Coos Watershed Association
Annual Report 2006

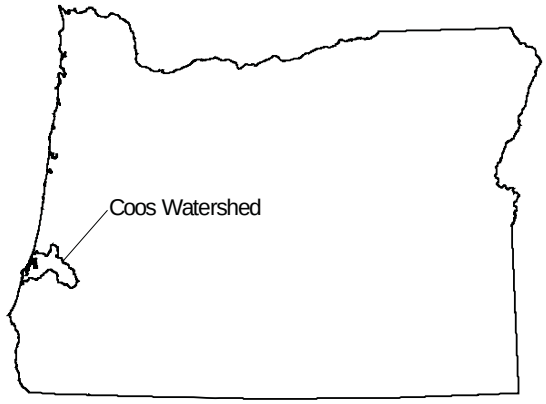
About the Coos Watershed Association

What is the Coos watershed?

A "watershed" is the area of land, from ridge to ridge, that ultimately drains to a particular body of water. The "Coos watershed" is the area of land that drains through Coos Bay, Oregon into the Pacific Ocean. It includes all forks and tributaries of the Coos and Millicoma Rivers, and all of the sloughs and creeks that drain into the Coos estuary.

What is the Coos Watershed Association?

The Coos Watershed Association is a local non-profit organization formed in late 1993. It's a way for people with a wide range of interests to get together and develop the "big picture" of the conditions in the Coos watershed, and it helps individual landowners to decide how to manage and restore the watershed's natural systems. The Association's Board of Directors includes representatives of local ranching and agriculture, small woodland owners, industrial timber operators, commercial fisheries and aquaculture, environmental groups, tribal land managers, and local, state, and federal land managers from the Coos County Forest, Elliott State Forest, South Slough National Estuarine Research Reserve, and the U.S. Bureau of Land Management.



How does the Association make decisions?

The Association's Board of Directors is focused on the watershed's future. They reach decisions by discussion and consensus - not a majority vote. A decision is final when no Directors object to it.

Coos Watershed Association Statement of Shared Values

The members of the Coos Watershed Association have adopted the following statement as an expression of the shared values which inspired creation of the Association:

WHEREAS we believe it is possible to achieve both environmental integrity and economic stability within the Coos Watershed; and

WHEREAS we believe that the natural products and processes of the watershed are indicators of watershed health, and are important to the economy and vitality of the community; and

WHEREAS we believe that human activities have a legitimate place in the watershed; and

WHEREAS we recognize that our actions can affect the stability of the watershed and related economy; and

WHEREAS we believe deliberate planning and action for watershed health are important and are effectively achieved by the people who live and work within the watershed; and

WHEREAS we believe that a watershed-scale perspective improves our ability to sustain the health of the watershed and related economic activities; and

WHEREAS we believe the coordination of our individual efforts can achieve a synergistic, beneficial effect on the watershed;

THEREFORE we will support environmental integrity and economic stability within the Coos watershed by increasing community capacity to develop, test, promote, and implement management practices in the interests of watershed health.

Letter from the Director

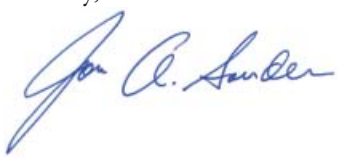
This past year has been an exciting and productive time for the Coos Watershed Association. During 2006 we built on our strong foundation to reinvigorate our restoration projects portfolio, embark on a program to help commercial salmon fishermen, and continue our innovative assessment and monitoring program that identifies, prioritizes, and evaluates our efforts to improve watershed health.

Highlights of the Association's work in 2006 include:

- Working with commercial salmon fishermen, the Oregon Troll Salmon Commission, the Oregon Watershed Enhancement Board, and the Governor's Office of Natural Resources to establish a state-wide "Hire-the-Fishermen" program. A section of this Annual Report describes this program, and how we—and the fishermen—have benefited.
- Rebuilding our projects portfolio by submitting $2,000,000 in grant applications, and receiving $1,249,000 in grant awards. We also diversified our funding by raising our Fee-For-Service contracts to $163,000 in 2006.
- Increasing the Board of Directors' involvement in the financial sustainability of the Association by beginning a Fund Development Plan. This plan is a way to implement the long-term goals for the Association as outlined in our 2005 Strategic Framework. Creation of the Fund Development Plan was supported by contributions from Director's, their corporations, and a grant from the Ford Family Foundation.
- Continued our innovations in watershed science and management through the development of a Strategic Restoration Plan to guide our work in this area, obtaining funding to complete the second and third years of the Dellwood Mainline Sediment Reduction Study, and establishing a Research and Outreach Committee of the Board.

We set the stage for continued progress during 2006. This Annual Report describes these efforts and their outcomes. I hope you enjoy the Report an an example of the effectiveness of watershed councils in responding to social and environmental needs.

Cordially,



Jon A. Souder, Ph.D.
Executive Director

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Restoration Program

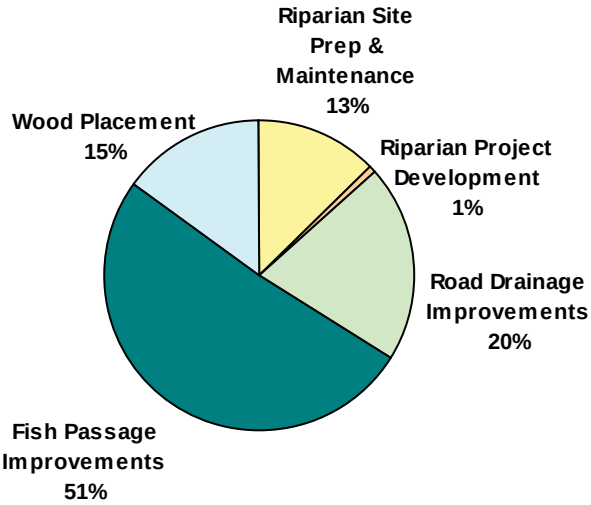
During 2006, the Coos Watershed Association (CoosWA) continued to implement new, and expand existing projects, while securing funding for future work. The 2006 restoration projects improved fish passage, maintained existing riparian plantings, and prepared sites for new plantings in the South Fork Coos area and Palouse Creek. We continued the ambitious and aggressive sediment reduction and road improvement efforts on the South Fork Coos River, partnering with Weyerhaeuser. We also partnered with Weyerhaeuser and secured funding for projects to be completed in 2007 that include a road decommission, culvert replacement, and clearing and planting of more than 20 acres of riparian area on two abandoned log yards.

