

**MINUTES ARE NOT FINAL UNTIL APPROVED BY THE BOARD
Oregon Watershed Enhancement Board**

**March 19, 2008
OWEB Board Meeting
Medford, Oregon**

Minutes

OWEB Members Present

Miles Brown
Dan Carver
Dan Heagerty
Jim Johnson
Skip Klarquist
Jose Linares
Meta Loftsgaarden
Jim Nakano
Jennifer Phillippi
Dave Powers (arrived at 3:00 p.m.)
Diane Snyder
Dan Thorndike
Helen Westbrook

Members Not Present

Bobby Brunoe
Patricia Smith
Michael Tehan
Ken Williamson

OWEB Staff Present

Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Carolyn Devine
Douglass Fitting
Mark Grenbemer
Wendy Hudson
Karen Leiendecker
Melissa Leoni
Tom Shafer
Greg Sieglitz
Teresa Trump
Roger Wood

Others Present

Tim Franklin
Laura Jackson
Darren Borgias

Others Present

Kip Wood
Mary Loftin
Kim Schoner
Bruce Taylor
Wayne Hoffman
Paul Siebert
Scott Turo
Larry Six
Joseph Feldhaus
Jonathan Soll
Tom Wiley
Brad Carlson
Liz Vollmer-Buhl
Charlie Boy
Frances Oyung
Lee Russell
Elise Granek
Larry Putlitz
Bob Kinyon
Cheryl McGinnis
Daniel Newberry

A. Board Member Comments

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

B. Minutes

Minutes of the January 16-17, 2008, Board meeting in Astoria were unanimously approved.

C. Executive Director Update

Executive Director, Tom Byler, reminded Board members of OWEB's biennial conference which will be held November 5-7, at the Eugene Hilton. He asked for Board participation and sponsorships. He discussed the timeline for the proposed Region 6 regional program representative recruitment. At its April 8, 2008, meeting, The Nature Conservancy (TNC) staff will be recognized by the State Land Board for their work on the Williamson River Delta project.

1. Oregon 150 Update

Ken Bierly, Deputy Director, briefly discussed the applications received, the review process, and will have a update Board members at the May meeting.

2. Whole Watershed Restoration Initiative
The Board was provided information on the proposed project distribution for the partnership.
3. Pacific Coastal Salmon Recovery Fund
Director Byler stated that he expects PCSRF funds to be distributed sometime this summer. This is the second year that states have competed for PCSRF funds. The MOU with NOAA Fisheries has been revised significantly. Since it is unlikely that the federal budget will pass before the November elections, the outcome of FFY 09 funding is not known.
4. Oregon Watershed Restoration Inventory Electronic Improvements
Reporting to the OWRI is required for grants awarded by OWEB, but available for voluntary data received from our partners. OWEB recently established an electronic reporting option that enables projects to be submitted on e-forms. About 25% of the projects are being reported electronically.
5. Deferred Land Acquisitions
The following acquisitions deferred from previous meetings are not ready for Board consideration pending receipt of due diligence materials, or resolution of issues.
 - Shangrila Creek Wetlands (208-103), \$180,000 request, received in April 2007.
 - Newton Creek Wetlands (207-301), \$1.5 million request, received in October 2006.
 - Lostine River (207-324), \$516,000 request, received in October 2006.
 - Pilcher Creek (206-339), \$250,000 request, received in October 2005.
6. Monitoring and Research Strategy
Greg Sieglitz, Monitoring and Reporting Program Manager, updated Board members on results of the Board subcommittee's first meeting, which was held on February 27, 2008. Members of the subcommittee are Meta Loftsgaarden, Ken Williamson, and Bobby Brunoe. Focus was on issues raised at the Board Planning Session last July.
7. Administrative Rule Development
Director Byler briefly updated Board members on potential administrative rulemaking efforts involving watershed council support, restoration grants, and grant administration. Only the grant administration rules may be ready for consideration at the September Board meeting. Staff have determined that rules are not necessary for the others.
8. Education and Outreach Strategy
Carolyn Devine, Communications Coordinator, has been researching past education and outreach grants, and has been working with a Board subcommittee on developing the education and outreach strategy.
9. Partnership Investments
Director Byler provided Board members with a brief overview of the need to add two Board members (one voting and one non-voting) to the Partnership Investments subcommittee to provide a greater frequency of communication with staff.

