



December 16, 2011

## MEMORANDUM



**TO:** Oregon Watershed Enhancement Board

**FROM:** Lauri Aunan, Grant Program Manager

**SUBJECT:** **Agenda Item E-2: 2011-2013 Regular Grant Cycles  
January 18-19, 2012 OWEB Board Meeting**

### I. Introduction

This report presents options for grant cycle deadlines for the 2011-2013 biennium. The report also proposes options for Board approval for grant types to solicit for the remainder of the 2011-2013 biennium.

### II. Background

The Board has broad authority and discretion regarding OWEB grant offerings. Under Oregon Administrative Rule (OAR) 695-004-0010, “the Board may allocate funds to support projects for restoration, monitoring, technical assistance, education and outreach. . . .” (emphasis added). In OAR Chapter 695, Division 5, OWEB’s rules direct the Board to announce the timing and type of grant applications to be considered.

OWEB has offered four grant cycles per biennium since the 2003-2005 biennium, but the types of grants offered have varied by cycle. The Board typically sets the schedule and identifies the types of grant applications solicited for each deadline based on OWEB’s legislatively adopted budget and Board approved spending plan.

Grant application offerings have been based on a 21-week review cycle. Grant cycle deadlines are coordinated with Board meeting dates to allow for time between a Board funding decision and the next grant application deadline. This timing allows time for grant applicants who are not funded to revise and resubmit their application.

The OWEB Board typically meets four times a year in January, March, June, and September. Board meeting dates are based on grant cycle timing and Board member availability, especially to avoid conflicts with other state natural resource agency boards and commissions.

OWEB typically solicits for Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring application in each October grant cycle, and Restoration, Acquisition, and Technical Assistance applications at each April cycle. Assessment applications have been periodically solicited; the last offering was in the April 2008 grant cycle.

At its June 2011 meeting, the Board established board meeting dates and tentative grant cycle schedules, subject to change, for the 2011-2013 biennium. The Board also approved the

solicitation of Restoration, Acquisition, Technical Assistance, Outreach, and Monitoring applications for the October 17, 2011, grant cycle. At that time, the Board did not approve solicitation of grant application types for the remainder of the 2009-2011 biennium because OWEB's budget was not final, the Board had not adopted an overall spending plan, and there were questions about implementation of Measure 76. The Board did not adopt regular grant cycle funding reserves for 2011-2013.

The Board made awards for Restoration, Acquisition and Technical Assistance grants at its September 2011 meeting based on receiving a number of good quality applications, including some very "big-ticket" projects that resulted in staged awards (partial awards in September, with future funding committed and reserved).

### **III. Budget Considerations**

As reported in Agenda Item E-1, 2011-2013 Biennium Spending Plan, a variety of factors has combined to affect OWEB's grant funds, including a bad economy, declining General Fund and Lottery Fund revenues, state budgeting decisions to shift PCSRF funds from grants to natural resource agency operations, uncertainty over the receipt of additional PCSRF funds, and changes under Ballot Measure 76. As a result, for 2011-2013, OWEB's grant funds are not able to meet the expectations of its many stakeholders. For the regular grant program, the management team recommended Option A spending plan proposes a total of \$30.5 million for the biennium, compared with \$37.5 million in 2009-2011 and \$43.8 million in 2007-2009. With this level of reduction for regular grant funding, staff considered options for how to most effectively and efficiently deliver the program and meet program goals and stakeholder needs, realizing not all needs can be met.

### **IV. Options for Grant Cycles and Offerings**

Grant Program staff met several times this fall to discuss the types of grants offered and number of grant cycles, given the funding proposed in the spending plan options. Grant staff agree that dividing Outreach and Monitoring funding between two cycles (October 2011 and October 2012) is not a good approach. This conclusion is based on the spending plan funding options for Outreach and Monitoring applications, together with more than \$1 million in Outreach and more than \$2 million in Monitoring applications submitted in October 2011. Staff's proposed grant cycle options for Board consideration (Attachment A) are consistent in offering one cycle (October 2011) for Outreach and Monitoring, with any future cycle or offerings to be determined based on availability of PCSRF or other funding.

