



Oregon

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May 7, 2015

TO: Land Conservation and Development Commission

FROM: Jim Rue, Director
Rob Hallyburton, Community Services Division Manager

SUBJECT **Agenda Item 14, May 20-21, 2015 LCDC meeting**

2015-2017 GRANTS ALLOCATION PLAN

I. AGENDA ITEM SUMMARY

The Department of Land Conservation and Development (DLCD or department) requests that the Land Conservation and Development Commission (LCDC or commission) approve the 2015-2017 Grants Allocation Plan (Attachment A), as recommended by the commission's Grants Advisory Committee (committee).

The committee's charge in ORS 197.639(5) is: "The advisory committee shall advise the commission and the department on the allocation of grants and technical assistance funding from General Fund sources and other issues assigned by the commission." The commission is not required to follow the committee's recommendation or even adopt a Grants Allocation Plan. The commission has done both, however, since the 2003-2005 biennium.

For additional information about this report, please contact Rob Hallyburton, Community Services Division Manager, at 503-934-0018 or rob.hallyburton@state.or.us.

II. BACKGROUND

Department staff met with the Grants Advisory Committee on April 29th, to discuss the committee's recommendation for the 2015-2017 Grants Allocation Plan. The committee voted unanimously to recommend the attached Grants Allocation Plan. The committee focused primarily on whether any aspects of the 2013-2015 plan should be changed. The attached recommendation includes several changes relative to the previous plan, as described in section III of this report.

The original Grants Allocation Plan was developed in response to a budget note in DLCD's 2003-2005 budget. An ad hoc advisory committee helped the department develop the content of the original plan, including grant categories (several of which were carryovers from previous biennia), priorities for funding and other aspects of program administration. The advisory committee was established as a standing group by legislation in 2005.

The format and content of the plan has not changed much since the original plan. The number of grant types has been reduced over time as the budget has become less able to satisfy demand, although two new categories are proposed for the coming biennium. The priorities for use of Technical Assistance grants were established in the original plan in 2003 and have been changed from time to time but the top priority – planning for economic development – has remained the same since the beginning.

Two pieces of legislation enacted since the commission last approved the allocation plan affect the grant program. These bills are quoted on pages 1 and 2 of the attached plan and addressed in appropriate sections of the plan. One directly affects priorities by mandating that population forecasting move to the front of the line. The other requires that state agencies coordinate grant and other expenditure decisions and consider Regional Solutions priorities.

III. COMMITTEE RECOMMENDATIONS

The commission approved a similar Grants Allocation Plan for 2013-2015. Under that plan, the commission approved funding for five categories of grants: Columbia River Gorge grants (implementing the National Scenic Area management plan), a Dispute Resolution grant (for mediation assessment services through the Oregon Consensus program at Portland State University), Planning Assistance grants (assisting low-population cities and counties), Periodic Review grants, and Technical Assistance grants. Those five categories are recommended to remain for 2015-2017 with two additional categories – a Population Forecast grant and Community Development grants.

As in past biennia, the committee recommends a specified amount for each Gorge, Dispute Resolution and Planning Assistance grants. Periodic Review grants receive the next-highest priority, and if there are remaining resources they are to be awarded to Technical Assistance applicants (considering priorities established in the plan). The recommendation is made with the assumption that the overall grant fund will be \$500,000 larger than 2013-2015 because the Governor's recommended budget includes these extra funds. The committee's recommendation includes a contingency provision in case the final budget is smaller. The contingency is explained below.

1. Population Forecast Grant. This is a new category of grant created to respond to a legislative mandate in HB 2253 (2013) for the Portland State University (PSU) Population Research Center to prepare county and city population forecasts statewide. The bill also mandates that this grant be the highest priority use of department grant funds. The 2013 legislature provided a special appropriation to help fund the program for the 2013-2015 biennium, the first time PSU prepared statewide population forecasts under the new law. That appropriation was supplemented with resources from the base grant fund. During 2015-2017, the entire cost of preparation of forecasts is expected to come from the grant fund. There was not consensus on the advisory committee that population forecasting should be funded through a grant, but the committee recognized that DLCD must comply with the law.

