

Excerpts from Letters of Support for HB 3337

The **Port of Portland** believes this is a business-friendly solution to meeting environmental mitigation or regulatory requirements, is good for the environment, and has the potential to promote the development of good jobs in the ecosystem services markets.

Oregon Homebuilders Association sees HB 3337 as an example of a classic win-win situation with clear economic and environmental benefits that will help continue Oregon's leadership in sustainability and stimulate the expansion of businesses that will emerge. . .

Harry and David writes that HB 3337 will help drive new local partnerships that are good for business, the environment, and the community.

The Oregon Business Council characterizes ecosystem services approaches as a key piece of regulatory reform that makes it easier to do business in Oregon while improving environmental outcomes.

Wildwood Mahonia, a Willamette Valley urban design, development, vineyard and nursery operation writes that properly implemented, the bill will streamline permitting for businesses, and help farmers and forest landowners diversify their revenue streams.

The Oregon Association of Conservation Districts and Network of Oregon Watershed Councils write that HB 3337 helps clarify many of the objectives that drive the work councils and districts are already completing on the ground – most often in partnership with state and local agencies and conservation organizations.

The Other Firm (an online software development firm in Portland) reports that the development of on-line tools to support conservation programs represents a significant portion of their business.

Parametrix, a consulting firm doing business in Oregon, created an internal organization dedicated to developing ecosystem service decision support tools.

Attorneys representing business clients support HB 3337 for its potential to benefit the environment and the regulated community by addressing the need for regulatory certainty, flexibility, and more cost-effective and efficient programs.

The Confederated Tribes of the Grand Ronde think the bill will facilitate and provide incentives for responsible stewardship of the natural resources that are so important to the tribes.

The Association of Oregon Counties says that HB 3337 takes the right approach by encouraging, but not requiring state agencies and local governments to use innovative approaches to address ecological values within the context of local economic realities.

Benton County believes HB 3337 offers improved flexibility in compliance with environmental laws, potential new revenue for landowners, more effective mitigation, and more jobs in restoration.

Clean Water Services has implemented a program in which landowners receive payments for restoring streamside vegetation, cooling the water at a fraction of the cost to rate-payers than traditional engineered solutions. HB 3337 encourages the expansion of similar programs.

The Oregon Sustainability Board has been involved in the exploration of these issues for several years, and has a special interest in promoting policies that assist landowners in providing conservation values that benefit all Oregonians.

The Willamette Partnership writes that HB 3337-1 provides clear signals to the public and private sectors that Oregon is the leader in market-based approaches to conservation.

American Forest Foundation points out that HB 3337 will help direct state agencies to coordinate ecosystem services programs so that they have beneficial impacts at a broader scale.

Sustainable Northwest says that the bill will encourage innovation and save money by finding solutions to the state's infrastructure needs by looking first at opportunities to restore the functioning of natural systems before considering expensive engineering solutions.

Earth Economics writes that HB 3337 is excellent legislation that supports a stronger, more efficient and resilient economy by helping recognize the economic goods and services provided by natural systems.

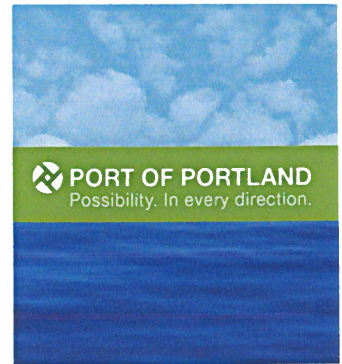
Climate Solutions believes HB 3337 will help farmers and forest landowners by providing new revenue streams, including payments for carbon capture and storage.

Ecotrust says that HB 3337 will help make the restoration and protection of ecosystem services more economically viable for rural landowners, resulting in more resilient Oregon communities.

The Nature Conservancy supports provisions in the bill that improve the alignment of conservation programs, targeting of investments, improved mitigation, better incentives for landowners, and emphasis on the use of natural infrastructure.

Wild Salmon Center appreciates the provision that will improve integration of existing conservation plans, and its pro-active attention to the benefits that natural systems provide.

Defenders of Wildlife supports HB 3337 for its emphasis on improved conservation outcomes and potential for greater efficiency and effectiveness in meeting the state's development and environmental goals.



March 19, 2013

The Honorable Jules Bailey
Chair, House Energy and Environment Committee
Room 347 - State Capitol Building
900 Court St. NE
Salem, OR 97301

Subject: House Bill HB 3337/State Policy on Ecosystem Services

Dear Representative Bailey:

The Port of Portland supports House Bill 3337, as it is a step in the right direction for expanding the policy on ecosystem services. The bill broadens the application of market-based approaches and provides a more beneficial and cost-effective means to approach restoration projects and protection of ecosystems.

Furthermore, we support a process to develop a uniform and consistent application of ecosystem values and categories. In addition, it should be noted that this legislation will reward Oregonians for being stewards of a broad range of natural resources within the state that are valuable to Oregon's citizens.

We appreciate the fact that this legislation does not mandate that any agency promote or engage in the ecosystem service markets, rather it simply allows these markets to be promoted as good state policy because of the many environmental and economic benefits. It opens up the possibilities available to the Port and others for generating mitigation credits and could enable a greater return on investments in mitigation that recognize the larger range of ecosystem services.

The Port of Portland believes this is a business-friendly solution to meeting environmental mitigation or regulatory requirements, is good for the environment, and has the potential to promote the development of good jobs in the ecosystem services markets.

Sincerely,

Dorothy Sperry
Environmental Affairs Manager

c: Representative Chris Garrett
Representative Vic Gilliam

March 12, 2013

Dear Representative:

The Oregon Home Builders Association would like to offer our support for HB 3337. This legislation encourages continued development of ecosystem service markets in Oregon. We appreciate your sponsorship of this bill.

Mitigation is often required as a condition of permitting construction projects. Our experience with on-site, in-kind mitigation in the past has often been a painful, expensive and time-consuming process that yields questionable ecological benefits. Projects tend to be scattered randomly across the landscape, and are often too small to be viable. This bill provides explicit direction to state agencies to address mitigation requirements more broadly and strategically, in a manner that will offer streamlined processes, reduce costs, and result in more positive ecological outcomes.

