analysis of the floodplain and its human systems. Above is a map from the Slices Framework, which includes a portion of the Long Tom Confluence-John Smith Islands Anchor Habitat and covers roughly the area from Kiger Island downstream to Corvallis. Red, diagonal lines, shown at right angles to the floodplain’s center axis, represent 1-km slices of the Willamette River floodplain and cover the extent of what is known as the “pragmatic floodplain.” The magenta and blue overlay shows the extent of the two-year inundation zone, which simply means that in any given year there is a 50 percent probability of flooding in these areas. The white diagonal lines appearing in slices 168 and 176 identify general areas of cold-water refugia.

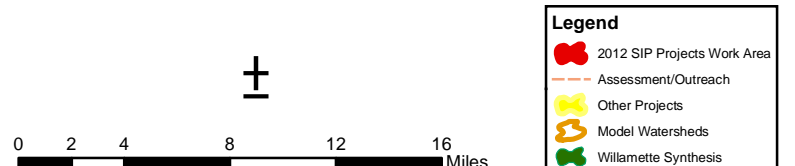


**Willamette
Model Watersheds**





Willamette Strategic Investment Synthesis Map



Upper Klamath SIP Partnerships Needs Assessment
prepared by Upper Klamath Conservation Action Network (UKCAN)

OWEB Staff Summary for Board Review

Desired Ecological Outcomes

Implementing the Upper Klamath Special Investment Partnership (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 ecological and hydrologic connectivity of aquatic ecosystems in the catchment above Link River Dam and in Spencer Creek. Overall, the SIP will prepare the Upper Klamath 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. All of the activities proposed and to be implemented under the Upper Klamath SIP are based on voluntary restoration and conservation efforts.

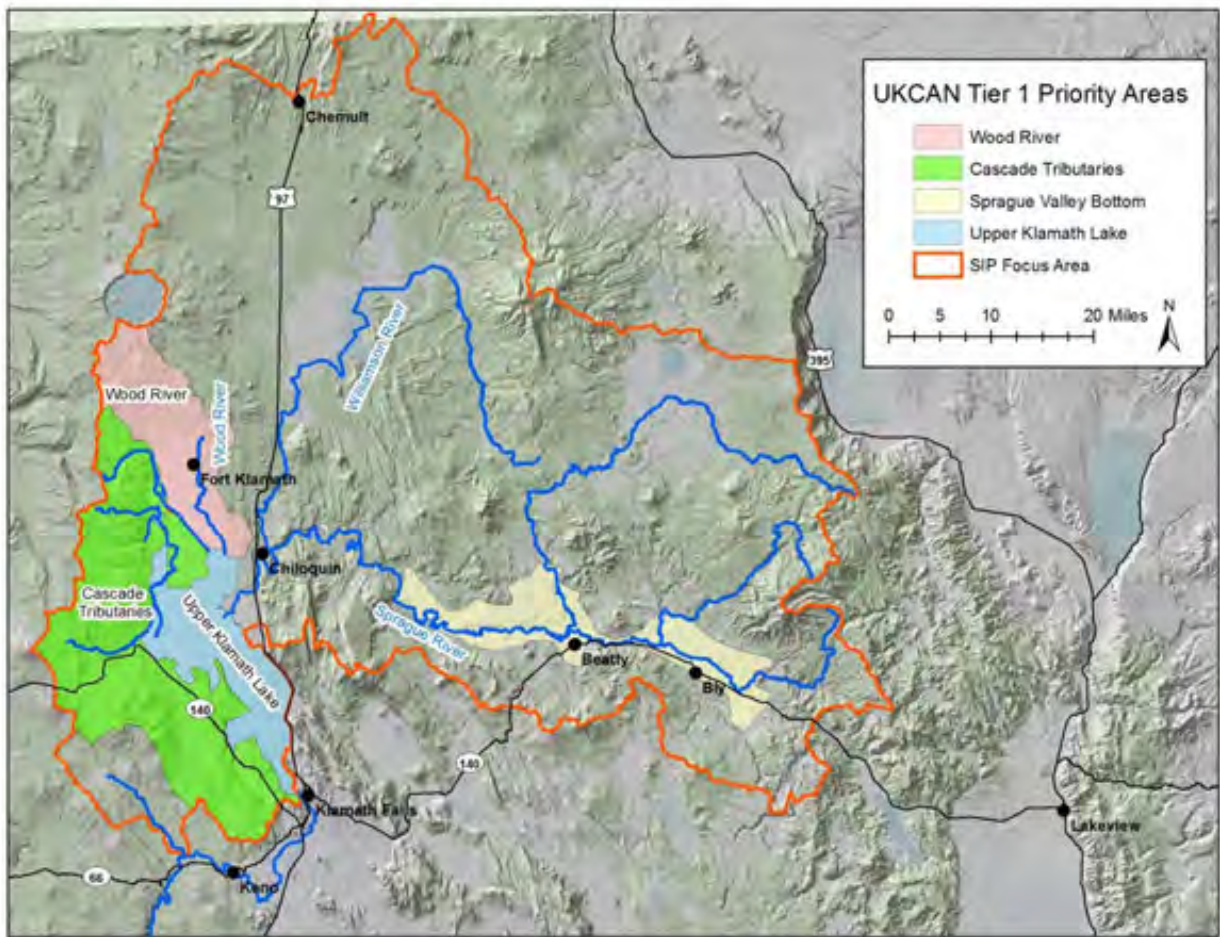
Expected Interim Objectives /Outcomes

The Upper Klamath SIP interim outcome is to ameliorate the adverse effects of high external loading of phosphorus and insufficient in-stream flows within a 10-year period by:

- Improving riparian areas basin-wide to support lateral connectivity
- Allowing unobstructed movement and migration corridors for fish species
- Increasing flow and improving (i.e., lowering) water temperature
- Reducing amount of low-quality water returning to rivers
- Reducing entrainment of fish species
- Increasing quantity of water
- Conducting water quality monitoring
- Completing outreach about UKCAN priorities to landowners and agencies
- Increasing UKCAN capacity to meet the group's agreed upon priorities

Focus Area

Due to the large size of the Upper Klamath SIP area and the diversity of habitat types found across the Upper Basin, the Upper Klamath SIP will focus efforts during the next four to six years (including the 2013-15 biennium) in Priority Areas. Actions will be concentrated in these watersheds to directly address limiting factors for two endangered sucker species that reside in the Upper Klamath Basin. The four Priority Areas are the Cascade tributaries, the Wood River, Sprague Valley bottoms, and Upper Klamath Lake (see map on next page).



Priority Area	Priority Actions
<p><u>Cascade Tributaries</u> Tributaries west of the Wood River that flow into Agency and Upper Klamath Lake</p>	Eliminate the direct return of warm water irrigation ditches in lower Sevenmile Creek to control external load of phosphorus.
	Eliminate existing fish barriers in lower Sevenmile Creek.
	Increase instream flow.
	Remove fish barriers and install fish screens on senior water right landowner diversions.
	Sevenmile Creek monitoring.
Outreach to landowners.	

<p style="text-align: center;"><u>Wood River</u> Mainstem Wood River and tributaries (Annie Creek, Sun Creek, Crooked Creek, Fort Creek)</p>	Continue to improve riparian and grazing management practices throughout the Wood River.
	Increase instream flow.
	Remove fish barriers and install fish screens on senior water right landowner diversions.
	Outreach to landowners,
<p style="text-align: center;"><u>Sprague River Valley Bottom</u> Includes all low gradient areas of the Sprague River and tributaries with gradients $\leq 4\%$</p>	Restore lateral and longitudinal connectivity and process to channelized reaches of the South Fork Sprague and Fishhole Creek.
	Remove levees to reconnect floodplain.
	Continue to improve riparian and grazing management practices throughout the Sprague River valley, and link upland grazing to riparian grazing management changes.
	Reconnect and develop springs to provide thermal refugia.
	Increase instream flow.
	Remove fish barriers and install fish screens on senior water right landowner diversions.
	Flow, suspended sediment concentration, and water quality monitoring.
	Presentations on water rights.
	Outreach to landowners.
<p style="text-align: center;"><u>Upper Klamath Lake</u> Upper Klamath Lake, Agency Lake, and Wood River Wetlands</p>	Restore lake-fringe wetland habitats.
	Create management wetlands to reduce external loading.
	Remove fish barriers and install fish screens on senior water right landowner diversions.
	Improving spawning habitat at springs
	Outreach to landowners.

Implementation Partners

- The Klamath Tribes (TKT)
- Klamath Basin Rangeland Trust (KBRT)
- Klamath Watershed Partnership (KWP)
- The Nature Conservancy (TNC)
- Upper Klamath Water Users Association (UKWUA)
- Sustainable Northwest (SNW)
- Klamath Soil and Water Conservation District (KSWCD)

Funding Partners

The National Fish and Wildlife Foundation is a core funding partner through its investment in the Upper Klamath Keystone Fisheries Initiative. The U.S. Fish and Wildlife Service (UFWWS)

also serves as a funding partner, in a less formal way, by providing direct project support and technical assistance for restoration projects.

Budget Categories – 2013-2015 Biennium

OWEB Grant Category	Lead Organization(s)	OWEB Requested Investment	Funding Partner Investment	Implementation Partner/Other Leverage[†]
Partnership Capacity^{††}	KWP; KBRT	√	√	√
Outreach	KWP	√	√	
Technical Assistance	USFWS; NRCS; KBRT; KSWCD	√	√	√
Restoration	KWP; KBRT; KSWCD; USFWS	√	√	√
Monitoring (per #8)	TKT	√	√	√
Total Requested		\$1,965,000	\$798,000	\$2,108,000
OWEB Staff Funding Recommendation		\$ 800,000		

Note: Water and land acquisition are important tools for achieving the desired ecological outcomes of the Upper Klamath SIP. However, water and land acquisition were not contemplated for inclusion under this SIP at its initial funding level. During the 2013-2015 biennium, SIP partners request that the OWEB Board consider the opportunity for water and land acquisition projects through OWEB's Regular Grant Program. SIP water and land acquisitions are not proposed in the budget above; the issue, however, needs to be considered by the OWEB Board.



Oregon

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May 29, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

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

**SUBJECT: Agenda Item J: Watershed Council Support Transition
June 11-12, 2013, OWEB Board Meeting**

I. Introduction

This staff report updates the Board on progress toward the Watershed Council Support Outcome-Based Review and Award Process, and seeks the following Board actions at the June 2013 Board meeting:

1. Direct staff to convene a stakeholder Rules Advisory Committee (RAC) to begin the council support rulemaking process. The RAC will advise OWEB staff in developing changes to council support administrative rules and policy guidance, for Board consideration in June 2014. Changes adopted by the Board in 2014 will inform OWEB council support funding decisions for the 2015-2017 and future biennia.
2. Provide policy direction to staff regarding the scale at which watershed councils can apply for an individual council support grant. This direction is necessary to inform staff's work to develop proposed rule changes and policy guidance. This is not a final decision, but rather policy direction to inform rulemaking. Staff expects that final proposals for Board action in 2014 will be further informed by the rulemaking process.

II. Background

OWEB adopted its Strategic Plan in 2010. Goal 2 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 its Council Support program review in 2010, looking at process improvements and potential policy changes. In order to provide the time for staff to consult with councils, develop implementation details, and conduct rulemaking for the revised Council Support program, the Board approved the 2013-2015 Council Support award transition process at the March 2012 Board meeting. This decision results in 2013-2015 being a transition biennium during which OWEB and watershed councils can prepare for refinements to the Council Support program that will be instituted during the 2015-2017 biennium.

A. Watershed Councils, Local Government Role, and State Role

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. Applications are evaluated for merit based on detailed criteria and processes in OWEB's rules, and funding is awarded based on factors outlined 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).

Watershed councils are locally based, voluntary in nature, and under Oregon law, "designated by a local government group convened by a county governing body, to address the goal of sustaining natural resource and watershed protection, restoration and enhancement within a watershed" (Oregon Revised Statute [ORS] 541.890(15)).

OWEB does not create or oversee watershed councils. OWEB has the discretion to provide capacity grants to councils that represent a balance of interests in their watersheds and demonstrate the potential to protect and enhance the quality of their watersheds. Councils also are expected to assure a high level of citizen involvement in the development and implementation of watershed action programs (ORS 541.910).

B. 2011 Legislative Budget Note

OWEB's 2011-2013 Legislatively Adopted Budget includes direction from the Legislature regarding a review of watershed councils. The charge of the budget note was consistent with the purposes of OWEB's Council Support program review. OWEB's response to this budget note was provided to the Board at the January 2013 Board meeting.

C. 2012 Council Support Listening Sessions

In the fall of 2012, OWEB proposed a set of process changes based on the Council Support Work Group recommendations, and policy changes to address long-standing policy issues. Six Listening Sessions and one webinar were held around the state.

Overall, there was general (though not universal) support for the proposed process improvements. OWEB also heard general (but not universal) support for many of the proposed changes to the eligibility criteria regarding bylaws, fiscal policies, procedures and county recognition. There were suggestions to clarify the language and intent as well as implementation questions that need to be addressed and reviewed by stakeholders as OWEB moves forward.

While most participants opposed the idea for 45 defined "council capacity areas" instead of the current open-ended "unique geographic areas" with no sideboards for size or scale, a majority of commenters also recommended that OWEB address the scale at which councils can apply for individual council support grants. The most consistent solution suggested was for OWEB to provide resources and incentives for councils to develop their own boundaries and partnerships.

D. Board Subcommittee and Council Support Work Group Recommendations

Following updates to the full Board at the January and March, 2013 meetings, the Board's Watershed Council Support Subcommittee met twice in April 2013 to discuss stakeholder feedback and consider alternative policy directions for the scale at which councils can apply for individual council support grants. The Subcommittee recommended two options for consideration by the full Board (Attachment A), with a preference by most Subcommittee members for Scale Option A.

On April 30, 2013, the Council Support Work Group met for a full day to review all of the proposed process and policy changes. The Work Group supports the proposed process changes, the proposed new eligibility criteria including Scale Option A as the scale at which councils can apply for individual council support grants, and the proposed new merit criteria. The Work Group supported Scale Option A based on their conclusion that 64 individual council support grants is not sustainable for councils or for OWEB, and the number of individual support grants should be reduced over time. The Work Group debated whether to set a target for the number of individual grants in the future, but did not agree on a target.

Scale Option A is the foundation for Recommendation V.2 later in this staff report.

E. 2013 Council Support Listening Sessions

OWEB held two full-day Council Support Listening Sessions, on May 8 in Veneta, and May 13 in The Dalles, with a Webinar. Staff will provide an overview of stakeholder feedback at the June Board meeting. Staff presented the proposed process changes and proposed policy changes. Policy changes include new eligibility criteria, which include Options A and B for the scale at which councils can apply for an individual council support grant, and new merit criteria. Materials presented at the meetings can be accessed at http://www.oregon.gov/OWEB/GRANTS/pages/council_support_apps.aspx#undefined.

III. Overview of Policy Proposals

A. Raising the Bar for Eligibility to Apply

OWEB is not trying to change or limit the number of councils that exist or that may be locally created in the future—those are local government and local community decisions. OWEB, as a funder, is considering how its investments in council capacity can be most effective with limited state funding. The eligibility criteria do not limit the number of watershed councils that can exist, but does determine which councils may apply for individual council support grants.

After more than a decade of experience and lessons learned, OWEB believes it is important to raise the bar for eligibility to apply for council support grants. The proposed eligibility criteria are based on Oregon statutes regarding state support for watershed councils and watershed council activities. The criteria also were also informed by a literature review by staff regarding watershed groups and non-profits. The publications reviewed describe best practices related to council governance, fiscal management, and board and staff leadership, and how these practices increase organizational effectiveness. The proposed eligibility criteria also define the scale at which councils can apply for individual support grants. Staff request Board direction on this question, as outlined in Section III.C below.

B. Merit Criteria Based on Success Indicators

At its March 2013 meeting, the Board discussed indicators of a successful council. Attachment C is a summary of staff's literature review of 14 studies of watershed councils and natural resource collaborative partnerships published between 2001 and 2011. Staff considered the studies' conclusions in developing the proposed new merit criteria (Attachment B).

The council support review process will rely on OWEB's knowledge as a long-term funder of watershed councils. The review will include *evaluation of each council's progress toward its priority restoration, community engagement and organizational development outcomes*. Progress

toward outcomes will demonstrated by history of performance; staff’s experience working with the councils; performance over time shown by the annual online work plans; response to application questions; and, as necessary, interviews and additional documentation requested by OWEB.

C. Eligibility Criteria: Scale Alternatives

Attachment A contains two options, A and B, for the scale at which councils can apply for individual council support grants. The attachment also describes the “status quo” under current administrative rules, as a reference. The scale at which councils can apply for individual support grants is a longstanding policy issue that needs clear resolution for the future.

Attachments D and E use maps of locally recognized watershed councils to show which councils would be eligible to apply for council support grants under Options A and B, respectively. Options A and B offer fundamentally different policy choices and are based on different philosophies.

i) Option A: Build capacity through increased council sharing, combining, collaborating, and reducing the number of individual support grants over 5-10 years.

OWEB has provided individual support grants to a total of 64 councils over time (see map Attachment D). Option A would essentially “grandfather” those councils as eligible to apply, and cap the number of individual grants at no more than 64. Councils’ geographic areas can change, but OWEB would not fund areas smaller than currently recognized areas that have received individual support grants. Under this option, staff would convene a work group to help develop meaningful incentives for councils to combine or share staff to reduce the number of individual grants over time.

Staff support this recommendation for the following reasons:

- Watershed council support grants are not an entitlement.
- OWEB cannot fund the full range of staff and services needed for councils to be as stable, successful and effective as possible, and 64 individual grants are not sustainable for councils or OWEB given flat lottery revenues, cost of living increases, and need for diverse skillsets and diversified funding sources for council capacity.
- There are no major gaps in watershed council coverage of the state, and gaps could be addressed by existing councils expanding boundaries or by relying on Soil and Water Conservation District coverage.
- With a vision of resilient councils with strong organizational processes, diverse, stable funding and diverse skillsets, OWEB can better support council capacity over time by reducing the number of individual support grants and encouraging and incenting strategic partnerships to build capacity.

ii) Option B: Provide equal opportunity for all locally recognized councils to apply for individual council support grants.

While staff are not recommending this option, some OWEB staff believe that council support is the most important type of grant OWEB provides, that there need to be more watershed councils across the state, and that OWEB should increase its overall council support grant funding and allow more councils to be eligible for their own individual support grant. A number of councils that have never received their own individual grant also support OWEB opening up eligibility to allow them to apply.

As shown in Attachment E, this option would allow 90 councils to apply for their own grant. In addition, staff are aware of other communities interested in forming watershed councils, and expect there would be new applicants in future biennia.

Some staff and stakeholders have raised concerns about past OWEB policy decisions that resulted in “umbrella” councils and “forced marriages.” There is a desire for OWEB to “fix” situations that are perceived as at least partially caused by OWEB. Staff agree that the history is important to consider in the development of incentives under Option A. Such incentives would help councils develop solutions that work for them, but require that councils are ready, willing, and able to participate in development of those solutions.

IV. Next Steps

If the Board approves the start of rulemaking, staff will develop a package of proposals for discussion by a stakeholder RAC to be convened in fall 2013. Rule changes will be needed because the council support eligibility criteria, review process and evaluation criteria are contained in OWEB’s administrative rules.

Staff believe it will be important to build in the ability to make timely changes to the new program based on lessons learned once the program refinements are implemented. As a result, staff plan to propose less detailed rules and more detailed Board guidance outlining the application and review processes for adoption. This approach will provide the ability for adaptive management of the program through time.

Rulemaking will include public hearings around the state in 2014. OWEB plans to bring proposed rule and policy recommendations to the Board in June 2014.

V. Recommendations

Staff recommend the Board:

1. Direct staff to convene a stakeholder Rules Advisory Committee (RAC) to begin the council support rulemaking process. The RAC will advise OWEB staff in developing changes to council support administrative rules and subsequent guidance for the application and review processes, for Board consideration in June 2014. Changes adopted by the Board in 2014 will inform OWEB council support funding decisions for the 2015-2017 biennium.
2. Support Scale Option A as the policy direction to staff regarding the scale at which watershed councils can apply for an individual council support grant. Based on this direction, staff will convene an “incentives subgroup” of the RAC to help staff develop meaningful, workable, and affordable incentives to implement this policy direction.

Attachments

- A. Scale Options A and B
- B. Proposed Eligibility Criteria and Merit Criteria
- C. Summary of Literature Review – Successful Watershed Groups
- D. Scale Option A – Map of Eligible Councils/Areas
- E. Scale Option B – Map of Eligible Councils/Areas

Watershed Council Support Scale Alternatives

Future Vision for Council Capacity

Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state.

OWEB contributes to council capacity over the long-term.

OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the long term.

Goal	Option A: Build capacity through increased council combining, sharing, collaborating, and reducing the number of individual support grants over 5-10 years.	Option B: Provide equal opportunity for all locally recognized councils to apply for individual council support grants.	Status Quo (This option is not being considered and is for reference only)
How Achieved	Cap individual support grants at no more than 64 in 2015 (may award fewer based on merit review or council reorganization), <u>and</u> provide meaningful incentives for councils to combine or share staff to reduce the number of individual grants over time. <u>Reason:</u> OWEB cannot provide long-term meaningful funding to 64 individual council support grantees considering flat lottery revenues, cost of living increases and need for diverse skillsets. <i>The scale at which a council can apply for an individual support grant does not limit the number of watershed councils that can exist, that is determined by local governments. Scale only determines who may apply for individual support grants.</i>	Allow all locally recognized councils to apply for their own individual grants in 2015. <u>Reason:</u> OWEB should provide equal opportunity for all councils that have local government recognition to seek an OWEB council support grant.	2011-2013: 64 applicants and 60 funded individual council support grants. 2015-2017: At least 4 more councils eligible to apply for their own individual council support grants for a total of 68 eligible.
	If Board selects this direction, stakeholder work group will advise OWEB staff on the development of meaningful incentives to increase combining/sharing while over time reducing the number of individual support grants. Incentives should include mileage & time reimbursement for councils working at extremely large watershed scales. When considering future incentives OWEB will consider lessons learned about what has not worked under certain "umbrella" and shared grants.	<i>Can OWEB develop meaningful incentives to share/combine at the same time it increases the number of councils eligible for their own individual grants?</i>	Councils can continue to ask the OWEB Board to let them "split" and apply for their own individual council support grant.
	5 and 10-year reviews of how incentives are working. The incentive approach is based on the idea that OWEB cannot support all capacity needs of all councils. OWEB will work with stakeholders to develop and implement incentives for councils that see long-term benefits in combining or sharing staff order to build expertise and capacity across larger watershed communities, while still maintaining local community connections.		
Who can apply	Councils that are locally recognized for geographic areas that previously received an individual council support grant, cover the same or larger geographic area, and meet a minimum population criteria (for example 150). Geographic areas can change, but OWEB will not fund areas smaller than currently recognized areas that have received individual support grants.	89 locally recognized councils as of April 2013. Other watershed groups exist and could seek local recognition before 2015.	Any council with local government recognition that does not serve/has not served the same "unique geographic area" as a council that has received a council support grant.
New or reorganized council support applicants	Councils can reorganize, combine or expand boundaries to cover uncovered areas. New or reorganized councils must have county government recognition and must cover the same or larger geographic area. However, OWEB will not award more than 64 individual council support grants, and has a long-term goal of awarding less.	Any new or reorganized council that has local government recognition can apply.	Any new or reorganized council that has local government recognition can apply as long as they serve a "unique geographic area."
Duplicative Coverage?	No. No more than one individual council support grant per geographic area.	Yes. OWEB may award more than one individual council support grant for the same or parts of the same geographic area.	No. No more than one individual support grant per geographic area.

Incentive for sharing staff or combining to build capacity	Provide a meaningful incentive for councils to combine or share staff in order to increase collective capacity of the partnerships to achieve more restoration outcomes than could be achieved by "solo" councils.	<i>Can OWEB develop meaningful incentives to share/combine at the same time it increases the number of councils eligible for their own individual grants?</i>	Continue current "umbrella" funding, which is not a meaningful incentive to encourage collaboration and sharing.
Example of base award	Assuming 64 individual council support grants, EXAMPLE base award: \$100,000 (for councils that meet all merit criteria); \$80,000 (for councils that do not meet all merit criteria)	Assuming 89 individual support grants, EXAMPLE: \$74,000 (councils that meet all merit criteria); \$64,000 (councils that do not meet all merit criteria)	2011-2013 60 individual council support grants: \$108,775-\$50,415
Impact on local partners	Councils that increase their capacity by adding skills & expertise from sharing staff or combining organizations may reduce technical assistance demands on some local partners (e.g., ODFW, ODF, WRD, OWEB). Increased capacity should improve performance, outcomes.	Understaffed councils & numerous councils for the same geographic areas strains the ability of agency partners to attend many meetings, provide technical assistance (e.g., ODFW, ODF, WRD, OWEB).	Some agency partners struggle to provide TA to councils; this would continue, especially if number of "solo" councils continues to increase.

Part I. Eligibility Criteria: OWEB will accept a council support application if all these criteria are met

Proposed Eligibility Criteria/Relationship to Success Indicators	Current Eligibility Criteria
1. Governance, fiscal and accountability provisions in council bylaws, policies & procedures; council action plan. [Clear goals and mission; strong organizational processes and planning]	None
2. Council membership and governing body reflects a balance of interests in the watershed. [statutory; representativeness of watershed; open and inclusive; voluntary actions; successful leveraging of social resources]	Not clearly defined
3. New or reorganized councils have county government recognition. All councils must be a legal entity or have a fiscal sponsor. [larger focus, larger watershed area; accountability]	Any local government (<i>unless formed before Sept. 9, 1995</i>)
4. Scale of watershed area eligible for individual council support grant. OWEB seeks input on two scale Alternatives, A and B. Staff will be seeking OWEB Board direction on which alternative to explore more fully during the stakeholder Rules Advisory Committee process.	"Unique geographic area;" open-ended; no minimum watershed size or population

Part II. Merit Criteria: Councils that meet all of the eligibility criteria described above are eligible to apply for an individual council support grant. Applicants are evaluated for merit & performance using annual work plans, application questions, and as necessary interviews and supporting documentation which allow closer tracking of progress and performance.

Proposed Merit Criteria/Relationship to Success Indicators	How Evaluated
1. Strong organizational processes; engaged community.	Effective, regular council meetings with participation from a balance of interests (does not have to be all interests, but must be balanced).
2. Demonstration of effective leadership by Board and staff.	Council has adopted and is implementing clear, appropriate staff and board roles & responsibilities, staff performance evaluations & council self-evaluations.
3. Demonstration of ability to reach agreement and prioritize work among stakeholders. [Strong organizational processes, institutional assets needed for action.]	Planning for ecological, social, and organizational outcomes. Annual work plan showing progress on the council's priorities & how challenges are addressed.
4. Implementation of on-the-ground restoration projects that address priority watershed limiting factors.	Progress toward the council's priority restoration actions (linked to watershed limiting factors and action plan); ability to address challenges.
5. Success of community engagement in service towards voluntary land stewardship and restoration outcomes.	Progress toward the council's priority community engagement actions; ability to address challenges.

Watershed Groups Literature Review – Success Indicators

OWEB staff reviewed 14 studies of watershed councils and natural resource collaborative partnerships published between 2001 and 2011. Staff considered the studies' conclusions in developing revised eligibility criteria and merit criteria for council support grants. Common themes and conclusions are summarized below.

A. Indicators of success

It is difficult to establish common metrics of effectiveness for watershed groups because of the diversity of problems and conditions they address. However, the studies conclude there are some common indicators of success.

1. Clear goals and mission of the organization
2. Effective leadership
3. An engaged community (human, social capital)
4. Representativeness of the watershed
5. Ability of the organization to reach agreement among stakeholders
6. Have developed enduring, diversified financial support
7. Adaptive
8. Organizations with stronger organizational processes, including action plans, do a better job implementing projects with the highest restoration value

B. Effects of council membership

1. Watershed councils lacking a diversity of stakeholder interests are less likely to complete an assessment or an action plan, but are likely to implement restoration projects. Watershed councils representing a diversity of stakeholder interests are likely to complete an assessment, action plan and implement restoration projects based on sound science.
2. Councils with a large membership that use a variety of techniques to increase membership are more successful at leveraging diverse funding sources.

C. Scale at which watershed groups work / scale of council support grants

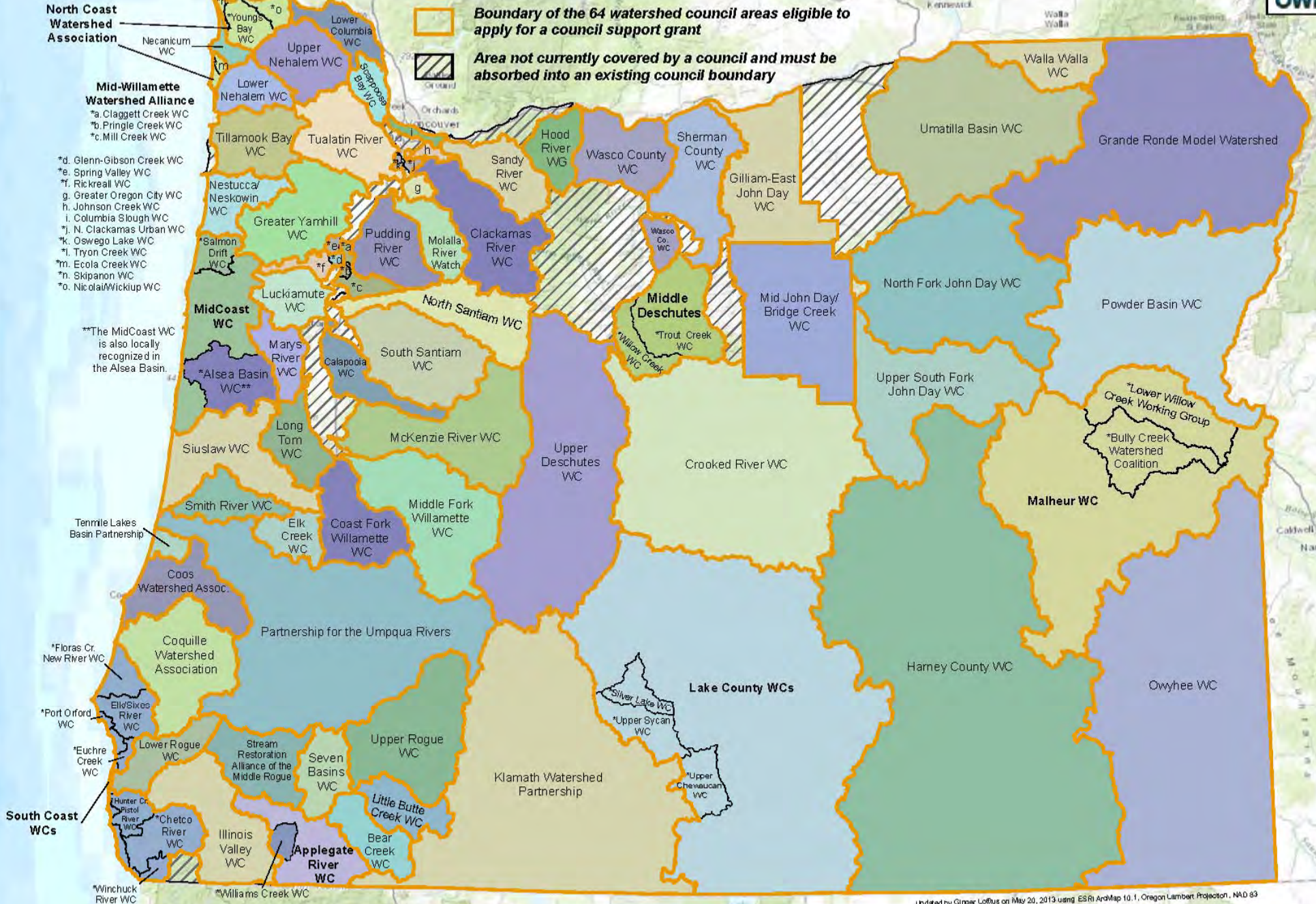
1. Effectiveness at achieving a watershed council's mission is higher in larger watersheds, suggesting that the complexity of a larger watershed is not an obstacle to success.
2. The state (Oregon) does not have enough money to cover the administrative costs for all watershed councils, and funding many smaller watershed councils seems counterproductive to creating effective councils.
3. Recommendation for a two-level approach to council structure:
 - a) A regional council with a decision-making board that coordinates broad, regional policy planning work, competes for grants, and enables higher-level decision makers to be at the table.
 - b) Project-level local council or councils that use a consensus approach to engage the community and organize local project support.

Watershed Groups Literature Review – Success Indicators

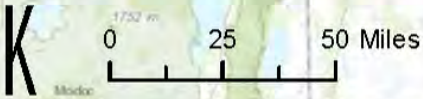
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Scale Option A



* These locally-recognized councils have never received their own individual council support grant and not eligible to apply.




Updated by Ginger Loftus on May 20, 2013 using ESRI ArcMap 10.1, Oregon Lambert Projection, NAD 83


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Scale Option B



 **Boundary of the 90 locally recognized council areas eligible to apply for a council support grant.**

 **Area not currently covered by a watershed council**

- a. Claggett Creek WC
- b. Pringle Creek WC
- c. Mill Creek WC
- d. Glenn-Gibson Creek WC
- e. Spring Valley WC
- f. Rickreall WC
- g. Greater Oregon City WC
- h. Johnson Creek WC
- i. Columbia Slough WC
- j. N. Clackamas Urban WC
- k. Oswego Lake WC
- l. Tryon Creek WC
- m. Ecola Creek WC
- n. Skipanon WC
- o. Nicolai/Wickiup WC

*The MidCoast WC is also locally recognized in the Alsea Basin.

Tenmile Lakes Basin Partnership

Floras Cr. New River WC

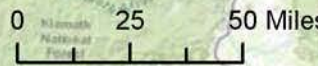
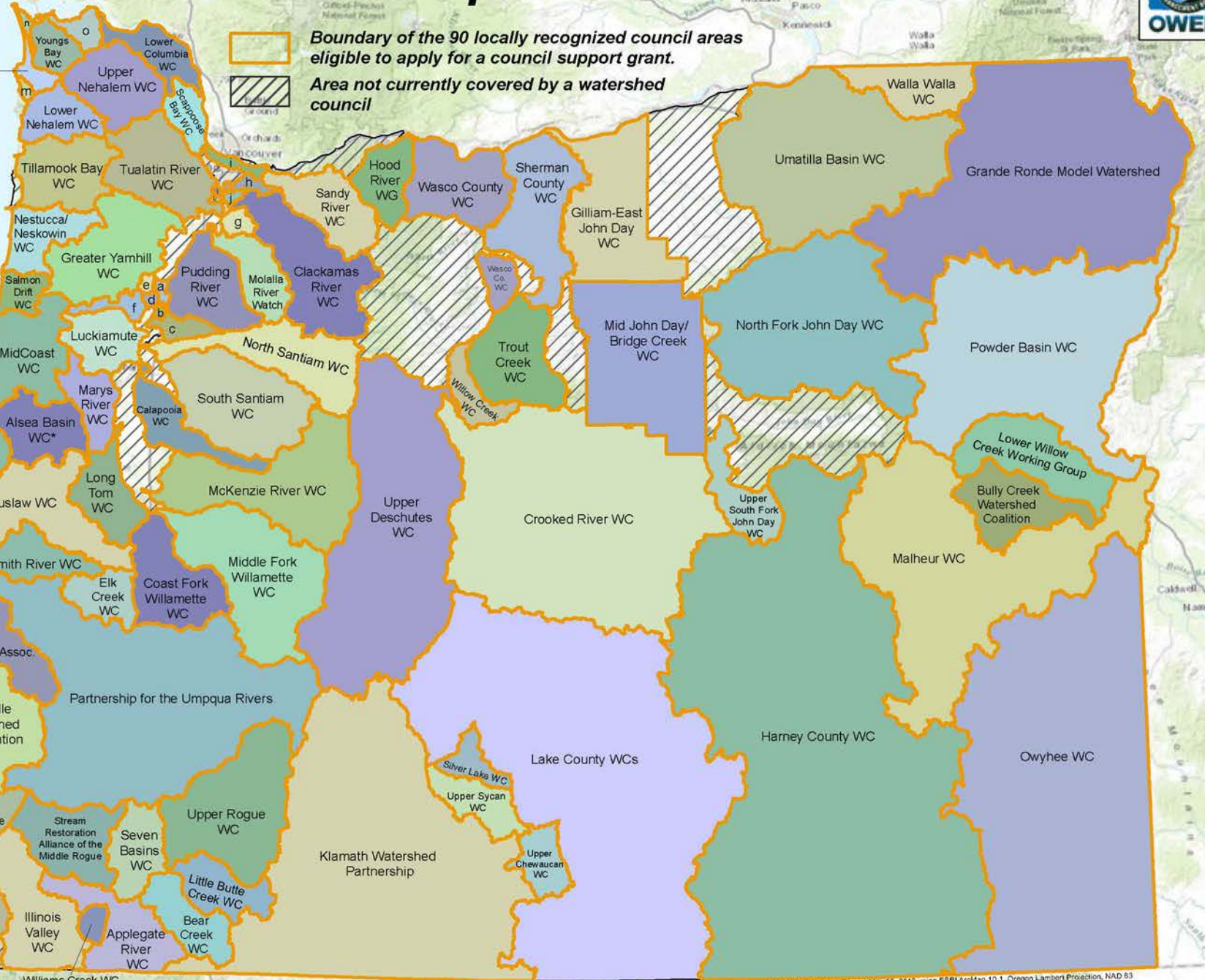
Port Orford WC

Euchre Creek WC

Hunter Cr. Pistol River WC

Chetco River WC

Winchuck River WC



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K



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May 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item L: 2013-2015 Grant Cycles and Board Meeting Schedule
June 11-12, 2013, OWEB Board Meeting**

I. Introduction

This staff report seeks Board approval for the solicitation of grant offerings and Board meetings for the 2013-2015 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. Historically, OWEB has solicited for Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring applications during each March grant cycle, and Restoration, Acquisition, and Technical Assistance applications during each September cycle. Assessment applications have been periodically solicited dependent on available funding; the last offering was in the April 2008 grant cycle.

The OWEB Board historically has met four times a year in January, March, May/June, and September. When this schedule was set several years ago, Board meeting dates were based on grant cycle timing and also to avoid conflicts with the meeting schedules of other state natural resource agency boards and commissions. In 2009, the May meeting was shifted to June to help distribute time commitments by Board members and workload by staff more equitably. Prior to this shift, three of the Board’s four annual meetings were occurring during an approximately 4-month window of time.

III. 2013-2015 Grant Cycles

Staff recommend the following grant offerings based on the proposed 2013-2015 Spending Plan (Agenda Item P). Staff expect to recommend updates to the spending plan and grant cycle offerings based on award of Pacific Coastal Salmon Recovery Funds.

- A. Four cycles for Restoration and Technical Assistance (April 2013, October 2013, April 2014, and October 2014)
- B. One cycle (October 2013) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined (depending on additional PCSRF or other funding, and Board priorities)
- C. Two cycles for Land Acquisitions (October 2013 and October 2014)
- D. Two cycles for Water Acquisitions (timing to be determined)

IV. 2013-2015 Board Meeting Dates

Staff propose several adjustments to the Board meeting schedule beginning in the 2013-2015 biennium. These adjustments would begin in September of 2014, with the Board meeting shifting from mid to late September. This shift would continue with the January 2015 Board meeting, which would be held late in the month. Beginning in Spring of 2015, the Board would hold true quarterly meetings, convening in late April instead of mid-March. This quarterly cycle would continue into the 2015-2017 biennium, with meetings being held in late July, late October, late January, and late April. Grant cycles would be adjusted accordingly for the 2015-2017 biennium.

