

January 27-28, 2015 OWEB Board Meeting Executive Director Update #J-1: Long-Term Investment Strategy Update

Last year, the Board adopted its Long-Term Investment Strategy for Conservation (LTIS), which included approval of a framework for grant investments and direction for the LTIS. This report updates the Board on the numerous tasks undertaken associated with the LTIS.

Background

As a result of the passage of Ballot Measure 76 in 2010, OWEB's primary source of funding was no longer time-limited in the Oregon Constitution. From that point forward, OWEB has been reviewing and updating its priorities, policies, programs and practices with the purpose of best positioning the agency as an effective and successful long-term funder of conservation in Oregon.

In June of 2013, the OWEB Board approved its Long Term Investment Strategy Framework with four major areas of investment: Operating Capacity, Open Solicitation, Focused Investments, and Effectiveness Monitoring. The LTIS is nested within the agency's mission and strategic plan goals, and touches on nearly all aspects of OWEB's responsibilities.

In carrying out work to implement the LTIS, OWEB set out guiding principles about how the agency would approach updates and changes in programs. Overall, the effort has involved significant engagement of the OWEB Board and staff, as well as stakeholders. OWEB's mission, strategic plan goals, a summary of the LTIS framework and direction, and the guiding principles are included in Attachment A.

The LTIS implementation items listed below involve a considerable amount of work for OWEB staff above and beyond the typical workload. Staff's goal is to carry out these efforts without diminishing the quality of services our stakeholders regularly expect from the agency. Toward that end, OWEB managers have been meeting regularly to coordinate activities and position the agency to make as much progress as possible over the biennium. In addition, OWEB is utilizing internal cross-sectional teams for many of these tasks to ensure we have the expertise needed to inform our direction on policies and processes.

Status of Priority Work Items

The following lists the priority work items for OWEB during the 2013-2015 biennium:

- A. *Develop online grant applications and grant agreements.* OWEB's goal is to improve effectiveness and efficiency of the agency's grant-making processes for applicants, grantees and OWEB staff. OWEB's target is to launch an online grant application/grant agreement web interface during the 2015-2017 biennium.
 1. Grant application streamlining – In Summer 2014, the agency's Leadership Team approved streamlined applications for restoration, technical assistance and monitoring grants, which will replace the current applications when online applications are implemented. Work is underway on streamlining the outreach grant application. As the streamlined applications begin to be tested in the online system, refinements will continue.

2. Online system development – Design and early construction of the components of the online system are underway. OWEB information-system staff have developed the initial schema for the system and now are developing an early version (i.e., a first “alpha” version) of the system. The system is being developed in a way that will support important reporting requirements to funders such as NOAA Fisheries and to the Legislature, stakeholders and the general public.

An internal project team has convened several times to address the needs of applicants, staff and reviewers regarding functionality and usability. While the alpha version of the system is in development, the team is working on guidance to assist users and content for the grant-agreement templates that will be incorporated into the system. The online project team is working in close coordination with the Continuous Improvement team (see Item B below) to ensure that the two processes mutually inform and support one another, maximizing delivery of effective, efficient and high-quality service to OWEB customers.

An external stakeholder group is also advising the project. The group met for the first time in November of 2014 and reviewed system functionality and usability. This group will be involved in multiple phases of review, testing and refinement of the online system, which is scheduled to begin in February 2015. Review and testing by OWEB stakeholders is critical to ensure that the system works for applicants, grantees, reviewers and OWEB staff. The online system is anticipated to launch for the October 2016 grant cycle.

- B. Continuous Improvement.* The OWEB Leadership Team has adopted continuous improvement (CI) as a core OWEB value and business practice. Goals include creating value for OWEB’s customers and improving quality of the service OWEB provides. Improvements are achieved by engaging cross-section teams of staff in systematic and data-driven analysis of business processes. As appropriate, the agency also involves applicants, review team members and other customers. The Leadership Team initiated CI in the Regular Grant Program, beginning with the application and review processes to inform design and build of online applications.

September 2014 Workshop – Application Submissions

An OWEB staff team completed initial recommendations in September and began to implement process improvements in a phased approach that will continue through future grant cycles. The goals of process changes recommended by the team were to:

- Improve application quality, completeness, and accuracy that leads to applicant success, higher value use of reviewer and OWEB staff time, and measurable watershed improvements;
- Save time and costs for applicants, reviewers, and OWEB staff by eliminating unnecessary process steps and increasing process efficiencies; and
- Increase diversity of expertise and participation in RRT meetings, resulting in objective, fair, and consistent evaluations and recommendations to OWEB staff.