Grant staff did not reach agreement on whether to offer four full grant cycles this biennium for Restoration and Technical Assistance grants, or a reduced three-cycle approach. The management team does have a recommended approach, discussed in more detail below and in Section V.

The Grant staff also considered setting lower caps for certain types of applications (Technical Assistance applications are currently capped at \$50,000), or eliminating certain activities as eligible for Technical Assistance this biennium, as a way to help make limited funding go farther. Staff also considered eliminating the request for effectiveness monitoring as part of Restoration applications as a way to stretch limited Restoration dollars. However, staff believe more in-depth analysis and discussion is needed to make informed recommendations.

At this time staff are not recommending any new application funding caps or changes to the types of Technical Assistance grant offerings. If the Board or stakeholders are interested in these ideas, staff could explore them and bring options to the Board at its March 2012 meeting.

In recent biennia, staff have awarded “staged” awards to very expensive grants to minimize the impact of a single large application in any one region. The Board awarded staged funding as recently as September 2011. Staff strongly recommend that, based on the level of funding available for regular grants, the Board should not award any additional “staged” awards for the remainder of the biennium.

Finally, as discussed in more detail in Agenda Items E-1 and K, staff are recommending no new acquisition application offerings until OWEB has significantly reduced the due diligence backlog. The earliest date to accept new applications would be no sooner than April 2013.

Attachment A contains two options for regular grant cycle deadlines and grant type offerings for the 2011-2013 biennium. Attachment A also notes that the Watershed Council Support offering is subject to change based on Board action at the March 2012 Board meeting (see staff report for Agenda Item P, Watershed Council Support Update).

Attachment B provides an estimate of the likely impact of the grant awards for the October 2011 cycle on the remaining grant cycles, depending on whether OWEB offers the typical suite of four grant cycles for 2011-2013, or reduces the total number of grant cycles to three. Clearly, Attachment B cannot precisely depict what will actually occur, but it shows the range of number of grants OWEB can likely fund based on the average request per region and the number of remaining cycles for each grant type. More funding is available per cycle if OWEB offers fewer cycles; less is available per cycle if more cycles are offered.

The management team has considered the pros and cons of the two options, as discussed below.

#### **A. Option 1**

- Four cycles for Restoration and Technical Assistance (April 2011, October 2011, April 2012, and October 2012).
- One cycle (October 2011) for Outreach and Monitoring, with a future Outreach and Monitoring cycle to be determined, depending on additional PCSRF or other funding, and Board priorities.
- Acquisitions offered only in April 2011 and October 2011, as discussed in Item E-1 and Item K staff reports.

##### **1. Pros**

- Applicants have more opportunities to re-submit an application that is not funded. For example, sometimes an applicant, whose project was not funded in one cycle, uses the feedback provided by the Regional Review Team to revise the proposal and then re-submits in the next cycle with greater success. However, with lower levels of funding available in each cycle, an applicant’s chances may not be significantly increased.
- If additional funding does become available, the Board can adjust the October 2012 cycle to add Outreach and Monitoring.

- Provides more opportunity for more applicants to get consideration. For example, sometimes a change in staffing results in an organization missing one grant deadline, but they are ready to apply for the following cycle. With only one cycle, if applicants are not ready by April 2012, they will have to wait a year to submit a restoration or technical assistance application.

