



Oregon

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June 8, 2011

TO: Land Conservation and Development Commission

FROM: Art Schlack, Chair, Grants Advisory Committee
Darren Nichols, Community Services Division Manager

SUBJECT: **Agenda Item 8, June 22, 2011 LCDC Meeting**

GRANTS ADVISORY COMMITTEE UPDATE

The department requests that the commission approve the proposed 2011-2013 Grants Allocation Plan (attached).

Department staff met with the Grants Advisory Committee on February 11, 2011 to discuss the committee's recommended priorities for grant funding. The department relied on the committee's preliminary suggestions to develop a final draft *2011-2013 Grants Allocation Plan* for recommendation to the commission. The commission will be asked to formally adopt or amend the attached final draft at its June, 2011 meeting.

2009-2011 PROGRAM SUMMARY

On the recommendation of the Grants Advisory Committee and the department, the commission approved a similar Grants Allocation Plan for 2009-2011. Under that plan, the commission approved funding for five categories of grants: Columbia Gorge grants (implementing National Scenic Area development standards), a Dispute Resolution grant (for mediation assessment services from the Oregon Consensus Program), Planning Assistance grants (assisting cities and counties with smaller populations), Periodic Review, and Technical Assistance. The 2009-2011 Plan also included two notable new features: the initiation of several periodic review work programs and the institution of a deadline for grant applications.

The department is pleased to report that the ten cities currently in periodic review are making progress toward completing periodic review work programs within the 3-year statutory timeframe. While current revenue forecasts make it difficult if not impossible for the commission to initiate additional periodic work programs, cities currently in periodic review have enjoyed consistent financial and technical support from the department.

The department is also pleased to report that the November 1, 2009 deadline for grant applications yielded positive results on two fronts. First, the deadline prompted earlier starts for most projects awarded in 2009. The early start also gave award recipients more time to complete successful projects. Second, most projects are completed and submitted prior to the end of the biennium, which significantly eases time pressures on the department's administrative staff and eases the administration of applications and awards for the coming biennium. The Allocation Plan for 2011-2013 proposes to implement a September 1, 2011 application deadline with the intention of further streamlining grant administration and the quality of 2013 grant projects.

During the 2009-2011 biennium, the state experienced unprecedented revenue shortfalls, which led to an approximate \$175,000 decrease in the grants program. In spite of the cuts, the department was able to utilize unallocated funds and one voluntary reversion without reducing the size or scope of project grant awards.

2009-2011 Project Summary

The 2009-2011 grant program funded planning projects in the following categories:

Grant Category	Recipient(s)	Projects	\$ Investment
Dispute Resolution	Oregon Consensus Program	Multiple	\$20,000
Columbia Gorge (NSA)	Wasco County	Multiple	\$90,000
Columbia Gorge (NSA)	Hood River County	Multiple	\$80,000
Columbia Gorge (NSA)	Multnomah County	Multiple	\$70,000
Post 2007 Periodic Review	8 Cities	16 work tasks	\$728,000
Pre-2007 Periodic Review	6 Cities	8 work tasks	\$245,000
Economic Development	39 cities and counties	14	\$576,000
Coordinated Population	0	0	\$0
Regulatory Streamlining	6 communities	Six	\$46,000
Infrastructure Finance	Newberg Industrial utilities	One	\$30,000
Other Planning Projects	10 cities and counties	Two	\$95,000

The department is particularly pleased with the number of regional and collaborative projects proposed in 2009. Among those projects:

- Deschutes County coordinated a regional large lot industrial land study in partnership with Jefferson and Crook Counties and 11 communities in the three counties;
- Salem and Keizer worked jointly on a regional economic opportunities analysis;
- Jackson County used DLCD grant funds to help ensure the successful adoption of the Bear Creek Regional Problem Solving effort;
- A regional wetlands study for Linn and Benton County industrial lands; and
- A leveraged “match” grant in partnership with the federal Environmental Protection Agency (EPA) to complete a regional wetlands inventory for 11 cities in Lane and Benton Counties.

The department will continue to look for regional and collaborative projects as an effective way for the grants program to benefit as many Oregon communities as possible.

