

## **July 28-29, 2015 OWEB Board Meeting**

### **Executive Director Update #F-4: Budget and Legislative Summary**

#### **Introduction**

This report provides the Board with a wrap-up of the 2015 Legislative session and includes budget and policy issues that affected OWEB.

#### **OWEB's 2015-2017 Legislatively Adopted Budget**

OWEB's budget bills—Senate Bills 5540 and 5541—passed the Senate on June 23 and the House on June 29. The Governor signed the bills on July 6. An overview of OWEB's Legislatively Adopted Budget will be provided at the Board meeting.

The agency's overall budget is \$102,958,545. These funds are comprised of Measure 76 lottery funds, federal funds which are primarily Pacific Coastal Salmon Recovery Funds (PCSRF), and other funds (e.g., Salmon License Plate revenue). Most of these funds directly support OWEB grants and operations. However, the Legislature directed \$9.5 million in PCSRF for the Oregon Department of Fish and Wildlife (ODFW).

Notable budget items for OWEB include:

- A. Agency Operations
  - a. One limited duration position was made permanent.
  - b. Four new limited duration positions were approved:
    - i. Conservation Outcomes Coordinator
    - ii. Conservation Outcomes Specialist
    - iii. Grant Programs Analyst
    - iv. OWEB received ¼ FTE to support forest health collaborative work
  - c. Two limited duration positions were continued to coordinate activities under the Focused Investment Partnerships.
- B. Funding for the Independent Multidisciplinary Science Team was eliminated.
- C. Salmon Plate revenues were moved to the Grants program.

Two legislative budget notes were added to OWEB's budget. One budget note directs OWEB to coordinate with the Oregon Department of Agriculture (ODA) on an initiative to implement watershed restoration projects that improve water quality on agricultural lands. The budget note provides that OWEB shall include a minimum of \$1 million of Lottery Funds in the Board's 2015-2017 Spending Plan to work with ODA to provide grants for technical assistance and restoration projects that restore riparian function, improve watershed health, and increase water quality in ODA's Strategic Implementation Initiatives Areas. The Governor's response to this budget note is found in Attachment A.

The second budget note directs OWEB to increase the total amount of Lottery Funds from the Watershed Conservation Grant Fund made for weed grants by \$500,000, on a one-time basis. These additional grant funds would be used to improve sage grouse habitat through landowner actions to inventory, treat, and reduce plant invasive species threats to sage grouse habitat and rural economic values and restore native plant habitat. OWEB is directed to work with ODA, local weed boards, and other local delivery mechanisms in getting this additional \$500,000 on

the ground improving sage grouse habitat in the shortest time possible. The Governor's response to this budget note will be provided at the July Board meeting, if available.

In the Oregon Department of Forestry (ODF) budget, the legislature has provided \$1,200,000 for grants associated with rangeland wildfire threat reductions. ODF is then directed to provide the funding to OWEB for overseeing the grant program in conjunction with the forest collaboratives grant program managed by OWEB. The funding is to be implemented in a manner consistent with wildfire-related provisions of Oregon's plan for addressing the conservation of greater sage grouse and rural community vitality.

### **Legislative Policy Issues**

During the 2015 Legislative session, OWEB had no agency bills other than its budget bills. Despite that, several policy bills were introduced that had the potential to directly affect OWEB programs. A list of these bills, along with an update about their ultimate status, is listed below:

- A. *HB 3333 regarding Salmon License Plate revenue.* This bill was passed by the Legislature, and as of the writing of this report, anticipated to be signed into law by the Governor. The bill requires OWEB to use Salmon License Plate revenues to fund projects that protect or restore native salmon habitat or restore natural watershed or ecosystem functions by removing artificial obstructions to native salmon migration. The bill was discussed in Agenda Item I.
- B. *HB 3334 regarding a requirement for OWEB to spend \$1 million per year out of the grant program for ten years on sage grouse habitat restoration.* This bill did not pass. At the April, 2015 meeting, the Board committed to making available at least \$10 million through OWEB's grant programs over the next ten years to support projects in the sage-steppe ecosystem that will improve sage grouse habitat.
- C. *SB 202 regarding abolishing the Independent Multidisciplinary Science Team (IMST) and establishing a Task Force on Independent Scientific Review for Natural Resources.* This bill was passed by the Legislature, and as of the writing of this report, anticipated to be signed into law by the Governor. The bill abolishes the IMST and establishes a Task Force on Independent Scientific Review for Natural Resources, staffed by the Institute for Natural Resources at Oregon State University. Funding for the IMST was removed from OWEB's budget.
- D. *SB 204 regarding the establishment of a Working Farms and Forests Task Force and a Clean Water Fund.* The bill did not pass. The Task Force would have studied economic, social, and environmental issues of working farms and forests, including easements and other conservation actions. The Clean Water Fund would have provided \$13 million for OWEB to distribute for improvements in water quality

through the purchase of riparian easements and/or restoration action in select watersheds.

