

APPROVED BY THE BOARD SEPTEMBER 13, 2011
Oregon Watershed Enhancement Board

June 14, 2011
OWEB Board Meeting
Bend, Oregon

Minutes

OWEB Members Present

Dan Carver
Mike Haske
Dan Heagerty
Alan Henning
Debbie Hollen
John Jackson
Jim Johnson
Skip Klarquist
Kim Kratz
Meta Loftsgaarden
Will Neuhauser
Jennifer Phillippi
Eric Quaempts
Patricia Smith
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

Bonnie Ashford
Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Renee Davis-Born
Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Jan Lee
Randy Jones
Nan Evans
Tom O'Brien
Bruce Taylor
Lisa Seales
Wayne Hoffman
Steve Wise
Jerry Nicolescu
Jon Burgi
Elmer McDaniels
TJ Woodley
Darek Staab
Chris Gannon
Alan Unger

Members Not Present

none

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas. Board member Trish Smith welcomed the Board to Bend.

B. Minutes

Minutes of the March 15-16, 2011, Board meeting in Salem were unanimously approved.

C. Executive Director Update

Executive Director, Tom Byler, directed Board members attention to the update items in their Board Book. He also provided a brief update on the July Planning Session and announced that the Senate had approved Lisa Phipps as a new Public-at-Large Board member.

1. Land Acquisition Work Group
2. Future Changes to Watershed Council Support
3. Ecosystem Services
4. April 18, 2011 Grant Cycle Update

July Board Planning Session – OWEB has contracted with DS Consulting to help prepare for and facilitate the Planning Session scheduled for July 26-28, 2011, in Maupin.

D. Legislative and Budget Update

Budget

Tom Byler, Executive Director, updated Board members on the status of OWEB's 2011-2013 budget.

- Two budget notes were added regarding Watershed Council Review and IMST Review.
- The Governor's Office is interested in reinvigorating the Oregon Plan for Salmon and Watersheds.
- OWEB has been meeting with NOAA on PCSRF funds being used to support salmon recovery efforts in other natural resource agency budgets.
- OWEB is working with ODA and SWCDs about moving the Weed Program to OWEB.
- The Board will need to take action in mid-July to move legislatively appropriated funds.
- The 2011-2013 spending plan will be discussed at the Board Planning Session in July and may take longer than the September 2011 Board meeting to be finalized.

Board members discussed the impacts to future PCSRF funding resulting from the legislative decision to backfill other natural resource agencies. They also discussed the PCSRF reporting requirements to NOAA and how OWEB will get the needed information from the agencies receiving PCSRF funding.

Legislative

Melissa Leoni, Senior Policy Coordinator, updated Board members on key bills OWEB continues to track.

- SB 342 amends the statutes necessary to implement Measure 76. Ms. Leoni indicated that an amended version is likely to pass.
- HB 3109 relates to environmental markets and ecosystem services. Ms. Leoni indicated that the bill would not likely be adopted.
- HJR 29 also called "Son of 76." Ms. Leoni indicated that there had been no hearing and she was unaware of the bill moving.

E. Public Comment – General

- Nan Evans, The Nature Conservancy, commented on Measure 76 and SB 342.
- Elmer McDaniels, Tumalo Irrigation District, and Jon Burgi, David Evans and Associates, thanked Board members for grants, and specifically thanked Board member Trish Smith for participating in a recent project tour.
- Phil Chang, Deschutes Collaborative Forest Project, briefed Board members on the project.
- Randy Jones, Central Oregon Geographic, Inc., commented on partnership opportunities in the Deschutes SIP.
- Bruce Taylor, Defenders of Wildlife, commented on Measure 76 implementation, SB 342, and HB 3109.

F. October 2010 Grant Cycle – June Awards and Policy Discussion

Lauri Aunan, Grant Program Manager, presented this agenda item to the Board.

