

Grants to Local Governments

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B.1. Purpose, Statutory Basis, Goals

Purpose

The department provides grants to help local governments maintain, improve and carry out local comprehensive plans and land-use regulations. The grants help local governments meet requirements in the statutes and the statewide planning goals.

DLCD also works jointly with the Oregon Department of Transportation (ODOT) to provide Transportation and Growth Management (TGM) program grants to local governments for integrated transportation and land-use planning.

Planning assistance grants are general fund moneys provided to local governments to help them perform a variety of planning tasks, including periodic review and economic development.

Coastal management grants are federal moneys awarded to coastal cities and counties to carry out tasks mandated by the federally approved Oregon Coastal Management Program (OCMP). Coastal communities receive state planning assistance grants as well as coastal management grants.

Appendix E & F includes a list of DLCD's planning grants and coastal management grants for the 2003-05 biennium. Economic development grants are summarized on page 5. The department expects to continue all of these programs during the 2005-07 biennium.

Key Statutes

Grants – authorized by ORS 197.639 and 197.717 – are essential for assisting local governments in their compliance with statutory requirements.

Key Goals

The goals of the Grants budget unit are the following DLCD long-term strategic goals:

1. Promote Economic Development and Quality Communities

Increase projects that improve economic development and enhance livability and sustainability in communities statewide.

2. Secure Oregon's Legacy

Protect farm, forest, coastal and other natural and economic resources.

3. Improve Collaboration

Establish a network of public- and private-sector partners to identify and promote shared interests.

4. Improve Collaboration and Deliver the Highest Level of Customer Service Possible

Build workforce excellence and deliver the highest level of customer service possible.

5. Streamlining

Strive to make the statewide land-use system less process-oriented and more outcome-oriented.

B.2. How are Services Delivered and to Whom?

General Fund Planning Assistance Grants

These grants are generally targeted to local jurisdictions to help them address certain high priority issues. The department, for the first time in 2003-05, had a “Grants Allocation Plan” that set priorities for the use of general fund grants. The plan was developed by an advisory group, required by a budget note, and comprised of a range of stakeholders. The plan called for the following priority uses of general fund grants during the biennium:

- Economic development: Assist local governments (1) identify and prepare job-producing lands, particularly to make them “project-ready” with suitable infrastructure, access, zoning and location and (2) revitalize downtowns;
- Periodic review: Assist local governments complete tasks on existing periodic review work programs;
- Government streamlining: Provide assistance to local governments to update their land development regulations in order to streamline procedural requirements, particularly as they relate to industrial siting; and
- Compliance with federal mandates: Provide grants to local governments that are under a federal requirement to update their local plan or land development regulations.

The Grants Allocation Plan for the 2005-07 biennium has not been developed at this time, but priorities similar to those reported above are anticipated.

On receipt of funds, DLCD notifies local governments that grants are available. The notices apprise them of eligibility and other grant requirements. Grants in some categories are competitive. Others are formula-driven and available to any eligible local government applicant.

Applications for the competitive grants are evaluated, ranked and awarded in accordance with announced criteria. DLCD enters into an agreement with each grant recipient specifying work to be accomplished and a schedule for completion. Local governments must finish all grant work by the end of the biennium.

Economic Development Grants

The department received \$200,000 to fund grants for local governments to help implement the state's economic development strategy. The strategy was not released until January 2005. Grants were issued prior to the release of the strategy to allow local governments to complete work before the end of the biennium. Funds were focused on land-use planning for industrial sites, and inventories of industrial and other employment lands. The following is a list of the projects through January 2005:

- Bend: A \$74,000 grant was provided to the Bend to prepare a master plan for approximately 500 acres of industrial land (Juniper Ridge) that has recently been brought into the city's urban growth boundary (UGB). Expected products include a master plan that responds to market needs in terms of allowed uses and parcel sizes; public facility plans for water, sewer, and transportation facilities; and comprehensive plan amendments and zoning ordinances to implement the plan;
- Newport: The department provided a \$30,000 grant to Newport for the preparation of a local economic development strategy including an updated buildable lands inventory and employment land needs analysis;
- Malheur County: DLCD provided a \$12,500 grant to Malheur County to determine the quantity and quality of available, rail accessible industrial land along the Malheur County rail corridor. The project will include a Goal 9 economic opportunities analysis, review existing local industrial development policies and, if appropriate, develop new policies and designate lands for