Attachment B depicts the team’s recommendations for two tracks: A) before online applications and B) after online applications.

As an initial step, for the October 2014 grant cycle, OWEB accepted PDF applications by email for the first time. Applicants overwhelmingly supported this change; 83% of applications were submitted by email. Data tracking showed that it takes OWEB 19 minutes on average to process one paper application, while it takes an average of 8 minutes to process one PDF application. OWEB plans to accept only PDF applications and send only CDs of applications to reviewers for the April 2015 cycle unless there is a specific business reason a reviewer cannot use CDs. Currently, 64% of reviewers currently receive only CDs of applications.

December 2014 Workshop – Pre-Applications

A Proposal Development Team including reviewers and an OWEB applicant recommended a new proposal development process to improve the quality, completeness, and accuracy of submitted applications, leading to applicant success, higher value use of reviewer and OWEB staff time, and measurable watershed improvements.

Attachment C depicts the team's recommendations. Details will be developed over the coming year and phased in to allow adjustment by applicants and OWEB staff.

April 2015 Workshop – Application Review

OWEB is planning an Application Review Workshop for April 2015 to improve the application review process. Staff is interested in Board feedback to inform this workshop. Staff intend to include questions related to application reviews as a part of a survey to be sent to the Board prior to the April Board meeting

Future Grant Program Process Improvements

Following completion of the Application and Review Workshops, future staff teams will assess and develop improvements for other Regular Grant Program processes (for example, grant awards, grant agreements, and grant management). The teams' recommendations will also inform other OWEB grant programs.

C. Outcome-Based Watershed Council Capacity Grants.

In July 2014, the Board adopted administrative rules and implementation guidance for grants that help support the operating capacity of effective watershed councils. Following the Board meeting, OWEB staff continued to communicate with councils about the changes, including sending a second eligibility checklist in August 2014, and attending 39 council board meetings. On September 15, 2014, OWEB e-mailed and posted instructions for submitting materials needed for OWEB to make its determination of eligibility to apply. Forty councils contacted OWEB staff with general and specific questions about council documents including bylaws, policies, and local government recognition of the council.

Up to 64 watershed councils could have submitted eligibility materials. Fifty-nine councils submitted by the deadline.

The following councils did not submit eligibility materials:

- Bear Creek, Little Butte Creek, and Stream Restoration of the Middle Rogue. These three councils will be merged into the newly formed Rogue River Watershed Council.

The Upper Rogue Watershed Association submitted eligibility materials on behalf of the Rogue River Watershed Council, which becomes effective January 1, 2015.

- Pudding River Basin Watershed Council.
- Salem Keizer Area Watershed Councils.

OWEB staff reviewed the uploaded materials for “presence/absence,” not for quality. The merit review occurs after eligible councils submit their online applications, due March 2, 2015.

Of the 59 councils that submitted eligibility materials:

- Thirty-five were determined to be eligible and received an e-mail on December 15, 2014.
- Fifteen are conditionally eligible, but need to submit action plan or local government recognition documentation by May 1, 2015. They received an e-mail and letter dated December 15, 2014.
- Eight were determined ineligible. On December 15, 2014, these councils received phone calls and e-mails explaining the reasons for this determination, and how they can appeal. Letters were also sent to the council coordinators and chairs.

The most common reasons councils were not eligible are summarized below:

1. The council did not submit copies of council minutes or cover page signed by the governing body chair or secretary showing the council’s governing body adopted the bylaws and/or the policies and procedures, and the date adopted.
2. The council’s bylaws and/or policies and procedures uploaded into OGMS did not cover all required topics, and had not been updated within the last 14 months. By not updating these documents, the council did not show intent to meet the eligibility criteria (See page 8, Implementation Guidance).

The most commonly missing topics were:

1. A list of the geographic areas and community interests the council intends to include on its governing body in order to engage a balance of interested and affected persons within the watershed pursuant to ORS 541.910(2).
2. A policy that the council operates as an open and inclusive organization. The policy shall include at a minimum the following elements: Inviting the public to council meetings, and the council, upon request, provides the public with meeting agendas and records of decisions. This does not include personnel discussions and actions.