A. October 2010, Non-Capital Applications

At the March 2011 Board meeting, the Board considered applications submitted in the October 2010 cycle. Because OWEB lacked sufficient non-capital funding, the Board awarded funding

for only a portion of the staff-recommended non-capital applications, and signaled its intent to award the remainder of the staff-recommended non-capital applications at the June Board meeting dependent on OWEB's 2011-2013 budget.

Board members unanimously approved funding for all of the non-capital applications shown in Attachment B of the Agenda Item F staff report.

B. Board Policy on Eligibility for Orphan Site Mines

In October 2010, the North Fork John Day WC submitted two applications to OWEB to help fund activities at the abandoned Red Boy gold mine in northeastern Grant County. The mine site has been designated as an "orphan site" by DEQ. During evaluation of these applications staff identified a number of legal and policy issues regarding environmental cleanup sites. After the March Board meeting, staff worked with a Board Environmental Cleanup Ad Hoc Board subcommittee to develop policy recommendations to present to the full Board.

Board members unanimously voted to adopt the proposed policy regarding the eligibility of orphan site mines for OWEB funding and clarifying the type of environmental cleanup sites that are not eligible for OWEB funding, as outlined in Section IV.A. of the Agenda Item F staff report.

C. Funding Recommendations for Red Boy Mine applications

After staff and the Board subcommittee worked through the policy recommendations for the two Red Boy Mine applications submitted in October 2010, staff recommended funding for both applications.

Board members unanimously voted to award the Red Boy Mine Technical Assistance and Restoration applications in the amounts shown on Attachment C of the Agenda Item F staff report.

F-1. Oregon Plan Monitoring Team Review of Monitoring Applications October 2010 Grant Cycle – June Awards

The staff report describes two statewide monitoring applications received in the October 2010 cycle that staff did not recommend for funding. However, reviewers and OWEB staff recognized the need for information that would be provided in 211-7009, Harmful Algal Bloom (HAB) Surveillance Program, and recommended forwarding this need to the Governor's office so that a strategy for developing the monitoring and outreach program could be more widely shared and strategized.

Board members voted unanimously to forward the request for a statewide harmful algal bloom monitoring program, as found in application #211-7009, to the Governor's Natural Resources Office for consideration as a broader need.

G. 2011-2013 Board Meeting Dates and Grant Cycle Schedules; October 2011 Grant Solicitation

Lauri Aunan, Grant Program Manager, briefed Board members on a proposed grant cycle schedule and Board meeting dates, based on traditional timeframes with four regular grant cycles, one council support offering, and eight regular Board meetings a biennium.

The October cycle typically has included Restoration, Acquisition, Technical Assistance, Monitoring, and Outreach grant application offerings. Staff recommended soliciting these application types in October 2011. Future grant offerings and grant award funding reserves will be part of the Board's spending plan for 2011-2013 and implementation of Measure 76. Staff noted that the schedule may be subject to change based on OWEBs budget, the Board's 2011-2013 spending plan, and implementation of Measure 76.

Board members unanimously adopted the 2011-2013 schedule of grant application deadlines and Board meeting dates, and approved the solicitation of October 17, 2011, grant application types, as shown in Attachment A of the Agenda Item G staff report.

H. Administrative Rulemaking

Melissa Leoni, Senior Policy Coordinator, briefed Board members on the need to initiate rulemaking to update administrative rules affected by the passage of Measure 76 and its implementing legislation, SB 342.

Staff spent considerable time over the past six months preparing for the transition from Measure 66 to Measure 76. Staff decided to allow some time for OWEB and our stakeholders to adjust to changes required by Measure 76 as the new biennium begins with minimal disruption to existing programs and processes. Staff reviewed existing rules and processes and identified three rules that need to be amended if SB 342 is passed by the Legislature.

Small Grant Program. OAR 695-035-0050(1)(d) and 695-035-0060(1)(d).