COMMISSION ACTION

The department recommends that the commission approve the Grants Allocation Plan (attached) with the following motion:

I move that the Land Conservation and Development Commission approve and adopt the 2011-2013 Grants Allocation Plan as written and direct the department to allocate 2011-2013 general fund grants according to the priorities in the plan.

In the alternative, the department recommends that the commission approve the Grants Allocation Plan with the following alternative motion:

I move that the Land Conservation and Development Commission approve and adopt the 2011-2013 Grants Allocation Plan with the following amendments: _____, and direct the department to allocate 2011-2013 general fund grants according to the priorities as amended by the commission.

Land Conservation and Development Commission

2011-2013 GENERAL FUND GRANTS ALLOCATION PLAN

INTRODUCTION

This plan provides general guidance to the Department of Land Conservation and Development (DLCD) for the department's grant allocation decisions. The plan was developed by DLCD staff and the commission's standing Grants Advisory Committee. The department also solicited and incorporated feedback from the commission's Local Officials Advisory Committee.

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 2009-2011, 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.

During past legislative sessions, additional categories have been designated in department budget notes. For instance, the Planning Assistance and Columbia River Gorge grants were originally created in response to legislative direction. More recently, the 2007 legislature directed the department to prioritize additional funds for infrastructure planning in urbanizing areas. The department does not currently expect funds to be constrained by a budget note for 2011-2013.

COMMITTEE RECOMMENDATIONS

The Grants Advisory Committee's recommendations are explained below and summarized in Exhibit B. For 2011-2013, the committee anticipates funding projects that are ready to proceed early in the biennium. During 2009, the committee recommended implementing a November 1 deadline for grant applications. The department is pleased to report that the application deadline resulted in generally earlier project start dates, more efficient grant administration, and overall higher quality grant products. The department again recommends implementing an application deadline for 2011. Jurisdictions interested in competing for technical assistance grants should submit applications to the department by September 1, 2011.

In order to encourage early participation, the department recommends an application deadline of September 1, 2011 for all periodic review and technical assistance grant applications. Applications received by the department prior to September 1 will compete for funding according to the priorities described below. Due to the current budget climate, however, applications received after September 1 will receive lower priority in competing for funds.

GRANT CATEGORIES

1. *Planning Assistance (PA) Grants.* Grants of \$1,000 are provided to cities under 2,500 population and grants of \$3,500 are 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.

During the 2009-2011 biennium, 8 counties and 142 cities were eligible for PA grants. All 8 counties (100%) and 107 cities (75%) took advantage of the offer. The 107 cities that accepted grant awards represent a twenty-one percent increase in program participation. The committee's hands-on partnership with the department greatly helped to advertise the PA grant program and encouraged local governments to participate in the program. The committee and the department hope to see the same level of successful participation in 2011.

The committee recommends that DLCD continue to offer PA grants to eligible cities and counties. The department strongly supports the committee's recommendation and requests that local governments sign and return grant offers to the department no later than November 1, 2011 in order to ensure funding. The department further recommends that any funds not utilized by eligible cities and counties be used to fund Technical Assistance grants.

2. *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 County, Multnomah County and Wasco County), the commission has provided long-standing 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 2011-2013. The committee recommends funding the Gorge grants at the same levels as the 2009-2011 biennium.

3. *Dispute Resolution (DR) Grant.* The Oregon Consensus Program (OCP) at Portland State University received technical assistance grants from DLCD during the past four biennia as part of the commission's commitment to help provide dispute resolution services related to land use and planning. An important aspect of OCP's service includes assisting the parties to LUBA appeals to settle disputes before beginning formal arguments. OCP assesses cases 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 at the 2009-2011 level of \$20,000. At that level, the program can continue to offer significant value to litigants seeking alternative dispute resolution.

4. Periodic Review (PR) Grants. These grants assist communities with the completion of periodic review work tasks and are awarded non-competitively in a manner closely resembling first-come, first-served. Since 2007 the commission has supported a streamlined version of periodic review for cities in metropolitan planning organizations (MPO) with populations over 2,500 and for cities statewide with populations greater than 10,000.

