



Oregon

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Oregon Watershed Enhancement Board

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Meta Loftsgaarden, Executive Director

**SUBJECT: Agenda Item L: Spending Plan
January 27-28, 2015 OWEB Board Meeting**

I. Introduction

This report updates the Board on OWEB's 2013-2015 Spending Plan, and proposes a series of percentage options to begin framing the 2015-17 Spending Plan discussion. This item is for update and discussion only; no Board action will be taken at this time. However, the Board will be asked to provide direction to staff for moving forward with more detailed options to be discussed at the April 2015 Board meeting.

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 for a two-year period. 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 plates. However, the bulk of OWEB's funding comes from two major sources: Measure 76 Lottery Funding and Pacific Coastal Salmon Recovery Fund (PCSRF). Since 2000, OWEB, on behalf of the State of Oregon, has received PCSRF grants awarded annually by NOAA Fisheries. PCSRF funds are a significant component of OWEB's budget, accounting for approximately one-third of OWEB's total funds. The Oregon Legislature routinely allocates PCSRF funding in OWEB's biennial budget based on estimated federal grant awards over two years. While not guaranteed, the funds have proven to be a reliable source for OWEB's budget.

At its June 2013 meeting, the Board adopted a 2013-2015 Spending Plan totaling \$67.47 million. In July 2014, the Board updated the spending plan to include additional PCSRF monies, as well as funding transfers to other agencies. Attachment A shows the 2013-2015 Spending Plan, total Board awards to date, and the funds remaining in each line item within the Spending Plan as of January 2015.

III. 2015-2017 Spending Plan Development

Based on revenue forecasts as of the date of the agency's submission of its Agency Request Budget, it is estimated that \$56 million will be available for grant distribution through Measure 76 Lottery Funds and up to \$25 million of PCSRF funding over the course of the biennium. For Lottery funding, this amount is dependent on revenues received. For PCSRF funding, this amount will be dependent on OWEB's successful receipt of PCSRF funding through their competitive grant process. If Congressional funding is available, PCSRF provides an

opportunity for eligible applications—including OWEB on behalf of the State of Oregon—to submit grants each year.

In October 2014, the Board discussed how the spending plan should be organized within the Long-Term Investment Strategy (LTIS) Framework to accurately reflect how funds have been spent in each area. Staff have re-organized the spending plan accordingly in the attachments to this staff report.

IV. 2015-17 Spending Plan Options

While details of 2015 PCSRF funding and final revenues for Lottery funding are not yet available, staff are proposing percentages the Board could consider for investment in the LTIS categories as defined at the October 2014 Board meeting.

Attachment B contains a five-page document that will form the basis of discussions about the spending plan at the January Board meeting. In developing the document, staff first analyzed the 2011 and 2013 spending plans (pages 1-2) (as they were initially approved by the Board at the beginning of each biennium) to determine what percent was invested in each of the major spending plan categories. Staff then analyzed how much was spent on each grant type within the various categories (page 3). One important distinction to note is that prior to approval of the LTIS framework in 2011-13, spending plan discussions revolved more around grant types than broad-scale categories. In 2013-15, the discussion was a hybrid that included some identification of specific grant types and associated funding levels and some higher-level, more programmatic investments. Attachment B provides information for 2011-13 in both formats. Staff propose to report out the 2013-15 expenditures in that same format when the biennium is complete. This format is particularly important in the discussions of open solicitation and focused investments. In these two areas, the major types of grants available are identical (i.e., restoration, technical assistance, monitoring, outreach, acquisitions), but are simply delivered through different aspects of the LTIS framework.

For 2015-17, staff are presenting three options for investment percentages by LTIS framework category (pages 4-5). Attachment B also shows how those percentages would play out if the revenues for the 2015-17 biennium match those available at the beginning of the 2013 biennium. At this time, that amount is likely the best-case scenario, so specific numbers are only provided as reference. At the April 2015 Board meeting, when more accurate Lottery figures are available, staff will provide a draft spending plan that includes those projections and is based on direction recommended by the Board at the January meeting. The Board should note, however, that it is likely revenue forecasts will change again between the April and July Board meetings, when the Board will vote to approve a final spending plan.