Restoration Grant Evaluation Criteria. OAR 695-010-0060(2)

Distribution of Funds – Permits. OAR 695-005-0060(5)

Staff provided a timeline for the rulemaking process beginning in July 2011, and will present proposed rules to the Board for adoption at the September 2011 meeting.

Board members unanimously voted to authorize rulemaking to amend OAR 695-035-0050(1)(d), OAR 695-035-0060(1)(d), OAR 695-010-0060(2), and OAR 695-005-0060(5) to address the issues identified in Section III of the Agenda Item H staff report.

I. Deschutes Special Investment Partnership

Prior to a tour of projects in the Upper Deschutes basin, Ken Bierly, Deputy Director, introduced representatives of the four partner groups involved in the Deschutes SIP, who updated Board members on activities, accomplishments, and challenges in the Deschutes SIP. Presenters were:

Ryan Houston, Upper Deschutes Watershed Council

Tod Heisler, Deschutes River Conservancy

Chris Gannon, Crooked River Watershed Council

Brad Nye, Deschutes Land Trust

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Carolyn Devine
Sue Greer
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Rainmar Bartl
Lisa Seales
David Ferguson
Rita Baker
Jamison Cavallaro
Clair Thomas
Shannon Peterson
Sue Mattenberger
Tom O'Brien
Jan Roofener
Krystyna Wolniakowski
David Ross

Members Not Present

none

J. Oregon—BPA Wildlife Settlement Agreement and OWEB Funding

Ken Bierly, Deputy Director, was joined by Chris Wheaton, Oregon Department of Fish and Wildlife, to brief Board members on a recent agreement between Oregon and the Bonneville Power Administration on wildlife mitigation for the construction and operation of Willamette dams. The fifteen-year agreement to settle BPA wildlife habitat mitigation obligations under the 1980 Northwest Power Act was signed in October 2010 and contained four main principles:

1. All losses and mitigation will be accounted for in surface area (acres) regardless of habitat type and condition;
2. The total obligation of BPA is capped at \$117,864,424;
3. The total unmet mitigation target for direct and operational losses is set at 16,880 acres; and
4. The agreement is contingent on crediting for 2,958 acres of then pending acquisitions.

ODFW's Willamette Mitigation Program has been very active in implementation of the Agreement, and identified five projects for FFY 2011 funding. Three of the projects are currently under consideration by OWEB through the regular grant and Willamette SIP programs. Staff discussed OWEB's mitigation policy and its effect on the partnership with ODFW. Staff will return to the Board at a future meeting to further discuss the issue and identify how ODFW's Willamette Mitigation Program can be a partner in the Willamette SIP.

K. Efficiency and Transparency through Technology

Greg Sieglitz, Monitoring and Reporting Program Manager, and Ashley Seim, GIS and Web Site Specialist, updated Board members on various actions to communicate about OWEB investments and outcomes and the initial steps taken by staff to explore available options for increased efficiency and accountability utilizing technology advances.

Ashley Seim highlighted updates to existing online tools including the OWEB Investment Tracking Tool which was recognized by the Governor’s office as an example of utilizing GIS for increased transparency and accountability in state government at the 2011 GIS in Action Conference. Additional features were added to the Oregon Watershed Restoration Tool including an advanced search feature. She also briefed Board members on the increased use of the OWEB web site, OGMS, and OWRI online, and outlined near term maintenance needs for existing tools (OITT; OWRIO; OGMS; and the Fish Passage Viewer).

Several opportunities for new online tools were presented: online grant applications; submission of final report requirements online; document and data upload capability for OGMS; and integrated mapping tools for applications and final reports. She also identified that more planning and information to support new ideas was needed and provided a state map showing Broadband download speed availability and the past use of OWRI online tools by watershed councils. The map was presented as an example of the type of information that will be gathered by staff to support the implementation of more online tools.

