



# Oregon

Kate Brown, Governor

## Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

[www.oregon.gov/OWEB](http://www.oregon.gov/OWEB)



## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board  
**FROM:** Meta Loftsgaarden, Executive Director  
**SUBJECT:** **Agenda Item D – Approval of Spending Plan Additional Funding  
July 26-27, 2016 Board Meeting**

### I. Introduction

This report provides two options for the Board's consideration to add funds to the 2015-17 Spending Plan. Options are provided based on direction given by the Board when they approved the spending plan in July 2015 regarding Pacific Coastal Salmon Recovery funding. In addition, the Board provided direction for options at the April 2016 Board meeting regarding funds that have been recaptured from grants that were canceled or under budget. Staff will seek a Board decision between the two spending plan additional funding options.

### II. Background

After the Oregon Legislature approves OWEB's budget at the beginning of each biennium, the Board considers and approves a spending plan for the distribution of grant funding. The OWEB Spending Plan guides the agency's grant investments for the biennium. Available funding for the Board to distribute includes Measure 76 Lottery, federal, and salmon license plate revenues, with the bulk from Measure 76 and the federal Pacific Coastal Salmon Recovery Fund (PCSRF). PCSRF funds have been a significant component of OWEB's budget since 2000, accounting for approximately one-third of OWEB's total funds. The Oregon Legislature routinely allocates PCSRF funding based on estimated federal grant awards over two years.

At its June 2015 meeting, the Board adopted a 2015-2017 Spending Plan totaling \$74.664 million. Attachment A shows the approved spending plan, including recommendations for additional PCSRF funding if those funds became available. The Board's approval was specific only to the funds available at the time.

### III. Pacific Coastal Salmon Recovery Funding

Since 2000, approximately one-third of OWEB's funding (both for grants and operations) has been provided through the competitive PCSRF grant process, which is offered by National Oceanic and Atmospheric Administration (NOAA) Fisheries. PCSRF has contributed just over \$200 million to Oregon for salmon and steelhead recovery efforts. The OWEB Board and the state's Legislature have used PCSRF funding to support watershed restoration related actions and for staffing in state agencies. PCSRF has significantly enhanced OWEB's expenditures through grants in salmon and steelhead recovery areas around the state.

On an annual basis, OWEB, as the designated grant recipient for the State of Oregon, applies for PCSRF funding. The PCSRF solicitation included a two-step application process. OWEB, on behalf of the State of Oregon, requested \$25 million, the maximum amount of funding possible. This request included a required 33% match, which in the past has come from lottery funding, salmon license plate revenues, match from the Oregon Department of Fish and Wildlife (ODFW), along with additional leverage contributions.

For the FFY 2016 PCSRF solicitation, Oregon was the highest ranked applicant. In their review, NOAA noted Oregon's strong delivery system and match for on-the-ground projects, along with investments in high-priority areas via initiatives such as Focused Investment Partnerships and the coastal coho business plan development. As a result, NOAA awarded the state \$14.8 million in PCSRF funding this year. This amount is a slight increase over the FFY 2015 award amount. Of that amount, \$5.1 million is available for grants in the 2015-17 spending plan, with the remainder invested in support of OWEB staff costs, distributed to Oregon Department of Fish and Wildlife, or held in reserve for future biennia spending plans. Attachment B to the staff report outlines the categories in which PCSRF funding can be expended and recommends a distribution of those funds based on the Board's direction at the July 2015 meeting.

For this funding, staff recommends \$2.9 million be added to the Open Solicitation Restoration line item, \$1.2 million be added to the Open Solicitation Technical Assistance (Restoration) line item and \$1 million be added to the Open Solicitation Land and Water Acquisitions line item. These three categories most closely align with NOAA's top priorities for its investments. They also match with categories the Board identified at its July 2015 meeting as areas for additional investment.

#### **IV. Recaptured Grant Funds**

In addition to the \$5.1 million available from PCSRF funding, OWEB regularly recaptures funds that have been either returned because a project came in under budget, or returned if a project was canceled. At the April 2016 Board meeting, staff reported that amount was approximately \$1 million. With subsequent dollars recaptured, that amount is now \$2 million. In conversations with the Board at that time, they requested staff come back with three options for use of recaptured funds for a Board spending plan decision at the July meeting. These included:

1. Distribute all funding in Open Solicitation categories
2. Distribute all funding to Focused Investments
3. Place recaptured funds back into the category from which they were recaptured.

