

Approved by the Board September 19, 2006
Oregon Watershed Enhancement Board
May 16, 2006
OWEB Board Meeting
Oregon City, Oregon

Minutes

OWEB Members Present

Dan Carver
Alan Christensen
Dan Heagerty
Skip Klarquist
Jim Nakano
Jane O’Keeffe
Dave Powers
Michael Tehan
Dan Thorndike
Helen Westbrook
Ken Williamson

Members Not Present

Gary Briggs
Miles Brown
Bobby Brunoe
Scott Reed
Patricia Smith
Diane Snyder

OWEB Staff Present

Bonnie Ashford
Ken Bierly
Tom Byler
Rick Craiger
Dave Egleston
Douglass Fitting
Mark Grenbemer
Cindy Kraai
Karen Leiendecker
Melissa Leoni
Pat Oman
Tom Shafer
Greg Sieglitz
Teresa Trump
Lori Warner-Dickason
Roger Wood

Others Present

Bruce Taylor
Wayne Hoffman
Mark Mouser
Margaret Nover
Paul Siebert
Joe Moll
Nan Evans
Russ Hoeflich
Craig Bell
Walt Markee
Jim Paul
Rachel Felice
David Morman
Charlie Corrarino
Jeffrey Kee
Rick Gruen
Roy Elicker

A. Board Member Comments

Representatives on the OWEB Board commented on recent activities and issues facing their respective agencies. Co-Chair Jane O’Keeffe reported on her trip to Washington D.C. with OWEB’s Director Tom Byler to meet with Oregon’s Congressional Delegation to lobby for PCSRF funds.

B. Minutes

Minutes of the following Board meeting were unanimously approved:
March 15-16, 2006 Board meeting in Roseburg

C. Executive Director Update

Executive Director, Tom Byler, provided the following comments to the Board.

- Director Byler noted a new format for the Executive Director Update materials, which will now be included in Board member meeting notebooks. He described the following updates in the Board notebook:
 1. 2006 Biennial Conference
 2. 2005-2007 Biennial ReportCo-Chairs Heagerty and O’Keeffe will work with staff to compile Board member sections of the report.

3. OWEB Communications
 4. Local Innovation Fund
Dan Carver will serve on the LIF Board subcommittee.
 5. Council Support Grant Process
Dave Powers and Jane O’Keeffe will serve on the Council Support Board subcommittee.
 6. April 2006 Emergency Board
- Director Byler brought the Board’s attention to the following additional item provided at the Board meeting:
 7. Oregon Explorer Business Plan
No Board members brought this item up for discussion and action.

D. Deferred Acquisitions

Lori Warner-Dickason, Policy Specialist, updated Board members on acquisitions that had been deferred from other Board meetings, and recommended the Board continue to defer consideration until due diligence items are submitted and reviewed:

- Svensen Island (z206-259);
- Tenmile Creek Corridor Easement Project (z206-058);
- Deer Creek Ranch (z206-277); and
- Pilcher Creek (z206-339).

The previously deferred acquisition for Crosel Creek Habitat Reserve (z206-059) has had all due diligence materials received and approved, and is ready for Board consideration. The appraisal was received and reviewed that indicated a value greater than estimated in the application.

Board members unanimously voted to continue deferral of the above-listed projects, and award funding of up to \$420,000 in capital funds toward the Crosel Creek Habitat Reserve project, Application No. z206-059.

E. 2005-2007 Budget Adjustment

Tom Byler, Executive Director explained this staff report to Board members. Interagency agreements with ODFW and DEQ did not include 2005-2007 biennium compensation plan changes, and approximately \$400,000 is needed to address this deficit. OWEB has identified recapture of \$450,000 from 2003-2005 legislatively directed agency PCSRF allocations which can be used for this purpose.

At the September 2005 meeting, the Board authorized PCSRF funding to state agencies as directed by the 2005 Legislature. ODFW and DEQ agency personnel funded from PCSRF did not include a budget to cover expected salary increases by the Legislature. The Emergency Board will address these expenditure limitations for the compensation plan increases along with all other agencies at the June Emergency Board.

Board members expressed concern about funds being used for state agencies when watershed councils and soil and water conservation districts are in need of additional funds. Director Byler noted that natural resource agencies have been instructed by the Governor’s office to move away from using federal funds.