During 2006, restoration project partners included small acreage rural residential and agricultural landowners, industrial timber companies, and the Elliott State Forest. The Association's Restoration Program expenditures this year totaled approximately $375,000; and with these grant funds, we were able to leverage $408,000, bringing the total budget for on-the-ground projects to over $780,000. A key component to the work completed under this year's restoration program was labor provided by displaced fishers, with funding from the Oregon Watershed Enhancement Board (OWEB) Salmon Season State of Emergency Program (see program profile).

In 2006, we applied for almost $1.1 million in grant funds for restoration, and were awarded about $940,000 for projects to be implemented during 2007. Of this total, $770,000 was applied for and awarded by OWEB.

Restoration accomplishments in 2006 included:

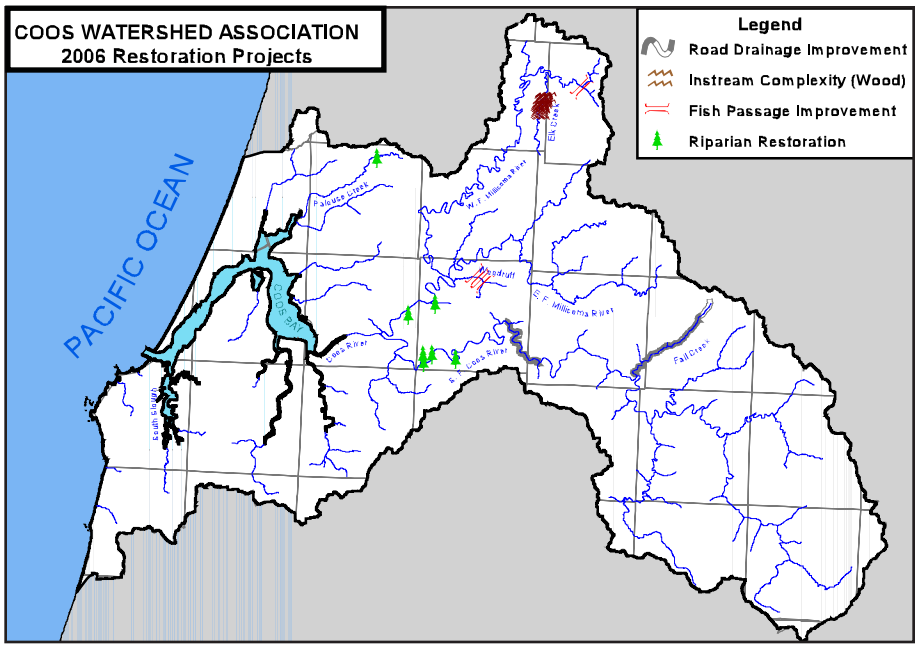
- 1.5 miles of in-stream improvements through the placement of 52, 60-80 foot trees/logs
- Over 1 mile of anadromous fish access improved through the permanent removal of a culvert stream crossing
- 55 cross-drain culvert installations on 6 miles of forest roads
- 4 culvert upgrades to meet 50+ year flow requirements
- 3 bridges installations to replace culverts, improving fish passage to 5 miles of stream
- 0.5 miles of stream and 0.5 acres of new riparian site preparation and planting
- Over 40 acres of competing vegetation control on riparian restoration projects at 7 different sites



Restoration Program	Grant $	Match $	Total $
Riparian Site Prep & Establishment	$ 94,644	$ 5,468	$100,111
Riparian Project Development	$ 6,367	$ 0	$ 6,367
Road Drainage Improvements	$ 69,856	$ 88,494	$158,351
Fish Passage Improvements	$159,390	$241,845	$401,235
Wood Placement	$ 44,946	$ 72,423	$117,369
TOTAL	$375,202	$408,230	$783,432


West Fork Millicoma Bridge, Elliott State Forest


Cross-drain culvert on Dellwood Mainline, Weyerhaeuser



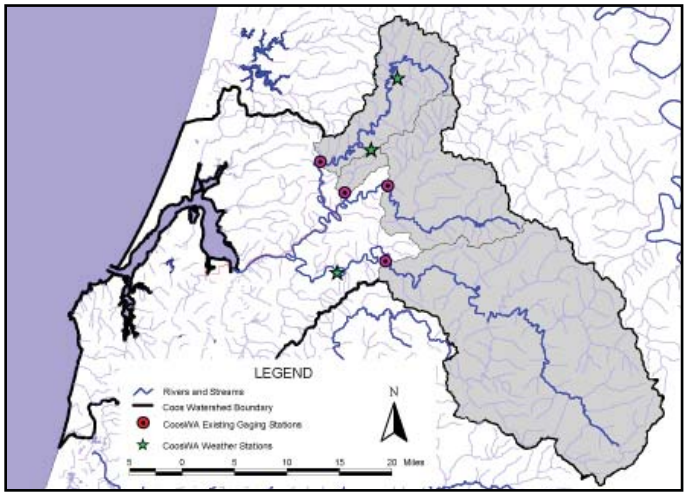
Monitoring Program

This year, CoosWA further developed its Monitoring Program to scientifically examine the effectiveness of Association restoration efforts. One measure of quality in a monitoring program is continuity. In 2006, our monitoring work focussed on sediment reduction, fish passage, in-stream complexity, and riparian enhancement projects.

