

APPROVED BY THE BOARD MARCH 16, 2010
Oregon Watershed Enhancement Board
January 20, 2010
OWEB Board Meeting
Coos Bay, Oregon

Minutes

OWEB Members Present

Miles Brown
Dan Carver
Dan Heagerty
John Jackson
Jim Johnson
Skip Klarquist
Kim Kratz
Jose Linares
Meta Loftsgaarden
Jennifer Phillippi
Dave Powers
Eric Quaempts
Diane Snyder
Dan Thorndike
Karl Wenner
Ken Williamson

OWEB Staff Present

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

Others Present

Chrysta Swift
Tom O'Brien
Paul Siebert
Dan VanSlyke
Rhonda Black
Laura Smith
Jon Souder
Bruce Taylor
Nan Evans
Bob Doppelt
Jen Feola
Charlie Boyer
Eric Himmelreich
Roy Lowe
Laura Brophy
Leo Naapi
Stan vandeWetering
Glenn Harkleroad
Reese Bender
J.R. Herbst

Members Not Present

Patricia Smith

A. Board Member Comments

Dr. Karl Wenner from Klamath Falls was introduced as a new Board member representing the Public at Large. Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies and areas.

B. Board Co-Chair Election

Executive Director, Tom Byler, provided background information on how the Board has elected Co-Chairs in the past. Board member Dan Thorndike led a discussion of Board Chair/Co-Chair roles. Board Co-Chair Dan Heagerty accepted nominations for Board Co-Chair. Diane Snyder was unanimously elected to serve another two year term.

C. Minutes

Minutes of the following meetings were unanimously approved:

- September 15-16, 2009, Board meeting in Joseph; and
- September 22, 2009, special meeting via telephone conference call.

D. Executive Director Update

Executive Director, Tom Byler, directed Board member to the staff reports and briefly reported on the following program updates:

1. Small Grant Program Review

OWEB staff have scheduled “listening sessions” (discussions with small grant team members) in each region and combined those with visits to small grant project sites.

Staff will prepare a final report and recommendations to the Board for the June 2010 meeting.

2. Deferred Acquisitions

The staff report summarizes the status of deferred land acquisition grant applications. None are ready for funding consideration by the Board at this time.

3. Willamette and Deschutes SIP

Board members were provided updates on the Deschutes and Willamette Special Investment Partnerships. The Deschutes SIP partners are working to spend the \$4 million allocated by the Board in September and will report to the Board in March 2010 describing the progress made to date.

The Willamette SIP is proceeding more slowly than the Deschutes. Staff are working with three additional parties on projects that will be considered for awards this spring.

Implementation of the tributary strategy of the Meyer Memorial Trust (a funding partner in the Willamette) and creating a vision for the mainstem are high priority efforts of staff this spring and summer.

4. Biennial Conference

OWEB hired a contractor, Denise Ker of Viva! Consult, to assist staff in the coordination and logistics of the next biennial conference scheduled for November 15-17, 2010, at the Pendleton Convention Center. A planning team will work with the contractor to identify a conference theme and begin planning speakers and sessions. OWEB staff are also working with Board member Eric Quaempts on ways to involve the Confederated Tribes of the Umatilla Reservation. Progress will be reported at upcoming Board meetings.

5. Other Agency Updates

Director Byler also noted that the U.S. Fish and Wildlife Service selected a project in the Nehalem to receive a 2010 National Coastal Wetlands Conservation Grant -- \$994,290 to the North Nehalem Bay Wetlands Conservation Project, Phase II. Phase 1 of the project was selected for a 2009 award of \$629,665.

The total awarded for Pacific Coastal Salmon Recovery Funds is \$80 million; we do not know what Oregon’s share will be. The Department of the Interior has developed a Cooperative Watershed Management Program to create/enlarge watershed groups nationwide. The Governor has designated OWEB as the point of contact for the state with this new Department of Interior program.

E. Strategic Plan

Public Comment

- Bruce Taylor, Defenders of Wildlife, supported OWEB's proposed Strategic Plan.

Tom Byler, Executive Director, discussed the Board's strategic planning effort, and presented the revised draft for Board approval.

In early October, OWEB staff sent the final draft Strategic Plan out for public comment. Ten comments were received by the November 6, 2009, deadline. Based on the comments received, a proposed draft was developed and reviewed by the Board Planning Subcommittee who suggested a few additional edits.