The committee recognizes that 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. The committee agrees that it is important for the department to help jurisdictions successfully complete periodic review programs quickly and efficiently – meeting statutory deadlines, avoiding “backlogs” in the program, and making efficient use of scarce resources.

The committee specifically discussed the estimated number of work tasks likely to be completed by eligible cities within the current biennium, the amount of combined funding available for periodic review/technical assistance grants, the option of full or partial grant support for periodic review work tasks, and other factors likely to influence local governments' ability to successfully complete periodic review. The committee agreed that available grant funds should be used to help cities currently in periodic review to complete periodic review work programs within the three-year statutory timeframe before starting new work programs for additional communities.

The committee recommends that Periodic Review grants be used only for the completion of work tasks approved under the current version of periodic review and that these grants continue to receive the highest priority for remaining general fund grant dollars.

5. 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. During the previous biennium the committee recommended funding projects that promote economic development, advance regulatory streamlining, provide coordinated county-wide population projections, or provide infrastructure financing plans for urbanizing areas.

Examples of projects that could be funded with TA grants include:

- Intergovernmental agreements to increase efficiency of local government operations,
- Updates to Goal 5, Goal 9 and Goal 10 elements of comprehensive plans,
- Public facilities planning, especially for employment lands,
- Code updates to streamline industrial or residential siting review,
- Coordinated public facilities plans for urbanizing areas, and
- Other similar planning local and regional planning projects.

The committee recommends that technical assistance grants again be focused directly on the priorities noted here and only after higher priority periodic review projects have the opportunity

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

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 has previously recommended that the department primarily leverage grant funds at the program level rather than for individual grants. The committee has specifically recommended that DLCD partner with other agencies and programs, such as the Transportation Growth Management Program (TGM), the (former) Economic Revitalization Team (ERT), and Oregon Business Development (OBD), as the primary approach for leveraging DLCD grant funds. 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. The committee is tentatively scheduled to meet in the fall of 2011 for an overview of grant applications and awards and will meet as needed during the 2011-2013 biennium.

In the meantime the committee will consider how to improve coordination with local governments and agencies in order to leverage department grant funds. Committee members are

also invited to advise and assist the department in alerting small cities and counties of the availability of Planning Assistance grants.

Exhibit A

GRANTS ADVISORY COMMITTEE MEMBERSHIP

Jon Chandler
Oregon Home Builders Association

Linda Ludwig
League of Oregon Cities

Mary Kyle McCurdy
1000 Friends of Oregon

Sherry Oeser
Metro

David Pratt
Curry County

Art Schlack, Chair
Association of Oregon Counties

Kelly Ross
Western Advocates, Inc.

Vickie Woods
City of Salem

Exhibit B

SUMMARY OF RECOMMENDATIONS

Grant funds for 2011-2013 should be allocated based on the following recommendations:

Grant Program Categories recommended for funding

Columbia River Gorge (CG)

Planning Assistance (PA)

Dispute Resolution (DR)

Periodic Review (PR)

Technical Assistance (TA)

Grant Priorities

- Planning Assistance grants at the same level as 2009-2011 (pending local participation).
- Columbia Gorge grants funded at the same level as 2009-2011:
 - Wasco County \$90,000.
 - Hood River County \$80,000.
 - Multnomah County \$70,000.
- Dispute Resolution grant funded at: \$20,000.
- Remaining funds will be allocated to local jurisdictions to assist with the timely completion of current periodic review work tasks.
- Remaining funds will be prioritized for technical assistance projects for economic development, regulatory streamlining, coordinated countywide population forecasts, pre-2007 periodic review tasks, and public facilities financing plans. Projects outside these priorities are also encouraged and will be evaluated on the merits of the application.

Leverage of Grant Funds

The department should continue to coordinate with federal and state agency programs (e.g. TGM, OBDD, ERT, EPA) to achieve maximum results from general fund grants.

The department should maintain its relations with ODOT, Business Oregon, and the Governor's Regional Solutions Centers to coordinate planning for industrial and other employment lands.

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.