



Oregon

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July 17, 2009

TO: Land Conservation and Development Commission

FROM: Art Schlack, Chair, Grants Advisory Committee
Darren Nichols, Community Services Division Manager

SUBJECT: **Agenda Item 9, July 29-31, 2009 LCDC Meeting**

GRANTS ADVISORY COMMITTEE UPDATE

Approval of 2009-2011 Grants Allocation Plan

The Grants Advisory Committee met July 9, 2009 to develop a final draft *2009-2011 Grants Allocation Plan* for recommendation to the commission. The commission will be asked to formally adopt or amend the attached final draft at its July 29 – 31, 2009 meeting.

Land Conservation and Development Commission

2009-2011 GENERAL FUND GRANTS ALLOCATION PLAN

INTRODUCTION

This plan provides general guidance to the Department of Land Conservation and Development (DLCD) for the department's grant allocation decisions. The plan was developed by DLCD staff and the Commission's standing Grants Advisory Committee.

THE GENERAL FUND GRANT PROGRAM

DLCD's general fund grants are used primarily for local government land use planning and associated efforts. The fund is divided into functional categories and made available for specific types of projects. During the 2007-2009 biennium, these categories included Periodic Review, Technical Assistance, Columbia River Gorge National Scenic Area, Planning Assistance to Small Cities and Counties, and a Dispute Resolution grant to the Oregon Consensus Program. A budget note was authorized by the 2007 legislature to fund infrastructure planning in newly urbanizing areas. Each of these is discussed in more detail in the following sections of this plan.

Some of the categories were designated in department budget notes during past biennia. Specifically, Planning Assistance and Columbia River Gorge grants were originally created in response to legislative direction. The DLCD budget note mentioned above did not create a new category or type of grant and is not specifically funded in the 2009-2011 biennium.

COMMITTEE RECOMMENDATIONS

The Grants Advisory Committee's recommendations are explained below and summarized in Exhibit B. The committee's highest priority for the 2009-2011 biennium is to fund projects ready to proceed early in the biennium. In order to encourage early participation, the committee recommends placing an application priority deadline of November 1, 2009, on all grants. Applications received by the department prior to November 1 are anticipated to receive funding according to the priorities described below. Due to the current budget climate applications submitted after November 1 will be placed at a lower priority for funding and will likely be at a disadvantage in competing for funds.

SPECIAL CATEGORY GRANTS

Planning Assistance (PA) Grants. Sometimes called "small city/county" grants, Planning Assistance grants of \$1,000 are provided to cities under 2,500 population, and \$3,500 to counties smaller than 15,000 population. These grants have been awarded since 1991. DLCD has few requirements for PA grants, leaving the use of the funds as flexible as possible to assist the

operations of planning functions in these jurisdictions. Basic planning functions, such as the review of development permits, contribute to the economic development of these communities.

During the 2007-2009 biennium, 8 counties and 142 cities were eligible for Planning Assistance grants. All 8 counties (100%) took advantage of the offer but only 88 cities (62%) participated in the program. The committee offered to partner with department staff to advertise the Planning Assistant grant program more actively and to encourage full participation in the program. The committee recommends that DLCD continue to offer Planning Assistance grants to all eligible cities and counties in the 2009-2011 biennium. Grant offers for Planning Assistance grants must be returned to the department no later than November 1, 2009.

Columbia Gorge (CG) Grants. LCDC recognizes that counties within the Columbia River Gorge National Scenic Area are responsible to coordinate and implement federal planning requirements in addition to more typical state and local laws. To assist those counties (Hood River County, Multnomah County and Wasco County) the commission has provided long-standing grants to cover a portion of the cost of implementing the Columbia River Gorge National Scenic Area Plan. The committee recommends that Gorge grants receive funding for 2009-2011 at the same level and in the same manner as the 2007-2009 biennium.

Dispute Resolution (DR) Grant. The Oregon Consensus Program (OCP) at Portland State University received technical assistance grants from DLCD during the past three biennia to provide dispute resolution services related to land use and planning. An important aspect of OCP's service includes assisting parties to LUBA appeals pursuant to ORS 197.830(10)(b). OCP also assesses cases to determine whether they are appropriate for mediation, and in some cases assists with mediation services.

Following an OCP presentation regarding the relative effectiveness of dispute resolution and consensus-building projects at difference stages during the planning process, the committee asked OCP to provide a summary of OCP activities for 2007-2009 and asked to consider whether priority should be given to OCP projects that engage or utilize consensus-building and dispute resolution efforts earlier in the planning process. The committee recommends that the dispute resolution grant be funded at the same level as 2007-2009 and advises the department to consider and report the effectiveness of OCP interventions on a case by case basis.