## 2. Cons

- Because OWEB will be able to fund significantly fewer applications per cycle than has been the case in the past three biennia, applicants, reviewers and OWEB staff will expend significant time, effort, and resources each cycle for fewer grants on the ground. It may be more cost- and resource-effective for OWEB, and potentially for applicants, if the same amount of funds is awarded over two cycles rather than three, funding the same overall level with less cost and workload. This may be an important consideration during a time when agencies are facing potential additional budget cuts due to General Fund and Lottery revenue shortfalls.
- The ability of grant program staff to participate in important transition biennium efforts will be very constrained, because there is very little “down” time from back-to-back grant cycles. In particular, this is OWEB’s opportunity to invest in looking at our programs, policies and priorities, and address changes in funding and other things that have changed over the past 10-15 years. It’s important that this review involve grant program staff who have great knowledge and experience, but time will be very limited if grant cycles don’t change.

## B. Option 2

- Three cycles this biennium for Restoration and Technical Assistance (April 2011, October 2011, and April 2012).
- One cycle (October 2011) for Outreach and Monitoring, with future Outreach and Monitoring cycles to be determined, depending on additional PCSRF or other funding, and Board priorities.
- Acquisitions offered only in April 2011 and October 2011, as discussed in Item E-1 and Item K staff reports.

### 1. Pros

- Awards remaining regular grant funds “in hand” in two cycles rather than three, which is more cost- and time-effective, especially during a time of reduced resources. Spreading grant dollars more thinly over three more cycles means that more applications that were not funded may be resubmitted, while they may not have a better chance of being funded.
- Grant program staff can be more effectively involved in the Measure 76 program and policy planning and other key transition biennium work, such as partnerships and acquisitions. In developing program, policy, and priority changes, it will be important to involve OWEB staff who do the program work, to make sure that we understand the pros and cons of proposed changes and that changes will be understood by OWEB grantees and grant reviewers and are ready for implementation. Without effective involvement by grant program staff, changes may take more time and be less easily implemented.

## 2. Cons

- There is a risk for missed opportunities. For example, perhaps the pieces needed for an application are not quite ready in April 2012. There will not be an opportunity to apply in October 2012.
- Applicants have less opportunity to re-submit an application that has not been funded. For example, sometimes an applicant whose project was not funded uses the feedback provided by the Regional Review Team to revise the proposal and then re-submit it with greater success. However, with lower levels of funding available in each cycle, an applicant's chances may not be significantly increased by adding another cycle.
- If additional funding does become available and the Board decides it should be used for the regular grant program, it will be harder to add a whole new cycle than adjusting a cycle already planned for October 2012.

## V. Recommendation

As noted in the 2011-2013 Biennium Spending Plan staff report (Item E-1), reduced funding in OWEB's 2011-2013 budget forces difficult choices. OWEB recognizes the significant impacts these choices have on our local partners. Unfortunately, there is no scenario that allows OWEB to fund all programs sufficiently, nor can all needs and expectations be met.

Of the two grant cycle options set forth in this report, the OWEB management team recommends the Board approve Option 2. Given the amount of available funding for the regular grant program, this option provides the most cost-effective way to review and process applications. In addition, by allowing more funding to be available for the remaining two cycles rather than "thinning the soup" among three more cycles, this option avoids the considerable time commitment applicants would need to go through to compete in three grant cycles with diminished chances of receiving grant funding. The management team fully expects that if the Board approves Option 2, the grant program staff will be engaged in a range of work items that need to be addressed as part of OWEB's transition biennium work, as described in Agenda Item G.

### Attachments

- A. 2011-2013 Options for Grant Application Deadlines, Offerings, and Board Meeting Dates
- B. Comparing Two Options: An Estimate of the Number of Grants Awarded

