

May 9, 2005

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Roger Wood, Grant Program Manager

**SUBJECT: Agenda Item P: Non-Standard Grant Processes  
May 25-26, 2005 OWEB Board Meeting**

### **I. Introduction**

This agenda item responds to questions from the Board about how OWEB does make or should make grant award decisions outside the usual grant cycles and processes, and offers a recommendation from staff on how to proceed.

### **II. Background**

OWEB runs two regular 21-week grant cycles per year covering a number of different capital and non-capital grant types. These cycles employ time-tested and well known standard procedures for application processing and review and for arriving at a staff recommendation and a final Board funding decision. These standard processes also generally guide the more occasional grant solicitations for Technical Assistance and Watershed Council Support grant applications.

However, OWEB is sometimes approached to make special and ad hoc awards and funding distributions outside this framework of standard practices and schedules. Examples and sources of such special requests include:

- Cost overruns on previously awarded grants (due to unexpected price increases in critical materials such as plastic irrigation pipe or steel bridges).
- Time sensitive Acquisitions (sudden opportunities with short timeframes or expiring purchase options).
- Requests from the Governor or Legislature.
- Emergencies (fire, flood, drought).
- Timely routing of special revenues (federal earmarks, federal agency grants, private contributions).
- Interagency agreements.
- Need to correct erroneous funding requests (the staff report recommendation was off by some relatively small yet meaningful amount).
- End of biennium adjustments, roll-overs.

With Board meetings typically scheduled for January, March, May, and September of each year many of these special situations can be handled without requiring a special Board meeting or conference call – assuming that Board action is necessary at all. However, the processes of collecting information, evaluating options, inviting comment and advice, and making decisions on these special requests will often not follow the schedules and routines of the standard grant cycles – and indeed must sometimes be carried from start to finish in just a few weeks – or even a few days in the case of some emergencies.

### **III. Options**

#### **A. Devise a process for each of the most likely situations.**

Each special situation tends to involve unique considerations and timing, and thus have slightly unique process needs. This option would require staff and the Board to anticipate not only the types of special funding requests that we might deal with but also what each one's special needs are. Some of the examples given above – like project cost overruns and emergency response – lend themselves to a predetermined process, while other examples – like requests from the Governor or Legislature – do not. To seize this option, the Board would instruct staff to suggest process steps and decision criteria for one or more of the most common or likely scenarios. This would promote efficient and consistent handling of special requests, *so long as* the predetermined process was appropriate to deal with the circumstances that actually arise.

#### **B. Handle each situation as it comes up.**

The OWEB Director on behalf of staff, and the Board Co-Chairs on behalf of the Board, could discuss each special situation as it came up and decide how to handle it. This option has the advantage of assuring that each situation is handled in just the way it needs to be, without being encumbered by predetermined process steps that may be inappropriate, unnecessary, or even counter-productive.

### **IV. Recommendation**

Staff recommend Option B as the default and regular routine. This is the most flexible, adaptable, and efficient approach. The partial list of examples in Section II above suggests that non-standard funding requests are more common and more significant than they really are. In fact, these special situations are relatively rare, and some, like special budget earmarks or notes from the Governor and/or Legislature, already have well-worn implementation pathways. Staff are concerned that predetermined processes will be best-guess approaches and likely will not fit many of the situations that actually arise.