The new OWEB Board meeting schedule is being proposed for several reasons, including, but not limited to:

- Shift to a true quarterly schedule with the intent of distributing time commitment by Board members and workload by staff more equitably;
- Enable staff to complete substantive work between each Board meeting (currently a challenge between the January and March Board meetings);
- Lessen the high degree of Board meeting overlap with the Legislative session, in particular now that the Legislature convenes annually; and
- Allow the Board to convene early each new biennium, after OWEB's budget has been decided by the Legislature, for decision-making about the agency's spending plan.

Attachment A contains staff recommendations for grant cycle deadlines and Board meeting dates for the 2013-2015 biennium.

V. Recommendation

Staff recommend the Board adopt the 2013-2015 schedule of grant application deadlines and Board meeting dates, and approve the solicitation of October 21, 2013 grant application types, as shown in Attachment A. This schedule may be subject to change based on OWEB's legislatively adopted budget and the Board's 2011-2013 spending plan.

Attachment

- A. 2013-2015 Proposed Grant Application Deadlines and Board Meeting Dates

2013-2015 Biennium Grant Application Deadlines and Board Meeting Dates

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
	N/A	June 11-12, 2013 (T-W) Region 6, Pendleton
April 22, 2013	Restoration, Water Acquisition, Technical Assistance	September 10-11, 2013 (T-W) Region 5, Burns
	N/A	January XX-XX, 2014 (X-X) Region 3, Willamette Valley (specific location TBD)
October 21, 2013	TBD	March XX-XX, 2014 (X-X) Region 2, Grants Pass
	N/A	June XX-XX, 2014 (X-X) Region 4, The Dalles
April 21, 2014	TBD	Late September, 2014 (X-X) Region 2, Bandon or Port Orford
	N/A	Late January, 2015 (X-X) Region 3, Willamette Valley (specific location TBD)
October 20, 2014	TBD	Late April, 2015 (X-X) Region 1, Astoria
	N/A	Late July, 2015 (X-X) Region 4, Prineville
May XX, 2015	TBD	Late October, 2015 (X-X) Location TBD
	N/A	Late January, 2016 (X-X) Location TBD
November XX, 2015	TBD	Late April, 2016 (X-X) Location TBD
	N/A	Late July, 2016 (X-X) Location TBD



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May 30, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager

SUBJECT: **Agenda Item M: Governor's Sage-Grouse/Rangeland Initiative – Planning and Coordination**
June 11-12, 2013 OWEB Board Meeting

I. Introduction

This report requests the Board award \$225,000 to assist with planning and coordination activities associated with the Governor's Office priority Sage-Grouse/Rangeland Initiative. Specifically, the request seeks to continue the funding for 1) staffing for the effort, 2) plan development and synthesis work, and 3) enhanced mapping and other analyses. Key staff involved in the effort will brief the Board on progress to date following the Board award of \$125,000 in January of 2013 and planned future actions.

II. Background

In 2015, the U.S. Fish and Wildlife Service (USFWS) is required to make a decision about listing the Greater Sage-Grouse under the federal Endangered Species Act (ESA). Sage-grouse and their habitat cover nearly 25 percent of the state's land area in southeast, central and northeastern Oregon, in addition to extensive areas across many other western states. As a result, this listing decision and the subsequent related actions and obligations have the potential to impact land management practices in Oregon at a scale similar to the actions related to salmon and spotted owls in the 1990s.

Governor Kitzhaber is seeking to develop a comprehensive plan that, when combined with updated Bureau of Land Management (BLM) Resource Management Plans, will maintain and improve sage-grouse populations and habitat in Oregon. The short-term objective of the state's planning effort is to inform the USFWS's listing decision in 2015. The Governor's long-term goal is to protect and restore sage-grouse populations and the ecological health of lands across southeast Oregon and other areas of the state. This goal would be accomplished through responsible stewardship that generates and allows for economic use and development of lands vital to healthy rural communities.

OWEB has a vested interest in sage-grouse and their habitat. The habitat area spans three OWEB regions and has been a major focus of watershed restoration investments for the Board. The area comprises large tracts of private, state, and federal lands. Over the years, numerous

watershed projects funded by OWEB on private lands have been designed to enhance sage-grouse habitat. Other projects have been conducted in conjunction with federal land managers with the same purpose in mind.

III. The State's Planning Efforts and Needs

The USFWS's Conservation Objectives Team (COT) Report provides specific guidance on what threats Western states need to address through regulatory mechanisms and conservation investments. To determine whether or not there is a need to list the species, the USFWS will conduct a certainty test as described in the Policy for Evaluating for Conservation Efforts. The certainty test considers state and local laws, regulations, ordinances, programs and other specific conservation measures that either positively or negatively affect a species status. The test will evaluate the ability of these existing mechanisms to provide sufficient certainty to conserve the species, and determine if a listing and/or stronger federal oversight is necessary.

The State, through the Oregon Department of Fish and Wildlife (ODFW), developed a science-based strategy in 2011 entitled "*Greater Sage-Grouse Conservation Assessment and Strategy for Oregon.*" The strategy provides recommendations for protecting and restoring sage-grouse populations and habitat. While this strategy provides a great foundation to inform the USFWS during its listing deliberations, the Governor's Office has determined that further evaluation, assessment, prioritization of needs, and potential policy and program development will better inform the USFWS listing decision and guide the State's future conservation measures for the species. Moreover, the unprecedented large wildland fires that occurred in 2012 highlight that some key assumptions within the State's current conservation assessment and strategy may need additional review and revision to ensure goals for conservation and recovery can be met and maintained.

Emerging threats (e.g., energy development and mining), combined with the pending federal decision, make a coordinated and multi-stakeholder approach to update Oregon's sage-grouse plan critical to achieving long-term certainty for healthy sage-grouse populations and their habitats, as well as to attaining a more predictable future for local landowners and land managers.

IV. Governor's Vision for a Holistic Approach

The Governor's Office seeks to develop a more comprehensive plan to maintain and improve sage-grouse populations and habitat. The state plan will be developed with input from a diverse coalition of state and federal agencies, local governments, industry, private landowners, and other stakeholders interested in supporting the Governor's long-term goal. The plan will build on the scientific and technical foundations provided by the State's 2011 strategy and the reports produced by the BLM's National Technical Team (2011) and the USFWS's COT (2012).

Specifics of the plan will include:

- Addressing all of the key threats identified for each of Oregon’s sage-grouse populations in the COT report;
- Dovetailing state management strategies with those developed for federal lands through the BLM’s current Greater Sage-Grouse Resource Management Plan amendment process;
- Using available spatial data to develop a predictive model of the impacts that proposed actions or policies will have on sage-grouse populations and habitat;
- Identifying policy changes that will be designed to ameliorate each of the identified threats to sage-grouse populations and habitat;
- Enlisting the support and commitment of key parties needed to implement priority actions;
- Creating a framework for landscape-scale mitigation of impacts to sage-grouse habitats on both public and private lands that accounts for cumulative impacts and steers mitigation actions to priority conservation areas; and
- Developing a credible and grounded approach to implementation—including monitoring, evaluation and adaptive management—and funding strategies to ensure fulfillment of the State’s commitments.

The goal is to develop the comprehensive plan by January 2014, leaving a very short time-period to complete the needed work products. The timing is critical, however; if the elements of the plan are completed in a timely manner, it will allow the USFWS to evaluate the plan when making its listing decision. A completed state plan, therefore, has the potential to influence the outcome of the listing decision.

V. Accomplishments Since the Board’s January 2013 Award

A number of important accomplishments have been realized in the past six months. Some of the highlights that will be described by project partners in more detail at the Board meeting are:

Staffing

- A Technical Project Manager was hired to organize and guide the development of mapping products and data analyses across the various planning subcommittees, and the Mitigation Subcommittee lead was hired to lead the subcommittee focused on the mitigation threats analysis and incentive program planning and development. A Fire and Invasives Subcommittee lead is actively being recruited and expected to be hired soon.

Planning and Coordination

- Several technical subcommittee and the statewide Sage-Grouse Conservation team meetings were held, draft work plans have been developed for the overall planning effort, and the Habitat Fragmentation Subcommittee has prioritized key questions and critical data layers.

Mapping and Analysis

- Priority Geographic Information Systems (GIS) map data for sage-grouse vegetation and habitat, infrastructure that poses threats to sage-grouse (Attachment A), and 2011/2012 fire impacts (Appendix B) have been assembled, and various analyses have been conducted.

VI. Funding Request

Staff request \$225,000 in funding to provide additional support to assist the effort to complete the State's comprehensive plan for sage-grouse by the spring of 2014. The funding would come from the 2011-2013 spending plan reserve for Oregon Plan/Governor's Priorities, and would be used to support the Technical Project Manager, the Mitigation Subcommittee lead, the Fire and Invasives Subcommittee lead, and the Overall Project Manager. Also, continued mapping, data analysis, and predictive modeling related to threats to sage-grouse and habitat persistence, energy and other development, mitigation opportunities, and incentives will occur during the coming nine months. Plan drafting and completion, along with communications and outreach, are also scheduled for this period.

This request would be complemented by additional funding and in-kind match provided by Portland State University, the Oregon Department of Land Conservation and Development, the Governor's Strategic Reserve, the Oregon Department of Agriculture, and The Nature Conservancy (TNC). In combination, the resources will continue to enable staffing by the technical coordinator and team managers, technical mapping and analysis, and plan production. The work plan for the initiative is sequenced to allow for integration with the BLM draft plans in the spring of 2014.

Regarding the aforementioned funding and in-kind match, a number of stakeholders are making significant investments in further development of information and approaches for conserving sage-grouse in Oregon. The Natural Resources Conservation Service and BLM are investing substantial funding in planning and restoration of sage-grouse habitat in Oregon. The Oregon Cattlemen's Association is working with the USFWS and BLM on the development of a Candidate Conservation Agreement for federal grazing lands in the region. Harney County is working with the USFWS on a Candidate Conservation Agreement with Assurances for private lands in the County. TNC has made a commitment of over \$500,000 to develop data sets and improve sage-grouse re-seeding restoration practices. Also, at the request of the Governor, TNC is seeking additional funding to support development of data and technical tools to help with the state's efforts. The Department of Land and Conservation Development is providing \$30,000 in match to assist with mapping in Lake County.

VII. Recommendation

Staff recommend that the Board award \$225,000 from the 2011-2013 spending plan reserve for Oregon Plan/Governor's Priorities for the purposes described in Section VI of this report and delegate authority to the Director to enter into appropriate grants and agreements to distribute the funds.

Attachments

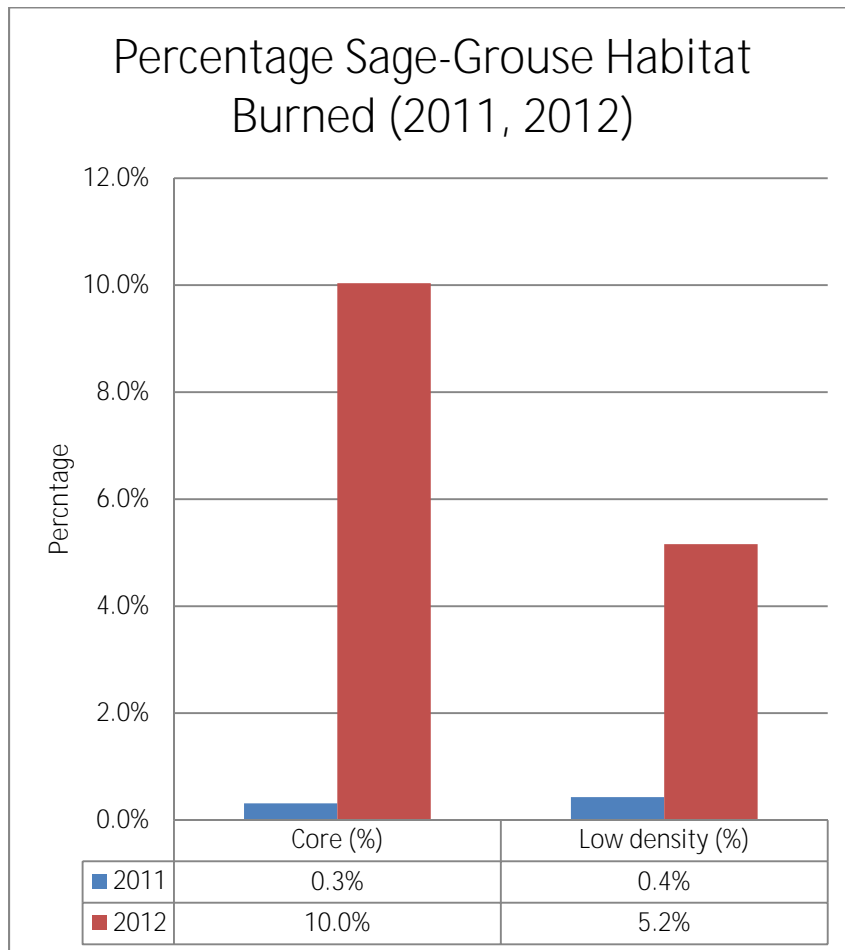
- A. Map of Current Threats to Sage-Grouse and Sage-Grouse Habitat
- B. Extent of Sage-Grouse Habitat Burned during Oregon's 2011-2012 Fire Season

Fire, Grazing, and Transmission Line Threats Sage-Grouse Habitat in Southeast Oregon



Map depicting ODFW 2011 low density and core sage-grouse habitat areas in relation to grazing allotments and 2011-2012 fire perimeters as well as transmission lines

Percentage Sage-Grouse Habitat Burned



Percentage of habitat burned was calculated over the Sage-Grouse Conservation Partnership project area

Total Core Habitat (ac)	Total Low Density (ac)
7,248,351.03	6,430,578.71



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June 6, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Lauri Aunan, Grant Program Manager

**SUBJECT: CORRECTED VERSION – Agenda Item O: OWEB’s Long-Term Investment Strategy for Conservation
June 11-12, 2013, OWEB Board Meeting**

I. Introduction

This report updates the Board on the Proposed Direction for OWEB’s Long-Term Investment Strategy for Conservation, and seeks Board adoption of the framework for grant investments (Framework) and the Long-Term Investment Strategy direction (Direction).

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 in 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 identified development of a Long-Term Investment Strategy as a key priority.

Staff presented an update to the Board at its January 2013 meeting in Cottage Grove (Agenda Item R, http://www.oregon.gov/OWEB/docs/board/2013-01/Item_R_Long-Term-Investment-Strategy.pdf). During February 20–28, 2013, OWEB held six listening sessions around the state, including one with a webinar. The purpose of the sessions was to inform stakeholders about the December 2012 proposed Framework and Direction (Attachment A), and seek feedback and ideas about the proposed direction to inform the Board’s decisions at the June 2013 Board meeting.

Staff updated the Board on common themes from the Listening Sessions at the March 2013 Board meeting. The report of all stakeholder comments and common themes can be accessed at <http://www.oregon.gov/OWEB/docs/2012-LTIS-Files/2013-OWEB-LTIS->

[ListeningSessionReport.pdf](#). The Listening Session Report Executive Summary is Attachment B to this report.

In March, staff briefed other natural resource agencies about the Long-Term Investment Strategy. An All-Staff Retreat was held on April 24, 2013, for staff discussion of the proposals for Board adoption and work priorities for the 2013-2015 biennium.

III. Executive Committee Recommendation for Framework and Direction

In May 2013, the Board Executive Committee met to discuss the listening session feedback and staff recommendations for Board adoption of the Framework for Grant Investments and Long-Term Investment Strategy Direction. The Executive Committee recognized that the proposed Framework and Direction document includes background, context and guiding principles regarding the Long-Term Investment Strategy, examples of current investment areas, and potential proposed program changes. The committee discussed that the Board's action in June should focus on the essence of the Framework and Direction, as outlined below:

1. Framework for Grant Investments:
 - a. Operating Capacity Investments
 - b. Open Solicitation Investments
 - c. Focused Investments
 - d. With monitoring and reporting foundational to all investment areas

2. Long-Term Investment Strategy direction
 - a. Continue Operating Capacity Investments
 - b. Continue Open Solicitation Investments
 - c. Continue Focused Investments and phase-in a gradual increase in this investment area over time.

The Executive Committee recommended to staff that the Board action at the June Board meeting be to adopt this Framework and Direction.

IV. Plan for Priority Work for 2013-2015

Considering listening session comments, and being realistic about OWEB's capacity to take on new work while continuing existing grant programs and agency responsibilities, staff have identified priority work for 2013-2015. Priority work may change based on results of the 2013 legislative session.

A. Continuing Work

Some of the work identified as a priority for 2013-2015 is existing work that will continue.

1. Continue all current grant types and activities, and implement any associated process changes (e.g., revised acquisitions process).
2. Emphasize monitoring and reporting to communicate the outcomes of OWEB's investments and local partners' efforts. Provide monitoring results about what has worked, and what has not worked, to inform policy direction and restoration investments. **LTIS, Strategic Plan Goals 1 and 3**
3. Complete the council support program transition, including rulemaking. Implement new grant to support councils that show commitment to develop and implement new

sharing of resources and partnering to build collective local capacity. **LTIS, Strategic Plan Goal 2**

B. New Work

Some of the work is new, based on the Direction and 2010 Strategic Plan.

1. Define focused investments and their role in achieving ecological outcomes at a landscape scale. Develop transparent criteria, processes and effective means to determine investment length. **LTIS, Strategic Plan Goals 1 and 3**
2. Design effectiveness monitoring for focused investments. **LTIS, Strategic Plan Goal 1**
3. Explore a funder-to-funder outreach grant strategy with a goal of leveraging additional investment. **LTIS, Strategic Plan Goals 3 and 4**
4. Invest in application and grant agreement streamlining and development of online applications and agreements to improve effectiveness and efficiency for grantees and OWEB staff. **LTIS, Strategic Plan Goal 5**

Item 4 under “New Work” was not included in the December 2012 proposed Direction. However, from the perspective of staff, these are important work priorities that will result in increased efficiency and effectiveness of OWEB’s investments.

C. Proposed program changes for future consideration

The December 2012 proposed Direction included other program changes. Staff will evaluate timing of considering these program areas by July 2014, as part of check-in on the progress of 2013-2015 priority work.

1. Develop new competitive offering for emerging issues.
 - The spending plan will continue to include an Oregon Plan Priorities line item, but development of new criteria, structure and process will be discussed after successful completion of other priority work.
2. Changes to Open Solicitation grants: a) Increase/expand small grant program, b) Cap on individual restoration applications, and c) New grant process for large cost restoration projects.
 - Further exploration of these potential changes will be discussed after successful completion of other priority work.

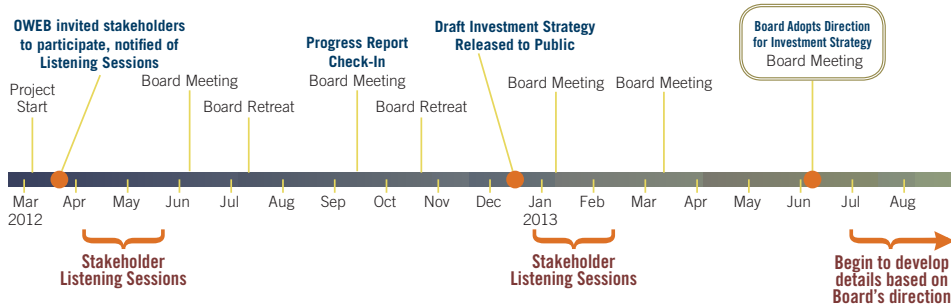
V. Recommendations

Staff recommend the Board adopt the Framework for Grant Investments and the Long-Term Investment Strategy Direction, as described in Section III of this staff report.

Attachments

- A. Proposed Direction for OWEB’s Long-Term Investment Strategy for Conservation (December 2012)
- B. 2013 Long-Term Investment Strategy Listening Sessions Executive Summary

Developing the Proposed Long-Term Investment Strategy for Conservation



Guiding Principles

for the development and implementation of the Long-Term Investment Strategy for Conservation

1. Build on accomplishments

OWEB values the commitment and work of our local partners, which has resulted in a nationally and internationally recognized approach with unmatched environmental accomplishments. OWEB wishes to build on this foundation while working toward the future.

2. Effective communication

OWEB realizes that successful cooperative conservation can only occur when ideas, priorities and results are communicated with all partners and potential partners. OWEB is committed to active, two-way communication with its staff, partners and the public as a means for developing and maintaining a strong investment strategy.

3. Transparency

OWEB values transparency and develops its Long-Term Investment Strategy through an open, transparent process that involves input and dialogue with stakeholders and staff.

4. Maximize service, minimize disruption

In developing the Long-Term Investment Strategy, the Board considers how OWEB's grant portfolio impacts partner organizations and staff resources to maximize effectiveness without adversely affecting service delivery.

5. Responsive

The Long-Term Investment Strategy will adjust to changes in revenue and be responsive to changes in ecological priorities from the Governor, Legislature, the Board and local partners.

6. Adapt based on monitoring and evaluation

OWEB's staff and Board monitor and evaluate the effectiveness and implementation of the Long-Term Investment Strategy to assure it is meeting the Board's desired goals and outcomes. As needed, the Board shall adapt and modify the strategy to improve overall investment success.

7. Phase-in Change

OWEB's Long-Term Investment Strategy will guide us in our future efforts and will be periodically revisited. It is designed to implement any changes over a reasonable period necessary to phase-in any changes and allow adjustment by stakeholders and OWEB staff.



OREGON WATERSHED ENHANCEMENT BOARD Proposed Direction for OWEB's Long-Term Investment Strategy for Conservation

DRAFT FOR PUBLIC COMMENT

OWEB invites public feedback and discussion on its proposed direction for the Long-Term Investment Strategy for Conservation. OWEB's Board will consider public input prior to making a decision, currently planned for the June 2013 Board meeting. For more information, please visit our website www.oregon.gov/OWEB.

Background

Mission

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

About Us

The Oregon Watershed Enhancement Board 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.

What is the Long-Term Investment Strategy for Conservation?

The purpose of the Long-Term Investment Strategy for Conservation is to identify how OWEB desires to structure its grant portfolio to achieve its mission, priorities and ecological outcomes.

Please refer to pages 3 and 4 for more information about the proposal.

Why a Long-Term Investment Strategy for Conservation?

With the passage of Measure 76, the time is right for OWEB to evaluate our course and seek ways to improve. Until recently, it was unclear whether OWEB's principle source of funding would be available after 2014. Permanent funding under Measure 76 creates the opportunity to look long-term.

The investment strategy will guide the Board's programs and granting decisions.

Framework for Grant Investments

The Three Pillars

Achieve Ecological Outcomes!

All of OWEB's investments in ecological outcomes have helped build communities and support the local economy. The draft investment strategy is based on the three key pillars which have been the foundation of OWEB's investments as described below.

Operating Capacity Investments

These grants

- Support the operating costs of effective watershed councils and soil and water conservation districts.
- Are performance and outcome-based.
- Contain high standards for eligibility, reporting and accountability.

Reason for this investment

Councils and districts are identified specifically in OWEB's statutes because they are essential leaders in the development and implementation of voluntary collaborative conservation projects to protect native fish and wildlife habitat, watersheds and water quality.

Currently:

Watershed councils are locally established voluntary organizations; OWEB may provide grants for council operating capacity.

Soil and water conservation districts are local government entities overseen by the Oregon Department of Agriculture (ODA). District operating capacity grants are administered by ODA, but funded with OWEB dollars.

Open Solicitation Investments

These grants

- Respond to locally selected ecological priorities based on local, state, and regional conservation strategies and plans.
- Are competitive.
- Are offered in regular cycles with ongoing availability across the state.

Reason for this investment

- Encourage a statewide culture of voluntary, collaborative conservation.
- Support a wide variety of ecological outcomes in all parts of the state.

Currently include:

- Regular Grants (Restoration, Land and Water Acquisition, Technical Assistance, Monitoring, Outreach, Watershed Assessment)
- Small Grants
- ODA Weed Grants
- Conservation Reserve Enhancement Program (CREP)
- CREP Technical Assistance

Focused Investments

These grants

- Support collaboratively prioritized ecological outcomes selected by the OWEB Board.
- Are outcome-based and outcome-measured.
- Commit funding for multiple years.
- Move around the state as ecological priorities and leveraging opportunities intersect.

Reason for this investment

- Provide greater certainty for OWEB and partners in making progress toward collaboratively identified and prioritized ecological outcomes.
- Better leveraging of private, federal and other state/local funding for a longer, more sustained time frame.

Currently include:

- Ecosystem Services
- Effectiveness Monitoring
- Research
- Special Investment Partnerships
- Whole Watersheds Restoration Initiative

Proposal for OWEB's Long-Term Investment Strategy for Conservation

Operating Capacity Investments

Continue this investment area.

Proposed changes

- OWEB is updating its council capacity grant program, and plans to propose changes for Board decision in 2014.
- ODA is revising its grant administration for the soil and water conservation districts.

Reason for proposal

Continue to hold grantees to high standards of effectiveness with the expectation of continual improvement.

Open Solicitation Investments

Continue this investment area.

Proposed changes

- **Small grants:** increase funding and expand types of grants beyond restoration (for example, outreach and monitoring small grants).
- **Regular restoration grants:** caps on individual applications as a way to fund more projects across the state.
- Develop a new process for "**big ticket, large cost**" restoration projects.
- Develop an **outreach grant strategy**, including partnering with other outreach funders to leverage additional investment.

Reason for proposal

Maintain or expand the grant opportunities for local projects, even if the amount of funding for Open Solicitation Investments does not increase, or is reduced over time.

Focused Investments

Continue this investment area.

Proposed changes

- Phase-in a gradual **increase in this investment area over time**.
- Develop criteria and process for Board selection of collaboratively prioritized ecological outcomes.
- Update criteria and process and improve transparency of Board decisions around Focused Investments, including clear time limits.

Reason for proposal

With committed funding over multiple years, Focused Investments provide greater certainty for OWEB and partners in making progress toward collaboratively prioritized ecological outcomes. The increased state emphasis on 10-year outcomes makes it important for OWEB to invest in more certain progress, and to develop clear criteria and process for prioritized ecological outcomes.

Potential Benefits & Consequences of OWEB's Proposed Direction

While OWEB's funding now has long-term status, grant funds will vary over time and will be affected by state and federal budget decisions.

Depending on funding availability, increases in investments in one area may have impact on other areas of investment.

OWEB is interested in your thoughts on the benefits and consequences of these proposed changes.

Investment in the following areas provides support and accountability to the above:

Competitive Offering for Emerging Issues

New grant offering.

- Develop criteria, structure and process.
- Consider activities appropriate for one-time/short term funding that are consistent with OWEB's mission, but do not qualify under OWEB's other grant programs.
- Examples include conservation efforts that require short-term assistance for planning or research, and pilot funding for innovative approaches to natural resources management.

Reason for proposal:

OWEB has invested in emerging issues in the past. It is important to have clear structure, criteria and process to guide decisions on funding requests.

Focused Effectiveness Monitoring & Reporting

Continue to conduct board-directed effectiveness monitoring for selected types of Open Solicitation grants.

Proposed change

- Include effectiveness monitoring in all of OWEB's Focused Investments.

Reason for proposal

Outcomes are foundational to sound investments and adaptive management. It is important to tell the story of accomplishments from OWEB's investments.

Contact Us

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Executive Summary

Background Information

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

Before Oregon voters passed Ballot Measure 76 in 2010, dedicated Lottery funds for restoration, enhancement and protection of clean water and native fish and wildlife habitat would have ended in 2014. Measure 76 now provides dedicated funds with no end date. This long-term funding horizon, together with Governor Kitzhaber's 10-Year Outcomes for a Healthy Environment, makes it important for OWEB to consider its Long-Term Investment Strategy. In addition, OWEB values all the good work and accomplishments of its many partners, but recognizes that there is not enough OWEB grant funding to meet all needs and choices will have to be made.

Nested under OWEB's Strategic Plan, the purpose of the Long-Term Investment Strategy for Conservation is to identify how the OWEB Board intends to structure its grant portfolio and policy direction to achieve its mission, priorities and ecological outcomes.

A goal of the Long-Term Investment Strategy (LTIS) is to increase transparency around OWEB's investment priorities and decision processes so that grant applicants and the public can better understand OWEB's programs and objectives and align their work with them when needed. To that end, in the spring of 2012, OWEB initiated a series of statewide Listening Sessions to kick off the development of the Long-Term Investment Strategy. OWEB received useful ideas from its stakeholders, including partners, grantees, and other local citizens.

During two planning retreats in July and October 2012, the Board considered the feedback from stakeholders and from OWEB staff, and developed a Framework for Grant Investments" and a "Proposed Direction for a Long-Term Investment Strategy for Conservation (See Appendix, page 100). The Board expressed a desire to share the proposal with stakeholders, and sought feedback and ideas on the proposals through a second set of Listening Sessions in early 2013.

In February 2013, OWEB held six listening sessions around the state, including a Webinar, and also offered a subsequent online survey. More than 125 people attended the listening sessions (in person or on the web) and provided feedback. Attendees included watershed councils, soil and water conservation districts, tribal governments, land trusts, state and federal agencies, county weed management agencies, irrigation districts, the Network of Oregon Watershed Councils, Oregon Association of Conservation Districts, conservation groups and interested Oregonians.

The information in this report will inform the OWEB Board, prior to the Board's decision about the direction of its Long-Term Investment Strategy for Conservation currently planned for the June 2013 Board meeting.

Overarching Themes

Overall, attendees had excellent questions and ideas for OWEB to think about. Stakeholders shared diverse opinions on both the benefits and consequences of proposed direction and ideas for program changes. Among the many different opinions, however, OWEB staff noted the following themes:

- The need for OWEB to consider and describe the connection between different OWEB grant programs: How are they integrated? How do they build on each other and connect with each other? Would a change in one impact the other?
- The importance of clearly recognizing and identifying the tradeoffs (changes in funding, changes in opportunities to apply, changes in focus areas) as a result of any changes made through the Long-Term Investment Strategy.
- Consideration of risk in different proposed investment categories: What are the impacts to the local partner infrastructure? Will outcomes be compromised? Will OWEB and grantees be spread too thin? Will there be a loss of opportunity to apply for grants?
- The importance of effective local capacity to achieve community engagement and watershed restoration outcomes.
- The importance of monitoring, adaptive management and outreach, with a variety of ideas about needs and strategies for all three.
- The importance of clear definitions and transparency in any changes that are made and the resulting processes that are developed.
- The importance of allowing the opportunity to participate in all investment areas.
- The importance of continuing to recognize and respect regional differences.

Themes around Specific Proposed Changes

Stakeholders provided many different opinions about the proposed changes. However, there were some consistent themes for each idea as presented here. The full content of the input we received, including: flip chart notes for each region, the Webinar "chat roll," online survey responses, and other correspondence regarding the proposal, are available in this report. Please refer to the Table of Contents to find these documents.

Operating Capacity Investments

Proposed Change

- Update the council support grant program, with changes proposed for a Board decision in 2014.

Background Information

Prior to its efforts to develop the Long-Term Investment Strategy, OWEB's Board directed staff to evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding, and promote strategic partnerships (OWEB 2010 Strategic Plan, Goal 2, Strategy 2).

OWEB began its review of the council support grant program in 2010, and expects to propose program changes for Board adoption in June 2014. Because of this parallel process, the Long-Term Investment Strategy listening sessions did not focus on proposed council support changes.

Stakeholder Feedback

Even though staff did not request feedback on the on-going process changes to Operating Capacity investments specifically, the importance of effective local capacity was a thread that ran through many of the discussions. Representatives from watershed councils, soil and water conservation districts and other local organizations noted the many challenges they face to achieve restoration outcomes, including how to effectively educate and engage local communities, and how to monitor and report on outcomes.

Open Solicitation Investments

Proposed Changes

- Increase funding for and expand types of small grants beyond restoration (for example, outreach and monitoring small grants).
- Caps on individual restoration applications as a way to fund more projects across the state.
- Develop a new process for “big-ticket, large-cost” restoration projects.

Participants understood that the purpose of the proposal was to provide more opportunities for Open Solicitation grants.

Stakeholder Feedback

A number of participants were excited about expanding the Small Grant Program, both in terms of amount of funding and grant types. Others raised questions and concerns about expanding small grants.

Similarly, there were divergent opinions regarding whether or not OWEB should cap individual restoration grant application budget requests, and develop a separate, statewide process for reviewing “big-ticket, large-cost” restoration applications.

Before changing the Small Grant Program and the agency’s approach to Open Solicitation restoration applications, stakeholders felt that OWEB should consider its Open Solicitation grants as a whole, for the following reasons:

- Every grant has a cost to OWEB and to grantees. Dividing up grant types even further might result in more paperwork and more administrative costs, overextending OWEB and its grantees and potentially making investments less effective.
- Stakeholders wondered about the strategic connection between different OWEB grant programs. How are they integrated? How do they build on each other and connect with each other?
- Rather than creating more grant types, would there be more benefit to developing more holistic applications and grants; for example, one application that allows multiple kinds of activities?

Outreach

- Develop an outreach grant strategy, including partnering with other outreach funders to leverage additional investment.

Stakeholder Feedback

Stakeholders from around the state placed great value on outreach, though they recognize that there are many different types of outreach for different needs. Ideally, stakeholders would like OWEB to invest in all types of efforts to build community engagement, awareness, education, and understanding and to communicate the accomplishments of OWEB and its local partners to a broad public. It would help stakeholders if OWEB better defined its outreach grant priorities.

Focused Investments

Proposed Change

- Continue this investment area and phase in a gradual increase over time.

Stakeholder Feedback

Stakeholders recognized the value of focused investments for ecological outcomes and more certainty for local partners. Some stakeholders supported this direction. Other stakeholders had concerns. However, many stakeholders expressed a desire to have the opportunity to participate in this investment area.

Proposed Change

- Develop criteria and process for Board selection of collaboratively prioritized ecological outcomes; update criteria and process and improve transparency of Board decisions around Focused Investments, including clear time limits.

Stakeholder Feedback

Stakeholders had a lot of ideas for what OWEB should consider in this investment area, and there was general agreement that OWEB needs to more clearly define its processes and criteria, including time limits. For example, stakeholders wondered how Focused Investments differ from “big-ticket” restoration projects and “emerging issues.”

Proposed Changes to Competitive Offering for Emerging Issues

Proposed Changes

- Develop new criteria, structure and process; consider activities appropriate for one-time/short-term funding that are consistent with OWEB’s mission, but do not qualify under OWEB’s other grant programs.

Stakeholder Feedback

Stakeholders had little knowledge of the history of OWEB’s investment in emerging issues, and that led to confusion and the need for explanation. Once they better understood what emerging issues OWEB has been investing in and why, stakeholders had a lot of different ideas for what OWEB should consider in this investment area, including innovation, “emergencies,” and emerging issues of statewide importance. However, there was general agreement that OWEB needs to more clearly define its processes and criteria. For example, stakeholders wondered how emerging issues differ from Focused Investments.

Proposed Changes to Focused Effectiveness Monitoring and Reporting

Proposed Change

- Include effectiveness monitoring in all of OWEB’s Focused Investments

Stakeholder Feedback

Stakeholders recognized the importance of monitoring, data management, and the use of data in adaptive management and communication of outcomes. Ideally, stakeholders would like OWEB to lead the effort with other natural resource agencies in the full range of activities. These include: the building and maintaining of a database that is accessible to a wide variety of audiences, analysis and dissemination of findings for use by on-the-ground managers, and general outreach to decision-makers and the citizens of Oregon.

Conclusions

The draft Long-Term Investment Strategy proposes to continue investments in Operating Capacity, Open Solicitation, Focused Investments, with monitoring and reporting foundational to all investment areas. The draft LTIS also proposes to phase in a gradual increase in Focused Investments. While stakeholders had different opinions about the proportion of OWEB investment in Open Solicitation and Focused Investments, there was clear recognition about the value of each investment area.

The LTIS also proposes a series of potential program changes in each investment area. Through the Listening Sessions, OWEB sought early feedback and ideas on these potential changes. The Board’s June 2013 decision will not result in any immediate program changes, but will kick off continuing work to develop specific details. Designing and developing these details will be gradual and transparent; any changes will be phased in so that stakeholders and OWEB staff will have time to adjust.

Next Steps

OWEB’s Board Executive Committee will consider stakeholder input and help develop recommendations to the full Board. The Board will consider stakeholder input and staff recommendations prior to making a decision about the high-level direction for the LTIS, currently planned for the June 11-12, 2013, Board meeting in Pendleton. The Long-Term Investment Strategy staff report for the June 2013 Board meeting will be shared with stakeholders on OWEB’s website, and by email, before the June Board meeting.

The Board’s June decision will not result in any immediate program changes, but will kick off continuing work to develop specific details. Designing and developing these details will be gradual and transparent;

any changes will be phased in so that stakeholders and OWEB staff will have time to adjust. OWEB expects to involve stakeholder work groups and committees to advise the agency in designing and developing specific details. The design and details will include check-in points by the OWEB Board to evaluate progress and results. As needed, the Board can adapt and modify the strategy.

OWEB values the knowledge, experience, dedication and commitment of our partners. OWEB's Board and staff look forward to ongoing partnership involvement for many years to come as the agency continues to improve its programs and build toward more success in restoring and protecting healthy watersheds and natural habitats that support thriving communities and strong economies.



Oregon

John A. Kitzhaber, MD, Governor

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May 31, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item P: 2013-2015 Biennium Spending Plan
June 11-12, 2013 OWEB Board Meeting**

I. Introduction

This staff report seeks Board approval of a proposed spending plan to guide OWEB grant investments for the 2013-2015 biennium.

II. Background

At the beginning of each biennium, the Board considers a plan for the distribution of funding for the biennium. In this report, staff propose a spending plan for \$67.323 million in grant funds. The proposal is based on an estimate of the funding that will be appropriated to OWEB by the Legislature for the 2013-2015 biennium. This report and its attachments offer a plan to guide the distribution of grant funds by briefly describing the potential uses of the funds, recommending fund allocations for specific identified needs, and suggesting reservations of funds for certain purposes.

A. Funding Overview

OWEB's two primary sources of funding that inform its spending plan involve state Lottery Funds and federal salmon funds. Measure 76 Lottery Funds may be used for a wide variety of purposes that further the goals of improving water quality and enhancing habitat for native fish and wildlife. Federal Pacific Coastal Salmon Recovery Funds (PCSRF) are used for a range of actions related to the recovery and restoration of salmon or steelhead populations. Lottery Funds and PCSRF funds may be distributed through the competitive grant process or by direct allocation by the Board.

At the time of writing this report, OWEB's 2013-2015 budget had not yet been approved by the legislature. Pending final legislative action, staff estimate OWEB will have a total of \$67.323 million in funding available for conservation-related investment by the Board. Of those funds, approximately \$58 million are Lottery Fund dollars and approximately \$9 million are PCSRF funds.

PCSRF funds are appropriated by Congress annually. Staff anticipate OWEB's budget will authorize up to \$9 million in additional federal funds without requiring further action by the

legislature. Additional PCSRF funds likely will become available to OWEB later in the 2013-2015 biennium, if the program is funded in the 2014 federal budget. As a result, OWEB will begin the biennium with less PCSRF funds than are expected to be authorized in the agency budget. Receiving additional PCSRF funds later in the biennium will add resources to OWEB's spending plan and support program needs for the Oregon Department of Fish and Wildlife (ODFW). Staff will keep the Board updated on future PCSRF funding and will suggest spending plan revisions should new funds become available.

B. Factors Influencing the Spending Plan

OWEB has roughly the same total amount of funding for conservation related investments as was available in 2011-2013. Staff spending plan recommendations this biennium are influenced by a combination of factors. The resulting bottom line is that the opportunity to invest in good conservation work far exceeds OWEB's available resources. This reality makes decisions on spending priorities for the biennium difficult. Below is a brief outline of key factors influencing the 2013-2015 spending plan.