D. Special Investment Partnerships – Willamette

Roger Wood, Special Projects, was joined by Pam Wiley from Meyer Memorial Trust (MMT), to update Board members on the Willamette SIP and MMT's contribution to the effort. OWEB staff are requesting the Board approve a \$6 million allocation toward implementation of the Willamette SIP and authorize the Executive Director to negotiate project details and enter into agreements to obligate the funding.

The MMT allocates resources in three strategic areas: 1) education initiative (The Chalkboard Project); 2) affordable housing; and 3) restoration of the Willamette River. OWEB has been working with the MMT on the Willamette SIP. The MMT is excited to be working with OWEB as they can allocate funds without the capital/non-capital issues that OWEB struggles with. The MMT is strongly interested in a five to seven year monitoring commitment.

Beginning in spring 2008, OWEB will help partners further develop the details of promising projects, and sign agreements with a number of key public and private partners with funding, land, or other resources to offer the Willamette Partnership. Partners to date include: Meyer Memorial Trust, the Oregon Departments of Geology and Mineral Industries, State Lands, Environmental Quality, Fish and Wildlife, Parks, and possibly others.

Board discussion focused on details and management of proposed projects, and items contained in the agreements.

Roger Wood stated that OWEB will strive for the fewest number of agreements with the largest number of partners.

Board members unanimously approved the following:

1. The Board endorsed the merit and objectives of the Willamette SIP contained in Attachment A of the staff report and the value of likely outcomes.
2. The Board allocated to the Willamette SIP up to \$6 million of capital funds from the \$12 million previously reserved for SIP for the 2007-2009 biennium and delegated the distribution authority to the Executive Director.
3. The Board approved the staff recommendation described in Section VII.3a-d of Agenda Item D in the staff report as amended (reference to May 1, 2008, was removed from 3a) as follows:
 - The Board placed the following conditions on the Willamette SIP funding allocation:
 - a. The central partners must sign Partnership Agreements before project implementation agreements are signed.
 - b. Any projects and actions in the implementation work plan for which OWEB funds will be used will be subject to detailed scrutiny and approval by a technical review process designated by OWEB.
 - c. If the entire \$6 million is not committed in a timely manner, the Board reserves the right to redirect the uncommitted amount for other uses.

- d. OWEB SIP funds may be used for acquisition of land or water interests, including conservation easements or fee title, only if OWEB's standard acquisition program criteria and due diligence requirements have been satisfied.
4. The Board approved the staff recommendation as amended that was described in Section VII.4a-e of Agenda item D of the staff report, as follows:

The Board authorized the Executive Director to enter into Willamette SIP negotiations necessary to:

 - a. Identify which of the high and immediate project priorities are right for OWEB funding.
 - b. Certify that these projects are technically sound.
 - c. Identify which activities and line item expenses for each project are appropriate for OWEB funding.
 - d. Identify any special conditions that should apply to the OWEB funding.
 - e. Enter into agreements and contracts with the appropriate implementing partners.

E. Public Comment on Pending Grant Applications

- Joseph Feldhaus, Coos Watershed Association, requested full funding for 208-2061 and 208-2059 which were both recommended for funding at a reduced amount.
- Chris Chambers, City of Ashland, supported 208-2055 which was not recommended for funding by the RRT and OWEB staff.
- Darren Borgias, The Nature Conservancy, supported 208-2055 which was not recommended for funding by the RRT and OWEB staff. He suggested criteria that OWEB could consider in evaluating grant applications regarding mitigating the risk of fire.
- Kyle Gorman, Oregon Water Resources Department, and Genevieve Hubert, Deschutes River Conservancy, were joined by Rick Craiger and Douglass Fitting, OWEB, to discuss the withdrawal of 208-104 (Instream leasing in the Deschutes basin) which was recommended for deferral by OWEB staff.
- Representative Susan Morgan, Laura Jackson, ODFW, and John Ouimet, District Ranger, U.S. Forest Service, and Bob Kinyon, Partnership for the Umpqua Rivers, supported 208-2082, Diamond Lake Restoration Post-Treatment Monitoring, which was recommended for funding by the RRT, but fell below the OWEB staff recommended funding line.
- Bob Kinyon also supported 208-2092, which was recommended for funding by the RRT, but fell below the funding line, and 208-2084, which was recommended for funding at a reduced level.
- Scott Turo, The Confederated Tribes of Warm Springs, requested full funding for 208-5104, which the RRT recommended for reduced funding, but was not recommended for funding by OWEB staff due to limited funds.
- Wayne Hoffman, Mid-Coast Watersheds Council, supported 208-1049 and 208-1050, which were both recommended for funding.
- Charlie Boyer, Oregon Soil and Water Conservation Commission, and Jackson SWCD, commented on the number of OWEB grants for riparian and instream projects. He pointed out the importance of "ridgetop to ridgetop" including irrigation efficiency and groundwater.