- E. *SB 544 regarding limitations on landowner liability for certain watershed restoration projects.* This bill did not pass. Further information on next steps will be forthcoming from the Governor's office.

**Staff Contact**

If you have questions or need additional information, contact Meta Loftsgaarden at [meta.loftsgaarden@state.or.us](mailto:meta.loftsgaarden@state.or.us) or 503-986-0180, or Eric Hartstein at [eric.hartstein@state.or.us](mailto:eric.hartstein@state.or.us) or 503-986-0029.

Attachment

- A. Governor Brown's Response to OWEB Budget Note



July 6, 2015

The Honorable Peter Courtney  
Senate President  
State Capitol S-201  
Salem, OR 97301

The Honorable Tina Kotek  
Speaker of the House  
H-269 State Capitol  
Salem, OR 97301

RE: Senate Bill 5541 and House Bill 5002:

Dear Senate President Courtney and Speaker Kotek:

Clean water is a top priority for my administration. The work of the Oregon Department of Agriculture (ODA) to address water quality impacts of agriculture, combined with the investments of the Oregon Watershed Enhancement Board (OWEB) in supporting voluntary efforts to improve water quality and riparian habitat on those same lands, are key to assuring that water quality is improving across Oregon.

To that end, the 2015-17 Governor's Recommended Budget included a proposed grant program to target additional funding to incentivize voluntary water quality improvements on agricultural lands identified as Strategic Implementation Areas by ODA. Ultimately, we were not successful in securing those funds legislatively. Instead, the legislature adopted two corresponding budget notes, one in ODA's budget (HB 5002), and one in OWEB's grant program budget bill (SB 5541).

The budget notes state that:

*The [two agencies] shall coordinate \* \* \* to implement an initiative to direct conservation investments for water quality improvement and watershed restoration projects associated with working agricultural lands. To achieve this, the OWEB Board shall include a minimum of \$1,000,000 Lottery Funds in the Board's 2015-17 spending plan to work in collaboration with ODA to provide grants to Soil and Water Conservation Districts, Watershed councils, and other local stewardship organizations, for technical assistance and projects to restore riparian function, improve watershed health and increase water quality in Strategic Implementation Initiatives Areas identified by the OD Agriculture Water Quality program. ODA staff shall be primarily responsible for supporting the grant program.*

While water quality is a top priority, I believe that Oregon's voters – in passing ballot Measure 76 in 2010 – intended to place the responsibility for implementation of the natural resources grant program with OWEB, not the legislature. That is why the Measure prohibits the legislature from limiting expenditures from both the main Parks and Natural Resources Account, and the subaccounts including the OWEB grant program. It is also why the voters directed that one state

agency be responsible for distributing the grant moneys in a manner that achieves *all* of the outcomes the voters identified as necessary to the program. If the legislature begins earmarking grant funds, OWEB's ability to manage the grant program to meet its constitutional purposes will be diminished at best, and ultimately could be thwarted entirely. To maintain public confidence that the watershed grants will be used for all of the purposes that Oregonians voted for, I am directing OWEB to exercise its independent judgment in deciding how best to allocate Watershed Conservation Grant Funds to meet the requirements of Article XV section 4b of the Oregon Constitution.

My direction should not be taken as an indication that OWEB should not consider the legislature's interest in funding agricultural water quality improvements. If OWEB, based on its own judgment, determines that funding for such a program is consistent with its constitutional mandate, then I would support such an action. Further, OWEB funding for water quality improvements on agricultural lands should be coordinated closely with ODA's agricultural water quality program, and focusing funding on ODA's Strategic Implementation Areas makes sense as a way of leveraging both landowner participation and funding from other public and private sources.

Another option may be to utilize federal funding from the Pacific Coast Salmon Recovery Fund to achieve the objectives identified in the budget note. It is my understanding that, due to the strategic nature of this investment, OWEB has received explicit NOAA-Fisheries approval for use PCSRF funding as a part of the agency's competitive grant application.

In closing, let me stress two things: First, it is important to Oregonians (who voted overwhelmingly to support Measure 76 five years ago) that the Watershed Grant Program be administered by OWEB, and that it is OWEB that has the responsibility to see that the constitutional direction in that measure is fulfilled. Second, I share the legislature's desire to coordinate ODA and OWEB programs to improve water quality on agricultural lands more effectively. If OWEB and ODA can make that occur in a manner that is consistent with their respective responsibilities, then they absolutely should do so.

Sincerely,



Kate Brown  
Governor

cc: Katy Coba  
Director, Oregon Department of Agriculture

Meta Loftsgaarden  
Director, Oregon Watershed Enhancement Board