

CAPACITY RULEMAKING ENGAGEMENT



WHY WE HAVE

SWCD & WC CAPACITY GRANTS

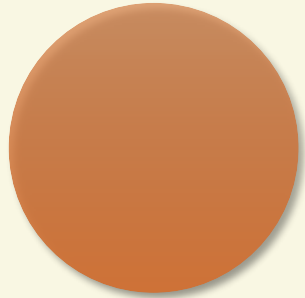
- Councils/SWCDs specifically identified in statute as OR Plan partners
- Support deliverables that implement the Oregon Plan
- Provide for long-term planning
- Support the leveraging of other dollars for watershed restoration



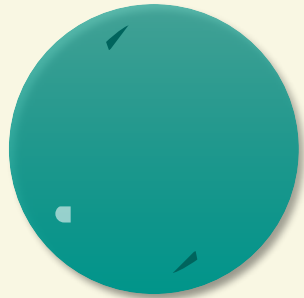


PROCESS FOR

ENGAGEMENT & RULEMAKING



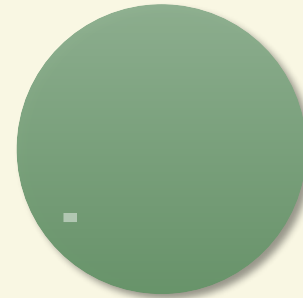
Some councils not currently eligible



Wanting to update the rules for some time



Overall dollar amount of grants has grown and will likely continue to grow



Review alignment with constitutional & statutory intent

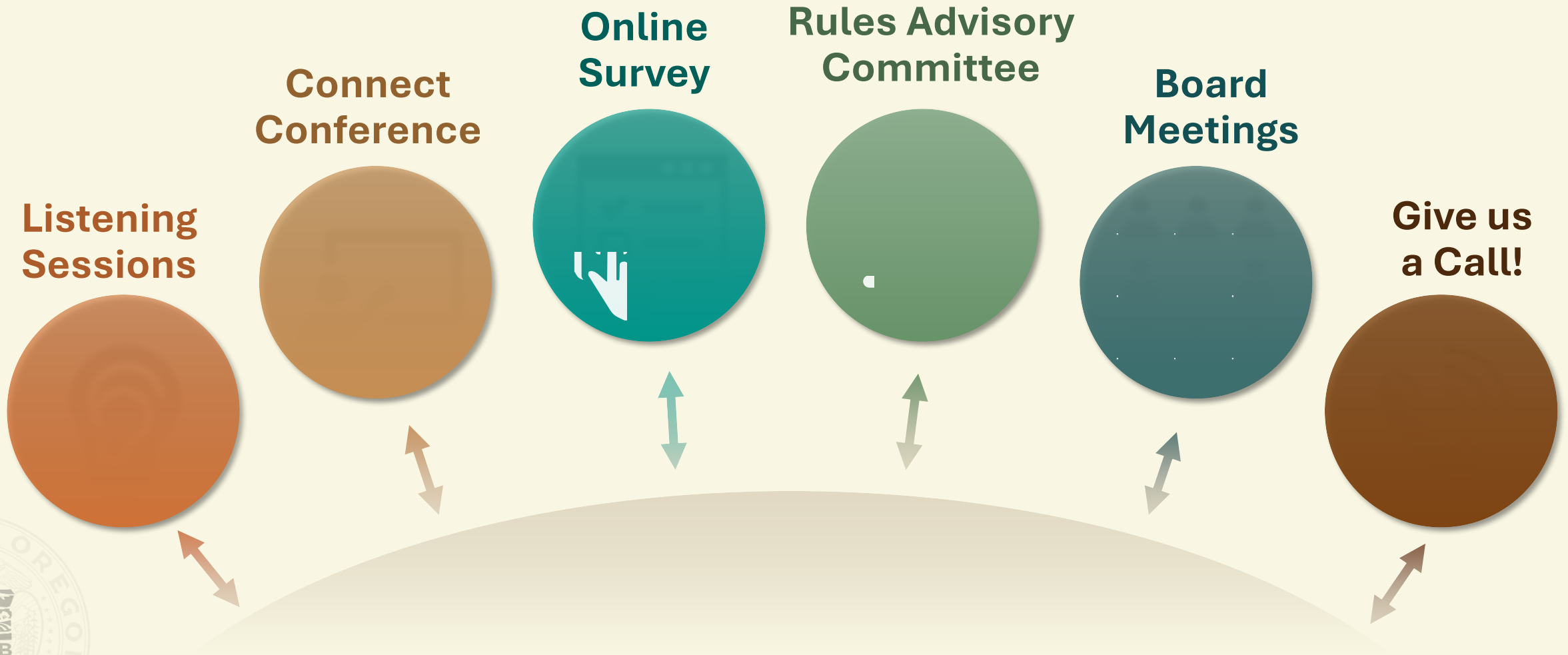


Move SWCD capacity grants from general rules to specific rules like other grant offerings