2. Columbia River Gorge Grants. The committee recommends no changes to this program for 2015-2017. The funding level recommended is a total of \$240,000 split between the three Gorge counties.

3. Dispute Resolution Grants. The committee recommends no changes to this program for 2015-2017. The committee recommends a continued funding level of \$20,000.

4. Planning Assistance Grants (PA). The committee recommends one change to this program for 2015-2017. The funding level is recommended to continue at \$1,000 for cities with a population smaller than 2,500 and be raised from \$3,500 to \$4,000 for counties smaller than 15,000. During the 2013-2015 biennium, eight counties and 137 cities were eligible for PA grants. All eight counties and 85 cities (62 percent) took advantage of the offer.

5. Periodic Review Grants (PR). The committee recommends no changes to this program for 2015-2017. The funding level recommended is not pre-determined, but rather responds to demand. In 2013-2015, three cities received PR grants, totaling \$108,000. The department anticipates a lower level of demand in 2015-2017 because cities are finishing their work programs and the commission has not asked additional cities to complete periodic review. The committee's recommendation assumes that no PR grants will be awarded for completion of new work programs, but rather only for those cities already engaged in the periodic review process.

6. Technical Assistance Grants. The committee recommends a change in the priority use of Technical Assistance grants. The priorities for 2013-2015 and the committee's recommendation for 2015-2017 are compared below.

2013-2015

1. Promote economic development
2. Advance regulatory streamlining
3. Provide infrastructure financing plans for urbanizing areas
4. Update comprehensive plans and implementing codes to respond to changes in state law
5. Provide coordinated county-wide population projections

2015-2017

1. Promote economic development
2. Advance regulatory streamlining
3. Natural hazards planning
4. Provide infrastructure financing plans for urbanizing areas
5. Update comprehensive plans and implementing codes to respond to changes in state law

The new natural hazards planning priority, requested by the department, recognizes the importance of local governments completing natural hazard mitigation plans. The priority also accommodates a need to update comprehensive plans when new information on the location and risk of natural hazards becomes available. Such new information is beginning to be made available and Goal 7 requires local governments to respond to it.

The fifth priority from 2013-2015 drops off, as PSU now performs population forecasting. The Technical Assistance grant program is otherwise recommended to remain unchanged.

7. Community Development Grants. The department requested that the committee recommend a new category of grants to assist in plan implementation. The department has identified a gap in state assistance to local governments' community and economic development efforts. There are grant programs at a variety of agencies for planning (such as our technical assistance grants for comprehensive planning and Business Oregon's infrastructure planning grants), and assistance for construction of capital projects such as water treatment plants and roads. There is often a lot of work required *between* land use planning and breaking ground on a project. This is where we propose to focus Community Development grants. The Grants Advisory Committee was very supportive of the concept.

The department has not formerly provided grants for this type of work, so we will be learning as we go. The department asked for, and the committee's recommendation includes, a relatively small amount – \$150,000 – for the category. This will provide the department an opportunity to gauge the level and type of demand while not diverting much from the customary grant categories.

Department staff received input from the committee on appropriate criteria for selecting projects, and will have further internal discussions regarding administration of the funds.

As noted earlier in this report, the committee recommendation is based on an assumption that the department's 2015-2017 budget includes a grant fund as recommended by the Governor, which is \$500,000 larger than it was for 2013-2015. The recommended plan includes a provision that, if the grant fund received is less than \$1.85 million (\$150,000 less than the Governor's budget), the Community Development grant category will not be funded. While there is support for this new category, the department and committee do not feel that existing programs should be significantly reduced in order to accommodate it. The Legislative Fiscal Office issued a budget proposal for the department in late April that keeps the Grant Fund at the same level as the 2013-2015 biennium, which is less than \$1.85 million.

IV. DEPARTMENT RECOMMENDATION & DRAFT MOTION

The department recommends the commission approve the plan as recommended by the Grants Advisory Committee without any amendments.

Recommended motion: I move the commission approve the 2015-2017 Grants Allocation Plan as recommended by the Grants Advisory Committee.

Optional motion: I move the commission approve the 2015-2017 Grants Allocation Plan as recommended by the Grants Advisory Committee with the following changes: [specify section number and language of deviations from staff recommendations].

