

March 1, 2007

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Ken Bierly, Deputy Director

**SUBJECT: Agenda Item F: OWEB Grant Award Recommendations
Overview and Statewide Projects
March 14-15, 2007 OWEB Board Meeting**

I. Introduction

This staff report describes the process for evaluation of the capital and non-capital grant applications submitted by the October 16, 2006, deadline. The report also includes budget considerations and a summary of combined funding recommendations. Finally, this report includes the statewide Education and Monitoring grant evaluations and staff recommendations.

II. Background and Summary

Two hundred and six grant applications seeking a total of \$19,226,568 were received by the October 16, 2006, deadline. The breakdown by region, project type, and dollar amount is shown on the attached table. (Attachment A)

Restoration and Acquisition applications that use capital funds were solicited in this funding cycle, as were Technical Assistance, Assessment, Monitoring, and Education and Outreach applications that use non-capital funds. After being screened for eligibility and completeness, the applications were sent to the five Regional Review Teams (RRTs), which reviewed them for merit and made prioritized funding recommendations to OWEB staff. OWEB staff considered the funding availability and funds budgeted, and integrated the separate RRT recommendations into the staff funding recommendation to the Board. A map showing the location of the projects recommended for funding by the RRTs and by OWEB staff is attached. (Attachment B)

Following this overview are staff reports containing the OWEB staff funding recommendations for each region.

III. Review Process

The applications were screened for completeness, categorized by application type and copied for review. The RRTs were sent packets of eligible grant proposals to read and consider. OWEB staff in each region then scheduled visits to as many sites as possible, emphasizing new applications, acquisitions, and the more complicated projects. All RRT members were invited on these visits and some members were able to participate at each site. In their RRT meetings,

reviewers were asked to determine the technical merit of each proposal and, with the exception of acquisition projects (for which the RRT only discussed the ecological and conservation value of the proposed acquisition), whether to recommend each project for funding. After classifying projects as “fund” or “no fund,” the RRTs were then asked to prioritize the projects recommended for funding. The RRT recommendations are included in each applicable regional staff report in this agenda item. The recommended funding amount and any special conditions are identified in the tables attached to each regional staff report.

OWEB received five Education/Outreach grant applications that have broader focus than a single region. These applications were reviewed by the Oregon Plan Outreach Team.

The Oregon Plan Monitoring Team reviewed each Monitoring and Assessment grant application and identified their significance to the Oregon Plan and their likelihood of success. These review comments were passed along to the RRT for their consideration and use in recommending funding and ranking. OWEB also received two Monitoring applications with broader focus than a single region; these were reviewed only by the Oregon Plan Monitoring Team.

The RRT recommendations in summary form were distributed to all applicants whose proposals were reviewed by that RRT. Staff continued in this grant cycle the practice of forwarding all comments received from applicants regarding the RRT recommendations to the Board prior to the Board meeting.

IV. Statewide Education and Monitoring Projects

The Oregon Plan Outreach Team recommended five Education/Outreach applications totaling \$429,714. Staff only recommend two of these applications for a total of \$125,000 (with special conditions). The Oregon Plan Monitoring Team and staff recommend two statewide Monitoring applications for funding at \$23,804.

V. Acquisition Projects

Three new land acquisition applications and a water acquisition application were reviewed during this grant cycle. By rule, land acquisition projects undergo a multifaceted review. Applications are first reviewed by a Board Acquisition Subcommittee, which recommends whether or not staff should proceed with a due diligence review of the project. Simultaneously, applications are reviewed by the RRTs for ecological and educational values. The Subcommittee may ask for additional information from the applicant or may ask that specific questions be addressed by the RRT.

If the due diligence review is recommended, staff request an appraisal report, title report and exceptions, option, donation disclosure, environmental site assessment, and proposed conservation easement. An independent review appraiser evaluates the appraisal report. OWEB’s legal counsel at the Department of Justice reviews the title report, exceptions, option agreement, and conservation easement. Staff at the Department of Environmental Quality review the environmental site assessment.

After the due diligence review is complete, the Subcommittee synthesizes the proposed project’s ecological and educational benefits, applicant capacity, partnerships, local support, local and

regional community effects, RRT evaluation, and due diligence results into a funding recommendation to OWEB staff. Staff then consider all evaluation criteria, the Subcommittee's recommendation, and available funding resources to develop a funding recommendation to the full Board. The staff funding recommendations are summarized in a separate section in the appropriate regional staff report.