Project type	Parameter	# of Project Areas	# of Years
Riparian	Silviculture--growth/survival	6	2 - 5
	Water temperature	4	3 - 11
Road Sediment	Turbidity & suspended solids	5	2
	Ditch flows, rainfall & traffic levels	6	2
In-stream structures	Coho spawning abundance	3	4
	Coho juvenile abundance	2	3
	Aquatic habitat	3	2
Tide Gates	Life-cycle monitoring	2	3
	Tide-gate mechanics	1	2
Fish passage	Coho spawning abundance	7	1 - 4
	Snorkel surveys & minnow trapping	2	1 - 2
Hydrological	Stream flows	4	5 - 6
Meteorological	Rainfall, temperature, & humidity	3	6

Flume and capacitance rod measuring ditch flows at Delwood Mainline site 2

Coos River Sediment Reduction Project. During 2006 we gathered baseline data and began the first of two years of post-project monitoring of the effectiveness of our road drainage improvement program. Sediments resulting from forest roads that flow into streams adversely affect water quality and reduce the survival of salmon eggs and juveniles. The CoosWA has worked with various partners to improve drainage in over 100 miles of high risk forest roads; this study is intended to evaluate the reduction in sediment yields resulting from projects of this type. The study is designed in a Before-After-Control-Impact framework, where baseline pre-project data was collected during the winter of 2005-06, with two years of post-project data collected after the Dellwood Mainline was upgraded. This project, a cooperative study between CoosWA and Weyerhaeuser, with laboratory facilities provided by SSNERR, monitors traffic levels, rainfall, ditch water flows, suspended sediment in the ditch water, and turbidity above and below where the ditch water enters a stream. Funding was obtained from Weyerhaeuser and OWEB to complete the second and third years of fieldwork analyze the data, and prepare the report for publication.

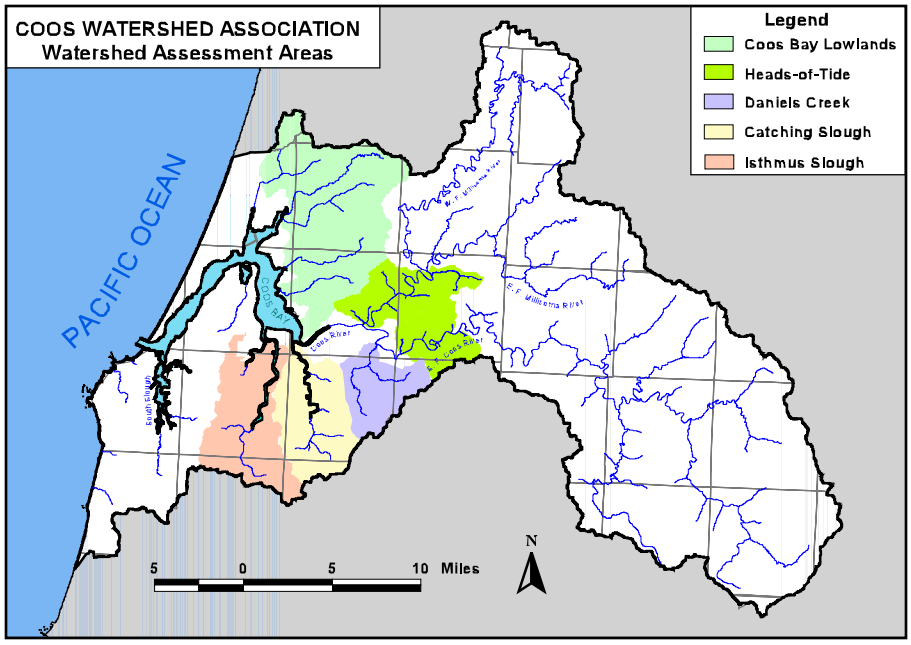


Hydrological and Meteorological. Six years ago the Coos Watershed Association installed four stream gauging stations and three multi-parameter weather stations to collect hydrological and meteorological information. These sites provide data on conditions covering approximately half the watershed (see map). The value of this data collection was demonstrated during a series of winter storms in December, 2005 through January, 2006 that caused a substantial number of landslides. One landslide in the Elliott State Forest was located just above our weather station on the West Fork Millicoma River. Rainfall data on from this station was used to characterize soil saturation conditions leading to the landslide. The general vicinity of this site is being considered by the U.S. Geological Service's Landslides Hazards Program for a study that would trigger experimental landslides. Data from these storms was presented to them at a March 30, 2006 meeting. Other uses of our basic hydrological and meteorological data include rainfall-runoff-turbidity relationships and road drainage sediment load estimation.

Tide Gates. From October 31 to November 2, 2006, the Coos Watershed Association jointly organized with the South Slough National Estuarine Research Reserve and Oregon State University Sea Grant, the West Coast Symposium on the Effects of Tide Gates on Estuarine Habitats and Fishes. The workshop presented introductory information regarding dikes and tide gates, their effects on estuarine habitats and fish passage to the general public, watershed councils, environmental consultants and government agency staff. Eighty-seven participants, including coastal managers, biologists, engineers and other professionals came to exchange information about tide gates, identify knowledge gaps, develop performance criteria, and discuss the potential benefits and problems associated with tide gate removal or replacement projects.

Assessment & Outreach Program

The Coos Watershed Association's (CoosWA) unique Assessment and Outreach Program combines up-to-date watershed assessments with landowner participation, and prioritization of potential actions. In 2006, the Association was able to see this process come full-circle with the implementation of restoration projects developed as a result of the *Coos Bay Lowlands Assessment and Restoration Plan*–-which was completed in the spring, 2006. CoosWA's watershed assessment field surveys occurred again in the summer of 2006. These surveys, in combination with assessment development and outreach, received two years of funding from the Department of Environmental Quality's Non-point Source Pollution, §319 Program, the Oregon Watershed Enhancement Board's Technical Assistance Program, and other in-kind match sources.



Field Surveys

Field surveys are currently focused in the Catching Slough and Daniels Creek sub-basins. Every survey season begins with gaining permission from landowners to access their property. Though time intensive, this process is extremely important to the organization to maintain landowner confidence, and often piques landowner interest in their watershed resources. Surveys completed in 2006 (see adjacent table) include summer stream temperature monitoring, road and landing surveys, spawning surveys, and aquatic habitat inventories. Surveys were conducted by trained, two-person crews, extending through the summer and into the fall (with the exception of spawning surveys, completed during the winter). Temperature recording units were continuously deployed from June through October. A riparian shade study will be conducted in 2007 for both sub-basins, as well as a follow-up field verification of riparian shade in the Heads-of-Tide area.