V. ATTACHMENT

Recommended 2015-2017 Grants Allocation Plan



Oregon

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Item 14

Attachment A www.oregon.gov/LCD



Land Conservation and Development Commission

2015-2017 GENERAL FUND GRANTS ALLOCATION PLAN

Grants Advisory Committee Recommendation

INTRODUCTION

This plan provides guidance to the Department of Land Conservation and Development (DLCD) for the department's grant allocation decisions within the General Fund grant program. The plan was developed by the commission's Grants Advisory Committee with assistance from DLCD staff.

THE GENERAL FUND GRANT PROGRAM

DLCD's general fund grants are used primarily for Oregon communities' comprehensive planning and plan updates. The fund is divided into functional categories and made available for specific types of projects. During 2013-2015, the categories included Periodic Review, Technical Assistance, Columbia River Gorge National Scenic Area, Planning Assistance to Small Cities and Counties, and a Dispute Resolution grant to the Oregon Consensus Program.

Grant categories have from time to time been designated in department budget notes. For instance, the Planning Assistance and Columbia River Gorge grants were originally created in response to legislative direction. Whether the 2015-2017 budget contains grant-related notes will be unknown until after the commission approves this plan. DLCD will comply with any budget notes.

In 2013, the Legislature enacted [HB 2253](#), which requires the Portland State University Population Research Center to coordinate and develop population forecasts for jurisdictions statewide, and for the department to fund the work. The bill became Oregon Laws 2013, Ch. 574. Subsection 5 (6) of the bill provides, "The population forecasting program operated by the Portland State University Population Research Center pursuant to section 2 of this 2013 Act is the highest priority for the allocation of grant funding..." This was codified at ORS 197.639(6).

In 2014, the Legislature enacted [HB 4015](#), which requires certain state agencies to include considerations when exercising their grant-making authority. The bill became Oregon Laws 2014, Ch. 82. The Sec. 2 of the bill states:

In awarding grants, loans or incentive funds for projects undertaken in connection with grant, loan or incentive programs, state agencies listed in section 3 (3)(a)(A) to (E) of this 2014 Act [which includes DLCDC] shall, consistent with the programs' enabling legislation, rules and regulations, use regional priorities for community and economic development ... in the consideration of project funding decisions and base decisions of which projects to undertake upon whether the project will:

- (1) Use regional and community-based problem solving.
- (2) Support regional and community-based means of integrating state and local resources and services.
- (3) Create jobs in relation to the economy and population of the region directly impacted by the project.
- (4) Involve investment of capital in relation to the economy and population of the region directly impacted by the project.
- (5) Have community support, as indicated by the support of the governing body of the local government.
- (6) Have obtained appropriate land use and environmental reviews and authorizations prior to utilization of funds.

These two pieces of legislation affect the Grants Allocation Plan. The advisory committee's recommendation reflects these requirements.

COMMITTEE RECOMMENDATIONS

The Grants Advisory Committee's recommendations are explained below and summarized in Exhibit B. In order to encourage early participation, the department will set an application deadline for the competitive categories of grant applications, and the deadline will give local governments ample time to prepare an application while still affording the department time to review the submittals and make awards early in the biennium. Applications received by the department will compete for funding according to the directions described below.

GRANT CATEGORIES

Population Forecast Grant. A new category of grant is created to respond to the legislative mandate in HB 2253 (2013). A special appropriation was provided by the legislature to help fund the grant to Portland State University for the 2013-2015 biennium, the first time PSU has prepared statewide population forecasts under the new law. This appropriation was supplemented with resources from the base grant fund. During 2015-2017, the entire cost of preparation of the forecasts is expected to come from the grant fund. There was not consensus on the advisory committee that population forecasting should be funded through a grant, but the committee recognized that DLCDC must comply with the law.

The committee recommends that DLCD create a Population Forecast grant category and fully fund PSU's work in development of county and city population forecasts statewide. The committee further recommends that DLCD keep the grant as small as possible to conserve funds for other grants categories.