Attachment B responds to this request. Option 1 is provided as outlined. For Option 2, only \$1.113 million is needed to fully fund each of the existing Focused Investment Partnerships based on the reductions they received in their funding request to the

Board at its January 2016 meeting. As a result, staff placed only that amount into the Focused Investment line item, adding the remainder into Open Solicitation.

In conversations with the agency's fiscal staff, Option 3 became a challenge because not all funding is recaptured just from Open Solicitation or Focused Investments. Some comes from Operating Capacity as well, which has no established mechanism for redistributing funds back to councils or districts. This would require development of new processes. The same holds true for Small Grants, CREP Technical Assistance in Open Solicitation, and current and prior biennia delegations to the Director. To establish processes for each of these grant programs would take an extensive amount of time and effort to ensure all factors relating to equitability across grantees were evaluated. As a result, Attachment B to the spending plan only includes Options 1 and 2.

Attachment B to the staff report outlines both options for Board consideration. Generally, staff propose to provide additional funding in the Restoration, Technical Assistance (Restoration) and Monitoring Categories under Open Solicitation. Staff will review options in detail at the July Board meeting.

#### **V. Recommendation**

Staff recommend the Board first approve distribution of PCSRF funding in the identified categories. Staff then recommend the Board select and approve either Option 1 or Option 2 as included in Attachment B to the staff report for investment of funds recaptured from existing grants.

#### **Attachments**

- A. 2015-2017 Approved Spending Plan
- B. Board Options for Investment of Additional Funding

**OWEB 2015-17 Spending Plan  
for the July 2016 Board Meeting**

Attachment A

<b>OWEB SPENDING PLAN</b>	<b>July 2016 additions to spending plan</b>	<b>July 2016 Spending Plan</b>	<b>TOTAL Board Awards To-Date</b>	<b>Remaining Spending Plan for July 2016 awards</b>	<b>July 2016 Proposed Board Awards</b>	<b>Remaining Spending Plan as of July 2016</b>
<b>Open Solicitation:</b>						
Restoration**		21.750	12.354	9.396		9.396
Technical Assistance						
Restoration TA**		1.750	1.312	0.438		0.438
CREP TA		1.050	1.050	0.000		0.000
Monitoring grants**		1.900	0.954	0.946		0.946
Outreach**		0.600	0.310	0.290		0.290
Land and Water Acquisition**		6.500	2.343	4.157		4.157
Weed Grants		2.500	2.500	0.000		0.000
Small Grants		2.800	2.800	0.000		0.000
Programmatic Effectiveness Monitoring		0.500	0.101	0.399	0.093	0.306
<b>TOTAL</b>	<b>0.000</b>	<b>39.350</b>	<b>23.724</b>	<b>15.626</b>	<b>0.093</b>	<b>15.533</b>
<b>% of assumed Total Budget</b>		<b>56.59%</b>				

\*\*if more funding becomes available, will go to these areas)

<b>Focused Investments:</b>						
Implementation FIPs		12.945	12.945	0.000		0.000
Capacity-Building FIPs		1.039	1.039	0.000		0.000
FI Effectiveness Monitoring		0.500	0.200	0.300		0.300
<b>TOTAL</b>		<b>14.484</b>	<b>14.184</b>	<b>0.300</b>	<b>0.000</b>	<b>0.300</b>
<b>% of assumed Total Budget</b>		<b>20.83%</b>				

<b>Operating Capacity:</b>						
Capacity grants (WC/SWCD)		12.500	12.500	0.000		0.000
Statewide organization partnership support		0.300	0.300	0.000		0.000
Building Capacity Grants		0.400	0.400	0.000		0.000
<b>TOTAL</b>	<b>0.000</b>	<b>13.200</b>	<b>13.200</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>% of assumed Total Budget</b>		<b>18.98%</b>				

<b>Other:</b>						
CREP		0.500	0.500	0.000		0.000
Oregon Plan/Governor Priorities		1.000	1.000	0.000		0.000
Strategic Implementation Area's		1.000	1.000	0.000		0.000
<b>TOTAL</b>	<b>0.000</b>	<b>2.500</b>	<b>2.500</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>% of assumed Total Budget</b>		<b>3.60%</b>				

