



# Oregon

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Oregon Watershed Enhancement Board

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May 11, 2010

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Lauri Aunan, Grant Program Manager

**SUBJECT:** **Agenda Item E: 2010 Grant Cycles and Funding Targets  
June 2-3, 2010 OWEB Board Meeting**

### I. Introduction

This report provides an update on the April 19, 2010, grant cycle; recommends non-capital grant types and funding targets for the October 18, 2010, grant cycle; and recommends funding targets for capital grants for the remainder of the biennium.

### II. Background

#### A. Grant Cycles

OWEB offers four regular grant cycles per biennium, soliciting applications in April and October and awarding funds in March and September of each year. Grant applications are evaluated by regional review teams, which make funding recommendations to OWEB staff. Under Oregon Administrative Rule 695-010-0080(2), "staff shall review the recommendations from each regional review team and make a statewide funding recommendation to the Board based on available resources for the grant period and type." A flow chart of OWEB's competitive grant evaluation process can be found in Attachment A.

The Board typically sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB's legislatively adopted budget. Restoration/Acquisition and Technical Assistance grant offerings were made available for the April 20, 2009, cycle, as approved by the Board at the March 2009 meeting. The Board then established grant application deadlines and Restoration/Acquisition grant offerings for the remainder of the 2009-2011 biennium at the June 2009 meeting. Non-capital grant application types, other than Watershed Council Support, were not proposed pending final legislative approval of the OWEB 2009-2011 budget. At the July 29, 2009, special Board meeting, the Board approved the solicitation of Technical Assistance, Education and Outreach, and Monitoring grants for the October 2009 grant cycle. At the January 2010 meeting, the Board approved the solicitation of Technical Assistance grant applications in addition to Restoration/Acquisition applications for the April 19, 2010, grant cycle.

Due to the ongoing uncertainty about revenues, staff did not propose non-capital grant solicitations for the remainder of the 2009-2011 biennium at the January meeting. OWEB has typically solicited for Technical Assistance, Education/Outreach, and Monitoring grants in the October grant cycle and only Technical Assistance in the April grant cycle.

## **B. Spending Plan and Funding Targets**

At the September 2009 meeting, staff proposed a spending plan for the \$46.6 million in capital funds and \$8.0 million in non-capital funds appropriated to OWEB by the Legislature for the 2009-2011 biennium. Capital funds are dedicated Lottery funds used to support on-the-ground restoration and acquisition projects. Non-capital funds include Lottery non-capital, Pacific Coastal Salmon Recovery Funds (PCSRF), and Salmon License Plate funds. These funds are used to support an assortment of needs that capital funds cannot support. These include technical assistance, education and outreach, monitoring and assessment, local capacity support, agency efforts related to the Oregon Plan for Salmon and Watersheds, and information and communication needs related to implementation of the Board's Communication Strategy and Strategic Plan.

The September 2009 spending plan was intended to guide the distribution of capital and non-capital funds by describing the potential uses of the funds, recommending fund allocations for specific identified needs, and suggesting reservations of funds for certain purposes. The proposed spending plan was influenced by a number of factors, including an update to OWEB's Strategic Plan and the development of a Strategic Communications Plan.

### **1. Capital Funds**

Capital Lottery Funds have generally been more plentiful than non-capital Lottery Funds. OWEB usually solicits for Restoration and Acquisition grant applications in every grant cycle and has traditionally set capital funding targets for each of the biennium's four grant cycles at the September Board meeting following legislative adoption of OWEB's budget.

For the 2009-2011 biennium, the Board has not set capital funding targets for grant cycles due to reduced Lottery Fund revenues, uncertainty as to whether revenues would meet projected budget levels, and uncertainty over the February 2010 Special Session. Instead, the Board made funding allocations at the time of the grant awards in September 2009 and March 2010, based on staff estimates of available resources. The Board awarded \$7.3 million in September 2009 and \$9.9 million in March 2010 of capital funds.

### **2. Non-Capital Funds**

Budgeting for non-capital grant solicitations is not as straight-forward as it is for capital grants. The Board allocated or reserved most of the non-capital funds OWEB received in our 2009-2011 budget for specific purposes at the September 2009 Board meeting. In addition, because of the relative shortage of non-capital Lottery funds, OWEB has relied on an infusion of federal PCSRF funds in even-numbered years to support non-capital grant cycles in the second half of the biennium. Given these circumstances, OWEB doesn't typically set non-capital funding targets at the beginning of the biennium; instead funding targets by grant type are set throughout the biennium in advance of upcoming grant cycles.