V. Reducing Impact to Open Solicitation

Since Focused Investment Partnership funding will likely be largely restoration, as noted in the spending plan proposals, the largest funding shift comes from open solicitation restoration grants. In order to continue to distribute restoration grants equitably across the state despite the reduced funding amounts for open solicitation, staff will provide the Board options for consideration in April. These options will revolve around the fact that grant amounts in the restoration program currently have no limits, and large grants have no more stringent match or other requirements than smaller grants. Staff would like to explore with the Board a variety of options including increasing match requirements for larger grants, capping the funding level of

individual restoration grants through open solicitation, and the potential for a statewide review of large grants. Staff will not provide specific options in January, but will look for Board input to determine if these options such as those described above should be further pursued.

VI. Recommendation

This is an information item only. Staff will be seeking feedback on overall spending plan direction for development of a draft proposal in April 2015. No final decisions will occur at the January meeting.

Attachment

- A. 2013-2015 OWEB Spending Plan
- B. Spending Plan Background and Options

OWEB 2013-15 Spending Plan - Proposed Update
Jan 2015 Board Meeting

OWEB SPENDING PLAN	Spending Plan as of July 2014	Oct 2014 Awards	TOTAL Board Awards To-Date	Remaining Spending Plan as of Oct 2014	Jan 2015 Awards	Remaining Spending Plan as of January 2015
Open Solicitation:						
Restoration	27.720	7.479	20.655	7.065		7.065
Technical Assistance						0.000
Restoration TA	2.600	0.780	1.808	0.792		0.792
Action Plans for WC	0.250	0.125	0.181	0.069		0.069
CREP TA	0.750		0.750	0.000		0.000
Monitoring Grants	2.500	0.108	1.451	1.049		1.049
Outreach	1.100		0.600	0.500		0.500
Assessments	0.000		0.000	0.000		0.000
Land and Water Acquisition	8.000		5.219	2.782	0.125	2.657
Weed Grants	2.500		2.500	0.000		0.000
Small Grants	2.800		2.800	0.000		0.000
TOTAL	48.220	8.492	35.964	12.257	0.125	12.132
% of assumed Total Budget	66.5%					

Focused Investments:						
Deschutes SIP	4.000		4.000	0.000		0.000
Willamette SIP	3.000		3.000	0.000		0.000
Klamath SIP	0.800		0.800	0.000		0.000
Whole Watershed Restoration Initiative	0.500		0.500	0.000		0.000
TOTAL	8.300	0.000	8.300	0.000	0.000	0.000
% of assumed Total Budget	11.5%					

Operating Capacity:						
Capacity grants (WC/SWCD)	12.200		12.200	0.000		0.000
OACD/Network	0.415		0.415	0.000		0.000
Building Capacity Grants	0.200		0.200	0.000		0.000
TOTAL	12.815	0.000	12.815	0.000	0.000	0.000
% of assumed Total Budget	17.7%					

