



Oregon

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July 17, 2009

TO: Land Conservation and Development Commission

FROM: Richard Whitman, Director
Darren Nichols, Community Services Division Manager

SUBJECT: **Agenda Item 10, July 29 – 31, 2009, LCDC Meeting**

PERIODIC REVIEW STATUS UPDATE

I. AGENDA ITEM SUMMARY

A. Type of Action and Commission Role

The commission will be asked to review and amend the schedule for periodic review during the 2009-11 biennium based on statutory requirements, budget and other resource considerations, the readiness of jurisdictions for periodic review, and a recommendation from staff.

B. Staff Contact Information

For additional information on this agenda item, contact Darren Nichols, Community Services Division Manager, at (503) 373-0050 ext. 255 or e-mail Darren.Nichols@state.or.us.

II. SUMMARY OF RECOMMENDED ACTION

Staff recommends the commission resume periodic review efforts according to a revised schedule for the 2009-11 biennium (Attachment A) and that the commission review the status of periodic review work programs again in early 2010.

III. BACKGROUND

The commission approved a schedule at its October 2007 meeting that identified twenty one (21) cities to receive notice to begin periodic review during 2007-09 and 2009-11 (Attachment A). Following that schedule, the department sent notice to nine cities. Six additional cities were scheduled to receive notice in April 2009 and another six cities were slated to receive notice

during the 2009-11 biennium. Outside the formal periodic review schedule, the commission also received requests from Junction City and Silverton to begin periodic review voluntarily.

Following the economic downturn late in 2008, the legislature disappropriated a significant portion of the department's grant funds reserved for periodic review work tasks. Additional uncertainty regarding the department's 2009-11 budget prompted the commission and the department to suspend the schedule for initiating new periodic review work programs (unless the community asked to proceed regardless of state funding status) until the commission and the department could better estimate its ability to commit resources to periodic review. ¹

Since the suspension, the Oregon legislature approved a 2009-11 budget that maintains DLCD's core general funds grants program at historical funding levels (but that does not include \$500,000 added in 2007 along with a budget note for infrastructure planning in newly-urbanizing areas). The legislatively approved budget allows DLCD to continue to provide support for local government periodic review efforts. Further recommendations from the commission's Grants Advisory Committee support the department's investment in periodic review work programs through the grants program.

IV. DEPARTMENT RESOURCES

In establishing the initial periodic review schedule, the commission expressed concern about the department's ability to provide adequate resources for the number of cities in periodic review. At that time, department staff felt confident that 21 cities could successfully complete periodic review at then-current resource and staffing levels within the 2007-11 two biennium period.

In order to balance Oregon's budget for the current biennium, the legislature disappropriated DLCD's remaining grant funds of \$585,000 reserved primarily for periodic review work tasks.² The need for periodic review projects did not subside with disappropriation. The demand simply rolled over into the 2009-11 biennium along with any new demands.

The total number of jurisdictions waiting to start periodic review is roughly the same and the overall need for periodic review grant funds remains roughly the same. The overall two-biennium grant capacity, however, is reduced by \$585,000. The disappropriation therefore requires a shift in either the number of cities starting periodic review, the relative percentage of funds allocated to periodic review, the degree to which state funds are used to pay the costs of periodic review, or all three.

The department estimates the grant needs for each jurisdiction in periodic review will be between \$75,000 and \$120,000 (based on an average of 3 to 4 work tasks per jurisdiction at \$25,000 to

¹ ORS 197.629 authorizes the commission to "...establish and maintain a schedule for periodic review of comprehensive plans and land use regulations."

² The \$585,000 represented funds not under contract. Existing grant contracts were not impacted by the disappropriation.

\$30,000 per update). For the nine cities that have already started periodic review, the expected need ranges between \$675,000 and \$960,000. On a percentage basis, those figures represent approximately 1/3 to 1/2 of the \$1,960,632 grant budget remaining after funding other grant priorities (Columbia River Gorge National Scenic Area, Planning Assistance, Dispute Resolution/Oregon Consensus). The Grants Advisory Committee recommends setting the percentage of grants available for periodic review tasks at 55% or \$1.078 million.

At that level of investment, and assuming the same average level of demand for funds, the commission could initiate periodic review for between 1 and 5 additional jurisdictions. In the interest of assisting jurisdictions with the successful and completion of periodic review within statutory time frames, the department recommends focusing only on jurisdictions that have already received notice to start periodic review. Following the recommended November 1, 2009, deadline for grant applications, the Grants Advisory Committee and the commission should reevaluate the demand for grant funds, and may then decide to initiate periodic review for additional cities on the schedule.

The committee's recommendation strongly emphasizes the importance of assisting newly-approved periodic review work programs over historic periodic review tasks, which are now largely overdue and in some cases may be outdated.³ Department staff supports the committee's recommendation to focus priority funds on current periodic review work programs operating within the statutory timelines for periodic review and according to the Grants Allocation Plan. The department also recommends that older periodic review work tasks remain eligible for funding, but that those projects be funded only as funds are available after funding priority work task applications submitted prior to the November 1, 2009 priority deadline established in the Grants Allocation Plan.

The department continues to be able to provide staff support to jurisdictions scheduled for periodic review in addition to grant funds. The commission may also wish to consider work load priorities resulting from its policy agenda discussion in making its decision whether and when to start periodic review for jurisdictions on the revised schedule.

V. CONCLUSION AND RECOMMENDATION

The department can provide adequate grant funds to cities currently in periodic review. The department may be able to support additional cities in periodic review, but those cities would not be ready to utilize grant funds immediately pending local adoption and department approval of periodic review work programs.

The department recommends the commission resume its previously-approved periodic review schedule for those cities that received notice in the 2007-09 biennium. Staff recommends that the commission delay commencement of periodic review for several cities later in the 2009-11

³ See Agenda Item 9 for detailed recommendation and draft Grants Allocation Plan from the commission's Grants Advisory Committee.

biennium and into the 2011-13 biennium, unless a jurisdiction wishes to go into periodic review regardless of the availability of state funding.

The department further recommends that the commission direct staff to follow up on the status of department resources at strategic intervals during the coming biennium, including at least one update presented early in 2010.

VI. PROPOSED MOTION

I move that the commission adopt the revised schedule for periodic review and direct staff to provide the commission with an update of progress on periodic review work programs and demand for grant funds as soon as possible following the recommended November 1, 2009, priority deadline for grant applications.

VII. ATTACHMENTS

A. 2007-2009 / 2009-2011 - DRAFT REVISED PERIODIC REVIEW SCHEDULE

Attachment A

2007-2009 / 2009-2011 - DRAFT REVISED PERIODIC REVIEW SCHEDULE

Periodic Review notice sent:

October 2007

Forest Grove**
Keizer*
Portland*
Hermiston**
The Dalles**

April 2008

Lake Oswego**
Pendleton**
~~Roseburg~~
Tigard*
Troutdale**
Junction City (approved)

Scheduled to begin April 2009 - suspended until later in the 2009-11 biennium or 2011-13 depending on the availability of funds:

Happy Valley
Milwaukie
Newberg
~~Pendleton~~
Roseburg
Sherwood
Tualatin

Silverton (voluntary request)

Delayed indefinitely

Baker City
Gladstone
Newport
Redmond
West Linn
Wood Village

* Cities with approved work programs

** Cities that have requested to postpone work program approval pending available funding