These policies and proof of governing body adoption are important because OWEB expects councils receiving public funds to have policies in place for best-practice business operations that are open and inclusive and promote the balance of interests and citizen involvement required by Oregon statutes.

Applicants may provide OWEB with missing criteria through the appeal process. Appeal materials must be received by OWEB by 5:00 pm, January 20, 2015. Late appeals will not be considered. OWEB’s Director will review the letter and any attached information. The appeal will be granted only where the Director determines the council provided clear and convincing evidence that OWEB staff’s determination was inaccurate based on errors

of fact. Councils will be notified of the results of their appeal no later than the first week of February 2015.

Staff Contact

If you have questions or need additional information, contact Meta Loftsgaarden at meta.loftsgaarden@state.or.us or 503-986-0180.

Attachments

- A. OWEB Strategic Direction & Principles
- B. Future Regular Grant Application and Review Process
- C. Future Regular Grant Proposal Development Process



OWEB Strategic Direction and Principles

OWEB **OWEB's Mission:** To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies.

Goals

Goals from OWEB's 2010 Strategic Plan

In 2010, the OWEB Board approved a strategic plan with five goals. With the passage of Constitutional Measure 76 and permanent Lottery funding, the Board continues to operate under the strategy.

Goal 1: Adaptive Investment

Restore and sustain resilient ecosystems through program and project investments that enhance watershed and ecosystem functions and processes and support community needs.

Goal 2: Local Infrastructure Development

Support an enduring, high capacity local infrastructure for conducting watershed and habitat restoration and conservation.

Goal 3: Public Awareness and Involvement

Provide information to help Oregonians understand the need for and engage in activities that support healthy watersheds.

Goal 4: Partnership Development

Build and maintain strong partnerships with local, state, tribal, and federal agencies, nonprofit organizations, and private landowners for watershed and habitat restoration and conservation.

Goal 5: Efficient and Accountable Administration

Ensure efficient and accountable administration of all investments.

Long-Term Investment Strategy

OWEB's Framework for Grant Investments

In 2013, the Board adopted a Long-Term Investment Strategy that guides its investments of Lottery, federal and salmon plate funding. All of OWEB's investments in ecological outcomes also help build communities and support the local economy. The Board also approved a direction for the investments outlined below. They will continue operating capacity and open solicitation grants and continue focused investments with a gradual increase over time.

Operating Capacity

Operating Capacity Investments support the operating costs of effective watershed councils and soil and water conservation districts. Councils and districts are specifically identified in OWEB's statutes.

Open Solicitation

OWEB offers responsive grants across the state for competitive proposals based on local ecological priorities.

Focused Investments

OWEB helps landscape-scale collaborative partnerships achieve collaboratively prioritized ecological outcomes.

Effectiveness Monitoring

OWEB evaluates and reports on the progress and outcomes of watershed work it supports.



OWEB

Guiding Principles

Guiding Principles

As the Board developed the Investment Strategy, they did so under established principles for how any changes in OWEB's programs would operate.

Build on accomplishments. The commitment and work of our local partners have resulted in a nationally and internationally recognized approach with unmatched environmental accomplishments. OWEB will build on this foundation.

Effective communication. OWEB is committed to active, two-way communication of ideas, priorities, and results with its staff, partners, potential partners, and the public as a means for developing and maintaining a strong investment strategy and successful cooperative conservation.

Transparency. OWEB values transparency and develops its Long-Term Investment Strategy through an open, transparent process that involves input and dialogue with stakeholders and staff.

Maximize service, minimize disruption. The Board considers how OWEB's grant portfolio impacts partner organizations and staff resources to maximize effectiveness without adversely affecting service delivery.

Responsive. The Long-Term Investment Strategy will adjust to changes in revenue and be responsive to changes in ecological priorities from the Governor, Legislature, the Board, and local partners.

Adapt based on monitoring and evaluation. OWEB's staff and Board monitor and evaluate the effectiveness and implementation of the Long-Term Investment Strategy. The Board shall adapt and modify the strategy as needed to meet its desired goals and outcomes and to improve overall investment success.

Phase-in Change. OWEB's Long-Term Investment Strategy will guide future efforts, is designed to accommodate changes and adjustments made by stakeholders and OWEB staff, and will be periodically revisited.