- Elise Granek, Portland State University, supported 208-2046 which was recommended for funding by the RRT, but not OWEB staff.
- Tim Franklin, Applegate Partnership/Applegate River Watershed Council, supported 208-2048 which was recommended for funding by the RRT, but fell below the recommended funding line.
- Liz Vollmer-Buhl, Siuslaw Watershed Council, supported the following applications submitted by the Siuslaw Watershed Council: 208-1029, 208-1030, 208-1031, 208-1032, which were all recommended for funding.
- Cheryl McGinnis, Clackamas River Basin Council, supported 208-3083, which was recommended for funding by the RRT, but fell below the funding line. She expressed concern about the lack of funding for education and outreach efforts.
- Judith Jensen, Educational Solutions, supported 208-4055, which was recommended for funding.
- Jonathan Soll, The Nature Conservancy, supported 208-108, which was recommended for funding.
- Bruce Taylor, Defenders of Wildlife, supported the proposed acquisition project in Yamhill County, 208-108, commented on OWEB's level of funding acquisitions over the past eight years, and commented that acquisition investments provide for long-term resource protection.

F. Board Consideration of Pending Grant Applications

Lauri Aunan, Grant Program Manager, provided Board members an overview of the October 22, 2007, grant cycle. Two hundred and sixty four grant applications seeking a total of \$33,557,110 were received, making this the largest number of applications OWEB has ever received in a grant cycle.

Ms. Aunan thanked those who were involved in the application review process, and their continuing commitment.

- Regional Review Teams
- Oregon Plan Monitoring Team
- Oregon Plan Outreach Team
- OWEB staff

She also thanked Board members, Dave Powers and Miles Brown, for attending site visits with the regional review team members and staff.

Of the 264 applications received in the October 22, 2007, grant cycle, the following table identifies the number of applications and amount of OWEB funds requested:

Technical Assistance	33	\$ 1,266,409
Education	42	\$ 1,418,095
Monitoring	36	\$ 2,444,234
Acquisition	12	\$ 6,811,074
Restoration	141	\$21,617,297

After being screened for eligibility and completeness, the applications were sent to the appropriate review teams, who developed recommendations for individual projects on their merit for funding, and numerically ranked the recommended projects for funding. OWEB staff used the review team rankings to develop funding recommendations for Board consideration. The

funding recommendations are based on the budget allocated by the Board and the rankings of the reviewers.

Statewide Education and Outreach Applications

Two Statewide Education and Outreach applications were received this cycle. The Oregon Plan Outreach Team reviewed both applications and recommended both for funding. Staff recommended funding 208-7001 and reduced funding for 208-7002.

Acquisition Applications

Twelve Acquisition applications were received, including one water acquisition, and 11 land acquisitions. Two land acquisition projects were withdrawn by applicants. The Board acquisition subcommittee reviewed the applications before regional review team evaluation of ecological merit and recommended whether staff should proceed with due diligence review.

The subcommittee requested due diligence materials from nine of the 11 land acquisition applicants. Due diligence materials were received and reviewed for one application, Yamhill Oaks (208-108), which is recommended for funding by staff. The remaining eight applications are recommended for deferral.

Board members were presented funding recommendations by staff and voted on the staff recommendations, and considered additional projects based on public input. At the conclusion of all the regional reports, Board members had a final vote on funding awards.

REGION 1, NORTH COAST

Lauri Aunan, Grant Program Manager
Tom Shafer, Regional Program Representative

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

REGION 2, SOUTHWEST OREGON

Lauri Aunan, Grant Program Manager
Mark Grenbemer, Regional Program Representative

Board members discussed projects that were identified in the public comment period. The Board was interested in how the funding source (capital vs. non-capital) affected prioritization. Director Byler clarified that funding sources do not affect prioritization, and that the review teams make their determinations on the merits of the applications, not the funding source.