## 2011-2013 Biennium Grant Application Deadlines and Board Meeting Dates

## Option 1

<i>For 2011-2013 biennium:</i>	<b>Application Deadline</b>	<b>Application Type(s)</b>	<b>Board Meeting Dates</b>
<i>4 cycles of Restoration, Technical Assistance (3 more)</i>  <i>1 cycle for Monitoring and Outreach</i>  <i>2 cycles for Land and Water Acquisition (completed)</i>	<b>April 18, 2011</b>	Restoration/Acquisition Technical Assistance	September 13-14, 2011
		N/A	January 18-19, 2012
	<b>October 17, 2011</b>	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012
		N/A	June 12-13, 2012
	<b>April 16, 2012</b>	Restoration, Technical Assistance	September 11-12, 2012
		N/A	January 16-17, 2013
	<b>October 22, 2012</b>	Restoration, Technical Assistance	March 12-13, 2013
	<b>January 22, 2013</b>	Watershed Council Support – <b>subject to change</b>	June 11-12, 2013
Grants funded in the 2013-15 biennium	<b>April 15, 2013</b>	Subject to change; grant types to be determined.	September 10-11, 2013

## Option 2

<i>For 2011-2013 Biennium:</i>	<b>Application Deadline</b>	<b>Application Type(s)</b>	<b>Board Meeting Dates</b>
<i>3 cycles of Restoration, Technical Assistance (2 more)</i>  <i>1 cycle for Monitoring and Outreach</i>  <i>2 cycles for Land and Water Acquisition (completed)</i>	<b>April 18, 2011</b>	Restoration/Acquisition Technical Assistance	September 13-14, 2011
		N/A	January 18-19, 2012
	<b>October 17, 2011</b>	Restoration/Acquisition Outreach Technical Assistance Monitoring	March 13-14, 2012
		N/A	June 12-13, 2012
	<b>April 16, 2012</b>	Restoration, Technical Assistance	September 11-12, 2012
		N/A	January 16-17, 2013
		N/A	March 12-13, 2013
	<b>January 22, 2013</b>	Watershed Council Support – <b>subject to change</b>	June 11-12, 2013
Grants funded in the 2013-15 biennium	<b>April 15, 2013</b>	Subject to change; grant types to be determined.	September 10-11, 2013

## Comparing Two Options

### An Estimate of the Number of Grants Awarded

This chart is an approximation of how many grants of each type could be funded under 2 different options, using **spending plan Option A** from the Spending Plan Staff Report. Figures were derived from several imperfect calculations. The first calculation determines the amount of funds per cycle by dividing the draft spending plan funds for each grant type by the number of potential remaining grant cycles. The second calculation determines the estimated award amount per region by dividing the first number by the number of regions. **This is just an estimate, since OWEB does not divide funding in six equal portions.** The third calculation estimates the number of applications that may be funded by dividing the estimated total award amount per region by the average amount requested. **The chart does not take into account variables such as Regional Review Team recommendations and prioritizations.** This is only an approximation of funding, to help inform the decision regarding the 2 options.

### Restoration

Remainder for the Biennium per Draft Spending Plan	\$17,100,000
Anticipated Staged Awards to be Due	\$1,320,756
<b>Remainder</b>	<b>\$15,779,244</b>

Oct. 2011 Grant Cycle	Total Amount Requested	Number of Applications Received	Average Amount Requested
Region 1	\$ 3,593,149.00	15	\$239,543
Region 2	\$ 1,740,223.00	16	\$108,764
Region 3	\$ 2,203,594.00	16	\$137,725
Region 4	\$ 2,523,574.00	12	\$210,298
Region 5	\$ 2,619,980.00	32	\$81,874
Region 6	\$ 2,708,763.00	21	\$128,989
<b>Total</b>	<b>\$ 15,389,283.00</b>	<b>112</b>	<b>\$137,404</b>

Option 1	Option 2
<b>3 Cycles</b>	<b>2 Cycles</b>
2011 Oct; 2012 Apr, Oct	2011 Oct; 2012 Apr
Funds per cycle	Funds per cycle
<b>\$5,259,748</b>	<b>\$7,889,622</b>
Estimated total award amount per region	
<b>\$876,625</b>	<b>\$1,314,937</b>
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
3 - 4	5 - 6
8 - 9	12 - 13
6 - 7	9 - 10
4 - 5	6 - 7
10 - 11	16 - 17
6 - 7	10 - 11
~ 40	~ 60
~35% of the applications funded	~54% of the applications funded