L. Deferred Acquisition – Ecola Creek Forest Reserve Addition (#209-112)

Ken Bierly, Deputy Director, briefed Board members on this previously deferred acquisition application originally submitted in October 2008. Due diligence is complete and staff recommended funding at \$1.4 million. The Board was provided with a letter expressing concern about the acquisition and asked staff and Rainmar Bartl, from the City of Cannon Beach to respond to questions raised in the letter.

Board members voted unanimously to award \$1.4 million in funding for the Ecola Creek Forest Reserve Addition (#209-112) contingent on the City’s agreement to add language to the conservation easement as noted in Section VIII of the Agenda Item L staff report, and a condition for OWEB staff to approve the management plan for the property.

M. Conservation Reserve Enhancement Program

Melissa Leoni, Senior Policy Coordinator, and Lois Loop, Farm Service Agency, provided background information on Oregon’s CREP program, and provided Board members with the 2010 CREP Annual Report.

Staff and representatives from ODA, OACD, NRCS, and FSA have been meeting over the past few years to evaluate CREP TA and to develop an alternative for funding Oregon CREP technical assistance. In May 2011, staff met with the Board Partnership subcommittee and briefed the SWCC on three funding alternatives:

1. Status Quo
2. Status Quo with Measure 76 Update
3. CREP TA Grants Proposal

Staff and the Partnership subcommittee recommended option 3. Under this alternative, OWEB would fund CREP TA grants independently from the funding for SWCD capacity and OWEB's regular technical assistance grant program. CREP TA grants would instead be funded with the Measure 76 grant funds and included in OWEB's 2011-2013 spending plan. CREP TA grants would be outcome based and eligible entities would not be limited to SWCDs. Selection criteria would include how the applicant will conduct outreach, service and complete CREP contracts, address cultural resource reviews, and comply with federal security requirements. OWEB and ODA will need to work out oversight and management roles associated with these grants.

Because the Board has not yet developed the 2011-2013 spending plan, staff requested "bridge funding" for July 1, 2011, to December 31, 2011, for currently funded positions shown in the staff report. Board members were briefed on details of the "bridge funding" process.

Board members unanimously voted to endorse the proposal described in Section IV.C. of the Item M staff report dated June 6, 2011.

Board members unanimously approved the CREP TA bridge funding process described in Section III of the Item M-1 staff report dated June 13, 2011, and awarded \$240,000 for the CREP TA grants to the soil and water conservation districts listed in the table in Section IV of the Item M staff report dated June 6, 2011.

N. Public Comment – Pending Watershed Council Support Applications

Prior to the public comment period, Lauri Aunan, Grant Program Manager, and Courtney Shaff, Grant Program Coordinator, briefed Board members on the Council Support process identifying four councils in the Do Not Fund category.

- Tom O'Brien, Network of Oregon Watershed Councils, supported increasing the funding level for council support.
- Jamison Cavallaro, Pudding River WC, supported funding for 212-031, which was not recommended for funding by OWEB staff.
- Clair Thomas, Tillamook Bay WC, commented on making the council support process more transparent, concerns with their 2011 evaluation of "very good" compared with their 2009 evaluation of "excellent," and supported funding for councils at \$6 million.
- Nathan Jackson, Klamath Watershed Partnership, thanked the Board and commented on the challenges of conducting outreach in large geographic areas.
- Rita Baker, Greater Oregon City WC, supported funding for 212-059 which was not recommended for funding by OWEB staff.
- Wayne Hoffman, Mid-Coast WC, commented on the council support process.
- Jerry Nicolescu, Oregon Association of Conservation Districts, supported staff recommendations for funding soil and water conservation districts. (Item Q)

O. 2011-2013 Watershed Council Support

Following staff's overview and public comment, Board members deliberated and asked questions of staff regarding the recommendations for council support funding. Staff responded to the public testimony regarding applications 212-031, 212-007, and 212-059.