Planning Assistance (PA) Grants. Grants of \$1,000 have been provided to cities under 2,500 population and grants of \$3,500 provided to counties smaller than 15,000 population. These grants to smaller communities have been awarded since 1991. DLCD has few requirements for PA grants, leaving the use of the funds as flexible as possible to support planning functions and contribute to the economic development in eligible communities.

The committee recommends that DLCD continue to offer PA grants to eligible cities and counties, with the amount for counties raised to \$4,000. Any funds not utilized by eligible cities and counties will be used to fund Technical Assistance grants.

Columbia River Gorge (CG) National Scenic Area Grants. LCDC recognizes that counties within the Columbia River Gorge National Scenic Area are responsible to coordinate and implement federal planning requirements in addition to state and local laws. To assist those counties (Hood River, Multnomah, and Wasco), the commission has provided grants to cover a portion of the cost of implementing the Columbia River Gorge National Scenic Area Plan.

The committee recommends that the commission continue to help fund Columbia River Gorge counties' National Scenic Area planning for 2015-2017. The committee recommends funding the Gorge grants at the same levels as the 2013-2015 biennium.

Dispute Resolution (DR) Grant. The Oregon Consensus (OC) program at Portland State University received grants from DLCD during the past five biennia as part of the commission's commitment to help provide dispute resolution services related to land use and planning. An important aspect of OC's service includes assisting the parties to LUBA appeals to settle disputes before beginning formal arguments. OCP assesses these cases and cases DLCD participates in to determine whether they are appropriate for mediation and in some cases assists with mediation services.

The committee recommends that the dispute resolution grant be funded again at the same level as 2013-2015.

Periodic Review (PR) Grants. These grants assist communities with the completion of periodic review work tasks and are awarded non-competitively. Periodic review must be carefully administered to maximize the overall success of Oregon's statewide planning program and to help Oregon's most populated communities successfully prepare for future development. The successful implementation of periodic review requires careful management of the periodic review schedule and the department's ability to offer sufficient grant resources. It is important for the department to help jurisdictions successfully complete periodic review programs quickly and efficiently – meeting statutory deadlines and making efficient use of scarce resources.

The committee recommends that, because of scarce resources and the department's current effort to develop rules that could create a new alternative to periodic review for many cities, no grants for new periodic review work programs be approved during 2015-2017. The committee recommends that PR grants be used only for the completion of work tasks on existing periodic review work programs, and that these grants be allotted prior to awarding general fund grant dollars for Technical Assistance grants. This is not expected to exceed \$50,000.

Technical Assistance (TA) Grants. These grants are used for significant planning projects and related planning activities outside periodic review and for previous periodic review work tasks authorized by the commission prior to 2007. Oregon Laws Ch. 82, Sec. 2 (House Bill 4015) affects TA grant allocations (see pp. 1–2 for a quote of the relevant section).

The committee recommends that technical assistance grants again be focused on the following topics in the listed order of priority. The priorities are for projects that:

1. Promote economic development
2. Advance regulatory streamlining
3. Natural hazards planning
4. Provide infrastructure financing plans for urbanizing areas
5. Update comprehensive plans and implementing codes to respond to changes in state law

Including promotion of economic development as the top priority for TA grants is consistent with the economic development focus in Oregon Laws Ch. 82, Sec. 2. The committee recommends that regional priorities be considered in making TA grant awards, as instructed by the law.

Regarding scoring criteria for TA grants, in addition to the priorities above and other considerations customarily employed by the department, the committee recommends the department give extra consideration for (1) proposals from multiple jurisdictions to address regional issues, and (2) projects that result in a product that will benefit other jurisdictions such as a guidebook, model procedure, or template.

TA requests outside these priorities should be funded only after all applications of higher priority are considered.

Community Development (CD) Grant. This is a new grant category for 2015-2017. The purpose of CD grants will be to assist local governments with projects that implement their comprehensive plans. This implementation could be site planning, streetscape or specific-area planning, establishing a mechanism to finance development or other improvements, façade improvements, community visioning and team-building, or other project that furthers a local government's community and economic development objectives.

The committee recommends that the CD grant program receive a \$150,000 allotment from the grant fund, and that roughly half of this amount be granted through a competitive, application-based review process and half be reserved for projects the director identifies over the course of the biennium that satisfy the award criteria.