- industrial uses. The department also provided a \$10,000 grant to Malheur County to assist with the land-use appeals process for a business development project. Malheur County and the State of Oregon have been actively recruiting the Treasure Valley Renewable Resources Company to construct a \$66 million bio-refinery plant and create approximately 60 family wage jobs;
- Greater Metropolitan Employment Lands Study (GMELS): The department supported this study through a \$5,000 grant to Metro. This multi-phase project includes an assessment of the current regional economic environment, a definitional framework for employment lands and policy recommendations. Recommendations from this study have been incorporated into the department's report on the conversion of industrial land and in on-going work on the Goal 9 administrative rule;
 - Harney County: The department awarded \$4,000 to Harney County to assist in conducting an industrial lands inventory in Burns and Hines. The results of this inventory will help the county in identifying sites suitable for inclusion in Oregon's industrial site certification program;
 - Phoenix: The department awarded \$15,000 to Phoenix to help the city plan an urban renewal district. Urban renewal has been evaluated as a potential funding mechanism for the planned improvements and projects associated with the City Center Plan; and
 - Redmond: The department awarded Redmond \$39,500 to provide funding for an industrial site master planning project that will bring an "opportunity" site to project-ready status. It will include a public facilities plan.

The department hopes to issue a final grant of \$10,000 to Myrtle Creek to inventory available industrial and commercial lands.

Federal Coastal Grants

Because coastal local governments are critical partners in the implementation of the Oregon Coastal Management Program, the OCMP places special emphasis on continually improving delivery of grants to coastal jurisdictions, directing grants to areas of program need, monitoring progress of grant work programs, and accounting for grant work products. To that end, thrice-yearly coastal network meetings are held at several coastal locations with local planners to participate in roundtable discussions of planning issues and concerns. The OCMP sends quarterly newsletters to coastal jurisdictions alerting them to upcoming grant opportunities and deadlines, as well as other grant

information. The OCMP provides a grantee manual that explains the coastal grant program, how to plan, write, and submit an application and administer the grant.

Internally, the OCMP has developed a computerized grants database to assist in administering grants, tracking product, and utilizing grant results. This database is a first step toward a more efficient, web-based system of applying for and reporting on grants.

Coastal field representatives and the grants coordinator monitor progress on local grants by meeting with local planning staff or consultants and by reviewing progress and final reports. Staff is available via telephone, email, standard mail, and in-person visits to assist local jurisdictions with writing successful applications and with administering the grants once awarded.

The OCMP provides grant assistance in three basic categories:

Coastal Management Grants: Grants totaling \$337,000 are provided to local governments on an annual basis. These grants enable cities and counties to carry out a variety of basic planning activities such as plan amendments, citizen involvement, and development reviews. Grant amounts to each jurisdiction are based on a formula that provides a minimum amount to each jurisdiction and adds additional funding based on population and complexity of planning issues.

Technical Assistance Priority Project Grants: The OCMP provides grants to local governments for technical assistance and priority projects. Cities and counties are encouraged to develop projects related to storm water management and coastal water quality, technical capacity building, special inventories, economic development planning, and other activities that add to the local planning program.

306A Acquisition and Small Scale Construction Grants: These projects could include low-cost projects such as:

- Construction of paths, walkways, fences, parks, rehabilitation of historic buildings and structures;
- Purchase of an easement for public right-of-way to the beach or purchase of an ecologically important area to preserve;
- Revitalization of deteriorating or underutilized urban waterfronts or ports for public use or safety; and
- Educational, interpretive and other management costs.

Transportation and Growth Management Program Grants

Oregon's Transportation and Growth Management Program (TGM) works with local governments to expand transportation choices for people. Jointly managed by DLCD and the Oregon Department of Transportation (ODOT), TGM's funding comes primarily from the federal Transportation Equity Act for the 21st Century.

During the 2003-05 biennium, TGM provided more than \$6 million in grants and direct community assistance to local governments.

Transportation Planning Grants are used by local governments to:

- Develop, update, or refine transportation system plans;
- Plan for streets and connections between them; and
- Prepare pedestrian, bicycle, transit, and streetscape design plans.

Integrated Transportation and Land-Use Planning Grants are used to support transportation-efficient land-use plans for downtowns, residential neighborhoods, or commercial and mixed-use districts.