Board members unanimously approved staff to amend the ODFW and DEQ interagency agreements for up to \$450,000 for compensation plan increases contingent upon Emergency Board action to increase the agencies expenditure limitation for the compensation plan increases.

F. Research Fund Process

Public Comment:

Bruce Taylor, Defenders of Wildlife, suggested that OWEB take another look at the research priorities which he believes are fish centric and contends is not the intent of Measure 66.

Margaret Nover, City of Portland, asked who would do the scientific review for research projects, commented that the priorities are broad, and asked if there was an opportunity for OWEB to recommend funding for projects that were not supported by the IMST.

Russ Hoeflich, The Nature Conservancy, disagreed with the research priorities as a focus needs to be on land, water, and wildlife along with fish.

Wayne Hoffman, Mid Coast WSC, supported the research process and priorities.

Ken Bierly, Deputy Director, provided an overview of a proposed process for the review, evaluation, and funding of grants for watershed research projects. Interest earned from Ballot Measure 66 Lottery Funds is credited to the Restoration and Protection Research Fund. Research funds must be split 35% non-capital and 65% capital which is the same manner as other Measure 66 funds. The proposal builds on the Board's priorities to research grants adopted in March 2002.

In January 2001, the Board adopted a Research Investment Strategy to guide OWEB funding of research supporting implementation of the Oregon Plan. Four principles were identified in the strategy:

1. Identify critical information needs;
2. Fund research projects that address priority needs first;
3. Communicate research results to users; and
4. Evaluate what is learned and determine new priority needs.

In March 2001, the IMST reviewed the strategy and identified 12 priority Oregon Plan research needs and ranked them in relative order of importance. After review by stakeholders, the Oregon Plan research priorities were adjusted and adopted by the Board in March 2002.

Since then, the Legislature has directly appropriated research funds for several projects. Currently, there is approximately \$1,646,000 of capital and \$464,000 of non-capital funds available in the research fund. OWEB needs to go to the Legislative Emergency Board to obtain expenditure limitation to use the funds.

OWEB staff have identified a formal process for considering research proposals. It establishes clear criteria, utilizes the appropriate scientific expertise for evaluating requests, and minimizes impacts on current staff workload. The IMST will assist in development of an RFP and identify how peer reviewed proposals match OWEB's adopted research priorities. Staff will bring recommended proposals for Board consideration to the January 2007 meeting.

Board members unanimously approved the review process for research proposals outlined in the staff report; directed staff to update the IMST interagency agreement to reflect the commitment to the research review process; approved allocation of up to \$5,000 in non-capital funds to address potential peer review costs associated with the research fund review process; and directed staff to update the research priorities to reflect the full range of considerations in Ballot Measure 66.

G. Public Comment

Joe Moll, McKenzie River Trust, provided an update on the Green Island Acquisition which was previously funded by the Board, and the Local Innovation Fund grant to McKenzie WSC for the Sand and Gravel Industry Habitat Restoration Incentives at the Confluence of the McKenzie and Willamette rivers.

Rachel Felice, Education Director, Columbia Slough WSC, supported a grant offering for all three categories of the education and outreach strategy for the 2007-2009 biennium.

H. Oregon Plan State Agency Activities Update

OWEB Board members and staff have requested each state natural resources agency that receives Measure 66 or PCSRF funds from OWEB or are major participants in the Oregon Plan for Salmon and Watersheds to provide presentations on their agency's activities under the Oregon Plan. The following state agency representatives summarized their Oregon Plan activities and were available to answer questions.

Representing the Oregon Department of Forestry

Jim Paul and David Morman

Representing the Oregon State Police, Fish and Wildlife Division

Captain Walt Markee and Craig Bell

OWEB Board members and staff spent the afternoon viewing projects in the Clackamas River Basin. The tour was jointly sponsored by the Clackamas River Basin Council and the Clackamas Soil and Water Conservation District.

At the conclusion of the tour, an informal reception was held for OWEB Board members, OWEB staff, watershed partners, and local officials. OWEB was pleased to have two Clackamas County Commissioners, Martha Schrader and Chair Bill Kennemer, and many local partners attend the reception.