Multi-credit ecosystem markets that are effectively designed and implemented according to the language in HB 3337 can provide an alternative to traditional mitigation, expedite development in areas zone appropriately, and steer investment to high priority conservation areas.

This legislation is an example of a classic win-win situation with clear economic and environmental benefits. Its passage will help continue Oregon's leadership in sustainability and stimulate the expansion of businesses that will emerge to support the implementation of these ecosystem service markets.

Best wishes,



Jon Chandler
CEO, Oregon HBA

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Building Jobs, Creating Communities

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Oregon Legislature
Environment Committee
Oregon State Capitol
900 Court St. NE, S-415
Salem, OR 97301

Re: Support for HB 3337

Dear Oregon Legislature,

March 05, 2013

I would like to thank you for sponsoring House Bill 3337. The market-based process that this bill supports will help drive new local partnerships that are good for business, the environment, and the community. It can help build stronger ties in the community and can drive some truly win-win outcomes for stakeholders.

One example is a potential partnership in Southern Oregon between a municipal waste treatment facility and agricultural irrigation that reduces capital investment and ends up with a net gain for the environment. Developing ecosystem services markets would help drive an equitable outcome. There are many potential opportunities for rural areas that can benefit communities as well as agriculture, ranching, forestry and the environment. This bill sends a strong message that the State of Oregon will support these solutions.

The State of Oregon can continue to show national leadership in sustainability and market based solutions to environmental challenges with the passage of House Bill 3337.

Please let me know if you have any follow-up questions. Again, I thank you for your support on the passage of this bill.

Sincere regards,

Peter D. Kratz
Executive Vice President, Operations

Cc: Sara Vickerman
Senior Director, Biodiversity Partnerships



March 13, 2012

The Honorable Jules Bailey
State Representative
Oregon House of Representatives
900 Court Street, NE H-274
Salem, OR 97301

Representative Bailey:

I am writing to ask for your support for HB 3337. The bill encourages the use of “ecosystem service” approaches to regulatory compliance by state and local governments. Ecosystem service approaches are a key piece of regulatory reform that makes it easier to do business in Oregon while improving environmental outcomes.

Ecosystem service markets allow a regulated entity to meet their regulatory obligations by purchasing environmental benefits from other property owners who can produce better environmental outcomes at a lower cost. For example, Clean Water Services pays landowners to plant trees at a tenth of the cost of installing expensive cooling towers on treatment plants. The trees do a better job of keeping streams cool. The environment is better off and so is Clean Water Services. This type of approach, if encouraged and coordinated through this legislation, has promise to provide significant environmental and economic benefit to Oregon.

Oregon has invested considerable energy in developing the tools and considering the policies necessary for an effective ecosystem service market. For example the 2009 passage of SB 513 was a good step forward. However, the time has come for explicit authorization and guidance from the legislature to legitimize and coordinate these activities. Without a coordinated approach, random markets will pop up and fade away. A carefully structured ecosystem marketplace can provide revenue to landowners who provide the services, expedite development projects, and produce much greater environmental and economic benefits than the current random approach.

HB 3337 is critical to advancing this effort. Please let me know if you have further questions about ecosystem service markets, their economic and environmental benefits, or how they fit into a broader vision of economically and environmentally beneficial regulatory reform in Oregon.

Sincerely,

A handwritten signature in blue ink, appearing to read "Duncan Wyse".

Duncan Wyse, President
Oregon Business Council

March 7, 2013

Members of the Oregon Legislature
900 Court St. NE
Salem, OR 97301

Honored Oregon Legislators:

As a businessman involved in both urban and rural arenas, I am writing to urge your support for HB 3337.

Our company, Wildwood-Mahonia, is located in the Salem area. We own over 1,000 acres of Willamette Valley farmland and operate a sustainable vineyard and nursery operation. Also, we have been doing sustainable urban design and development for over 30 years with projects including residential, commercial, food processing and Oregon's largest biodiesel plant. We have been deeply involved in restoration projects throughout the Basin and beyond in such places as China and Peru. Our experience on both sides of Urban Growth Boundaries makes us strongly believe that it is not only possible, but essential to consider the full spectrum of ecological and social values while providing employment and tangible benefits for society. As a member of the Willamette Partnership Board, Oregon Sustainability Board and ad hoc committee advising the SB 513 work group, I have gained considerable knowledge and experience in assessing the value of a variety of ecosystem services as well as finding ways to address these values in the context of doing business.

HB 3337 continues the policy development that began in 2009 with the passage of SB 513, and provides more explicit direction to state agencies and local governments to incorporate ecosystem service considerations in routine decisions about land use and management. It also encourages agencies to use market-based approaches to conservation where appropriate. It emphasizes the importance of improved integration across agencies, efficiency, and should improve overall ecological effectiveness. Properly implemented, this bill will streamline permitting for businesses, and help farmers and forest landowners diversify their revenue streams. It is carefully crafted to provide direction to agencies about how to accomplish goals more efficiently, without adverse fiscal impacts, and to improve accountability overall.

Oregon is the first state in the nation to adopt comprehensive policy regarding ecosystem services and markets. Passage of HB 3337 will continue and enhance the state's reputation as a clear leader in this arena.

Thanks for your support,



John Miller, President
Wildwood/Mahonia



Network of Oregon
Watershed Councils
PO Box 13032
Salem, OR 97309
503-362-1246

Oregon Association of
Conservation Districts
PO Box 12931
Salem, OR 97309
503-779-9011



March 26, 2013

Representative Bailey, Chair
Representative Boone, Vice-Chair
Representative Johnson, Vice-Chair
Committee on Energy and Environment
Oregon House of Representatives

Joint Support for HB 3337

The Oregon Association of Conservation Districts (OACD) and the Network of Oregon Watershed Councils (NOWC) express joint support for HB 3337. OACD represents forty-five soil and water conservation districts in every county in Oregon. NOWC supports the efforts of more than eighty watershed councils across every major watershed in the state. Statewide, councils and districts are two primary entities that implement restoration and conservation strategies that could benefit from provisions in this bill.

