



Oregon

Kate Brown, Governor

Department of State Lands

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April 27, 2015

State Land Board

The Honorable Richard Devlin, Co-Chair
The Honorable Peter Buckley, Co-Chair
Joint Legislative Committee on Ways and Means
H-178, State Capitol
900 Court Street NE
Salem, OR 97301

Kate Brown
Governor

Jeanne P. Atkins
Secretary of State

Dear Co-Chairpersons:

Ted Wheeler
State Treasurer

Nature of the Request

The purpose of this letter is to seek authorization from the Joint Committee on Ways and Means for the Department of State Lands (Department) to apply to the U.S. Environmental Protection Agency (EPA) for a Wetland Program Development Grant (WPDG) in an amount not to exceed \$348,647. These grants are used to build capacity for successfully carrying out state, tribal and local aquatic resource programs for wetlands, streams and other aquatic resources. The non-federal match requirement of 25% of total project cost will be provided by the in-kind services of existing Department staff and by other partners. The Department is also seeking expenditure limitation from the legislature, with the understanding that the limitation may be unscheduled until EPA awards the grant in late September. The project proposed for funding is described below.

Agency Action

Background

Since 1990, EPA has awarded annual grant funds under the WPDG on a competitive basis to support the development or refinement of state and tribal aquatic resource programs. The Department has received federal funds under this grant program each federal grant cycle to develop assessment methods, strategies, and other tools necessary to improve program effectiveness and support program goals. EPA's current solicitation will cover federal FY15 and FY16. The grant process consists of two stages with a pre-proposal due on May 15, 2015. EPA will evaluate all pre-proposals submitted, and request a full application for a portion or the entire project proposal. If requested by EPA and approved by the legislature, the agency will submit a full application for this project.

The Department worked with other state agencies and tribes to develop a coordinated Oregon Wetland Program Plan ("Plan") in 2011, supported by funding through EPA's WPDG. The Plan provides a strategic framework and direction over a five-year period

for the agency and state, federal, and tribal partners to build, strengthen, and improve the state's ability to better manage aquatic resources. The Plan includes actions to improve regulatory program effectiveness and streamline efforts; improve mitigation success; develop and refine standards and tools to effectively and consistently administer regulatory activities and support decision making; and to promote and assist in development of local government planning solutions and tools. The following project supports the goals and addresses action items of the Plan.

Project

Completion of an Aquatic Resources Mitigation Program for Oregon

The program will provide an effective, transparent and consistent wetland and stream mitigation approach across state and federal agencies that regulate removal, fill and alterations in aquatic resources in Oregon. The approach will strengthen inter-agency coordination and more effectively utilize regulations, policies and technological advances to improve program effectiveness and mitigation success. A common standard will make it more efficient for the Department, the U.S. Army Corps of Engineers (Corps), other state agencies, local governments, and others to direct impacts away from critical areas and steer mitigation to the projects most likely to provide the functions needed for high quality habitat, improving water quality, providing flood control and other beneficial uses.

The project will be a collaborative effort between the Department of State Lands, the Corps, EPA, Willamette Partnership (WP) and the Institute for Natural Resources (INR), a research institute within Oregon State University. This proposal will build on substantial work already completed by these partners to develop wetland and stream functions-based assessment tools and to identify necessary program policy changes to implement the program. The effort will result in an integrated framework for a watershed-scale approach to mitigation for wetlands and streams in Oregon.

This project will be completed through a combination of an interagency agreement and contracts with the Institute for Natural Resources and Willamette Partnership. The project will fund 85% of the cost for a limited duration, Natural Resource Specialist 2 (NRS) Mitigation Policy Specialist to assist a senior mitigation specialist at the Department. The non-federal match requirement of 25% of total project cost will be provided by the Department's in-kind services and partners as indicated below.

The wetland and stream components of the project include:

- Stream Functional Assessment Method (SFAM) development. Several critical tasks have been identified to finalize the draft functional assessment method, including: incorporating stream types into the SFAM for Oregon; adapting SFAM for use on large rivers and intermittent and ephemeral streams; facilitating technical reviews of SFAM; and completing an SFAM user guide. The development of the stream functional assessment is one of the major steps in

building a more effective stream and wetland compensatory mitigation framework. Improving the effectiveness of compensatory mitigation for wetlands and other aquatic resources is one of the three priority areas identified by the EPA for funding through the WPDG. Through a previous WPDG, the Department developed a wetland functional assessment called the Oregon Rapid Wetland Assessment Protocol (ORWAP).

- This project component will be completed by the Willamette Partnership through a contract with the Department. Total federal funds requested are \$125,000. Non-federal match will be provided by Willamette Partnership and the Department.
- SFAM Reporter tool development and implementation. The tool will assist users in completing stream functional assessments (SFAM). The tool will be an online interface located on the Oregon Explorer portal (web site) developed and hosted by Oregon State University Library and the Institute for Natural Resources. Statewide spatial datasets will be compiled and developed to provide relevant information to users of the stream functional assessments. The development of this tool parallels prior development of the ORWAP Reporter created to provide site-specific information to users of the wetland functional assessment tool.
 - This project component will be completed by the Institute for Natural Resources and Oregon State University through a contract with the Department. Total federal funds requested are \$100,115. Non-federal match will be provided by the Institute for Natural Resources.
- Steps necessary to administer the new mitigation program protocols. The agency will be working with staff and partners to build internal capacity and processes to effectively implement the new wetlands and stream mitigation protocols using existing Department staff levels. The new mitigation protocols will address how the wetland and stream functional assessments and tools will be used in a functions-based, watershed-scale approach to mitigation for wetlands and streams in Oregon. The tasks and products that will be completed include: project management; outreach and communication; rules, guidelines and tools to implement the program; internal and external training; internal operating systems and a quality control process for reviewing applicant-submitted functional assessments and mitigation plans; program effectiveness monitoring; and program analysis.
 - This project development component will be accomplished with .85 FTE of a federally-funded Mitigation Policy Specialist (NRS 2). Total federal funds requested are \$123,532. Non-federal match will be provided by in-kind services provided by existing Department staff within the agency's mitigation program and policy development unit.

Action Requested

The Department of State Lands requests the Joint Committee on Ways and Means to grant approval to the agency to apply for the federal grant. If the proposal is successful, the Department will provide copies of the award to the legislative fiscal office in order for the limitation to be scheduled.

Legislation Affected

Chapter 449, Section 2 (1), Oregon Laws 2013.

Thank you for your interest and assistance. If you have any questions, please contact Cyndi Wickham at 503-986-5227.

Sincerely,

Mary M. Abrams, Ph.D.
Director

Cc: Richard Whitman, Governor's Office
Rachele Altman, Secretary of State's Office
Drew Johnston, Treasurer's Office
Lisa Pearson, DAS Chief Financial Office
Linda Gilbert, Legislative Fiscal Office
Cynthia Wickham, Assistant Director, DSL