Only one of the land acquisition grant applications submitted in October 2006 is ready for funding decision at this time (McKenzie Oxbow, application 207-302 in Region 3). The other two (Newton Creek Wetlands, 207-301, and Lostine River Wetlands, 207-324) are recommended for deferral. The status of other acquisition projects, previously submitted and deferred by the Board, is also described in the regional reports.

In the October 2006 grant cycle, OWEB received a water acquisition grant application for the first time. The OWEB Board adopted administrative rules for water lease and transfer (acquisition) applications in January of 2005. The ecological value of a proposed water acquisition project is based on a project's ability to increase instream flow to address the needs of priority habitat and species, and/or to improve water quality in a water quality limited stream reach. This evaluation is conducted in part by reference to The Oregon Plan Streamflow Restoration Priorities (2001) and by evaluation by the appropriate RRT.

In addition to the ecological review of a proposed project, a review of due diligence materials is conducted. Due diligence materials include a fair market appraisal or other valuation assessment, a written assessment of the water right, the water right certificate, an ownership and lien report, an option agreement, and a donation disclosure statement. The appraisal or other valuation assessment is reviewed by OWEB's review appraiser. The assessment of the water right is evaluated by Oregon Water Resources Department to determine its reliability to provide instream benefit. The remaining items are evaluated by staff for consistency with the administrative rules and by OWEB's legal counsel for legal sufficiency.

The water right acquisition is for a long-term lease in the Rogue Basin (Evans Creek Flow Enhancement, application 207-274) and is recommended for funding by the Region 2 RRT and by staff.

VI. Budget Considerations

Capital Funds. The Board established a capital funding target for each grant cycle for the 2005-2007 biennium of \$7.5 million. The Board reserved an additional \$7.5 million for the biennium, which has been allocated to cover additional applications from previous grant cycles and additional needs for the CREP program. There is approximately \$7,757,991 currently available of capital and salmon license plate funds for the remainder of the biennium. Additional returned unspent grant funds from completed grants (approximately \$150,000) will also be available for this round of funding for a total of \$7,907,991. With this understanding, staff recommend the expenditure of \$7,816,170 at the March Board meeting.

Non-Capital Funds. Table 1 shows the non-capital funding reserved for each grant type. This reserve was approved by the Board in May of 2006.

Table 1. Non-Capital Budget Reserve for the October 2006 Grant Cycle

Grant Type	Budget
Education	\$500,000
Monitoring	\$771,000
Assessment	\$450,000
Technical Assistance	\$500,000
Total Budgeted	\$2,221,000

OWEB also uses non-capital funds for the education and outreach elements of Restoration projects. These non-capital costs are identified in the tables attached to each regional report.

VII. Summary of Funding Recommendation

Staff recommendations for Board actions are identified by region for the projects indicated in each of the following five regional reports. “Do Fund” projects are indicated on the tables by shading.

1. Funding Shift into the 2007-2009 Biennium Funds

At the September 2006 meeting, the Board approved partial funding for two grants with a commitment to fully funding the project next biennium on the condition that they report progress on their grants in September 2007. The two projects from September 2006 are:

Grant #	Grantee	Amount Awarded 9/06	9/07 Award
207-107	East Fork Irrigation District	\$900,000	\$500,000
207-138	Willow Creek	\$1,050,568	\$896,186
			\$1,396,186

The proposed funding scenario presented to the Board in the following staff reports also recommends extending funding for two projects into the next biennium.

Grant #	Grantee	Amount Recommended	9/07 Award
207-319	Middle Deschutes Streamflow	\$500,000	\$998,750
207-072	Sandy River Acquisition	\$364,000	\$360,000
			\$1,358,750

The cumulative recommendation from this funding cycle and the September 2006 funding cycle will commit the allocation of \$2,754,936 from the 2007-2009 biennium capital funds at the September 2007 meeting.

2. Capital Funding Recommendations

The statewide funding total recommended by staff is shown below. Details are contained within each of the attached regional staff reports.