By and large, HB 3337 helps to clarify many of the objectives that drive the work councils and districts are already completing on the ground – most often in partnership with state and local agencies, as well as other conservation organizations. To the extent that HB 3337 could help create a more coordinated statewide conservation strategy, these strategic partnerships could only be strengthened. Furthermore, we see value in the bill's support of opening markets for ecosystem services. These markets are potentially another tool that councils and districts can leverage to accomplish restoration objectives, especially as it becomes more difficult to fund restoration work.

Given HB 3337's broad language and objectives, should it become law, subsequent rule-making will have significant impact on its ultimate efficacy. We hope the flexibility, as well as advantages, for restoration opportunities outlined in the bill are adequately reflected in the resultant rules.

Respectfully,

A handwritten signature in blue ink that reads "Jerry Nicolescu".

Jerry Nicolescu
Executive Director
Oregon Association of Conservation Districts
jerry.nicolescu@oacd.org

A handwritten signature in black ink that reads "Ryan Gordon".

Ryan Gordon
Executive Director
Network of Oregon Watershed Councils
ryan@oregonwatersheds.org

THE OTHER FIRM, LLC — PORTLAND, ORE.

ONLINE SOLUTION DEVELOPMENT

618 NW GLISAN STREET
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WWW.THEOTHERFIRM.COM

March 15, 2013

RE: Support of HB 3337

Dear Members of the Oregon Legislature,

I am writing you to express our support for HB 3337 and the principle foundation of expanding state policy relating to ecosystems and authorizing state agencies to allow use of credits for ecosystem services as compensatory mitigation. We truly believe making ecosystem services markets more efficient, effective and equitable will enhance Oregon's landscape and be beneficial for our fish, wildlife and people.

Our company has been working with the Willamette Partnership on the Counting on the Environment project, the flagship ecosystem services pilot project in Oregon. As developers of web-based tools and standards-based applications, we are responsible for the programming of the Ecosystem Crediting Platform (ECP). The ECP is an online tool that helps developers and landowners design conservation projects that create ecosystem credits according to the protocols agreed to by 25 federal, state, and local agencies as well as conservation organizations and potential buyers and sellers of ecosystem service credits.

We also work closely with the Oregon office of Defenders of Wildlife as the developers of The Conservation Registry, a site that shares detailed information about conservation efforts in Oregon and beyond. As a recent addition, this site contains the Marketplace for Nature portal that serves as a resource for those interested in approved metrics, methods and other information related to Ecosystem Credits.

These projects and other conservation-driven efforts have represented a significant portion of our business for many years. Like our clients, we are committed to using innovative tools and methods to ensure a better environment and believe strongly in the benefit of ecosystem services markets in Oregon and other states. With your support, this sound approach to encouraging good conservation will continue to grow and expand in the future.

Sincerely,



Ty Montgomery
Managing Director
ty@theotherfirm.com

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March 8, 2013

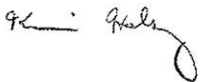
Dear: Representative Garrett,

Parametrix is a Pacific Northwest based multi-disciplinary consulting firm with offices in Portland and Corvallis. Approximately seven years ago, Parametrix created an internal organization dedicated to developing ecosystem services based decision support tools, and using those tools to better integrate ecosystem services into important land management decisions. Over the seven years of our group's existence the company has made a considerable investment in developing metrics, supporting development of ecosystem markets, and engaging in the ongoing research and discussions around the role of ecosystem services in our society.

The company made this investment because it sincerely believes that ecosystem services and ecosystem services based markets can significantly improve land management. Ecosystem markets hold the promise of promoting ecological improvement in a sustainable, economically and socially viable manner. Parametrix believes that the concepts inherent in these innovative approaches will revolutionize our industry over the course of the next decade. We made the investment because we want to be at the forefront of that revolution.

The state of Oregon is in a position to make the same decision. HB 3337 propels Oregon into a position of clear leadership for integrating ecosystem services and markets into land management processes. This position of leadership translates to improving the lives of the citizens of Oregon, who reap the benefits of a State moving towards sustainability. It also provides tangible benefits to the businesses and non-profits operating in Oregon, who will continue to capitalize on the reputation Oregon is gaining as a thought leader in the ecosystem services field. For these reasons Parametrix strongly supports passage of HB 3337. Thank you for your time and consideration on this matter.

Sincerely,



Kevin Halsey
Parametrix
Ecosystem Services Group
khalsey@parametrix.com
503-416-6166

February 26, 2013

TO: Oregon Legislature

FROM: Tom Lindley

RE: **HB 3337**

Although I write personally, I am a partner at Perkins Coie and have been deeply involved for many years with Associated Oregon Industries. My client base includes manufacturers, food processors, timber companies, technology firms, non-profits and local governments. From my discussions, all are united in seeking regulatory certainty, flexibility and more cost-effective and efficient programs. Improving Oregon's approach to mitigation will result in a more uniform system with improved ecological outcomes while reducing transaction costs and uncertainty, and potentially attract new jobs to the state.

cc: Representative Chris Garrett Rep.ChrisGarrett@state.or.us
Representative Vic Gilliam Rep.VicGilliam@state.or.us
Representative Jules Bailey Rep.JulesBailey@state.or.us

March 8, 2013

Oregon Legislative Assembly

Re: HB 3337

Dear Ladies and Gentlemen:

I am writing in support of HB 3337. I am an environmental and water lawyer of 37 years' experience, assisting private industry and local governments in various state regulatory permit processes. I write today in my capacity as a private citizen interested in sound environmental policy that serves both the environment and the regulated community.

