



Oregon

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager

SUBJECT: **Agenda Item H: OWEB Grant Award Recommendations Overview**
September 16-17, 2008 OWEB Board Meeting

I. Introduction

This staff report describes the process for evaluation of the capital and non-capital grant applications submitted by the April 21, 2008, deadline. The report also includes budget considerations and a summary of combined funding recommendations.

II. Background and Summary

One hundred and fifty grant applications seeking a total of \$22,719,208 were received by the April 21, 2008, 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 and Watershed Assessment 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.

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 applications. 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 applications (for which the RRT only discussed the ecological and educational value of the proposed acquisition), whether to recommend each application for

funding. After classifying applications as “do fund” or “no fund,” the RRTs were then asked to prioritize the applications recommended for funding. The RRT recommendations are included in each applicable regional staff report in this agenda item. The tables attached to each regional staff report identify the staff-recommended funding amount and note whether any grants include funding conditions.

The Oregon Plan Monitoring Team reviewed each Assessment grant application and identified their significance to the Oregon Plan and their likelihood of success. These review comments were passed along to the RRTs for their consideration and used in recommending funding and ranking.

Summaries of the RRT and staff funding recommendations were distributed to all applicants whose proposals were reviewed by that RRT. Written comments received from applicants regarding the RRT or staff recommendations will be forwarded to the Board prior to the Board meeting.

IV. Acquisition Applications

A total of five Acquisition applications were received in the April grant cycle, including one water acquisition and four land acquisitions. The process for reviewing Acquisition applications and the status of those applications is described in the sections below.

A. Land Acquisition

By rule, land acquisition applications undergo a multifaceted review. Applications are first reviewed by the 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 the RRTs to address specific questions.

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. The Department of Environmental Quality reviews the environmental site assessment.

After the due diligence review is complete, the Subcommittee reviews the results and makes a funding recommendation to staff. Staff then consider all of the 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.

The Subcommittee reviewed the applications and has requested staff to solicit due diligence materials from two of the land acquisition applicants at this time. No due diligence materials have been received for these two applications and neither is recommended for funding at this time. The Subcommittee and staff have recommended no funding for a land acquisition application from the Willamette Basin (209-103, Amazon Creek Acquisition). The other three land acquisition applications are recommended for deferral; two from the North Coast and one from the Willamette Basin. The applications recommended for deferral total

approximately \$5.45 million and may mature over fall of 2008 for Board consideration in 2009.

B. Water Acquisition

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 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 is reviewed by OWEB's review appraiser. The assessment of the water right is evaluated by the 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 one water acquisition application submitted is located in the Deschutes Basin (209-102, Deschutes River Instream Leasing) and is a resubmitted application from the October 2007 grant cycle. Staff and the Subcommittee recommend the funding for the application on the condition that staff continue discussions with DRC to identify long term benefits from the effort.

V. Budget Considerations

A. Capital Funds

The Board established a capital funding target of \$9.25 million for each grant cycle for the 2007-2009 biennium.

Currently OWEB has approximately \$20.8 million in uncommitted capital funds available for the remainder of the biennium; this includes unspent grant funds returned from completed grants. Two million dollars of these capital funds is reserved for Special Investment Partnerships. Accordingly, about \$18.8 million in capital funds is available to be allocated between the two remaining capital grant cycles (April 21, 2008, and October 20, 2008) – roughly \$9.4 million per cycle. In addition, OWEB's salmon license plate fund currently contains about \$514,000.

In the April 21, 2008, grant cycle alone, OWEB received 95 Restoration and Acquisition applications requesting more than \$20 million in funding. We expect to receive at least this level of request in the October 20, 2008 grant cycle. Typically, more grant applications are submitted in the October grant cycle than in the spring cycle preceding it. In addition, OWEB has approximately \$10 million in pending land acquisition applications, which will affect future capital grant cycles.

Staff recommend funding 57 of the 63 Restoration applications, two land acquisitions received through earlier grant cycles, and one instream water acquisition. Staff recommend

funding these grants through the expenditure of \$8,672,619 in capital funds and \$195,413 in salmon license plate funds. Staff also recommend the allocation of \$301,000 of capital funds for the Alsea Acquisition application (208-116) in Agenda Item K5, which is state match for a Coastal Wetlands Grant.

