MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Executive Director

SUBJECT: Agenda Item H – Governor’s Priorities Funding Request
January 26-27, 2016 Board Meeting

I. Introduction
Staff request the Board approve investments totaling $1 million from the Governor’s Priorities line item in the spending plan to support focused work on the Clean Water Partnership, Coast Coho Salmon Habitat, Sage Grouse/Sage Steppe Habitat (SageCon), and Working Farm and Ranch Long-Term Conservation Tools. Background on the spending plan line item and each of the requests is provided below.

II. Background on the Governor’s Priorities Spending Plan Line Item
As Oregon seeks to remain on the leading edge of voluntary conservation, there are often landscape-scale initiatives that warrant additional focus and attention. Oregon’s governors, including Governor Brown, recognize the importance of strong coordination and high level leadership to ensure these priority initiatives are implemented successfully.

To support this work, the OWEB Board has established a ‘Governor’s Priorities’ spending plan line item. Like any other investment, grants funded through this line item must comply with Oregon’s Constitution and statutes. The mechanism for selecting grants and grantees differs, however. Rather than soliciting grants through a responsive process, these grants are designed intentionally to spur either innovation or action around a priority issue for Oregon and the Governor. Past investments have helped to support a range of important priorities, including salmon strongholds, Oregon Plan monitoring, and forest collaborative development, among other key issues.

III. Clean Water Partnership
In the 2015 Legislative Session, the Governor’s Recommended Budget proposed a coordinated, multi-agency investment to direct existing federal and state conservation funding to areas where it will result in the greatest water quality and watershed health improvements. A number of initiatives are moving forward, including the Oregon Department of Agriculture’s Strategic Implementation Areas (SIAs), for which the OWEB Board approved funding in October, and increased water quality monitoring and interagency coordination. The CWP involves OWEB, the departments of Agriculture, Environmental Quality, and Fish and Wildlife, and USDA’s Natural Resources Conservation Service. To date, the Board has approved $250,000 for the CWP.
To support the CWP, the Governor’s Office requests $300,000 from the Governor’s Priorities line item in the 2015-17 spending plan. This funding will help to build a comprehensive framework that will directly support regulatory and non-regulatory approaches to improving water quality on agricultural lands in Oregon.

IV. **Coast Coho Salmon and the Coast Coho Business Plan**

In 2014, the Wild Salmon Center partnered with OWEB, Oregon Department of Fish and Wildlife, National Marine Fisheries Service, NOAA Restoration Center, and National Fish and Wildlife Foundation to envision a “Business Plan” for the conservation of Oregon’s coast coho. The Business Plan is intended to:

A. Aggregate the cumulative costs and anticipated outcomes of selected habitat protection and restoration projects on the Oregon coast;
B. Market the potential to recover Oregon Coast (OC) coho to major funders, and communicate the critical role of these projects; and
C. Leverage funding to accelerate implementation of both the OC Coho and Southern Oregon/Northern California Coast Coho recovery plans.

Projects included in the Business Plan are generated through a one-year process. Local communities use a science-based framework to develop a Strategic Action Plan (SAP) for a local coho population. In 2015, OWEB funded the work for this framework to be applied in three pilot watersheds (Nehalem, Siuslaw, and Elk rivers).

The *Business Plan* is envisioned as a living document, in which new SAPs are incorporated as they are completed. Business plans are intended to link strongly to the Oregon Department of Agriculture’s Strategic Implementation Areas as well – providing a strong, local plan through which to address agriculture water quality improvements that support coho populations. The Governor’s office is requesting $250,000 to continue bringing the best science to local conservation efforts, while leveraging state, federal, and private funds to accelerate implementation.

V. **SageCon – Sage Grouse/Sage-Steppe Habitat Conservation**

On September 22, 2015, the USFWS determined that protection for greater sage-grouse under the Endangered Species Act is no longer warranted and is withdrawing the species from the candidate species list. This decision was made in large part based on the commitments of states like Oregon to protect and restore key habitat.

Oregon’s Sage Grouse Action Plan encapsulates the state’s commitment to habitat protection and improvements. Following the no-list decision, Governor Brown’s Natural Resources Office continues to work with landowners, counties, state and federal agencies, and non-profit organizations to implement the comprehensive plan that, when combined with updated Bureau of Land Management (BLM) Resource Management plans, will maintain and improve sage-grouse populations and habitat in Oregon. The Governor’s long-term goal is to protect and restore sage-grouse populations and the ecological health of lands across southeast Oregon and other areas of the state and, in so doing, promote the stability and vitality of rural communities and economies.
The Board has provided $650,000 in funding for this work since early 2013. Since that time, the Sage Grouse Action Plan has been completed (available at: http://www.dfw.state.or.us/wildlife/sagegrouse/). The Governor’s office is requesting an additional $300,000 to support early implementation actions related to the Plan in coordination with local communities and conservation organizations.

VI. Working Farm and Ranch Long-Term Conservation Tools
Working land easements do not have a formal definition, but have long been considered one option within a conservation easement program. OWEB has funded seven working land easements since the beginning of the acquisition program. In addition, the agency has also funded four fee title acquisition projects that have a working lands component. In either case, all or a portion of the property will continue to generate income through farming, forestry, or other natural resource-based opportunities.

While these projects have been funded through OWEB, Oregon is typically seen as funding fewer working land easement projects than surrounding states. The difference between Oregon’s land use laws and those in other states is often identified as the reason that fewer projects are funded in this state. This difference has been recognized at the federal level, through USDA programs that fund working land easements. Oregon sees fewer requests for funding through those programs as well.

Governor Brown’s office has convened a group to work with landowners, tribal governments, agencies, and interested organizations to identify voluntary tools to help landowners maintain working farms and ranches while providing incentives and support for conservation benefits on those lands. The group includes staff from the Governor’s office, state agencies, and representatives of the farming, ranching conservation, and land trust communities. New tools will focus on keeping working farms and ranches ‘working’ - for the economy, rural communities and the environment. Tools under consideration include long-term stewardship contracts, working land easements, tax incentives, grants, loans, and regulatory assistance.

Work Group Actions in 2016 include:
• Analyze available information regarding working lands trends;
• Talk to landowners to gain first-hand knowledge of challenge they face;
• Review working lands programs and how they may apply to Oregon;
• Assess landowner interest in a range of working lands protection tools and federal funding sources;
• Consult with a broad group including tribal governments, state, federal and local agencies, local governments, and agricultural and conservation stakeholders to get their input; and
• Develop recommendations for new statewide voluntary tools to conserve long-term agricultural productivity and healthy natural resources on Oregon’s working lands.

The Governor’s office is requesting $150,000 to support the Working Farms and Ranches Work Group as they identify ways to increase long-term working land protection in Oregon that also supports native fish and wildlife habitat and improved water quality.
VII. Funding Request
To support these initiatives, staff request the Board consider the following investments and delegate authority to the Executive Director for distribution of grants:

- Clean Water Partnership $ 300,000
- Coastal Coho Business Plan $ 250,000
- Sage Grouse Conservation $ 300,000
- Working Farms and Ranches $ 150,000

**Total** $1,000,000