



August 26, 2011

MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Lauri Aunan, Grant Program Manager
Courtney Shaff, Grant Program Coordinator

**SUBJECT: Agenda Item P: Watershed Council Support Work Group Update
September 13-14, 2011 OWEB Board Meeting**

I. Introduction

Goal 2 of the OWEB 2010 Strategic Plan is to “support an enduring, high capacity local infrastructure for conducting watershed restoration and conservation.” Strategy 2 of Goal 2 is to “evaluate and adjust watershed council support grant review and funding processes to build capacity, provide base funding, and promote strategic partnerships.”

This memorandum reports on the direction and concepts recommended by the Council Support Work Group for adjustments to the watershed council support grant review and funding processes. This is an informational item for Board discussion and feedback. OWEB staff plan to bring an action item to the Board in March 2012 on streamlining the 2013-2015 council support process, in order to give staff the time to work with councils and others to develop implementation details and revise council support rules for the 2015-2017 council support cycle. This transition period will also provide notice and planning opportunity for councils with respect to potentially significant changes to the council support process and funding.

II. Background

OWEB began addressing Strategic Plan Goal 2 by holding six Watershed Council Listening Sessions around the state in February and March of 2010. 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.

The Council Support Board Subcommittee developed draft Watershed Council Support Principles (Attachment A). These principles were presented at a Council Support Listening Session follow-up meeting at the November 2010 Biennial Conference, and to the Board at the September 2010 (Agenda Item C-5) and January 2011 (Agenda Item J) Board meetings.

The 2011 Oregon Legislature included the following budget note in OWEB’s budget:

“The [Ways & Means Natural Resources] Subcommittee recognizes that watershed councils are essential partners in accomplishing projects to protect, enhance and restore native fish and wildlife habitat and water quality and quantity. The Subcommittee thinks that after over a decade of millions

of dollars in state investments in watershed council support grants, it is appropriate to review councils' activities and oversight.

The Subcommittee directs OWEB to:

- 1. Work with appropriate local government entities to review the process for establishing and overseeing watershed councils, and identify whether any statutory or rule changes are needed;*
- 2. Enhance watershed council reporting to OWEB for accountability and tracking of accomplishments;*
- 3. Review criteria used to determine council eligibility for council support grants, to better ensure that investments go to groups that reflect the interests of the watershed and have proven successful in accomplishing their work plans in the past;*
- 4. Report to the Seventy-sixth Legislative Assembly regarding progress and recommendations.”*

OWEB convened a Council Support Work Group (Work Group) in May 2011 to advise OWEB on:

- A streamlined application and funding processes with improved reporting for accountability and tracking of accomplishments.
- How council “effectiveness indicators” proposed by the Network of Oregon Watershed Councils as part of its Service Strategy might be incorporated into OWEB council support processes.
- Refined council support eligibility criteria to better ensure that OWEB invests in local groups that reflect the watershed’s interests and potential to protect and enhance the quality of the watershed.

Work Group members are listed in Attachment B. The Work Group includes a watershed council representative from each of OWEB’s six regions, a board member of the Network of Oregon Watershed Councils, a council support grant reviewer, representatives from two private foundations, and two OWEB staff. By the time of the September Board meeting, the Work Group will have met seven times and concluded its work. The Work Group did a great job wading through difficult council support topics and staff greatly appreciates the time and energy they committed to the process.

In addition, staff are coordinating and communicating internally about the changes to soil and water conservation district funding as a result of OWEB’s Legislatively Adopted Budget, as discussed in Agenda Item Q. As OWEB develops a more detailed implementation plan for council support changes, we will consider what we are learning from our new role in the district capacity support process, and vice versa.

III. Council Support Work Group Concept

The Work Group’s concept is to move toward an **Outcome Based Review and Award Process**, which contains many similar elements to the draft Watershed Council Support Principles developed by the Council Support Board Subcommittee. The Work Group recognizes that “the devil is in the details” and that it will take time to develop the implementation details and consider how to address potential pitfalls. Overall, the Work Group supports taking the time to provide adequate notice to councils of the coming change, and providing time to transition to the new process, potential new funding levels, and other changes.