B.3. Performance Measures

DLCD grants are a key factor in meeting most of DLCD's performance measures. This is because local governments use the grant funds to help them address the requirements of Oregon's statewide planning system. However, the only performance measure that directly applies to grants is No. 19:

- Percent of local grants awarded to local governments within two months after receiving application

B.4. Factors Affecting Services

Many local governments have great difficulty allocating their own property tax-based funds to carry out the land-use planning programs. Few, if any, external funding sources are available. Local governments look to DLCD for grants to fund such planning programs.

During the 2001-03 and 2003-05 biennium's, DLCD received an increase in federal coastal grant funds and was thus able to significantly increase planning and technical assistance grants to local governments. However, federal grant funds to coastal states have been reduced for 2005-07.

DLCD will continue local planning and technical assistance grants but at a slightly reduced level compared to 2001-05 bienniums.

During those same biennia, General Fund granting ability was reduced due to state budget cuts. DLCD has focused available grant dollars on a narrower set of projects and issues. The 2005-07 Governor's Recommended Budget maintains the grant fund at the 2003-05 level.

B.5. Involvement in Interagency and Intergovernmental Programs

- DLCD staff works through the Economic Revitalization Team (ERT) to identify needs for grant funding and coordinate grant awards to local jurisdictions.
- DLCD and the Oregon Department of Transportation (ODOT) operate the joint Transportation and Growth Management Program that provides grants to local governments. Grant funds are in ODOT's budget. Grants are also reviewed by TGM's advisory group, which advises the department on grant priorities.

B.6. Revenue Sources

GENERAL FUND

FEDERAL FUNDS:

- **Coastal Zone Management Act (CZMA)**
Coastal Program

B.7. Historical Expenditures and the Governor’s Recommended Budget

	General Fund	Federal Funds	Other Funds	All Funds
2001-03 Actuals	2,266,944	1,099,001	0	3,365,945
2003-05 Estimates	2,060,005	1,734,238	0	3,794,285
2005-07 GRB	2,109,445	1,775,902	0	3,885,347

B.8. Program Growth or Reduction

Changes in General Fund levels for DLCD in grant programs are due primarily to the adding of economic development grant funds through HB 2011 (2003).

B.9. Essential Packages

Package 030, Inflation/Price List Adjustments: An increase of \$49,440 in General Fund and \$41,622 in Federal Funds for a total of \$91,062.

B.10. Proposed 10% Reduction of Governor’s Recommended Budget

None.

B.11. Governor’s Proposed Budget Reductions

None.

B.12. Reductions Submitted to the Legislative Fiscal Office, but not in the Governor's Recommended Budget

Prioritization list:

\$177,590 total funds proposed reduction as follows:

- Elimination of \$177,590 Federal Fund special payments to local governments.

B.13. Policy Packages

Adjustment Packages

In addition to the packages above, DLCD will present technical adjustment packages:

- 084: November Emergency Board
- 110: Flood Hazard Map Modernization
- Reduce Coastal Zone Management Program base Federal Fund expenditure

B.14. Facilities

DLCD does not own or manage facilities.

B.15. Budget Notes from 2003

The department shall submit a report to the Emergency Board by January 2004 showing reasonable progress toward implementing the June 30, 2003 work plan (entitled "Goals, Actions, Timelines, Assignments") that was submitted to the Natural Resources Subcommittee of Ways and Means, as amended by the Subcommittee. If reasonable progress can be demonstrated, the Emergency Board shall allocate \$187,500 of the special purpose appropriation.

The department shall submit a report to the Emergency Board by November 2004 showing additional reasonable progress toward implementing the amended work plan. If reasonable progress can be demonstrated, the Emergency Board shall allocate the remaining \$187,500 balance of the special purpose appropriation to the

department. This report shall be made available to the Joint Committee on Ways and Means of the 2005 regular legislative session for purposes of developing the agency's 2005-07 budget.

The department shall make the following amendments to the original work plan:

1. Under –

**GOAL: IMPROVE DLCD BUDGET AND MANAGEMENT
ACCOUNTABILITY**

For item #6 relating to consultation with local governments, prioritized grant allocation plan for General Fund technical assistance and periodic review grants, substitute the following language under “Timeline and Status” –

The Land Conservation and Development Commission shall establish a grants advisory committee composed of representatives from the League of Oregon Cities, the Association of Oregon Counties, metropolitan service districts, the Special Districts Association of Oregon, land-use planning public interest groups, land development interest groups, and local government planning officials. The membership of the advisory group shall balance urban and rural interests and the perspectives of large and small cities and counties.