<b>TOTAL OWEB Spending Plan</b>	<b>0.000</b>	<b>69.534</b>	<b>53.608</b>	<b>15.926</b>	<b>0.093</b>	<b>15.833</b>
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<b>OTHER DISTRIBUTED FUNDS IN ADDITION TO SPENDING PLAN DISTRIBUTION</b>						
Oregon Department of Fish and Wildlife - PCSRF		9.512	9.512	0.000		0.000
USFW-Coastal Wetlands		0.000	0.000	0.000		0.000
Forest Health Collaboratives from ODF		0.660	0.500	0.160		0.160
Rangeland Fire Protection Assoc from ODF		1.200	1.200	0.000		0.000
PSMFC-IMW	0.291	0.591	0.300	0.291	0.291	0.000
Lower Columbia Estuary Partnership		0.300	0.300	0.000		0.000
<b>TOTAL</b>	<b>0.291</b>	<b>12.263</b>	<b>11.812</b>	<b>0.451</b>	<b>0.291</b>	<b>0.160</b>

**OWEB 2015-17 Spending Plan Additions  
for the July 2016 Board Meeting**

Attachment B

<b>OWEB SPENDING PLAN</b>	<b>Apr 2016 Spending Plan</b>	<b>PCSRF \$5.1m addition</b>	<b>Option 1 - OS Only</b>	<b>Option 2 - OS &amp; FI</b>
<b>Open Solicitation:</b>				
Restoration**	21.750	2.900	1.250	0.557
Technical Assistance				
Restoration TA**	1.750	1.200	0.250	0.110
CREP TA	1.050			
Monitoring grants	1.900		0.500	0.220
Outreach	0.600			
Land and Water Acquisition**	6.500	1.000		
Weed Grants	2.500			
Small Grants	2.800			
Programmatic Effectiveness Monitoring	0.500			
<b>TOTAL</b>	<b>39.350</b>	<b>5.100</b>	<b>2.000</b>	<b>0.887</b>
<b>% of assumed Total Budget</b>	<b>56.59%</b>	<b>59.56%</b>	<b>60.61%</b>	<b>59.16%</b>

\*\*Eligible for PCSRF

<b>Focused Investments:</b>				
Implementation FIPs	12.945			1.113
Capacity-Building FIPs	1.039			
FI Effectiveness Monitoring	0.500			
<b>TOTAL</b>	<b>14.484</b>	<b>0.000</b>	<b>0.000</b>	<b>1.113</b>
<b>% of assumed Total Budget</b>	<b>20.83%</b>	<b>19.41%</b>	<b>18.90%</b>	<b>20.35%</b>

<b>Operating Capacity:</b>				
Capacity grants (WC/SWCD)	12.500			
Statewide organization partnership support	0.300			
Building Capacity Grants	0.400			
<b>TOTAL</b>	<b>13.200</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>% of assumed Total Budget</b>	<b>18.98%</b>	<b>17.69%</b>	<b>17.22%</b>	<b>17.22%</b>

<b>Other:</b>				
CREP	0.500			
Oregon Plan/Governor Priorities	1.000			
Strategic Implementation Area's	1.000			
<b>TOTAL</b>	<b>2.500</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>% of assumed Total Budget</b>	<b>3.60%</b>	<b>3.35%</b>	<b>3.26%</b>	<b>3.26%</b>

<b>TOTAL OWEB Spending Plan</b>	<b>69.534</b>	<b>5.100</b>	<b>2.000</b>	<b>2.000</b>
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<b>OTHER DISTRIBUTED FUNDS IN ADDITION TO SPENDING PLAN DISTRIBUTION</b>				
ODFW - PCSRF	9.512			
USFW - Coastal Wetlands	0.000			
ODF - Forest Health Collaboratives	0.660			
ODF - Rangeland Fire Protection Assoc.	1.200			
PSMFC - IMW	0.300			
Lower Columbia Estuary Partnership	0.300			
<b>TOTAL</b>	<b>11.972</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>TOTAL Including OWEB Spending Plan and Other Distributed Funds</b>	<b>81.506</b>	<b>5.100</b>	<b>2.000</b>	<b>2.000</b>
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