Stream Temperature Monitoring	
Catching sub-basin	**20 sites**
Daniels sub-basin	**8 sites**
Aquatic Habitat Inventories	
Catching sub-basin	**23.6 miles**
Road Sediment Surveys	
Catching sub-basin	**45 miles**
Daniels sub-basin	**25 miles**
Spawning	
Coos watershed	**15.25 miles**

(Not including spawning surveys by hired fishers - see Salmon Season State of Emergency)

Assessment Development

CoosWA's assessment process includes compiling field data, GIS mapping, and analysis. Landowner concerns are collected through a coffee klatch program consisting of a series of neighborhood stakeholder meetings (see Outreach Program). These are followed by a detailed prioritization process to guide restoration. All of this information helps to tell the story of the watershed, describe its current conditions and develop ways of enhancing and restoring these natural systems using biological and socio-economic sciences. Currently, field data is being analyzed, mapped and formatted for the Catching Slough sub-basin assessment. Draft assessment documents will be completed for Catching and Daniels sub-basins in June and December, 2007, respectively. Final assessments, including prioritized actions and restoration opportunities, will be completed for the Catching, Daniels, and Heads-of-Tide sub-basins in the summer of 2008.

Catching Slough Coffee Klatch, October 2006

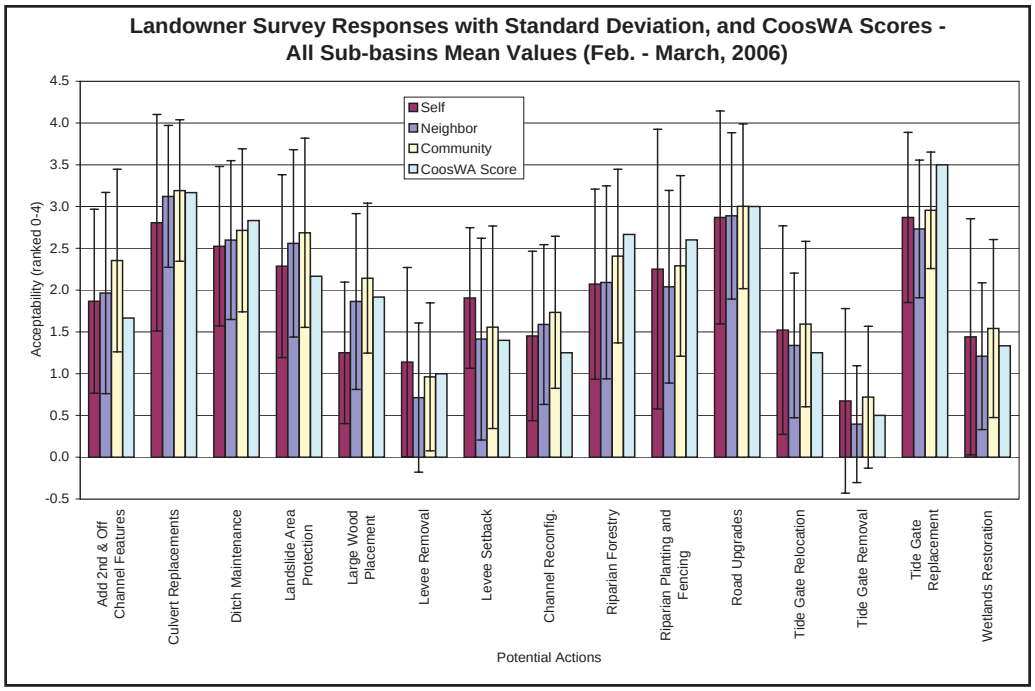
Outreach Program

The CoosWA's Outreach Program currently consists of coffee klatches, on-site septic system workshops, and targeted outreach with individual or small groups of landowners related to project development and implementation planning. Coffee klatches were completed for the Lowlands assessment area in the early spring. This third series of meetings included the presentation of prioritized restoration opportunities, and conducting a feasibility survey that helped CoosWA determine how landowners feel about specific types of restoration actions and how accurately we portrayed their concerns in the assessment document. Attendance to the third series of meetings (all six of which were held in landowner's homes) averaged 9% of all landowners, for a total of 49 participants. Feasibility survey results (see graph below) show that CoosWA's interpretation of landowner concerns generally followed the pattern of landowner acceptability for various project types. A new set of coffee klatches was initiated during the fall of 2006, with landowners in the Heads-of-Tide and Catching sub-basins, and during the spring with those in the Daniels Creek sub-basin. Seventy-eight landowners participated in these meetings, resulting in an average attendance rate of 11%. During this process participants were introduced to the CoosWA's assessment process and provided with information on their ranked watershed concerns for input into the prioritization process at a later date.

Septic Workshop

An on-site septic system management workshop was held in November, 2006, at the Coos Bay Public Library. The workshop responded to DEQ's local priority for non-point source bacteria management. There were four presenters, including professionals from DEQ and the Oregon Department of Agriculture. CoosWA staff coordinated and facilitated the workshop, and conducted water sample screening. The main presenter, DEQ Drinking Water Specialist Jacquline Fern, provided an excellent educational program that was practical, informative and well-received by the audience. Thirty-nine homeowners attended the workshop, and an additional septic management workshop is being planned for September, 2007.

Septic management workshop, November 2006



Research and Outreach Committee

The Research and Outreach Committee, a standing committee of the CoosWA Board of Directors, was re-established in 2006, and is currently focused on reviewing three program strategies, including Assessment, Research & Monitoring, and Outreach. The Committee, currently consisting of five Board members and two staff, has since met three times and completed review of the Assessment strategy. This committee will provide direction and focus for future watershed assessments. The Committee has also begun to develop some interesting fundraising ideas that will be addressed in the new Fund Development Committee.

Salmon Season State of Emergency

In an effort to relieve pressure on Klamath River Chinook salmon populations affected by drought and disease, restrictions were placed on the 2006 commercial salmon season on the Oregon coast by NOAA Fisheries Service. This resulted in the displacement of nearly the entire salmon fishing fleet on the Oregon coast.

In April of 2006, Governor Kulongoski announced a salmon season state of emergency for communities on the Oregon coast. As a result, the Oregon Watershed Enhancement Board (OWEB) made funding available to hire displaced salmon fishers through grant solicitations for five targeted program areas: research, restoration implementation, restoration project development, inventory/data collection, and outreach. Watershed councils were eligible to prepare funding proposals for restoration implementation, restoration project development, and inventory/data collection; research and outreach funds were reserved for Project-CROOS (Collaborative Research on Oregon Ocean Salmon) and the Fishermen Extending Salmon Recovery Information (FESRI) Program, respectively. The Association, involved with a similar works program during salmon season closures during the mid-1990s, was instrumental in collaborating with OWEB staff to develop this grant program and successfully obtained funding to hire 8 salmon fishers to work on the following projects in 2006.