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of the revised Attachment A of the staff report.

REGION 3, WILLAMETTE BASIN

Lauri Aunan, Grant Program Manager
Wendy Hudson, Regional Program Representative
Douglass Fitting, Acquisitions

208-108 Yamhill Oaks-Nielsen Trust Property Acquisition, which is recommended for funding.

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

REGION 4, CENTRAL OREGON

Lauri Aunan, Grant Program Manager

Rick Craiger, Regional Program Representative

Douglass Fitting, Acquisitions

- 208-110 Whychus Creek Discovery Outpost and Land Acquisition is waiting for receipt of due diligence materials.
- 208-104 Deschutes River Instream Leasing was withdrawn by the applicant before the Board meeting.
- 208-105 Coffey Ranch Conservation Easement was withdrawn prior to the Board meeting.

Staff explained the four projects reviewed by the regional review team that were to be funded by the resources available to the Deschutes SIP.

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

REGION 5, EASTERN OREGON

Lauri Aunan, Grant Program Manager

Karen Leiendecker, Regional Program Representative

Board members unanimously supported staff's funding recommendations as shown in the "shaded area" of Attachment A of the staff report.

STATEWIDE

Lauri Aunan, Grant Program Manager

Carolyn Devine, Communications Coordinator

Board members unanimously supported staff's funding recommendations for the two statewide applications, as shown in the "shaded area" of the corrected attachment C to the Overview and Statewide Application staff report.

The following applications were identified for further discussion by the Board:

- 208-2082 Diamond Lake Restoration Post Treatment Monitoring
- 208-5104 Mid-Fork John Day River Instream Habitat Improvement
- 208-2046 PSU's Monitoring Oregon Coastal Marine Habitats
- 208-2048 Applegate Salmon Safe Education
- 208-3083 Clackamas River Basin Council Outreach and Education

At the end of the discussion, Board members voted (7 yes, 1 no (Dan Carver)) to award \$127,614 (\$50,000 reduction) to Application 208-5104.

At the conclusion of the Board meeting, there was an informal reception for OWEB Board members, staff, watershed partners, and local officials at the Red Lion. Representatives of the following local entities provided a brief description of activities in the Rogue. OWEB was honored to have Representative George Gilman and Mayor Gary Wheeler of Medford attend the reception.

- Applegate Watershed Council
- Bear Creek Watershed Council
- Illinois Valley Watershed Council and Soil and Water Conservation District
- Middle Rogue Watershed Council
- Upper Rogue Watershed Council
- Southwest Oregon RC&D
- WaterWatch
- Oregon Water Trust
- Medford Water Commission
- Rogue Basin Coordinating Council

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OWEB Staff Present

Lauri Aunan
Ken Bierly
Tom Byler
Rick Craiger
Carolyn Devine
Mark Grenbemer
Karen Leiendecker
Melissa Leoni
Tom Shafer
Greg Sieglitz
Teresa Trump

Others Present

Representative Ron Maurer
Sue Knapp
Kami Ellingson
Jessica Halofsky
Ron Neilson

Members Not Present

Bobby Brunoe
Patricia Smith
Michael Tehan
Ken Williamson

Savage Rapids Dam Tour

OWEB Board members, staff, local partners, and invited guests began the day with a tour of Savage Rapids Dam. From January of 2002 through September of 2005, OWEB committed \$3 million to fund removal of the dam and post removal restoration of the riparian area upstream of the dam site. OWEB was honored to have Representative Ron Maurer and Representative George Gilman attend the tour.

OWEB staff worked with the grantee, the Grants Pass Irrigation District, and WaterWatch to prepare the tour.

At the beginning of the Board meeting, the Co-Chairs recognized and welcomed Representative Ron Maurer who was in attendance.

G. 2009 Legislative Concepts and Budget Discussion

Tom Byler, Executive Director, and Melissa Leoni, Senior Policy Coordinator, provided Board members with a brief update of legislative concepts and the agency's budget for 2009-2011. After considering two proposed legislative concepts (Landscape Contractor Exemption and

Multiple Projects and Permit Requirements) OWEB staff are confident that issues will be addressed in other avenues and will not submit them to the 2009 legislature.

