

June 2-3, 2010 OWEB Board Meeting

Executive Director Update #C-4: Watershed Council Listening Sessions

I. Introduction

This report transmits the Report on Watershed Council Support Listening Sessions (Attachment A) and describes the next steps for follow-up on the Listening Sessions.

II. Background

Goal 2 of OWEB's Strategic Plan is to "Support an enduring, high capacity local infrastructure for conducting watershed restoration and conservation." Strategy 2 under Goal 2 is to "Evaluate and adjust watershed council support grant review and funding processes to build local capacity, provide base funding and promote strategic partnerships." Under OWEB's administrative rules, "watershed council support" grants support the operating capacity of watershed councils. Applications are submitted every two years; they are evaluated for merit and funded based on criteria, processes, and factors in OWEB's rules. Grant awards cover the two years coinciding with OWEB's biennial state budget (e.g., July 1, 2011 – June 30, 2013). The next application deadline is January 18, 2011, with grant awards planned for June 2011.

OWEB began addressing Strategic Plan Goal 2 by holding six Watershed Council Listening Sessions around the state. The Listening Sessions were facilitated by Jim Owens, and were organized to reach and involve as many watershed councils as possible. Combined with interviews and an on-line survey, the Listening Sessions were intended to engage watershed councils in a dialogue about what makes watershed councils successful and how OWEB watershed council funding and processes might be changed in order to build capacity, provide base funding and promote strategic partnerships. The dialogue with councils was an important first step to inform OWEB's strategy to implement Goal 2.

III. Listening Sessions Report

The Report on Watershed Council Support Listening Sessions is found in Attachment A. Key observations are summarized on pages three through nine. A list of participants is found on pages 24 and 25. The rest of the report summarizes the responses gathered by the facilitator through interviews, the listening sessions, and the on-line survey.

A draft of the report was e-mailed to councils for their review and comment; OWEB did not receive any comments. The Board Council Support Subcommittee discussed the report at its May 6, 2010 meeting.

The Listening Sessions were very valuable for OWEB. It was important for us to hear from councils about what is important to them, the challenges they are dealing with, and their questions and concerns. There were many common themes in the responses, and staff will continue to reference the Listening Sessions report as we implement our follow-up actions. At the same time, there were many divergent opinions on some of the key policy issues around council support, and there were no "silver bullet" answers.

IV. Listening Sessions Follow-Up - Next Steps

The Listening Sessions are the first step in an ongoing assessment of council support funding and capacity building needs and actions. On a regular basis, OWEB will use Network of Oregon Watershed Council meetings, staff emails and OWEB's web site to communicate to councils

about OWEB deliberations and actions resulting from the Listening Sessions and the ongoing assessment.

In addition to ongoing communications and assessment, staff are proceeding with the steps outlined in the following sections.

A. Address Policy Questions

OWEB's governing law, rules and history reflect that watershed councils are deeply ingrained in the drive toward watershed health. OWEB's watershed management program "relies on the establishment of voluntary local watershed councils comprised of residents, state and federal agency staff, Indian tribes and other citizens interested in the management of watersheds." ORS 541.384(1)

In carrying out the watershed enhancement program, OWEB shall "grant funds for the support of watershed councils in assessing watershed conditions, developing action plans, implementing projects and monitoring results...from such moneys as may be available to the board therefor." ORS 541.370(1)(e)

Under Oregon law, local governments are encouraged to form voluntary watershed councils. [ORS 541.388(1)] OWEB does not have a direct role in the formation or structure of councils. Those decisions are strictly local. OWEB's role is to support the capacity of councils, which is extremely important in order for councils to accomplish watershed restoration and enhancement work.

1. OWEB's Struggle with Recurring Council Support Policy Questions

OWEB has consistently struggled with allocating limited funding to meet increasing infrastructure costs for a growing number of watershed councils whose formation is determined by another entity (local government). For example, in a tight budget period, OWEB awarded two separate councils a single shared council support grant (e.g., Rickreall and Luckiamute in 2003) and then later allowed them to submit separate applications for support (Luckiamute solo funding request approved in 2007).