I was appointed to the work group established pursuant to SB 513, enacted in 2009 to foster ecosystem services market approaches in Oregon. HB 3337 is the outgrowth of the work group's report to the Legislative Assembly. My interest in participating in this effort stems from frustration at how permit mitigation requirements are currently implemented. Typically, mitigation is required at the point of impact for a development project. For example, if an urban stream segment is affected, the requirement might be to restore another segment in the same vicinity. This may not always yield the best effects on aquatic habitat, since urban stream segments often are low in the system and may be degraded from other causes. The better approach might be to restore good riparian corridors upstream to provide shade, woody debris and other features that benefit aquatic life. HB 3337 would solidify Oregon policy to encourage both permittees and state agencies to look for such opportunities.

Thank you for your consideration. Please let me know if there is further information that I can provide.

Very truly yours,

Davis Wright Tremaine LLP



Richard M. Glick

DWT 21348144v1 0056346-000005



The Confederated Tribes of the Grand Ronde Community of Oregon

Natural Resources Department
Phone (503) 879-2424 or (800) 422-0232
Fax (503) 879-5622

47010 SW Hebo RD
Grand Ronde, OR 97347

March 6, 2013

Oregon State Legislature
Capitol Building
Salem, Oregon

Re: Support of HB 3337

Dear Ladies and Gentlemen of the Oregon State Legislature:

I recently had the pleasure of sitting on the original SB 513 Ecosystem Services Markets Working Group. HB 3337 implements many of the recommendations of the group. The Working Group was a dedicated assemblage of professionals that I am proud to have been a part. I believe the Working Group was able to develop some very good recommendations.

On behalf of the Natural Resources Division of the Confederated Tribes of Grand Ronde Community of Oregon (Grand Ronde), I am writing to express support for HB 3337. This act would facilitate and provide incentives for responsible stewardship of the natural resources that are so important to Grand Ronde.

Grand Ronde's connection to and sustainable use of the land and natural resources in western Oregon has existed from time immemorial. The antecedent tribes and bands that make up Grand Ronde were the original inhabitants of Lower Columbia River, Willamette Basin, Upper Umpqua and Rogue Basins. In the 1850's these tribes and bands signed treaties with the United States and were later forcibly removed to the Grand Ronde Reservation, but their connection to their homelands has remained. In addition, Grand Ronde has been the steward of the Reservation, which is often held up as an example of successful sustainable natural resources management.

Over the years, Grand Ronde has seen many changes in both the natural and political environment in Oregon. As environmental regulations become more restrictive and difficult to implement, numbers of Salmon and Lamprey continue to decline, and native habitats such as oak savanna and wet prairie become even scarcer. It is clear that the "regulate and enforce" approach to conservation has not always produces the intended effect of protecting and restoring natural resources.

HB 3337 would allow for the ecosystem marketing approach to supplement and enhance environmental regulations and enforcement. Through this act, and with the oversight of expert natural resources managers, ecosystem credits could be marketed to businesses, thus creating financial incentives for responsible stewardship. Instead of fighting for large restrictive land use and environmental regulations, the business community may find themselves fighting for large "mitigation bank" conservation areas and more habitat restoration projects to create ecosystem credits for trade.

Simply continuing past environmental regulation will not be enough for Oregon's natural resources. HB 3337 is a program worth pursuing and I support it.

Sincerely,

A handwritten signature in cursive script that reads "Michael Wilson".

Michael Wilson
Natural Resources Division Manager

Umpqua Molalla Rogue River Kalapuya Chasta



HB 3337
Emily Ackland
Environmental Policy Manager
March 2013

The Association of Oregon Counties supports HB 3337.

Counties understand the value of a market-based approach to conserving Oregon's environment. Ecosystem services provide important benefits including clean water, clean air, flood control, and healthy fish and wildlife habitat. HB 3337 specifically addresses this market-based approach and the need for improved efficiency, focused investments, and more consistent measurement and management of ecosystem services across political boundaries.

Counties believe that HB 3337 takes the right approach by encouraging, not requiring, state agencies and local governments to use innovative approaches to address ecological values within the context of local economic realities. The bill provides support for greater flexibility in complying with environmental laws and will assist development by providing readily available compliance options to public and private developers. The bill also enables rural landowners to get an additional source of revenue from selling ecosystem services and provides Oregonians jobs in environmental restoration and ecosystem services.

Counties are responsible for land-use planning, reducing the impacts to wildlife and mitigation efforts to conserve natural resources and the environment. To this end, counties will benefit from HB 3337 and ecosystem service markets in Oregon.



BOARD OF COMMISSIONERS

Annabelle Jaramillo, Commissioner

14 March 2013

Honorable Members of the Oregon Legislature
900 Court Street NE
Salem, OR 97301

Thank you for your interest in strengthening our state's ecosystems through market solutions. In Benton County we believe that through such solutions a large majority, if not all residents, will benefit. Many in our County have strong interests in conservation and collaboration. We recognize that the best solutions come about when we all work together. We believe we can protect our natural environment through collaboration and incentives.

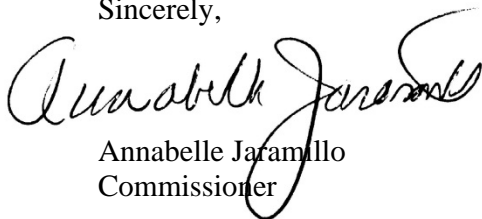
The potential benefits pointed out in HB 3337, are compatible with our values. That:

- Businesses can gain greater flexibility in complying with environmental laws
- Rural landowners can get an additional source of revenue from selling ecosystem services
- Environmentalists are assured mitigation is effective
- Oregon workers benefit from the restoration of jobs created by the demand for ecosystem services

I had the valuable opportunity to participate with the ad hoc group working on ecosystems market solutions a few years ago. I strongly advocated that counties and other local governments would benefit from ecosystem services markets. We are held to the same standards for smart land-use planning, protection of endangered and threatened species and mitigation efforts in restoring and preserving natural systems.

We urge that ecosystems markets solutions move forward this legislative session. Thank you for your efforts.