1. *Long-Term Investment Strategy (LTIS)*. Over the past year, the OWEB Board, staff and numerous stakeholders have been engaged in discussions about the direction of OWEB's long-term conservation investment in Oregon (see Agenda Item O). During this period, OWEB signaled that it intended to avoid major changes in 2013-2015 while it continues work to refine and implement aspects of the LTIS. The proposed spending plan honors this commitment by staying closely aligned with the 2011-2013 spending plan.
2. *Flat Revenue*. OWEB starts the 2013-2015 biennium with nearly the same amount of funding as the previous biennium. This situation makes it more difficult to pursue significant changes to the spending plan without having impacts to other investment areas of continuing interest.
3. *Maintain funding support where possible*. OWEB recognizes the good work of the many stakeholders who utilize funding from the different line items within the spending plan to carry out conservation actions around the state. Continuing to support these investment areas allows for additional local work to be carried out during the 2013-2015 biennium.

III. Proposed 2011-2013 Spending Plan

Attachment A summarizes the proposed spending plan. Line items within the proposed spending plan are organized under three areas of the framework—Operating Capacity, Open Solicitation and Focused Investment—developed under the LTIS as described in Agenda Item O. The following sections briefly describe specific investment areas and recommend allocations as awards or reserves.

A. Operating Capacity

The OWEB Board and staff have long recognized the critical role of watershed council and soil and water conservation districts (SWCDs) to carry out conservation work that OWEB investments support. These groups are key players in developing and implementing local restoration projects with landowners, and improving community awareness of and interest in watershed health. In addition, since the 2003-2005 biennium, the Legislature has provided state matching funds via OWEB in support of the Lower Columbia Estuary Program (LCEP). LCEP supports, coordinates and advances regional and local actions to

restore and protect the Columbia River estuary from Bonneville Dam to the Pacific Ocean. Staff recommend allocating a total of \$12.95 million to support councils, districts, LCEP, and additional capacity building efforts.

1. 2013-2015 Watershed Council Support Transition Awards

The work of watershed councils is critical to the success of OWEB's objectives to promote and implement voluntary cooperative conservation actions. In preparation for the June 2013 Council Support awards, OWEB staff met with the Board Watershed Council Support Subcommittee in April to review any performance concerns for currently funded watershed councils. OWEB staff recommend special conditions for some grant agreements, including potential termination of funding if grant agreement conditions are not met.

Staff request that the Board award Council Support grants to current Council Support grantees, at the same funding level as each grantee received in 2011-2013, dependent on OWEB's Legislatively Adopted Budget. Depending on the status of OWEB's budget approval, the award may be conditional and grant agreements may be held until OWEB's budget has final approval. After the Board's action and the Legislative adoption of OWEB's budget, staff will amend current council support grant agreements to include 2013-2015 funds. Current Council Support grantees will not have to submit a grant application for 2013-2015. In addition, councils will be able to carry-over 2011-2013 unspent council support funds into the 2013-2015 biennium. All councils will be required to submit a 2013-2014 work plan by October 1, 2013, and an updated work plan (progress report) by June 30, 2014.

Staff recommend the Board award \$6.1 million dollars in capacity grants to current Council Support grantees, at the same funding level as each grantee received in 2011-2013 (see Attachment D), dependent on OWEB's Legislatively Adopted Budget. Regardless of when OWEB's budget is passed, grant amendments will be written to be effective starting July 1, 2013 and will also include amended reporting requirements.

2. Soil and Water Conservation Districts

In 1993, the Oregon Legislature passed the Agricultural Water Quality Management Act (formerly known as Senate Bill 1010). This legislation directs ODA to develop plans to prevent and control water pollution from agricultural activities. Working with Oregon's 45 SWCDs, ODA is the lead state agency to prevent and control water pollution and soil erosion from agricultural activities on rural lands. Capacity funding, now coordinated jointly between ODA and OWEB, is a key component to assist in the implementation of the Act.

With the passage of Ballot Measure 76, the OWEB became the official grantor for SWCD capacity funding, which had previously been directly administered directly by the Oregon ODA. OWEB and ODA staff have worked closely since the passage of Measure 76 to ensure that management of the program remains with ODA while OWEB coordinates grant agreements and payments in as seamless a manner as possible.

As reported in the March 2013 Board meeting, as a part of their Agriculture Water Quality Strategic Planning process, ODA has worked with SWCDs, the Soil and Water Conservation Commission, and the Board of Agriculture to develop a new approach to capacity investments in SWCDs to support implementation of the Agricultural Water Quality Management Act.

For the 2013-2015 biennium, staff propose \$6.1 million of grant funds be awarded and distributed to SWCDs to implement annual work plan activities that are consistent with the Oregon Plan for Salmon and Watersheds. Staff further recommend the Board delegate to the Executive Director the authority to distribute the awarded funds through grant agreements with SWCDs. ODA will continue to administer the SWCD program and identify the activities to be completed with these funds. Of these funds, each SWCD would receive \$100,000 (\$50,000 annually) to provide technical assistance to landowners. The remaining funds are used for SWCD “operations” to support the technical assistance activities.

3. Building Capacity Grants

During the 2011-2013 biennium, local capacity funds also were provided to the Oregon Association of Conservation Districts (OACD) and the Network of Oregon Watershed Councils (Network) and for trainings, workshops and coaching to enhance local partners’ capacity and effectiveness in watershed restoration work. Staff anticipate presenting a proposal at the September Board meeting to continue these types of activities during the 2013-2015 biennium.

In addition, staff propose a different grant offering within the Building Capacity Grants area. This offering will help provide the resources needed for groups of watershed councils to transition to or create new organizational/operating structures to improve effectiveness of local capacity to achieve watershed restoration and community engagement outcomes (see Attachment E). Staff recommend the Board award \$200,000 to the Building Capacity Grants/Watershed Council Transition offering, and delegate to the Executive Director the authority to distribute the funds. Staff further recommend the Board reserve \$300,000 for the 2013-2015 biennium to support other capacity related activities.

4. Lower Columbia Estuary Program (LCEP)

Staff propose \$253,848 be awarded to LCEP to support continued implementation of the organization’s Comprehensive Conservation and Management Plan, which includes habitat restoration, invasive species removal, stormwater management and other activities. LCEP needs state matching funds to complement federal funding received through the National Estuary Program.

B. Open Solicitation

1. Restoration Grants

Restoration grants fund projects that improve habitat for fish and wildlife and water quality across the state. Staff recommend the Board reserve \$26.32 million to the 2013-2015 grant cycles to support restoration grants.

2. Technical Assistance

Technical assistance plays a key role in developing future restoration grant proposals. Technical assistance grants increase the capacity of OWEB's local partners to engage in project development, planning, design, coordination and permitting. Staff recommend the Board reserve \$1.8 million for technical assistance grants.

Staff also recommend the Board reserve an additional \$250,000 for technical assistance grants targeted specifically for development of Action Plans for Watershed Councils, with a priority for councils that do not have an action plan. Action Plans must identify the ecological problems, priorities and restoration activities the council seeks to address in its watershed. The Action Plan can either be for the entire watershed or for sub-watersheds, depending on the focus area(s) of the council. Action Plans are important because there are almost unlimited opportunities for ecological restoration in Oregon's watersheds. By adopting these plans, councils demonstrate their ability to effectively plan and prioritize restoration actions. Staff recommend this special offering to assist watershed councils that will need completed Action Plans to be eligible to apply for a grant under the 2015-2017 council support review process (see Agenda Item J).

3. Monitoring and Effectiveness Monitoring

Monitoring the results of the conservation work OWEB supports with its grants is important to determine whether projects achieve intended results. Staff recommend the Board reserve \$1.35 million in the 2013-2015 spending plan for grant cycles to support monitoring and effectiveness monitoring grants.

4. Outreach

Outreach grants help people to become better connected to their watersheds. Staff recommend the Board reserve \$500,000 in the 2013-2015 spending plan for grant cycles to support outreach grants.

5. Assessment

Watershed assessments have been completed in most parts of the state. There are still a few remaining areas where assessments are needed, and other areas where updates may be desirable. Staff do not propose an assessment grant offering during the 2013-2015 biennium.

6. Land and Water Acquisition Grants

During the 2011-2013 biennium, OWEB did not accept new land acquisition applications in order to allow staff to address a backlog of pending applications. Over the same period, OWEB made significant updates to its land and water acquisitions review processes. The updated land acquisition review process will begin this fall when staff accept new applications in October. Staff recommend the Board reserve \$7 million to the 2013-2015 grant cycles to support land and water acquisition grants.

7. Oregon State Weed Board Grants

The Oregon Department of Agriculture (ODA) Noxious Weed Control Program provides a statewide leadership role for coordination and management of state-listed

noxious weeds. The Noxious Weed Control Program also supports the Oregon State Weed Board (OSWB) with administration of the OSWB Grant Program. The OSWB is established under ORS 561.650 and has a mission of guiding statewide noxious weed control priorities and awarding noxious weed control Lottery funds. The OSWB provides direction to control efforts at the county and local levels based on priorities developed, in part, through the state noxious weed control policy and classification system. The OSWB also awards grants to assist cooperators in noxious weed control efforts throughout the state. The seven-member board represents weed control interests in Oregon.

OWEB funds have supported Weed Grants since the 2001-2003 biennium. Starting in the 2011-2013 biennium, the OSWB Weed Grants for noxious weed control projects were funded with Measure 76 (M76) Lottery Funds and administered by OWEB. This arrangement is different from past biennia, during which OWEB provided funding to the Oregon Department of Agriculture (ODA), which administered the Weed Grants. OWEB and ODA staff now work cooperatively to manage and administer the Weed Grant Program. ODA solicits, reviews, and manages the Weed Grants in partnership with OWEB, while OWEB has grant agreements with Weed Grantees. This approach retains existing processes as appropriate and meets M76 requirements.

For the 2013-2015 biennium, staff recommend the Board award \$2.5 million for Weed Grants, and delegate to the Executive Director the authority to distribute the funds. This amount is on par with past Weed Grant awards. OWEB will continue its close coordination with ODA and the OSWB to administer these funds.

8. Small Grant Program

For the 2013-2015 biennium, staff recommend the Board award \$2.8 million for the Small Grant Program (SGP), and delegate to the Executive Director the authority to distribute the funds, with a distribution of \$100,000 per Small Grant team. Each team reviews local proposals and makes recommendations to staff on grants of no more than \$10,000. Background on this program is contained in Attachment B, and a map of the SGP area is included as Attachment C.

9. Conservation Reserve Enhancement Program (CREP)

The Conservation Reserve Enhancement Program (CREP) is a cooperative venture between the State of Oregon and the U.S. Department of Agriculture/Farm Service Agency (USDA/FSA), with support from local partners including soil and water conservation districts, watershed councils and resource conservation and development councils. The purpose of this long-standing program is to restore, maintain, and enhance streamside areas along agricultural lands to benefit fish, wildlife, and water quality. Landowners enrolled in CREP receive annual rental payments and financial incentives (cost share) to install conservation measures such as planting trees and shrubs, installing fencing, livestock watering facilities, and other approved conservation measures.

Oregon added 99 contracts in the 2012 federal fiscal year to enroll 1,759.5 acres, bringing the cumulative total to over 40,300 acres. Along with Oregon's agricultural

landowners, the State of Oregon and the USDA/FSA have contributed significant resources toward riparian restoration through CREP. For 2012, Oregon's CREP expenditures were \$500,770, while the estimated federal costs of the Oregon CREP contracts were \$2,268,073. Oregon has invested more than \$18.3 million in CREP since 1999.

Staff recommend the Board award \$500,000 for CREP grants during the 2013-2015 biennium, and delegate authority to the Executive Director to enter into appropriate CREP agreements to expend these funds.

10. CREP Technical Assistance (TA)

CREP is managed by a multi-agency/organizational partnership. In addition to OWEB and FSA, the CREP partnership in Oregon includes the Natural Resources Conservation Service (NRCS), Oregon Association of Conservation Districts, and the Oregon Departments of Agriculture and Forestry.

Beginning in the 2011-13 biennium, OWEB partnered with NRCS to provide just over \$1 million in TA for CREP as a competitive grant offering. This offering was implemented because the partnership recognized the program is most successful in those areas with a dedicated CREP TA provider. Grants have been provided to thirteen local partnerships to provide direct TA to landowners interested in signing up for the program. They also provide critical coordination between landowners and the federal and state agencies responsible for managing the program.

In 2013, the partnership arranged for extensive CREP training for all technicians, foresters and other employees associated with CREP projects to ensure that the program is implemented effectively at all levels. The training was incredibly well attended and included both technical and policy guidance.

For the 2103-15 biennium, NRCS currently is not able to co-fund CREP TA, but the partnership believes it is critical to continue with these positions. OWEB staff recommend continuation of the OWEB portion of the funding, recognizing the lack of co-fund dollars will reduce either the number of grantees or the amount provided for each grant. Grants will be solicited in early fall with an October deadline. Grants will continue for two years. Staff recommend the Board reserve \$750,000 in the 2013-2015 spending plan for CREP TA grants. These competitive grants will help with the development of on-the-ground CREP projects.

C. Focused Investments

1. Deschutes Special Investment Partnership (SIP)

Staff recommend the Board award \$4 million to the Deschutes SIP for the 2013-2015 biennium, and delegate authority to the Executive Director to distribute the funds through appropriate grants and agreements. Additional information on the Deschutes SIP is contained in Agenda Item I.

2. Willamette SIP

Staff recommend the Board award \$3 million to the Willamette SIP for the 2013-2015 biennium, and delegate authority to the Executive Director to distribute the funds through appropriate grants and agreements. Additional information on the Willamette SIP is contained in Agenda Item I.

3. Upper Klamath SIP

Staff recommend the Board award \$800,000 to the Upper Klamath SIP for the 2013-2015 biennium, and delegate authority to the Executive Director to distribute the funds through appropriate grants and agreements. Additional information on the Upper Klamath SIP is contained in Agenda Item I.

4. Whole Watersheds Restoration Initiative (WWRI)

Staff recommend the Board award \$500,000 to the WWRI for the 2013-2015 biennium, and delegate authority to the Executive Director to distribute the funds through appropriate grants and agreements. Additional information on the WWRI is contained in Agenda Item I.

5. Effectiveness Monitoring

Over the past several years, OWEB has engaged in a process to review the effectiveness of its past investments. This work is a key element to inform practices and priorities, and will allow the Board to adapt its investments accordingly. This program area also helps with OWEB's need to report meaningful information on agency funded projects for the general public, as well as to meet federal requirements.

Over the coming biennium, staff will work with the Board and stakeholders on the establishment of effectiveness monitoring within OWEB's Focused Investments, specifically within the Partnership investments. In addition, OWEB will consider priority Open Solicitation grants that warrant strategic effectiveness monitoring, continue the retrospective evaluation of significant restoration investments, and initiate a conversation about effectiveness monitoring for Operating Capacity grants. These activities comprise the primary tasks for this program area over the next two years. Staff recommend the Board reserve \$1 million for programmatic effectiveness monitoring during the 2013-2015 biennium.

6. Oregon Plan Products

Through its funding resources, OWEB supports projects and products from state agencies and other partners that help implement the Oregon Plan for Salmon and Watersheds and other shared objectives. These actions often do not fit well within OWEB's grant cycle process. As in past biennia, staff will work with the Governor's Office and others to determine Oregon Plan priorities and potential funding needs for the upcoming biennium. Staff recommend the Board reserve \$1 million for Oregon Plan/Governor's Priorities for the 2013-2015 biennium.

7. Ecosystem Services

Agenda Item E summarizes the ongoing OWEB involvement in ecosystem services-related projects. There continues to be great interest in ecosystems services ideas,

including from the Governor's Office. Staff recommend the Board reserve \$150,000 for Ecosystem Services for the 2013-2015 biennium.

D. Business Practices Improvements

When the Board updated its Strategic Plan in 2010, Goal 5 recognized the importance for the agency to ensure efficient and accountable administration of all investments. A key strategy associated with this goal is to continue to evaluate, explore and implement grant administrative processes to maintain and enhance efficiencies at all levels. Toward this end, staff propose that OWEB streamline grant applications and grant agreements and develop online applications and electronic grant agreements during the 2013-2015 biennium. This effort will create efficiencies for stakeholders and staff, and significantly advance OWEB's efforts to better incorporate information technology into agency programs. Funds will be needed for the development of products, contractor services and other related support needed to carry out agency business practices improvement work.

Staff recommend awarding a total of \$150,000 to support business practices improvements for the agency during the 2013-2015 biennium, and delegating authority to the Executive Director to distribute the funds through appropriate grants and agreements.

E. PCSRF Funds to Other Agencies

Over the years, PCSRF funds have provided critical support for OWEB's overall program, including grants to support on-the-ground habitat work, watershed councils and soil and water conservation district capacity, and OWEB operations. PCSRF also has supported other state agency programs related to salmon conservation and recovery. Board action is needed to carry out legislative allocations of these funds to other state agencies. As part of awarding PCSRF to a state agency, OWEB will enter into an interagency agreement to track and report on the uses of the funds.

1. Oregon Department of Fish and Wildlife (ODFW)

ODFW programs have been supported with PCSRF funds in the state budget since the 2001-2003 biennium. ODFW programs that have been supported recently with PCSRF funds include Fish Screening and Passage, Oregon Plan Monitoring, Western Oregon Stream Restoration, and Oregon Plan Implementation and Technical Support. OWEB staff expect the Legislature will allocate a total of \$8.3 million of PCSRF funds to ODFW programs during the 2013-2015 biennium.

PCSRF funds are appropriated and awarded to recipients annually. The amount for Oregon's 2013 PCSRF award should be known by the time of the June board meeting. However, the level of 2014 PCSRF funding available to Oregon will not be known until next year. As a result, OWEB and ODFW will start the biennium with less PCSRF than is expected to be budgeted by the Legislature. Consequently, initial spending plan recommendations will be limited to PCSRF funds expected to be available through the 2013 PCSRF award.

Contingent upon the amount of the 2013 PCSRF award to Oregon and final agency budgets adopted by the legislature, staff recommend the Board award \$4.1 million of 2013 PCSRF funding to ODFW programs related to salmon recovery during the

2013-2015 biennium, and delegate authority to the Executive Director to enter into appropriate agreements to distribute the funds.

2. Independent Multidisciplinary Science Team (IMST)

The IMST was formed by the Oregon Legislature to provide independent scientific oversight to the Oregon Plan for Salmon and Watersheds. The IMST has had a legislatively-allocated line item in OWEB's budget since 1999. Staff recommend the Board award a total of \$461,581 to support IMST for the 2013-2015 biennium, and delegate authority to the Executive Director to develop appropriate agreements to distribute the funds.

IV. Recommendation

Staff recommend:

- A. Dependent on OWEB's 2013-2015 legislatively adopted budget, the Board approve the proposed spending plan in Attachment A as an overall guide for reserving, awarding and passing through OWEB funds at the beginning of the 2013-2015 biennium, with specific direction to staff to update the spending plan and report on the actions taken under the spending plan at each subsequent Board meeting.
- B. Dependent on OWEB's legislatively adopted budget for the 2013-2015 biennium, the Board award funds for the following purposes and delegate to the Executive Director the authority to distribute the funds through appropriate grants and agreements consistent with the purposes identified in Section III of this report:
 - a. Award \$2.5 million for Weed Grants;
 - b. Award \$2.8 million for the Small Grant Program;
 - c. Award \$500,000 for CREP grants;
 - d. Award \$4 million to the Deschutes SIP;
 - e. Award \$3 million to the Willamette SIP;
 - f. Award \$800,000 to the Upper Klamath SIP;
 - g. Award \$500,000 to the WWRI;
 - h. Award \$6.1 million for watershed council capacity grants;
 - i. Award \$6.1 million for soil and water conservation district capacity grants;
 - j. Approve the "Building Capacity Grants/Watershed Council Transition" offering for watershed councils, and award \$200,000 for these grants;
 - k. Award \$253,848 for LCEP;
 - l. Award \$150,000 for business practices activities; and
 - m. Award \$461,581 to IMST.
- C. Contingent upon the amount of the 2013 PCSRF award to Oregon and final agency budgets adopted by the legislature, the Board award \$4.1 million of PCSRF funds to

ODFW and delegate authority to the Executive Director to enter into agreements necessary to distribute the funding.

Attachments

- A. Draft 2013-2015 Spending Plan
- B. Small Grant Program overview
- C. Small Grant Program areas map
- D. Council Support grant awards for 2013-2015
- E. Overview of Building Capacity Grant/Watershed Council Transition Offering

as of 6/7/13

**OWEB 2013-15 Spending Plan
June 2013 Board Meeting**

	Jan 2012	July 1, 2013 Proposal excluding PCSRF FFY14	Reserve / Award / Pass- Through
Open Grants:			
Restoration	26.400	26.320	Reserve
Technical Assistance	2.000	1.800	Reserve
Action Plans for WC		0.250	Reserve
Monitoring & EM	1.700	1.350	Reserve
Outreach	0.600	0.500	Reserve
Assessments	0.000	0.000	Reserve
Regular Land and Water Acquisition*	6.650	7.000	Reserve
Weed Grants	2.500	2.500	Award
Small Grants	2.800	2.800	Award
CREP TA	0.800	0.750	Reserve
CREP	0.500	0.500	Award
TOTAL	43.950	43.770	
% of assumed Total Budget	65.9%	65.0%	

Focused Investments:			
Deschutes SIP	4.000	4.000	Award
Willamette SIP	3.000	3.000	Award
Klamath SIP	0.400	0.800	Award
Whole Watershed Restoration Initiative	0.500	0.500	Award
Effectiveness Monitoring	0.500	1.000	Reserve
Oregon Plan/Governor Priorities	1.250	1.000	Reserve
Ecosystem Services	0.250	0.150	Reserve
TOTAL	9.900	10.450	
% of assumed Total Budget	14.8%	15.5%	

Operating Capacity:			
Capacity grants (WC/SWCD)	12.200	12.200	Award
Building Capacity Grants	0.300	0.300	Reserve
Watershed Council Transition Offering	0.000	0.200	Award
Lower Columbia Estuary Program	0.248	0.300	Award
TOTAL	12.748	13.000	
% of assumed Total Budget	19.1%	19.3%	

Business Practices	0.100	0.150	Award
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TOTAL OWEB Spending Plan Proposal	66.698	67.370	
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PCSRF Funds Allocated to Other Agencies			
Oregon Department of Fish and Wildlife	13.409	4.100	Pass-Through
IMST (1/2 M76 Operating / 1/2 PCSRF)	0.451	0.462	Award
TOTAL	13.860	4.562	

TOTAL Including OWEB Spending Plan and Transfers	80.558	71.932	
		PCSRF eligible	

Small Grant Program Background for 2013-2015 Spending Plan

Background

In 1999, OWEB was seeking ways to be more responsive to small, straightforward restoration grant applications. During this time, the Legislature added a budget note to OWEB’s budget to encourage the agency to initiate a county-based, local cost-share program.

In January 2002, the Board adopted administrative rules establishing a Small Grant Program (SGP) with the goal to support implementation of the Oregon Plan for Salmon and Watersheds by funding small, straightforward restoration projects designed to improve water quality, water quantity, and fish and wildlife habitat.

Twenty-eight Small Grant Teams consisting of representatives from local watershed councils, soil and water conservation districts, and tribes, have each been allocated \$100,000 per biennium to put toward restoration projects of \$10,000 or less, a total commitment of \$2.8 million each biennium to date.

The SGP encourages landowner participation in watershed improvement and continues to be extremely popular because of its ability to fund a variety of restoration projects more quickly than OWEB’s regular grant program. To date approximately 2,244 projects have been funded through the SGP. The map (Attachment C) shows the 28 SGP areas across the state.

In September 2011, the Board awarded \$2.8 million to the SGP for the 2011-2013 biennium. To date, Small Grant Teams have allocated over \$2.4 million for projects in their areas (Table 1). Teams have funded 331 grants so far and eight teams have allocated all or nearly all of their \$100,000. A number of additional small grants are pending and expected before the end of the 2011-13 biennium.

Table 1: Small Grant Funding by Biennium

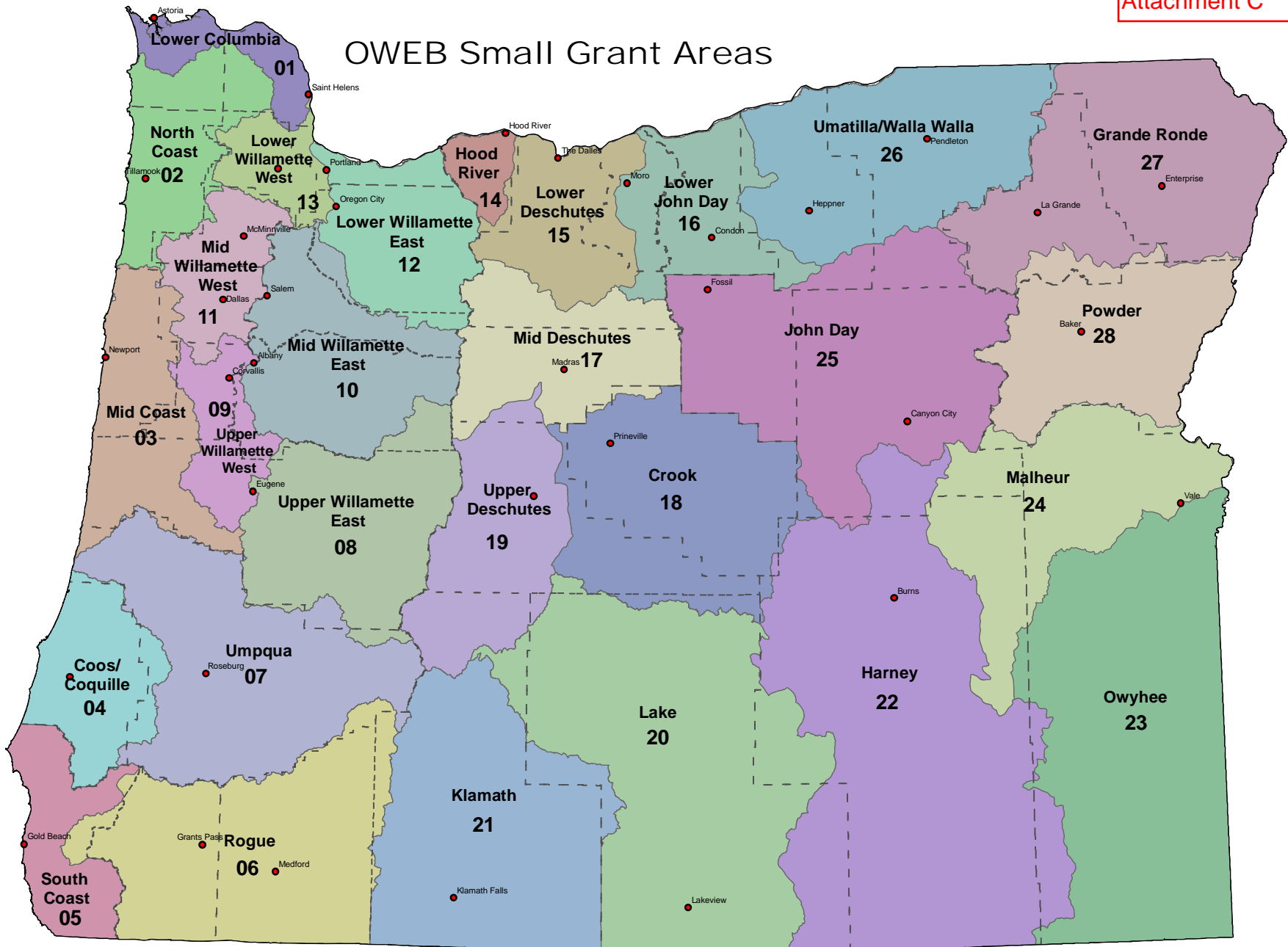
Biennium	Funding	Allocated	Remaining	# Grants
2001-03	\$2,800,000	\$2,359,322	\$440,678	405
2003-05	\$2,800,000	\$2,496,182	\$303,818	384
2005-07	\$2,800,000	\$2,537,225	\$262,775	378
2007-09	\$2,800,000	\$2,676,365	\$123,635	385
2009-11	\$2,800,000	\$2,623,622	\$176,377	363
2011-13*	\$2,800,000	\$2,418,520	\$381,480	331

*As of May 28, 2013

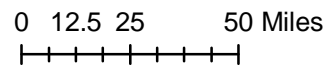
Recommendation

Staff recommend the Board allocate funding for the Small Grant Program for the 2013-2015 biennium at the level of \$2.8 million with a distribution of \$100,000 per team.

OWEB Small Grant Areas



-  Small Grant Areas
-  Counties
-  County Seats



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<http://oregon.gov/OWEB/>

This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

Software: ESRI ArcMap 9.2
 OWEB- A. Seim, November 2007

2013-2015 Watershed Council Support Funding Levels

At the March 2012 Board Meeting, the Board approved the 2013-2015 Council Support award transition process. Under the transition process, the Board waived OWEB's rules for the 2013-2015 Council Support grants including application requirements, evaluation criteria, and grant evaluation process. The **Total 2013-2015 Award** is the same award each council received through the 2011-2013 watershed council support application and evaluation process.

App#	Applicant (by merit score)	Total 2013-2015 Award	Awarded 11-13
	(a), (b) or ((a)/(b)) next to the applicant name, indicates an umbrella council.	The award amounts include the umbrella awards of 0.18, 0.09, and 0.22 times the base award for type (a), (b) and ((a)/(b)) umbrellas respectively. Amounts in red were adjusted to reflect the amount requested by the grantee when the requested amount was lower than the base award for that category.	
212-027	Long Tom WC	\$108,775	\$108,775
212-010	Coos Watershed Association	\$108,775	\$108,775
212-026	Johnson Creek WC	\$108,775	\$108,775
212-047	Upper Deschutes WC	\$108,775	\$108,775
212-052	North Fork John Day WC	\$108,775	\$108,775
212-030	North Santiam WC	\$108,775	\$108,775
212-018	Partnership for the Umpqua Rivers (b)	\$118,565	\$118,565
212-045	Lake County WCs (a)/(b)	\$132,706	\$132,706
212-038	McKenzie WC	\$108,775	\$108,775
212-034	Sandy River Basin WC	\$108,775	\$108,775
212-016	South Coast WC (a)	\$128,355	\$128,355
212-054	Walla Walla Basin WC	\$108,775	\$108,775
212-043	Hood River WS Group	\$108,775	\$108,775
212-058	Luckiamute WC	\$108,775	\$108,775
212-003	MidCoast WC (a)	\$128,355	\$128,355
212-056	Owyhee WC (b)	\$118,565	\$118,565
212-017	Tenmile Lakes Basin Partnership	\$108,775	\$108,775
212-022	Calapooia WC	\$108,775	\$108,775
212-051	Malheur WC (a)/(b)	\$132,706	\$132,706
212-006	Siuslaw WC	\$108,775	\$108,775
212-015	Stream Restoration All of the Middle Rogue	\$108,775	\$108,775
212-007	Tillamook Bay WC	\$98,500	\$98,500
212-004	Upper Nehalem WC	\$98,500	\$98,500
212-061	Lower Nehalem WC	\$98,500	\$98,500
212-036	South Santiam WC	\$98,500	\$98,500
212-023	Clackamas River Basin Council	\$98,500	\$98,500
212-041	Crooked River WC (b)	\$107,365	\$107,365
212-005	Nestucca-Neskowin WC	\$98,500	\$98,500
212-035	Scappoose Bay WC	\$98,500	\$98,500
212-020	Seven Basins WC	\$98,500	\$98,500
212-025	Columbia Slough WC	\$98,500	\$98,500
212-049	Grande Ronde Model WS (b)	\$107,365	\$107,365
212-012	Illinois Valley WC	\$98,500	\$98,500
212-048	Wasco Area WCs	\$98,500	\$98,500
212-029	Middle Fork Willamette WC	\$98,500	\$98,500
212-037	Tualatin River WC	\$98,500	\$98,500
212-021	Elk Creek WC	\$98,500	\$98,500
212-014	Lower Rogue WC	\$98,500	\$98,500
212-001	North Coast WS Assn (a)	\$116,230	\$116,230
212-053	Umatilla Basin WC	\$98,500	\$98,500
212-024	Coast Fork Willamette WC	\$98,500	\$98,500
212-042	Gilliam-East John Day WC	\$98,500	\$98,500
212-050	Harney WC (b)	\$99,960	\$99,960
212-062	Necanicum WC	\$98,500	\$98,500
212-057	Powder Basin WC (b)	\$107,365	\$107,365
212-028	Marys River WC	\$98,500	\$98,500
212-011	Coquille Watershed Association	\$85,300	\$85,300
212-009	Bear Creek WC	\$85,300	\$85,300
212-039	Yamhill Basin WC	\$85,300	\$85,300
212-002	Lower Columbia River WC	\$85,300	\$85,300
212-060	Smith River WC	\$85,300	\$85,300
212-013	Little Butte Creek WC	\$85,300	\$85,300
212-055	Mid John Day-Bridge Creek WC	\$85,300	\$85,300
212-008	Applegate River WC	\$85,300	\$85,300
212-046	Sherman Area WC (a)	\$100,654	\$100,654
212-040	Klamath WS Partnership (a)/(b)	\$104,066	\$104,066
212-064	Molalla River Watch	\$85,300	\$85,300
212-032	Rickreall & Glenn-Gibson Cr WCs	\$85,300	\$85,300
212-019	Upper Rogue WS Assn	\$85,300	\$85,300
212-063	Upper South Fork John Day WC	\$50,415	\$50,415
212-059	Greater Oregon City WC	\$0	\$0
212-044	Middle Deschutes WC	\$0	\$0
212-033	Mid-Willamette WA	\$0	\$0
212-031	Pudding River WC	\$0	\$0
		\$6,092,597	\$6,092,596

Excellent
Very Good
Good
Needs Improvement
Do Not Fund

DRAFT 5/20/13

New 2013-2015 Grant Offering: Resources to help watershed councils transition to new organizational/operating structures to improve effectiveness of local capacity and OWEB's council support investments

1. Background

Watershed councils (councils) and soil and water conservation districts (districts) are identified specifically in OWEB's statutes because they are essential leaders in local, voluntary, collaborative conservation projects to protect native fish and wildlife habitat, watersheds, and water quality.

Councils are locally established voluntary organizations; OWEB may provide grants for council operating capacity. Districts are local government entities overseen by the Oregon Department of Agriculture (ODA). District operating capacity grants are administered by ODA, but funded with OWEB dollars.

OWEB seeks to adjust council support grants to “build local capacity, provide base funding, and promote strategic partnerships” (OWEB Board 2010 Strategic Plan, Goal 2, Strategy 2).

OWEB's current policies have encouraged councils to “split” and emphasize their “differences” in order to seek their own individual council support grants. Over the years, the number of individual council support grants grew from 42 in 1997-99 to a high point of 63 in 2009-11. At the June 2013 Board meeting, staff will present two options for Board consideration for council support grants for 2015 and beyond.

- Option A would cap the number of individual support grants at no more than 64 and develop incentives for councils to combine or increase their sharing of staff, with a goal of reducing the number of individual support grants over 5-10 years. With limited funding and ongoing cost of living increases, OWEB cannot provide long-term meaningful funding to 64 individual council support grantees.
- Option B would allow all locally recognized councils (currently 89) to apply for their own individual council support grant. The basis for this option is to provide equal opportunity for all councils that have been created by their communities.

Through the council support listening sessions, OWEB heard that most watershed councils struggle to find adequate capacity funding, and to fund enough staff with the diverse skillsets needed to address increasingly complex watershed restoration and community engagement priorities.

Because OWEB cannot support all capacity needs of all councils, the agency is proposing a grant opportunity for councils that see long-term benefits in combining with other councils or sharing staff in order to build expertise and capacity across larger watershed communities, while still maintaining local community connections.

OWEB seeks stakeholder feedback on the potential new grant offering, outlined below. Subject to OWEB's legislatively adopted budget, this grant offering would be in addition to, not subtracted from, the 2013-15 base capacity funding for councils and districts.

DRAFT 5/20/13

New 2013-2015 Grant Offering: Resources to help watershed councils transition to new organizational/operating structures to improve effectiveness of local capacity and OWEB's council support investments

2. Purpose of grant offering

This grant offering would help provide the resources needed for a group of councils to transition to, or create, new organizational/operating structures to improve effectiveness of local capacity to achieve watershed restoration and community engagement outcomes. This grant offering also supports OWEB's goal of reducing the number of individual support grants over 5-10 years. With limited funding along with rising costs of operations, the value of individual support grants will decline over time, and OWEB cannot provide long-term meaningful funding to 64 individual council support grantees.

Examples of resources that could be funded through these grants include:

- Facilitator
- Legal or accountant review and development of documents
- Communication planning and materials to inform stakeholders
- Staff time to attend transition meetings
- Work sessions with council boards

This offering is not intended to support hiring additional staff at a council or district, or to support infrastructure needs such as IT, GIS, databases, etc. for an individual council or district.

3. Pre-Proposal/Letter of Intent

- a. The proposal must be signed by all officers and a majority of the Board members of each participating organization.
- b. The proposal must describe:
 - i) What are the current limitations in each participating organization's capacity to carry out or support effective watershed restoration and community engagement for their watershed? How does the proposal address these limitations?
 - ii) What challenges does each participating organization see in their current organizational/operating structures that limit their ability to carry out or support effective watershed restoration and community engagement for their watershed? How does the proposal address these challenges? How do the organizations propose to change the way they do business?
 - iii) What opportunities does each council see presented in a new collaborative approach?
 - iv) The organizations' shared goals, objectives, timelines, roles, responsibilities, tasks and products. Their plan for how they will decide upon a decision-making approach, or, if they have already determined this process, a description.
 - v) How OWEB funding will be used.

DRAFT 5/20/13

New 2013-2015 Grant Offering: Resources to help watershed councils transition to new organizational/operating structures to improve effectiveness of local capacity and OWEB's council support investments

vi) How the proposal aligns with OWEB's purposes in Section 2 above.

4. Draft Application Process

- a. Announcement of deadlines and pre-proposal or letter of intent requirements.
- b. Review of pre-proposals (may include interviews).
- c. OWEB invites selected applicants to submit a full application.
- d. Applications evaluated; may hold further interviews.
- e. Grant award.

Evaluation Criteria

- a. OWEB is seeking applications that best demonstrate analysis and understanding of how each council's current organizational structures limit capacity for watershed restoration and community engagement, and the opportunities that exist to improve capacity with a different organizational/operating structure.
- b. OWEB is seeking applications that best demonstrate a shared commitment, ability, and likelihood of success in developing and implementing new organizational/operating structures to improve effectiveness of local capacity and OWEB's investments. This could include:
 - i. Combining or merging councils, to increase local capacity for on-the-ground watershed restoration and community engagement in service of land and water stewardship and provide economies of scale that increase overall capacity across watershed boundaries
 - ii. Shared services among groups of councils, to increase local capacity for on-the-ground watershed restoration and community engagement in service of land and water stewardship and provide economies of scale that increase overall capacity across watershed boundaries
- c. Because OWEB has a goal of reducing the number of individual council support grants over 5-10 years, OWEB will give a preference to applications that demonstrate commitment to combine or merge councils.