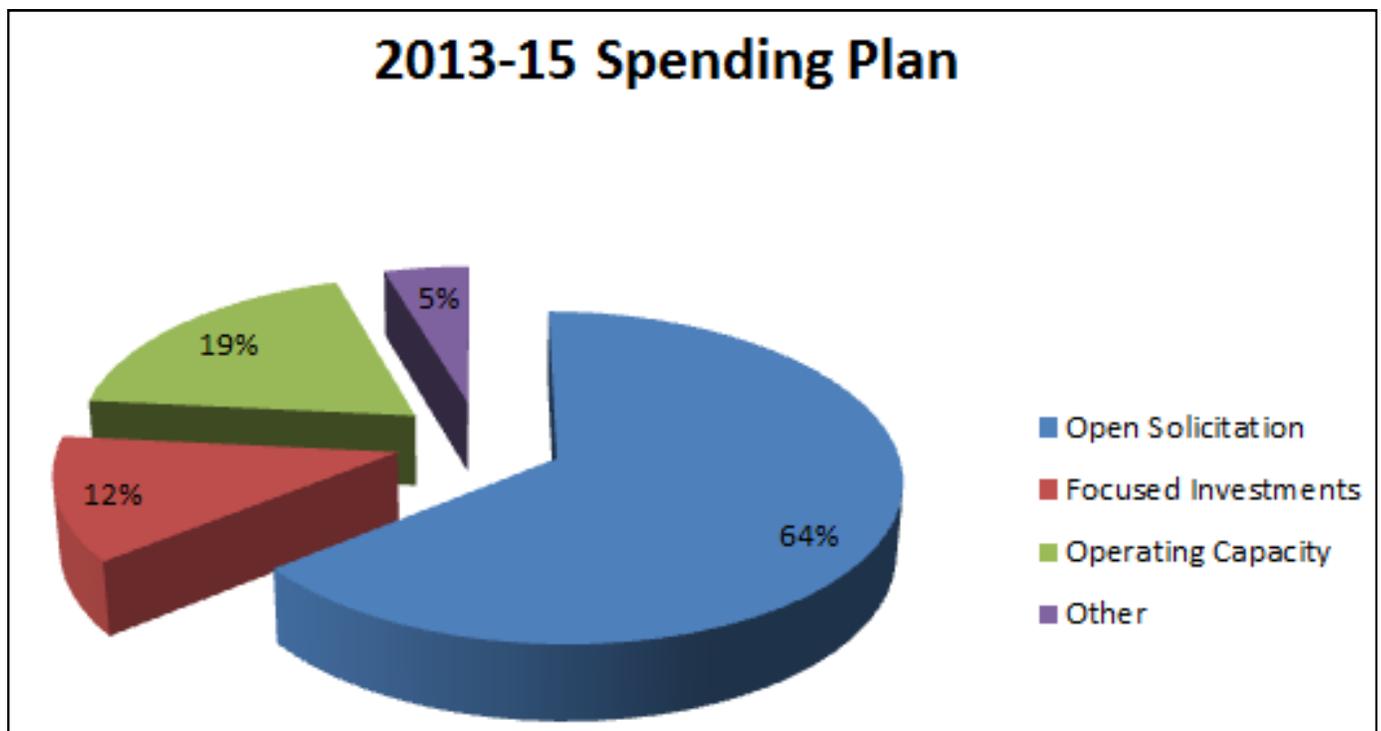
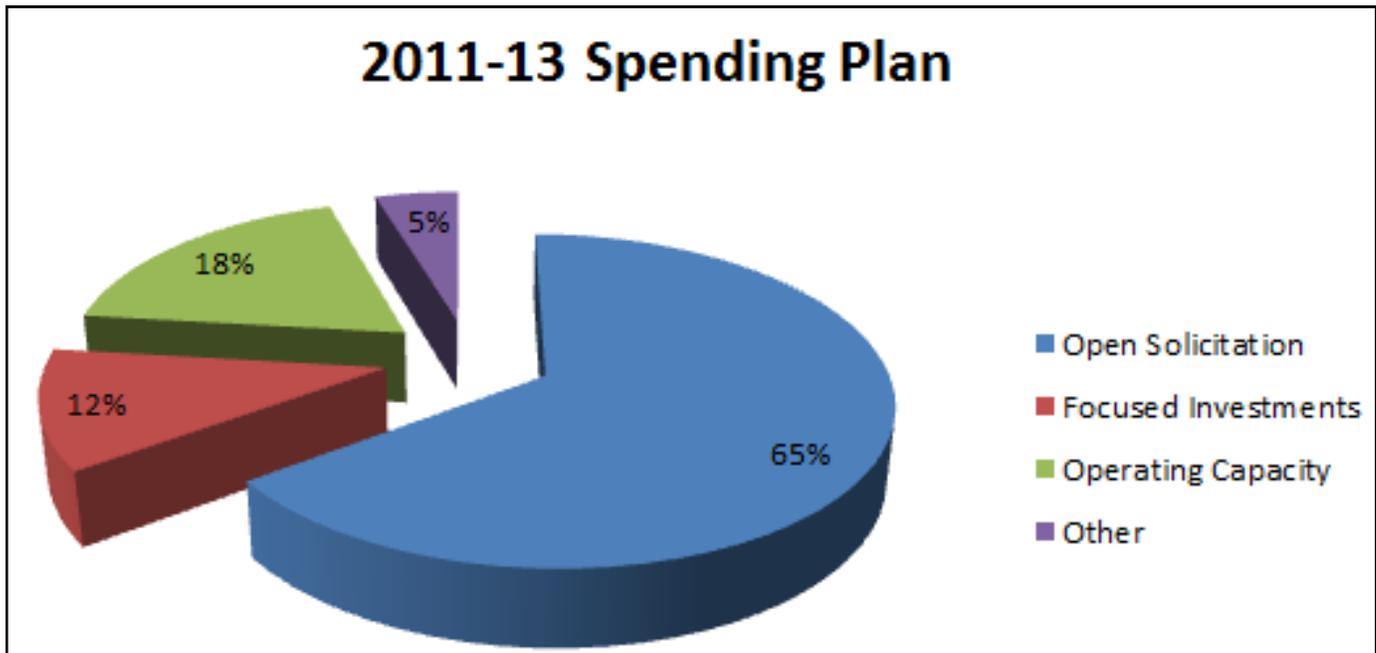
Other:						
CREP	0.500		0.500	0.000		0.000
Oregon Plan/Governor's Priorities	1.000		0.680	0.320	0.150	0.170
Effectiveness Monitoring	1.000		0.502	0.498	0.047	0.451
Ecosystem Services	0.150		0.090	0.060		0.060
Business Practices	0.200		0.150	0.050		0.050
Lower Columbia Estuary Program	0.300		0.300	0.000		0.000
TOTAL	3.150	0.000	2.222	0.928	0.197	0.731
% of assumed Total Budget	4.4%					