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Rick Craiger
Mark Grenbemer
Cindy Kraai
Karen Leiendecker
Melissa Leoni
Pat Oman
Tom Shafer
Greg Sieglitz
Roger Wood

Others Present

Laura Jackson
Margaret Nover
Rob Fiegener
Brent Davies
Bill White
John Moriarty
Dennis Richey
Steve Smith
Kelly Moore
Jeff Ulbel
Charlie Corrarino
Bruce Taylor
Roy Elicker
Paul Siebert
Dan Edge
Greg Moyer
Jonathan Soll
Wayne Hoffman
Tom Paul
Stephanie Hallock
Greg Pettit
Greg Aldrich
John McDonald
John Moriarty
Harry Hoogsteter

Members Not Present

Gary Briggs
Miles Brown
Bobby Brunoe
Scott Reed
Patricia Smith
Diane Snyder

I. Research Fund Project Requests

Public Comment:

Dennis Richey, Oregon Anglers Research Society, supported funding for the Oregon Hatchery Research Center.

Ken Bierly, Deputy Director, briefed Board members on a proposed request to the Emergency Board for expenditure limitation to fund two projects with research funds. The projects have been peer reviewed and previously reviewed by the OWEB Board. They both address important needs for the Oregon Plan for Salmon and Watersheds as they relate to the utilization of hatchery fish in recovery of salmon stocks.

Umpqua Coho Pedigree Study

Laura Jackson, ODFW, provided background information on this project. Non-capital research funds (\$103,387) are requested for ODFW; and research funds (\$100,000 in capital

and \$43,948 in non-capital) are requested for OSU to support project costs through the end of the biennium. Greg Moyer of OSU was present to answer questions concerning the research project.

Oregon Hatchery Research Center

Dr. Dan Edge, OSU, provided background information on this project. Capital research funds (\$154,000) are requested to finish the outfitting of the research facility. ODFW has an additional \$94,000 to match these funds to complete the needed equipment purchases.

Board members unanimously voted to direct staff to request expenditure limitation from the Emergency Board for \$254,000 of capital and \$147,335 of non-capital from the Restoration and Protection Research Fund to support the Umpqua Coho Pedigree Study and the Hatchery Research Center research equipment. Board members also directed staff to develop the appropriate agreements with ODFW and OSU to implement the proposed research projects, contingent upon receiving Emergency Board approval.

J. Capital Fund Partnerships

Ken Bierly, Deputy Director, presented this item to Board members. Two partnership projects, Willamette Reserve Enhancement Program (WREP), and funding for the Conservation Reserve Enhancement Program (CREP), along with a U.S. Forest Service (USFS) partnership which is identified in Agenda Item R, were presented for funding consideration. Two of the proposals (WREP and the USFS Partnership) were previously discussed by Board members at the January and March 2006 meetings, although Board members requested additional information on the proposals in order to make a funding decision. Staff have worked to answer Board member concerns and recommend funding the three proposals. The proposals are described below.

WREP

Bill White, NRCS, Steve Smith, USFWS, and Rog Fiegner, Institute for Applied Ecology provided background information on this proposal.

Public Comment:

Bruce Taylor, Defenders of Wildlife supported funding for the WREP proposal.

OWEB staff have proposed to partner with NRCS and the Institute for Applied Ecology to fund the Wetland Reserve Enhancement Program (WREP) for the Willamette Valley. \$250,000 in OWEB funding would be used to match \$412,000 of federal funds and \$130,000 of local match to enhance plant species diversity and habitat values on 12 Willamette Valley WRP projects totaling 595 acres in Yamhill, Polk, Benton, and Lane counties. The outcome will provide the opportunity to re-establish ESA-listed plant species in protected sites.

Board members unanimously approved \$250,000 of capital funds as a grant to the Institute for Applied Ecology to match federal funds for the WREP.

CREP

Ken Bierly provided background information on this item.

Due to increased CREP enrollments, \$1.5 million in capital funds is sought to support the Oregon CREP program for the remainder of the 2005-2007 biennium.

Board members unanimously approved \$1.5 million in capital funds for the CREP program to pay for state committed cost share on riparian restoration enrollments. Staff will return to the September 2006 or January 2007 Board meeting with the Farm Service Agency to report on CREP enrollments.

