



Oregon

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MEMORANDUM

TO: Oregon Watershed Enhancement Board

FROM: Renee Davis, Deputy Director
Eric Hartstein, Senior Policy Coordinator

**SUBJECT: Agenda Item I: Water Acquisition Program Refinements
October 27-28, 2015 OWEB Board Meeting**



I. Introduction

This staff report updates the Board about results of the pilot test of the coordinated funder framework for water acquisitions grants, and recommends program refinements based on lessons learned from the pilot test.

II. Background

In June 2013, the Board adopted revised administrative rules for OWEB's water acquisition grants that allowed OWEB to coordinate with other funders to increase efficiency and effectiveness of investments in streamflow restoration. Staff then worked with other funders to draft a coordinated funder framework. This framework outlines a streamlined process for soliciting, reviewing and making funding recommendations that leverages funders' investments and creates more efficiency for local implementers.

At its January 2014 meeting, the Board approved the associated water acquisitions guidance, which describes the priorities, principles and process for water acquisition grant-making, outlining that the 2013-2015 biennium be used as a pilot test of the framework. Only approved and qualified local entities with existing programs were eligible for grants in the 2013-15 biennium, reducing the risk of funding an entity with an emerging water acquisition program with little experience in carrying out complex water transactions. OWEB contracted with National Fish and Wildlife Foundation (NFWF) to assist with design of the solicitation and review processes for water acquisition grant applications under the pilot test of the framework.

III. Pilot Test of the Coordinated Funder Framework

The first solicitation was held in late 2014 with proposals submitted by two entities: the Deschutes River Conservancy and The Freshwater Trust, requesting approximately \$123,000. In April 2014, the Board awarded funding in support of both proposals.

Due to cost savings and leveraging of match funding by both award recipients during the 2014 irrigation season, both organizations are extending the 2014 grant funding to support work under these programs in 2015. For this reason, and because no other requests were submitted, the Board was not asked to consider funding requests in 2015.

Staff have assessed the pilot test of the coordinated funder framework. Key lessons learned from the pilot test are:

- 1) Informal joint solicitation was somewhat useful. However, given that grantees needed to complete both OWEB and NFWF applications, a fuller set of efficiencies was not found.
- 2) In the future, a formal joint solicitation with NFWF would require that all OWEB applicants are certified as qualified local entities (QLEs), a NFWF requirement, which creates a cost for certification. While it has benefits in terms of confirming organizational capacity, it may be more stringent than the Board prefers to be. This approach would need further consideration, and will be discussed with the Board Acquisitions Subcommittee.
- 3) The joint review process was incredibly valuable. Expertise offered by the NFWF Technical Advisory Committee (TAC) was very useful.
- 4) TAC expertise alone is not sufficient for reviewing these applications. Consistent due-diligence review by Oregon Department of Justice (DOJ) is needed.
- 5) Having NFWF serve as the single grant recipient that coordinates with the local implementers did not add value to the process.

IV. Recommended Refinements to the Water Acquisition Program

In September 2015, staff discussed these lessons learned with the Board Acquisitions Subcommittee, and drafted several recommended program refinements for consideration by the Board at its October meeting, including:

- Offer an annual, OWEB-specific solicitation for water acquisitions to local implementers with established flow restoration programs;
- Revise OWEB materials to align with revised administrative rules and guidance; to leverage appropriate priority items from NFWF applications; and to include additional questions to address organizational capacity (including a more streamlined set of questions for those entities that already are certified as QLEs).
- Contract with NFWF to coordinate technical reviews of water acquisition grant applications and to participate in organizational capacity review of applications.
- Utilize DOJ for due-diligence reviews.
- Remove Board subcommittee recommendation and use staff recommendation (as occurs with the Open Solicitation Grant Program), given the extensive reviews conducted for technical, ecological, legal and organizational capacity.
- Hold development of an “emerging programs” path within the water acquisition program until later in the 2015-2017 biennium or the next biennium.
- Convene discussions with the Water Resources Department (WRD) about new grant programs that agency is developing with implementation funding for the Integrated Water Resources Strategy in order to ensure OWEB and WRD grant-making is coordinated and complementary.

V. Recommendation

Staff recommend the Board approve the refinements to the Water Acquisition Program that are outlined in Section IV of this staff report.