Operating Principles

Operating Principles to Enhance OWEB Team Work

We will do all we can, individually and as a group, to:

- **Use Good communication--at all levels and in all directions;**
- **Operate with a Team approach;**
- **Follow through on conversations in order to build and maintain needed trust;**
- **Empower staff wherever it is appropriate to do so; and**
- **Have fun while doing important work!**

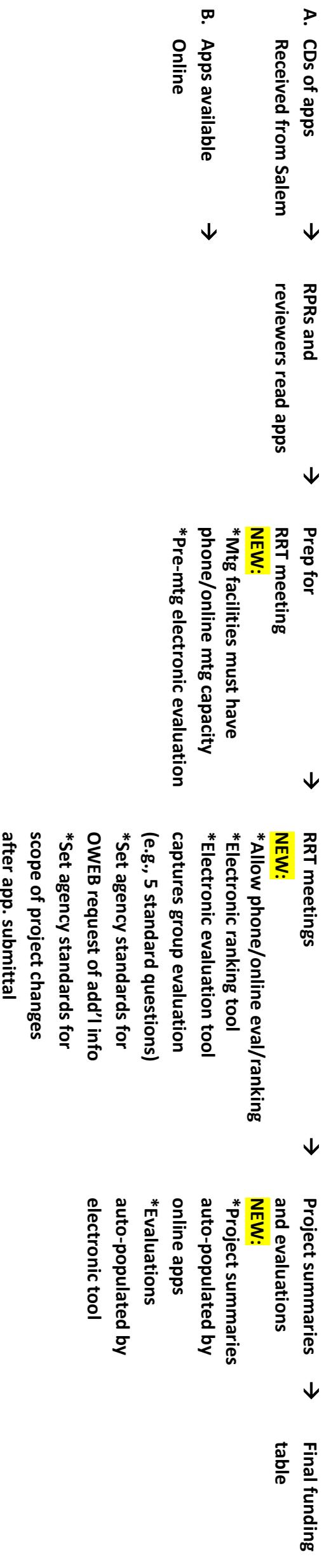
FUTURE APPLICATION PROCESS – REGULAR GRANT PROGRAM

Changes will be phased in over three or more grant cycles. We will track data, problems, and successes. We will use what we learn to make adjustments and continue to improve.

Proposal Development Process	→	A.	Email or OGMS PDF applications	→	One person checks eligibility & completeness	→	A.	PDF apps data entry & upload to OGMS	→	A.	Burn CDs	→	A.	Mail CDs of apps to reviewers, RPRs
		B.	Online apps		*Apps complete as submitted, no add'l info accepted		B.	Online apps auto-populate database		B.	Online apps available		B.	No mailing
					*Future work: Define minimum threshold for "complete enough for review"			*Auto-numbering of apps			*Auto reports by region and statewide			*Includes ability to print full app. and summary report

FUTURE REVIEW PROCESS – REGULAR GRANT PROGRAM

Changes will be phased in over three or more grant cycles. We will track data, problems, and successes. We will use what we learn to make adjustments and continue to improve.



FUTURE PROPOSAL DEVELOPMENT PROCESS – REGULAR GRANT PROGRAM

Key points discussed by team:

- Early 2-way communication with RPRs so they know what is coming.
- Asking questions early and earlier site visits provides more opportunity for OWEB staff to consult potential applicants, resulting in better applications.
- Advanced expectations about what projects are fundable.
- Applicants don't proceed to full application with "non-ripe" or technically flawed projects.
- Reduce compressed discussion and application changes during Regional Review Team process.
- Focus reviewer time on priority ranking for ecological uplift instead of problems with applications.

Follow up work is needed to determine details. Changes will be phased in over time. We will track data, problems, and successes. We will use what we learn to make adjustments and continue to improve.

ONGOING	PROPOSAL DEVELOPMENT PROCESS
Applicant Workshops And Training	Announce Grant Cycle → Pre-Application Deadline for Restoration projects 2-3 months before full application deadline *Simple form *Form ties into full application so applicants don't have to duplicate their pre-app work
Informal Consultation with OWEB staff	Site Visits (if needed based on OWEB criteria)
Engage Reviewers	Feedback to Applicant * Informal guidance * Not a funding decision
	RPR may review draft application → Full App. deadline