Restoration Implementation

The Association hired 4 displaced fishers as a "Riparian Stewardship Crew" to work on riparian restoration and enhancement projects. In 2006, the Riparian Stewardship Crew cleared nearly 40 acres of noxious weeds (including Himalayan blackberry, Japanese knotweed, morning glory, Canada thistle, and reed canarygrass) to maintain previously restored riparian areas--many of which would not have received regular maintenance--as well as to prepare sites for the 2006-2007 riparian planting projects. Removing noxious weeds is an essential component of the riparian restoration program. Through our continued monitoring of riparian plantings, we have found that plantings need to be maintained for 5 or more years, or until the trees reach the "free-to-grow" stage and can outcompete non-native vegetation. The Riparian Stewardship Crew has also been active in the task of "tree protection" to reduce predation pressures on riparian plantings from elk, beaver, nutria, and other small mammals. Methods employed include placing aluminum printing plates (recycled from the local newspaper), chicken wire, and aluminum foil collars on trees in high predation areas. These measures improve the survival rate of our plantations.

Restoration Project	Accomplishments
Fern Hollow Farms Riparian Restoration	**Cleared and maintained 13 acres of riparian plantings. Prepared additional 0.5 acres for a future planting project.**
Taylor Place Riparian Restoration	**Cleared and maintained 2.6 acres of riparian plantings.**
Hendrickson Creek Riparian Restoration	**Cleared and maintained 1.75 acres of riparian plantings.**
Packard Creek Riparian Restoration	**Cleared and maintained 1 acre of riparian plantings.**
Wilson Ranch Riparian Restoration	**Cleared and maintained 12.1 acres of riparian plantings.**
ODF Ranch Riparian Restoration	**Cleared and maintained 4.4 acres of riparian plantings, and prepared and planted an additional 1.9 acres.**
Larson Creek stream bank stabilization	**Constructed over 60 feet of willow walls five feet high to help reduce stream side erosion and bank failure.**
Pony Creek Riparian Restoration	**Helped clear noxious weeds on 2.5 acres**

Bob Hill at Fern Hollow Farms, South Fork Coos River

Riparian Stewardship Crew at Fern Hollow Farms, South Fork Coos River

Pat Jarrett at adult fish trap on ODF Ranch, Palouse Creek

Inventory/Data Collection

Spawning Surveys. The Association hired 2 displaced salmon fishers to conduct Oregon Department of Fish and Wildlife (ODFW) Supplemental Spawning Coho Surveys in the Catching, Daniels, and Heads-of-Tide sub-basins. The fishers attended ODFW Annual Salmon Spawning training in Corvallis. During the spawning season (October-February), the fishers regularly surveyed nearly 14 miles of stream for spawning salmon, spawned-out salmon carcasses, and redds. Spawning surveys are used as an estimation tool to determine salmon abundance in streams. Through this project, the fishers were able to provide complete survey coverage in these sub-basins that would have otherwise not been surveyed. While conducting spawning surveys, fishers were also able to help identify potential future habitat restoration projects.

Life-cycle Monitoring. The Association hired 2 displaced salmon fishers to help construct, run, and troubleshoot the life-cycle monitoring adult and smolt salmon traps. The adult traps were operating during the spawning season; smolt traps will be deployed in February, 2007. The adult traps consisted of picket weir fences and a live box for fish holding and processing. Adult salmon were measured, sexed, identified to species, and tagged for recovery by spawning surveyors. Life-cycle monitoring studies help researchers understand salmon life histories and the ways in which salmon utilize streams .

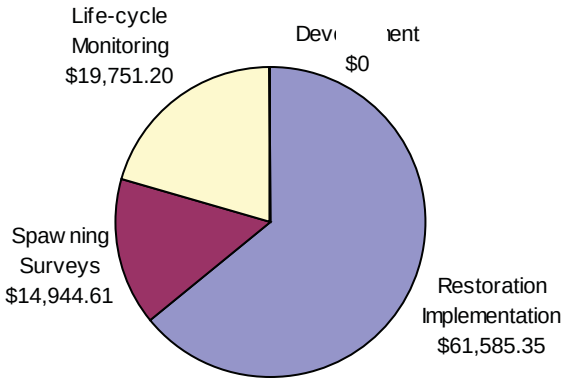
Restoration Project Development

The Association applied for, and was awarded a restoration project development grant to develop projects for implementation in 2007 by the fishers on the Riparian Stewardship Crew. Project development was targeted towards areas prioritized in the *Coos Bay Lowlands Assessment and Restoration Plan* (CoosWA, 2006). Staff worked with private landowners in the Coos watershed lowland sub-basins to develop restoration projects that stabilized stream banks and restored riparian areas. Projects were developed where there were high sediment inputs from eroding banks and unusable stream reaches due to high stream temperatures.

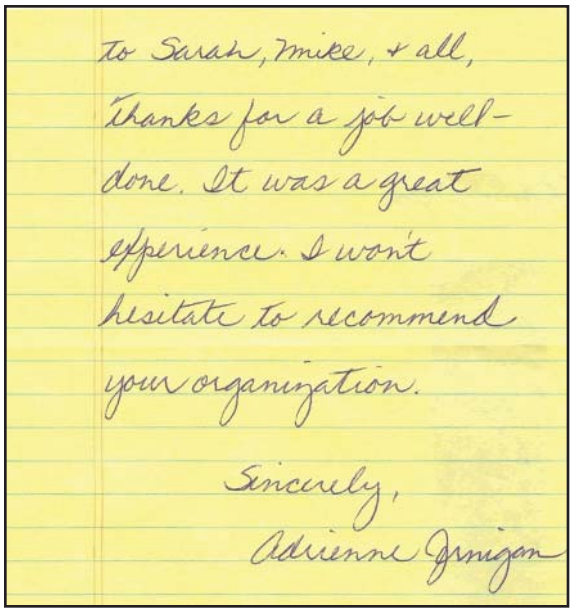
During 2006, we successfully competed for $504,000 in grant funding through the Salmon Season State of Emergency Program, which will employ displaced fishers through the summer of 2008. Salmon Season grant expenditures totaled almost $214,000 this year, of which $96,000 was allocated to fisher wages. While this program has provided some financial assistance to displaced fishers, this funding has benefited the Association's programs and has had a significant effect on the ecological systems where we have been able to complete work. While funding is available, we will continue to generate proposals to provide additional employment opportunities to area fishers as long as the need exists.