APPROVED BY THE BOARD SEPTEMBER 10, 2013
Oregon Watershed Enhancement Board

June 11, 2013
OWEB Board Meeting
Pendleton, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Trish Smith
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

Members Not Present

Board of Forestry Representative
(position vacant)
Jim Johnson
Doug Krahmer
Morgan Rider

OWEB Staff Present

Lauri Aunan
Ken Bierly
Tom Byler
Sue Greer
Dana Hicks
Wendy Hudson
Karen Leiendecker
Meta Loftsgaarden
Liz Redon
Courtney Shaff
Greg Sieglitz
Teresa Trump

Others Present

Ryan Gordon
Chuck Sams
Kirk Shimeall
Cathy Kellon
Marty Gould
Elaine Eisenbraun
Scott Peets
Michael Lambert

Others Present

Bruce Taylor
Jesse Jones
Johanna Sedely
Barb Summerhawk
Gail Grogan Perrotti
Dan Delany
Brian Wolcott
Greg Silbernagel
Karl Morgenstern
Joe Moll
Chuck Hurliman
Larry Six
Jack Shipley
Chas Rogers
Tim Weaver
Bill Renwick
Theresa Burcsu
Sandy McKay
Kris Fischer
Jeff Oveson
Lisa Seales
Melyssa Graeper
Byron Amerson
Sue Lurie

Board Co-Chair Dan Thorndike recognized that this was the last meeting for Board members Trish Smith, Public-At-Large, and John Jackson, representing the Water Resources Commission. He acknowledged the work they had done, and thanked them for their invaluable service on the Board.

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 following meetings were unanimously approved:

- January 16-17, 2013, Board meeting in Cottage Grove (approved as corrected);
- March 12-13, 2013, Board meeting in Salem; and
- March 18, 2013, Special Board meeting via telephone conference call.

C. Executive Director Update

Director Byler provided updates on the following:

1. Budget and Legislative

Director Byler updated Board members on the status of the Legislative Budget process, and provided them with an overview of OWEB's budget as included in the Governor's Budget. As of the Board meeting, OWEB's Legislative work session had not been scheduled.

OWEB staff are still tracking several policy bills having a potential to directly affect OWEB programs. These are:

- House Bill (HB) 2173 and HB 3040 regarding non-farm uses, including conservation activities, on agricultural lands;
- HB 2516 regarding funding for conservation education;
- HB 3337 regarding ecosystem services;
- HB 3441, relating to fish hatchery research;
- HB 3440 regarding ag land uses and conservation; and
- Several bills related to forest health.

2. Pacific Coastal Salmon Recovery Fund (PCSRF)

OWEB's application submittal on behalf of Oregon is pending and should receive \$9 million in each of the next two years. OWEB is waiting for the 2013-2015 PCSRF funds and the sequestration is expected to have an effect on the funds Oregon receives. Directly Byler also commented on a letter sent to Senator Jeff Merkley from The Network of Oregon Watershed Councils and OACD on the importance of PCSRF funds.

3. Forest Health and Forest Collaboratives

Director Byler mentioned that OWEB provided technical assistance grant funding for eastside forest health collaboratives during the 2011-2013 biennium.

4. Five-Year Rule Review

OWEB has a statutory obligation to do a periodic review of rules adopted after January 1, 2006, no later than five years after adoption. Rules subject to the five-year review requirement are:

- Salmon Season Grants, Division 7;
- Public Records, Division 3;
- Watershed Enhancement Program, Division 4;
- Restoration Grants, Division 10;
- Small Grant Program, Division 35;
- Watershed Council Support, Division 40; and
- Land Acquisition Grants, Division 45.

Staff presented a timeline for the rule review, starting with the Salmon Season Grants and Public Records rules. Staff will provide a report to the Board at the September 2013, or January 2014 Board meeting.

5. April 22, 2013, Grant Cycle Update

A summary of applications received and the amounts requested by applicants in the April 22, 2013, grant cycle was presented to the Board. Staff have begun the review process and the Board will take action on grant funding recommendations at the September 2013, Board meeting in Burns.

D. Public Comment

- Chuck Hurliman, former Tillamook County Commissioner, provided an overview of issues that came before him when he was commissioner. He also stated that there is an opportunity in Tillamook where they are going to cover three miles of ditches to create studies, habitats, etc. This goes beyond water quality issues. We are in times where we're short of funds and need to promote collaboration.
- Joe Moll (McKenzie River Trust), Larry Six (McKenzie Watershed Council), Sue Lurie (Oregon State University), and Kirk Shimeall (Lane Council of Governments) all provided testimony in favor of the Eugene Water and Electric Board's Voluntary Incentive Programs. They each presented information about the role that their organizations had been playing with EWEB on the VIP to date and how they anticipated working on the program in the future. They each encouraged OWEB to actively engage in a partnership with EWEB and to consider future funding requests favorably.

E. Ecosystem Services Update

Greg Sieglitz, Monitoring and Reporting Program Manager, and Dana Hicks, Ecosystem Program Coordinator, updated Board members on projects and activities of OWEB's ecosystem services program. Karl Morgenstern, Eugene Water and Electric Board (EWEB), provided an overview of a proposed program in the south Willamette Valley region spearheaded by EWEB that could become an important collaboration with OWEB.

Ms. Hicks provided information on ecosystem services in the Willamette Basin, specifically focusing on two projects in the past five months that are riparian areas to restore habitats. Riparian is one of the most frequently funded project types. One pilot project in the Willamette Basin is a Conservation Innovation Grant (CIG) submitted by The Freshwater Trust and the Willamette Partnership. In 2011, the OWEB Board committed \$400,000 from the Willamette SIP budget as match funding. The pilot objectives are: 1) test the potential for ecosystem markets to attract diversified funding for restoration; 2) ensure that restoration outcomes emerging from projects can be quantified using the newly developed tools; and 3) create a higher certainty of return on investment by utilizing the newly developed protocols.

The other pilot project is a potential partnership with the Eugene Water and Electric Board (EWEB). Karl Morgenstern provided Board members with background information on EWEB and some of their major initiatives. He also talked about providing a stipend to landowners who are restoring their lands once they enter into a 20 year agreement. To assist, EWEB completed LIDAR to provide detailed mapping of the surface to provide the data to develop a riparian ecosystem zone and then overlay the homes and canopy cover provided. He highlighted potential funding sources and how that could be turned into a watershed investment fund with dividend payments and restoration opportunities. OSU participated in research to see receptiveness.

There is landowner engagement and from the first meeting 10 landowners were selected for a VIP advisory committee to meet monthly. Landowners are not necessarily interested in the money, they were interested in recognition for efforts and access to services e.g., irradiation of blackberries. A 2014 pilot project will engage 8-12 landowners and varying land sizes and characteristics. Set goals and program elements have been established. They need the message to be continuous and the same. Cascade Pacific RC&D fiscal and LCOG are doing monitoring and The Freshwater Trust is doing site specifics. They will continue to do LIDAR to measure effects and continue work with landowners throughout the process.

F. Coastal Wetlands

Meta Loftsgaarden, Deputy Director, briefed Board members on the U.S. Fish and Wildlife Service Coastal Wetlands Program. Applications must be submitted to OWEB who will submit them to the USFWS each year for funding consideration.

F-1. Waite Ranch

The legislature approved submission of the Waite Ranch proposal sponsored by the Siuslaw Watershed Council and McKenzie River Trust. The application was reviewed by a subset of the regional review team focusing on ecological outcomes and project soundness. Staff recommended the application be submitted with adjustments recommended by the review team.

Board members unanimously approved OWEB's submission of a Coastal Wetlands grant application to the U.S. Fish and Wildlife Service for \$599,755 for the Waite Ranch Property, with adjustments to the proposal as recommended by the RRT members.

F-2. Miami River

The Nature Conservancy has requested to use previously designated Acquisition funds for a Restoration project on the Miami River in Tillamook County. OWEB's funds are match for a Coastal Wetlands grant. Other matching funds will be used for the acquisition portion of the project. The regional review team reviewed the proposal and had a site visit on the property in June 2013. The reviewers had a positive review of the project and recommended funding.

Board members voted unanimously to award \$152,188 of acquisition funds for a restoration project on the Miami in Tillamook County (Application #213-1053).

G. Acquisitions Program Update

Necanicum Forest (Falleur Property) Acquisition (#209-101)

This previously deferred acquisition submitted by the North Coast Land Conservancy has requested \$220,000 as a reimbursement of a portion of costs it incurred in its prior purchase of the Falleur Property. The Falleur Property is the Conservancy's final purchase under application #209-101, submitted in April 2008.

Board members unanimously voted to approve \$220,000 in funding for partial reimbursement of NCLC's costs of acquiring the Falleur Property, with the funding conditioned on completion of all due diligence and grant documents to staff's

satisfaction, including but not limited to securing acceptable access to the property and title insurance for OWEB, and closing by July 31, 2013.

Water Acquisition Rules

Meta Loftsgaarden, Deputy Director, provided Board members with an overview of the Water Acquisition rulemaking process. A Rules Advisory Committee (RAC) was formed to review OWEB's water acquisition rules and make recommendations to the Board Acquisitions subcommittee and the Board. The RAC process is complete and the proposed revised rules reflect input received during review by the Board Acquisitions subcommittee and the Department of Justice and public comment periods. Following Board adoption of rule amendments, the Board will develop and approve a refined grant-making process and identify priorities for water acquisition investments.

Board members voted unanimously to adopt new rules for water acquisition grants as drafted through the Rules Advisory Committee, revised to reflect the comments received during review and public comment processes, and shown in Attachment C of the staff report.

H. 2013-2015 Spending Plan Discussion -- Introduction

Tom Byler Executive Director, provided Board members with an overview of OWEB's 2013-2015 Spending Plan which was presented for Board consideration on the second day of the Board meeting.

I. Partnerships Program Update

Meta Loftsgaarden, Deputy Director, provided an overview of OWEB's partnerships program and progress since January 2013. Each partnership is unique – in model, partnerships, how they are structured and the proposed investment, strategy, and ecological outcomes. As the Board continues to work through the Long-Term Investment Strategy, staff recommend not changing the types of investments in the partnership program. Due to current BPA funding awarded in the Willamette SIP, staff are not currently funding acquisitions in that SIP.

Working with the partners, staff, and the Board Partnerships Subcommittee developed three tools to help improve consistency in reporting, transparency, and understanding of OWEB's partnership investments:

- A Partnership Report template;
- A Partnership Needs Assessment; and
- A timeline for implementation of the proposed new process for partnership investments.

Full reports have been provided to the Partnerships Subcommittee and are available on request. Once the reports are summarized into a single document, it will be provided to the Board and available to other funders, and the public. Each partnership is completing a Needs Assessment which will be used to identify broader needs for the next six years and detailed needs for the 2013-2015 biennium to assist the Board in developing their spending plan. Following development of the Needs Assessments, staff and the Board Subcommittee interviewed representatives of the partnerships to assess and help the subcommittee identify investment opportunities. Staff also worked with the subcommittee to define a new process for future focused investments and will bring a draft for Board discussion in the fall of 2013.

Representatives of the following partnerships provided an overview of the following partnerships:

- Cathy Kellon, Ecotrust, Whole Watershed Restoration Initiative;
- Meta Loftsgaarden, Deputy Director, Ken Bierly, Senior Partnerships Coordinator, and Ryan Houston, Upper Deschutes Watershed Council, Deschutes Special Investment Partnership;
- Wendy Hudson, Partnerships Coordinator, and Pam Wiley, Meyer Memorial Trust, Willamette Special Investment Partnership; and
- Meta Loftsgaarden, Deputy Director, and Kris Fischer, The Klamath Tribes, Upper Klamath Special Investment Partnership.

Board members were concerned that based on the Needs Assessments, they did not have enough details to make a funding decision on the partnerships. Director Byler commented that this is more transparent and is modeled around focused investments. He emphasized that this is similar to what the Board has approved in past biennia; especially since it has gone through the Board Subcommittee process. Board members remained concerned about not being provided enough details to make a funding decision.

Board members unanimously accepted the Needs Assessments as summarized in Attachments A-D of the staff report. These documents will serve as the framework for investment decisions for the 2013-2015 biennium.

J. Watershed Council Support

Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, presented recommendations based on consideration of the past 2-1/2 years of feedback and ideas from stakeholders, OWEB staff and Board discussions. Several councils submitted written comments and provided public comment.

Under OWEB's current rules, more than 25 councils have not been eligible to apply for their own individual council support grants. In addition, the number of individual grants has grown over time from 42 in 1999 to 64 in 2009; and a number of councils that have never received council support grants want to apply in the future.

In 2012, OWEB proposed an idea for 45 capacity areas, which would have increased the scale of many watershed areas eligible for individual support grants. While most commenters opposed the 45 capacity areas, most also wanted OWEB to do something to address scale, but wanted the opportunity for councils to develop their own partnerships and boundaries.

OWEB staff presented the Board with two options (A and B) for the scale at which councils can apply for individual support grants. Option A would cap eligibility to apply for an individual council support grant at the 64 councils that previously received council support grants. These councils' geographic areas can change, new councils can form, and councils can reorganize, but OWEB would not fund more than 64 councils and would not fund areas smaller than the currently recognized areas that have previously received individual support grants.

Option B option would allow all locally recognized councils (currently 90) to apply for their own support grant.

Next Steps

Rule changes are needed because watershed council support eligibility criteria, review process and evaluation criteria are contained in OWEB's administrative rules. Rulemaking will include public hearings around the state in 2014. OWEB plans to propose revised rules and guidance for Board adoption in June 2014.

Schedule

Summer 2013

- Stakeholder Work Group to advise OWEB on possible incentives to build council capacity by combining or sharing staff and reducing the number of individual support grants over time.

Fall 2013

- September 2013 - Update to OWEB Board
- October – March - Stakeholder Rules Advisory Committee
- October 1, 2013 - Online Work Plans due for councils with 2013-15 council support grants

Spring 2014

- Proposed rules and guidance and Public Hearings around the state.

June 2014

- OWEB Board adopt rules, guidance
- Online Work Plans (progress reports) due

January 2015

- Council support applications due

Public Comment

- Larry Six, McKenzie Watershed Council, thanked the board and staff for the hard work and discussions across the state. He supported scale option A. He supports incentives to collaborate where it makes sense, but asked that OWEB be careful about unintended consequences.
- Greg Silbernagel, Umatilla Basin Watershed Council, commented that the process and communication has been good. He suggested OWEB look at councils with frequent staff turnover as a potential indicator of a need for the council to merge or restructure. He also thought more training should be provided for new council staff.
- Sandy McKay, Gilliam John Day Watershed Council, complimented staff on outstanding efforts. He supported option A, but stated there is room for improvement. Sixty four individual council support grants is not sustainable or efficient; a clear plan is needed from the Board on where they want the number to end up for planning purposes.
- Ryan Houston, Upper Deschutes Watershed Council, commended staff on a thoughtful process. He supported the process improvements on merit and eligibility criteria. It tightens things up and makes it clearer. He supported scale option A, stating it is not perfect but provides clarity to move to the next steps. He thought there would be ways to develop incentives where appropriate (where is it needed vs where it is already happening), and that partnerships work where there are benefits to all. OWEB can come back and see how it's working and change where things are not working.

- Tim Weaver, Little Butte Creek Watershed Council, Chas Rogers, Williams Creek Watershed Council, Gail Perotti, Seven Basins Watershed Council, Dan Delaney, Jack Shipley, Applegate Partnership, and others talked about their restructuring efforts in the Rogue Basin and what the next steps are for the Rogue Basin Coordinating Council. They are developing a new organizational model and are looking at potentially consolidating some functions and sharing some staff. Some councils are looking at the pros and cons of mergers.

Board members voted unanimously to:

1. *Direct staff to convene a stakeholder Rules Advisory Committee (RAC) to begin the council support rulemaking process consistent with the recommendation in Section V.1 of the staff report*

Board members voted in favor, with one opposed, to:

2. A) *Support Scale Option A, as described in Section III.C of the staff report, as the policy direction to staff regarding the scale at which watershed councils can apply for an individual council support grant; and*

B) *Direct staff to convene an “incentives subgroup” of the RAC to help staff develop meaningful, workable, and affordable incentives to implement this policy direction.*

Board member Lisa Phipps explained that she supported the process changes and many of the eligibility requirements, but cannot support the “Scale A” option and stated that OWEB should consider putting more money into watershed council support grants. Board members Will Neuhauser and Alan Henning noted that it is painful no matter what OWEB does, but Option A is a better direction to be more effective over time.

Co-Chair Dan Thorndike asked for staff clarification on a) whether the incentives to be explored would include providing resources to help councils in their process to come up with new structures or operations, and b) the incentives would not be the same as the current “umbrella” funding. Staff responded that incentives to be explored would include providing resources to assist councils with new models of doing business, and that the incentives would not be the same as the current umbrella funding. Board member Debbie Hollen was not sure that “incentives” should be financial, but could be other tools and resources.

K. Confederated Tribes of the Umatilla Indian Reservation (CTUIR) Presentation

Mike Lambert, of the CTUIR briefed Board members on recent restoration and conservation work, including the Meacham Creek Project, undertaken by the Tribes and its collaborators. He was joined by Byron Amerson, Montana State University, who discussed research work on the project.

APPROVED BY THE BOARD SEPTEMBER 10, 2013
Oregon Watershed Enhancement Board

June 12, 2013
OWEB Board Meeting
Pendleton, Oregon

Minutes

OWEB Members Present

Mike Haske
Alan Henning
Debbie Hollen
John Jackson
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Trish Smith
Dan Thorndike
Bob Webber
Karl Wenner
Bill White

OWEB Staff Present

Lauri Aunan
Ken Bierly
Tom Byler
Sue Greer
Dana Hicks
Wendy Hudson
Karen Leiendecker
Meta Loftsgaarden
Liz Redon
Courtney Shaff
Greg Sieglitz
Teresa Trump

Others Present

Bill Renwick
Lisa Seales
Elizabeth Scheeler
Sue Lurie
Dan Delany
Frank O'Leary
Tom Price
Cathy Kellon
Jerry Nicolescu
Theresa Burcsu
Jamie Damon

Members Not Present

Board of Forestry Representative
(position vacant)
Jim Johnson
Doug Krahmer
Morgan Rider

L. 2013-2015 Grant Cycle and Board Meeting Schedule

Director Byler, briefed Board members on a proposed change to transition the Board meetings from the current schedule (January, March, June, September) into a quarterly meeting schedule.

Proposed changes are:

- Shift to a true quarterly schedule with the intent of distributing time commitment by Board members and workload by staff more equitably;
- Enable staff to complete substantive work between each Board meeting (currently a challenge between the January and March Board meetings);
- Lessen the high degree of Board meeting overlap with the Legislative session, in particular now that the Legislature convenes annually; and
- Allow the Board to convene early each new biennium, after OWEB's budget has been decided by the Legislature, for decision-making about the agency's spending plan.

Lauri Aunan, Grant Program Manager, discussed the following proposed grant application schedule for the next biennium based on the proposed 2013-2015 Spending Plan. Staff expect to recommend updates to the spending plan and grant cycle offerings based on the award of Pacific Coastal Salmon Recovery Funds in 2013 and 2014. The proposed grant cycles are:

- Four cycles for Restoration and Technical Assistance (April 2013, October 2013, April 2014, and October 2014)
- One cycle (October 2013) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined (depending on additional PCSRF or other funding, and Board priorities)
- Two cycles for Land Acquisitions (October 2013 and October 2014)
- Two cycles for Water Acquisitions (timing to be determined)

Board members unanimously adopted the 2013-2015 schedule of grant application deadlines and approved the solicitation of October 21, 2013, grant application types, as shown in Attachment A of the staff report. The schedule may be subject to change based on OWEB's legislatively adopted budget and the Board's 2013-2015 Spending Plan. The Board asked staff to return to the September Board meeting with a revised Board meeting schedule. They expressed interest in implementing the revised quarterly meeting schedule starting in January 2014.

M. Governor's Sage-Grouse/Rangeland Initiative – Planning and Coordination

Greg Sieglitz, Monitoring and Reporting Program Manager, provided Board members with background information on current activities associated with the Governor's Sage-Grouse/Rangeland Initiative. He described a \$225,000 funding request to continue to assist with the following planning and coordination activities:

1. Staffing for the effort;
2. Plan development and synthesis work; and
3. Enhanced mapping and other analyses.

The current request was in addition to a Board award of \$125,000 in January of 2013.

Theresa Burcsu, Oregon's Sage Grouse Technical Team Coordinator with the Institute for Natural Resources at Portland State University, and Jamie Damon, former Clackamas County Commissioner and Oregon Sage Grouse Planning Coordinator, briefed Board members on progress made to date on the Initiative. Preliminary mapping had been completed for sage grouse habitat and threats including land use changes and these were shared with the Board. Jamie provided a road map and plans for the work period over the next 12 months.

Partners plan to provide an update and more information about the planning effort at the June Board meeting in Burns.

Board members unanimously approved to award \$225,000 from the 2011-2013 spending plan reserve for Oregon Plan/Governor's Priorities for the purposes described in Section VI of the staff report and delegate authority to the Director to enter into appropriate grants and agreements to distribute the funds.

N. Public Comment

- Joe Moll, McKenzie River Trust, commented on the importance of recognizing the work accomplished through OWEB partnerships, and to continue building on those successes. In addition, he recognized Ken Bierly and all that he has accomplished.

- Tom Price, Oregon Rangeland Trust, commented on wind energy. It is not environmental friendly and has an impact. A lot of mitigation cannot mitigate the removal of habitat due to wind energy.
- Bill Renwick, Burns, commented on how the area council and district are using OWEB funds. Some examples are cooperative work with BLM on juniper projects and OWEB funds helped leverage additional funds to do a larger scale project work on the Harney Basin Restoration Initiative, and the forest restoration collaborative in the Malheur national forest.
- Ryan Gordon, Network of Oregon Watershed Councils, and Jerry Nicolescu, Oregon Association of Conservation Districts, updated Board members on recent activities, such as the legislative session, outreach related to PCSRF, communication related to OWEB's watershed council support process, working with OSU Sea Grant for youth, work with OACD on a partnership day, and generally integrating their partnership to work better together.
- Jesse Jones, North Coast Watershed Association, commented in response to Board discussion on the council support process. Her council is a small council with many partners and she wanted to let the Board know her council is effective even though it is small.
- Chuck Hurliman, former Tillamook County Commissioner, supported OWEB's involvement in the Sage-Grouse Initiative, but did not support OWEB's involvement in acquisitions.
- Jack Shipley, Applegate Partnership and Watershed Council, provided an overview of the council over the last 22 years. He discussed staffing, relationships and involvement of groups, outcomes of their work. Councils are not equal, they do things differently and at different times; each is unique in its own way.

O. Long-Term Investment Strategy

Director Byler provided an overview of what lead to development of the Long-Term Investment Strategy (LTIS), the impact of Measure 76, and the Board's direction for the LTIS. He noted that there are a lot of details, but the staff recommendation is for the Board to adopt the general direction for the LTIS. He is trying to be aggressive but recognizes that we must be realistic in terms of what staff can accomplish in the next biennium. He reminded Board members that the LTIS is a work in progress and would retain its flexibility.

Lauri Aunan, Grant Program Manager, discussed the LTIS in more detail. Based on feedback from the Listening Sessions, staff worked with the Board Executive Committee to develop recommendations for the Framework for Grant Investments and the LTIS direction.

Framework for Grant Investments:

- Operating Capacity Investments
- Open Solicitation Investments
- Focused Investments
- With monitoring and reporting foundational to all investment areas

Long-Term Investment Strategy direction:

- Continue Operating Capacity Investments
- Continue Open Solicitation Investments

- Continue Focused Investments and phase-in a gradual increase in this investment area over time.

Director Byler described that Board adoption of the Framework and Direction would set the stage for staff to work with stakeholders and Board committees to develop implementation details of the LTIS direction. Director Byler described seven focus areas (continuing work and new work) as a priority for the next biennium.

1. Framework for Grant Investments:
 - a. Operating Capacity Investments
 - b. Open Solicitation Investments
 - c. Focused Investments
 - d. With monitoring and reporting foundational to all investment areas
2. Long-Term Investment Strategy direction
 - a. Continue Operating Capacity Investments
 - b. Continue Open Solicitation Investments
 - c. Continue Focused Investments and phase-in a gradual increase in this investment area over time.

Many of these priorities will result in increased efficiency and effectiveness of OWEB's investments.

Public Comment

- Brian Wolcott, Walla Walla Basin Watershed Councils, commented on the LTIS and noted that OWEB should minimize disruption. Oregon is a model and the flexible, locally led approach is the reason for success. He supports the watershed council support process and thought a reduction of the number of individual council support grants should be gradual and voluntary. He supports financial incentives and supports the existing "umbrella" funding. He hopes OWEB will continue to be more strategic and flexible, and look for other funding to bring to the table. He also noted that the current Technical Assistance cap of \$50,000 is not enough funding for a complex project design.
- Russ Hoeflich, The Nature Conservancy, commented on prioritization and the overarching vision of Measure 76 and the need for OWEB to assist with updating the Oregon Conservation Strategy to look for emerging issues including climate change, resiliency and snowpack limited streams.

Board members voted unanimously to adopt the Framework for Grant Investments and the Long-Term Investment Strategy Direction, as described in Section III of the staff report.

P. 2013-2015 Spending Plan

Director Byler walked Board members through the proposed 2013-2015 spending plan. He noted that revenues are essentially flat and lottery funds down. The spending plan is oriented toward status quo but recognizes the LITS, council support, and other activities will play out in the future.

Public Comment:

- Bruce Taylor, Defenders of Wildlife, commented on the Spending Plan, and questioned whether the Small Grant Program provides enough value in its outcomes.

Board members discussed a number of topics about the direction under the LTIS, including the need for flexibility as well as the need for more clear guidance and criteria; the importance of offering a diverse portfolio but providing firm direction; the shift to focused investments is intentional, but reflects a shift that has already been happening over time; the importance of understanding outcomes from OWEB's investments in order to inform Board decisions on its spending plan; and how the Spending Plan will change in the future to reflect the LTIS direction. There was some discussion about the next steps and the role of Board committees, as well as the desire to have more frequent discussions about OWEB's budget and how the Board will track progress with the LTIS.

- A. *Dependent on OWEB's 2013-2015 legislatively adopted budget, Board members unanimously approved the proposed spending plan in Attachment A, with an increase of \$100,000 in the outreach line item, as an overall guide for reserving, awarding and passing through OWEB funds at the beginning of the 2013-2015 biennium, with specific direction to staff to update the spending plan and report on the actions taken under the spending plan at each subsequent Board meeting. As additional funds become available, the Board will revisit the spending plan and reallocate accordingly;*
- B. *Dependent on OWEB's 2013-2015 legislatively adopted budget, Board members unanimously approved to award funds for the following purposes and delegate to the Executive Director the authority to distribute the funds through appropriate grants and agreements consistent with the purposes identified in Section III of the staff report:*
 - a. *Award \$2.5 million for Weed Grants;*
 - b. *Award \$2.8 million for the Small Grant Program;*
 - c. *Award \$500,000 for CREP grants;*
 - d. *Award \$4 million to the Deschutes SIP;*
 - e. *Award \$3 million to the Willamette SIP;*
 - f. *Award \$800,000 to the Upper Klamath SIP;*
 - g. *Award \$500,000 to the WWRI;*
 - h. *Award \$6.1 million for watershed council capacity grants;*
 - i. *Award \$6.1 million for soil and water conservation district capacity grants;*
 - j. *Approve the "Building Capacity Grants/Watershed Council Transition" offering for watershed councils, and award \$200,000 for these grants;*
 - k. *Award \$300,000 for LCEP;*
 - l. *Award \$150,000 for business practices activities;*
 - m. *Award \$461,581 to IMST; and*
- C. *Contingent upon the amount of the 2013 PCSRF award to Oregon and final agency budgets adopted by the legislature, Board members unanimously voted to award \$4.1 million of PCSRF funds to ODFW and delegate authority to the Executive Director to enter into agreements necessary to distribute the funding.*

Q. Other Business

There was none.

This was the last Board meeting for Ken Bierly, OWEB Senior Partnerships Coordinator, who was retiring effective July 1, 2013. He thanked both past and present Board members and staff for their dedication and commitment. He also thanked Bruce Taylor and Russ Hoeflich for their work on Measure 76. He provided a short history on what lead to OWEB with GWEB as the background and the Oregon Plan for Salmon and Watersheds as the future. That was reinforced by the citizens of the state as evidenced by the passage of Ballot Measure 76.

Having no further business, the meeting was adjourned.



Oregon Watershed Enhancement Board

Meeting Agenda

Oregon Watershed Enhancement Board September 10 and 11, 2013

Harney County Community Center
484 N. Broadway, Burns

Tuesday, September 10, 2013

Business Meeting – 8:00 a.m.

During the public comment period (Agenda Item E) 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. At the discretion of the Board co-chairs, public comment for agenda items on which the Board is taking action may be invited during that agenda item. *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 11 and 12, 2013, Board meeting in Pendleton will be presented for Board approval.

C. Budget and Legislative Update

Tom Byler, Executive Director, and Renee Davis-Born, Senior Policy Coordinator, will update the Board about the final outcomes of the 2013-2015 budget development process and the 2013 legislative session. *Information item.*

D. 2013-2015 Spending Plan Update

Tom Byler, Executive Director, will provide an update to the Board about the agency's 2013-2015 Spending Plan, including information about the 2013 Pacific Coastal Salmon Recovery Fund award from the National Marine Fisheries Service. *Information item.*

E. Pending Regular Grant Applications

Introduction

Prior to hearing public comment, Lauri Aunan, Grant Program Manager, will provide background information on the April 22, 2013, grant cycle.

Public Comment [approximately 10:05 a.m.]

This time is reserved for public comment on pending restoration, water acquisition, 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 30, 2013, deadline. *The Board encourages persons to limit comments to no more than five minutes.*

Board Consideration of Pending Regular Grant Applications

The Board will consider grant applications submitted by the April 22, 2013, application deadline for restoration, water acquisition, and technical assistance. Proposals, supporting materials, and funding recommendations will be discussed and acted on by the Board. *Action item.*

F. Capacity Grants – Network of Oregon Watershed Councils (Network) and Oregon Association of Conservation Districts (OACD)

Meta Loftsgaarden, Deputy Director, will brief the Board about status of previous capacity grants to the Network and OACD, including progress and accomplishments achieved with these grants. The Board will consider a funding request for capacity grants to these organizations for the 2013-2015 biennium. *Action item.*

G. Sage-Grouse and Healthy Rangelands Update and Discussion

Meta Loftsgaarden, Deputy Director, will be joined by participants in Oregon's Sage-grouse conservation efforts and local partners to update the Board about recent progress under this Governor's initiative. *Information item.*

H. Local Partner Presentations

Local partners will give presentations to the Board about wetland conservation and restoration projects and work by forest collaboratives that is occurring in southeastern Oregon. *Information item.*

Informal Reception – 5:30-6:30 p.m.

The public is invited to join the OWEB Board and staff at a reception sponsored by the High Desert Partnership.

*Big Bear Lodge
171 Hines Logging Road, Hines*

Wednesday, September 11, 2013**Business Meeting - 8:00 a.m.**

During the public comment period (Agenda Item L) anyone wishing to speak to the Board is asked to fill out a comment request sheet (available at the information table). This helps the Board know how many individuals would like to speak, and to schedule accordingly. At the discretion of the Board co-chairs, public comment for agenda items on which the Board is taking action may be invited during that agenda item. *The Board encourages persons to limit comments to no more than five minutes.*

I. Land Acquisitions

Meta Loftsgaarden, Deputy Director, will update the Board about the status of the Whychus Creek Discovery Outpost Land Acquisition project (Grant Number 208-110). The Board will consider a funding request for this project. *Action item.*

J. Coastal Wetlands

Meta Loftsgaarden, Deputy Director, will brief the Board about the Coquille Valley Wetlands Conservation project (Grant Number 211-115) and request Board consideration of a funding request for this project. *Action item.*

K. Executive Director Update

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

L. Public Comment – General [approximately 9:55 a.m.]

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

M. Ecosystem Services

Greg Sieglitz, Monitoring and Reporting Program Manager, will update the Board about the Eugene Water and Electric Board (EWEB)'s Voluntary Incentives Program (VIP) in the McKenzie Watershed. The Board will consider a potential collaboration with EWEB and a funding request in support of a pilot project under the VIP. *Action item.*

N. Conservation Reserve Enhancement Program Technical Assistance (CREP TA) Grants

Meta Loftsgaarden, Deputy Director, will request the Board award funding and delegate authority to the OWEB Executive Director to enter into grant agreements for CREP TA. *Action item.*

O. Board Policy for Willamette Acquisitions

Meta Loftsgaarden, Deputy Director, will brief the Board about OWEB's past and current approach to funding land acquisitions in the Willamette Basin, given the existence of other funding programs to support these activities. The Board will discuss how Willamette Basin acquisitions will be handled in the future and provide policy guidance to staff about this topic. *Action item.*

P. 2013-2015 Board Meeting and Grant Cycle Schedule

Tom Byler, Executive Director, will present a revised Board meeting and Regular Grant Program grant application deadline schedule for the 2013-2015 biennium, as follow-up to the Board's discussion at the June 2013 meeting. *Action item.*

Q. Board Action on Outdated Administrative Rules **

Renee Davis-Born, Senior Policy Coordinator, will update the Board about recently completed five-year reviews of administrative rules and request the Board repeal outdated administrative rules. *Action item.*

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 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 10, at 10:05 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 30, 2013, 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 11, at 9:55 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: *Cindy Deacon Williams*
- Water Resources Commission member: *Vacant*
- 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

2014-2016 Board Meeting Schedule (Proposed)

2014	2015	2016
January 28-29 in Portland	January 27-28 in Astoria	January 26-27, location TBD
April 29-30 in Bandon	April 28-29 in Salem	April 26-27 location TBD
July 29-30 in The Dalles	July 28-29 in John Day	July 26-27 location TBD
October 28-29 in Grants Pass	October 27-28 in Prineville	

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



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John A. Kitzhaber, MD, Governor

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August 26, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director
Renee Davis-Born, Senior Policy Coordinator

**SUBJECT: Agenda Item C: Budget and Legislative Wrap-Up
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This report provides the Board with a wrap-up of the 2013 Legislative budget and policy issues that affected OWEB.

II. OWEB's 2013-2015 Legislatively Adopted Budget

OWEB's budget bills—House Bills 5048 and 5049—passed the House on June 18 and the Senate on June 25. The Governor signed the bills on July 1. An overview of OWEB's Legislatively Adopted Budget is included in Attachment A.

The agency's overall budget includes a total of \$92.7 million. These funds are comprised of Measure 76 lottery funds, federal funds (primarily Pacific Coastal Salmon Recovery Funds (PCSRF)) and other funds (Salmon License Plate revenue, for example). Most of these funds directly support OWEB grants and operations. However, the Legislature directed some of the funds in OWEB's budget to be used by other entities, including \$9.2 million in PCSRF for the Oregon Department of Fish and Wildlife (ODFW) and funds to support the Independent Multidisciplinary Science Team.

Notable budget items for OWEB include:

A. Agency Operations

- a. Two long-time limited duration positions were made permanent. Both positions are associated with reporting activities for PCSRF.
- b. Two new positions were approved:
 - i. A Partnership-to-Scale position to assist with focused investment efforts; and
 - ii. A Technical Program Support position to provide general administrative assistance, maintain OWEB's website and develop agency publications.
- c. One limited duration position was continued to coordinate activities under the Willamette Special Investment Partnership.

- d. Two limited duration positions were not continued, one involving outreach coordination and the other ecosystem services.
- B. PCSRF was not distributed to multiple agency programs as was done in the 2011-2013 biennium.
- C. Funding for the Lower Columbia Estuary Partnership was shifted from Measure 76 Operating to Grant funds.

Overall, OWEB's total funding and staff resources for the 2013-2015 budget did not change significantly compared with last biennium. However, certain changes, such as the loss of program staff for outreach and ecosystem services, have caused the agency to carefully consider how best to carry out program objectives. For example, OWEB is no longer offering statewide outreach applications due to the lost position. Over the next year, OWEB is fortunate to have part-time staff assistance through a job-share agreement with the Department of State Lands to maintain continuity on some of our ecosystem services efforts,

III. Legislative Policy Issues

During the 2013 Legislative session, OWEB had no agency bills other than its budget bills. Despite that, several policy bills were introduced that had the potential to directly affect OWEB programs. A list of these bills, along with an update about their ultimate status, is listed below:

- A. *House Bill (HB) 5008 regarding the Oregon Department of Forestry (ODF) report to the Legislative Assembly on the use of funding to be administered by OWEB for grants to forest collaboratives* – This bill passed and relates to Senate Bill (SB) 5521. SB 5521 provided nearly \$2.9 million in Lottery backed bonds—**not Measure 76 Lottery funds**—to ODF for the Governor's dry-side forest health collaboration effort. Activities anticipated under this effort include a new business model to improve federal forest project management; technical and scientific support; a small-grant program for forest collaboratives; and a forest health liaison position. OWEB is identified as the entity to administer small grants to forest collaboratives, using the agency's existing grantmaking infrastructure, but relying on funds provided through ODF's budget.

Staff from OWEB's Monitoring and Reporting and Grant Programs are working with ODF, the Governor's Office, and others to develop statewide objectives and expectations for this program and outline roles of the participating agencies. Subsequent work will include developing guidance and a process for soliciting and managing these forest collaborative grants and implementing this process.

If necessary to meet timing expectations for the solicitation of forest health collaborative grants, staff may request the Board meet via conference call in early November to consider adoption of grant process guidance and criteria. Pursuant to Oregon Administrative Rules Chapter 695, Division 4, the Board may approve guidance for grant processes that are not otherwise covered by existing administrative rules. This action would allow for a forest health collaboratives grant solicitation to occur this winter, with possible grant awards considered at the January 2014 Board meeting. A similar need may arise to establish the guidance and criteria for grants for salmon strongholds, as described in Agenda Item K-5.

- B. *HB 2173 and HB 3040 regarding non-farm uses, including conservation activities, on agricultural lands* – These bills did not pass. The Governor’s Office is considering future work to address issues raised during discussions about these bills, and has engaged OWEB in this work.
- C. *HB 2516 regarding funding for conservation education* – This bill did not pass. Staff will continue conversations with funders of conservation outreach and education programs to explore leveraging OWEB’s investments in outreach in the future.
- D. *HB 3337 regarding ecosystem services* – This bill did not pass. Staff are working with the Governor’s Office to outline alternatives for advancing ecosystem services approaches in the absence of legislation.

Other issues that emerged during this Legislative session about which staff are following up include guidance to applicants regarding the use of unmanned craft/drones in proposed projects; the connection between OWEB funds and a new Fish Passage Fund managed by ODFW; the relationship of new Sage-grouse habitat mitigation funding to OWEB’s investments in rangeland conservation and restoration, among other topics; and refinement of the Independent Multidisciplinary Science Team approach.

IV. Recommendation

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

Attachment

- A. Summary of OWEB’s 2013-2015 Legislatively Adopted Budget

OWEB 2013-15 LAB EXPENDITURE SUMMARY

as of 8/26/13

DRAFT

	AGENCYWIDE TOTAL			
	Lottery	Federal	Other	TOTAL
GRANT PROGRAM:				
Grants/Contracts-new	51,890,927	12,038,234	1,326,725	65,255,886
Grants-FTE direct cost	0	903,597	0	903,597
Grants-Carryforward	0	9,460,000	300,000	9,760,000
To ODFW	0	9,226,445	0	9,226,445
IMST	230,899	230,687	0	461,586
Sub-Total	52,121,826	31,858,963	1,626,725	85,607,514
AGENCY OPERATIONS:				
Personal Services	4,610,599	768,387	182,014	5,561,000
Services and Supplies	1,248,764	104,740	24,467	1,377,971
Special Pmts	128,000	0	16,169	144,169
Sub-Total	5,987,363	873,127	222,650	7,083,140
Total	58,109,189	32,732,090	1,849,375	92,690,654
POS/FTE	21/21.00	10/10.00	1/1.00	32/32.00

Positions added from Current Service Level:

NRS2 - PCSRF Rptg

NRS3 - PCSRF Rptg

NRS4 - BPA Willamette Initiative

NRS4 - PCSRF Partnership to Scale (NEW)

AS2 - M76 Op's Technical Program Support (NEW)

HB 5048	40,824,598
HB 5008	(24,871)
HB 5049	51,890,927
	<u>92,690,654</u>



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August 23, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item D: OWEB 2013-2015 Spending Plan Update
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This report updates the Board on OWEB's 2013-2015 Spending Plan, including a report on the recent Pacific Coastal Salmon Recovery Fund (PCSRF) award from the National Marine Fisheries Service (NMFS). The report is for information purposes. No action is requested of the Board.

