

May 12, 2006

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item R: Other Business
U.S. Forest Service Whole Watershed Restoration Partnership
May 16-17, 2006 OWEB Board Meeting**

I. Introduction

This staff report updates the Board on a proposal to partner with the U.S. Forest Service (USFS) to conduct “Whole Watershed Restoration” efforts. The Board considered action to fund this project at its March meeting and raised a number of issues regarding the project. Since that meeting, OWEB staff worked with USFS staff to respond to Board member questions, and now request Board action to allocate funds to support the USFS project.

II. Issues Raised and Proposed Resolution

One concern raised at the March meeting was whether the USFS was requesting OWEB funds to make up for funding shortfalls within their agency. This is not the case. The federal funds available for the partnership project are entirely above and beyond core agency responsibilities. In fact, the Pacific Northwest Region of the USFS has successfully competed for approximately \$100,000 in additional discretionary restoration funds for this federal fiscal year from within the agency. In this instance, OWEB funds would not replace federal funding shortfalls. Instead, OWEB funds would further leverage existing funds that the USFS has obtained to achieve additional aquatic restoration beyond what they would otherwise accomplish. Moreover, OWEB funds would all be used for restoration purposes, not to support USFS staff or to fulfill other federal mandates of the agency.

A second issue raised was about previous partnership accomplishments. In response, the USFS has provided information about the previous year’s accomplishments with the program (Attachment A) that shows restoration projects completed in the Umpqua, Sandy, John Day, and Goose Lake basins. The total investment for these projects was \$457,000, which included \$113,000 of USFS funds and \$344,000 of other funds.

A third issue raised by Board members concerned the use of OWEB funds by a federal agency on federal lands. For this project, all OWEB funds are to be used directly for watershed restoration purposes. This use is fully consistent with OWEB funding objectives. OWEB has also discussed with USFS staff the desire to use OWEB funds to the greatest extent possible on non-federal lands or on elements of projects that provide resource benefits to non-federal lands. This approach would be carried out in implementing the project with the understanding that the

effort seeks to effectively address watershed restoration issues and to avoid, to the extent possible, unnecessary limitations created by land ownership boundaries. This partnership method to restoration offers the opportunity to achieve significant benefits for improving watershed function at a large geographic scale.

Finally, Board members raised concerns about establishing a separate funding process without the same level of review as the OWEB Grant Program. The process developed under the USFS partnership has a substantive review that includes OWEB staff participation. While different in form, the nature of the review is in significant alignment with that provided by the OWEB regional review teams. In addition, OWEB staff commit to consult with regional review team members on an informal basis to get their input on proposed projects under the USFS process. This will be especially important for technically complex and large-scale projects.

To address these Board member concerns, OWEB staff worked with the USFS to develop a list of conditions that would be part of the USFS partnership agreement. The conditions are contained in Attachment B.

IV. Recommendation

Staff recommend the Board allocate \$500,000 of capital funds as an interagency agreement between USFS and OWEB. These funds will be distributed through individual grant agreements to implementing parties.

Attachments

- A. 2004-2005 USFS Partnership Program
- B. Proposed Interagency Agreement Conditions

Whole Watershed Restoration Partnership, FY 2005 Pilot Projects, Funding and Accomplishment

Priority Basin	Watershed	Project***	Funding (\$K)			Land Ownership	Target Species *****	Outputs/Accomplishment	
			FS*	OR	Trout			OWEB	Other**
Umpqua	N.ForkUmpqua Steamboat Cr	Little Rock Cr. road obliteration****	37		33				3 miles road oblit, 2 stream crossings restored
Sandy	Salmon River	ArrahWanna side-channel restoration	6		5	85	Private		1 mile side channel opened/restored.
		UpperSalmon side-channel restoration	12		10	13	FS		1 mile side channel opened/restored.
	Upper Sandy	Carcass nutrient load project/study	10		10	49	FS		8 stream miles treated/enriched (two tributaries)
John Day	Middle Fk.	Camp Cr riparian restoration	3		5		FS		1 mile hardwood planting/fencing
		Camp Cr Restoration Action Plan	10		10	10	FS		Action plan for basin's highest-priority area
	Mainstem	Canyon Cr brook trout removal	5		6	4	FS		2 miles brook trout removal
Other	Goose Lake	Cottonwood Cr channel/riparian restore	30			7	Private		1 mile channel reconstruct. and riparian fencing/restore
OR Priority Basin Totals			113		79	189			14 miles stream/riparian habitat improved 3 mi. road oblit/closed; 2 culvert crossings improv.