The Work Group’s concept and a draft timeline for implementation are shown in Attachment C. The concept includes:

- Moving to work-plan based application materials and periodic progress reports on accomplishments and the challenges to achieving work plan objectives.
- Streamlined review process.
- A more equitable distribution of council support funds for councils that meet the threshold criteria.
- A separate “capacity building” fund to address areas where councils need training or assistance.

OWEB has already begun to test the work plan approach. The grant agreements for councils ranked “good” and “needs improvement” in the 2011-2013 review process require those councils to attend a work plan training to be held around the state in fall 2011, and submit work plans and progress reports during the 2011-2013 biennium. This will provide a learning process for OWEB and councils as OWEB develops the details around the Work Group’s concept.

IV. Next Steps

In order to ensure that OWEB staff have the time needed to develop the details behind the concept, communicate and seek feedback from watershed councils, consider how the proposed Network “effectiveness indicators” might be used in the process, complete rulemaking, and develop new application and review materials, staff will ask the Board in March 2012 to waive the 2013-2015 council support application, review, and award process and carry-over the 2011-2013 council support award amounts to 2013-2015. This will effectively provide a four year council support grant (2011-2015) with the same amount being awarded for 2013-2015 that was awarded in 2011-2013. The rule-based evaluation and funding process currently takes at least 15 months of intensive staff time as well as time from councils and reviewers, and it would not be possible to run that process and do the work needed to fully develop the **Outcome Based Review and Award Process** concept developed by the Work Group and prepare councils for a new process in 2015. OWEB’s council support rules allow for a rule waiver when “doing so will result in more efficient or effective implementation of the Board's grant program.” [OAR 695-040-0080]

Between September 2011 and March 2012, OWEB staff will work with a subgroup of the Work Group to more fully develop the ideas behind the council support carry-over award. Specifically, OWEB staff and the subgroup will consider:

1. Reporting requirements, including PCSRF, for the 2011- 2013 and 2013-2015 grant agreements;
2. Capacity funding options for councils ranked in the “good” and “needs improvement” merit categories;
3. Requiring work plans and progress reports for all councils receiving a council support carry-over award for 2013-2015; and
4. Avenues for developing benchmarks and conditions for councils that fail to perform during the 2011-2013 or 2013-2015 biennium.

V. Recommendation

This is an informational item only. No Board action is required. OWEB staff will update the Board again in January 2012. At the March 2012 Board meeting, staff will ask for a Board decision on waiving the council support rules for 2013-2015 and carrying over council support awards.

DRAFT OWEB Watershed Council Support Principles

1. Any significant changes to council support funding should be phased in to allow councils enough time to adjust to, and plan for, the changes. The 2013-2015 council support grant cycle is the earliest OWEB would implement significant changes.
2. OWEB's watershed council support funding process should be fair, transparent, understandable, simplified and tailored to the circumstances that OWEB provides continuing support to organizations over many years.
3. OWEB's watershed council support funding should:
 - A. Provide a base level of funding to help support adequate operations, with a simplified application and award process;
 - B. Provide competitive, supplemental funding to promote and encourage performance; and
 - C. Not provide funding for councils that are not adequately performing or aren't achieving desired outcomes.
4. Councils that receive OWEB council support funding should meet basic standards of organizational function and accountability (either internally or through external means), such as
 - Board function
 - Personnel management
 - Systems and training
 - Financial management/planning

OWEB is interested in working with the Network of Oregon Watershed Councils around organizational effectiveness standards for councils, or using other third-party information, rather than requesting separate information about organizational function and accountability.

5. The Board and members of a council that receives OWEB council support funding are expected to actively seek to include representatives of all purpose-related stakeholder interests in the watershed(s) served by the council.
6. Councils that receive council support funding must be active in the community, reaching out to stakeholders, building community around watershed restoration, and their actions must result in on-the-ground projects that restore, protect and enhance watershed health.
7. Where appropriate and where it is needed to address OWEB's resource priorities, it is important for a watershed to have at least one well-functioning watershed council, soil and water conservation district or other watershed organization.

2011 Council Support Workgroup

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