There are many issues that need to be examined and considered as OWEB addresses Strategic Plan Goal 2. Some Board-raised questions include "should OWEB continue to fund new councils," "should OWEB continue to approve requests for solo funding," "are there too many councils," and "should OWEB encourage councils to combine to create efficiencies?"

Councils also have raised questions, such as "should OWEB's rules allow former 'umbrella council' members to apply for solo funding," and "should OWEB be funding very small urban councils?" There were also several occasions when council representatives asked the question, "what does OWEB want to see when it funds watershed councils?"

OWEB's answers to these questions have a direct effect on councils. Without a framework of principles around watershed council support, it is difficult to answer these policy questions. There are multiple reasons to answer 'yes' or 'no' to each of the questions.

2. 2011-2013 Watershed Council Support Policy

Staff's policy recommendations for 2011-2013 are contained in Agenda Item I, scheduled for Board discussion and action on Thursday, June 3, 2010.

3. Long-Term Watershed Council Support Program Principles

Staff will continue the dialogue with watershed councils and work with the Board Council Support Subcommittee to develop proposed council support program principles. The principles will define OWEB's desired results from council support funding, including defining the intended outcomes from OWEB's investment in watershed council capacity. The principles will be the basis for answering the recurring policy questions posed in subsection A.1 above, including but not limited to funding for new councils, requests for solo funding, and ways to incentivize council combining. The principles may lead to proposals to change the council support grant rules for 2013-2015.

Examples of potential principles (these are only examples, they are not recommendations or decisions about principles). The desired outcomes of OWEB's council support program and funding are:

- Effective watershed council coverage for all parts of Oregon at a hydrologic scale.
- A high level of citizen involvement in, and community support for, the development and implementation of watershed restoration and enhancement.
- Councils increase the diversity of their sources of operating funding
- State funding provides meaningful base funding and promotes strategic partnerships.
- Funding awarded on a merit basis, with a focus on key indicators of effectiveness [to be developed]

The schedule for developing the principles is included in the table below. Board members who have thoughts about the principles should contact staff or members of the Council Support Subcommittee (Alan Henning, Jim Johnson, and Dan Thorndike). Staff will report on progress at the September meeting. Draft principles will be presented for council review and feedback at the OWEB Biennial Conference in November 2010. Additional opportunities for feedback will also be offered in November and December 2010. The principles would not become final until adopted by the OWEB Board.

Tentative Schedule for Principles Development

July 2010	Subcommittee meeting. Listening Session follow up and discuss proposed watershed council support program principles.
Sept. 14-15, 2010	Board meeting. Update on status of principles development.
Nov. 15-17, 2010	OWEB's Biennial Conference. Continue Listening Session follow up with OWEB Board/staff/council discussion about <u>draft</u> principles.
December 2010 – June 2011	Continue work on draft principles; progress may be affected by 2011 legislative session
July – Dec. 2011	Continue Listening Session follow up. For example, if OWEB decides to change council support grant rules, a Rules Advisory Committee needs to be convened in summer/fall of 2011, with official rulemaking in January 2012, for rule adoption in June 2012, before the 2013-2015 council support cycle.

B. Support Capacity Building Activities for Councils

A recent study of the nonprofit sector defined capacity building as “any service that enhances the organization’s internal effectiveness at achieving its mission sustainably – in other words, services which strengthen the foundation or “engine” of the organization, not its specific programs.”¹ The same study identified the need for more general operating and capacity-building funding; the importance of approaching capacity-building in a long-term, flexible and holistic manner; the barriers to capacity-building, including money, time, lack of appropriate providers, and lack of awareness; and the particular challenges experienced by rural communities.

During the Listening Sessions, several councils commented that Oregon is unique in providing capacity support to councils. They noted that their counterparts in Washington and California do not get capacity support, only project support. OWEB’s capacity support funding has laid an important foundation, but, as recognized by many councils during the Listening Sessions, OWEB will not be able to meet all capacity support demands and needs.