The committee further recommends that the CD category not be funded if the General Fund grant budget approved during the 2015 legislative session does not exceed \$1.85 million.

LEVERAGING RESOURCES

The committee does not recommend that a local cash or in-kind match be required for individual grants. Typically for a local government to provide a cash match, the match must be budgeted ahead of time, which increases the lead time for project planning. Cash matches may also be particularly difficult for small jurisdictions. The required lead time and the uncertainty of grant awards present barriers to participation for some communities and may result in missed opportunities for the program. Regardless of any hard match requirement, however, a local government must provide in-kind resources for grant administration and must facilitate the local decision-making process.

The department recognizes that matching funds provide a more fully funded project and increase the likelihood that a project will be successfully completed. Matching funds also demonstrate local or regional commitment to a project. Therefore, within the priorities above, greater consideration should be given to projects that offer hard matching funds. All funding sources that will contribute to the successful completion of a project will be considered, including cash and in-kind, local and non-local, and public and private investments.

The committee recommends that DLCD partner with other agencies and programs, such as the Transportation Growth Management Program, the Regional Solutions Teams, and Infrastructure Finance Authority, as the primary approach for leveraging DLCD grant funds. Consideration of regional priorities in grant award decisions will promote leveraging state agency assistance, as other departments are also required to employ the same priorities in their investment decisions. (See the description of Oregon Laws Ch. 82, Sec. 2, regarding funding considerations under “Technical Assistance Grants,” pp. 4–5 above.)

The department will continue to seek opportunities for local, state, and federal investment partnership. Under current budget circumstances, projects that demonstrate regional coordination and cost sharing opportunities will be strongly considered in an effort to maximize the impact of planning grants in Oregon communities.

IMPLEMENTATION

The department is responsible to implement this plan and to seek any necessary oversight, monitoring or further refinement by the Grants Advisory Committee. The department reports periodically on the types and amounts of grant applications received from local governments and the specific applications approved for funding.

Exhibit A

GRANTS ADVISORY COMMITTEE MEMBERSHIP

Melissa Anderson
City of Albany

Jon Chandler
Oregon Home Builders Association

Keith Cubic, chair
Douglas County

Erin Doyle
League of Oregon Cities

Mary Kyle McCurdy
1000 Friends of Oregon

Mark Nystrom
Association of Oregon Counties

Kelly Ross
Western Advocates, Inc.

John Williams
Metro

Exhibit B

SUMMARY OF RECOMMENDATIONS

Grant funds for 2015-2017 should be allocated based on the following recommendations:

Grant Program Categories recommended for funding

Population Forecast

Planning Assistance (PA)

Columbia River Gorge (CG)

Dispute Resolution (DR)

Community Development (CD)

Periodic Review (PR)

Technical Assistance (TA)

Grant Priorities

- Planning Assistance grants of \$1,000 offered to cities with a population less than 2,500 and of \$4,000 to counties with a population less than 15,000.
- Columbia Gorge grants funded at the same level as 2013-2015:
 - Wasco County \$90,000
 - Hood River County \$80,000
 - Multnomah County \$70,000
- Dispute Resolution grant funded at the same level as 2013-2015: \$20,000.
- Remaining funds will be allocated to local jurisdictions to assist with the timely completion of current periodic review work tasks. This is not expected to exceed \$50,000.
- Remaining funds will be prioritized for technical assistance projects for economic development, regulatory streamlining, natural hazards planning, public facilities financing plans, and plan and code updates to address changes in state law. Projects outside these priorities are also encouraged and will be evaluated on the merits of the application.
- New Community Development grants funded with \$150,000 if the grant fund exceeds \$1.85 million.

Leverage of Grant Funds

The department should continue to coordinate with federal and state agency programs to achieve maximum results from general fund grants. Consideration of regional priorities adopted by Regional Solutions advisory committees will result in coordinated state investments.

The department should continue to track data on “other funds used” in conjunction with DLCD grant funds to complete local projects, including local in-kind and cash match, other state funds, federal funds and private funds. Does not require a local match as condition of grant approval, but gives priority to grant applications from local jurisdictions that demonstrate local commitment through cash or in-kind match and/or local partnerships.