Sincerely,



Annabelle Jaramillo
Commissioner

AJ/lg

March 19, 2013

The Honorable Jules Bailey
Oregon House of Representatives
Chair, Committee on Energy & Environment
900 Court St. NE, H-274
Salem, OR 97301

The Honorable Chris Garrett
Oregon House of Representatives
Vice Chair, Committee on Energy & Environment
900 Court Street, NE H-377
Salem, OR 97301

The Honorable Vic Gilliam
Oregon House of Representatives
500 Summer St. NE, E-62
Salem, OR 97301

Re: HB 3337-1 Ecosystem Services

Dear Representatives Bailey, Garrett, Gilliam and the Oregon Legislature:

Please accept the following in support of the passage of HB 3337-1. Clean Water Services is a county service district providing a variety of water resource related services to 527,000 residents and a significant portion of Oregon's business sector located within Washington County's Tualatin Basin. I have served on numerous task forces and policy advisory committees focused on the restoration of Oregon's water bodies. I have also been engaged in environmental engineering and management in Oregon for the past 40 years and have witnessed great progress in the protection and restoration of Oregon's watersheds. I am also past Chair of the Willamette Partnership, whose mission is to advance the pace, scope and effectiveness of watershed restoration.

Population growth and increased scarcity of financial resources within all sectors loom as challenges to the sustainable management of Oregon's watersheds. Combined utility rates confronting Oregon's households and businesses are increasing at a rate that dramatically exceeds growth in income. This, coupled with increased global competition, demands we maximize the effectiveness of our investments in preserving and restoring Oregon's environment. HB 3337-1 will promote implementation of ecosystem services trading which has been demonstrated to be a powerful vehicle to expand the impact of environmental investment.

In the Tualatin Basin, Clean Water Services was facing an enormous investment to chill its treated wastewater discharges. This \$150 million undertaking promised only localized benefit to a small reach of the Tualatin River and would have consumed vast amounts of energy producing a giant carbon footprint. With the cooperation of the State Department of Environmental Quality and the Environmental Protection Agency, we were able to address this need in a far more affordable and dramatically more beneficial way. For a fraction of the cost of chilling effluent, we were able to restore shade and flow within upstream areas of the Tualatin which greatly increased and broadened ecological benefits. This effort has served as an illustration of and

building block for the development of ecosystem services trading infrastructure that can offer similar environmental and economic benefits throughout Oregon and the nation. Though not a panacea to the challenges ahead, such tools do help insure Oregon's environment and communities have a more prosperous and sustainable future.

It is with pleasure I add my voice to those supporting this important legislation.

Sincerely,

A handwritten signature in blue ink that reads "Bill Gaffi". The signature is written in a cursive style with a large, stylized "B" and "G".

Bill Gaffi

General Manager, Clean Water Services

KATE BROWN
SECRETARY OF STATE

BRIAN SHIPLEY
DEPUTY SECRETARY OF STATE



SECRETARY OF STATE
136 STATE CAPITOL
SALEM, OREGON 97310-0722
Phone 503-986-1523 & Fax 503-986-1616
oregon.sos@state.or.us

TO: Oregon Legislative Assembly

FROM: Oregon Secretary of State Kate Brown, Chair, Oregon Sustainability Board

RE: House Bill 3337: Conservation Outcomes

Date: March 22, 2013

House Bill 3337 addresses the need for state conservation programs to be more strategic and effective, while reducing the amount of red tape necessary to comply with existing regulations. The bill has bi-partisan support

The Oregon Sustainability Board has been involved in the development of this legislation for several years, and is anxious to see it adopted. The Board sponsored the Ecosystem Services (SB 513) Work group, that met for about a year in 2011, and presented a formal report to the legislature. These bills implement many of the recommendations from the group.

The Sustainability Board has a strong interest in sustaining Oregon's natural resource lands for forestry, agriculture, and ecological purposes. However, we are concerned that if rural lands do not produce income for their owners, these lands will deteriorate or be converted to development. Most landowners cannot afford to keep and manage their lands to provide the ecosystem services that benefit all Oregonians. Developing programs that provide payments for some of the ecosystem services on these lands, including carbon sequestration, clean and abundant water, clean air, fish and wildlife habitat can help supplement traditional revenue sources and result in more economically viable rural economies.

HB 3337 also offers great opportunities to address the environmental challenges associated with of urban sprawl with by using natural infrastructure as an alternative to traditional engineered projects.

The bill has a minimal fiscal impact, does not impose new regulations, or relieve anyone from compliance with existing regulations. It simply encourages agencies to find new ways to achieve better environmental results more efficiently.

Specific examples of the anticipated impact of this bill include:

- Municipal water utilities can save ratepayers money by investing in the restoration of wetland and streamside vegetation and more sustainable forest management by providing payments directly to private landowners to improve water quality and quantity. Engineered solutions are generally much more expensive and have fewer social and environmental benefits.
- Developers can invest in high quality conservation projects designed to provide long-term ecological benefits while meeting existing regulatory requirements more efficiently.
- Wind energy developers in eastern Oregon can meet their permit requirements by investing in high priority conservation projects in landscape scale conservation plans.
- More coordinated and integrated state-sponsored natural resource conservation planning will reduce confusion, provide clearer direction to developers and conservation investors, have more positive impacts and could save money by improving efficiency.
- Agencies that offer incentives to private landowners who provide public conservation benefits may improve accountability by paying for outcomes.

Thank you for your support.



**INCREASING THE PACE, EXPANDING THE SCOPE, AND
IMPROVING THE EFFECTIVENESS OF CONSERVATION**

March 21, 2013

Oregon State Legislature
Salem, OR 97301

Re: HB 3337-1 / Ecosystem Services Markets

Dear Oregon Legislature:

The Willamette Partnership is excited to support the amended House Bill 3337-1. The Partnership is a non-profit coalition of business, agricultural, environmental, local government, tribal, academic, and other leaders dedicated to expanding the pace and scope of conservation. We have been working for the last 5 years to help market-based efforts link conservation with new economic opportunities for Oregon's businesses, farmers, foresters, and ranchers.