TOTAL OWEB Spending Plan	72.485	8.492	59.301	13.185	0.322	12.862
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OTHER DISTRIBUTED FUNDS						
Oregon Department of Fish and Wildlife - PCSRF	9.226		9.226	0.000		0.000
IMST (1/2 M76 Operating / 1/2 PCSRF)	0.462		0.462	0.000		0.000
USFW-Coastal Wetlands	0.120		0.120	0.000		0.000
Forest Health Collaboratives from ODF	0.600		0.600	0.000		0.000
NRCS-CREP TA	0.250		0.150	0.100	0.100	0.000
PSMFC-IMW	0.300		0.300	0.000		0.000
TOTAL	10.958		10.858	0.100	0.100	0.000

TOTAL Including OWEB Spending Plan and Other Distributed Funds	83.443	8.492	70.159	13.285	0.422	12.862
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Historic Spending Plan Percentages by Long Term Investment Strategy Category*



*NOTE: Spending plan percentages are based on categories established by the OWEB Board at the October 2014 Board meeting and retroactively applied to previous spending plans.

OWEB SPENDING PLAN	July 1, 2011 Spending Plan excluding PCSRF FFY12	July 1, 2013 Spending Plan ex- cluding PCSRF FFY14
Open Solicitation:		
Restoration	25.200	26.320
Technical Assistance		
Restoration TA	1.700	1.800
Action Plans for WC	0.000	0.250
CREP TA	0.800	0.750
Monitoring & EM	1.700	1.350
Outreach	0.600	0.600
Assessments	0.000	0.000
Regular Land and Water Acquisition	6.650	7.000
Weed Grants	2.500	2.500
Small Grants	2.800	2.800
June 2011 Grant awards (Mar 2011 holdover)	1.300	
TOTAL	43.250	43.370
% of assumed Total Budget	65.0%	64.3%