Board members discussed the staff recommended funding option, and why staff did not recommend increasing the funding to \$6 million at this meeting. Staff and the Board Council Support subcommittee support increasing funding for watershed councils to the highest practicable

level, but the Legislature is still in session, we have not seen the final paperwork on our budget which passed the Senate and is on the House floor this week, and legislation to implement Measure 76 is still in legislative committees. Director Byler indicated it would be important to have a clear understanding of whether there is any legislative direction around council funding, which will require the final paperwork on OWEB's budget. Additional funding options for local capacity will be considered at the September 2011 Board meeting.

Board members unanimously adopted the \$5.1 million funding level for Council Support with the individual award amounts at the \$5.1 million level, as shown in Attachment B of the staff report. This funding level and the individual award amounts are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

Board members unanimously voted to award umbrella watershed councils an additional amount of 18, 9, and 22 percent of the base award for (a), (b), and (a)/(b) type umbrella watershed councils, respectively. These additional umbrella awards are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

P. OWEB Partnership Investments

Ken Bierly, Deputy Director, updated the Board on opportunities for future Special Investment Partnerships (SIP). At the March 2011 meeting, the Board approved an expedited process to consider future SIP candidates for the 2011-2013 biennium. In early April, staff distributed a request for Statements of Interest via email to groups that had expressed interest in a SIP. Staff received six responses:

1. Upper Klamath Basin SIP
2. South Coast SIP (Wild Rivers Coast Alliance)
3. Sandy River Basin Partnership
4. Water for Irrigation Streams and Economy (WISE)
5. Willow Creek Piping Project
6. Catherine Creek Public/Private SIP

The Board Partnership subcommittee reviewed the Statements of Interest, and selected the Upper Klamath Basin and South Coast proposals as SIP candidates for the 2011-2013 biennium.

The Board subcommittee expressed an interest to recognize the important work and strong partnership in the Sandy River Basin with the allocation of additional funds through the WWRI for the Sandy. Staff will forward a proposal for WWRI, including the option for additional funding for the Sandy River Basin at a future meeting.

Representatives of the groups that submitted Statements of Interest briefed Board members on their efforts.

Upper Klamath Basin SIP

Krystina Wolniakowski, National Fish and Wildlife Foundation

Shannon Peterson, Klamath Basin Rangeland Trust

Nathan Jackson, Klamath Basin Partnership

South Coast SIP

Harry Hoogesteger, South Coast Watershed Council
Steve Denney, The Nature Conservancy

Sandy River Basin Partnership

Steve Wise, Sandy River Basin Watershed Council

Board members unanimously approved the Subcommittee recommendation to declare the Upper Klamath Basin and South Coast proposals as SIP candidates for the 2011-2013 biennium.

Q. Other Business – Soil and Water Conservation District Support Grants

Melissa Leoni, Senior Policy Coordinator, updated Board members on funding for Soil and Water Conservation District (SWCD) support grants in the 2011-2013 biennium and requested approval of \$5.1 million for these capacity grants.

SWCD support grants will be handled differently due to the passage of Measure 76. Staff have been working with ODA to develop a process for implementing SWCD support grants that retains existing processes to the greatest extent while still meeting the requirements of Measure 76. ODA and OWEB will enter into a Memorandum of Agreement outlining the roles and responsibilities of each agency related to the review and approval of grant applications and payments, and the maintenance of grant files. The grant application process has been developed beginning with application submittals due to ODA by August 15, 2011. The application requirements, criteria, evaluation process, agreement conditions, and distribution of funds were outlined in the staff report.

Ray Jaindl, ODA, was present to discuss the process and respond to questions from the Board.

Board members unanimously approved the SWCD support grant standards, guidance, and process identified in Section III of the staff report, award \$5.1 million for SWCD support grants for the 2011-2013 biennium; and delegate authority to the Executive Director to approve SWCD support grants consistent with the criteria and processes identified in Section III of the staff report. This funding level and the individual award amounts are contingent on OWEB's legislatively adopted budget and are subject to change depending on available funding.

Having no further business, the meeting was adjourned.