Melissa Leoni, OWEB Senior Policy Coordinator, discussed the substantive changes proposed and policy issues raised by the public comment process. They related to:

- A. Watershed and Habitat Restoration and Conservation;
- B. Land Trust and Local Infrastructure;
- C. Long-Term Stewardship; and
- D. Public Awareness and Involvement.

The Board agreed with the staff recommendation to bring back a plan for Board discussion about land trusts and local infrastructure. The Board also discussed improving the introduction to the plan and the readability and flow of the document. The Board recommended that staff create a one page summary of the plan.

The Board unanimously approved the plan and directed staff to develop an introductory element.

F. Strategic Plan Implementation

Director Byler updated Board members on implementation of immediate actions under the Final Draft Strategic Plan. Ken Bierly, Deputy Director, and Lauri Aunan, Grant Program Manager, described agency efforts on three high priority action items:

- A. Restoration and Acquisition Priorities (Action 1, Goal 1, Strategy 1)

Ken Bierly reported that OWEB staff plan to implement this action in partnership with the ODFW update of the Oregon Conservation Strategy. OWEB's goal for its restoration and acquisition priorities is not only to more effectively integrate the priorities with existing plans and strategies, but also to make the priorities a useful tool for stakeholders, review team members, and staff. The following framework was developed to address this action:

1. Compile restoration priorities in a consistent database (contract for services).
2. Compile aquatic species recovery plan implementation actions; draft narrative on freshwater and estuarine aquatic habitat priorities (contract for services).
3. Develop a cross-walk between restoration and protection priorities and Conservation Strategy conservation opportunity areas and/or principles (contractor, staff).
4. Develop a clear mechanism for identifying and using priorities (contractor, staff).

5. Develop and implement an outreach and training program to provide access to the tools developed.

Tasks A-C may be completed by the fall of 2010. Discussion will continue to work with ODFW, DEQ, and other agencies to ensure broad understanding among state agencies of the shared priorities.

B. Watershed Council Listening Sessions (Goal 2)

Lauri Aunan briefed Board members on a series of “listening sessions” scheduled around the state. These sessions are being held in order to engage in a dialogue with watershed councils about what makes watershed councils successful and how OWEB’s council funding and processes might be changed in order to build local capacity, provide base funding and promote strategic partnerships. A third party facilitator was hired to preside over these meetings. The sessions run February 22 through March 4. OWEB staff will work with the Board Council Support Subcommittee to evaluate the listening sessions discussions and develop recommendations for “next steps.” Because of the importance of watershed council support funding to more than 60 councils across the state, it will take time and continued dialogue to do a good job developing proposed changes and understanding how councils might be affected by those changes. As a result, OWEB is not currently planning to make significant changes to watershed council support for the 2011-2013 watershed council support grant cycle. It is currently contemplated that any significant changes would occur for the 2013 cycle.

At the conclusion of the listening sessions, staff will also convene a work group of council support applicants and reviewers to develop recommended improvements to the existing application and review process for the 2011-2013 council support cycle. Staff will also work with the Board Council Support Subcommittee regarding any recommendations about solo funding petitions and new council funding for the 2011-2013 cycle. Any changes to OWEB’s approach to solo funding petitions and new council funding would need to be made by the Board at its June 2010 meeting in preparation for the 2011 council support application process which begins in July 2010.

C. Working Lands Conservation Easements (Action 7, Goal 1, Strategy 1)

Ken Bierly reported that staff have been working with the Board Acquisition Subcommittee on how working lands conservation easements are evaluated for funding. Staff issued a request for proposals to help answer this question and are in the process of reviewing submittals to select a contractor. Staff expect findings to be presented at the September 2010 or January 2011 Board meeting and following that to work with a Work Group to develop policy for Board consideration.

G. Public Comment – General

- Judith Jensen, Educational Solutions, provided an update on an educational project funded by OWEB.
- Tom O’Brien, Network of Oregon Watershed Councils, introduced himself as the new Executive Director of the Network replacing John Moriarty.

H. Strategic Plan Implementation –continued

Executive Director Tom Byler provided Board members with an overview of Goal 3 of the proposed Strategic Plan.

Goal 3: Provide information to help Oregonians understand the need for and engage in activities that support healthy watersheds.

Director Byler discussed the five components of the Communications Work Plan: Shared Messaging; Watersheds Microsite; Social Networking; OWEB Website; and the Oregon Plan Website. A three-phase timeline was provided for each of the components.

Carolyn Devine, Communications Coordinator, briefed Board members on components of the agency's Microsite. She has been working directly with Gard Communications on the design of a simple, compelling, and effective site that will be the centerpiece of OWEB's long-term communications efforts. She demonstrated the basic look and feel of the proposed Microsite that is set to be launched in February.