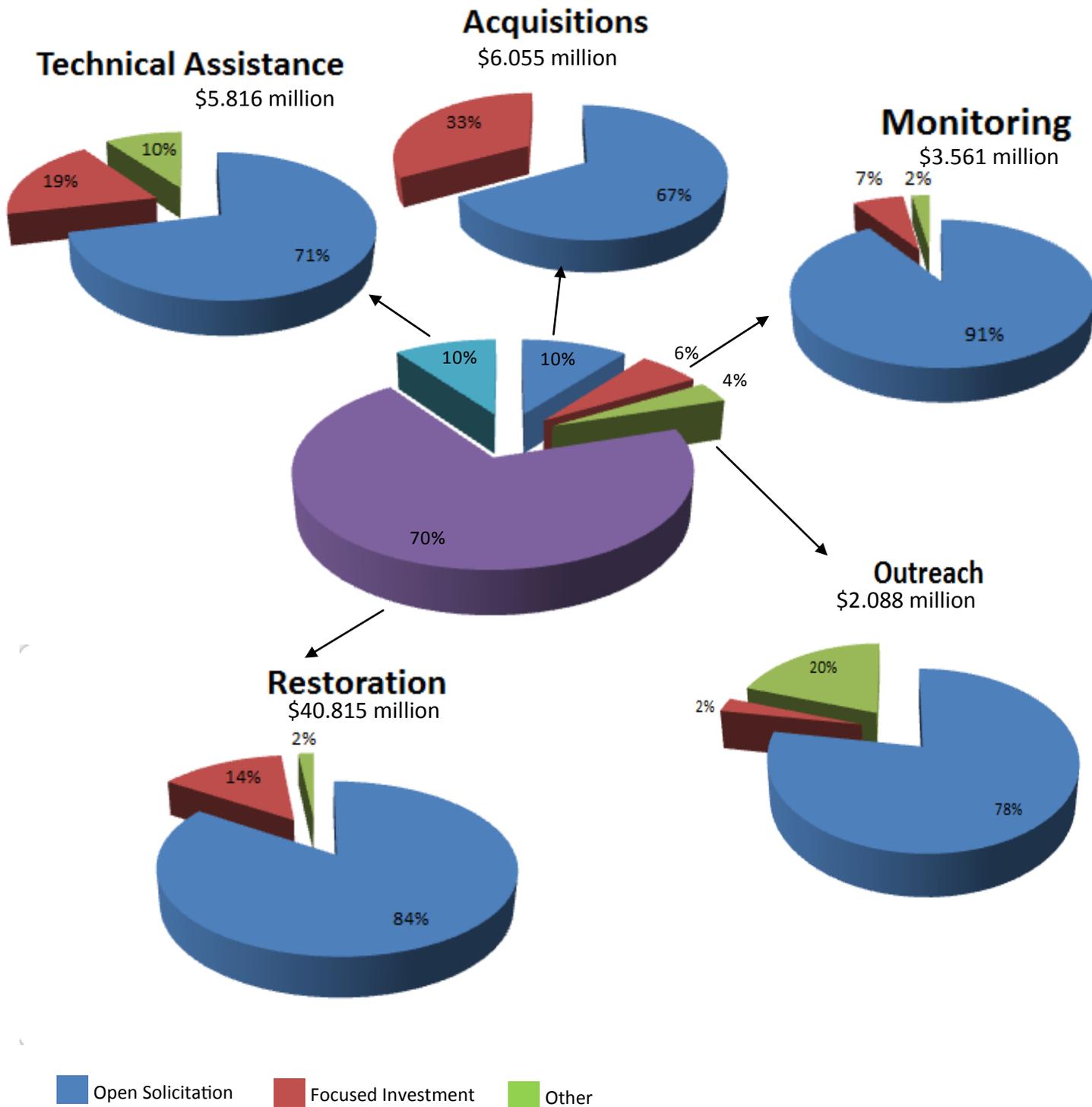
Focused Investments:		
Deschutes SIP	4.000	4.000
Willamette SIP	3.000	3.000
Klamath SIP	0.400	0.800
Whole Watershed Restoration Initiative	0.500	0.500
TOTAL	7.900	8.300
% of assumed Total Budget	11.9%	12.3%