Grant Program	Total Project $	Fisher Labor $
Restoration Implementation	**$ 89, 289.00**	**$61,585.35**
Inventory/Data Collection		
Spawning Surveys	**$ 57,980.04**	**$14,944.61**
Life Cycle Monitoring	**$ 54,617.25**	**$19,751.20**
Restoration Project Development	**$ 12,071.97**	
Total	**$213,958.26**	**$96,281.16**

Michael Lester, Riparian Stewardship Crew Leader, monitoring riparian planting at Wilson Ranch, S. Fork Coos River



2006 Salmon Season funds allocated to displaced fishers



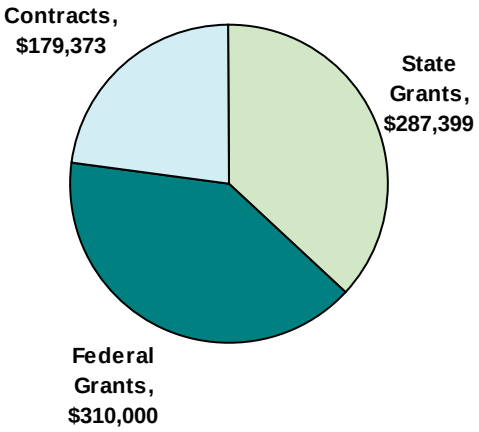
to Sarah, Mike, + all,
Thanks for a job well-done. It was a great experience. I won't hesitate to recommend your organization.
Sincerely,
Adrienne Jernigan

Letter from Adrienne Jernigan, Larson Cr. landowner

Financial Management

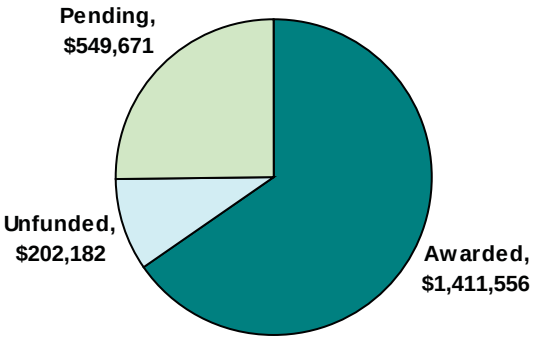
During 2006, the Coos Watershed Association continued to make improvements to its financial accounting systems. This year, we purchased software that enabled us to create a full electronic back-up of our accounts receivable documentation, allowing for increased efficiency in requesting reimbursements from our funders and resulting in better control over cash flow management. We also refined our tracking of employee benefits and paid time off, requesting funds to pay for these expenses as they are earned rather than doing so as they are used. In addition, we developed various ways to use our accounting software to automate processes that once required manual journal entries. During the year, we continued to receive requests for accounting technical assistance from other watershed councils and districts, who have been referred to us by our grantors as a result of the improvements we made in our financial management and reporting in 2005.

During 2006, we closed out approximately $776,000 in grants and contracts, which included a National Sea Grant pilot project to complete the *Coos Bay Lowland Assessment and Restoration Plan* and an EPA project to develop the *Hydrogeomorphic (HGM) Assessment Guidebook for Tidal Wetlands on the Oregon Coast*.



Grants Closed in 2006

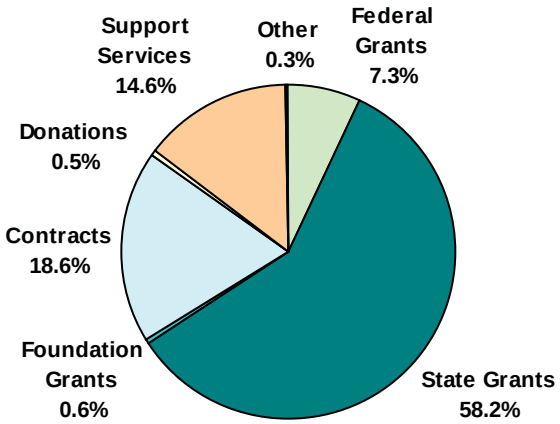
After closing out almost $3 million in grants/contracts during the last two years, we spent much effort during 2006 rebuilding our funding portfolio through the submission of grant proposals to federal, state, local, and private funding institutions and cultivating new fee-for-service contracts. This year we applied for $2.1 million in funding, of which we have already been awarded $1.4 million, and on which we are currently anticipating decisions for an additional $550,000.



Grant Awards in 2006

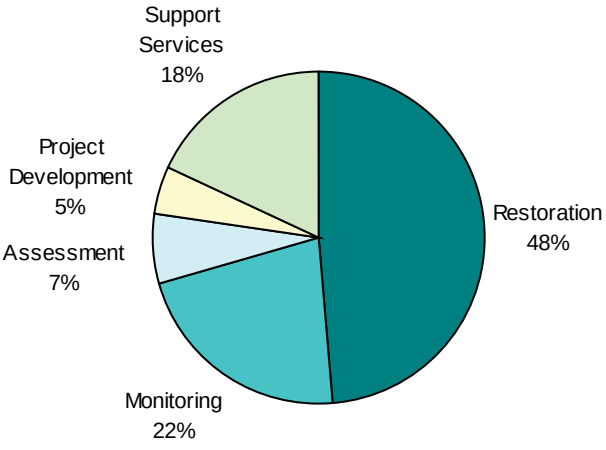
Noteworthy awards included a grant from a partnership between the National Fish & Wildlife Foundation, National Association of Counties, and the NOAA Community-based Restoration Program through the Coastal Counties Restoration Initiative for which we successfully competed nationally to fund fish passage improvements on Palouse Creek. We were one of five awards funded by this program and we were the only recipient in the state of Oregon.

During 2006, our program and support services continued to be paid predominantly through state grants (58%); however, as compared with previous years, we saw a large increase in contracts (19% in 2006, up from 4% in 2005), and a reduction in federal grants (7% in 2006, down from 25% in 2005). Income associated with support services totaled 15%, and included the Association's OWEB Council Support grant award, which provides funding for the Executive Director's salary, and fiscal administration from grants/contracts. The remaining funding sources included foundation support, donations, revenue from our native plant nursery, and *Riparian Silviculture Guide* sales. We continue to seek fee-for-service contract opportunities and cultivate new relationships with funding institutions in order to generate a more diverse and robust funding portfolio.