USFS Partnership

Jeff Uebel, U.S. Forest Service, provided background information on this item.

Public Comment:

Wayne Hoffman, Mid Coast WSC, supported funding for the USFS Partnership.

OWEB staff have proposed to partner with the U.S. Forest Service (USFS) and others to fund whole watershed restoration efforts. The potential partnership would focus on 1) addressing geographic priorities, and 2) accelerating and completing priority work in selected watersheds. This proposed partnership would involve the pooling of OWEB, USFS and foundation funding sources and would serve as seed funding for high priority projects that will be further leveraged at the local level to complete the most-needed work in the following priority watersheds: Middle and North Fork John Day, North Fork Umpqua, South and Mid Coast drainages, and the Lower Columbia. The proposed partnership would be initiated with \$500,000 of capital funds from OWEB.

Board members unanimously approved a \$500,000 allocation of capital funds as an interagency agreement between USFS and OWEB. These funds will be distributed through individual grant agreements to implementing parties.

K. Oregon Plan Products Request

Greg Sieglitz, Monitoring and Reporting Program Manager, and Kelly Moore, ODFW, provided an overview of this staff report.

Continued funding is requested for an ODFW monitoring project in the Lower Columbia River ESU. In January 2003, ODFW received a grant from OWEB and partnered with NOAA Fisheries and PGE to initiate a monitoring program for coho in the Lower Columbia River Basin. Since that time, ODFW has received additional funds from OWEB, the Lower Columbia Bond Fund, and the USFWS Sport Fish Restoration Program to continue monitoring through June 2006. An additional \$375,000 of non-capital funds is being requested to continue funding through the end of the 2005-2007 biennium. All project funding is consistent with the sampling methodology and field protocols developed for the Oregon Plan and supports implementation of the Oregon Plan Monitoring Strategy.

Good baseline data are being collected and will be available to other entities. Oregon has been working with the state of Washington to coordinate data gathering on fish population and habitat information.

Board members unanimously approved allocation of \$375,000 of non-capital funds previously reserved to ODFW to be used for the Lower Columbia monitoring project.

L. Public Comment

Bruce Taylor, Defenders of Wildlife, commented on the application for the Zumwalt Prairie land acquisition, and encouraged the Board to follow land acquisition administrative rules when reviewing land acquisition applications.

M. Oregon Plan State Agency Activities Update

OWEB Board members and staff have requested each state natural resources agency that receives Measure 66 or PCSRF funds from OWEB or are major participants in the Oregon Plan for Salmon and Watersheds to provide presentations on their agency's activities under the Oregon Plan. The following state agency representatives summarized their Oregon Plan activities and were available to answer questions.

Representing the Oregon Water Resources Department

Tom Paul, Acting Deputy Director

Representing the Oregon Department of Environmental Quality

Stephanie Hallock, Director, Greg Pettit, and Greg Aldrich

N. Council-District Collaboration

John McDonald, OACD, and John Moriarty, Network of Oregon Watershed Councils, updated Board members on the collaborative effort between OWEB, ODA, SWCDs and watershed councils to promote local capacity. The process is being facilitated by Donna Silverberg to allow participants to take part in discussions. The meetings focus on the positive and have established ground rules and protocol, rules of confidentiality, and work on a consensus-based system. Both OACD and the Network are communicating with councils and districts statewide on progress being made in this collaborative effort.

A short, 30-second core message is being developed on the importance of clean water and that watershed councils and soil and water conservation districts are key components to meet the mission of the Oregon Plan. The outreach partnership team/coordinating group is developing a strategy to deliver the message on the importance of a good working relationship between districts and councils in local communities. Face-to-face contacts will be made with legislators, the Governor's Office, Congressional staff, county commissioners, districts, councils, tribes, other state agency partners, and lobbyists and interest groups. The message will emphasize what's important and identify the importance in investing in both councils and districts. Supplemental information and publications are being developed to provide additional information.

Updates on the effort will be provided at future Board meetings.

O. 2007-2009 Budget Presentation/Discussion

**This item was moved to the first day of the meeting.*

Executive Director Tom Byler briefly explained the budget process for the 2007-2009 biennium. OWEB staff are currently preparing policy packages for the 2007 legislative session. The policy packages are changes or additions to the agency's base budget, and are scheduled to be submitted to the Governor's Office and Department of Administrative Services in June. The full agency request budget is due in September.