Operating Capacity:		
Capacity grants (WC/SWCD)	12.000	12.000
OACD/Network	0.200	0.200
Building Capacity Grants	0.100	0.500
TOTAL	12.300	12.700
% of assumed Total Budget	18.5%	18.8%

Other:		
CREP	0.500	0.500
Oregon Plan/Governor Priorities	1.500	1.000
Effectiveness Monitoring	0.500	1.000
Ecosystem Services	0.250	0.150
Business Practices	0.100	0.150
Lower Columbia Estuary Program	0.248	0.300
TOTAL	3.098	3.100
% of assumed Total Budget	4.7%	4.6%

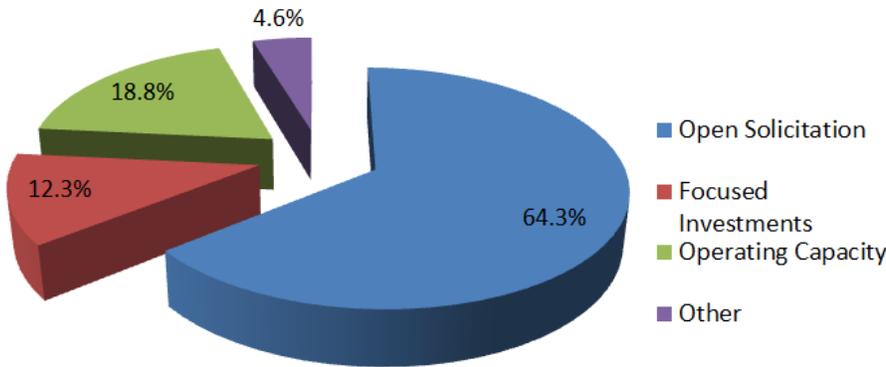
TOTAL OWEB Spending Plan Proposal	66.548	67.470
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2011-2013 Expenditures by Grant Type



Proposed Percentages for 2015-17 Spending Plan by Long Term Investment Strategy Category*

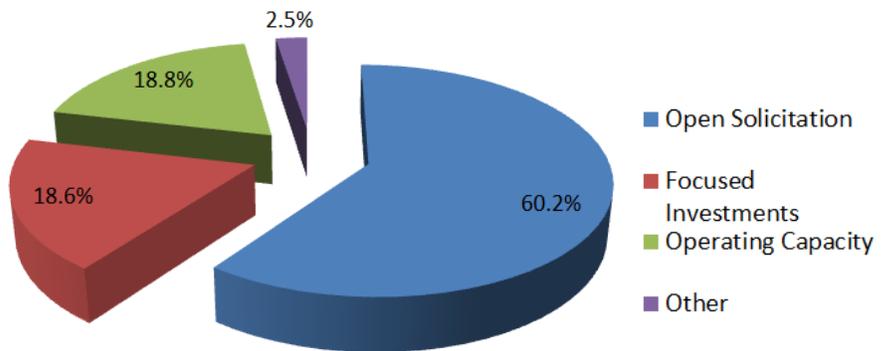
2015-17 Spending Plan Option A



Option A: Status quo—the only changes to dollar amounts would occur if revenue sources increase or decrease.