OPPORTUNITIES TO ENGAGE



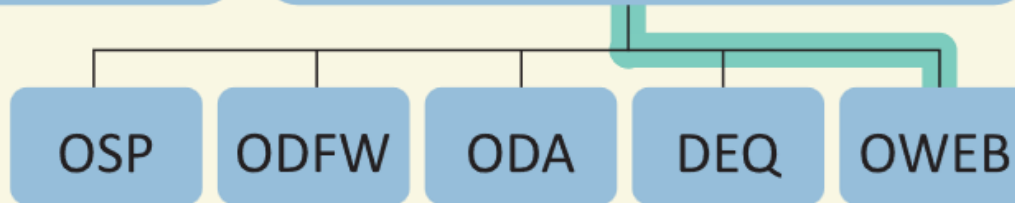
GRANT FUNDING / OPERATIONS FUNDING

70% Watershed

Conservation **Grant Fund**
OWEB Board Spending Plan

30% Watershed

Conservation **Operating Fund**
Legislative Budgeting Process



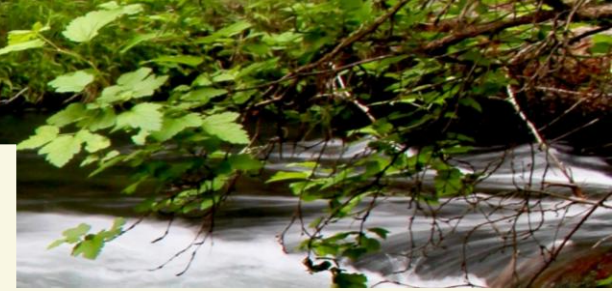
70% of Natural Resources funds allocated to OWEB are spent on watershed Grant Funds

30% of Natural Resource funds are legislatively allocated for the Operating Funds between five state agencies. The agencies are as follows:

- Oregon State Police
- Oregon Department of Fish and Wildlife
- Oregon Department of Agriculture
- Oregon Department of Environmental Quality
- OWEB (~24% of operation funding in 2023-2025)



PURPOSE OF GRANT FUNDS





Themes we've heard



Photos top left to bottom right: SF John Day WC, Lake County Umbrella WC, Clackamas River Basin Council, Crooked River WC & Western Beavers Cooperative,



Non-Competitive Base Funding

- Strong statewide support for non-competitive structure
- Ensures stability for all organizations
- Optional performance tier acceptable only with secure base funding

Flexibility in Funding

- Most important feature of the program
- Supports operations, staffing, travel, equipment
- Critical for permitting, audits, and planning
- Supports long-term community engagement/relationship building



Organizational Health

- Foundation for effective restoration outcomes
- Supports governance, finance, compliance
- Protects long-term watershed stewardship
- When organizational health falters, restoration can be disrupted for years



Rising Costs

- Audits, insurance, labor, and permitting costs increasing
- Funding not keeping pace with inflation
- Stable base funding more critical than ever



Reporting Improvements

- Desire to simplify, align, and unify reporting systems
- Eliminate duplication across agencies
- Semi-annual reporting preferred



Eligibility & Equity

- Modernize and clarify eligibility pathways
- Address tax-base, rural/urban, and geographic differences
- Avoid one-size-fits-all formulas
- Address currently ineligible watershed councils, but maintain stable funding



Project Development

- Multi-year, relationship-based work
- Includes outreach, planning, assessments
- Essential precursor to implementation



Community Trust & Presence

- Local recognition and credibility are essential
- Stable staffing and strong partnerships
- Non-regulatory role enables landowner relationships



Program Stability

- Supports organizations in volatile funding environments
- Provides continuity for long-term planning
- Central to Oregon's watershed restoration system



Issues lacking consensus



Photos top left to bottom right: SF John Day WC, Lake County Umbrella WC, Clackamas River Basin Council, Crooked River WC & Western Beavers Cooperative,

Policy Tension Points

- Whether to add any performance-based/competitive tier
- Whether to use funding formulas (population, geography, stream miles)
- Whether SWCDs with tax bases should receive capacity funds
- Whether mergers should be incentivized or discouraged
- How to weigh organizational health vs. on-the-ground project outputs
- How to operationalize 'equity' in funding allocation
- How to handle indirect cost structures
- Whether to expand eligibility to additional WCs
- Simple vs flexible approach (avoid one-size-fits all approach, acknowledge differences between districts and councils)

TIMELINE + NEXT STEPS

Feb 2026

Public engagement process kicks off

Feb-May 2026

- Public listening sessions
- Online survey

Mar-July 2026

- Provide themes to OWEB Board PAC Committee for discussion
- Request OWEB Board initiate rulemaking-July board meeting

Aug 2026-Jul 2027

- Develop Rulemaking Advisory Committee (RAC)
- Hold RAC meetings, with public comment
- Board adopt rules-July board meeting

Jul 2029

- New rules become effective





Committee Input/Direction for Proposed RAC



OREGON
WATERSHED
ENHANCEMENT BOARD