Across Oregon, communities from Hillsboro to Milton-Freewater and from the Rogue Valley to the Klamath Basin are striving to build new approaches to get the clean water, clean air, and natural places to play that make Oregon what it is. For market-based approaches to succeed, they need three basic things:

- 1) Clear signals for state and federal government that market-based approaches are both allowable and desirable;
- 2) The tools and science that links a landowner producing environmental benefits to public and private investors who want to "purchase" those benefits; and
- 3) Organizations working with landowners to help them create high quality conservation projects and with investors to ensure the delivery of verified environmental benefits that can meet their regulatory or other investment objectives.


In Oregon, the Willamette Partnership, and agencies, and others have made significant progress in all three areas, but HB 3337-1 provides clear direction and authority for state agencies and others to pursue market-based approaches at scale. The kinds of market-based approaches HB 3337-1 enables will have tangible benefits on the pocketbooks of Oregonians.

For example, a rural municipality in Southern Oregon is looking at almost \$20 million to upgrade a wastewater facility to reduce nutrient pollution to a major river system. With a population of 42,000 people, a median household income of \$46,000/year, and a county unemployment rate of 13.6%, this translates into a significant increase in every home's sewer bill. This is a real economic impact, and a common occurrence across sewer, water, and electricity bills in Oregon. Market-based approaches open up new conversations about how communities can direct investment in the natural resources that provide the same, or better

environmental benefits than concrete and steel. And the best part of investments in this “green infrastructure” is that for every \$1 million, 16-23 jobs are created, and every dollar spent cycles through a community creating \$x in economic value.

We need a bill like HB 3337-1 to provide those clear signals from the state to government, non-profit, and private actors across the nation and state that Oregon is the leader in market-based approaches to conservation. Please let us know if you have any follow-on questions. Thank you for your support of HB 3337-1.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bobby Cochran', with a long horizontal flourish extending to the right.

Bobby Cochran
Executive Director

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Suite 780
Washington, D.C. 20036
Phone 202-463-2460
Fax 202-463-2461
www.forestfoundation.org
info@forestfoundation.org



American Forest Foundation

March 7, 2013

Oregon State Legislators
Oregon State Capitol
900 Court Street, NE
Salem, OR 97301

Dear Oregon State Legislators,

The American Forest Foundation (AFF) writes in support of the bill, Conservation Outcomes (HB 3337). The American Forest Foundation works on the ground with the over 10 million woodland owners in the U.S., promoting stewardship and protecting our nation's forest heritage. AFF commends you for your leadership in developing ecosystem-based markets and incentives for land conservation and management—among the most promising and important new tools we have for sustaining and protecting America's private forests.

AFF works with small landowners in Oregon and across the country through programs like the American Tree Farm System®, an 89,000 member sustainable woodlands system that helps landowners demonstrate sustainable management and meets strict third-party certification standards. In this approach, we assist landowners in meeting their individual goals while ensuring that the public benefits provided by private forests, such as clean drinking water and productive wildlife habitat, are protected. Markets and incentives for providing these values and benefits will leverage the voluntary work of landowners to provide these benefits.

As promising as markets for ecosystem services are, well-functioning markets are still largely in the formative stages. Much needs to be done to ensure they become a reality and have beneficial impacts at a broader scale. HB 3337 would help do exactly that by directing relevant state agencies to coordinate their ecosystem-based market development efforts toward this purpose. Moreover, because Oregon is at the forefront of developing these markets, the passage of HB 3337 could have national impact by spurring other states to take similar action.

The American Forest Foundation again thanks you for your leadership on this important bill and looks forward to its enactment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Martin', written over a white background.

Tom Martin
President and CEO
American Forest Foundation



March 4, 2013

Board of Directors

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County Commissioner

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Paul Pearce
National Forest Counties &
Schools Coalition

Tim Taylor
Laird Norton Company

Tom Tuchmann
US Forest Capital, LLC

Representative Chris Garrett
Oregon State Legislature
House of Representatives
900 Court St. NE, H-283
Salem, OR 97301

Representative Vic Gilliam
Oregon State Legislature
House of Representatives
900 Court St. NE, H-385
Salem, OR 97301

Representative Jules Bailey,
Oregon State Legislature
House of Representatives
900 Court St. NE, H-274
Salem, Oregon 97301

Dear Representatives Garrett, Gilliam and Bailey,

I am writing to express Sustainable Northwest's strong support HB 3337. Sustainable Northwest is a non-profit organization working with diverse interests to help sustain rural communities by assisting them in diversifying their economies. We support this bill and encourage its adoption without amendments.

HB 3337 continues efforts underway for several years in Oregon to build a policy framework that encourages programs with potential to generate and capture revenue through ecosystem services, providing farmers and forest landowners incentives for responsible long-term land stewardship, developing alternative sources of income, and supporting a growing restoration workforce to deliver these services.

We are seeing increasing opportunities for rural landowners to access ecosystem service programs and markets. Some are created through existing regulations and programs, such as wetland banking and water quality trading. Others are emerging and voluntary, like the sale of carbon credits to utilities and other entities seeking to reduce their carbon footprints. As the State of Oregon continues developing policy tools and programs related to ecosystem services, we encourage members of the Legislature to seek opportunities to ensure opportunity for access by small, rural landowners and public lands communities. We also ask that you work to ensure adequate infrastructure to implement these programs – including strong agency capacity and the increased utilization of public-private partnerships.

HB 3337 addresses many of the challenges inherent in these new programs, including lack of consistent measurements for ecosystem services, lack of integration across agencies and programs, and high transaction costs associated with the creation, verification, and sale of credits.

This bill encourages, but does not require agencies to be innovative, try new approaches, improve effectiveness and save money by finding solutions to the state's infrastructure needs by looking first at opportunities to restore the functioning of natural systems before considering expensive engineering solutions.

Sincerely,

Martin Goebel
President

March 20, 2013

Honorable Members of the Oregon Legislature:

I am writing in support of HB3337 on ecosystem services. This is excellent legislation. It supports a stronger, more efficient, and resilient economy by helping recognize the economic goods and services provided by natural systems.