II. Background

At the beginning of each biennium, the Board considers a plan for the distribution of funding for the biennium. 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. At the June 2013 meeting in Pendleton, the Board adopted the Spending Plan for the 2013-2015 biennium, which totals \$67.47 million (Attachment A).

III. 2013 PCSRF Award

Each biennium, OWEB's budget is developed on the prospect of receiving federal grant funds from the PCSRF. Since 2000, OWEB, on behalf of the State of Oregon, has received PCSRF grants awarded annually by NMFS. PCSRF funds are a significant component of OWEB's resources, accounting for approximately one-third of OWEB's total funds.

While no funding source is guaranteed, thus far PCSRF funds have proven to be a reliable source for OWEB's budget. Reliable enough, in fact, that the Oregon Legislature routinely allocates PCSRF funding in OWEB's biennial budget based on estimated grant awards over two years.

For the 2013-2015 biennium, the Legislature allocated \$23.3 million of PCSRF funds to OWEB. This total includes \$13.9 million to OWEB for grants and staff, \$9.2 million to the Oregon Department of Fish and Wildlife (ODFW) staff and grants, and \$230,687 to the Independent Multidisciplinary Science Team. To meet these allocations, OWEB is able to use \$5 million in unspent Federal Fiscal Year (FFY) 2012 PCSRF and must receive a combined total of \$18 million from PCSRF grant funds awarded in FFY 2013 and 2014. The FFY 2013 grant had not yet been awarded at the time the Legislature adopted OWEB's biennial budget.

At its June 2013 meeting, the Board adopted a 2013-2015 Spending Plan comprised of a total of \$67.47 million. Of that total, the Plan assumed that \$9 million of PCSRF would be available for grants in the first half of the biennium. The Plan also assumed additional PCSRF funds could become available to add to the Plan later in the biennium if sufficient funds were received through the FFY 2013 and 2014 PCSRF grants.

On June 28, 2013, OWEB was notified of a grant award of \$12.2 million of FFY 2013 PCSRF funds. In notifying staff of the award, NMFS emphasized the use of PCSRF for habitat restoration and protection projects and effectiveness monitoring (see Attachment B). Staff are very pleased with this award, and the agency is well on its way to the \$18 million total needed to meet legislative budget allocations for the biennium. OWEB will not know whether FFY 2014 PCSRF will be available until later this year, and NMFS grant decisions likely will not be made for those funds until late spring in 2014. Until that time, staff recommend no PCSRF-related changes to the Spending Plan.

IV. Recommendation

This report is for information purposes only. No action is requested of the Board.

Attachments

- A. 2013-2015 OWEB Spending Plan
- B. June 28, 2013 Letter from NMFS

**OWEB 2013-15 Spending Plan
September 2013 Board Meeting**

	July 1, 2013 Spending Plan excluding PCSRF FFY14	TOTAL Board Awards To- Date	Remaining Spending Plan as of July 2013
Open Grants:			
Restoration	26.320	0.000	26.320
Technical Assistance	1.800	0.000	1.800
Action Plans for WC	0.250	0.000	0.250
Monitoring & EM	1.350	0.000	1.350
Outreach	0.600	0.000	0.600
Assessments	0.000	0.000	0.000
Regular Land and Water Acquisition	7.000	0.000	7.000
Weed Grants	2.500	2.500	0.000
Small Grants	2.800	2.800	0.000
CREP TA	0.750	0.000	0.750
CREP	0.500	0.500	0.000
TOTAL	43.870	5.800	38.070
% of assumed Total Budget	65.0%		

Focused Investments:			
Deschutes SIP	4.000	4.000	0.000
Willamette SIP	3.000	3.000	0.000
Klamath SIP	0.800	0.800	0.000
Whole Watershed Restoration Initiative	0.500	0.500	0.000
Effectiveness Monitoring	1.000	0.000	1.000
Oregon Plan/Governor Priorities	1.000	0.000	1.000
Ecosystem Services	0.150	0.000	0.150
TOTAL	10.450	8.300	2.150
% of assumed Total Budget	15.5%		

Operating Capacity:			
Capacity grants (WC/SWCD)	12.200	12.200	0.000
Building Capacity Grants	0.500	0.200	0.300
Lower Columbia Estuary Program	0.300	0.300	0.000
TOTAL	13.000	12.700	0.300
% of assumed Total Budget	19.3%		

Business Practices	0.150	0.150	0.000
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TOTAL OWEB Spending Plan Proposal	67.470	26.950	40.520
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PCSRF Funds Allocated to Other Agencies			
Oregon Department of Fish and Wildlife	4.100	4.100	0.000
IMST (1/2 M76 Operating / 1/2 PCSRF)	0.462	0.462	0.000
TOTAL	4.562	4.562	0.000

TOTAL Including OWEB Spending Plan	72.032	31.512	40.520
	PCSRF eligible		



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
PORTLAND OFFICE
1201 NE Lloyd Boulevard, Suite 1100
PORTLAND, OREGON 97232-1274

June 28, 2013

Received by OWEB

JUL 01 2013

Mr. Tom Byler
Executive Director
Oregon Watershed Enhancement Board
775 Summer Street, NE, Suite 360
Salem, OR 97301-1290

Dear Mr. Byler:

I am pleased to inform you that your application under the Fiscal Year 2013 Pacific Coastal Salmon Recovery Fund (PCSRF) (Federal Funding Opportunity No. NOAA-NMFS-NWRO-2013-2003605) has been tentatively approved in the amount of \$12,200,000.

In revising your application based on the approved amount, we recommend that you implement the following modifications:

Priority 1

- Ensure your program's emphasis on competitive funding for habitat restoration protection projects that address identified limiting factors for listed salmon and steelhead populations.
- We are supportive of the use of PCSRF funds to further efforts to aid Salmon Strongholds, provided the targeted stronghold populations are components of ESA-listed salmon ESUs or steelhead DPSs. We agree that a prudent ESA recovery strategy protects the healthier watersheds and viable populations in parallel with efforts to restore degraded habitats and rebuild at-risk populations.
- As you revise your application please be cognizant of the amount of funding applied to agency salaries and minimize this cost as much as possible to better increase the amount of habitat restoration work that can be funded. Given the current federal fiscal climate, using PCSRF funds to support new positions is discouraged. If PCSRF funds are used in support of staff positions, care should be taken to ensure that their funded activities are devoted to the implementation of actions identified in recovery plans to address the factors limiting ESA-listed populations.

Priority 3

- Your revised application must devote at least 10 percent of the awarded funds toward monitoring. Please continue your program's support of Intensively Monitored Watersheds, restoration effectiveness monitoring at the watershed scale, and population status and trend monitoring.
- We continue to be supportive of investment in the Oregon Plan salmon and steelhead monitoring program.



Please contact Scott Rumsey if you would like to discuss the above recommendations or any other changes you would like to make to your current application. He can be reached directly at 503-872-2791 or by email at Scott.Rumsey@noaa.gov. Additionally, Sheryl Robinson will contact your office regarding any other needed modifications to your current application. We must receive all necessary updates and changes to your application package no later than July 5, 2013. Please contact Sheryl at 503-230-5421 or at Sheryl.Robinson@noaa.gov if you have any questions about what must be included in your renegotiated application package.

Sincerely,

A handwritten signature in blue ink, appearing to read "Barry Thom", written in a cursive style.

Barry A. Thom
Deputy Regional Administrator

cc: Greg Sieglitz - OWEB



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August 13, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

SUBJECT: **Agenda Item E: OWEB Regular Grant Program Overview
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report provides an overview of the April 22, 2013, regular grant cycle and budget considerations.

II. April 2013 Cycle Background and Summary

A. Applications Submitted

Application types solicited in this funding cycle were Restoration, Water Acquisition, and Technical Assistance. A total of 140 grant applications, seeking about \$17 million, were received by the April 22, 2013, deadline. Attachment A shows applications submitted by region, project type, and dollar amount. One Water Acquisition application was submitted.

B. Applications Withdrawn

Following the application deadline, one Restoration application (214-3012) was withdrawn by the applicant before review.

C. Development of Staff Recommendations

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 the Board's 2013-2015 spending plan, 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.

D. 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 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. 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 Restoration and Technical Assistance 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.

Water acquisition applications are evaluated through a multi-faceted process, 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. The evaluation also includes review of the project by the appropriate RRT. For this funding cycle, the Region 4 RRT evaluated the ecological value of the proposed water acquisition project and provided feedback to staff to incorporate into the larger evaluation process.

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. Staff Funding Recommendations

The funding recommendations for the April 2013 cycle fall within the Board’s overall spending plan, as shown in Table 1 below.

Table 1. 2013-2015 OWEB Spending Plan and April 2013 Cycle Staff Funding Recommendations

Grant Type	Spending Plan	Staff Recommendations	Grant Funds Remaining*
Restoration	\$26,320,000	\$6,580,000	\$19,740,000
Technical Assistance	1,800,000	450,000	1,350,000
Water Acquisition	7,000,000**	654,516	6,345,484***
TOTAL	\$35,120,000	\$7,684,516	\$27,435,484

* These funds will support 3 future cycles for Restoration and Technical Assistance; 2 future cycles for Land Acquisitions and 1-2 future cycles for Water Acquisitions (final number to be determined)

** Spending plan total for both Regular Land and Water Acquisition grants

*** Remaining spending plan amount for both Regular Land and Water Acquisition grants

A. April 2013 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 gray shading.

Staff recommend funding for:

- 49 of the 74 Restoration applications recommended by the RRTs;
- 13 of the 26 Technical Assistance applications recommended by the RRTs; and
- The Water Acquisition application submitted in Region 4, Central Oregon.

Details are contained within each of the attached regional staff reports. The separate Region 4 Water Acquisition Grants staff report outlines the details of the water acquisition application and the associated staff recommendation.

Attachments

- A. Grant Applications Submitted for the April 2013 Grant Cycle
- B. RRT and Staff Funding Recommendations for the April 2013 Grant Cycle

Oregon Watershed Enhancement Board

Types of Applications Received for April 22, 2013

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	9	12	21
Region 2	0	6	16	22
Region 3	0	15	13	28
Region 4	1	2	11	14
Region 5	0	6	32	38
Region 6	0	2	15	17
Totals	1	40	99	140

Dollar Amounts by Application Type

	Water Acquisition	Technical Assistance	Restoration	Totals
Region 1	0	331,790	3,005,026	\$3,336,816
Region 2	0	251,310	2,908,665	\$3,159,975
Region 3	0	529,797	1,301,160	\$1,830,957
Region 4	750,000	74,617	3,338,160	\$4,162,777
Region 5	0	163,384	2,551,246	\$2,714,630
Region 6	0	58,985	1,856,656	\$1,915,641
Totals	\$750,000	\$1,409,883	\$14,960,913	\$17,120,796

**Regional Review Team and Staff Funding Recommendations
April 2013 Grant Cycle**

Number of Applications Recommended by Review Teams and Staff for Funding

Region	Technical Assistance		Restoration	
	RRT	Staff	RRT	Staff
Region 1	7	3	10	5
Region 2	2	2	14	7
Region 3	10	3	11	8
Region 4	0	0	6	5
Region 5	5	3	23	16
Region 6	2	2	10	8
Total	26	13	74	49

Dollar Amounts by Application Type Recommended by Staff for Funding

Region	Technical Assistance	Restoration	Total
Region 1	104,447	1,309,861	1,414,308
Region 2	99,845	1,001,488	1,101,333
Region 3	80,567	919,665	1,000,232
Region 4	0	962,583	962,583
Region 5	106,156	1,072,238	1,178,394
Region 6	58,985	1,314,165	1,373,150
Total	\$450,000	\$6,580,000	\$7,030,000



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August 13, 2013

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
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the North Coast Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 21 applications for a total request of about \$3.3 million. The North Coast RRT met in June 2013 to review the applications and make recommendations to OWEB staff. Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The North Coast RRT recommended 17 applications for funding: 10 Restoration applications and seven Technical Assistance applications. (For additional information, see the summaries of the Review Team Evaluations.)

III. Staff Recommendation

For the September Board meeting, staff recommend funding for eight applications for a total award of \$1,414,308: \$1,309,861 for Restoration and \$104,447 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 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

Region 1 - North Coast
Restoration Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-1019	Lower Yaquina and NF Beaver Cr Watershed Restoration PE \$10,893	661,444	1
214-1000	Louisiana Swamp Tidal Reconnection * PE \$32,560	115,610	2
214-1008	Stage 2 Fivemile Bell Restoration PE \$33,961	304,033	3
214-1013	Mill-Bear Creek Fish Passage Project	137,126	4
214-1003	Salmon River Boat Basin Restoration * ^	91,648	5
214-1018	Five Rivers Subbasin Restoration LFA Prescriptions Phase I PE \$21,753	251,670	6
214-1005	Siuslaw Restoration Materials Acquisition IV ^	43,283	7
214-1001	Devils Lake Watershed Wetland & Critical Habitat Restoration ^	449,500	8
214-1020	McDonald Slough Reconnection Project * ^ EM \$34,171	297,908	9
214-1010	Grant Creek Stream and Wetland Restoration ^	77,280	10
Total Restoration Projects Recommended for Funding to Staff by RRT		\$2,429,502	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,309,861	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions PE=Plant Establishment EM=Effectiveness Monitoring

Region 1 - North Coast
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-1017	NCAP - Upper Nehalem Watershed Project Development	46,931	1
214-1015	North Coast Watershed Councils Restoration Assistance	45,920	2
214-1016	Bower Creek Project Development * ^	11,596	3
214-1012	Patterson Creek Fish Passage Feasibility Study	50,000	4
214-1004	Waite Ranch Restoration Final Design ^	49,370	5
214-1009	Siletz Bay NWR Engineering Design	15,070	6
214-1002	Drift Creek Aquatic Habitat Restoration Assessment	32,087	7
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$250,974	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$104,447	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

**Region 1 - North Coast
Restoration Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle**

Project #	Project Name	Total Amount
214-1006	Fiddle & Morris Creeks Riparian Restoration	87,375
214-1014	Merrill Creek Culvert Replacement PE \$4,565	299,400

**Region 1 - North Coast
Technical Assistance Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle**

Project #	Project Name	Total Amount Requested
214-1007	Alsea Estuary Conservation Plan and Outreach	45,000
214-1011	2014 Salmonberry River Rapid Bio-Assessment	12,705



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August 13, 2013

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
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Southwest Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 22 applications for a total request of about \$3.16 million. The Southwest Oregon RRT met in June 2013 to review the applications and make recommendations to OWEB staff. Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The Southwest Oregon RRT recommended funding for 16 applications: 14 Restoration applications and 2 Technical Assistance applications. (For additional information, see the summaries of the Review Team Evaluations.)

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 9 applications for a total award of \$1,101,333: \$1,001,488 for Restoration and \$99,845 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 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 2 - Southwest Oregon
Restoration Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-2020	GHID Fish Passage Improvement Project * ^	181,750	1
214-2008	Deer Creek Streamflow Restoration ^	197,073	2
214-2018	Rock Creek Instream Enhancement - 2014	118,503	3
214-2007	LBC Water Quality Keno/Rattlesnake Phase * ^	58,595	4
214-2010	Smith River Tributaries Instream Restoration - Phase II (Vincent and Scare) ^	342,897	5
214-2003	Big Creek Fish Passage	50,329	6
214-2009	Adams Creek Middle Fork Fish Passage	52,341	7
214-2016	Brush Creek Subwatershed Restoration Phase 3 ^	256,841	8
214-2021	New River Ag WQ Management	112,677	9
214-2017	Lutsinger Creek Enhancement Phase 2 ^	139,686	10
214-2012	Joe's Creek Stream Complexity Improvements ^	82,574	11
214-2019	Camp Creek Instream Restoration Phase 2	129,945	12
214-2014	Williams River Habitat Improvements: End of the Line ^	180,299	13
214-2002	Shutters Creek Bridges	52,010	14
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,955,520	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,001,488	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 2 - Southwest Oregon
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-2006	Elk Creek Habitat Restoration - Project Identification and Prioritization ^	50,000	1
214-2011	East Fork Millicoma River Road Inventory and Sediment Reduction	49,845	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$99,845	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$99,845	

^ Fund with Conditions

ATTACHMENT B

**Region 2 - Southwest Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle**

Project #	Project Name	Total Amount Requested
214-2000	Upper Jones Creek Fish Passage Restoration PE \$100 EM \$3,325	29,729
214-2004	Oak Street Water Conservation Project (OSWCP)	915,279

PE=Plant Establishment EM=Effectiveness Monitoring

**Region 2 - Southwest Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle**

Project #	Project Name	Total Amount Requested
214-2001	Clear Creek Fish Passage Restoration	19,156
214-2005	Curry Riparian Restoration TA 2013	32,835
214-2013	Effective Stream and Watershed Restoration in Tyee Sandstone of the Coos Watershed	49,474
214-2015	'COMING HOME' The Myrtle Creek Wild Salmon Viewing and Wildlife Habitat Project	50,000



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August 13, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Liz Redon, Willamette Basin Regional Program Representative

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Region 3, Willamette Basin
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Willamette Basin Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 28 applications for a total request of more than \$1.8 million. One Restoration application (214-3012) was withdrawn by the applicant prior to review. The Willamette Basin RRT met in June 2013 to review the applications and make recommendations to OWEB staff. Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The Willamette Basin RRT recommended funding for 21 applications: 11 Restoration applications and 10 Technical Assistance applications. (For additional information, see the summaries of the Review Team Evaluations.)

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 11 applications for a total award of \$1,000,232: \$919,665 for Restoration and \$80,567 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
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-3003	Sandy River Delta Floodplain Forest Restoration - Phase 2 ^ PE \$29,216	149,693	1
214-3026	Wild Iris Ridge Phase 4 and Murray Hill Oak Woodland and Savanna Restoration ^	123,533	2
214-3020	Lower Sandy River Restoration Implementation Phase 2 - Camp Collins	149,560	3
214-3008	Restoring Habitat Diversity of Mid-Valley Conservation Areas ** ^ PE 8,359	92,900	4
214-3021	Rock Creek Confluence Restoration Project * ^ PE \$16,407	87,286	5
214-3001	Gales Creek-Tualatin River Confluence Project-Phase I	73,643	6
214-3013	Main Stem Ash Creek Riparian Revegetation * PE \$54,395	127,490	7
214-3028	Abbey Oak Restoration * PE \$22,580	115,560	8
214-3027	Bear Creek Stream Connectivity and Habitat Enhancement *	119,808	9
214-3024	Harrold Streambank Restoration Project Phase One	42,319	10
214-3025	Mohawk Riparian Enhancement Project PE \$40,085	76,740	11
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,158,532	
Total Restoration Projects Recommended for Funding by Staff to Board		\$919,665	

* Listed Amount Reflects Recommended Reduction ** Listed Amount Reflects Recommended Increase ^ Fund with Conditions PE=Plant Establishment

Region 3 - Willamette Basin
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-3005	Sandy River Side Channel Design * ^	33,003	1
214-3002	Milton Creek Large Wood Enhancement	20,564	2
214-3009	Bald Hill Farm Management Plan	27,000	3
214-3016	Mapping Oak in the Greater Portland Metro Area ^	49,745	4
214-3011	Middle and Upper Marys Rapid Bio-Assessment and Landowner Recruitment	49,781	5
214-3019	Restoration Design of Lower Chicken Creek - Tualatin River NWR	28,909	6
214-3018	South Yamhill Floodplain Restoration Design * ^	21,900	7
214-3000	Lost Creek Hydrology and Habitat Study	49,891	8
214-3015	Johnson Creek Action Plan Update ^	46,563	9
214-3010	Remediation of On-Stream Ponds as Heat Sources in Streams ^	39,871	10
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$367,227	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$80,567	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 3 - Willamette Basin
Restoration Application Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount
214-3004	Clear Creek Barrier Removal	48,036

Region 3 - Willamette Basin
Technical Assistance Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount Requested
214-3006	Johnson Creek Fish Passage Prioritization	30,199
214-3014	Landowner and Farmworker SCI Outreach Plan	21,800
214-3017	Crestmont Habitat Restoration Plan	7,045
214-3022	Mill Creek Basin Fish Passage Restoration	49,430
214-3023	Boardman Wetland Restoration	50,000

Region 3 - Willamette Basin
Restoration Application Withdrawn by Applicant
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount
214-3012	Spring Park Natural Area Project	75,000



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August 13, 2013

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
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Central Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Funding Recommendations

Applicants submitted 14 applications, including one for Water Acquisition, for a total request of about \$4.16 million. The RRT met in June 2013 to review the applications and make recommendations to OWEB staff. The Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding. The Central Oregon RRT recommended funding for 6 Restoration applications and did not recommend any Technical Assistance application. The Water Acquisition application was evaluated using the multi-faceted process defined for this application type. The evaluation involves both an ecological evaluation (including, but not limited to review by the appropriate RRT) and a legal and technical evaluation of the proposed transaction. See the separate staff report for Region 4 Water Acquisition Grants for a complete description of the evaluation process for water acquisitions.

III. Staff Recommendation

For the September Board meeting, staff recommend funding for six applications for a total award of \$1,617,099: \$962,583 for Restoration and \$654,516 for Water Acquisition. (For additional information about the Restoration and Technical Assistance projects, see the summaries of the Review Team Evaluations.)

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
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-4000	Camp-Thomas Creek Fish Passage & Restoration ^	156,573	1
214-4008	Highline Ditch and Diversion Elimination * ^	454,400	2
214-4002	Christman Diversion Replacement ^	101,810	3
214-4001	Howard Creek Tributary Culvert Removal/Replacement Project * ^	49,800	4
214-4006	Lateral 58-11 Water Initiative - Phase 2 * ^	200,000	5
214-4010	Horse Heaven Creek Instream Restoration ^	274,245	6
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$1,236,828	
Total Restoration Projects Recommended for Funding by Staff to Board		\$962,583	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 4 - Central Oregon
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
	NONE RECOMMENDED		
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$0	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$0	

ATTACHMENT B

Region 4 - Central Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount Requested
214-4004	Tumalo Feed Canal Phase 4.1	750,000
214-4005	Westfall Wetland Restoration Project	17,204
214-4007	Ernst Ranch Habitat Restoration 2014	155,207
214-4009	Rock Creek Piping and Flow Enhancement Phase I	266,556
214-4012	Klamath Marsh NWR River and Floodplain - Phase II	500,000

Region 4 - Central Oregon
Technical Assistance Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount Requested
214-4003	Land Conservation Forecasting: Optimizing Sagebrush Conservation Practices	25,567
214-4011	SONEC Working Lands Initiative	49,050



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August 13, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis-Born, Senior Policy Coordinator

**SUBJECT: Agenda Item E: OWEB Grant Award Recommendations
Water Acquisition Grants
Region 4, Central Oregon
September 10-11, 2013 OWEB Board Meeting**

I. Water Acquisitions – Deming Creek Flow Restoration (#214-100)

One water acquisition application, for the Deming Creek Flow Restoration project, was received from Region 4 this grant cycle. This application is recommended for funding by staff, pending a recommendation from the Acquisitions Subcommittee. An update about their recommendation will be provided at the Board meeting.

II. Project Summary

The Klamath Basin Rangeland Trust (KBRT) is requesting funding for the Deming Creek Flow Restoration project to transfer irrigation water rights to in-stream purposes. The original application requested \$750,000 to fund approximately 60% of the cost of permanent acquisition from Deming Creek Ranch (Ranch) of rights to 1601.7 acre-feet of water, or up to 13.35 cfs early-season and 6.675 cfs late-season flow, for transfer to an in-stream water right. The instream rights will be held in trust by the State of Oregon and managed by the Oregon Water Resources Department (WRD).

The increased instream flows proposed in this project will benefit a 6.9 mile primary reach in Deming Creek and a 2.5 mile secondary reach in the South Fork of the Sprague River (SFS). The primary reach is designated as critical habitat for threatened bull trout and provides important habitat for other species such as redband trout. The secondary reach in the SFS provides habitat for Lost River and short-nosed suckers.

III. Water Acquisition Evaluation Process

Water acquisition applications are evaluated through a multi-faceted process, 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. The

evaluation also includes review of the project by the appropriate Regional Review Team (RRT).

A review of due diligence materials is also conducted (see Attachment A for the summary of this review). 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 final staff synthesis of the evaluation is reviewed by the Board Acquisition Subcommittee. Staff consider all the evaluation criteria, the Subcommittee recommendation, and available funding resources to develop a funding recommendation for the full Board.

IV. Late-Breaking Developments

Based on feedback received during the evaluation process, staff had discussions with WRD to obtain their expert insights regarding water rights reliability and monitoring needs. Staff learned from WRD that as late as mid-July, flow on the U.S. Forest Service (USFS) lands upstream of the Ranch was approximately 4 cfs. This information, in conjunction with gaging station data, indicates to WRD staff that reliability is good that, even in a dry year, water will be available to serve as habitat for species such as bull trout and to provide cold-water inputs into the SFS.

Staff also followed up with KBRT to discuss the issues of monitoring and adjudication. KBRT staff subsequently worked with WRD and U.S. Fish and Wildlife Service (USFWS) staff to review and refine their proposed monitoring approach for 2013 and beyond. WRD staff confirmed that the monitoring design will be very adequate to assess flow regimes both seasonally and longitudinally, and will provide insight into expected flows. In addition, WRD encouraged KBRT to negotiate an agreement with the landowner to ensure that separate Ranch water rights associated with an on-property reservoir do not impact Deming Creek flows during the winter season.

KBRT renegotiated the Water Rights Option to Transfer Agreement with the Ranch to address two issues: 1) a reduced purchase price of \$1,080,080 to address uncertainties around past flow monitoring and future water calls associated with adjudication; and 2) an easement requiring a specified minimum flow of approximately 2.5 cfs year-round on Deming Creek. The staff recommendation below reflects these revised terms and conditions, including an updated proportional reduction in the OWEB request that totals \$654,516.

V. Conclusion

The increased flow resulting from the project will provide and protect high-quality, cold water into nearly seven miles of Deming Creek and over two miles of the SFS. The project has demonstrated support from federal agencies and local partners, along with the Klamath Tribes (Tribes) and WRD. The RRT has acknowledged the potential for important ecological benefit from the project. Other funders will provide critical match funding for the purchase price and other components of the project. Review of the staff analysis by the Board Acquisitions Subcommittee is pending.

VI. Recommendation

Staff recommend the Board award \$654,516 for the permanent instream transfer of Grant Application #214-100, Deming Creek Flow Restoration, contingent upon a recommendation from the Board Acquisitions Subcommittee.

Attachment

- A. Summary of Deming Creek Flow Restoration Project

Attachment A

Summary of Deming Creek Flow Restoration Project

Project Overview

KBRT is requesting funding for the Deming Creek Flow Restoration project to transfer irrigation water rights to in-stream purposes. The original application requests \$750,000 to fund approximately 60% of the cost of permanent acquisition of rights to 1601.7 acre-feet of water, or up to 13.35 cfs early-season and 6.675 cfs late-season flow, for transfer to an in-stream water right. The instream rights will be held in trust by the State of Oregon and managed by WRD.

The water rights are owned by Deming Creek Ranch. The project will acquire and permanently transfer instream all of the irrigation water rights from Deming Creek that are appurtenant to the Ranch. These rights represent 79% of the water rights for the system (the two remaining water rights, one of which is the most senior right on Deming Creek, are owned by two separate landowners and authorize irrigation of 144 acres with a maximum volume of 432 acre-feet per year). Irrigation diversions by the Ranch historically dewatered Deming Creek at the USFS property boundary with the Ranch throughout the irrigation season, eliminating access to 6.9 stream miles of critical habitat, limiting fish passage, and degrading water quality. The Ranch is expanding their use of dryland ranching to reduce irrigation and adjust grazing management to conserve water use. Currently, the property is enrolled through the Natural Resources Conservation Service (NRCS)'s Agricultural Water Enhancement Program, which works with ranchers to reduce irrigation use to one irrigation event each season. The proposed water acquisition will acquire and permanently transfer all of the irrigation water rights from Deming Creek that are appurtenant to the Ranch. The water rights acquisition is part of a broader set of restoration efforts that has occurred and is planned to continue on Deming Creek Ranch, and complements the significant restoration work that is occurring in the Sprague River basin.

The water rights associated with this project include ten certificates:

- C9925 – 1882 priority date
- C9953 – 1885 priority date
- C9954 and C9955 – 1886 priority date
- C9956, C9957, C9958 – 1889 priority date
- C9959 and C9960 – 1892 priority date
- C9961 – 1903 priority date

These dates are generally viewed as relatively senior water rights. Based on U.S. Geological Survey gage data, it appears that there is sufficient water available in Deming Creek to fulfill the duty, or water needed to irrigate the appurtenant land, of the Ranch rights in all water years. However, available rates in between July and September may be lower than the maximum allowed rate. As such, during the late-season (e.g., August and September) of low-water years, the entire maximum rate (measured in cfs) may not be available.

Improved flow and instream conditions have the potential to benefit multiple species. The primary reach for this project, Deming Creek, supports one of the largest populations of threatened bull trout in the Klamath Basin. Expanding the existing habitat range, and potentially reconnecting this population to the Sprague River, is a high priority for recovery of the species. The secondary project reach is important to provide improved water quality and quantity to support populations of endangered short-nose and Lost River suckers lower in the system. This project is expected to improve water quality in Deming Creek and the South Fork of the Sprague River (SFS) by reducing tail-water return flows that have historically added nutrients and increased temperature in these water bodies.

Results of Water Acquisition Evaluation Process

A. Ecological Benefits

The increased instream flows proposed in this project will benefit a 6.9 mile primary reach in Deming Creek and a 2.5 mile secondary reach in the SFS. The primary reach is designated as critical habitat for threatened bull trout and provides important habitat for other species such as redband trout. The secondary reach in the SFS provides habitat for Lost River and short-nosed suckers. As stated in the application, flow restoration on Deming Creek that will help restore hydrologic connectivity with the SFS during the summer irrigation season is essential for several reasons:

1. To triple the number of stream miles of habitat available to the largest remaining population of bull trout in the Sprague Unit of Klamath Basin River Recovery Unit (from 3.8 miles currently to 10.7 miles, with 4 of the additional miles having excellent riparian habitat and the other 2.9 miles undergoing restoration).
2. To allow genetic exchange between the Deming Creek population with nearby populations.
3. To increase population resiliency in the case of catastrophic land use impacts such as forest fire.
4. To facilitate reintroduction of bull trout to areas of the upper Sprague system from which they were extirpated.
5. To provide additional cold water inputs to the Sprague River to improve water quality and access to rearing habitat for sensitive aquatic species.

Additionally, the application states that the corresponding reduction in flood irrigation will reduce the tail-water return flows that have historically added excessive nutrients and temperature to the creek and Sprague River. The project will decrease stream temperature, turbidity, and coliform bacteria while increasing dissolved oxygen. The instream transfer will decrease total nitrogen and total phosphorous loading to the stream through decreased tail-water returns. Both nitrogen and phosphorus have been identified as causative factors for widespread algal blooms in Upper Klamath Lake (UKL) and subsequent and widespread fish die-offs. The improved water quality should provide benefit to suckers downstream from Deming Creek that have experienced high mortality due to a lack of rearing habitat associated with insufficient flows, reduced riparian wetlands and increased water temperatures. 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.

B. Region 4 RRT Comments

The Region 4 RRT recognized the value of any additional flow that could be protected in-stream for bull trout, suckers and other species. They noted that while Deming Creek is identified as a medium 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 SFS is a high-priority area for flow restoration. The RRT recognized the proposed project is occurring in concert with other restoration actions along Deming Creek and the SFS to address aquatic habitat conditions.

RRT supported the monitoring effort that is being initiated this year by KBRT and USFWS to 1) estimate the quantity of water “gained” from spring inputs on the ranch, and 2) to measure unimpaired flows down to the two of points of diversion that will remain on Deming Creek once the instream transfer is completed. However, the group expressed concerns about the lack of previous monitoring data for the reach.

The RRT also questioned the reliability of the water rights, especially in very low-flow years. WRD staff confirmed that, this year, up to 3 cfs of water was available instream as of mid-late June. (See the staff report for more recent estimates from WRD; staff will provide an additional update to the Board at the September meeting.) The group asked about the effect of adjudication on the Deming Creek water rights, then discussed that calls by the Tribes are not guaranteed in all future years. RRT members encouraged more detailed monitoring in the future to better quantify flow levels that can be expected in Deming Creek through a number of years. In closing, RRT agreed by consensus that if “wet water” actually is available in the creek and could be protected via an instream transfer, the project has ecological value.

C. Project Support and Community Effects

The application has strong support from USFWS, the Klamath Watershed Partnership and NRCS. The application states that KBRT has coordinated closely with the Tribes on the project and believe that the fisheries staff for the Tribe’s is supportive of this flow restoration effort. OWEB staff follow-up with the Tribes’ staff confirmed that, in fact, tribal staff are very supportive of this project and its benefits to ecologically and culturally important species and habitats.

The property will continue to be zoned exclusively for farm use and will continue to be operated as an active cattle ranch. The instream transfer will cover approximately one-third of the water rights for the entire Ranch. The landowner predicts that they still can run 50 percent of the number of cattle that they had under irrigation on the dryland portion of the property. This overall management approach being taken by the Ranch is demonstrating that ecologically important conservation—in the form of water acquisition—and restoration can occur in tandem with the operation of active and economically viable ranches.

D. Legal and Financial Terms

WRD will hold the water rights in trust as a 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 (including a monitoring

easement), with verification by KBRT and funding by the Meyer Memorial Trust and the Turner Foundation. In addition to the previously mentioned monitoring with USFWS, KBRT has committed to flow monitoring (via installation and use of staff gages) following completion of the transfer. ODFW and USFS will conduct periodic monitoring of fish presence and habitat, with the next 5-year survey scheduled for 2014.

The Department of Justice (DOJ) has reviewed the title, option, and water right certificates, and recommended that, if OWEB awards funding for this project, a condition be placed on the grant agreement that mirrors the KBRT “opt-out” option that is included in the purchase agreement. This condition would ensure that OWEB funding is not available unless at least 50% of the water rights are successfully transferred. Other issues that DOJ flagged for consideration by OWEB include: the 65% reliability for the water rights (per the water-rights valuation memo included in the application) and the potential effect of this on project cost; the need for monitoring through time to ensure “wet water” exists instream; and the issue of adjudication. Regarding adjudication, DOJ staff noted that a Tribes’ call on late-season water would not negatively impact these instream water rights, given that the Tribes’ call is to ensure flow; rather, such a call would result in the total amount of available flow persisting the full length of Deming Creek and into the SFS. Staff had additional conversations with KBRT, WRD and Tribes’ staff regarding the issue of adjudication and the recently adjudicated Tribes’ water rights that apply to the Sprague River system. Based on these conversations, staff concluded that future Tribes’ calls on the Sprague likely would not occur until late season. Without instream protection, the landowner would have the ability to continue to dewater the entire creek early in the water year, which would constrain the ability for improvements to and expansion of important fish habitat to occur in Deming Creek.

KBRT requests OWEB funding of \$750,000 towards a total purchase price of \$1,237,648. This purchase price equates to purchase price of \$2,320 per acre for land appurtenant to the water rights. (See the “Late-Breaking Developments” section of staff report for renegotiated price information.) WestWater Research’s valuation memo determined a valuation price of \$1,104 to \$2,023 per acre. The valuation memo states that the estimated range is highly conservative due to the adjustments for water rights reliability (estimated at 65% until additional data are availability regarding flow). WestWater’s memo concludes that the proposed purchase price is considered reasonable for the subject water rights. An independent review of the water rights valuation was conducted and determined that, overall the WestWater appraisal provides reasonable guidance for estimating a value for the Ranch water rights. The review did mention the uncertainty related to how future water calls will be made now that adjudication has occurred.

Match funding is anticipated from USFWS, the National Fish and Wildlife Foundation, and USFS. The KBRT has a signed an Option to Transfer that expires December 31, 2015.



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August 13, 2013

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
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Eastern Oregon Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 38 applications for a total request of more than \$2.7 million. The Eastern Oregon RRT met in May 2013 to review the applications and make recommendations to OWEB staff. Restoration and Technical Assistance applications were reviewed for merit and given a “do fund” or “no fund” recommendation by the RRT. The RRT then prioritized the applications recommended for funding.

The Eastern Oregon RRT recommended 28 applications for funding: 23 Restoration applications and 5 Technical Assistance applications. (For additional information, see the summaries of the Review Team Evaluations.)

IV. Staff Recommendation

For the September Board meeting, staff recommend funding for 19 applications for a total award of \$1,178,394: \$1,072,238 for Restoration and \$106,156 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 5 - Eastern Oregon
Restoration Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-5037	Thousand Springs Riparian and Upland Restoration ^	137,635	1
214-5032	Klages-Patton Ditch Elimination ^	41,093	2
214-5011	Planting and Protecting the Previously Pounded Powder	66,854	3
214-5009	Jordan Valley Weed Restoration ^	78,127	4
214-5008	Upper Grande Ronde Invasive Weed Control ^	25,000	5
214-5024	Rafter Lazy J ^	13,296	6
214-5013	The Johnny Aspensed Project ^	43,260	7
214-5018	Miller Canyon Landscape Restoration Project ^	152,055	8
214-5010	Getting Groused on Goose Creek ^	53,076	9
214-5020	12 Ave Tie-In ^	23,491	10
214-5034	Skull Creek Habitat Enhancement ^	90,832	11
214-5000	Grande Ronde River Irrigation and Water Quality Improvement ^	37,705	12
214-5007	Beaver Creek Dam Fish Passage ^	150,000	13
214-5015	Crawdad Waterline Phase I ^	49,007	14
214-5014	Rescuing Cuisick Creek's Besieged Aspen *	39,565	15
214-5031	Black Rock Water Quality Improvement * ^	71,242	16
214-5030	Mahogany Water Management	53,602	17
214-5016	North Fork Malheur River Stream Restoration ^	74,920	18
214-5001	Muddy Waters Sediment Elimination	18,637	19
214-5006	Upper Fletcher Gulch Water Quality Improvement * ^	70,221	20
214-5025	Turner Creek Priority Enhancement	19,686	21
214-5023	Harper Great Rocks, Awesome Willows *	95,563	22
214-5004	Pelican Landing Water Quality Improvement	37,563	23
Total Restoration Projects Recommended for Funding to Staff by RRT		\$1,442,430	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,072,238	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions

Region 5 - Eastern Oregon
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-5026	Baker County Planning for Sage Grouse	22,336	1
214-5035	The Model to Protect Sage-Grouse - Site Specific Plan	50,000	2
214-5033	Harney Basin Aquatic Health-Inventory Phase I	33,820	3
214-5017	Wallowa County Juniper Study	2,903	4
214-5012	Upper Powder Headwaters Habitat Survey ^	19,575	5
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$128,634	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$106,156	

^ Fund with Conditions

Region 5 - Eastern Oregon
Restoration Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount
214-5002	Rimrock Water Quality Improvement	42,295
214-5003	Kingman Water Quality Improvement	39,103
214-5005	Dad's Hill Water Quality Improvement	85,822
214-5021	13th Avenue Wedge Enhancement	10,626
214-5022	Beam Creek Cut	130,038
214-5027	Miracle Wetland Ph I	147,178
214-5028	Mendiola 5.4 Pipeline	508,904
214-5029	Kettle Water Quality Improvement	40,413
214-5036	Poison Creek Pump Back System	65,326

Region 5 - Eastern Oregon
Technical Assistance Application Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount Requested
214-5019	Harney Basin Groundwater Project - Data Refinement	34,750



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August 13, 2013

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
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report summarizes the Mid-Columbia Regional Review Team (RRT) and staff recommendations for funding.