* Includes Regional USFS discretionary funding applied in priority basins to match partner investments in WWRP, including Joint Venture, Challenge Cost Share, and other funds.

Does not include other on-going watershed improvement project work in these basins, such as Forest-funded projects or Regionally-funded capital investment (roads/culverts).

** Other leveraging/fund sources for the projects, including local partners and on-Forest funds.

*** All projects shown (except Cottonwood Cr) are part of on-going, multi-year programs for completing high priority work in these priority watersheds.

**** Final project to complete work in the subwatershed.

***** Species: St= steelhead, ChS= Spring Chinook, ChF= Fall Chinook, Co= coho, Ctt= cutthroat

**Proposed Conditions,
USFS Whole Watershed Restoration Partnership
April 12, 2006**

Background

For over 10 years, the USFS Pacific NW Region has implemented a comprehensive program of watershed and aquatic habitat restoration. This program is part of the Aquatic Conservation Strategy for FS and BLM lands. Work is coordinated with and supports the Oregon Plan. Last year (FY2005), more than 8.4 million dollars of USFS appropriated and trust funds were spent in Oregon to improve water quality and fish habitat conditions on and off the National Forests. Accomplishments from this investment include: improved access to 86 miles of fish habitat (at 53 culvert crossings), 383 miles of streams and 167 acres of lakes restored/improved, and improved watershed conditions on 1,300 acres. Since 1998, through use of the Wyden Amendment, USFS funds have increasingly been used to improve watershed/aquatic conditions on private lands. Over this period, they have averaged about \$400,000 annually. National Forests compose the headwaters of many Oregon river basins, and these improvements have not only improved refugia for at-risk fish populations residing in or migrating to the National Forests, but have helped improve water quality conditions for people and fish in downstream areas as well.

Additional support for the Oregon Plan includes a full time liaison position. The position was created in FY2000 to improve communication and coordinate FS/OWEB restoration programs. Significant progress to better link the two programs has occurred. Forest Service specialists provide critical on-going technical support for many of the watershed councils across the State, as well as serving on most OWEB Regional technical review teams. Additionally, OWEB and the FS have jointly sponsored workshops to develop coordinated fish passage priorities in the Hood, Siuslaw and John Day basins.

The Pacific Northwest Region proposes to build on this support for the Oregon Plan through the Whole Watershed Restoration Partnership. This initiative is a new investment for the Region, supported by the Regional Executive Team, expressly intended to expand partnerships in aquatic restoration. The FY05 pilot began with 3 partners and produced 14 miles of high-priority stream habitat improvement in the Umpqua, Sandy and John Day River basins. Since that time, new partners and resources have been recruited (including \$100,000 from National Fish and Wildlife Foundation for FY06-07). Improved cooperation and collaboration will increase accomplishments and accelerate recovery of some of Oregon's most important watersheds. The program will provide additional leveraging of OWEB resources, expanding the number and diversity of partners involved in restoring Oregon's watersheds. Responding to issues raised at the March Board meeting about the USFS "Whole Watersheds Partnership", the following conditions have been suggested for the partnership. The conditions are crafted to ensure accountability of dedicated state funds and document the "value added" of participating in this effort.

Understanding

1. OWEB will enter into an interagency agreement with USFS, Pacific NW Region. The agreement will specify: the amount of funds available; the limitation to “capital” funds (limited to contracted services and/or materials); OWEB staff participation in selecting initial focus watersheds and individual project work; a requirement to match OWEB funds by at least 50% (combined FS and other partner funds); the billing process (limited to 2 invoices, an advance and a final payment that shows all receipts); and the schedule for reporting on the uses of the funds to OWEB.
2. The USFS annual report to OWEB will include a list of the projects funded, the amount of match provided to each project, the accomplishments of each project, lessons learned from each project and the information gained from monitoring.
3. OWEB will have a separate grant agreement for each project using OWEB funds that names a responsible party (grantee) and the limitations on the uses of the funds.
4. The intent of this agreement is to work collaboratively to complete critical work in entire watersheds of mutual interest and priority. USFS/OWEB/other partner funds will be applied to maximize efficient and effective completion of priority work on a watershed basis, regardless of land ownership. This work will be identified in cooperatively developed restoration action plans. To the degree possible, use of OWEB funds will be directed first to priority work/locations on private lands. The USFS will use its authorities to fund work on both Federal reserves and private lands (through ‘Wyden Amendment’). Over the term of the agreement, the proportion of OWEB to combined FS/Partner funding and treated lands (programmatically) is expected to roughly correspond to the mixture of federal to state and private land ownership in Oregon-50/50.