OWEB has identified 17 policy packages as possible changes to OWEB's existing base budget funding and positions. Some seek funds, some seek authority to accept funds or restructure agency budget components, and a few do both. OWEB will continue to refine the policy packages in order to meet the June deadline for submission.

Several Board members asked for clarification on some of the policy packages, and reaffirmed their support for consistent funding for councils and districts, as well as an expressed concern about backfilling other state natural resources agency budgets. Director Byler stated that the Governor's Office has directed state natural resources agencies to move away from identifying federal funds as a funding source because of the uncertainty of those funds.

Board members supported OWEB's identified policy packages.

P. Restoration Priorities Adoption

Ken Bierly, Deputy Director, was joined by Harry Hoogesteger, South Coast Watershed Council, to present a format and approach to establishing regional priorities for restoration projects for the South Coast Basin. The priorities are intended to be used as guidance by OWEB in the review of grant applications and to help ensure a clear and strategic approach to prioritizing the funding of projects. At the March 2006 meeting, the Board adopted the priority approach for the Rogue and Willamette basins. The South Coast Basin product was completed using a similar format including a matrix for each watershed in the basin.

Board members unanimously approved the approach and content for the South Coast Basin regional restoration priorities.

Q. October 2006 Grant Cycle

**This item was moved to the first day of the meeting.*

Roger Wood, Grant Program Manager, briefed Board members on the staff recommendation to change the October grant cycle deadline for applications from October 23 to October 16. The current deadline conflicts with OWEB's Biennial Conference which is scheduled for October 25-27, 2006. Moving the deadline back one week would avoid conflict with the conference and be beneficial to staff and OWEB's regional review teams in the processing of grant applications.

Board members voted unanimously to approve adjusting the grant application deadline to October 16, 2006.

R. Other Business

Proposal for 2006 Coastal Salmon Fishing Emergency Respo0nse and Salmon Recovery Investment

Ken Bierly, Deputy Director, and Tom Shafer, North Coast Regional Program Representative, presented this item to the Board. Tom Shafer, has been assigned to work with the Governor's Office in coordinating this effort.

Due to a combination of factors causing a dramatic decline in the number of Klamath River Basin Chinook Salmon available for harvest along the coasts of Oregon and California, commercial and sport fishing along the Oregon coast has been severely restricted by NOAA Fisheries. The restrictions will have a significant negative economic and social impact to coastal

communities. On April 24, 2006, Governor Kulongoski issued Executive Order No. 06-06 declaring a state of emergency for Oregon's coastal counties impacted by the fishing restrictions. In response to the executive order, OWEB staff are developing five concepts that:

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.

Emergency Board action is required to obtain expenditure limitation for no more than \$3 million in Measure 66 Lottery Funds to provide funding to cover the concepts listed below.

Concept 1. Funding for Recovery Planning Outreach

Concept 2. Funding for Accelerated Development of Restoration Projects

Concept 3. Funding for Work Opportunities for Displaced Fishers to Gather Ocean Salmon Research Data

Concept 4. Funding for Work Opportunities for Displaced Fishers for Inventory and Assessment Activities

Concept 5. Funding to Implement Restoration Projects

Immediate funding (\$40,000) is requested to purchase data logger equipment and laptop computers needed to gather the data for fin collection, species, location, time, and other relevant data. This funding request supports Concept #3 which would employ displaced fishers to collect critical information and document the location, species, and DNA signature to identify the escapement and distribution of salmon stocks in the coastal ocean waters.

Board members unanimously approved the following:

1. An allocation of \$40,000 of non-capital funds to purchase equipment for salmon-related ocean research as described in the staff report.
2. Direct staff to request expenditure limitation from the Emergency Board for no more than \$3 million in Measure 66 Lottery Funds for the purposes described in the staff report.
3. Contingent upon and consistent with expenditure limitation approval from the Emergency Board, delegate to the Executive Director the authority to enter into appropriate grant and interagency agreements to distribute funds for the purposes outlined in the staff report.

Having no further business, the meeting was adjourned.