### Technical Assistance

Remainder for the Biennium per Draft Spending Plan	\$1,000,000
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Oct. 2011 Grant Cycle	Total Amount Requested	Number Rec'd	Ave. Request
Region 1	\$ 39,956.00	1	\$39,956
Region 2	\$ 231,377.00	7	\$33,054
Region 3	\$ 281,994.00	7	\$40,285
Region 4	\$ 194,717.00	5	\$38,943
Region 5	\$ 152,435.00	5	\$30,487
Region 6	\$ 246,560.00	7	\$35,223
<b>Total</b>	<b>\$ 1,147,039.00</b>	<b>32</b>	<b>\$35,845</b>

Option 1	Option 2
<b>3 Cycles</b>	<b>2 Cycles</b>
2011 Oct; 2012 Apr, Oct	2011 Oct; 2012 Apr
Funds per cycle	Funds per cycle
<b>\$333,333</b>	<b>\$500,000</b>
Estimated total award amount per region	
<b>\$55,556</b>	<b>\$83,333</b>
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
0 - 1	0 - 1
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
1 - 2	2 - 3
~ 9	~ 13
~30% of the applications funded	~40% of the applications funded

**Outreach**

Remainder for the Biennium per Draft Spending Plan **\$600,000**

Oct. 2011 Grant Cycle	Total Amount Requested	Number of Applications Received	Average Amount Requested
Region 1	\$ 85,157.00	5	\$17,031
Region 2	\$ 286,777.00	10	\$28,678
Region 3	\$ 290,675.00	11	\$26,425
Region 4	\$ 53,717.00	2	\$26,859
Region 5	\$ 74,179.00	3	\$24,726
Region 6	\$ 49,865.00	3	\$16,622
Statewide	\$ 184,202.00	4	\$46,051
<b>Total</b>	<b>\$ 1,024,572.00</b>	<b>38</b>	<b>\$26,962</b>

Options 1 & 2	
1 Cycle	2 Cycles
2011 Oct	2011 Oct; 2012 Oct
Funds per cycle	Funds per cycle
<b>\$600,000</b>	<b>\$300,000</b>
Estimated total award amount per region	
<b>\$85,714</b>	<b>\$42,857</b>
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
4 - 5	2 - 3
2 - 3	1 - 2
3 - 4	1 - 2
1 - 2	1 - 2
3 - 4	1 - 2
2 - 3	2 - 3
1 - 2	0 - 1
~ 22	~ 12
~60% of the applications funded	~33% of the applications funded

**Monitoring**

Remainder for the Biennium per Draft Spending Plan **\$1,700,000**

Oct. 2011 Grant Cycle	Total Amount Requested	Number Rec'd	Ave. Request
Region 1	\$ 252,384.00	3	\$84,128
Region 2	\$ 940,502.00	7	\$134,357
Region 3	\$ 317,798.00	4	\$79,450
Region 4	\$ 285,245.00	3	\$95,082
Region 5	\$ 140,191.00	6	\$23,365
Region 6	\$ 192,985.00	2	\$96,493
<b>Total</b>	<b>\$ 2,129,105.00</b>	<b>25</b>	<b>\$85,164</b>

Options 1 & 2	
1 Cycle	2 Cycles
2011 Oct	2011 Oct; 2012 Oct
Funds per cycle	Funds per cycle
<b>\$1,700,000</b>	<b>\$850,000</b>
<b>\$283,333</b>	<b>\$141,667</b>
Estimated total award amount per region	
Estimated Number of Applications Funded, based on average amount requested*	Estimated Number of Applications Funded, based on average amount requested*
2 - 3	1 - 2
2 - 3	1 - 2
3 - 4	1 - 2
2 - 3	1 - 2
5 - 6	5 - 6
1 - 2	1 - 2
~ 20	~ 14
~80% of the applications funded	~55% of the applications funded