II. Summary of Regional Review Team Recommendations

Applicants submitted 17 applications for a total request of more than \$1.9 million. The Mid-Columbia RRT met in June 2013 to review the applications and make recommendations to OWEB staff. Restoration 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 12 applications: 10 Restoration applications and 2 Technical Assistance applications. (For additional information, see the summaries of the Review Team Evaluations.)

III. Staff Recommendations

For the September Board meeting, staff recommend funding for 10 applications for a total award of \$1,373,150: \$1,314,165 for Restoration and \$58,985 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
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-6014	Mountain/Indian Creek Culverts	120,450	1
214-6000	Oxbow Dredge Tailings Restoration, Phase 3 * ^	414,000	2
214-6016	Bear Creek Uplands Improvement ^	110,614	3
214-6013	Soda Creek Upland Habitat Improvements	16,202	4
214-6002	Pine Creek Lowland Restoration Project Phase 1 * ^	241,141	5
214-6006	McClellan Creek Upland Water Project	16,286	6
214-6012	Mud Creek and West LWW Aquifer Recharge and Distributary/Floodplain Function EM 46,776	339,669	7
214-6010	Lower Umatilla River Riparian Re-vegetation - Phase I * PE \$14,300	55,803	8
214-6007	Cavender Riparian & Wetland Habitat Improvements	99,047	9
214-6011	Andersen Upland Improvement	36,120	10
Total Restoration Projects Recommended for Funding by Staff by RRT		\$1,449,332	
Total Restoration Projects Recommended for Funding by Staff to Board		\$1,314,165	

* Listed Amount Reflects Recommended Reduction ^ Fund with Conditions PE=Plant Establishment EM=Effectiveness Monitoring

Region 6 - Mid Columbia
Technical Assistance Applications Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Grant Award Staff Recommendations to the Board are Highlighted in Gray			
Project #	Project Name	Total Amount	Priority
214-6008	Bolen Kelly Habitat Design	50,000	1
214-6001	Camas Creek Technical Assistance ^	8,985	2
Total Technical Assistance Projects Recommended for Funding to Staff by RRT		\$58,985	
Total Technical Assistance Projects Recommended for Funding by Staff to Board		\$58,985	

^ Fund with Conditions

Region 6 - Mid Columbia
Restoration Applications Not Recommended for Funding by the RRT
April 22, 2013 Grant Cycle

Project #	Project Name	Total Amount Requested
214-6003	Lonerock Steelhead Passage Barrier Removal	127,372
214-6004	Margaret Campbell Diversion	37,610
214-6005	Walla Walla Nursery Irrigation Recycling Project	120,380
214-6009	Little Walla Walla River Restoration	54,451
214-6015	Gable Creek Culverts	21,625



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August 28, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item F: Grants for the Oregon Association of Conservation Districts and Network of Oregon Watershed Councils
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report outlines the partnership between the Network of Oregon Watershed Councils (NOWC) and the Oregon Association of Conservation Districts (OACD) and their shared goals to increase efficiencies, which serves as a model for local entities. Staff also request the Board recapture funds from prior OACD/NOWC grants, investing those funds along with an additional \$300,000 in a single grant to support both organizations.

II. Background of NOWC, OACD and OWEB's Investments

OACD represents, supports, and strengthens Oregon's 45 member Conservation Districts through member services, program development, training, leadership development, public education, and government relations.

NOWC is dedicated to supporting the work of nearly 90 watershed councils throughout the state by increasing council capacity, improving key relationships, and promoting public awareness of watersheds and watershed councils.

Since 2007 the OWEB Board has approved grants in a variety of fashions for these two organizations, recognizing that they provide a vital link between OWEB's programs and successful on-the-ground project implementation. In addition, each organization has been successful in receiving statewide outreach grants from OWEB, along with funding from other partners and local organizations to support their work. OWEB's funding has supported various deliverables in past biennia, including conferences, trainings, one-on-one work with local organizations, and youth activities, to name a few examples.

Beginning in 2012, OWEB, NOWC and OACD began meeting to discuss ways to further the partnership among the three organizations. In the ensuing time period, NOWC and OACD analyzed the potential for cost savings and chose to co-locate their offices. OWEB staff have also been working closely to help the two organizations design a single grant proposal for the funds that OWEB provides to the organizations. This work, combined with the fact that OWEB is no longer making

statewide outreach grants, will result in a single grant to accomplish specific deliverables for both organizations. However, it is important to note that both organizations will retain their independence in representing their constituents.

III. Proposal

It is recognized that combining the organizations' administrative services and other functions—while ultimately a cost-savings—requires an upfront investment of both time and resources. The executive directors of the two organizations have put extensive time into this effort over the past year, and will require additional funding to fully implement the approach and make it a success.

NOWC and OACD are requesting that OWEB invest in the following general areas over the next year. Once many of these are in place, the two organizations will return to the Board in July 2014 for a Year 2 request.

- Design a new business model for sharing resources between organizations that can also be an example for local organizations (e.g., watershed councils and soil and water conservation districts); this area includes:
 - Setting up an office space, shared staff, and structures for shared funding;
 - Development of a MOU and other operating procedures that will be agreed to by both organizations; and
 - Sharing of successes and lessons learned with local organizations.
- Build Board/organizational capacity for both NOWC/OACD and local organizations, including opportunities for peer learning:
 - Coordinate regional meetings and other venues to increase understanding and opportunities to expand capacity; and
 - Coordinate combined conference structure to build and expand partnership opportunities.
- Establish and maintain regular communications with partners and local organizations:
 - Work with state and federal conservation agencies to develop outreach strategy highlighting focused investments for local implementers;
 - Coordinate with OWEB to support program implementation including work to ensure that communication is open and two-way between the agency and local organizations;
 - Build partnerships with other conservation organizations that also maintain a statewide focus; and
 - Monitor and respond to issues that could impact councils/districts at the state level.
- Support efforts for youth and community outreach.

IV. Funding

To fund this proposal, the NOWC agrees to cancel Grant Number 213-7002. The NOWC and OACD agree to close out and submit a final report early for Grant Numbers 212-7002 and 212-8001. These actions will recapture approximately \$115,000 with the remaining \$300,000 to be funded from the “Building Capacity Grants” line item in the 2013-2015 Spending Plan.

This will result in a total funding amount of \$415,000 for the biennium. However, staff recommend that at this time, the Board only delegate distribution authority to the Executive Director for a total of \$220,000 to be expended in the first year of the biennium. This allows initial funding for the organizations while providing increased reporting requirements. In order to receive the second delegation of funding under the grant, NOWC and OACD will come before the Board to report on

progress. The report will occur prior to the delegation of Year 2 funding. The second delegation will total no more than \$195,000.

V. Recommendation

Staff recommend the Board award up to \$415,000 in funds for the NOWC and OACD-related purposes described in this report. Further, staff recommend the Board delegate authority to the Executive Director to distribute up to \$220,000 in funds for the first year of the biennium through the appropriate grant agreement.



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August 22, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

**SUBJECT: Agenda Item J: Coastal Wetlands – Coquille Valley Restoration and Conservation
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report recommends the Board consider a request from The Nature Conservancy (TNC) to use previously designated Acquisition funds for a Restoration project in the Coquille Valley in Coos County. OWEB's funds are match for a federal Coastal Wetlands (CW) Grant. Land transfers and other mechanisms have been used for the acquisition portion of the project.

II. Summary of Coquille Valley Project

The Coquille Valley is an expansive alluvial floodplain that extends from the Coquille River estuary near Bandon upstream to the limit of tidal influence at River Mile 42. The Coquille Valley historically supported an estimated 17,425 acres of tidally influenced freshwater and salt-marsh wetlands. Currently more than 95 percent of the valley's wetlands have been diked and drained for agricultural uses.

Waterfowl greatly benefit from habitat provided by current agricultural practices in the Coquille Valley during winter flooding. Historically, these floodplain wetlands also provided valuable off-channel habitat for salmon and steelhead. Diking, tide gates, and drainage ditches have eliminated fish access to these critical habitats, creating the principal bottleneck to recovery of the Coquille River's endangered and at-risk anadromous fish populations.

The overall project includes purchase of three properties, plus a conservation easement on a fourth property, totaling 742 acres (including 561 acres of wetland type that is declining nationally). In addition, restoration will take place at two of the properties (Winter Lake and Roseburg Resources sites). Restoration work will include reconnecting stream channels, planting native wetland vegetation, controlling invasive species, removing interior dikes and drainage ditches, placing large wood in streams, removing invasive species, and removing remnant materials from old tide gate structures. In addition, the overall project will complete preliminary studies, finalize permits and engineering, and removing remnant materials from old tidegate structures. With CW funding, the project will secure a conservation easement or agreement with the adjacent property owner to help address water-quality issues.

III. Use of Coastal Wetlands and OWEB Funds

In June 2010, OWEB, along with TNC as the local project sponsor, submitted a CW grant application to the U.S. Fish and Wildlife Service (USFWS). The original grant assumed that a combination of OWEB and CW funds would be used to acquire each property described in the application, and restoration would be funded by the CW grant. In March 2011, the Acquisitions Subcommittee of the OWEB Board recommended that staff proceed with due diligence to fund acquisition of properties identified in the grant application.

Subsequent to that, OWEB faced a large backlog of acquisition projects and other challenges that resulted in a change of priorities for grantees such as TNC. In 2012, TNC recommended spending all of OWEB's remaining Coquille Valley Project funding commitment on restoration, and completing the remaining acquisitions through land trades and other means. In August 2012, OWEB submitted a request to USFWS for a funding shift within the CW grant, which the agency ultimately approved. In August of 2013, TNC submitted a restoration grant application to OWEB for the Board's consideration. On August 28th, a subset of the Regional Review Team (RRT) will complete a site visit to review the submitted restoration application, evaluating the restoration proposal and the project budget for this work.

TNC still is requesting that CW funds be used for acquisition of one property (Lowe Creek) and for a conservation easement on another property (China Creek Gun Club). Combined, it is estimated these will cost \$270,000. In January 2012, the Board approved staff to move forward with completing due diligence on the acquisitions associated with this project, and delegated authority to the director to enter into associated agreements, which would be supported by CW funds.

Due to the strong public interest (both support and opposition) in this project, staff will hold a public meeting on August 29 in Coquille to take input regarding the proposed restoration action.

Because of the need to complete the regional review and the public meeting, staff will update the Board about the RRT review and public feedback, and provide a staff recommendation regarding a shift in the use of funding, at the September meeting for the Board's consideration.

IV. Recommendation

At the September Board meeting, staff will provide a recommendation to the Board about whether or not to approve the use of Acquisition funds to complete Restoration work on the Coquille Valley Restoration and Conservation project. For the Coastal Wetlands funds, the Board already delegated authority to the Director to enter into agreements at the January 2012 OWEB Board meeting. If recommended, staff will request the Board award \$720,000 of OWEB Acquisition funds, for restoration instead, to The Nature Conservancy.

Attachments

- A. RRT review – Coquille Valley Restoration Project (*to be provided at the September Board meeting*)
- B. Coquille Public Meeting Comment Summary (*to be provided at the September Board meeting*)



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September 6, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

**SUBJECT: UPDATED Agenda Item J: Coastal Wetlands – Coquille Valley Restoration and Conservation
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report recommends the Board consider a request from The Nature Conservancy (TNC) to use previously designated Acquisition funds for a Restoration project in the Coquille Valley in Coos County. OWEB's funds are match for a federal Coastal Wetlands (CW) Grant. Land transfers and federal funds have been and will be used for the acquisition portion of the project.

II. Summary of Coquille Valley Project

The Coquille Valley is an expansive alluvial floodplain that extends from the Coquille River estuary near Bandon upstream to the limit of tidal influence at River Mile 42. The Coquille Valley historically supported an estimated 17,425 acres of tidally influenced freshwater and salt-marsh wetlands. Currently more than 95 percent of the valley's wetlands have been diked and drained.

Waterfowl greatly benefit from habitat provided by current agricultural practices in the Coquille Valley during winter flooding. Historically, these floodplain wetlands also provided valuable off-channel habitat for salmon and steelhead. Diking, tide gates, and drainage ditches have eliminated fish access to these critical habitats, creating the principal bottleneck to recovery of the Coquille River's endangered and at-risk anadromous fish populations.

The overall project includes purchase of three properties, plus a conservation easement on a fourth property, totaling 742 acres. In addition, restoration will take place at two of the properties (Winter Lake and Roseburg Resources sites). Restoration work will include reconnecting stream channels, planting native wetland vegetation, controlling invasive species, removing interior dikes and drainage ditches, placing large wood in streams, removing invasive species, and removing remnant materials from old tide-gate structures. In addition, the project will complete preliminary studies and finalize permits and engineering. With CW funding, the project will secure a conservation easement or agreement with the adjacent property owner to help address water-quality issues.

III. Use of Coastal Wetlands and OWEB Funds

In June 2010, OWEB, along with TNC as the local project sponsor, submitted a CW grant application to the U.S. Fish and Wildlife Service (USFWS). The original grant assumed that a combination of

OWEB and CW funds would be used to acquire each property described in the application, and restoration would be funded by the CW grant. In March 2011, the Acquisitions Subcommittee of the OWEB Board recommended that staff proceed with due diligence to fund the acquisitions.

Subsequent to that, OWEB faced a large backlog of acquisition projects and other challenges that resulted in a change of priorities for grantees such as TNC. In 2012, TNC recommended spending all of OWEB's remaining Coquille Valley Project funding on restoration, and completing the remaining acquisitions through land trades and other means. In August 2012, OWEB submitted a request to USFWS for a funding shift within the CW grant, which the agency ultimately approved. In August of 2013, TNC submitted a restoration grant application to OWEB for the Board's consideration.

TNC still is requesting that CW funds be used for acquisition of one property (Lowe Creek) and for a conservation easement on another property (China Creek Gun Club). Combined, it is estimated these will cost \$270,000. In January 2012, the Board approved staff to move forward with completing due diligence on the acquisitions associated with this project, and delegated authority to the director to enter into associated agreements, which would be supported by CW funds.

IV. Technical and Public Review Process

On August 28, 2013, a subset of the Regional Review Team (RRT) participated in a project presentation by TNC and evaluated the restoration proposal and the project budget for this work. The review team unanimously recommended the project for funding. The summary of review team comments is provided as Attachment A to the staff report. The RRT did note that normally more technical work is completed prior to submitting a restoration application. However, the USFWS CW program funding is set up differently than OWEB's funding and allows for both TA and restoration dollars in the same application.

In addition, due to the strong public interest (both support and opposition) in this project, staff held a community meeting on August 29 in Coquille to take input regarding the proposed restoration action. Over 40 community members participated in the meeting. They were briefed on the project and then were asked to provide input in three categories to assist the Board in making its decision: project strengths, project challenges and questions for the Board to consider. Their input is provided as Attachment B to the staff report. Project sponsors will be available at the Board meeting to answer questions that the Board may have as a result of the RRT review and/or the public meeting.

Taking both the RRT and community meeting comments into consideration, staff recommend conditions that are outlined under Section V of the staff report.

V. Recommendation

Staff recognize wetland projects are controversial in the Coquille Valley, as is evidenced in Attachment B to the staff report and the formal public comment letters received. There is both strong support and strong opposition to this and all wetland projects in the county. Specifically, the Winter Lake project presents unique challenges and opportunities. As noted by the RRT, the project is critically important ecologically. In addition, if funded and implemented successfully, the project could serve as a national model for how agriculture and habitat lands can co-exist as neighbors a landscape that is critically important to both. The project also presents a number of design challenges. Additional data need to be gathered to ensure that designs are based on the best available information. This situation leaves local neighbors concerned and with questions about how the project will actually look when implemented. However, project sponsors are taking the right steps to

study the hydrology and geology of the area to ensure that project designs are responsive to local conditions.

As conceived, the project provides benefits for agricultural landowners within Beaver Slough Drainage District. These benefits will result from raising the funds necessary to replace antiquated tide-gates with a new system that provides better certainty for farmers in the drainage district, while allowing for greater flooding on the habitat areas. That said, funds have not yet been secured for the tide-gate portion of the project, and it is difficult to secure those funds without a strong habitat component to the project. This project is a cooperative effort between restoration interests and the District, with an important goal of both groups to meet fish-passage requirements. As conceived, the habitat components of this project are both strong and compelling.

While uncertainties exist in terms of designs and funding for the tide-gate, staff recommend this project for funding with the conditions noted below. The conditions are based both on community meeting and RRT comments.

For the Coastal Wetlands funds, the Board already delegated authority to the Director to enter into agreements at the January 2012 OWEB Board meeting.

Staff request the Board award \$720,000 of OWEB Acquisition funds, for restoration instead, to TNC with the following conditions:

- 1) OWEB and TNC will specify in contract the level of data-gathering and design work be completed prior to fund release for restoration work. Generally, this will apply to channel and large-wood placement, engineering, tree planting prescriptions and plant establishment and other on-the-ground restoration work as appropriate.
- 2) As appropriate to the specific project, all OWEB-required landowner and Drainage District agreements and restoration permits must all be in place prior to restoration funds being released. Grant funds can be used to obtain agreements and permits as specified in the grant proposal.
- 3) The applicant will work with the appropriate agencies to develop a monitoring plan prior to funding for restoration is released, including dissolved oxygen, temperature, conductivity/salinity, and macro-invertebrate monitoring.
- 4) TNC will work with OWEB staff throughout the grant to provide further budget detail and cost estimates as each design phase is completed, including detail and estimates (e.g., amount of time and activities involved) for project management and oversight of the scope of work.

Attachments

- A. RRT review – Coquille Valley Restoration Project
- B. Coquille Public Meeting Comment Summary

RESTORATION

Project Name: Coquille Valley Restoration and Conservation

Applicant: The Nature Conservancy

OWEB Funds Requested: \$720,000

Application Description:

The Coquille Valley is an expansive alluvial floodplain that extends from the Coquille River estuary near Bandon upstream to the limit of tidal influence at River Mile 42. The Coquille Valley historically supported an estimated 17,425 acres of tidally influenced freshwater and salt-marsh wetlands. Currently more than 95 percent of the valley's wetlands have been diked and drained. Many factors have led to the decline of coho salmon in the Coquille watershed over the past century, including: overfishing, loss of spawning habitat, hatchery influences, predation, removal of large wood, water quality, loss of habitat connectivity, increased sedimentation, increased water temperatures and more. Waterfowl greatly benefit from habitat provided by current agricultural practices in the Coquille Valley during winter flooding. Historically, these floodplain wetlands also provided valuable off-channel habitat for salmon and steelhead. Diking, tide gates, and drainage ditches have eliminated fish access to these critical habitats, creating the principal bottleneck to recovery of the Coquille River's endangered and at-risk anadromous fish populations. Scientists have identified loss of overwinter habitat—i.e., loss of low gradient habitat, including tidal wetlands—as the only limiting factor preventing the Coquille coho population from reaching the desired status (Coquille Subbasin Plan, Coquille Indian Tribe, 2007, prepared for NOAA Fisheries, p. 2, 66, 68, 101).

The overall project includes purchase of three properties, plus a conservation easement on a fourth property, totaling 742 acres (including 561 acres of wetland type that is declining nationally). Project funds are sought from OWEB for the design and on-the-ground restoration work portion of a larger conservation effort. The Coquille Valley Restoration and Conservation project targets restoration of 510 acres of floodplain habitat on the Coquille River in an area referred to as the Winter Lake and Beaver Slough, just west of the town of Coquille (RM 18.5). Restoration activities will take place at two of the properties (Winter Lake and Roseburg Resources sites).

Restoration work will include reconnecting stream channels, planting native wetland vegetation, controlling invasive species, removing interior dikes and drainage ditches, placing large wood in streams, removing invasive species, and removing remnant materials from old tide-gate structures. In addition, the overall project will complete preliminary studies and finalize permits and engineering. Importantly, funding would also support critical technical assistance, studies, design and engineering aspects such as hydrology, geo-technical work, channel configuration design, large wood placement design, permitting and other design and engineering work. These activities are necessary to appropriately design the implementation phase. Work also includes important plant establishment necessary to get plantings to the free-to-grow state. Funding requested from OWEB would support pre-implementation technical assistance activities, project implementation and post-project plant establishment work.

REVIEW PROCESS

Regional Review Team Evaluation:

The RRT found the overall proposal well prepared. It is obvious that the applicant has been diligent about coordinating and addressing concerns from regulatory/permitting/natural resource agencies as well as from the public. The project addresses many habitat needs and limiting factors for fish and wildlife within the Coquille River watershed. The potential of the implementation of this project to support coho production through the establishment of off-channel high-water habitat, the key limiting factor here, is great. Habitat restoration would benefit a diverse range of species. The seasonal inundation of Unit 2 provides benefits to aquatic resources including wintering habitat for coho salmon, habitat for terrestrial species of concern to the Fish and Wildlife Service, and wintering habitat for waterfowl and other avian species of importance. The already accomplished groundwater monitoring work is a very positive attribute of the overall project in that it demonstrates commitment by project partners to be well informed about pre-project conditions and thus able to understand project effects.

The long-term potential to improve water quality in creeks draining through the project area is also great. Total Maximum Daily Load (TMDL) assessments in Coos County indicate that pollutant loads are magnified by the accelerated pollutant delivery that results from straightened channels. Implementation actions that entail strategic wetland restoration and enhancement, managing vegetation along straightened streams, reconnections with floodplain, and re-establishment of sinuosity will help improve water quality conditions. The project has the potential to provide a good learning opportunity and demonstration on how to address water quality issues in these types of areas. Planting and re-vegetation of the site will provide for restoration of the site to a more natural spruce-shrub-coastal wetland condition; these sites are presently rare in this watershed.

The RRT felt the project benefitted the agricultural community in the area because grazed pasturelands are subsiding and projects like this are needed to illustrate ways to keep lowland agriculture going in the county. New tide-gates will provide for greater reliability and flexibility in water management for the Drainage District and landowners while providing enhanced fish passage. This could demonstrate a clear win-win for agriculture and habitat.

The RRT recognized that there are multiple unknowns about the project that will not be answered prior to the OWEB funding decision (i.e., uncertainty of how much tidal flow will be returned to Unit 2, channel and large-wood designs, prevention strategy for wood movement, planting plan, details of the tide-gate replacements and a project schedule).

The project depends on the new tide-gate element for restoration and land management success and funding is not in place for the tide-gates. The RRT did not have a firm grasp on the likelihood of finding funding for the tide-gates nor what the timetable for actually securing those funds would be. The application did not contain specifics about management of the tide-gate systems in the long run and ensuring that that management is consistent with project goals, which raised some concerns. More information on the intervals would be helpful and the RRT felt that the intervals between stream cleaning should be lengthened.

In this application, because federal funds are also involved in the project, the applicant bundled design and restoration into one application. As a result, the current proposal lacked designs for channel re-configuration and large-wood placement and a large-wood management plan that delineates how much wood will be placed, how large the wood will be and how the wood will be situated and anchored. The RRT recognized this work will be undertaken prior to implementation; however, they are used to seeing designs as part of a typical OWEB application.

Additional information on the tree planting and tree protection aspects would be helpful to better evaluate success. The RRT recognized that this planting design work will be undertaken prior to implementation; however, they are used to seeing planting plans as part of a regular grant program application. The RRT raised several questions to consider specific to the plantings and their establishment: If the extensive plantings are installed and grow in the water level conditions presented to them, how will the change in water levels and fluctuations after the final installation of the MTR tide-gates affect the survival rates of the established plantings? How were the plant species and the number of trees to be planted identified? What will the site preparation techniques entail? How will the trees/shrubs be planted? How extensive are invasive species and how will they be controlled? Who will manage seasonal fence needs? Who will manage the cattle? What type of off-stream livestock water will be provided and how will it be funded?

Overall, the RRT found the proposed budget not very descriptive and was depicted as lump sums rather than a more detailed split out of costs. The reviewers felt a thorough explanation of how the funds will be spent was important to determining the cost and benefits as well as the cost effectiveness of what is being proposed. The RRT raised several questions specific to the budget: Project management costs seem high and duties of those providing project management and project oversight are not described. The budget allocates \$30,000 for pre-project monitoring costs related to coho salmon passage and movements in contract with Oregon State University, yet there is no discussion of this in the grant application. \$210,000 is listed in the budget for removal of old tide-gate structures from the mouth of China Camp Creek, but there is no discussion or explanation of this or why it will cost so much.

The RRT recognized that there are a lot more partners involved in the project than the application described and they felt strongly that the application should clearly identify the extent that other partners are involved in this project.

The reviewers found the review process for this project confusing and frustrating at times. This application review was outside of the normal regular grant application, review and evaluation process that they are familiar with and took some adaptation. The RRT recognized that a lot of the technical assistance, design and engineering work is not complete and will be completed prior to the project being implemented; however, the information from this pre-project work would have better informed the review and likely answered many of the questions raised.

The project is highly visible and success of this project could contribute to more willing participants in the area. The proposal presents OWEB with an opportunity to assist with the restoration of important coastal wetland resources that have much intrinsic value.

Review Team Recommendation to Staff: Fund with Conditions

Review Team Comments (Note: Some of these comments have been converted to conditions in the funding recommendation in the staff report:

- Develop clear and concise agreements with timelines on partner responsibilities, including Drainage District and landowner responsibilities on topics such as: fundraising for new tide-gates, tide-management, intervals between stream cleaning, seasonal fencing, cattle management, plant establishment and site access.
- All land owner and Drainage District agreements and permits must all be in place prior to on-the-ground project implementation funds being released.
- Channel and large-wood placement engineering and design work must be completed and evaluated prior to funding for the on-the-ground project implementation phase being released.
- Tree planting prescriptions and plant establishment plans need to be developed and evaluated prior to funding for the on-the-ground project implementation phase being released.
- Additional budget detail and cost breakout to provide a clear understanding of what the budget estimate was based on including information on how costs were determined for the budget elements and if there are any unusual cost factors. This must also include a project management and oversight scope of work containing the time and activities that would be involved.
- A monitoring plan needs to be developed with review and evaluation prior funding for the on-the-ground project implementation phase being released. The plan should require dissolved oxygen, temperature, conductivity/salinity, and macro-invertebrate monitoring. Recommend that a Sampling and Analytical Plan be developed and reviewed by DEQ. There is also an opportunity to learn something about management alternatives for hydro-modified systems. This discussion and metrics could be included in the monitoring plan.
- Develop public relations strategy.

Winter Lake Restoration Project
Coquille Community Meeting
August 29, 2013

Project Strengths (summary of information from flipcharts and written comments)

Habitat

- Coho and wildlife gains (birds, other fish) – large acreage in a key area
- Duck over-wintering habitat
- Helps agriculture also protect habitat

Regulatory Benefits

- Project could be huge part of picture for de-listing

Benefits to local Agricultural Community

- Integration of Ag and habitat to benefit of both
- Area-wide permit for landowners
- Potential to allow Drainage District to continue to operate effectively
- Interesting way to maintain tide gate system and a lower cost to landowners (external \$)
- Tide gate improvements – benefits all landowners
- Economic benefit to landowners thru stronger DD funds (county provides some funds but nowhere near amount needed)
- The Drainage District retains local control

Model Project

- Model for statewide drainage district management
- Excellent demonstration project showing ability of salmon recovery able to work side-by-side with working landscapes
- Coquille Valley test of muted tidal regulator
- Integration of Ag and habitat conservation to benefit both

Community benefits

- Economic benefits of restored habitat – agriculture, tourism, guides, fishing, restoration economy
- Collaborative approach to assess reality of effects of deferred agricultural maintenance
- Watershed approach
- Economic benefits of restoration (contractor jobs, etc.)
- Improved public education on ecosystem services
- Project collaboration (strength)
- Supports habitat, rural community, local economy, and agriculture

Project Challenges (summary of information from flipcharts and written comments)

Habitat and Other Ecological Challenges & Monitoring

- Predation concerns
- Potential for mosquito breeding – tidal influence?
- Negative impact on waterfowl (loss of habitat)
- Pre-monitoring has not been funded – water quality, duck/fish, DO etc.
- Monitor fish, birds and other wildlife now present

Public Information and Awareness

- There is a lot of misinformation. There needs to be a simple set of FAQs
- Need to build trust and transparency
- Lack of education of how government really works and uses of USFWS/federal funds

Community Concerns over Wetland Expansion

- Community members see strong tie between this project and local vote (November 2012) opposing expansion of Bandon Marsh (USFWS Refuge)
- Personal, social, economic, it is very hard locally to separate this project from Bandon Marsh – one is connected to the other
- Community is wary after USFWS Bandon Marsh challenges
- Reduces tax revenue for county & education districts (property taxes)
- Local opposition to environmental groups and government agencies taking/purchasing land

Logistical Challenges for Project

- For project to work – need tide gates, but they aren't yet funded
- Hydrology and geotech reports are not complete – concerns need to be addressed
- Tide gate must be put in before anything else can be done

Neighboring Landowner Impacts

- Will restoration done adversely affect floodplain above project?
- Unexpected negative consequences for private landowners and how would they be resolved or compensated
- The legal challenges to any unintended consequences
- What are the responsibilities of the government to alleviate those consequences?

Public Access

- Public access will be a bigger challenge than it appears, including over rail lines
- Vandalism, trespass, etc. from public access. How would public access be managed?
- Unintended negative consequences to neighboring landowners of public access

Questions for Board to Consider in its Funding Decision (summary of information from flipcharts and written comments)

Long-Term Management of the Property

- Funding has not been set aside in the past for long-term maintenance. Will it be?
- Who will have long-term responsibility for tide gates?
- What kinds of encumbrances will the District be able to put on the land – subjecting the land to confiscation if the district falls into default
- Will the management plan include flexibility in tidal regulator operation to offset unintended consequences to adjacent landowners?
- The lands are agricultural, but also wetland. Is mosquito control using bio-control (bats) given equal consideration to pesticides? Pesticides affect livestock, ducks and fish.

Should the Board Require Public Approval?

- Should OWEB take this project to the voters since there is local opposition?
- Support new tide gate, but w/ county opposition, why is Board considering?

Impacts to Neighbors

- If this project fails and destroys adjacent land, who will compensate landowners?
- Where is the accountability? i.e. if this project doesn't accomplish all promises made, or damages neighbors inadvertently, then what happens? Does the project get removed/restored? Neighbors compensated?
- Consider the result to upland ranches and homes that, contrary to the hydrology report, may be affected by the slow drainage of receding flood waters.

Habitat

- What is the comparison of duck habitat loss to fish gain?
- What is the potential Coho (numbers of fish) gain for this project?
- Planting ash, alder and willows – consider beaver impacts of restoration with those species.
- Is there another proposed project pending that has this much positive potential?

Connection to Tide Gate

- Is the restoration an important piece of qualifying for grant moneys for tide gate replacement? Where will the tide gate funding come from?

Logistics

- What will be done with 39 acres, not set for restoration?
- Which property for berms and who pays?
- How will the canal being excluded affect long-term maintenance of the overall system?

Permitting

- Has NEPA/EIS been completed? Who is responsible?
- The BSDD anticipates waiver of ODFW fish passage rule/sizing. Has project approached NMFS on federal sizing requirements?

Analysis

- Is there a more quantitative analysis that represents gains/losses for economics, habitat (pre-monitoring is key)?
- Without proper analysis, should eco-tourism be considered?

Other questions

- Where in the US Constitution or Oregon Constitution does it allow the ODFW and USFWS to own property?
- How to better address public displeasure with private landowner decisions (the participating drainage district)?
- Why is China Camp Creek excluded?
- How to better spend the grant money for proposed benefits?

**September 10-11, 2013 OWEB Board Meeting
Executive Director Update – Agenda Item K**

Table of Contents

1. Long-Term Investment Strategy Implementation
2. Watershed Council Support
3. Effectiveness Monitoring Program
4. Online Land Acquisition Applications
5. Salmon Strongholds
6. Budget Category Streamlining

September 10-11, 2013 OWEB Board Meeting Executive Director Update K-1: Long-Term Investment Strategy Priority Work Items Implementation Update

Background

At the June 2013 meeting, the Board adopted its Long-Term Investment Strategy for Conservation (LTIS), which included approval of a framework for grant investments and direction for the LTIS. As part of the June discussion, staff reported a list of 2013-2015 priority work items resulting from the LTIS. This report offers a brief update on those items.

Status of Priority Work Items

The following lists the priority work items for OWEB during the 2013-2015 biennium:

1. *Develop online grant applications and grant agreements.* Internal agency work groups started on this issue in July. The goal is to have streamlined applications and agreements online by the beginning of the 2015-2017 biennium.
2. *Update watershed council capacity program.* Rulemaking will be underway this fall to lay the groundwork for a new council support grant process for 2015-2017 capacity funding. See Item K-2 for more details.
3. *Update focused investment program.* This biennium OWEB will develop policy guidance, criteria and processes to inform focused investment decisions in 2015-2017 and beyond.
4. *Continue and augment effectiveness monitoring efforts.* OWEB has a full and exciting suite of activities in the works relating to effectiveness monitoring this biennium. For more information, see Item K-3.
5. *Launch updated land acquisitions grant process and design and implement updated water acquisition grant process.* Both updates are targeted to be implemented during the 2013-2015 biennium. The land acquisition program will re-open to solicit applications in October and for the first time offer online applications (see Item K-4).
6. *Streamline grant budget categories.* Item K-6 has more detail on this issue.

The items above involve a considerable amount of work for OWEB above and beyond its typical workload. Staff's goal is to carry out these efforts without diminishing the quality of services our stakeholders regularly expect from the agency. In order to carry out this challenging set of tasks, OWEB managers have been meeting regularly to coordinate activities and position the agency to make as much progress as possible over the biennium. Good communication will be critical to the overall success of these efforts. Toward that end, OWEB will utilize internal cross-sectional teams for many of these tasks to ensure we have the expertise needed to inform our direction on policies and processes. In addition, all work items will include board and stakeholder involvement, with the level of engagement dependent upon the nature of the issue.

Staff will update the Board on the implementation status of work priorities at future Board meetings.

Staff Contact

If you have questions or need additional information, please contact Tom Byler at 503-986-0180 or tom.byler@state.or.us.

September 10-11, 2013 OWEB Board Meeting

Executive Director Update K-2: Watershed Council Support Transition

Background

OWEB adopted its Strategic Plan in 2010. Goal 2 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 its council support program review in 2010, looking at process improvements and potential policy changes. In order to provide the time for staff to consult with councils, develop implementation details, and conduct rulemaking, the Board approved the 2013-2015 council support award transition process at the March 2012 Board meeting. This decision results in 2013-2015 being a transition biennium during which OWEB and watershed councils can prepare for program refinements that will be instituted during the 2015-2017 biennium.

At the June 2013 Board meeting in Pendleton, the OWEB Board 1) supported Scale Option A (Attachments A and B) as the policy direction regarding the scale at which watershed councils can apply for an individual council support grant, 2) directed staff to convene a stakeholder Rules Advisory Committee (RAC) to start council support rulemaking, and 3) directed staff to convene a stakeholder work group to help develop meaningful, workable, affordable incentives for councils to build capacity by combining or sharing staff and to reduce the number of individual support grants over time.

Council Building Capacity Grant 2013

The Board’s 2013-2015 pending plan allocated \$200,000 for “building capacity/watershed council transition” grants. The Board delegated authority to the Director to award grants to provide resources needed for groups of watershed councils to transition to or create new organizational/operating structures to improve effectiveness of local capacity for watershed restoration and community engagement outcomes.

In July, OWEB announced its Building Capacity 2013 grant offering. The purposes of this offering are to:

- 1) Provide resources to councils, or groups of councils and partners, that see long-term benefits in combining with other councils or sharing staff or services for the purpose of building expertise and capacity across larger watershed communities, while still maintaining local community connections. The capacity built as a result of these projects should result in solutions towards a) cost savings in council support; b) more stability and diversity in capacity funding from non-OWEB sources; and c) diverse skillsets built through increased collaboration and resource sharing with other councils or organizations; and
- 2) Support OWEB’s goal of reducing the number of individual council support grants over time.

Eligible applicants are limited to any watershed council that has received its own individual watershed council support grant from OWEB. Other organizations (e.g., soil and water conservation districts, non-governmental organizations) may be included as partners in the proposed project.

Examples of resources that could be funded through these grants include:

- Facilitation
- Legal or financial review and development of documents
- Professional services such as legal or accounting to develop shared services tools (e.g. agreements, bookkeeping, payroll, insurance)
- Communication planning and materials necessary to inform and engage stakeholders
- Staff time to attend transition meetings and develop collaborative partnerships
- Work sessions with council boards

OWEB staff have received a number of inquiries about this offering, and expect to receive at least three (and possibly more) pre-applications by the deadline of August 19, 2013.

Stakeholder Incentives Work Group

In July 2013, OWEB staff convened a stakeholder Incentives Work Group to advise OWEB on how its programs can encourage councils to combine with other councils or sharing staff or services (see Attachment C for a list of Work Group members). Combining councils and/or sharing resources among councils is intended to build expertise and capacity across larger watershed communities, while maintaining local community connections. Feedback from the work group will inform development of the draft rule and guidance changes for review by the Board Watershed Council Support Subcommittee and the stakeholder Council Support RAC.

The work group met in the summer, and another meeting is scheduled for October 2013. The discussions have included such topics as barriers to capacity, barriers to combining and sharing resources, OWEB's current rules that provide added council support funding for certain "umbrella" councils as defined in OWEB's rules, and tools and resources that could address barriers. Some work group members believe OWEB should seek to provide permanent financial incentives as part of its council support funding. Other members think OWEB should provide more short-term tools and resources to help address barriers. Given the experience with the current "umbrella" funding, OWEB staff believes it will be very important to think through any incentives; as a result, it is possible that proposals for 2015-2017 and beyond may phase-in changes to umbrella funding and incentive approaches.

Rules Advisory Committee (RAC)

OWEB staff, along with Travis Miller, a Portland State University Fellow, is developing a package of rule and guidance proposals for discussion by a stakeholder RAC, which will be convened in October 2013. Rulemaking will include public hearings around the state in 2014. Staff plan to bring proposed rule and guidance recommendations to the Board in June 2014. Attachment C includes the 2013-2014 council support schedule.

Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at 503-986-0047 or lauri.g.aunan@oweb.state.or.us, or Courtney Shaff at 503-986-0046 or courtney.shaff@state.or.us.