FUNDAMENTAL GRANT PROGRAMS

Periodic Review (PR) Grants. As the name implies, these grants are provided to local jurisdictions to assist with the completion of periodic review work tasks. Periodic review grants have been awarded non-competitively in a manner closely resembling first-come, first-served. As a result of SB 543 (1999), SB 920 (2003), and HB 3310 (2005), periodic review is currently focused on particular jurisdictions and topics. SB 920 stopped new periodic review work programs until the end of the 2005-2007 biennium; in 2007, the commission reinstated a streamlined version of periodic review for cities in metropolitan planning organizations (MPO) with populations over 2500 and for cities statewide with populations greater than 10,000.

This plan covers the continued revival of periodic review planning activity. The committee recommends that Periodic Review grants be used only for completion of work tasks approved

under the current version of periodic review and that these grants continue to receive the highest priority for general fund grant dollars in 2009-2011.

The Committee discussed several concerns prior to recommending the funding priority for periodic review and, thereby, the number of cities for which to initiate periodic review work programs this biennium.

The committee recognizes that periodic review must be carefully administered to maximize the overall success of Oregon's statewide planning program. The committee and the department recognize the importance of maintaining a positive public perception of the periodic review program and its value to local governments and state agency partners. Periodic Review must be structured and funded to enable jurisdictions to complete periodic review work programs in a timely manner – meeting local needs and statutory time deadlines.

The successful implementation of periodic review includes careful management of the biennial schedule, the total number of jurisdictions in periodic review at any given time, the specific content of individual work programs, the department's ability to offer sufficient grant resources. The committee agreed that the most important objective is for jurisdictions to successfully complete periodic review programs quickly and efficiently – meeting statutory deadlines, avoiding “backlogs” in the program, and making efficient use of scarce public resources.

The committee specifically discussed the estimated number of work tasks likely to be complete by eligible cities within the current biennium; the amount of combined funding available for periodic review/technical assistance grants; the likelihood of individual jurisdictions' “readiness”; the option of full or partial grant support for periodic review work tasks; the schedule for periodic reviews in subsequent biennium; and other factors likely to influence the ability of local governments to successfully complete periodic review.

Recognizing variations between the planning capacities of cities (larger cities generally having more staff and resources) and that during periodic review, larger cities historically have tended to contribute a higher percentage of local resources, the committee agreed to offer general policy directives for the department to consider when reviewing periodic review grant applications. The committee further recommends that 55% of the grant funds be initially available for periodic review and 45% for technical assistance, after funding the Planning Assistance grants, Dispute Resolution grant, and the Columbia Gorge grant at 2007-2009 biennial levels. Following the November 1, 2009 deadline, the committee will meet to reassess the relative priorities for periodic review and technical assistance awards.

The Grants Advisory Committee recommends the following funding priorities for grant assistance with periodic review work tasks:

1. Highest Priority - Jurisdictions that are newly entering a periodic review work program or are successfully completing a work program within statutory timelines will be eligible for first priority grant funding. Grant funding shall be allocated in amounts or proportions that assist the completion of a periodic review work program in a timely manner (within statutory timelines).

2. Second Priority - Jurisdictions requesting voluntary periodic review, having Commission review and approval, will be eligible for second priority grant funding –after any jurisdictions completing new or continuing programs within statutory timelines.

3. Lowest Priority - Jurisdictions working under pre-2003 periodic review programs and those jurisdictions that are not successfully working within statutory timelines will be eligible for third priority funding. Funding for these work tasks will be authorized as resources permit and after any priority deadlines for jurisdictions working under post-2007 work programs meeting statutory timelines and/or jurisdictions working under LCDC-approved voluntary work programs meeting statutory deadlines.

Technical Assistance (TA) Grants. These grants are used for planning projects and related planning activities outside periodic review and for previous periodic review work tasks authorized by the commission prior to 2007. During the previous three biennia, TA grant awards were guided by the Grants Allocation Plan, which set economic development, regulatory streamlining, and population coordination as the highest priorities.

TA grants were awarded on a competitive basis for the first time during 2003-2005, and the committee recommends continuing the use of substantive criteria for awarding grants in 2007-2009. The funds have been used to complete a variety of projects such as economic opportunity analyses (EOA), industrial land needs analyses, buildable lands inventories (BLI), and public facilities plans for jurisdictions not in periodic review. Smaller amounts of the fund have been used for code updates, local compliance with Columbia River Gorge Scenic Area plan updates, dispute resolution, and miscellaneous projects that aligned well with the priorities established by the commission.

The committee recommends for 2009-2011 that technical assistance grants again be focused directly on high priority projects and only after higher priority periodic review projects have opportunity to utilize grant funds. The committee's recommendation alters the priorities slightly compared to previous biennia. Priority projects are now recommended to be those that promote economic development, advance regulatory streamlining, provide coordinated county-wide population projections, and provide infrastructure financing plans for urbanizing areas. The latter priority is new. TA requests outside these priorities should be funded only after all applications of higher priority are considered.

