OREGON ENVIRONMENTAL RESTORATION COUNCIL

COMMUNITY IMPACT GRANT PROGRAM
STAFF REPORT | NOVEMBER 18, 2026

REPORT PURPOSE: This report provides information for discussion at the November 18, 2026, Oregon Environmental Restoration Council meeting. It outlines a recommended approach for administration of unexpended 2025 and 2026 distributions to the Disproportionately Impacted Communities Fund (Fund). It also outlines a proposed process and timeline for community engagement and grant program design for this Fund.

COUNCIL DISCUSSION AND FEEDBACK ON NOVEMBER 18, 2026:

- Administration of 2025 and 2026 Fund distributions
- Engagement strategy and design of grant program

BACKGROUND

ORS 541.873 directs the Oregon Environmental Restoration Council (OERC or Council) to establish by rule a program to provide grants to eligible nonprofit entities to carry out projects that are consistent with the terms of the Monsanto Settlement Agreement and the strategic priorities established by the Council to benefit disproportionately impacted communities. The Council may contract with a third-party entity to implement and serve as the administrator of the grant program. Statute also states that at the close of each biennium, any amounts in the Disproportionately Impacted Communities Fund (Fund) that are unexpended, unobligated and not subject to any conditions shall revert to the Oregon Environmental Restoration Fund (OERF).

RECOMMENDED NEXT STEPS IN ADMINISTRATION OF 2025 AND 2026 FUND DISTRIBUTIONS

In 2025 and 2026, the Fund received a total of $15,011,958 in distributions from the OERF through the Council's distribution decisions in October 2025 ($7.5 million) and September 2026 ($7,511,958). We are working to balance a meaningful and inclusive engagement process for developing this grant program with the urgency of deploying funds to disproportionately impacted communities as quickly as possible. Because statute requires rules to support the program, we anticipate that the stakeholder engagement and permanent rulemaking will extend beyond the 2025-2027 biennium.

Staff researched potential pathways for administration of the 2025 and 2026 Fund distributions. While statute permits the Council to select a third-party entity to implement and serve as the administrator of the grant program, OWEB can also act as the administrator, as statute provides that the Oregon Watershed Enhancement Board (OWEB) must provide grants from the Fund as directed by the Council. This research concluded that selection of a third-party administrator would result in significant delays due to the need for either a public request for proposals or "block grant" style solicitation. As a result, staff conclude that selection and execution of an agreement with a third-party administrator for the 2025 and 2026 funds would

be likely to extend beyond June 30, 2027, end of the current biennium, resulting in a reversion of the funds to the OERF and precluding the use of these funds for community grants.

We also evaluated developing temporary rules to support an earlier grant solicitation. While this approach could accelerate funding, it requires the Council to adopt temporary rules and complete the solicitation and grant awards within the 180-day effective period or adopt permanent rules before that period expires. This also requires the development of program guidance, evaluation criteria, solicitation outreach materials, an online application, a review process, reporting requirements, and development and execution of grant agreements, prior to the expiration of temporary rules and prior to the end of the biennium. Given these constraints, we do not believe this option provides sufficient time for the robust and meaningful engagement needed to effectively serve disproportionately impacted communities.

Therefore, staff recommend and request the Council's feedback on the following approach to the 2025 and 2026 distributions:

1. In a spring 2027 meeting, the Council would designate OWEB as the intended administrator for 2025 and 2026 Fund distributions, outlining key conditions for OWEB to disburse funds to eligible grantees through a future grant solicitation to be implemented by OERP and OWEB staff.
2. The above conditions would be applied through a written agreement between the Council and OWEB. OWEB would consider this to constitute a conditioning of funds consistent with ORS 541.871, preventing the reversion of funds described above and ensuring the funds are available for future grantmaking.
3. Oregon Environmental Restoration Program staff and OWEB staff and leadership would work closely together through 2027 to conduct community engagement around grant program design, complete rulemaking, develop program guidance, and then launch a grant solicitation as soon as practicable within the 2027-2029 biennium.
4. If the Council wishes to consider potential selection of a third-party administrator for future Fund distributions, staff recommend exploring that option in late 2027 or early 2028, based on the results of the community engagement process outlined below.

Staff intend to present this recommendation to the Council at the November 18, 2026, meeting, request feedback, and return with a resolution for the Council consideration and vote in spring 2027.

PROCESS & TIMELINE FOR COMMUNITY ENGAGMENT ON PROGRAM DESIGN

Development of the fund "to provide grants to public or private nonprofit entities to carry out projects that benefit disproportionately impacted communities" (ORS 541.873) would benefit from a robust process to seek community engagement on program design. This process would be aimed at ensuring the program utilizes equitable and inclusive approaches to grantmaking, while also retaining a level of transparency and accountability consistent with the use of public funds.

Program staff propose to contract with outside expertise to assist with design of the Community Impact Grant Program. This contract is expected to cover approximately 9 months and will focus on gathering input from diverse perspectives on program design. This same contractor will also convene 4-6 public outreach meetings across Oregon to seek input on Strategic Priorities. Outcomes from this contracted work will be presented to the Council.

The following process will support an initial grant cycle in the 2027-2029 biennium.

Community-Level Engagement
Program staff will work with a contractor with demonstrated expertise in community engagement to:

- Identify representatives of nonprofit/community-based organizations, disproportionately impacted communities, and others with relevant experience or expertise to provide input on the design of the Community Impact Grant Program including grant types; eligibility criteria; funding cycles; application processes; proposal evaluation criteria and decision-making processes; and reporting requirements
- Organize and implement community engagement activities
- Synthesize findings and make recommendations for program design.

Program Design
Concurrent with and connected to the engagement process, staff will begin work to identify key program elements and decisions to be addressed in administrative rules and program guidance, such as procedures for soliciting and reviewing applications eligibility criteria for applicants; eligible purposes for which grants may be awarded; and guidelines for collaborations or partnerships between multiple entities.

Staff anticipate that a Rules Advisory Committee will be convened to support development of the Community Impact Grant Program in spring or summer 2027, with the results of community engagement and staff research available by summer to inform the ongoing rulemaking process.