Sources of Funding in 2006

During 2006, we spent approximately $886,000 on program and support services. About half (48%) of this funding was expended on restoration project implementation, with another one quarter (22%) associated with monitoring. We saw a significant decrease in spending for assessment work (7% in 2006, down from 24% in 2005), but an increase in project development expenditures.

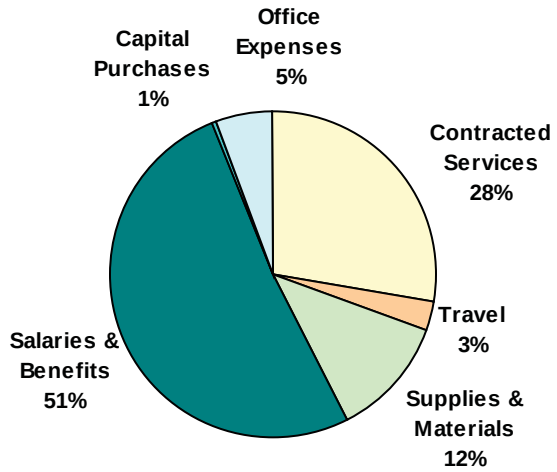


Expenses by Program in 2006

This is, in some ways, reflective of grant funding available for these activities. We continue to see grantors placing an emphasis on making funding available for project development as a direct link to implementation of on-the-ground restoration work. Expenses associated with support services totaled 18%, which included operational expenses for our support staff (Executive Director, Program Manager, and Bookkeeper/Office Manager) and office-related costs. It is significant to note that we saw a loss in our net assets during 2006 as a result of our administrative expenses exceeding the amount of associated income that we were able to generate through our grants. In general, our funders place a 10% cap on administrative overhead, which is insufficient to operate an effective organization.

As our administrative costs are approximatley 18% of annual expenses, we need to generate additional funds for this purpose in order to make up the difference. During the last year, we increased our fee-for-service contracts on which we charge a standard administrative rate of 20%, and we will continue to pursue new contracts in order to diversitfy our funding portfolio. We also began investigating the process for negotiating a rate for our administrative expenses associated with federal grant funds. Finally, the Board of Directors began work on a fund development plan, which will outline strategies for fundraising, seeking in-kind donations, cultivating volunteers, and the like (see Board of Directors).

Most of the expenses during 2006 were associated with staff salaries and benefits (51%) and project contracts (28%). About 15% of the year's expenditures were attributed to project-related supplies/materials and travel, and only 5% of expenses came from operational office expenses. Capital expenditures during 2006 included the purchase of a vehicle—a truck for use by the Association's Riparian Stewardship Crew. The truck is used to transport the Crew and equipment to complete riparian planting, site preparation and establishment activities throughout the year, providing considerable cost-savings in grant funding used to complete this work.



Expenses by Type in 2006

Statement of Financial Position

Assets	
Cash and cash equivalents	$113,764
Grants receivable	192,951
Prepaid expenses	3,448
Office and field equipment (less accumulated depreciation $21,137)	26,213
Total assets	**$336,376**
Liabilities and Net Assets	
Accounts payable	$83,114
Accrued payroll taxes and benefits	5,118
Accrued vacation	20,491
Total liabilities	**108,723**
Net assets	
Unrestricted	176,672
Temporarily restricted	50,981
Total net assets	**227,653**
Total liabilities and net assets	**$336,376**

Statement of Activities

Revenues	
Allocation to administration	$ 77,056
Contract services	36,630
Contributions	3,897
Interest income	1,583
Total unrestricted revenue	**$119,166**
Expenses	
Program services	$745,739
Support services	135,346
Total expenses	**$881,085**
Change in net assets	($ 15,706)
Net assets, beginning of year	$243,359
Net assets, end of year	$227,653

Board of Directors

During 2006, the CoosWA Board of Directors continued to set policies and prioritize actions to better carry out the mission of the organization by maintaining high standards in financial management; emphasizing monitoring and assessment activities that allow us to improve our restoration planning and implementation; facilitating a streamlined, watershed-wide approach through which we conduct restoration projects; and engaging in strategic planning to acknowledge and respond to forces that affect organizational sustainability. Board members spent significant time working in standing and ad-hoc committees to address these areas.

The Executive and Audit Committees oversaw another year of excellent fiscal accounting and operations management. The 2006 financial audit indiciated that our accounts were in compliance with government auditing standards, and that there were no further actions necessary to improve our accounting systems, after having completed the auditor's recommendations from the previous year.

Opening remarks by President, Jim Young at Board Retreat, December, 2006

The Research and Outreach Committee, one of the standing committees established in 2005 through the completion of the *Strategic Framework* was re-activated and began working through a process to set priorities for the Association's assessment, monitoring, research, and outreach activities (see Assessment & Outreach Program).

The Restoration Projects Committee focussed on streamlining annual work plans and integrating restoration priorities in long-term planning efforts. Restoration projects completed during the previous year were highlighted in the 2006 Projects Tour. Approximately 20 people were in attendance, including Board members, staff, and project partners. We were grateful to have Elaine Raper of BLM and Marty Giles of Wavecrest Discoveries volunteer the use of their vans to transport attendees to the project sites. We visited the Elk Creek wood and culvert projects, West Fork Millicoma and Woodruff Creek bridge installations, Winter Springs Ranch and Taylor Place riparian plantings, and the site of the future riparian planting at the abandoned log yard at Allegany on the Millicoma River.

This year, Directors began to focus their efforts on a fund development planning process to provide adequate resources for the continued implementation of recommendations from the *2005 Strategic Framework*. In light of the challenges in obtaining funding to support core operations, members of the Strategic Planning Committee formed the Fund Development Committee to strategize actions to develop resources to ensure the Association's continued growth and success.

The 2006 Annual Meeting in March featured a keynote address by Tom Gallagher, Director the Ford Family Foundation's (TFFF) Ford Institute for Community Building. Mr. Gallagher presented information on the TFFF Effective Organizations Grant Program and the importance of board involvement in obtaining financial support from foundations. This discussion set in motion efforts on the part of Association Board and staff to generate funding needed to develop and implement a fund development plan. We were successful in competing for funding through TFFF's Effective Organizations Program, and the Board raised almost $4,000 to match this grant award. Financial contributions by Board members were made individually as well as through their corporations. Personal donations were received by 85% of the Board.