I am the Executive Director of Earth Economics, a 501c3 non-profit based in Tacoma, Washington. Since 1998, Earth Economics has been providing non-partisan, science-based economic analyses for sound action in project and planning efforts. We apply ecosystem service and whole systems analysis to complex, multi-jurisdictional problems and use our findings to create innovative accounting and funding mechanisms for shifting investments towards building sustainable economies.

By using systems modeling, GIS mapping and new science-based economic tools, combined with financial and accounting analyses, we are able to help decision makers, business leaders and the public recognize that intact ecosystems provide immense value to regional and local economies. We have a track record of developing case studies, piloting tools and delivering solutions in Oregon, and the Pacific Northwest that are adapted and applied nationally and internationally.

I am delighted to see a proposed bill that focuses on the important topic of ecosystem services. Historically, we have given no economic value to the services that nature provides for us, such as clean water, breathable air, protection from flooding, nourishment and suitable habitat for the fish we eat, and many more ecosystem services. We have only given dollar values to nature as a commodity to be consumed - trees for timber, fish for food.

Historically, when the footprint of humanity was small compared to nature's bounty, we could be forgiven for regarding nature's services as "free". However, those days are long gone. Instead of our fish catch being limited by a shortage of boats, nets, technology or fishermen, nowadays it's limited by a shortage of fish. Instead of everyone using rivers for whatever purpose they pleased (irrigation, dams, hydropower, cooling power plants, dumping wastes, storm water runoff), in many places we have a shortage of clean water. We therefore spend huge amounts of money to purify the water we have contaminated. When we cut down forests and pave land we lose the ability of the land to store water and regulate its flow. We suffer major flooding events and spend huge amounts of money to (repeatedly) repair the damage and build levees to channel the flows. Our economic decision making framework has been out of touch with physical reality at great cost to jobs, the environment and the economy. We have made our decisions based on short term gain for the few (timber companies, farmers, industry, developers) while ignoring the long term costs to us all when nature's services are degraded.

The financial quantification of ecosystem services is an important step towards restoring the balance between human activities and nature. It will allow us to make better economic decisions that consider the consequences of our actions in both the short term and the long term. It will direct investment into

preservation or restoration of damaged ecosystems to take advantage of what nature can do. I will end this letter with a couple of concrete examples that illustrate the value of ecosystem services.

1. The mission of water utilities is to provide clean water to their customers. They have a choice - to protect the source of their water or to build and maintain filtration plants that will purify water. New York City made the choice in 1905 to invest in its forested Catskill watershed to protect the water supply. It has been estimated that this investment of \$1.5 billion has saved \$6 billion compared to the costs of building and operating filtration plants over the past 100 years. Several West Coast water utilities also own or protect their watersheds including Seattle, Portland, Tacoma and San Francisco. When Hurricane Sandy hit New York and surrounding areas, customers receiving their water from the Catskills had an uninterrupted supply, whereas severe disruptions occurred for customers whose water came from elsewhere. Many of their water supplies were contaminated by bacteria or chemicals in floodwater or compromised by power outages at treatment plants. The strange thing is that under our current accounting rules, the value of the watershed on the utility's books, the most important asset that the utility owns, is limited to the value of the bare land plus the timber. There is zero value assigned for water provisioning and filtration of water. In contrast, more expensive, less resilient, and relatively short-lived built capital options including filtration plants, pipes, or desalinization plants have clear asset value. Why is this a problem? If an asset has no or little book value, it is difficult to justify investment in it. If the watershed was valued appropriately for all the services it provides (also those not directly related to the utility's business such as climate regulation, air purification, flood risk reduction, fish and wildlife habitat, and recreational opportunities), the utility would have no problem issuing a low-interest bond and paying it off over 20 years, using the money to protect, restore and improve the watershed. This is an issue that Oregon utilities are directly grappling with. We completed a report with Eugene Water and Electric Board valuing the McKenzie Watershed for drinking water provisioning and setting up a framework where private landowners could be compensated for actions that improve water quality for the city. We are also working with the city of Portland.
2. Many of our problems in Oregon and the Pacific Northwest concern the degradation of watersheds. Land use and development decisions have led to frequent serious flooding events. The health of the streams, rivers, lakes and Puget Sound has been significantly degraded by storm water runoff, failing septic systems, treated but nutrient-rich sewage and industrial and agricultural pollution. Populations of salmon, the iconic fish of western North America, have been severely diminished due to loss of habitat for spawning, damming of the major rivers and pollution of waterways, to the point where they are listed as endangered or threatened under the Endangered Species Act. Part of an enlightened solution would be to minimize destruction of existing wetlands, promote wetland restoration, and even create new wetlands as part of a storm water handling system. This would slow the migration of storm water into the river to minimize peak flows. Development in the flood plain would be restricted, and water-permeable surfaces would be used whenever possible to reduce runoff. Vegetated buffer zones would be required along stream and river banks to reduce runoff of agricultural pesticides and animal waste, protect salmon habitat and allow aquifers to be recharged as water soaks into the ground instead of running off into rivers. If we assign economic value to the services provided by wetlands, forests and other vegetated lands, we can justify these investments based on the long term prevention of costs associated with flooding, landslides, water purification, levee construction and maintenance, loss of fish and shellfish, health costs due to pollution and many more.

In summary, the assignment of value to ecosystem services is very important because it recognizes a fundamental truth - we cannot survive without the services that nature provides to us. Our economic system has ignored these benefits for too long by considering them as “free”. Only by acknowledging their value can we justify the necessary investments in ecosystems to provide better conditions for us all.

This legislation can put Oregon ahead of the curve for including the economic value of natural systems in decision-making and in building a more sustainable and robust economy.

