



August 9, 2010

MEMORANDUM

TO: S.B. 513 Ad Hoc Group Members

FROM: Debra Nudelman and Daniel Grant, Kearns & West

SUBJECT: S.B. 513 Ad Hoc Group – July 29 Meeting Action Items

Thank you for your participation and efforts at the S.B. 513 Ad Hoc Group meeting held July 29, 2010 at the State Lands Building in Salem, Oregon. This memo includes the upcoming meeting dates, agreed-upon action items, and a meeting summary.

Upcoming Meeting Dates	Who	Location
<ul style="list-style-type: none"> September 2, 2010 October 20, 2010 	Working Group	Salem, Dept. of Forestry Portland, TBD
<ul style="list-style-type: none"> September 28, 2010 	Ad Hoc Group	Portland, Perkins Coie

Action Items	Who	When
<u>1. Information follow up</u> <ul style="list-style-type: none"> Develop and distribute action items and meeting summary Share next draft of Report 	OWEB/K&W OWEB to Ad Hoc Group members	By cob, August 10 Prior to September 28 meeting
<u>2. INR distribute the following for review:</u> <ul style="list-style-type: none"> Duke article Global warming report executive summary from 2005 legislative session Case studies on floodwater and storm water control CWS example 	Gail/Ad Hoc Group members	ASAP
<u>2. Report Rhetoric</u> <ul style="list-style-type: none"> Review draft for language and rhetoric, keeping audience in mind 	OWEB/Ad Hoc Group members	ASAP

Action Items	Who	When
3. <u>Final Report Revisions</u>	OWEB/INR/Working Group with input from Ad Hoc Group members as necessary	In advance of September 28 meeting
4. <u>Case Studies</u> <ul style="list-style-type: none"> Make case studies available on INR website 	INR	ASAP
5. <u>Policy Issues List</u> <ul style="list-style-type: none"> Submit comments and edits Incorporate suggested edits and modifications provided by Ad Hoc Group members 	Ad Hoc Group members to Renee Renee	ASAP in advance of September 28 meeting ASAP in advance of September 28 meeting

Meeting Documents
<p>The following documents were distributed at this meeting:</p> <ul style="list-style-type: none"> Proposed Agenda SB513 Ad Hoc Group 7.29.10 Meeting Action Items Memo – SB 513 Working Group 5.27.10 Meeting Results from Subgroup IV Methodology/Commons Exercise Draft Final Report 7.18.10 version – SB 513 Ecosystems Services Markets Working Group Beaver, A Keystone Species and Indicator for Multiple Ecosystem Services Summary Ecosystem Service Payments and Energy Development in Oregon’s Sagebrush Country Refined Recommendations for the SB 513 Working Group Report <p><i>Copies of these documents can be obtained by contacting Kearns & West</i></p>

Meeting Notes

Working Group Process

- Actionable
- Steamroller vs. Incremental Change
 - Short/near/long term
 - Big reach or not?

Final Report

- Legislature is the audience, and legislators are generalists
- Frame for Legislature policy questions/issues and options
- If start using an ecosystem marketplace:
 - Accelerate marketplace outcomes
- Establish Oregon’s leadership
 - i.e. set up climate trust

Recommendations

- Missing context: need problem/issue statement
 - Global Warming Report executive summary by Jane Lubchenco and Mark Dodson
 - Tie to jobs/economic development
 - Needs to be storytelling
 - Tell climate trust: promote buying of carbon offsets rather than mitigation
 - Need to show values to state and local government (i.e. Clean Water Services cost savings) from the DRC story
- Need better connection between case study lessons learned and recommendations
- Map: values and the amount of priority areas
 - Objective performance criteria being used whether there is a map or not
- Local government: mandates not there, application to share as largesse
- Federal government: appreciation for talk about mitigation and avoidance first
- Recommendation #2: standards that fit at what scale

State Agency Statutory Authority

- Hard-capped and difficult due to regulations

Valuation Process

- Impediments identified and statutory source and method developed to address it OR range of options or alternatives
- Duke Article
 - Need to determine how to connect, study, and share examples, best practices, lessons learned, etc.
 - Adapt Ecosystem Commons
 - Direct Sustainability Board into this
- Federal government topic: USDA/EPA, etc.
 - Call out Office of Environmental Markets
 - Opportunity to be test bed for federal agencies and call it here
 - Good likelihood that Oregon will be selected as federal pilot status
- Ecosystem Service Districts
 - “if want to do it, it’s OK”
 - WEB, CWS as examples: cutting edge
- Build on project: the Oregon Sustainability Board
 - Put in intro—tied to restoration economy

Meeting Summary

Ad Hoc Group Members: Annabelle Jaramillo (Benton County Board of Commissioners), Tom Byler (Oregon Watershed Enhancement Board [OWEB]), Tim Hughes (Representative Chris Garrett’s Office), Sara Vickerman (Defenders of Wildlife), Bill Gaffi (CleanWater Services), Justin Martin (Perseverance Strategies), Gail Achterman (Institute for Natural Resources), John Miller (Wildwood Mahonia), Dave Powers (US Environmental Protection Agency)

Staff/Other Attendees: Renee Davis-Born (OWEB), Turner Odell (Oregon Consensus)

Facilitation Team: Debra Nudelman and Daniel Grant, Kearns & West

Welcome, introductions, and review of agenda:

Tom welcomed the group and Deb provided an agenda overview and invited attendees to introduce themselves.

Update about SB513 Working Group progress to date:

Tom provided an update on the SB 513 Working Group progress. He mentioned that the group is coming to grips with different types of ecosystem services payments, and is striving for pragmatic recommendations to make sure the report contains items which are actionable and can build a lasting foundation. The Working Group is also concerned about fiscal impacts that could inhibit the bill in the Legislature. He added that, during a recent update to the Sustainability Board, Secretary of State Brown mentioned that the legislature will not be as opposed to the fiscal impact of the bill if its recommendations are tied to something that has a future positive impact on and creates efficiencies for the State.