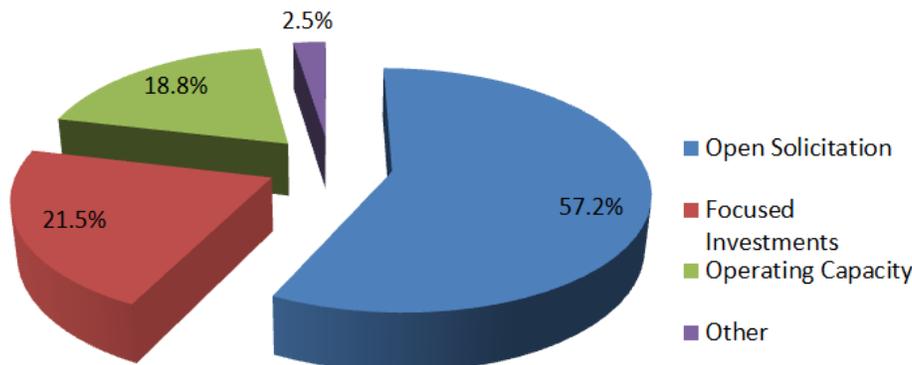
Option B: Focused Investments increase by 6.3%. Effectiveness Monitoring is moved specifically to programmatic EM in either Open Solicitation or Focused Investments, with a corresponding decrease in Open Solicitation of 4.1% and decrease in Other (where EM previously resided) of 2.1%.

2015-17 Spending Plan Option B



Option C: Focused Investments increase by 9.2%. Effectiveness Monitoring is moved specifically to programmatic EM in either Open Solicitation or Focused Investments, with a corresponding decrease in open solicitation of 7.1% and a decrease in Other (where EM previously resided) of 2.1%.

2015-17 Spending Plan Option C



Note: The draft spending plan in April will use Board-identified percentages as targets. The April spending plan draft will include both percent and dollar amounts, though final dollar figures will not be available until the July spending plan, after the agency's 2015-17 budget is approved.

OWEB Spending Plan Options	July 1, 2011	July 1, 2013	2015 Option B	2015 Option C
Open Solicitation:				
Restoration	25.200	26.320	23.150	21.150
Technical Assistance				
Restoration TA	1.700	1.800	2.000	2.000
Action Plans for WC	0.000	0.250	0.000	0.000
CREP TA	0.800	0.750	0.750	0.750
Monitoring grants	1.700	1.350	1.350	1.350
Outreach	0.600	0.600	0.500	0.500
Assessments	0.000	0.000	0.000	0.000
Regular Land and Water Acquisition	6.650	7.000	7.000	7.000
Weed Grants	2.500	2.500	2.500	2.500
Small Grants	2.800	2.800	2.800	2.800
June 2011 Grant awards (Mar 2011 hold-OS Effectiveness Monitoring	1.300	NA	NA	NA
TOTAL	43.250	43.370	40.550	38.550
% of assumed Total Budget	65.0%	64.3%	60.2%	57.2%

Focused Investments:				
Deschutes SIP	4.000	4.000		
Willamette SIP	3.000	3.000		
Klamath SIP	0.400	0.800		
Whole Watershed Restoration Initiative	0.500	0.500		
FI Partnership Implementation			11.000	13.000
FI Partnership Capacity-Building			1.000	1.000
FI effectiveness monitoring			0.500	0.500
TOTAL	7.900	8.300	12.500	14.500
% of assumed Total Budget	11.9%	12.3%	18.6%	21.5%

Operating Capacity:				
Capacity grants (WC/SWCD)	12.000	12.000	12.000	12.000
OACD/Network	0.200	0.200	0.200	0.200
Building Capacity Grants	0.100	0.500	0.500	0.500
TOTAL	12.300	12.700	12.700	12.700
% of assumed Total Budget	18.5%	18.8%	18.8%	18.8%

Other:				
CREP	0.500	0.500	0.500	0.500
Oregon Plan/Governor Priorities	1.500	1.000	1.000	1.000
Effectiveness Monitoring	0.500	1.000		
Ecosystem Services	0.250	0.150	0.150	0.150
Business Practices	0.100	0.150		
Lower Columbia Estuary Program	0.248	0.300		
TOTAL	3.098	3.100	1.650	1.650
% of assumed Total Budget	4.7%	4.6%	2.5%	2.5%

TOTAL OWEB Spending Plan Proposal	66.548	67.470	67.400	67.400
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