For 2009-2011, the uncertainty of revenue shortfalls and the February 2010 Special Session also influenced the setting of funding targets for non-capital grant types. The Board awarded \$577,000 in September 2009 and \$536,000 in March 2010 for Technical Assistance grants. The Board also awarded \$589,000 for Education and Outreach grants and \$1.1 million for Monitoring grants in March 2010.

**C. Pacific Coastal Salmon Recovery Funds**

Congress included \$80 million of PCSRF in the omnibus budget bill for Federal Fiscal Year 2010. This is the same total amount of PCSRF funds as was appropriated last year. The distribution of funding to the states is done following a competitive application and review process. OWEB recently submitted an application requesting \$27 million in PCSRF; we expect to be informed of the Oregon award amount by July of 2010. The award to the State of Oregon in Federal Fiscal Year 2009 was \$13.2 million, an increase of \$5 million over the 2008 award.

**III. April 19, 2010 Grant Cycle**

A total of 156 grant applications were submitted to OWEB on its April 19, 2010 deadline. Table 1 displays the number of applications and amounts requested from the grant application submissions. Regional review teams will meet in June and July to evaluate applications and make funding recommendations to OWEB staff.

**Table 1. April 19, 2010 Grant Applications by Types of Applications and Funding Requested**

<b>Types of Applications</b>				
	<b>Acquisition</b>	<b>Technical Assistance</b>	<b>Restoration</b>	<b>Totals</b>
<b>Region 1</b>	5	8	10	<b>23</b>
<b>Region 2</b>	0	6	20	<b>26</b>
<b>Region 3</b>	3	9	21	<b>33</b>
<b>Region 4</b>	1	8	10	<b>19</b>
<b>Region 5</b>	1	4	26	<b>31</b>
<b>Region 6</b>	0	1	23	<b>24</b>
<b>Totals</b>	<b>10</b>	<b>36</b>	<b>110</b>	<b>156</b>

<b>Funding Requests by Application Type</b>				
	<b>Acquisition</b>	<b>Technical Assistance</b>	<b>Restoration</b>	<b>Totals</b>
<b>Region 1</b>	\$4,486,000	\$355,111	\$1,766,381	\$6,607,492
<b>Region 2</b>	0	\$205,638	\$2,560,331	\$2,765,969
<b>Region 3</b>	\$5,200,000	\$374,303	\$2,589,162	\$8,163,465
<b>Region 4</b>	\$171,252	\$302,334	\$2,706,099	\$3,179,685
<b>Region 5</b>	\$450,000	\$89,965	\$2,131,152	\$2,671,117
<b>Region 6</b>	0	\$11,495	\$2,073,320	\$2,084,815
<b>Totals</b>	\$10,307,252	\$1,338,846	\$13,826,445	\$25,472,543

**IV. October 18, 2010 Grant Cycle**

The next grant application deadline is October 18, 2010. Applications solicited for OWEB’s October cycles have typically included Technical Assistance, Education/Outreach, and Monitoring. While there is still uncertainty about the amount of non-capital funding that will be available, staff expect to receive PCSRF funds this summer. We would like to be able to give grant applicants more advance notice of the October non-capital grant offerings than they would have if the decision were delayed until the September 2010 Board meeting. Accordingly, staff recommend a non-capital grant solicitation for October 2010 that includes Technical Assistance, Education/Outreach, and Monitoring offerings in addition to Restoration/Acquisition grants.

## V. Funding Targets

### A. Capital Grant Cycles

Staff estimate the amount of capital funds available for grant purposes for the remainder of the biennium to be between \$16.1 and \$18.1 million with two regular grant cycles remaining. Based on the uncertainty of Lottery Fund revenues, staff propose a conservative approach to setting a funding target for each cycle, and recommend \$8.25 million per cycle for Restoration and Acquisition grants. This figure is 10 percent less than the \$9.25 million per cycle capital fund reserve set by the Board for 2009-2011. If revenues improve, the Board may have the option of providing a higher level of funding for Restoration and Acquisition grants.

### B. Non-Capital Grant Types

Staff estimate that \$1.6 million in non-capital funds is currently available for grant purposes. We expect to receive an infusion of PCSRF funding in August or September of 2010, to augment this funding. Staff propose a conservative approach based on the uncertainty of Lottery revenues and the level of PCSRF funding. The funding targets recommended in Tables 2 and 3 below are 10 percent less than those set by the Board for 2009-2011. Depending on the level of PCSRF funding and Lottery revenues, the Board may have the option of providing additional funding for these grant offerings.