The members of the advisory committee shall not be entitled to reimbursement from any agency for any expenses incurred relating to the activities of the advisory committee.

The committee shall advise the Commission in development of a plan for the allocation and distribution of local government technical assistance and periodic review grants funded by the General Fund. The plan shall include policies and guidelines to ensure that the expenditures of the General Fund grants address the issues and projects of the highest priority. The plan also shall indicate how the department will leverage grant funds from other sources and programs. The department shall submit the allocation plan to the Emergency Board no later than January 2004.

To minimize hardships on local government planning programs, the department may approve grants, prior to submittal of the allocation plan, for those projects that are continuations of projects or activities approved during the 2001-03 biennium. However, the department shall not commit more than 25% of the total General Fund grants authorized by

the 2003 Legislature until the allocation plan has been submitted and approved.

Response

In January 2004, the department submitted its report to the Emergency Board. However, this item was removed from the January Emergency Board agenda and rescheduled to the April Emergency Board agenda. At its meeting on April 8-9, 2004, the Emergency Board found the department made reasonable progress. The Emergency Board approved the first allocation of the Grants and Landowner Notification Special Purpose Appropriations. Rather than approve the Planning budget unit, the Emergency Board noted that DLCD had significant vacancy savings and directed the department to use vacancy savings for service and supplies expenditures in the Planning budget unit.

On Oct. 25, 2004, DLCD submitted its November 2004 report to the Emergency Board according to DAS/BAM deadlines. The Emergency Board acknowledged reasonable progress on the action plan and approved a second allocation of the special purpose appropriation as follows:

- An allocation of \$54,979 from the Operations Program special purpose appropriation. Partial allocation of the special purpose appropriation is requested because the agency has effectively conserved its budget and only requires \$54,979 to complete its General Fund biennial activities.
- The remaining allocation of \$43,377 Grants Program special purpose appropriation. This allocation of the special purpose appropriation will provide additional grants to local jurisdictions.
- The remaining allocation of the \$6,317 Landowner Notification special purpose appropriation. This allocation will assist the Landowner Notification program efforts for the rest of the biennium.

2. Under –

GOAL: STREAMLINE PROCESSES AND EXAMINE REFORM OPTIONS

For item #2 relating to reform of periodic review, substitute the following language under “Timelines and Status” –

The Land Conservation and Development Commission shall establish a periodic review advisory committee composed of representatives from the League of Oregon Cities, the Association of Oregon Counties, metropolitan service districts, the Special Districts Association of Oregon,

land-use planning public interest groups, land development interest groups, and local government planning officials. The membership of the advisory group shall balance urban and rural interests and the perspectives of large and small cities and counties.

The members of the advisory committee shall not be entitled to reimbursement from any agency for any expenses incurred relating to the activities of the advisory committee.

The committee shall advise the Commission in the development of a plan to accomplish the goals of the periodic review program in a more timely and cost-effective manner. The plan also shall include an evaluation of jurisdictions in periodic review, outlining unresolved issues as well as strategies and timelines to resolve these issues.

Response

Regarding the budget note requirement to establish a grants advisory committee, the LCDC appointed a Grants Allocation Planning Advisory Committee in September 2003. The committee was comprised of membership required in the budget note. The committee developed a Grants Allocation Plan, which was subsequently adopted by the Commission. The plan included priorities for technical assistance and periodic review grants as well as guidance on other, smaller grant programs. The plan includes guidance on leveraging other sources of funds.

Regarding the budget note requirement to establish a periodic review advisory committee, the Commission appointed the Interim Committee on Periodic Review Reform in January 2004. The Commission appointed 13 members, including local government planners, tribes, the League of Oregon Cities, the Association of Oregon Counties, Metro, the special districts association, land development interests, land-use planning public interests, the Oregon Chapter of the American Planning Association, the governor's office and LCDC. The committee met monthly starting in April 2004 to develop a report outlining its findings regarding the effectiveness and efficiency of periodic review, and recommendations for reform.

B.16. Results of Audits

None.