As noted on the funding table attached to the Region 3 staff report, staff recommend that one of the Willamette Basin Restoration projects should be funded through the Willamette Special Investment Partnership.

The total recommended expenditure of capital funds is \$8,973,619, which is \$276,381 less than the budgeted amount of \$9.25 million per cycle. This will reserve more capital funds for the October 2008 grant cycle in which we expect to receive more applications than were submitted in April 2008. In addition, we expect additional Acquisitions to be ready for funding by the March 2009 funding Board meeting.

B. Non-Capital Funds

Table 1 shows the non-capital funding reserved for each grant type. This reserve was approved by the Board in January of 2008.

Table 1. Non-Capital Budget Reserve for the April 2008 Grant Cycle

Grant Type	Budget
Assessment	\$ 500,000
Technical Assistance	\$ 500,000
Total Budgeted	\$1,000,000

Table 2 shows the non-capital funding recommended by OWEB staff as part of the spending plan for Pacific Coastal Salmon Recovery Funds, as outlined in Agenda Item D: Spending Plan Update. The Assessment budget for the April 2008 grant cycle is recommended for reduction because the Regional Review Teams recommended funding totaling approximately \$400,000 for Assessment applications. The Technical Assistance budget for the April 2008 grant cycle is recommended for increase because the RRTs recommended funding applications totaling about \$942,000.

Table 2. Non-Capital Recommended by OWEB Staff

Grant Type	Budget
Assessment	\$ 400,000
Technical Assistance	\$ 800,000
Total Budgeted	\$1,200,000

OWEB also uses non-capital funds for the education and outreach elements of Restoration applications. These non-capital costs are identified in the tables attached to each regional report and total \$23,938.

Staff recommend funding all six of the Assessment applications recommended by the Regional Review Teams, and 24 of the 28 Technical Assistance applications recommended by the RRTs. Staff recommend funding the Assessment and Technical Assistance grants through the expenditure of \$1,128,667 in non-capital funds and \$50,000 in salmon license plate funds, for total funding of \$1,178,667.

VI. Staff Capital and Non-Capital Funding Recommendations

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

A. 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 Applications, <i>Capital</i> Portion	\$ 8,322,619
Acquisition Applications (Regions 1 and 4)	\$ 350,000
<u>Coastal Wetlands Acquisition (Agenda Item K5)</u>	<u>\$ 301,000</u>
TOTAL <i>Capital</i> Staff Recommendation	\$ 8,973,619

B. Non-Capital Funding Recommendations

Technical Assistance Applications	\$ 751,777
Assessment Applications	\$ 376,890
<u>Restoration Applications, <i>Non-Capital</i> Portion</u>	<u>\$ 23,938</u>
TOTAL <i>Non-Capital</i> Staff Recommendation	\$1,152,605

C. Salmon License Plate Funding Recommendations

Technical Assistance Applications	\$ 50,000
<u>Restoration Applications</u>	<u>\$ 195,413</u>
TOTAL <i>Salmon Plate</i> Staff Funding Recommendation	\$ 245,413

Attachment

- A. Types of Applications Received and Amounts Requested by Application Type

Oregon Watershed Enhancement Board

Types of Applications for April 21, 2008

	Assessment	Technical Assistance	Acquisition	Restoration	Totals
Region 1	1	8	2	11	22
Region 2	3	9	0	13	25
Region 3	1	16	2	14	33
Region 4	0	3	1	14	18
Region 5	3	11	0	38	52
Totals	8	47	5	90	150

Dollar Amounts by Application Type

	Assessment	Technical Assistance	Acquisition	Restoration	Totals
Region 1	\$59,180	\$305,033	\$5,064,960	\$1,024,011	\$6,453,184
Region 2	\$169,544	\$238,300	\$0	\$2,041,111	\$2,448,955
Region 3	\$49,940	\$592,849	\$2,285,230	\$1,607,422	\$4,535,441
Region 4	\$0	\$118,832	\$70,000	\$3,969,628	\$4,158,460
Region 5	\$265,883	\$450,762	\$0	\$4,406,523	\$5,123,168
Totals	\$544,547	\$1,705,776	\$7,420,190	\$13,048,695	\$22,719,208