Director Byler offered Board members a timeline of the process to submit OWEB's requested budget to the Governor. OWEB staff will submit draft policy packages for Board discussion at the May Board meeting, expecting to finalize those policy packages in June 2008. OWEB's requested budget is due to the Governor in September 2008. Following that submission, the Governor submits his recommended budget to the Legislature for consideration. OWEB's budget is final when the Legislature adopts the final budget.

H. Public Records Rules and Fee Schedule Adoption

Melissa Leoni, Senior Policy Coordinator, briefed Board members on the Public Records Rules and Fee Schedule proposed for adoption. The rules and fee schedule were developed in response to Senate Bill 554 approved by the 2007 Legislature.

Rulemaking was initiated in September 2007; proposed rules were developed and made available for public comment by January 7, 2008, and two public hearings were held (January 17 and 23, 2008). Staff considered the one public comment received, and are recommending two minor changes for clarification and consistency purposes.

OWEB staff also developed a fee schedule representing the most likely costs to be incurred in responding to requests to inspect or copy public records. The rule specifies that the requester be notified in a reasonable time period of when to expect a response to their request.

Board members unanimously adopted the administrative rules for public records access and reproduction contained in Attached B of the staff report; and adopted the proposed fee schedule as proposed in Attachment C of the report.

I. Public Comment – General

- Sue Knapp, Governor's Natural Resources Office, spoke on behalf of the Governor and the Natural Resources Office, in support of the Willamette SIP. Restoring the Willamette is high on the Governor's agenda along with climate change issues. She believes we will see renewal of the Rogue River with the Savage Rapids Dam removal and thanked the Board for all of their work, efforts, and participation.

J. Wetlands Investments

Coastal Wetlands Grants

Ken Bierly, Deputy Director, was joined by Kami Ellingson, U.S. Forest Service, Siuslaw National Forest, to brief Board members about the National Coastal Wetlands Conservation Grants awarded to OWEB. Under the competitive program, the U.S. Fish and Wildlife Service (USFWS) provides matching grants to states for acquisition, restoration, management or enhancement of coastal wetlands. In 2008, OWEB applied for, and was awarded, \$2.2 million for four grants:

- Lower Salmon River Estuary Restoration (\$754,800)
- Lint Slough Restoration (\$310,000)
- Yaquina Acquisition (\$95,725)
- Alsea Bay Acquisition (\$997,350)

Ms. Ellingson described the Lower Salmon River Estuary project and Mr. Bierly described the need for the Board to approve the distribution of the federal funds. Staff will return to the May Board meeting for funding the other three grants.

Board members unanimously approved to delegate authority to the Director to develop the appropriate grant agreements for \$754,800 with the U.S. Fish and Wildlife Service as described in the staff report.

Digitization of National Wetlands Inventory Maps

Greg Sieglitz, Monitoring and Reporting Program Manager, updated Board members on digitization of National Wetlands Inventory Maps. In recent years, significant progress has been made toward building an electronic map of all wetlands located in the state that is readily available and based on data from the National Wetlands Inventory. In 2006, OWEB received \$75,000 from the Oregon Geographic Information Council (OGIC) to coordinate digitization of NWI maps. Again in January 2008, OGIC awarded \$48,000 to OWEB for the digitization of 240 additional maps, covering nearly 70 percent of the state. This project, combined with a project by The Wetlands Conservancy to revise outdated NWI maps in western Oregon, will provide total state coverage of about 75 percent. Staff will return at a future meeting to discuss funding for digitizing the remaining NWI maps in Oregon.

Compliance and Effectiveness Monitoring of Wetlands Projects

Greg Sieglitz, Monitoring and Reporting Program Manager, stated that OWEB is partnering with The Xerces Society and the Department of State Lands to submit a grant application to EPA to evaluate wetland restoration projects.

OWEB has provided nearly \$10 million to wetland restoration projects around the state between 1999-2008. Therefore, OWEB has identified wetland restoration projects as a significant type of restoration activity and the next project type positioned for effectiveness monitoring focus.

K. Climate Change Presentation

Jessica Halofsky, from the University of Washington, and Ron Neilson, from the U.S. Forest Service, discussed climate change scenarios and their possible impacts on ecosystem functions in the Pacific Northwest. This agenda item was the first in a series of presentations at Board meetings about climate change and its potential implications for watershed restoration and other OWEB investments.

OWEB plans to have presentations on the effects of climate change at subsequent board meetings and the biennial conference in November 2008.

L. Other Business

There was none.

Having no further business, the meeting was adjourned.