Dave asked about the difference between actionable items for agencies vs. other entities given the funding constraints for State agencies. The Group discussed the need to make clear that funding may be available for certain recommendations because they are part of processes that already are underway, due to their transformative nature or for other reason. It will be important not to set the Report up for failure because all of the recommendations cannot be implemented due to fiscal constraints; rather, it should highlight those action items of particular importance and which are affordable in the very near term.

John voiced concern about the role of industrial agriculture vs. small local farms in the Report language. He added that he does not want to alienate big farms while encouraging small farms. The Group agreed that the Report should include language which addresses both rural landowners and large industrial farming operations.

Review and discussion of draft Working Group report, with a focus on policy recommendations

Gail voiced a couple of overarching concerns. She mentioned that the report is deep in some areas and shallow in others, and recommended that the Working Group remember that legislators are generalists when considering how much to delve into issues in the Report.

- Suggested revision: A new section entitled “Ecosystem Services 101” to develop a lexicon to frame the topic of ecosystem marketing to the legislature in terms of what the big policy questions are and what options the legislature has.

She added the need to develop context and a foundation for the later discussion in the Report on voluntary and regulatory markets.

- Suggested revision: INR can help draft language to set the context and explain the problem and policy issues *before* providing the recommendation.

Dave added that this should be done concisely, and Tom further added that eventually the report needs to be distilled to 1-2 page Executive Summary. Gail pointed to the executive summary of the 2004 report from the Governor’s Advisory Group as an effective example.

Justin mentioned the need to address frequently asked questions, and to provide legislators with opportunities and information on each issue for them to delve further, if desired. Justin reiterated the importance of the Report to convey the opportunity for job creation as a powerful tool to garner legislative support, and Gail added that storytelling is important to provide a narrative and tangible

examples of Oregon's leadership role in ecosystem marketplace concepts. Annabelle mentioned the need to remember local governments as another audience for the Report, and to show how the recommendations could benefit them and are not just another state mandate.

John observed that there is currently a lot of good language in the Report, but that it needs to be re-packaged.

- Suggested revision: Gail offered to distribute a Duke article to the Group which provides potentially helpful examples and case studies on addressing Tillamook flood control with natural solutions.

Justin also mentioned the need to be strategic in choosing examples from legislators' districts to foster a connection and familiarity with hometown projects.

- Suggested revision: Gail provided more general observations and suggested that a citations section, an additional reading and source material section, a methods section, and all case studies be added for further reference.

Sara discussed making case studies available on the INR website. Bill cautioned that case studies are sensitive topics because they indicate situations involving natural resource management shortcomings as examples to learn from, which can be perceived by some as finger-pointing.

Annabelle asked about the rationale for Oregon Operating Principles, and Renee answered that they are diverse and revolve around agency actions that will help create an integrated market, in particular for compliance.

John mentioned the issue of priority maps, observing that certain lands get higher credits simply by being located on the map. He added that this has the danger of excluding lands with restoration potential which are not included on the maps, such as some farmland. This also presents the issue of legal challenges. He mentioned the desire for objective performance criteria rather than a map that excludes some farms and land. While others agreed, most members were supportive of having a map from which to make decisions about project placement. They suggested that the final report could include objective performance criteria or characteristics by which lands would be identified as possessing different levels of ecosystem service values and from which maps could be made showing a spectrum of values.

Annabelle further added that mandates are not present from a local perspective, and Dave mentioned that he appreciates the avoidance and mitigation language from a federal perspective.

The Group made the following suggested revisions for the Report Recommendations:

- Recommendation #2: Divide these into multiple recommendations that separately address guidelines for measurement and verification and sale of credits off public lands, and incorporating content for the process for approving ecosystem service credits and payments into the recommendation authorizing purchase of credits by state agencies (#3).
- Recommendation #3: John voiced concern about the prison system selling oak-filled lands to the highest bidder. The group then discussed the need for state agencies to be able to quantify and assess the value of ecosystem services on state lands, and acquire and retain property for ecological purposes. An interface with the Public Lands Advisory Committee may be an important component of this.

- New Recommendation: Gail suggested that a new stand-alone recommendation be added which suggests the identification of statutory impediments to state agencies being able to utilize ecosystem services market tools (e.g., purchase credits, acquire/retain land for ecosystem service values, etc.). A process to do this would identify specific impediments that could be addressed in order to facilitate market development.
- Recommendation #5: Include “land use and management” in the recommendation. This recommendation also provides an opportunity to connect with the Public Lands Advisory Committee, where the State could provide a convening role.
- Recommendation #6: Change the language to “Further facilitate development of ecosystem services markets approaches by 1) guiding implementation...”

Review of remaining tasks and actions in the Working Group process, including outreach in advance of 2011 Legislative Session

Renee provided an overview of the next Working Group tasks and meetings, and mentioned that the Group will hear from the Sustainability Board on September 24.

Gail and Sara urged that the Working Group seek a national direction for Oregon as a location for pilot projects, both for national recognition and for federal funding. The group suggested that the recommendation focused on pilots should note the Oregon provides a laboratory for testing ecosystem service market concepts and offers an opportunity for Oregon to be positioned as a national test bed for such activities. It is a valuable opportunity to bring jobs to Oregon, in which businesses use sustainability branding as their competitive advantage.

Summary of meeting discussion and next steps

Tom and Renee provided a recap of meeting discussion topics, and reminded the Group of its last meeting on September 28.

The meeting adjourned at 3:30 pm.

This summary respectfully submitted by Kearns & West