**Table 2. April 2010 Non-Capital Grants**

Technical Assistance	\$450,000
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**Table 3 - October 2010 Non-Capital Grants**

Technical Assistance	\$450,000
Education/Outreach	\$450,000
Monitoring	\$1,350,000

## VI. Recommendation

Staff recommend the Board approve:

- A. A funding target of \$8.25 million each for the April 2010 and October 2010 capital grant cycles.
- B. A funding target of up to \$450,000 for Technical Assistance grant applications received for the April 19, 2010 grant cycle.
- C. The solicitation of Technical Assistance grant applications for the October 18, 2010, grant cycle, with a funding target of up to \$450,000, dependent upon the receipt of new PCSRF funds.
- D. The solicitation of Education/Outreach grant applications for the October 18, 2010, grant cycle, with a funding target of up to \$450,000, dependent upon the receipt of new PCSRF funds.
- E. The solicitation of Monitoring grant applications for the October 18, 2010, grant cycle, with a funding target of up to \$1,350,000, dependent upon the receipt of new PCSRF funds.

Attachment

- A. Competitive Grant Program Evaluation Process

**Oregon Watershed Enhancement Board (OWEB)  
Competitive Grant Program Evaluation Process**

**Pre-application Site Visits (Selected Projects)**  
*Consultation with OWEB staff and review team members may occur.*

**Applications Due**

*Third Monday in April  
Third Monday in October*

"Regional Review Team"... designated personnel with regional knowledge and interdisciplinary expertise drawn from agencies represented on the Board and other entities to evaluate regional grant applications." *Oregon Administrative Rule 695-005-0020 (4)*

**Week 1**

- *Applications checked by staff for completeness and eligibility.*
- *Staff scan to CD or copy applications based on reviewer preference, enter data into grant management database.*
- *Number of applications averages 162 in April, 234 in October*

**Week 2**

- *Restoration, acquisition, technical assistance, monitoring, assessment and regional education/outreach sent to appropriate regional review team (North Coast, Southwest Oregon, Willamette Basin, Central Oregon, Mid Columbia and Eastern Oregon).*
- *"Statewide" education/outreach sent to Education/Outreach Review Team.*
- *Monitoring and assessment sent to Oregon Plan Monitoring Team.*
- *OWEB Board Acquisitions Subcommittee meets to review applications, recommend due diligence.*

**Weeks 3 - 8**

- *Reviewers read applications (between 20 to 45 applications per region).*
- *OWEB staff and reviewers attend site visits for selected applications.*

"Priority for visitations will be placed on acquisitions, complex projects, new types of projects and projects with a significant budget." *OAR 695-010-0070(1)(b)*

• **Weeks 9-13**

- *OWEB staff and regional review teams hold 1- to 2-day meetings in the regions to evaluate applications.*
- *Education/Outreach Review Team meets for group evaluation of all statewide education/outreach applications (typically less than 10).*
- *Oregon Plan Monitoring Team meets for group evaluation of all monitoring applications.*
- *OWEB Board Acquisition Subcommittee meets to consider reviewer feedback and make recommendations to staff (fund, no fund, defer)*

**Restoration Grants Review Rule**

“(2) At the regional review team meeting, the team shall:

- (a) Review and evaluate each project individually based on how well the proposed project meets the criteria in 695-010-0060;
- (b) Recommend the project as:
  - (A) Do fund;
  - (B) Do fund with conditions;
  - (C) Do not fund; or
  - (D) Defer to staff or the Board with an explanation, if there is a policy issue or budget issue that needs to be addressed by the Board prior to a funding decision; and
- (c) Rank order all projects recommended for funding based on:
  - (A) How well the project meets the criteria established in 695-010-0030 and 695-010-0060;
  - (B) (B) The certainty of success, based on the organizational capacity of the applicant and the likelihood the project will meet its ecological objectives;
  - (C) The benefit to the *Oregon Plan for Salmon and Watersheds*, as evidenced by its expected benefits to watershed functions, fish habitat or water quality; and
  - (D) The project costs relative to the anticipated watershed health benefits.

(3) The project description, summary evaluation and funding recommendation for all projects, and the rank order of projects recommended for funding shall be forwarded from the regional review team to Board staff for their consideration.”  
*Oregon Administrative Rule 695-010-0070*

**Weeks 14-18**

*OWEB staff write summaries of review team evaluations, review all recommendations, consider available funding, and develop funding or acquisition deferral recommendations for the Board.*

“(2) Staff shall review the recommendations from each regional review team and make a statewide funding recommendation to the Board based on available resources for the grant period and type.” *Oregon Administrative Rule 695-010-0080*

**Week 19**

*OWEB staff funding recommendations and review team evaluation summaries distributed to applicants, reviewers and Board.*

**Weeks 20-22**

*OWEB accepts comment letters on staff recommendations and reviewer evaluations.*

**Week 23**

*OWEB Board makes funding or acquisition deferral decisions.*