Listening Session participants had a number of ideas about potential ways to build capacity outside of the OWEB council support grants, such as:

- Pooled organizational services, such as group insurance;
- “Toolbox” of services, available when organizations need it, including auditors, attorneys, and facilitators;
- Regional or centralized administrative services for activities that do not need to happen at the local level, such as accounting and payroll; and
- Continue and expand training opportunities.

The Network of Oregon Watershed Councils (Network) is already exploring a number of these areas. OWEB staff will work with the Network to explore the most appropriate OWEB role in supporting capacity-building efforts outside of the OWEB council support grant program. OWEB will also work with the Network to pursue opportunities to work with the broader funding community to advocate for capacity building resources for councils and other watershed restoration organizations.

C. Improve 2011-2013 Council Support Application, Review Process, and Reporting

During the Listening Sessions, councils frequently asked OWEB not to significantly change the application for the 2011-2013 cycle. At the same time, they acknowledged that the application is time-consuming and complex to fill out, and might not provide reviewers with clear enough information about the councils’ work. OWEB also heard during the Listening Sessions that we need to improve our communication around council support. As outlined in Section III.B. of Agenda Item I, OWEB is working with watershed council representatives and council support review team members to improve the application, review process, and reporting.

V. Listening Sessions Follow Up - Open Conversations Response

Several topics were frequently mentioned during the Listening Session “open conversations.” OWEB’s top priority for follow-up are the items covered in Section IV of this staff report.

¹ “An Assessment of Capacity Building in Washington State,” December 2009, The Giving Practice, a consultancy of Philanthropy Northwest

However, we want to acknowledge that we heard councils' frustrations and desires around the topics of regulatory review of restoration projects, reducing paperwork where possible, making processes and requirements as easy to understand and follow as possible, and more flexibility in funding overhead costs in projects grants.

A. Regulatory Review

OWEB agrees that restoration projects should not have to meet the same level of regulatory review required for non-restoration projects. OWEB has been an advocate of this and will continue to advocate it with federal and state regulatory agencies. For example, OWEB staff have participated in Oregon Plan Core Team discussions of regulatory streamlining for restoration actions. These conversations have led to a limited set of actions on the part of the Department of State Lands to exempt a number of restoration actions. However, there is clear recognition that significant issues remain to be addressed. OWEB is part of an effort to identify and address the issues that can be resolved over the coming year.

B. Paperwork and Processes

OWEB agrees it is important to effectively communicate processes and requirements, reduce paperwork, make processes as easy to understand and follow as possible, and continue to move toward more electronic forms including applications and reporting. As noted in Section IV.C. above, we are currently working to improve the council support application forms. Follow-up will occur through the implementation of Goal 5, Strategy 1 of OWEB's Strategic Plan, which is to "continue to evaluate, explore, and implement grant administrative processes to maintain and enhance efficiencies at all levels." Given staff workload, current Strategic Plan priorities, and available resources, we expect to make continued progress over time on this issue.

C. Overhead in Project Grants

OWEB heard councils' request for OWEB to explore the ability to provide greater flexibility within project grants for funding direct and indirect costs of implementing projects, as a way to help councils with their capacity needs. As noted in Section IV.B. above, OWEB is committed to exploring ways to help build capacity in addition to the council support grant program.

The Oregon Constitution and state statutes currently restrict the use of capital Lottery funds to funding for direct project costs only. Indirect overhead costs of grantees cannot be funded with capital funds. Non-capital Lottery funds are very limited and as a result would not be available to pay indirect overhead costs. However, capital Lottery funds can pay for direct overhead expenses of a grantee that are incurred for the sole purpose of supporting personnel working on a project funded with capital Lottery dollars.

VI. Staff Contact

If you have questions or need additional information, please contact Lauri Aunan at lauri.g.aunan@state.or.us, or 503-986-0047.

Attachment

A. Report on Watershed Council Support Listening Sessions