Restoration Projects, Capital Portion	\$ 7,156,698
Capital Monitoring Project	\$ 149,647
Acquisition Projects	\$ 509,825
TOTAL Capital Staff Recommendation:	\$ 7,816,170

3. Non-Capital Funding Recommendations

The statewide funding total for non-capital projects recommended by staff exceeds the budgeted amount by approximately \$320,000. Staff propose that the additional non-capital funds come from previous Board reserves and allocations that have not been used and will not otherwise be used before the end of the biennium.

Technical Assistance Projects	\$ 583,894
Monitoring Projects	\$ 825,059
Assessment Projects	\$ 464,885
Education/Outreach Projects	\$ 636,102
Restoration Projects, <i>Non-Capital</i> Portion	<u>\$ 23,967</u>
TOTAL <i>Non-Capital</i> Staff Recommendation	\$2,533,907

The proposed funding level exceeds the budgeted amount for each type of grant application. There were, however, significant additional Technical Assistance and Education/Outreach projects that staff were not able to recommend due to the limited amount of non-capital funds available this cycle.

VIII. Staff Recommendations for Statewide Project Funding

Attachment C shows the proposals, funding amounts, conditions (if any), and priority rankings recommended for funding to OWEB staff by the Oregon Plan Monitoring and Outreach teams. The table also indicates, by means of shaded entries, the OWEB staff funding recommendation to the Board. For some projects, the amount shown in the table may be the staff funding recommendation rather than the RRT recommendation.

Staff recommend the Board approve the staff funding recommendations contained in Attachment C to this report.

Attachments

- A. Types of Applications Received and Amounts Requested by Application Type
- B. Map Showing Projects Recommended by RRTs and OWEB Staff
- C. Statewide Projects Recommended for Funding

ATTACHMENT A**Oregon Watershed Enhancement Board****Types of Applications Received October 16, 2006**

	Technical Assistance	Education	Monitoring	Assessment	Acquisition	Restoration	Totals
Region 1	3	6	6	1	0	15	31
Region 2	8	7	8	1	1	26	51
Region 3	10	8	1	3	2	15	39
Region 4	8	8	4	2	0	6	28
Region 5	9	2	3	3	1	32	50
Statewide	0	5	2	0	0	0	7
Totals	38	36	24	10	4	94	206

Dollar Amounts Requested by Application Type

	Technical Assistance	Education	Monitoring	Assessment	Acquisition	Restoration	Totals
Region 1	130,204	111,987	259,640	45,200	0	2,242,081	2,789,112
Region 2	240,636	207,231	509,686	45,365	18,825	2,311,835	3,333,578
Region 3	360,745	357,029	33,689	168,228	1,627,000	3,105,967	5,652,667
Region 4	294,145	309,254	290,557	236,127	0	1,852,241	2,982,324
Region 5	294,785	65,307	138,796	399,533	516,000	2,492,102	3,906,523
Statewide	0	538,560	23,804	0	0	0	562,364
Totals	\$1,320,515	\$1,589,368	\$1,256,181	\$894,453	\$2,161,825	\$12,004,226	\$19,226,568

Statewide

Education Projects Recommended for Funding by the Oregon Plan Outreach Team October 16, 2006 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount	Priority
207-222	Building New Coordinator Capacity/Council Gathering 2007 *	45,000	1
207-223	Advancing Watershed Stewardship in the Neighborhood *	80,000	2
207-224	Healthy Waters Institute	150,000	3
207-221	Oregon Watershed Education Consortium	141,046	4
207-220	Resources & People Camp (RAP) Outreach Project	13,668	5
Total Education Projects Recommended for Funding to Staff by the Outreach Team		\$429,714	
Total Education Projects Recommended for Funding by Staff to the Board		\$125,000	

*Listed Amount Reflects Recommended Reduction

Monitoring Projects Recommended for Funding by the Oregon Plan Monitoring Team October 16, 2006 Grant Cycle

Staff Funding Recommendations to the Board are Highlighted in Gray

Project #	Project Name	Total Amount
207-247	Best Practices Guidelines for Wetland Restoration Projects & Salmon	\$12,265
207-248	Oregon Water Trust Streamflow Monitoring Equipment Grant	\$11,539
Total Monitoring Projects Recommended for Funding to Staff by the Monitoring Team		\$23,804
Total Monitoring Projects Recommended for Funding by Staff to the Board		\$23,804

*Listed Amount Reflects Recommended Reduction