Attachments

- A. Scale Option A Spreadsheet
- B. Scale Option A Map
- C. 2013 Incentive Work Group Members

Watershed Council Support Scale Option A Supported by OWEB Board June, 2013

Future Vision for Council Capacity Watershed councils are successful, stable organizations, producing watershed restoration and community engagement results across the state. OWEB contributes to council capacity over the long term. OWEB does not, alone, support the capacity needs of councils. Community support, and local, state, and regional partnerships, will sustain council capacity most successfully over the		
Goal	Option A: Build capacity through increased council combining, sharing, collaborating, and reducing the number of individual support grants over 5-10 years.	Status Quo (This is not being considered and is for reference only)
How Achieved	<p>Cap individual support grants at no more than 64 in 2015 (may award fewer based on merit review or council reorganization), <u>and</u> provide meaningful incentives for councils to combine or share staff to reduce the number of individual grants over time. <u>Reason:</u> OWEB cannot provide long-term meaningful funding to 64 individual council support grantees considering flat lottery revenues, cost of living increases and need for diverse skillsets. <i>The scale at which a council can apply for an individual support grant does not limit the number of watershed councils that can exist, that is determined by local governments. Scale only determines who may apply for individual support grants.</i></p> <p>If Board selects this direction, stakeholder work group will advise OWEB staff on the development of meaningful incentives to increase combining/sharing while over time reducing the number of individual support grants. Incentives should include mileage & time reimbursement for councils working at extremely large watershed scales. When considering future incentives OWEB will consider lessons learned about what has not worked under certain "umbrella" and shared grants.</p> <p>5 and 10-year reviews of how incentives are working. The incentive approach is based on the idea that OWEB cannot support all capacity needs of all councils. OWEB will work with stakeholders to develop and implement incentives for councils that see long-term benefits in combining or sharing staff order to build expertise and capacity across larger watershed communities, while still maintaining local community connections.</p>	<p>2011-2013: 64 applicants and 60 funded individual council support grants. 2015-2017: At least 4 more councils eligible to apply for their own individual council support grants for a total of 68 eligible.</p> <p>Councils can continue to ask the OWEB Board to let them "split" and apply for their own individual council support grant.</p>
Who can apply	Councils that are locally recognized for geographic areas that previously received an individual council support grant, cover the same or larger geographic area, and meet a minimum population criteria (for example 150). Geographic areas can change, but OWEB will not fund areas smaller than currently recognized areas that have received individual support grants.	Any council with local government recognition that does not serve/has not served the same "unique geographic area" as a council that has received a council support grant.
New or reorganized council support applicants	Councils can reorganize, combine or expand boundaries to cover uncovered areas. New or reorganized councils must have county government recognition and must cover the same or larger geographic area. However, OWEB will not award more than 64 individual council support grants, and has a long-term goal of awarding less.	Any new or reorganized council that has local government recognition can apply as long as they serve a "unique geographic area."
Duplicative Coverage?	No. No more than one individual council support grant per geographic area.	No. No more than one individual support grant per geographic area.
Incentive for sharing staff or combining to build capacity	Provide a meaningful incentive for councils to combine or share staff in order to increase collective capacity of the partnerships to achieve more restoration outcomes than could be achieved by "solo" councils.	Continue current "umbrella" funding, which is not a meaningful incentive to encourage collaboration and sharing.
Example of base award	Assuming 64 individual council support grants, EXAMPLE base award: \$100,000 (for councils that meet all merit criteria); \$80,000 (for councils that do not meet all merit criteria)	2011-2013 60 individual council support grants: \$108,775-\$50,415
Impact on local partners	Councils that increase their capacity by adding skills & expertise from sharing staff or combining organizations may reduce technical assistance demands on some local partners (e.g., ODFW, ODF, WRD, OWEB). <u>Increased capacity should improve performance, outcomes.</u>	Some agency partners struggle to provide TA to councils; this would continue, especially if number of "solo" councils continues to increase.

Oregon Watershed Councils

Scale Option A



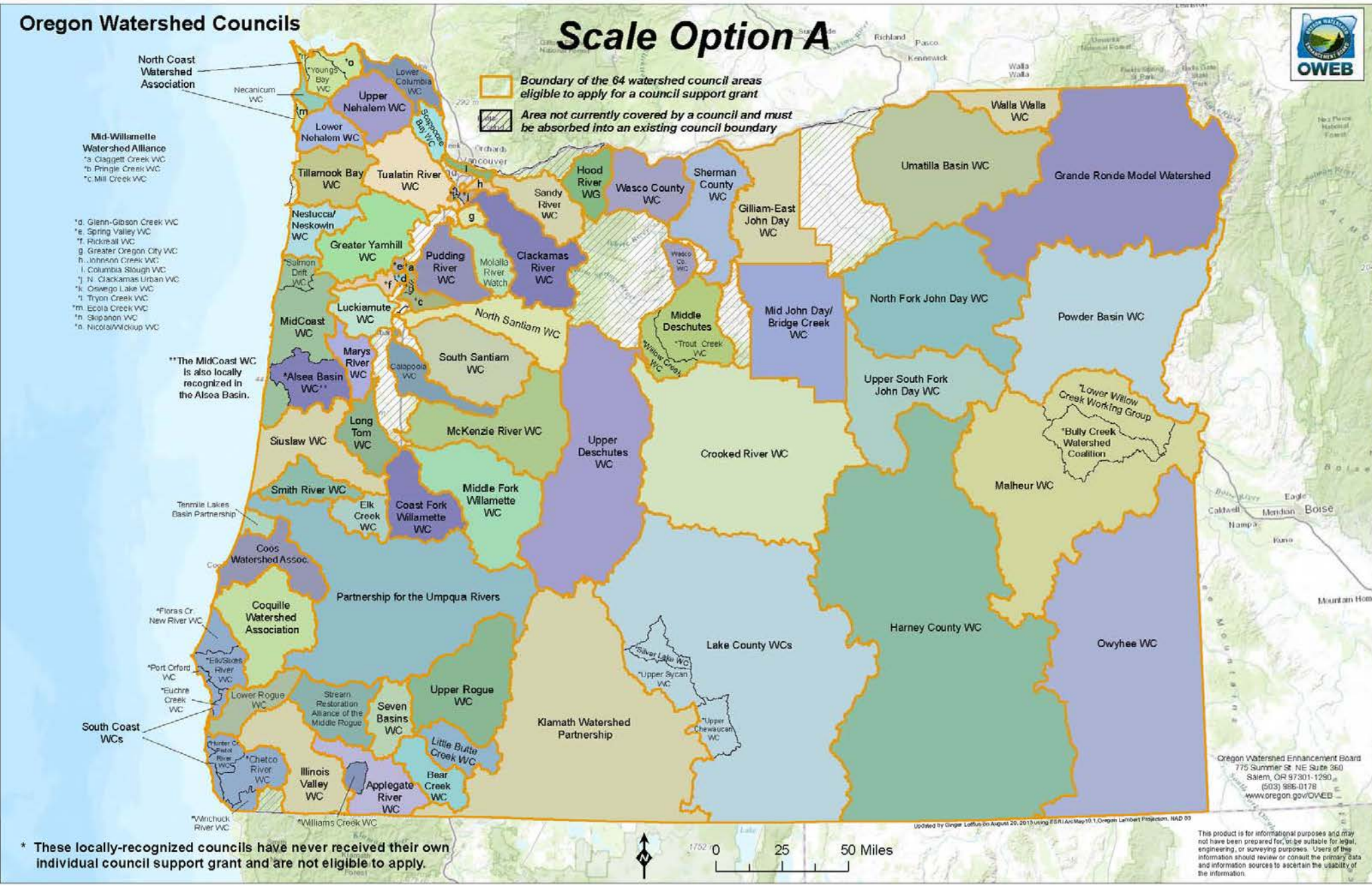
Boundary of the 64 watershed council areas eligible to apply for a council support grant

Area not currently covered by a council and must be absorbed into an existing council boundary

- North Coast Watershed Association**
- Youngs Bay WC
 - Lower Columbia WC
 - Upper Nehalem WC
 - Lower Nehalem WC
- Mid-Willamette Watershed Alliance**
- a. Claggett Creek WC
 - b. Pingle Creek WC
 - c. Mill Creek WC
- *d. Glenn-Gibson Creek WC
 - *e. Spring Valley WC
 - *f. Pickrell WC
 - *g. Greater Oregon City WC
 - *h. Johnson Creek WC
 - *i. Columbia Slough WC
 - *j. N. Clackamas Urban WC
 - *k. Oswego Lake WC
 - *l. Tryon Creek WC
 - *m. Ecola Creek WC
 - *n. Skipanon WC
 - *o. Nicolai/Wickiup WC

**The MidCoast WC is also locally recognized in the Alsea Basin.

* These locally-recognized councils have never received their own individual council support grant and are not eligible to apply.



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Updated by Ginger Loffen on August 20, 2013 using ESRI ArcMap 10.1, Oregon Lambert Projection, NAD 83

This product is for informational purposes and may not have been prepared for, or be suitable for, legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

2013 Incentive Work Group Members

OWEB: Courtney Shaff, Liz Redon, Lauri Aunan

Watershed Councils

Catherine Pruitt – Salmon Drift Creek WC
 Matt Clark – Johnson Creek WC
 Karen Moon – Harney WC
 Brian Wolcott – Walla Walla WC
 Frances Oyung – Bear Creek WC
 Anna Kerr – Lake County Umbrella WCs

Others

Kirk Shimeall - Cascade Pacific RC&D
 Kendra Smith - Bonneville Environmental Foundation
 Ryan Gordon – Network of Oregon Watershed Councils
 Jerry Nicolescu – Oregon Association of Conservation Districts

**Schedule: Watershed Council Support Transition to
 Outcome Based Review and Award Process**

DATES	ACTIONS
July-October 2013	Incentives Work Group
August 2013	Online Work plans available Council Building Capacity Grants pre-applications due August 19
September 2013	OWEB Board Meeting: Staff update on Council Support Rulemaking Board Watershed Council Support Subcommittee Interviews for Council Building Capacity pre-applications
October 2013	Online work plans due October 1 Council Building Capacity Grants full applications due
October 2013-March 2014	Council Support Rulemaking Advisory Committee (RAC)
January 2014	OWEB Board Meeting: Staff update on Council Support Rulemaking
March-April 2014	Board Watershed Council Support Subcommittee Council support rulemaking public hearings around the state Potential second Council Building Capacity grant offering
April 2014	OWEB Board Meeting: Staff update on Council Support Rulemaking
May/June 2014	Board Watershed Council Support Subcommittee
July 2014	OWEB Board Meeting: Board adopts new council support rules and guidance Online work plan updates/progress reports due
August-December 2014	Finalize new council support materials; training for councils
January 26, 2015	Council support eligibility materials due for 2015-2017 biennium
March 2015	Applications due
July 2015	OWEB Board Meeting <ul style="list-style-type: none"> • Board award 2015-2017 council support funds dependent on OWEB's budget

September 10-11, 2013 OWEB Board Meeting

Executive Director Update K-3: Effectiveness Monitoring Program

This report provides a summary of the effectiveness monitoring program to date and an outline of the program moving ahead under the Board's Long-Term Investment Strategy (LTIS).

Summary of Effectiveness Monitoring Program

In September of 2004, the Board authorized the initial concepts of an effectiveness monitoring program. Following the Board's planning session in July 2007, the Monitoring and Research Subcommittee was formed. The subcommittee developed a strategic direction and approach to the establishment of a fully rounded effectiveness monitoring program, including the identification of specific scales and prioritized project types, and adopted this strategy in 2008. It is important to note that the effectiveness monitoring concepts and approaches adopted by the Board were purposefully nested within the larger Oregon Plan for Salmon and Watersheds Monitoring Strategy, which was previously adopted by the Board in 2003.

Major initiatives that have been launched and/or completed during the past several years include: effectiveness monitoring on Western Juniper removal, livestock exclusion (riparian protection and recovery), wetland, Conservation Reserve Enhancement Program, fish-passage improvement, and riparian enhancement projects; a coastal storm assessment; intensively monitored watersheds; irrigation efficiency/protected water assessment; and the Conservation Effectiveness Partnership. More information about each focus area, including final reports, can be found on the OWEB website at www.oregon.gov/OWEB/MONITOR/effective_monitoring.shtml.

Effectiveness Monitoring Focal Areas Moving Ahead

OWEB's effectiveness monitoring program has been successful at evaluating past investment areas throughout many areas of the state and at several geographic and temporal scales. Much of this work was designed to create a base level of understanding about project performance and restoration success and shortcomings, and to build a foundation for future policy and program decisions.

With the Board's adoption of the LTIS, the effectiveness monitoring is evolving and adjusting to this new approach. Under the LTIS Framework for Grant Investments (Attachment A), a new organizational construct has been established for describing the manner in which the Board invests in grants. The three pillars of the framework each warrant a dedicated focus on the effectiveness of the approach and the associated actions. As a result, the effectiveness monitoring program has three primary objectives, which are briefly described below along with staff ideas about this biennium's activities:

1. *Continue the programmatic evaluation of significant investments in groupings of past restoration actions* – This objective involves the continuation of effectiveness monitoring that was initiated by the Board focused on select types of OWEB investments funded through what is now known as the Open Solicitation investment area and the larger scale evaluations such as Intensively Monitored Watersheds. Continuation of some key OWEB investment areas is part of this segment of the work priority, as is the addition of in-stream habitat and floodplain/channel evaluations and the linkages between fish response and water-quality improvements.

2. *Proactively establish unique effectiveness monitoring approaches to Focused Investments (e.g., the Special Investment Partnerships and the Whole Watershed Restoration Initiative)* – This objective will provide a mechanism to evaluate the overarching progress and trajectory of each of the major Focused Investments in the agency’s investment portfolio. Specific restoration goals, objectives and timelines for each of the partnership areas will inform and identify the monitoring goals, measures and timelines.
3. *Consider a strategy to make discrete investments in effectiveness monitoring through the Open Solicitation* – This objective includes the possible establishment of specific restoration types, geographies, grantees, or other prioritization criteria that the Board selects to be the focal point of effectiveness monitoring that is funded through the Open Solicitation grant program. This approach will limit the effectiveness monitoring that is funded through the open grant cycle.

With the previous Board approval of the strategic direction of the effectiveness monitoring program and recent adoption of the LTIS under Ballot Measure 76, it remains critical to continue long-term monitoring. This monitoring will generate definitive and defensible results on conservation outcomes that form the underpinnings of adaptive management and allow for deeper insights to inform Board policy and program decisions.

Staff anticipate continued interaction with the Board to discuss establishment of priorities, report on progress made, and share monitoring results, with the intent of informing policy and program direction throughout the 2013-2015 and future biennia.

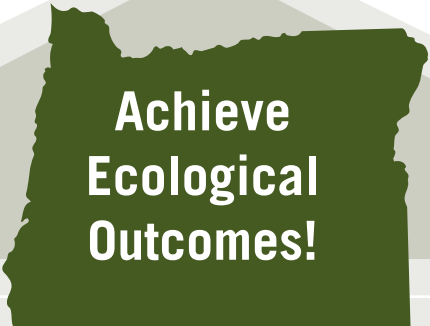
Staff Contact

For more information about the effectiveness monitoring program, contact Greg Sieglitz at greg.sieglitz@state.or.us or 503-986-0194.

Attachment

- A. Framework for OWEB’s Grant Investments

Framework for OWEB's Grant Investments



**Achieve
Ecological
Outcomes!**

All of OWEB's investments in ecological outcomes have helped build communities and support the local economy.

Operating Capacity Investments

- Support the operating costs of effective watershed councils and soil and water conservation districts.
- Are performance and outcome-based.
- Contain high standards for eligibility, reporting and accountability.

Open Solicitation Investments

- Respond to locally selected ecological priorities based on local, state, and regional conservation strategies and plans.
- Are competitive.
- Are offered in regular cycles with ongoing availability across the state.

Focused Investments

- Support collaboratively prioritized ecological outcomes selected by the OWEB Board.
- Are outcome-based and outcome-measured.
- Commit funding for multiple years.
- Move around the state as ecological priorities and leveraging opportunities intersect.

Effectiveness Monitoring Investments

- Evaluate if desired outcomes have been attained
- Inform on-the-ground implementers which activities are most effective
 - Provide feedback for adaptive management

September 10-11, 2013 OWEB Board Meeting
Executive Director Update K-4: Online Land Acquisition Applications

As Director Byler referenced at the June Board meeting, a key staff priority for the 2013-2015 biennium is to streamline OWEB's application processes and move to online applications. Due to its small customer base and the fact that the program already was revising its application materials, the acquisitions program has developed an online application pilot for its October 22, 2013, Land Acquisition grant cycle. Testing of the online application began in earnest in mid-July with land trust partners. The application materials will be posted online by the end of August with a MS Word version as backup. This pilot will provide excellent lessons learned to expedite moving other grant applications online over the coming biennium.

Staff Contact

If you have questions or need additional information, please contact Meta Loftsgaarden at 503-986-0203 or meta.loftsgaarden@state.or.us.

**September 10-11, 2013 OWEB Board Meeting
Executive Director Update K-5: Salmon Strongholds**

In March 2013, the Board awarded \$300,000 for a partnership funding pilot of Salmon Strongholds with the National Fish and Wildlife Foundation (NFWF). NFWF coordinates the Governor's Fund for the Environment, which grants \$325,000 annually on average to benefit the rivers and streams passing through Oregon and near-coastal waters.

Last year, that fund was focused on Salmon Strongholds. Designed to complement (rather than replace) ongoing recovery efforts, the salmon strongholds concept begins with a science-based process to identify a portfolio of watersheds that supports wild, diverse, and abundant salmon populations and makes the greatest contribution toward regional goals, such as those contained in recovery plans. Once strongholds are identified, existing plans are used to prioritize limiting factors and emerging threats. In addition, regional partners are engaged in the process to determine common challenges and opportunities to increase the effectiveness of ongoing conservation efforts.

Combined, the Governor's Fund and OWEB dollars were invested in eight projects in Salmon Stronghold watersheds. The funding totaled approximately \$525,000 (\$325,000 from the Governor's Fund through NFWF and \$200,000 from OWEB).

OWEB staff are currently in conversations with NFWF about the opportunity to invest through this mechanism again in 2014. Based on conversations with staff from NFWF and the Governor's Office, OWEB staff may return to the Board in January 2014 for a request of funding from the Oregon Plan/Governor's Priorities line item in the 2013-2015 spending plan to use for this partnership.

As described in Agenda Item C relating to forest health collaborative grants, staff may request the Board meet via conference call in early November to consider adoption of grant process guidance and criteria for a salmon stronghold solicitation pursuant to OAR Chapter 695, Division 4.

Staff Contact

If you have questions or need additional information regarding salmon strongholds, please contact Meta Loftsgaarden at 503-986-0203 or meta.loftsgaarden@state.or.us.

September 10-11, 2013 OWEB Board Meeting

Executive Director Update K-6: Budget Category Streamlining

Background

Over the past year, a team of OWEB staff have been working with external partners to streamline OWEB's budget categories and develop a transparent budget category system that works for both grantees and OWEB staff. These budget categories are used to document funds requested in the grant applications and to document funds spent in the grant agreements. The overall goal of this process is to provide easy-to-understand and customer-friendly forms and processes while providing the necessary accountability for use of public funds.

Why Now?

With the passage of Ballot Measure 76, there are grant costs that now are allowed, but were not under the previous Measure 66. In addition, the Secretary of State Audits Division has asked for documentation to support fiscal administration costs (a current OWEB budget category). These items, combined with the desire of both grantees and staff to have fewer budget categories, resulted in the formation of a team to review all categories, including fiscal administration.

Attributes of the New System

- One approach will be used for all OWEB grants for consistency, fairness, and transparency.
- The approach provides flexibility for OWEB and grantees to utilize the system in a way (i.e., direct cost, direct cost allocation or federally negotiated indirect rate) that best matches the grantee's needs.
- The system minimizes the need for case-by-case OWEB staff interpretation of budget categories, thus increasing transparency and reducing workload for grantees and OWEB.

Highlights of New Proposal

- The number of budget categories is reduced from 17 to 8.
- Grantees will continue to submit Expense Tracking sheets for all expenses, but receipts are only required to be submitted for expenses \$250 and over. Receipts under \$250 must be kept by the grantee and provided to OWEB upon request.
- The Fiscal Administration budget category will be eliminated and a new Grant Administration budget category will be established for grant applications accepted after January 1, 2014. The maximum allowed for this category will be increased from 10% to 15% of the OWEB grant agreement sub-total, regardless of the billing system utilized by the grantee.
- The system allows grantees to choose from three billing options for Grant Administration (all capped at 15% of the OWEB grant agreement subtotal): 1) Direct Cost Billing; 2) Direct Cost Allocation; and 3) Indirect Costs. OWEB is proposing the adoption of three different billing options in order to have Grant Administration policies that are fair and consistent across the size and complexity of OWEB's grantee.
- For each region, OWEB will randomly conduct reviews (by region) of closed grants for receipts less than \$250 and for documents that support salaries/wages/benefits billed to the OWEB grant.

Timeline

Streamlined budget categories and accompanying forms, materials, and instructions will be developed by September 30, 2013, so they can be used for grants applications received after January 1, 2014.

Staff Contact

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



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August 23, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Greg Sieglitz, Monitoring and Reporting Program Manager
Dana Hicks, Ecosystem Program Coordinator

**SUBJECT: Agenda Item M: Ecosystem Services Update and Funding Request
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This report consists of a funding request to assist project partners and OWEB in participating in a collaborative pilot project under the agency's ecosystem services program with a public utility in Lane County. At the Board meeting, staff and guests will provide additional details about the Eugene Water & Electric Board (EWEB)'s Voluntary Incentives Program (VIP), focused on the protection, restoration and monitoring of riparian areas along the McKenzie River.

II. Background

The ecosystem services program develops opportunities within OWEB's programs and initiatives to further the goals of the Senate Bill 513 (SB 513) Working Group recommendations regarding ecosystem services and markets. Ecosystem services approaches 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 our various 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 protocols 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 the agency's business model in pursuit of attaining demonstrable and long-lasting ecological outcomes.

OWEB has advanced a few exploratory and baseline efforts under the ecosystem services umbrella through the use of pilot projects. Through work this year, another such pilot has taken shape with EWEB and its VIP, which is focused on riparian protection and restoration. In April, OWEB and EWEB staff provided an introduction to the VIP for the Monitoring, Research and Ecosystem Services Subcommittee. At the Board's June meeting in Pendleton, a presentation of the VIP from OWEB and EWEB staff was provided to the full Board. These staff were accompanied by OWEB grantees and other local partners anxious to advance the program.

The concept of the VIP is simple; payments are made to landowners who agree to the long-term preservation of critical landscapes, such as healthy riparian forests, as a way to maintain and improve water quality within the watershed. Restoration opportunities on adjacent lands would be explored and pursued and, once completed, rolled into a longer term maintenance program, thereby enhancing the protection afforded through shorter term grants. During the presentations to the Board subcommittee and full Board, OWEB staff outlined potential areas of OWEB participation in the VIP, including an alternative model of protection, improved certainty of restoration benefits, technical support and local engagement, performance metrics monitoring and reporting, and pilot sites to test the VIP.

EWEB and its partners have continued to make progress on the VIP, with intent to launch a pilot program in 2014.

III. Purpose of the EWEB's VIP

Over the past two years, EWEB has been working with a number of partners to develop an investment mechanism that establishes an economic case for protecting natural systems with a specific focus on healthy riparian forests, wetlands, and floodplains in the McKenzie River watershed. (Attachment A) The McKenzie is the sole source of drinking water for the Eugene metropolitan area and a significant contributor to overall water quality in the Willamette River. It also is one of the last strongholds for native Upper Willamette River spring Chinook and Columbia River bull trout, and provides critical habitat for the Oregon Chub.

Taking actions now to protect the watershed has present and future value through avoided water treatment costs, reduced threats from water-quality degradation, diminished need for complex and expensive restoration investments, and the potential for mitigating risks associated with climate change. Through payments to landowners, the inherent value of the natural environment, habitat for listed species, and source water for the residents of Eugene is quantified and capitalized. (Attachment B) Further, a long-term stewardship effort is incentivized, which may lead to a greater interest in and additional opportunities for restoration actions at the local level.

IV. VIP Program Development and Implementation

A number of project partners have helped develop the VIP and will provide continued support and funding. These include Lane Council of Governments, Upper Willamette SWCD, McKenzie Watershed Council, Cascade Pacific RC&D, University of Oregon, and Oregon State University. OWEB support would assist EWEB and their program partners in implementing the VIP in 2014. To date, more than \$1.1 million has been provided by EWEB and through partners to help establish the foundation for the program.

This commitment has resulted in significant work on the VIP to date and includes a rapid ecosystem service valuation of the McKenzie Watershed land covers (Earth Economics 2012); development of a boundary within which the VIP will operate; research with ratepayers, landowners, and businesses (Oregon State University and University of Oregon); landowner outreach and a Landowner Advisory Committee; and work with project partners to define collaborative roles and program support.

EWEB continues to work toward implementation of the VIP pilot project in 2014, with full VIP rollout in 2014-2015. The major components of the VIP planned for 2014 are described below by project goals under the ecosystem services program.

1. Alternative model of protection

Goal: Develop alternative methods to protect restoration project benefits and high-quality habitats, especially where acquisitions or easements are not the preferred method.

Landowner agreements are being developed to outline the terms and conditions of enrollment in the VIP. Contracts will be for a 20-year period, and will be recorded on deeds for landowners with more than five acres enrolled. This task will be funded by EWEB and project partners.

2. Interface with restoration

Goal: Explore the interface of restoration with longer-term incentives for achieving, retaining, and protecting ecosystem service gains.

Riparian assessment tools are used to compare landowner riparian forest metrics with appropriate reference site metrics in order to establish credits that a landowner's existing forest is delivering. OWEB funding would likely help support assessment use training, reference site data collection and reporting, assessment methodology testing, and approximately 16 landowner assessments under the pilot program.

3. Technical support and local engagement

Goal: Support collaboration among partners vested in a particular area or activity; Invest in local organizational capacity needed to increase the use of ecosystem concepts and practices.

A fiscal management system is needed to manage funds for VIP payout to landowners, pay for partner services, and report to funders. OWEB funds would help support development of this system. Additional fiscal management system elements being developed by project sponsors include a corporate sponsorship program in lieu of cash payments and a restoration component that could help fund restoration work that would, in turn, lead to additional landowners qualified for enrollment in the VIP.

4. Performance metrics and monitoring

Goal: Develop and measure outcomes that are function and value based; link progress at the project level to watershed-level monitoring.

LiDAR will be the primary method of monitoring VIP activities and for measuring changes in riparian forest cover over time (although EWEB's water quality monitoring stations in the watershed will provide additional information on progress of the program). In order for LiDAR data to be used, algorithms need to be developed that will assist in tracking changes in tree height, canopy cover, the river channel, and structural (building) footprints within the VIP boundary. OWEB funding would likely help support this component.

To establish baseline conditions, project partners will conduct a 2014 LiDAR flight. The VIP area boundary and baseline conditions will be ground-truthed.

Project partners will develop a system to manage VIP data, including a GIS geodatabase, a document management system, and a database to manage riparian assessment metrics and other data generated from VIP. This work will be supported by project partners.

5. Reporting

Goal: Advance ecosystem services and markets in Oregon; integrate reporting of outcome-based measures of investments

Information must be reported to funders, the EWEB Board, enrolled landowners, and the public (particularly EWEB ratepayers). A VIP website will be developed that allows landowners to interact with, sign up for, and track progress of the program. A dashboard on the website would provide information to the public regarding the VIP and trends over time. OWEB funding would likely help support development of the “dashboard.” Project partners will also develop reporting to funders and the EWEB Board.

The VIP program provides an exciting opportunity to develop, test, and apply ecosystem services approaches with the opportunity to expand the concepts and tools to other areas of the state. With the Board’s recent adoption of its Long-Term Investment Strategy, continued advancement of ecosystem services principles, tools and methods will provide valuable insights and experiences that enhance the agency’s capacity to measure progress toward attaining ecological outcomes. The ability to provide workable, yet robust, long-term stewardship of projects and investments will continue to grow as an important focal area for policy development in the coming years.

For more information about the VIP, see

<http://www.eweb.org/public/documents/water/EWEBEcosystemmarket.pdf>.

V. Recommendation

Staff recommend that the Board award \$150,000 for the purposes described in Section IV of this report and delegate authority to the Director to enter into appropriate agreements to distribute the funds. Of the awarded funds, \$90,000 is to come from the Ecosystem Services line item and \$60,000 from the Effectiveness Monitoring line item in the Board’s 2013-2015 Spending Plan.

Attachments

- A. Map of the McKenzie River Watershed
- B. VIP Chart

McKenzie River Watershed



OREGON

20

126

5

LINN COUNTY
LANE COUNTY

Marcola

EWEB Drinking
Water Intake

126

Leaburg

Walterville

McKenzie River

EUGENE

SPRINGFIELD

58

Nimrod

Blue River

Rainbow

McKenzie Bridge

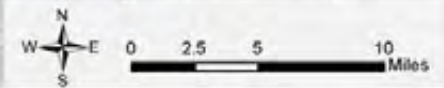
LINN COUNTY
LANE COUNTY

242

McKenzie
Pass

Cascade Mtns

Watershed size: 1,338 sq miles
Elevation range: approx 430'-10,358'
Average annual river flow at confluence: 5,809 cfs
Average annual precipitation: 40"-110" (mostly snow at higher elevations)



POTENTIAL FUNDING

EWEB
Rate Payer Funds
Bond/Ballot Measure

CORPORATIONS
Offsets, Sponsorship

Grants/Foundations
One-Time Investments

OWEB/DSL
Restoration /
Protection funds

USFS/BLM
Stewardship Contracting
% of O & C Receipts

Federal Programs
NRCS Progs, BPA,
FEMA, Tax deductions

Mitigation Funds
Developers, ODOT
Hydroelectric

SWCDs
% of tax base

PARTNERS

- McKenzie River Trust
- McKenzie Watershed Council
- Upper Willamette SWCD
- Lane Council of Governments
- Cascade Pacific RC&D

PROGRAM INFRASTRUCTURE

- Riparian Health Assessments
- Landowner Agreements
- Fiscal Mngt/Accounting
- Monitoring & Planning
- Agreement Compliance
- Education/Outreach/Marketing



Dividend Payments for Stewardship

Funding for Restoration

LANDOWNERS
Residential
Agriculture
Forestry (F2)
Nonprofits
Local Governments

\$

\$

\$



Oregon

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August 22, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

SUBJECT: **Agenda Item N: Conservation Reserve Enhancement Program Technical Assistance**
September 10-11, 2013 OWEB Board Meeting

I. Introduction

This report updates the Board on Oregon's investment in Technical Assistance (TA) for the Conservation Reserve Enhancement Program (CREP), and describes a proposal for funding CREP TA in the 2013-2015 biennium.

Per the June 2013 spending plan approved by the Board in Pendleton, staff recommend the Board delegate authority to the Executive Director to award CREP TA grants to successful applicants. Applications currently are being received. A multi-agency team will review the applications in October and new grant agreements will be in place by January 1, 2014, for the remainder of the biennium.

II. Background

In 1997, Oregon initiated discussions with the U.S. Department of Agriculture (USDA) about the possibility of developing a state-federal cost-share program that focused on improving riparian conditions in agricultural areas of the state. The Oregon CREP was approved in September 1998 with a signing ceremony by Governor Kitzhaber and the Secretary of Agriculture in October 1998.

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 developed initially to address listed salmon streams; the program was later modified to assist in addressing stream water-quality issues (primarily temperature).

The Oregon CREP Agreement requires Oregon to pay for 20 percent of the overall program costs. CREP uses state funding for partial payment (25 percent) of all conservation activities (e.g., fencing, off-stream watering, site preparation, plant materials, planting). In addition to the direct landowner payments for conservation activities, OWEB has participated in providing funding for outreach, technical assistance, and program coordination. The Oregon Departments

of Agriculture (ODA), Forestry, and Water Resources have also assisted in CREP implementation and coordination.

Between 2007 and 2011, CREP TA was funded out of the Board award for soil and water conservation district (SWCD) capacity to supplement the base funding approved by the Legislature. During that time, CREP TA primarily included funding for staff positions to assist landowners with conservation plan development and implementation.

III. CREP Status

The Board received a written status update on the CREP program during the June 2013 Board meeting. At the same meeting, the Board awarded \$500,000 for CREP grants in the 2013-2015 spending plan.

IV. CREP Technical Assistance and Associated Funding

In 2011, staff and representatives from ODA Oregon Association of Conservation Districts, Natural Resources Conservation Service (NRCS), and FSA completed a series of meetings to review and revamp the CREP TA program. This effort resulted in a new design for the program. OWEB and NRCS joined together to invest over \$1 million in CREP TA grants independent from the funding for SWCD capacity and OWEB's "regular" technical assistance grant program. These two-year grants are intended to address critical technical assistance needs. This arrangement removed the limitation on providing CREP TA funding only to SWCDs, and opened the door for multi-county, multi-organization proposals. A list of 2011-2013 funded projects is provided as Attachment A to the staff report.

At the June 2013 OWEB Board meeting, the Board approved a spending plan that set aside \$750,000 for CREP TA. In the ensuing months, NRCS has committed up to \$150,000 in match funding. Both amounts are less than the total \$1.08 million provided in the previous biennium. This difference will result in a more competitive grant process moving into the 2013-2015 biennium.

The CREP TA review team has reviewed progress for each of the 13 grants on a quarterly basis, and has provided training and individual guidance to organizations as needed. As a part of their ongoing evaluation, the team has proposed some additions to the new CREP TA application to ensure that local partners have the best possibility for success. In addition, the application more closely ties the CREP program to local Agricultural Water Quality focus areas recently established by ODA in coordination with local SWCDs.

V. Recommendation

Staff recommend the Board award \$750,000 in CREP TA funding and delegate authority to the Executive Director to distribute grants totaling up to \$900,000, using a combination of OWEB and NRCS funds, for successful CREP Technical Assistance Grants.

Attachment

A. Draft 2011-2013 CREP Technical Assistance Grant Criteria

**CREP Technical Assistance Grant Recipients
2011-2013 Biennium**

Grant Title	Primary Implementation Partners Involved*	Counties Covered	Amount Received
Wasco County Riparian Buffers	Wasco SWCD	Wasco	\$97,205
Columbia-Clatsop CREP TA	Columbia SWCD Clatsop SWCD	Columbia, Clatsop	\$86,923
Douglas County CREP TA	Douglas SWCD Elk Creek WC	Douglas	\$96,169
Gilliam County CREP TA	Gilliam SWCD	Gilliam	\$23,000
Marion-Yamhill Riparian Partnership	Yamhill SWCD Marion SWCD	Yamhill, Marion	\$82,500
Upper Willamette Regional CREP Partnership	Cascade Pacific RC&D Benton, Linn, Upper Willamette SWCDs South Santiam, Calapooia, and Long Tom WCs	Benton, Lane, Linn	\$160,907
Coos-Curry CREP TA	Curry SWCD	Coos, Curry	\$90,420
Central Oregon Tri-County CREP Program	Jefferson SWCD	Jefferson, Deschutes, Crook	\$95,964
Umatilla County CREP TA	Umatilla SWCD	Umatilla	\$107,800
Snake River Basin CREP TA	Baker Valley, Burnt River, Eagle Valley, Keating, Wallowa, Union and Malheur SWCD	Baker, Malheur, Union, Wallowa	\$81,000
Wheeler County CREP TA	Wheeler County SWCD	Wheeler	\$21,986
Polk County CREP TA	Glenn-Gibson WC	Polk	\$45,720
Upper Klamath CREP TA	Klamath Basin Rangeland Trust	Klamath	\$64,968
CREP TA Training	All partners	Statewide	\$7,670
Total	28 implementation partners	23 counties covered	\$1,062,232

*All partnerships include the local Farm Service Agency, Natural Resources Conservation Service and Oregon Department of Forestry staff.



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August 22, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Deputy Director

**SUBJECT: Agenda Item O: OWEB Acquisitions Investment in the Willamette Basin
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report recommends the Board consider re-opening Acquisitions grants in the Willamette Basin. If approved, OWEB's acquisitions program would again be open for grant consideration statewide.

II. Background of Moratorium on Acquisitions

In 2010, Oregon Department of Fish and Wildlife (ODFW) entered into a Memorandum of Understanding with the Bonneville Power Administration (BPA) to address federal habitat protection and enhancement commitments for wildlife in the Willamette Basin. Called the Willamette Wildlife Mitigation Program (WWMP), it provides funding in large part through ODFW for land acquisitions that protect and restore habitat and benefit both wildlife and Endangered Species Act-listed fish species. The program totals \$8 million **annually** for the Willamette Basin through 2025.

Beginning in January 2011, the OWEB Board placed a moratorium on all acquisitions in the state to address backlog issues. However, at the same time, due to the large investment through the WWMP in acquisitions in the Willamette Basin, considerable conversation occurred between the OWEB staff and Board about whether OWEB—with its \$7 million **biennial** investment in acquisitions statewide—should invest in acquisitions in the Willamette, or utilize its limited investments elsewhere in the state. With the re-start of OWEB's acquisitions program this fall, staff request the Board clarify OWEB's role in acquisition projects in the Willamette.

III. Recommendation from OWEB and ODFW Staff

During OWEB's moratorium, ODFW has had time to implement its program. In addition, a few of the projects OWEB funded prior to its moratorium were funded jointly with OWEB and ODFW dollars. With this experience in mind, staff from ODFW and OWEB developed a set of recommendations that was reviewed by Governor Kitzhaber's

office. As a result of those conversations, OWEB staff recommend the Board consider the following:

A. Both agencies will fund acquisitions in the Willamette Basin.

Relative to other areas in the state, there is a strong interest in acquisition projects in the basin, which is enabled by the prevalence of land trusts in the Basin. In addition to a relatively strong demand, this most populated region of the state is characterized by high land values, making the cost-per-acre for acquisitions comparatively high. As a result, neither agency alone can meet the demand in the basin for acquisition of land from willing landowners. While there are distinct advantages to organizations participating through the WWMP for acquisitions in the Willamette, some high-quality projects remain that are worthy of funding, but do not fit the ODFW program (e.g., projects that cannot have other federal or mitigation match or projects with a higher project cost than what is currently acceptable to the WWMP). In addition, the primary focus of the WWMP is wildlife habitat mitigation, although dual benefit projects for both fish and wildlife are encouraged.

B. ODFW's WWMP funds will serve as the primary source of acquisition funding in the Willamette Basin.

The WWMP can fully fund a project and does not require match, making the process simpler and more straightforward for applicants. The WWMP has dedicated funds (on average, \$8 million annually through 2025) specifically for this exclusive purpose and area. In contrast, OWEB requires a 25 percent match on all grants. The agency stipulates that match may not include mitigation funding, which eliminates WWMP funds as a match source for OWEB applicants. OWEB's acquisition program funding (\$7 million for 2013-2015) is statewide funding. OWEB staff will encourage most applicants to seek funding through WWMP, if possible. Staff will refer potential applicants to the WWMP criteria and ODFW or BPA staff to determine whether or not WWMP is the correct fit for their application. If applications come through the OWEB program, they will be reviewed using the same process for all other acquisitions and will compete in the statewide pool.

C. The two agencies will not co-fund acquisitions in the Willamette Basin.

There are a set of challenges to co-funding. First, the timing between the two programs is offset such that it is difficult for the ODFW program to wait for funding decisions from OWEB and still meet federal requirements to close on acquired properties. While OWEB could change its timing, this adjustment would impact other match sources. Second, OWEB's mitigation policy makes it difficult for ODFW to claim mitigation acreage credits on properties with OWEB funding involvement. Finally, because ODFW's program does not require match and in light of the challenges mentioned above, both applicants and the agencies will find it more efficient to utilize these funds separately.

However, prior to OWEB staff bringing this decision before the Board at its September 2013 meeting, ODFW already held its 2013 grant offering. One applicant anticipated funding from both agencies. Because the OWEB policy about Willamette acquisitions was not in place at the time of ODFW's grant offering, staff recommend that this aforementioned application and any other successful proposals in ODFW's

2013 offering that considered OWEB as the match source be allowed to proceed with an application.

IV. Recommendation

Staff recommend the Board adopt a policy to:

- A. Include the Willamette Basin as a part of the statewide acquisition grant program;
- B. Encourage applicants to utilize ODFW's Willamette Wildlife Mitigation Program as the primary source for acquisitions in the Willamette Basin; and
- C. Not allow for co-funding of acquisitions between OWEB and the ODFW mitigation program, with the exception of those applications that were submitted and are approved in ODFW's 2013 offering.



Oregon

John A. Kitzhaber, MD, Governor

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August 23, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Tom Byler, Executive Director

SUBJECT: **Agenda Item P: 2013-2015 Grant Cycles and Board Meeting Schedule
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This staff report seeks Board approval for the solicitation of grant offerings and Board meetings for the 2013-2015 biennium.