Ashley Seim, GIS and Web Site Specialist, has been working to update OWEB's current web site to eliminate redundancies and improve content delivery. She showed Board members future plans for updating, streamlining, and improving the web site. Once the initial clean up is completed, staff plan to launch phase two that will engage an outside contractor to evaluate both web sites from a user's perspective to improve the delivery of information and content and integration of sites. Greg Sieglitz, Monitoring and Reporting Program Manager, then described agency data collection and sharing efforts and an initiative underway to begin to describe OWEB investments in terms of outcomes instead of outputs.

I. Integrated Water Resource Strategy Presentation

John Jackson, OWEB Board member and Chair of the Water Resources Commission, provided an overview of the state's Integrated Water Resources Strategy which is just getting underway after a series of issue papers. He indicated the goal is to integrate water quality, water quantity, and ecosystem needs; to provide state guidance and tools to drive solutions at the local level; and that changes to water law are not the goal. The Water Resources Department is the lead agency for the strategy. Board member Jackson also informed the Board and Board member Eric Quaempts is participating in the process through the Policy Advisory Group, which met for the first time the day before the Board meeting.

J. Research Program Reports

Greg Sieglitz, OWEB Monitoring and Reporting Program Manager, introduced two presentations on research project investments from the University of Oregon Climate Leadership Initiative (CLI) and Ecosystem Workforce Program (EWP). The CLI presented their work related to creating dialogue and learning about climate change predictions at the watershed scale. The EWP updated the Board on the progress made to estimate the economic impact and job creation from OWEB's restoration investments.

K. Signature Project Presentation – Bandon Marsh

Roy Lowe, Project Leader, Oregon Coast National Wildlife Refuge Complex, reported on the project to restore over 400 acres of tidal marsh at the Ni-les'tun Unit of the Bandon Marsh National Wildlife Refuge. The project will be accomplished by removing dikes, filling drainage

ditches, and reconstructing tidal channels, and implementing improvements to North Bank Lane, including installing fish-friendly culverts at Fahys Creek and Redd Creek.

L. Coos Life Cycle Monitoring Presentation

Jon Souder, Coos Watershed Association, gave a presentation on the CWA's Life Cycle Monitoring project that has a goal to estimate adult coho salmon spawner abundance and outmigrant coho smolt population size in order to calculate freshwater and marine survival for coho populations in Larson and Palouse Creeks.

At the conclusion of the day's meeting, an informal reception for OWEB Board members, staff, watershed partners, and local officials was held at the Red Lion Hotel.

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Ashley Seim
Tom Shafer
Courtney Shaff
Greg Sieglitz

Others Present

Charlie Boyer
Senator Betsy Johnson
Mark Labhart
Leoni Naapi
Brian Swift
Tyler Pedersen
Craig Harper
John Vial
Rhonda Black
Laura Smith
Raeth Morgan

Members Not Present

Miles Brown
Patricia Smith

M. Legislative and Budget

Tom Byler, Executive Director, updated Board members on OWEB's 2009-2011 budget and spending plan, and described the agency budget and legislative agenda preparation for the 2011 legislative session. He also briefed the Board on the upcoming February session.

2010 Legislative Session

Potential agency budget reductions decided in the Special Session will be based partly on declining General Fund and Lottery Fund revenues, and two ballot measures being considered by voters in late January. In preparation, the Legislative Fiscal Office asked agencies to identify 10 percent budget reductions. OWEB's reduction is proposed to be taken from grant funds as opposed to operational funds. The Board expressed interest in being more involved in discussions regarding OWEB's budget. Director Byler will work with the Board Co-Chairs to schedule those discussions.

2011 Legislative Session

State agencies are starting to prepare policy and budget proposals, as well as legislative concepts for the 2011-2013 budget. Although OWEB does not expect to have any, initial legislative concepts are due in April 2010. Staff anticipate bringing draft budget packages to the Board at

the March and June 2010 Board meetings prior to the anticipated July 1, 2010, deadline for agency requests.

2009-2011 Budget and Spending Plan

At the September 2009 meeting, Board members approved the spending plan below. Because of the uncertainty over the February Special Session, staff did not propose any changes other than proposing \$1.5 million in capital funds for two restoration efforts described in Agenda Items N and Q. Staff plan to present grant cycle targets and an updated spending plan, if necessary, at the March 2010 Board meeting.