Sincerely,



Dave Batker, Executive Director



Climate Solutions

PRACTICAL SOLUTIONS TO GLOBAL WARMING

March 19, 2013

RE: Support for HB 3337

Dear Members of the Oregon Legislature:

Climate Solutions works to accelerate practical and profitable solutions to climate change by galvanizing leadership, growing investment and bridging divides. Our newest program, the Northwest Biocarbon Initiative, links key Northwest innovators in biological carbon sequestration. Just as Oregon's nationally-recognized policy leadership on clean energy has helped create good paying jobs in the state, we believe the Northwest has an opportunity to prosper while leading the nation in biocarbon innovation. The research that supports this new Initiative revealed that our region's forests, agricultural soils and even urban environments are valuable allies in addressing the challenge of climate change.

Because our natural systems play such a critical role in absorbing and storing carbon, Climate Solutions is very encouraged by Oregon's leadership in developing ecosystem services markets. As such, we enthusiastically support HB 3337. Oregon's innovation in creating credible market-based approaches to conservation, as reflected in the bill, will help farmers and forest landowners by providing new revenue streams for the valuable ecosystem services provided by their good stewardship, including carbon capture and storage.

Another aspect of HB 3337 that we heartily endorse is the encouragement to state agencies and local governments to consider natural infrastructure when planning development. A key finding in our research is that natural infrastructure alternatives such as watershed protection and riparian enhancement can bring significant biocarbon benefits along with improved revenues for landowners and significant savings on infrastructure costs for ratepayers and taxpayers. Thus, natural infrastructure approaches are both beneficial for the environment and fiscally prudent. Indeed, natural infrastructure options often result in significant cost savings for municipalities and other jurisdictions.

Thank you for your leadership in support of ecosystem services markets in Oregon.

Sincerely,

Ann Gravatt
Oregon Director, Climate Solutions

ClimateSolutions.org

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tel 206.443.9570
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219 Legion Way SW, Ste 201
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Portland
610 SW Broadway, Ste 306
Portland, OR 97209
tel 503.332.9893



Members of the Oregon Legislature
Oregon State Capitol
Salem, Oregon 97301

March 5, 2013

Dear Members of the Oregon Legislature:

This letter is to express Ecotrust's strong support for HB 3337. With the passage of HB 3337, we see immediate opportunities to create new and maintain existing jobs and to restore and protect water quality, native fish and wildlife habitat and, in turn, the high quality of life we enjoy here in Oregon.

Ecotrust has a twenty-year history of working with rural Oregonians to assist them in creating and accessing new markets for their products and services. This bill will increase the economic ties between our rural and urban communities. Market and other incentive approaches to complying with regulations will create additional economic opportunities for landowners and small businesses, while increasing the restoration and protection of critical services provided by careful, long-term land and water stewardship. These services include providing clean and abundant water, carbon sequestration, flood control, soil and sediment retention, high quality habitat for native flora and fauna, recreational opportunities, and much more. **HB 3337 will help make the restoration and protection of these ecosystem services more economically viable for rural landowners, resulting in more resilient Oregon communities.**

The passage of HB 3337 will also make the process of complying with environmental regulations more cost effective for businesses and for the government agencies tasked with enforcing these regulations. We are also confident that the passage of HB 3337 will lead to greater environmental and community benefits, because agencies will be coordinating better with other public and private organizations to produce higher quality projects with measurable, longer lasting value.

Thank you for supporting this bill. I would be delighted to answer any questions you might have or further assist in the passage of this bill in any way.

Sincerely,

A handwritten signature in cursive script that reads "Brent Davies".

Brent Davies
Vice President, Forests and Ecosystem Services

March 20th, 2013

Representative Jules Bailey
Oregon State Capitol, H-274
Salem, Oregon 97301

Dear Chair Bailey and Members of the House Committee on Energy and Environment,

The Nature Conservancy has been an active participant in the development of ecosystem service science and strategies to benefit people and nature here in Oregon and across the world. I was pleased to work with the diverse group of stakeholders on the Ecosystem Services Markets Working Group (established by the 2009 Legislature as part of implementation of Senate Bill 513) and support your efforts to implement some of the Working Group's recommendations through House Bill 3337.

House Bill 3337 would continue Oregon's leadership in the protection of ecosystem services and advancement of market-based strategies. It does four critical things that will benefit Oregon's ecosystems, landowners, agencies and businesses:

- 1) Aligns state conservation priorities and goals to better target conservation investments. Improved alignment and clarity should improve efficiency and results of existing conservation programs and policies;
- 2) Improves how mitigation is implemented in Oregon;
- 3) Encourages agencies to support incentives and markets that will provide opportunities for added economic return to agricultural and forest landowners who exercise good stewardship; and
- 4) Promotes the use of natural infrastructure.

Thank you for your support of this legislation.

Sincerely,
Catherine Macdonald



Director of Conservation Programs



March 25, 2013

Oregon State Legislature
Salem, Oregon 97301

Dear Legislators,

I am writing to ask you to support House Bill 3337, relating to conservation outcomes. I urge you to pass this bill.

The Wild Salmon Center is an international non-profit working to conserve wild Pacific salmon across their range. The pressure of development and overharvesting create enormous challenges to salmon. These bills will create mechanisms that can help meet the challenges of sustaining healthy wild salmon runs in Oregon.

First, this bill encourages pro-active attention to the existing benefits that natural systems provide. Our society has often taken for granted nature's bounty; we only realize the value of nature when we have diminished its benefits. The bill encourages a more systematic and forward-looking approach.

Second, while there have been a variety of conservation strategies developed for Oregon's natural resources, there needs to be better integration of conservation plans to increase efficiency and effectiveness. This bill promotes such integration.

Third, this bill will promote more strategic efforts to mitigate degradation caused by some development. In particular, it calls for governments to consider natural solutions to our infrastructure needs. Protecting the function of natural amenities such as wetlands, for example, can provide for flood control and water quality protection, thereby eliminating the need for built infrastructure that is both expensive to build and maintain.

In short, HB 3337 carries forward the Oregon tradition of finding innovative and proactive ways to maintain and enhance the natural bounty we have inherited. I urge you to support it.

Please contact me if you would like to discuss this or if I can provide further information.

Sincerely,

Bob Van Dyk
Forest Policy Manager

INTERNATIONAL HEADQUARTERS

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