



# Oregon

Kate Brown, Governor

## Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

[www.oregon.gov/OWEB](http://www.oregon.gov/OWEB)

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Meta Loftsgaarden, Executive Director  
Eric Hartstein, Senior Policy Coordinator  
John Byers, Oregon Department of Agriculture

**SUBJECT: Agenda Item E: Oregon Department of Agriculture Strategic Implementation Areas Funding Request October 27-28, 2015 OWEB Board Meeting**



### I. Introduction

This report provides an update to the Oregon Department of Agriculture's (ODA) Strategic Implementation Areas (SIA) program and requests the Board approve \$1 million for grants leading to water quality improvements in these areas.

### II. Background

At its July 2015 meeting, the Board received an update from ODA regarding the SIA program. SIAs were developed during the 2013-2015 biennium, and tested in cooperation with the Clackamas County and Wasco County Soil and Water Conservation Districts (SWCD). SIAs were initiated with a remote Compliance Evaluation on selected watersheds within Clackamas and Wasco counties. The evaluation identified agricultural areas that may have been contributing to water pollution, and the results of the evaluation were shared with landowners. Additional outreach was conducted to agricultural landowners that were identified as possibly contributing pollution and these landowners were invited to contact ODA or the SWCD. These initial SIA tests were considered successful, and ODA has now introduced SIAs in small watersheds found in Wasco, Polk, Yamhill, Columbia, Jackson, East Multnomah, and Deschutes counties. Watersheds were selected in coordination with local soil and water conservation districts in those areas.

At the July 2015 meeting, the Board also heard that during the 2015 legislative session, a note was added to OWEB's budget that directed the agency to coordinate with ODA on an initiative to implement watershed restoration projects that improve water quality on agricultural lands. The budget note stated 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 the SIAs. Governor Brown's response to this budget note is found in Attachment A.

### **III. SIA Grant Program**

Staff have begun coordination with ODA on establishing a SIA grant program at OWEB during the 2015-2017 biennium. Staff believe that the grant program can be implemented consistent with both the Governor's and the Legislature's interest in water quality and the Governor's interest in maintaining the integrity of the agency's M76 funding by utilizing Pacific Coastal Salmon Recovery Fund (PCSRF) grant funding to the greatest extent possible. The geographic focus for the first year of the grant program would be in the aforementioned watersheds. In the second year of the grant program, it is anticipated that selected SIAs would correspond with PCSRF priority areas.

The solicitation cycle for the first year of the SIA grant program is anticipated to begin in late 2015 with grant applications due in January, 2016. The focus of the program is restoration and technical assistance that leads directly to water quality improvements. Projects are expected to include riparian and wetland process and function, erosion and sediment control, manure and waste management, and livestock management. Monitoring would be an allowable cost for restoration grant applications. Larger, programmatic or watershed monitoring will be coordinated by the agencies as appropriate. Following the submittal of grant applications, a review process led by ODA, and including OWEB, would evaluate the applications in January or February, 2016. It is expected that grant agreements will be issued to successful applicants in March, 2016.

OWEB may fund SIA projects if ODA has conducted a compliance site visit and issued a letter to landowners alerting them to water quality-related concerns on the property. However, OWEB will not fund a SIA project if ODA has initiated an enforcement action (e.g., Notice of Noncompliance) against a landowner who has disregarded previous ODA outreach attempts alerting them to water quality issues on the property.

### **IV. Recommendation**

Staff recommend the Board add \$1 million of PCSRF funding to the 2015-2017 spending plan for the SIA grant program and delegate authority to the Executive Director to enter into appropriate agreements with an award date of October 27, 2015.

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