2009-2011 Biennium Non-Capital Spending Plan

Available Funding (July 1, 2009) = \$8 million

Program Element	Sept 2009 Allocation	Sept 2009 Reserve	Total
Local Capacity: WSC & SWCD Support; Network, OACD, and training	\$2,440,454	\$0	\$2,440,454
Technical Assistance Grants (April 2009 Cycle)	\$576,610	\$0	\$576,610
Restoration Projects Non-capital (2009-2011 Biennium)	\$17,113	\$107,887	\$125,000
Recovery Planning	\$100,000	\$0	\$100,000
Information and Communication Needs	\$400,000	\$0	\$400,000
Oregon Plan Products	\$250,000	\$140,000	\$390,000
OP Products: Restoration/Acq. Priorities	\$180,000	\$0	\$180,000
Effectiveness Monitoring & Reporting	\$270,000	\$420,000	\$690,000
Biennial Conference, Tech Training & Outreach	\$125,000	\$0	\$125,000
SIP: Willamette Contract and Deschutes TA	\$300,000	\$0	\$300,000
Working Lands Conservation Easement Contract	\$50,000	\$0	\$50,000
Totals	\$4,709,177	\$667,887	\$5,377,064

Remaining Funding =

\$2,622,936

2009-2011 Biennium Capital Spending Plan

2009-2011 Available Funding = \$46.6 million

Program Element	Sept 2009 Allocation	January 2010 Allocation
Small Grant Program	\$2,800,000	
CREP	\$1,300,000	
Special Investment Partnerships	\$4,000,000	
Regular Restoration/Acquisition Grants	\$7,194,590	
Item N - Whole Watersheds Restoration Initiative		\$500,000
Item Q - Gold Ray Dam (#210-2048)		\$1,000,000
Totals	\$15,294,590	\$1,500,000

Remaining Funding =

\$29,805,410

N. Partnership Investments

N-1: Oregon Solutions Tillamook Project Exodus

Public Comment

- Bruce Taylor, Oregon Habitat Joint Venture, supported funding for the Tillamook County project.

State Senator Betsy Johnson, Mark Labhart, Tillamook County Commissioner, and Paul Levesque, Tillamook County Chief of Staff, described the county's plans to restore 500-600 acres of tidal wetlands and reduce flooding at Highway 101. OWEB funds and a National Coastal Wetlands Grant made the acquisition of 377 acres involved in the

project possible for wetland restoration. Project Exodus will allow the acquired lands to be restored to intertidal function. The county anticipates submitting a grant application in the April cycle for \$2 million to complete the restoration and land acquisition for the project. This was an information item only.

N-2: Whole Watersheds Restoration Initiative

Representatives from Ecotrust and the U.S. Forest Service briefed Board members on the results to specific watersheds from the Board's previous investments in the Whole Watersheds Restoration Initiative (WWRI) partnership with the USFS, National Marine Fisheries Service, and Ecotrust. Brent Davies of Ecotrust gave the Board a summary of accomplishments over the last biennium for their review. Staff proposed a \$500,000 award for the biennium, planning to allocate \$250,000 on 2010 projects, and \$250,000 on 2011 projects. Staff presented a list of eligible applications for 2010 totaling over \$1 million in funds requested.

Board members voted unanimously to allocate up to \$500,000 of capital funds to match USFS and NOAA funding for projects approved through the Whole Watersheds Restoration Initiative grant process and delegate the authority to the Director to determine the OWEB amount of funds for each project grant award to Ecotrust.

O. Ecosystem Services Update

Renee Davis-Born, Ecosystem Services Coordinator, updated Board members on OWEB's involvement in two ecosystem services initiatives.

OWEB Research Project on Ecosystem Services

OWEB hired a contractor, Ecosystem Services LLC (ESS) and Ecotrust to evaluate how ecosystem services markets may connect to restoration and conservation actions funded by OWEB. The contract's scope focuses on carbon-offset ecosystem services, but takes into account co-benefit ecosystem services that result from carbon-related projects.

Phase I is complete and consisted of a historical survey of past OWEB projects and their potential carbon offset and co-benefit (wildlife habitat, water temperature, water quality, flow, etc.) ecosystem services values. She explained the process and results of the study.

Phase II will evaluate market opportunities for OWEB-funded projects. They are in the process of completing a survey of all members of the supply chain to describe potential barriers to project development and identify information and resources that are necessary for a project to result in successful carbon transactions. An event will be held in late March to share lessons learned from actual Oregon-based carbon transactions, discuss tools for quantifying and monetizing several ecosystem services in a market-based setting, and identify resources and collaborations required to accelerate the practical monetization of carbon offsets and opportunities for future projects.