In November we secured the services of Roi Crouch of Roi Crouch & Associates and Mary Ward of Human Systems, Inc. to work with the Board of Directors over the next year to develop and effectively carry out a fund development plan. In December, we held the 2006 Board Retreat, facilitated by Ms. Crouch, during which the Board engaged in various activities to determine fundraising strategies best suited for the Association. Board members participated in activities designed to strengthen their skills in representing the organization and soliciting support from the community. Directors also affirmed their participation in the Association and engaged in an exercise to document the organization's history and its evolution over the last twelve years. Information was presented on obtaining funding through foundations, annual giving campaigns, donor clubs, and providing services, selling products, and holding events. Board members formed three committees (annual giving/direct solicitation, selling services/products, and outreach/event coordination) to focus their efforts and develop strategies within those areas. These committees will continue to work through the winter and spring of 2007 to prioritize these actions, determine timelines for implementatin, and anticipate outcomes. Discussions are currently underway to plan for the development of a donor club and execution of an annual appeal to coincide with the close of the 2007 calendar year.

Board of Directors

Officers

Jim Young
President
Oregon Department of Forestry, State Land Managers

John Herbst
Vice President
Confederated Tribes of the Coos, Lower Umpqua, and Siuislaw Indians, Tribal Government

Marty Giles
Secretary
Wavecrest Discoveries, Member-at-Large, Environment

Don Yost
Treasurer
Oregon International Port of Coos Bay, Port & Waterfront Industries

Tom Hoesly
Past-President
Menasha Forest Products Corporation, Industrial Timberland Owners

Jon Souder facilitating breakout discussion at Board Retreat, December, 2006

Reese Bender
Northwest Steelheaders, Member-at-Large, Environment

Dan Brelage
Brelage Pacific Dairy, Ranching & Agriculture

Jim Clarke
Member-at-Large

Mike Graybill
South Slough National Estuarine Research Reserve, State Land Managers

Bob Laport
Coos County Forestry, Local Government

Jim Lyons
Ocean Terminals, Port & Waterfront Industries

Joan Mahaffy
Ranching & Agriculture

Paul Merz
Fisheries & Aquaculture

Dave Messerle
Messerle & Sons, Small Woodland Owners

Mark Nauman
Weyerhaeuser Company, Industrial Timberland Owners

Larry Qualman
Qualman Oyster Farms, Fisheries & Aquaculture

Elaine Raper
Bureau of Land Management, Federal Land Managers

Rob Schab
Coos Bay-North Bend Water Board, Local Government

Greg Stone
Stuntzner Engineering & Forestry, LLC, Small Woodland Owners

Staff

Coos Watershed Association Staff (Clockwise from top left): Daniel Draper, Sarah Dyrdahl, Freelin Reasor, Jon Souder, Bessie Joyce, Margaret Kirby Joseph Feldhaus, Michael Lester, and Aimee Peters (Not pictured: Matthew Anderson and Morgan Bell)

Matthew Anderson
Project Manager / Fisheries Monitoring Coordinator

Morgan Bell
Monitoring Technician

Daniel Draper
Monitoring Technician

Sarah Dyrdahl
Riparian Restoration Specialist

Joseph Feldhaus
Project Manager

Bessie Joyce
Assessment & Outreach Coordinator

Margaret Kirby
Program Manager

Michael Lester
Road Sediment Remediation Specialist

Aimee Peters
Office Manager & Bookkeeper

Freelin Reasor
Monitoring Technician

Jon Souder
Executive Director

We would like to thank former staff who worked during 2006:

Lisa Biggs
Fisheries Technician

Richard Howard
Riparian Stewardship Crew Leader

Kristin Hovenkotter
Monitoring Technician

Shannon Miller
Monitoring Technician

Sheila Moore
Monitoring Technician

Emilie Simpson Morris
Monitoring Technician

Grantors & Partners

Bureau of Land Management

Cape Arago Audubon Society

Coos Bay / North Bend Water Board

Coos County

Conservation Reserve Enhancement Program, U.S. Department of Agriculture

Menasha Forest Products

Oregon Department of Agriculture

Oregon Department of Environmental Quality

Oregon Department of Fish & Wildlife

Oregon Department of Forestry

Oregon Department of State Lands

Oregon Sea Grant

Oregon State University

Oregon Watershed Enhancement Board

National Fish & Wildlife Foundation

National Oceanic & Atmospheric Administration

Natural Resources Conservation Service

South Slough National Estuarine Research Reserve

The Ford Family Foundation

The Wetlands Conservancy

U.S. Fish & Wildlife Service

Weyerhaeuser Timber Company

Installation of the W. Fork Millcoma Bridge, Elliott State Forest

Special Thanks To:

Laura Brophy, Greenpoint Consulting

Craig Cornu, South Slough National Estuarine Research Reserve

Milo Crumrine, M&D Environmental Services

Jennifer Feola, Oregon Department of Fish & Wildlife

Tom Gallagher, The Ford Family Foundation

Guillermo Giannico, OSU, Department of Fisheries & Wildlife

Gifts In Kind International

- Adobe Systems, Inc.
- Autodesk, Inc.

Barbara Grant, Coos Soil & Water Conservation District

Mark Grenbemer, Oregon Watershed Enhancement Board

Grocery Stores

- Albertson's, Inc.
- Coos Head Food Store
- Safeway, Inc.
- The Kroger Company

Glenn Harkleroad, Bureau of Land Management

Tom Hoesly, Menasha Forest Products Corporation

Susan Hopkins

Hough MacAdam & Wartnik, LLC

Leo Kuntz, Nehalem Marine, Inc.

Mark Nauman, Weyerhaeuser Company

Paul Slater, Coos County Road Department

Randy Smith, Oregon Department of Forestry

TechSoup

- Microsoft Corporation

Stan Van derWetering, Confederated Tribes of the Siletz Indians

Mark Villers, Blue Ridge Timber Cutting

We would especially like to thank Matthew Anderson for his work at the Association from 2002 - 2007. Matt has gone back to school to pursue a graduate degree in fisheries science. We wish him well!

Coos Watershed Association

If you would like to learn more about the Coos Watershed Association, please contact us. Whether you are a landowner with a potential restoration project or seeking assistance on ways that you can better manage your land, or you would just like to know more about who we are and where we work, we would love to hear from you.

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