Again, the committee recommends that the budgets available for periodic review and technical assistance be split 55% and 45% respectively. Following the November 1, 2009 priority deadline, the committee will meet to reassess the relative priorities for periodic review and technical assistance awards. Jurisdictions interested in competing for technical assistance grants are strongly encouraged to apply before November 1, 2009.

Examples of projects that could be funded with TA grants include:

- intergovernmental agreements to increase efficiency of local government operations,
- updates to Goal 5, 9 or 10 elements of comprehensive plans,
- public facilities planning for employment lands,
- code updates to streamline industrial or residential siting review,

- coordinated public facilities plans for urbanizing areas, and
- similar planning local and regional planning projects.

LEVERAGE

The committee decided that a local cash or in-kind match should not be required for individual grants to leverage the department's funds. Typically for a local government to provide a cash match, the match must be budgeted ahead of time which increases the lead-time for planning a project and which may result in missed opportunities. Cash matches may also be particularly difficult for small jurisdictions. Regardless of any match requirement, a local government must provide in-kind resources for grant administration and must facilitate the local decision-making process which typically represents a significant local commitment.

That said, matching funds that provide a more fully funded project increase the likelihood that a project will be successfully completed. Matching funds also demonstrate local or regional commitment to a project. Therefore, within the priorities above, greater consideration should be given to projects that offer hard matching funds. All funding sources that will contribute to the successful completion of a project should be considered, including: cash and in-kind; local and non-local; public and private.

The committee determined that the department should primarily leverage grant funds at the program level rather than for individual grants. Coordinating with other agencies and programs, such as Transportation Growth Management Program (TGM), Economic Revitalization Team (ERT) and Oregon Business Development Department (OBDD), should be the primary approach for leveraging DLCD grant funds.

IMPLEMENTATION OF THE PLAN

The department is responsible for implementing this plan with any necessary oversight, monitoring or further refinements by the Grants Advisory Committee. The department will report periodically on the types and amounts of grant applications received from local governments and the specific applications approved for funding. The committee is scheduled to meet next in November 2009 and will meet as needed during the 2009-2011 biennium.

In the meantime the committee will consider how to improve coordination with local governments and with other agencies to leverage department grant funds. Committee members will also advise and assist the department in developing the content and process for alerting small cities and counties of the availability of Planning Assistance grants.

The Land Conservation and Development Commission approved this plan, as recommended by the Grants Advisory Committee, by voice vote on July 31, 2009.

Exhibit A

GRANTS ADVISORY COMMITTEE MEMBERSHIP

Jon Chandler
Oregon Home Builders Association

Todd Cornett
Wasco County Planning

Linda Ludwig
League of Oregon Cities

Mary Kyle McCurdy
1000 Friends of Oregon

Sherry Oeser
Metro

Art Schlack, Chair
Association of Oregon Counties

Kelly Ross
Western Advocates, Inc.

Sandi Young
City of Wilsonville Planning

Exhibit B

SUMMARY OF RECOMMENDATIONS

Grant funds for the 2009-2011 biennium should be allocated on the following recommendations:

Grant Program Categories

Columbia Gorge (CG)
Planning Assistance (PA)
Dispute Resolution (DR)
Periodic Review (PR)
Technical Assistance (TA)

Grant Priorities

- Planning Assistance grants at the same level as 2007-2009.
- Columbia Gorge grant program funding as the same level as 2007-2009.
- Dispute Resolution grant at the same level as 2007-2009.
- Following the awards above, remaining funds will be split between periodic review (55%) and technical assistance (45%). Applications received prior to November 1, 2009 will be awarded according to the 55/45 fund split. This level of funding will be reviewed by the committee during the biennium to determine whether an adjustment is required.
 - Periodic Review grants for completing work tasks according to the following priorities:
 - Post 2007 work program tasks
 - Voluntary work program tasks
 - Pre-2003 work program tasks.
 - Technical Assistance grants shall be prioritized for projects advancing planning for economic development, regulatory streamlining, coordinated county-wide population forecasting, overdue periodic review tasks, and public facilities financing plans. Applications for projects outside the priority list are strongly encouraged and will be evaluated on the merits of the application.

Leverage of Grant Funds

The department should continue to coordinate with federal and state agency programs (e.g. TGM, OBDD, ERT, EPA) to get the maximum results from general fund grants.

Maintain relationship with ODOT and OBDD to coordinate planning for industrial lands.

Keep data on other funds used in conjunction with DLCD grant funds to complete local projects, including local in-kind and cash match, other state funds, federal funds and private funds. Does not require a local match as condition of grant approval, but gives priority to grant applications from local jurisdictions that demonstrate local commitment through cash or in-kind match.