Phase III consists of two pilot projects focused on carbon offsets and co-benefit ecosystem services to demonstrate what steps are necessary to create market-ready projects. A forest based land acquisition project will provide practical information about how to project proceeds from inception to completion. The second pilot is focusing on soil-based carbon sequestration projects, which primarily would occur in Oregon east of the Cascades.

Staff will again brief the Board at the March meeting, present findings at the June meeting, and a final report is due in mid-June 2010.

SB 513 Ecosystem Services Markets Working Group

SB 513 charges the Sustainability Board with convening an Ecosystem Services Markets Working Group, and names OWEB to provide staff support to this group. The Working Group met in early December and agreed upon the process and principles to guide their work over the next 12 months. Since that meeting, representatives from the Oregon Small Woodlands Association and Oregon Farm Bureau have joined the Working Group, and staff have initiated dialogue with representatives of NOAA Fisheries, the U.S. Army Corps of Engineers, and Network of Oregon Watershed Councils about a process for keeping these groups involved in the 513 process.

The Working Group meets next on January 27 and will hold seven additional meetings between February and October 2010. It is anticipated that the Working Group will provide its final report and policy recommendations to the Sustainability Board for review and approval in November 2010 followed by submittal to the Legislature by January 1, 2011.

P. Public Comment – General

- Charlie Boyer, Oregon Association of Conservation Districts, introduced himself as the new Executive Director of OACD, and presented a video display of the Jackson County Soil and Water Conservation District.
- Jon Souder, Executive Director, Coos Watershed Association, briefed Board members on the Elliott State Forest Habitat Conservation Plan, and the Ford Family Foundation leadership program.

Q. Gold Ray Dam

Ken Bierly, Deputy Director, was joined by Ashley Seim, GIS and Web Site Specialist, to brief Board members on a request to match a federal American Recovery and Rehabilitation Act (ARRA) grant to remove Gold Ray Dam on the Rogue River.

In early 2009, the National Marine Fisheries Service (NMFS) awarded a \$5 million ARRA grant to Jackson County to remove Gold Ray Dam. In March 2009, OWEB funded a grant to Jackson County for an evaluation of the sediment behind Gold Ray Dam. In September 2009, OWEB funded a technical assistance grant for the county to develop a sediment management plan for the removal of the dam. In October 2009, Jackson County submitted a grant application to OWEB for \$1 million in capital funds to cost share with the federal ARRA funding to remove the dam. The federal dollars come with an expedited timeline and OWEB funding is needed to cover the full costs estimated for removal. The Southwest Oregon Regional Review Team supports funding the project. Jackson County Commissioners are scheduled to make a formal decision on the dam removal in March of 2010 following significant evaluation and public review.

Board members unanimously approved up to \$1 million in capital funds to Jackson County for the cost share to remove Gold Ray Dam (Application No. 210-2048) conditioned upon formal approval by Jackson County.

R. 2009-2011 Grant Program Update

Lauri Aunan, Grant Program Manager, updated Board members on the October 19, 2009, grant cycle. A total of 226 grant applications were submitted by the deadline. Regional Review Team (RRT) meetings to evaluate applications have been held for Regions 1, 3, 4, 5, and 6; the Southwest Oregon RRT is scheduled to meet on January 26. The Education and Outreach Review Team (EORT) met by conference call to review and score the four statewide education and outreach applications; the regional education and outreach applications are being reviewed by the applicable RRT. The Oregon Plan Monitoring Team (OPMT) is scheduled to meet in January to review monitoring applications.

The next application deadline is April 19, 2010. Staff typically solicit Technical Assistance applications along with Restoration/Acquisition applications, and staff proposed to offer the solicitation in the April cycle for Technical Assistance.

Ms. Aunan briefly discussed the uncertainty of State revenues, and will wait to propose further funding reserves for the 2009-2011 grant cycles until after the 2010 legislative session concludes, and OWEB knows the amount of Oregon's PCSRF award. Staff expect to bring recommendations to the Board in March or June.

Board members unanimously approved the solicitation of Technical Assistance grant applications for the April 19, 2010, grant cycle.

S. Briefing on Parks and Natural Resource Fund Renewal Effort

Nan Evans, The Nature Conservancy, and Bruce Taylor, Defenders of Wildlife, made a brief presentation of the status of their efforts to renew the Parks and Natural Resource Fund. Director Byler briefed Board members on the statute governing the restrictions on political campaigning by public employees (ORS 260.432).

T. Other Business

There was none.

Having no further business, the meeting was adjourned.