II. Background

At the June meeting in Pendleton, staff proposed 2013-2015 grant cycles and Board meeting dates (see Agenda Item L from the June 2013 Board meeting, http://www.oregon.gov/OWEB/docs/board/2013-06/ItemL-Grant_Cycle_Board_schedule.pdf). Staff recommended the following grant offerings based on the 2013-2015 spending plan, with the expectation that subsequent updates would be recommended to the spending plan and grant cycle offerings based on the award of Pacific Coastal Salmon Recovery Funds (PCSRF):

- A. Four cycles for Restoration and Technical Assistance (April 2013, October 2013, April 2014, and October 2014)
- B. One cycle (October 2013) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined (depending on additional PCSRF or other funding, and Board priorities)
- C. Two cycles for Land Acquisitions (October 2013 and October 2014)
- D. Two cycles for Water Acquisitions (timing to be determined)

At the same meeting, staff proposed several adjustments to the Board meeting schedule beginning in the 2013-2015 biennium. These adjustments were intended to move the Board to holding quarterly meetings, which would be held in January, April, July and October. Board members were supportive of this approach, but asked that staff accelerate the transition to quarterly meetings so that this begins in January of 2014.

III. 2013-2015 Board Meeting Dates

Based on the desire expressed by the Board at its June 2013 meeting, staff have developed a revised recommendation for grant cycle deadlines and Board meeting dates for the 2013-2015 biennium, which is included in Attachment A.

IV. Recommendation

Staff recommend the Board adopt the 2013-2015 schedule of grant application deadlines and Board meeting dates, as shown in Attachment A to this staff report. This schedule may be subject to change based on pending and future PCSRF awards.

Attachment

- A. 2013-2015 Proposed Grant Application Deadlines and Board Meeting Dates

2013-2015 Biennium Grant Application Deadlines and Board Meeting Dates

Application Deadline	Application Type(s)	Board Meeting Dates/Locations
	N/A	June 11-12, 2013 (T-W) Region 6, Pendleton
April 22, 2013	Restoration, Water Acquisition, Technical Assistance	September 10-11, 2013 (T-W) Region 5, Burns
	N/A	January 28-29, 2014 (T-W) Region 3, Portland
October 21, 2013	Restoration, Technical Assistance, Outreach, Monitoring, Land Acquisition	April 29-30, 2014 (T-W) Region 2, Bandon
	N/A	July 29-30, 2014 (T-W) Region 4, The Dalles
April 21, 2014	Restoration, Technical Assistance, Other types to be determined	October 28-29, 2014 (T-W) Region 2, Grants Pass
	N/A	January 27-28, 2015 (T-W) Region 1, Astoria
October 20, 2014	Restoration, Technical Assistance, Land Acquisition, Other types to be determined	April 28-29, 2015 (T-W) Region 3, Salem
January 26, 2015	Watershed Council Support	July 28-29, 2015 (T-W) Region 6, Prineville
April 20, 2015	To be determined	October 27-28, 2015 (T-W) Region 4, John Day
	N/A	January 26-27, 2016 (T-W) Location TBD
October 19, 2015	To be determined	April 26-27, 2016 (T-W) Location TBD
	N/A	July 26-27, 2016 (T-W) Location TBD

** Two cycles for Water Acquisitions during 2013-2015 biennium (timing TDB)



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August 23, 2013

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis-Born, Senior Policy Coordinator
Marissa Matsler, Portland State University Summer Fellow

**SUBJECT: Agenda Item Q: Repeal of Outdated “Salmon Season State of Emergency Grants” Administrative Rules
September 10-11, 2013 OWEB Board Meeting**

I. Introduction

This report provides the Board with an update of the five-year administrative rule review process and proposed rulemaking for Oregon Administrative Rule (OAR) Chapter 695, Division 7, Salmon Season State of Emergency Grants (Salmon Season Grants). Specifically, staff recommend the Board repeal the Division 7 administrative rules, which are outdated and unnecessary due to subsequent adoption of other rules.

II. Background

Oregon Revised Statute (ORS) 183.405 requires administrative rules 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.

The two divisions of OWEB's rules to which the ORS applies and which currently are due for review are: Division 7, Salmon Season Grants, and Division 3, Public Records. At the September 2011 meeting, the Board authorized the five-year rule review process and potential rulemaking for the Salmon Season Grants. Due to workload and staffing changes, the rule review was not completed. In June 2013, staff reinitiated the review and potential rulemaking process for the Salmon Season Grants rules, and began review of the Division 3 rules.

III. Salmon Season Grants Rule Review and Rulemaking

Division 7 of OWEB's administrative rules was established in response to Governor Kulongoski's Executive Orders issued between 2006 and 2008 declaring Salmon Season States of Emergency, focused on Oregon's coastal counties impacted initially by ocean commercial and sport salmon fishing. The rules established grant application and award criteria for restoration,

inventory and data collection, outreach, and technical planning projects that created employment opportunities for displaced workers (primarily fishers) during the States of Emergency. The Division 7 rules are contained in Attachment A.

During the rule review, staff confirmed that the most recent of the Salmon Season State of Emergency addressed by Division 7 rules expired in May 2009, thus rendering the rules obsolete because they are expressly tied to now-expired Executive Orders declaring emergencies. No Salmon Season State of Emergency has been declared since 2009. Furthermore, the subsequent adoption of Division 4 rules (i.e. OAR 695-004-0030 (2)) in 2009 gives the OWEB Board the ability to offer special grant types, such as the Salmon Season Grants. If a future State of Emergency is declared and the OWEB Board again decides to offer grants that provide opportunities to displaced workers, Division 4 rules allow the Board to publicly discuss and approve necessary guidance and criteria for special grant programs without amending or writing new administrative rules for each unique circumstance. The Division 4 rule renders the Division 7 rules redundant and unnecessary now and into the future. The findings of the rule review are outlined in Attachment B.

Staff began a regular, permanent rulemaking process in July 2013 to address the findings of the Salmon Season Grants rule review. The rulemaking proposes to repeal the Division 7, Salmon Season Grants rules. The process includes notice in the Oregon Bulletin, a public comment period during (which closed on August 22nd and during which no public comment was received), and formal approval of the rule repeal by the OWEB Board. (No public hearing was held for this rulemaking process, given that is primarily housekeeping.)

IV. Recommendation

Staff recommend that the Board approve repeal of the Division 7, Salmon Season State of Emergency Grants, administrative rules.

Attachments

- A. OAR Chapter 695, Division 7 Rules
- B. Salmon Season Grants – Five-Year Rule Review

OREGON WATERSHED ENHANCEMENT BOARD

DIVISION 7

SALMON SEASON STATE OF EMERGENCY GRANTS

695-007-0010

Purpose

(1) The following administrative rules apply to the state of emergency established by Executive Order No. 08-10, dated April 10, 2008, relating to limitations on ocean commercial and sport salmon fishing.

(2) These rules provide for action available to the Board and Director. These rules are operative until the Governor declares that the state of emergency established by Executive Order No. 08-10 is concluded. Action within these rules is intended to mitigate the economic and social impacts facing coastal communities during restricted commercial and sport salmon fishing seasons and to advance and accelerate salmon habitat restoration and recovery efforts.

Stat. Auth.: ORS 541.906, Gov. Exc order 06-06 & 06-07

Stats. Implemented: ORS 541.890 - 541.969

Hist.: OWEB 1-2007, f. & cert. ef. 2-1-07; OWEB 2-2008(Temp), f. & cert. ef. 5-27-08 thru 11-18-08; OWEB 4-2008, f. 11-14-08, cert. ef. 12-4-08

695-007-0020

Definitions

(1) "Board" means the Oregon Watershed Enhancement Board created under ORS 541.900.

(2) "Director" means the Executive Director of the Oregon Watershed Enhancement Board or the Executive Director's designee.

(3) "OWEB" means the Oregon Watershed Enhancement Board state agency.

(4) "Displaced Worker" or "displaced fisher" means an individual who meets the criteria adopted by the Oregon Salmon Commission to be considered displaced with respect to commercial fishing employment, or, with respect to sport fishing employment, who meets the criteria identified by the Director in consultation with the ocean salmon charter industry, to be made available on the OWEB web site before funding is offered to grant applicants.

Stat. Auth.: ORS 541.906, Gov. Exc order 06-06 & 06-07

Stats. Implemented: ORS 541.890 - 541.969

Hist.: OWEB 1-2007, f. & cert. ef. 2-1-07; OWEB 2-2008(Temp), f. & cert. ef. 5-27-08 thru 11-18-08; OWEB 4-2008, f. 11-14-08, cert. ef. 12-4-08

695-007-0030

OWEB Actions

During the pendency of Executive Order No. 08-10 declaring a salmon season state of emergency, the Board may:

(1) Provide grant funding to support salmon habitat enhancement and related projects within salmon-bearing watersheds in Oregon, for the purpose of accelerating the rebuilding of salmon populations and creating employment opportunities for displaced workers, including projects that:

- (a) Support salmon habitat enhancement;
 - (b) Gather information that can be directly used for salmon habitat restoration;
 - (c) Conduct outreach to the public concerning salmon habitat restoration; or
 - (d) Support research that assists in the evaluation of salmon stocks at sea.
- (2) Provide grant funding to develop projects that would enhance salmon habitat in the future.

Stat. Auth.: ORS 541.906, Gov. Exc order 06-06 & 06-07

Stats. Implemented: ORS 541.890 - 541.969

Hist.: OWEB 1-2007, f. & cert. ef. 2-1-07; OWEB 2-2008(Temp), f. & cert. ef. 5-27-08 thru 11-18-08; OWEB 4-2008, f. 11-14-08, cert. ef. 12-4-08

695-007-0040

Application Criteria

(1) For grant applicants to receive funding, the following award preferences are applicable, in addition to the evaluation criteria set forth in any other applicable rule. Projects must employ displaced fishers in all project labor opportunities to the greatest extent possible over a period of several months, and also must:

- (a) Provide benefit to high priority salmon habitat along the Oregon coast;
- (b) Directly address limiting factors for the recovery of salmon in watersheds that drain directly to the ocean, including the Umpqua and Rogue basins;
- (c) Be identified in an existing watershed-scale assessment and action plan; or

(d) Address a specific limiting factor identified in the 2003–2005 Oregon Plan Biennial Report, Volume 2 published by the Oregon Watershed Enhancement Board in 2005.

(2) In addition to the preference criteria described in section 1, the following award preferences are applicable to specific types of grant applications:

(a) For Inventory and Data Collection grants, preference will be given to projects that focus on surveys and inventories that document conditions affecting aquatic resources or ground-truth mapping of high priority salmon habitat.

(b) For Restoration grants, preference will be given to projects that focus on restoration in high priority salmon habitat, or have received from OWEB a relevant technical assistance award in an earlier grant cycle.

(c) For Project Development grants, preference will be given to projects that have a high likelihood of being implemented within one year following completion of the project development grant, focus on high priority salmon habitat, or address a specific limiting factor identified in the 2003–2005 Oregon Plan Biennial Report, Volume 2 published by the Oregon Watershed Enhancement Board in 2005.

(3) The preferences identified in section 1 of this rule may also be applied to other OWEB grants, including Restoration Projects described in division 10, Education and Outreach Grants described in division 15, Monitoring Grants described in division 25, and Assessment and Action Plan Grants described in division 30, in addition to the evaluation criteria set forth in rules contained in those divisions.

[Publications: Publications referenced are available from the agency.]

Stat. Auth.: ORS 541.906, Gov. Exc order 06-06 & 06-07

Stats. Implemented: ORS 541.890 - 541.969

Hist.: OWEB 1-2007, f. & cert. ef. 2-1-07; OWEB 2-2008(Temp), f. & cert. ef. 5-27-08 thru 11-18-08; OWEB 4-2008, f. 11-14-08, cert. ef. 12-4-08

Salmon Season Grants – Five-Year Rule Review

A. Intended Effect

OWEB’s intent in creating the Salmon Season State of Emergency grant program was 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 2008, OWEB offered grants for inventory and data collection efforts. OWEB’s solicitation materials stated that “Successful applications will result in inventory and data collection activities in support of coastal coho, Chinook, and chum salmon stock recovery. Applications that will employ displaced fishers (defined as owners, operators, crew, and nuclear family members of same) in all project labor opportunities to the greatest extent over a period of several months are encouraged.”

From 2006 to 2009, OWEB funded 30 grants with a total investment of \$2.65 million. The grants resulted in at least 238 fishers being hired and/or operators and their crews being engaged in research. The Salmon Season Grants resulted in immediate employment opportunities and provided funding to expand restoration efforts.

B. Fiscal Impact Estimate

The following text is from OWEB’s 2008 permanent rulemaking fiscal impact statement:

“These rules amend evaluation criteria for one type of grant offered by the Board. Applicants with projects outside of the geographic area impacted by the 2008 Executive Order, or who are unable to hire displaced fishers, are still eligible to apply for funding for similar projects through OWEB’s other grant programs.

The proposed rule changes are not expected to have a fiscal impact on small businesses, state agencies, local government, or the public. The intent of the Salmon Season State of Emergency Grants program is to create work opportunities for displaced workers while accelerating the rebuilding of fish populations...OWEB grant recipients typically purchase their project materials and supplies from local vendors, which also benefit the local economy.”

While OWEB’s adoption of these rules was not expected to have a fiscal impact, we now do have research to describe the economic benefits from OWEB investments in restoration. The Ecosystem Workforce Program at the University of Oregon concluded that public investment in restoration results in an additional 1.4 to 2.4 times the amount of economic activity as the public dollars cycle through Oregon’s economy. Using the lower multiplier, since many of the Salmon Season Grants were labor intensive, the investments would result in an additional \$3.7 million of economic activity on the Oregon coast from 2006 through 2009.

C. Impact from Law Changes

The Division 7 rules reference the 2008 Executive Order by Governor Kulongoski. OWEB can only use the Division 7 rules as currently written to fund projects that implement the 2008 salmon season state of emergency described in that Executive Order.

In September 2008, the Board adopted the Division 4, Watershed Enhancement Program rules, which were effective January 1, 2009. Under Division 4, the “Board shall approve standards and guidance for application requirements and processing, evaluation criteria, agreement conditions, and distribution of funds.” OAR 695-004-0030 (2) requires that the Board approve additional necessary guidance and criteria for requests separate or distinct from the regular grant programs already described in rule. The result of Division 4 is that it allows the Board the ability to offer special grant types, similar to Salmon Season Grants, without having to write new administrative rules for those special grants. Because of the Division 4 rules, Division 7 is no longer needed and can be repealed.

D. Continued Need

No salmon season state of emergency has been declared since 2009. Whether the type of grant program described in the Division 7 rules will be needed in the future is unknown. However, if the Governor were to declare a new salmon season state of emergency, Division 4 allows the Board to publicly discuss and adopt standards and criteria for special grant programs, thus providing a vehicle to address Salmon Season Grants in the future as necessary and appropriate.

APPROVED BY THE BOARD JANUARY 28, 2014
Oregon Watershed Enhancement Board
September 10, 2013
OWEB Board Meeting
Burns, Oregon

Minutes

OWEB Members Present

Mike Haske
Debbie Hollen
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Eric Quaempts
Morgan Rider
Patricia Smith
Dan Thorndike
Bob Webber
Karl Wenner
Cindy Deacon Williams

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Rick Craiger
Renee Davis-Born
Sue Greer
Mark Grenbemer
Dana Hicks
Karen Leiendecker
Meta Loftsgaarden
Travis Miller
Liz Redon
Tom Shafer
Greg Sieglitz

Others Present

Ryan Gordon
Amy Charette
Pat Sharp
Tom Sharp
Karen Moon
Bill Pieratt
Jamie Damon
Brendan Cain
Chrysten Lambert
Ivan Gall
Jason Spriet
Kari Hollander
Tyler Joki
Bill Renwick
Marty Suter Goold
Dana Dedrick
Carl Hill
Nicole Sullivan
Stacy Davies
Dan Nichols

Members Not Present

Alan Henning
Bill White
Water Resources Commission

A. Board Member Comments

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

B. Review and Approval of Minutes

Minutes of the June 11-12, 2013, Board meeting in Pendleton were unanimously approved as amended.

C. Budget and Legislative Update

Tom Byler, Executive Director, updated Board members on OWEB's 2013-2015 Legislative Adopted Budget. OWEB's overall budget includes a total of over \$92 million. He noted the following:

- Two long-time limited duration positions were made permanent. Both positions are associated with reporting activities for PCSRF.
- Two new positions were approved: 1) a Partnership-to-Scale position to assist with focused investment efforts; and 2) a Technical Program Support position to provide general administrative assistance, maintain OWEB's website and develop agency publications.

- One limited duration position was continued to coordinate activities under the Willamette Special Investment Partnership.
- Two limited duration positions were not continued, one involving outreach coordination and the other ecosystem services.
- PCSRF was not distributed to multiple agency programs as was done in the 2011-2013 biennium.
- Funding for the Lower Columbia Estuary Partnership was shifted from Measure 76 Operating to Grant funds.

Due to the loss of the outreach position, OWEB will no longer offer statewide outreach applications. To continue ecosystem services efforts, OWEB has a job-share agreement for a half-time staff member from the Department of State Lands.

Director Byler and Renee Davis-Born, Senior Policy Coordinator, reported on the legislative session. They described several policy bills that were introduced that had the potential to directly affect OWEB programs.

- HB 5008 regarding the Oregon Department of Forestry report to the Legislative Assembly on the use of funding to be administered by OWEB for grants to forest collaboratives;
- HB 2173 and HB 3040 regarding non-farm uses, including conservation activities, on agricultural lands;
- HB 2516 regarding funding for conservation education; and
- HB 3337 regarding ecosystem services.

OWEB plans to convene Board members on a conference call in November to take action on the development of guidance and criteria for a grant process associated with forest health collaboratives grants. This is one of the Governor's priorities, and funding would come from the Oregon Department of Forestry. This action would allow a forest-health collaboratives grant solicitation to occur in late 2013, with grant awards likely to be considered at the January 2014 Board meeting.

D. 2013-2015 Spending Plan Update

Director Byler updated Board members on the 2013-2015 Spending Plan. At each Board meeting, staff will provide Board members with an updated table showing the status of the spending plan. For the 2013-15 biennium, the Legislature allocated \$23.3 million of PCSRF funds to OWEB. Of this amount, \$13.9 million is for OWEB grants and staff; \$9.2 million to ODFW staff and grants; and \$230,687 to IMST. The Spending Plan was created assuming that OWEB would have \$9 million of PCSRF available for grants in the first half of the biennium. On June 28, 2013, OWEB was notified of a grant award of \$12.2 million of FFY 2013 PCSRF funds. This puts the agency well on its way to the \$18 million total needed to meet legislative budget allocations for the biennium. OWEB will not know whether FFY 2014 PCSRF will be available until later this year.

Board members discussed the spending plan and asked staff to offer a clear definition of "focused investments" to inform both the Board and stakeholders. Director Byler ensured the Board that all of the new processes take time, and that the pace is okay. Board members also asked about forest collaborative funding which did not appear in the spending plan.

E. Pending Regular Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the April 22, 2013, grant cycle. One hundred and forty grant applications seeking a total of about \$17 million were received. One water acquisition application was received. Following the application deadline, one Restoration application (214-3012) was withdrawn by the applicant.

The following identifies the number of applications received by application type and the amount of OWEB funds requested:

Water Acquisition	1	\$ 750,000
Technical Assistance	40	\$ 1,409,883
Restoration	<u>99</u>	<u>\$14,960,913</u>
TOTAL	140	\$17,120,796

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.

Public Comment – Pending Grant Applications

- Pat Sharp, Harney SWCD, thanked OWEB for \$4.5 million in funding for Harney County throughout the years.
- Linda Beck, USFWS, Malheur National Wildlife Refuge, supported funding for 214-5033, Harney Basin Aquatic Health-Inventory Phase I, which was recommended for funding.
- Chrysten Lambert, Klamath Basin Rangeland Trust, supported 214-100, Deming Creek Flow Restoration, which was recommended for funding.
- Tyler Joki, Columbia SWCD, supported funding for 214-1014, Merrill Creek Culvert Replacement, which was not recommended for funding by the RRT or OWEB staff.
- Dana Dedrick, Long Tom Watershed Council, supported funding for 214-3027, Bear Creek Stream Connectivity and Habitat Enhancement, which fell below the funding line. She explained they have additional match funding from BLM and would accept a reduced funding amount of \$84,772.
- Nicole Sullivan, Owyhee Watershed Council, accompanied by the landowner, who provided in-kind match on the project, supported funding for 214-5030, Mahogany Water Management, which fell below the funding line.
- Gary Faw, Malheur County SWCD, supported 214-5016, North Fork Malheur River Stream Restoration, which fell below the funding line.
- Jim Campbell, Harney County Cooperative Weed Management Association (CWMA), thanked the Board for funding 214-5018, Miller Canyon Landscape Restoration Project. He also commented on the problem with medusa head.

Board Consideration of Pending Grant Applications

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager
Tom Shafer, Regional Program Representative

Project Highlighted: 214-1008, Stage II Fivemile Bell Restoration.

Lauri Aunan provided an overview of the Region 1 funding recommendations as presented in the staff report and discussed applications noted in the public comment period.

REGION 2, SOUTHWEST OREGON

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

Projects Highlighted: 214-2009 Adams Creek Middle Fork Fish Passage; 214-2003 Big Creek Fish Passage.

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
Liz Redon, Regional Program Representative

Projects Highlighted: 214-3003 Sandy River Delta Floodplain Forest Restoration; 214-3013 Main Stem Ash Creek Riparian Revegetation; 214-3026 Wild Iris Ridge Phase 4 and Murray Hill Oak Woodland and Savanna Restoration.

Lauri Aunan provided an overview of the Region 3 funding recommendations as presented in the staff report and discussed applications noted in the public comment period.

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager
Rick Craiger, Regional Program Representative

Project Highlighted: 214-4000 Camp-Thomas Creek Fish Passage and Restoration.

Lauri Aunan provided an overview of the Region 4 funding recommendations as presented in the revised staff report.

Renee Davis-Born, Senior Policy Coordinator, briefed Board members on 214-100, Deming Creek Flow Restoration, and explained the water acquisition evaluation process and the staff recommendation that resulted from this process.

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager
Karen Leiendecker, Regional Program Representative

Project Highlighted: 214-5037 Thousand Springs Riparian and Upland Restoration.

Lauri Aunan provided an overview of the Region 5 funding recommendations as presented in the staff report and discussed applications noted in the public comment period.

REGION 6, MID COLUMBIA

Lauri Aunan, Grant Program Manager
Sue Greer, Regional Program Representative

Project Highlighted: 214-6014 Mountain/Indian Creek Culverts; 214-6000 Oxbow Dredge Tailings Restoration, Phase 3; 214-6016 Bear Creek Uplands Improvements.

Lauri Aunan provided an overview of the Region 6 funding recommendations as presented in the staff report.

Board members unanimously approved the staff funding recommendation as shown in the gray shaded sections of Attachment A to the Region 1, 2, 3, 4, 5, and 6 staff reports with the addition of 214-3046 to be funded at \$84,800, and removal of 214-1015 to be voted on separately.

Board members unanimously approved with one abstention (Lisa Phipps) the staff funding recommendation for 214-1015 as noted in the staff report.

Board members unanimously approved the staff funding recommendation for application 214-100 in the amount of \$654,516, as described in the Water Acquisition Grants addendum to the Region 4 staff report.

F. Capacity Grants – Network of Oregon Watershed Councils (NOWC) and Oregon Association of Conservation Districts (OACD)

Meta Loftsgaarden, Deputy Director, was joined by Ryan Gordon, Executive Director, NOWC, and Jerry Nicolescu, Executive Director, OACD, to brief Board members on the growing partnership between their organizations. In past years, OWEB has provided each entity with individual funding.

The NOWC and OACD have decided to co-locate their offices to share in administrative and other functions as they both retain their independence in representing their constituents. This, along with the fact that OWEB is no longer making statewide outreach grants, enables OWEB to invest in both with one grant to accomplish specific deliverables for both organizations. In order for this to take place, both entities need to cancel current grants. These actions will recapture approximately \$115,000 with \$300,000 to be funded from the “Building Capacity Grants” line item in the 2013-2015 Spending Plan, for a total of \$415,000 for the biennium. Staff recommended that \$220,000 of that amount be expended in the first year of the biennium. In order to receive the second delegation of funding totaling no more than \$195,000 under the grant, NOWC and OACD will need to provide a progress report to the Board.

Board members unanimously voted to award up to \$415,000 in funds for the NOWC and OACD-related purposes described in the staff report, and delegate authority to the Executive Director to distribute up to \$220,000 in funds for the first year of the biennium through the appropriate grant agreement.

G. Sage-Grouse and Healthy Rangelands Update and Discussion

Meta Loftsgaarden, Deputy Director, introduced Harney County Judge Steve Grasty, who welcomed the Board to the Harney Basin. He commented that the county is about “community” not “county,” and thanked OWEB for coming to help share the story.

Deputy Director Loftsgaarden briefed Board members on OWEB’s \$350,000 investment to date on the Governor’s priority related to healthy rangelands and sage-grouse. The sage-grouse is the range version of the spotted owl. The state is working to avoid listing the sage-grouse as an endangered species.

She was joined by the following who briefed Board members on sage-grouse work in the Harney Basin.

- Jamie Damon, Oregon Solutions Sage-Grouse Project Manager, leads the Sage Grouse Conservation Partnership (SageCon). The partnership is working to pull together an “all lands, all threats” approach to sage grouse conservation to both address USFWS’s sage grouse listing decision in 2015 and support community sustainability in central and eastern Oregon into the future.
- Tony Svejcar, Rangeland Scientist-Research Leader, U.S. Department of Agriculture, ARS, Rangeland Ecology, offered a presentation on how science supports rangeland management.
- Marty Suter Goold, and Tom Sharp, Harney County Sage-Grouse CCAA (Programmatic Candidate Conservation Agreement with Assurances) Steering Committee, spoke about how landowners are working together to manage the rangelands and protect Harney County. They provided a briefing on the status of efforts of the CCAA.
- Stacy Davies, Manager of Roaring Springs Ranch, talked about the focus on the long-term sustainability of all landscapes, both public and private. He discussed the difference between the CCA and the CCAA. He identified a priority list of threats to species in the State of Oregon. He commented that the roads need to be fixed in order to get the fire trucks to the fires.
- Zola Ryan, NRCS, discussed the sage-grouse initiative priorities – wildlife conservation through sustainable ranching.

H. Local Partner Presentations

Renee Davis-Born, Senior Policy Coordinator, introduced several local partners involved in the High Desert Partnership (HDP). Gary Marshall, a local rancher, described the HDP, which is a non-profit organization whose mission is resolving social, economic and ecological challenges facing communities in southeastern Oregon through trust relationships and collaborative mechanisms. Chad Karges, Deputy Project Leader with the Malheur National Wildlife Refuge, discussed the Harney Basin Wetlands Initiative. Dan Nichols, Harney County Commissioner, provide his perspective on the value to the community provided by the HDP.

Marty Suter Goold, Harney SWCD, and Bill Renwick, local resident, described the work of the Harney County Restoration Collaborative.

At the conclusion of the day's meeting, Board members, staff, and visitors attended an informal reception sponsored by the High Desert Partnership.

APPROVED BY THE BOARD JANUARY 28, 2014
Oregon Watershed Enhancement Board
September 11, 2013
OWEB Board Meeting
Burns, Oregon

Minutes

OWEB Members Present

Debbie Hollen
Jim Johnson
Doug Krahmer
Kim Kratz
Will Neuhauser
Lisa Phipps
Morgan Rider
Patricia Smith
Dan Thorndike
Bob Webber
Karl Wenner
Cindy Deacon Williams

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Tom Byler
Renee Davis-Born
Sue Greer
Mark Grenbemer
Dana Hicks
Karen Leiendecker
Meta Loftsgaarden
Travis Miller
Liz Redon
Tom Shafer
Greg Sieglitz

Others Present

Linda Beck
Jerry Nicolescu
Ryan Gordon
John Knutson
Karl Morgenstern
Bill Renwick
Kirk Shimeall
Diane Daggett
Bob Betcone
Karen Moon
Robert Wallace
Charlie Hanna

Members Not Present

Mike Haske
Alan Henning
Eric Quaempts
Bill White

At the beginning of the meeting, there was a moment of silence in remembrance of 9/11.

I. Land Acquisitions – Wolfree Acquisition Funding Request

This agenda item was postponed until the January 2014 Board meeting.

J. Coastal Wetlands – Coquille Valley Restoration and Conservation (211-115)

Public Comment

- John Knutson, Beaver Slough Drainage Board Member/Property Owner, supported the Winter Lake project.
- Bruce Taylor, Oregon Habitat Joint Venture, supported the Coquille project.

Meta Loftsgaarden, Deputy Director, was joined by Steve Denney, The Nature Conservancy, and Fred Messerlee, Beaver Slough Drainage District to brief Board members on the Winter Lake Restoration Project. In 2010, a U.S. Fish and Wildlife Service, Coastal Wetlands Grant, was submitted by OWEB, with The Nature Conservancy as the local project sponsor. Presenters briefed the Board on the proposal and its relationship to OWEB-received Coastal Wetlands funding. Deputy Director Loftsgaarden outlined input received to date on the proposal,

including review by the Regional Review Team and a community meeting held in Coquille the week prior to the Board meeting. A summary of the RRT review and the community meeting notes were provided to the Board.

The request was to use previously designated Acquisition funds for a Restoration project in the Coquille Valley.

Board members unanimously voted to approve the following:

- 1) *Award \$720,000 in funding for the Winter Lake Restoration Project, to serve as state match to the federal Coastal Wetlands Grant for the Coquille Valley Wetlands Conservation project (Application #211-115), and delegate authority to the Executive Director to distribute these funds to The Nature Conservancy (TNC) through the appropriate grant agreement(s) with the following conditions:*
 - a. *The agreement(s) will specify the level of data-gathering and design work be completed prior to fund release for restoration work.*
 - b. *All OWEB-required landowner and Drainage District agreements and restoration permits must all be in place prior to restoration funds being released. Grant funds can be used to obtain agreements and permits as specified in the grant application.*
 - c. *The grantee will work with the appropriate agencies to develop a monitoring plan prior to funding for restoration is released.*
 - d. *The grantee will work with OWEB staff throughout the grant to provide further budget detail and cost estimates as each design phase is completed, including for project management and scope-of-work oversight activities.*
- 2) *Utilize the Acquisition line item in the OWEB's 2013-2015 spending plan to provide funding for this award.*

K. Executive Director Update

K-1. Long-Term Investment Strategy (LTIS)

Director Byler, along with lead staff, briefed Board members on implementation of priority work items under the Long-Term Investment Strategy adopted in June 2013. Priority work items are:

1. *Develop online grant applications and grant agreements.*
2. *Update watershed council capacity program.*
3. *Update focused investment program*
4. *Continue and augment effectiveness monitoring efforts.*
5. *Launch updated land acquisitions grant process and design and implement updated water acquisition grant process.*
6. *Streamline grant budget categories.*

K-2. Watershed Council Support Transition

Lauri Aunan, Grant Program Manager, updated Board members on the status of council support efforts. At the June 2013 Board meeting, the OWEB Board: 1) supported Scale Option A as the policy direction regarding the scale at which watershed councils can apply for an individual council support grant, 2) directed staff to convene a stakeholder Rules Advisory Committee to start council support rulemaking, and 3) directed staff to convene a stakeholder work group to help develop meaningful, workable, affordable incentives for

councils to build capacity by combining or sharing staff and to reduce the number of individual support grants over time.

The Board's 2013-2015 Spending Plan allocated \$200,000 for "building capacity/watershed council transition grants." In July 2013, OWEB announced its pre-application grant offering and received 11 applications. Those will be reviewed and a selected amount will be invited to submit a full application.

OWEB has convened a stakeholder Incentives Work Group to advise OWEB on how its programs can encourage councils to combine with other councils or sharing staff or services. They plan to meet again in October.

A stakeholder Rules Advisory Committee will be convened in October to develop a package of proposed rules and guidance for outcome-based council capacity grants. Staff will ask the Board to approve rules and guidance in July 2014.

K-3. Effectiveness Monitoring Program

Greg Sieglitz, Monitoring and Reporting Program Manager, provided Board members with a brief update on effectiveness monitoring activities to date and provided them with an outline of the program moving ahead under the Board's Long-Term Investment Strategy. Three primary objectives of the program are:

1. Continue the programmatic evaluation of significant investments in groupings of past restoration actions;
2. Proactively establish unique effectiveness monitoring approaches to Focused Investments; and
3. Consider a strategy to make discrete investments in effectiveness monitoring through the Open Solicitation.

K-4. Online Land Acquisition Applications

A key staff priority for the 2013-2015 biennium is to streamline OWEB's application processes and move to online applications. Due to its small customer base and the fact that the program already was revising its application materials, the acquisition program developed an online application pilot for its October 22, 2013, grant cycle.

K-5. Salmon Strongholds

Meta Loftsgaarden, Deputy Director, briefly discussed salmon strongholds and an upcoming request from the Governor's Office for funding at the January 2014 Board meeting.

K-6. Budget Category Streamlining

Director Byler referred Board members to the staff report for updated information on this topic.

L. Public Comment – General

- Bill Renwick, Harney SWCD, provided clarification on comments made the day before regarding sage-grouse and the CCAA, which is applicable to any lands except federally managed lands.
- Diane Daggett, former OWEB Board member, now with Trust for Public Land, introduced herself in her new capacity as Director. They are working increase awareness

in Oregon on what TPL does. She looks forward to enhancing the Trust's relationship with OWEB.

- Chris Pratt, citizen and former member of a local watershed council, commented on his concerns about groundwater and the OWEB application evaluation process.
- Tom Achterman and Bob Betcone, Gail Achterman Legacy Group, supported OWEB land acquisition grants in the Willamette (Agenda Item O). They are submitting a grant application in the next cycle and hopes that OWEB will partner with them.

M. Ecosystem Services

Greg Sieglitz, Monitoring and Reporting Program Manager, and Dana Hicks, Ecosystem Program Coordinator, were joined by Karl Morgenstern, Eugene Water and Electric Board (EWEB), and Kirk Shimeall, Cascade Pacific RC&D, to describe a pilot program in the McKenzie River watershed. EWEB's Voluntary Incentives Program focuses on the evaluation, protection, and monitoring of higher quality riparian areas along the McKenzie River, which serves as the drinking water supply for the Eugene metropolitan area. The University of Oregon Community Service Center recently published a final report with programmatic recommendations, which is posted on the EWEB website (<http://www.eweb.org/public/documents/water/VIPimplementation.pdf>).

A number of project partners have helped develop the VIP and will provide continued support and funding.

- Lane Council of Governments
- Upper Willamette SWCD
- McKenzie Watershed Council
- Cascade Pacific RC&D
- University of Oregon
- Oregon State University

To date, more than \$1.1 million has been provided by EWEB and through partners to help establish the foundation for the program. OWEB support would assist EWEB and their partners in implementing a pilot version of VIP in 2014. The major components of the pilot project are:

1. Developing an alternative model of protection;
2. Exploring the interface with restoration;
3. Support collaboration among partners for technical support and local engagement;
4. Develop measurable performance metrics and a monitoring framework; and
5. Reporting.

Kirk Shimeall outlined that the Cascade Pacific RC&D will be responsible for fiscal management of the VIP project and commented on positive experience working with EWEB, and the high level of trust between their agencies.

The specific tasks for the \$150,000 award would include testing and application of a riparian assessment tool, a software purchase for fiscal management, development of remote monitoring capabilities to assess performance metrics, and funding for a reporting element.

Board members unanimously voted to award \$150,000 for the purposes described in Section IV of the staff report and delegate authority to the Director to enter into

appropriate agreements to distribute the funds. Of the awarded funds, \$90,000 is to come from the Ecosystem Services line item and \$60,000 from the Effectiveness Monitoring line item in the Board's 2013-2015 Spending Plan.

N. Conservation Reserve Enhancement Program Technical Assistance (CREP TA)

Meta Loftsgaarden, Deputy Director, briefed Board members on the history of CREP, and described a proposal for funding CREP TA in the 2013-2015 biennium. During consideration of the 2013-2015 Spending Plan, at its June meeting, the Board set aside \$750,000 for CREP TA. Since then, NRCS has committed up to \$150,000 in match funding.

Staff from ODA, OACD, NRCS, and FSA met to review and revamp the CREP TA program. They developed a new design for the program which included two-year grants which will be used to address critical technical assistance needs. The NRCS and OWEB joined together to invest over \$1 million in CREP TA grants independent from the funding for SWCD capacity and OWEB's regular technical assistance needs. The application deadline for CREP TA grant applications is October 4, 2013. A multi-agency team will review the applications in October and new grant agreements will be in place by January 1, 2014, for the remainder of the biennium.

Board members unanimously voted to award \$750,000 in CREP TA funding and delegate authority to the Executive Director to distribute grants totaling up to \$900,000, using a combination of OWEB and NRCS funds, for successful CREP Technical Assistance Grants.

O. Board Policy for Willamette Acquisitions

Meta Loftsgaarden, Deputy Director, provided Board members with background on the January 2012 decision to place a moratorium on all acquisitions in the state to address backlog issues. Staff are recommending for the Board to consider re-opening Acquisition grants in the Willamette Basin.

In 2010, ODFW entered into a MOU with the Bonneville Power Administration to address federal habitat protection and enhancement commitments for wildlife in the Willamette Basin. The Willamette Wildlife Mitigation Program (WWMP) provides funding through ODFW for land acquisitions that protect and restore habitat and benefit both wildlife and ESA-listed fish species. The program totals \$8 million annually for the Willamette Basin through 2025. During OWEB's moratorium, ODFW implemented its own Acquisition program. A few projects OWEB funded prior to its moratorium were funded jointly by OWEB and ODFW. Staff from both agencies met and developed a set of recommendations that was reviewed by Governor Kitzhaber's office.

- Both agencies will fund acquisitions in the Willamette Basin.
- ODFW's WWMP funds will serve as the primary source of acquisition funding in the Willamette Basin.
- The two agencies will not co-fund acquisitions in the Willamette Basin.

Board members discussed the specific elements of the proposal, including connections between OWEB funding and mitigation funds (in the Willamette and elsewhere) as well as the limited dollars available through OWEB for acquisitions and how those funds should be distributed through the state.

Following extensive discussion, the Board proposed the following motion:

Adopt a policy to:

- A. Include the Willamette Basin as a part of the statewide acquisition grant program;*
- B. Encourage applicants to utilize ODFW's Willamette Wildlife Mitigation Program as the primary source for acquisitions in the Willamette Basin; and*
- C. Not allow for co-funding of acquisitions between OWEB and the ODFW mitigation program, with the exception of those applications that were submitted and are approved in ODFW's 2013 offering.*

After discussion of the proposed motion, Board members amended the motion to remove item B.

Board members voted and approved the motion as amended, with one opposed.

P. 2013-2015 Board Meeting and Grant Cycle Schedule

Tom Byler, Executive Director, briefed Board members on the proposed quarterly Board meeting schedule for 2014-2016. Meetings would be held in January, April, July, and October. The change in the meeting schedule would not affect the previously set grant application deadlines. The following grant cycle offerings were proposed:

- A. Four cycles for Restoration and Technical Assistance (April 2013, October 2013, April 2014, and October 2014)
- B. One cycle (October 2013) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined (depending on additional PCSRF or other funding, and Board priorities)
- C. Two cycles for Land Acquisitions (October 2013 and October 2014)
- D. Two cycles for Water Acquisitions (timing to be determined)

Board members unanimously voted to adopt the 2013-2015 schedule of grant application deadlines and Board meeting dates, as shown in Attachment A of the staff report. This schedule may be subject to change based on revisions to the Board's 2013-2015 spending plan.

Q. Board Action on Outdated Administrative Rules

Renee Davis-Born, Senior Policy Coordinator, briefed Board members on the statutory requirement that requires administrative rules to be reviewed no later than five years after adoption. She described the proposed rulemaking for OAR Chapter 695, Division 7, Salmon Season State of Emergency Grants (Salmon Season Grants). She noted that the rules were outdated and unnecessary due to subsequent adoption of other rules.

Board members unanimously voted to repeal OAR Chapter 695, Division 7, Salmon Season State of Emergency Grants.

R. Other Business

There was none.

Having no further business, the meeting was adjourned.