

May 16-17, 2006 OWEB Board Meeting

Executive Director Update #5: Council Support Grant Process

Background

Fifty-seven applications seeking a total of \$6,637,552 were received for 2005-2007 Watershed Council Support (council support) grants. In May 2005, the Board awarded \$4,480,580 for council support for the 2005-2007 biennium, contingent upon available funds. Subsequently, the Legislature approved a \$3,936,837 budget line item for watershed councils, leaving \$543,743 needed to meet the May Board award. In September 2005, the Board allocated an additional \$561,002 of non-capital funding (including an additional \$17,259 to correct a calculation error) to meet the Board's May 2005 commitment.

The 2005-2007 council support awards resulted in average grants of \$78,000 to watershed councils throughout the state. Even with the September 2005 allocation, approximately one-third of watershed councils are receiving less than \$70,000 for the biennium. In anticipation of continuing funding challenges, in May 2005, Roger Wood, Grant Program Manager, also presented the Board with four issues staff will consider for next biennium's council support grant cycle. The list of "next steps" included:

1. improving the council support grant process;
2. considering the establishment of performance thresholds;
3. revising the council support administrative rules, if necessary; and
4. investigating additional funding opportunities for grantees.

Improvements in the Watershed Council Support Grant Process

Staff have concentrated their efforts in improving the council support grant process (issue #1) within the framework of the *existing* administrative rules (issue #3). In the last two months, staff solicited input from watershed councils and other staff on areas in need of improvement. Based on the input received, staff intend to develop improvements to the council support grant process that focus mainly on the application form, evaluation criteria, and application review process. The specific areas of improvement include: reducing the volume and redundancy of information required in the application; strengthening the link between the application and evaluation criteria; and reducing the variation in the review team evaluations.

It is anticipated that these modifications will be completed by June 30, 2006, to ensure watershed councils have enough time to prepare the application materials for the December 15, 2006, deadline. Staff will continue to work closely with watershed councils as these modifications are developed and implemented.

Issues to Consider: Establishing Performance Thresholds and Investigating Additional Funding Opportunities

During the input phase of this project, it became apparent that the issues of developing performance thresholds (issue #2) and investigating additional funding opportunities (issue #4) are associated with broader policy questions about the council support grant program. As seen from the comments (attached), these issues are integrally related to the overall objectives of the council support grant program, which has not been clearly articulated. Clarification of these issues may assist the Board in making deliberate funding decisions in a limited funding

environment and also provide direction to watershed councils so that they may focus their energies and plan for the future.

Resolution of these broader policy issues will require extensive consideration as the outcome may have a significant impact on the future viability of watershed councils. Input from a Board subcommittee was very valuable for the 2005-2007 grant process and cycle. For these reasons, staff believe that the appropriate venue for continued discussion and resolution of these issues is through a Board subcommittee.

Staff Request

Staff request the Board create a subcommittee to address the policy issues related to the council support grant program. Contact Lori Warner-Dickason, Policy Specialist, at lori.warner-dickason@state.or.us or 503-986-0046 for more information about council support or if you are interested in serving on the subcommittee.

Synopsis of General Comments about the Council Support Grant Process

These comments were received from watershed councils coordinators from all 5 regions as part of the input solicited in February and March, 2006. Comments were summarized and grouped by subject to create this synopsis.

Limited funds: The funds are limited and not enough to fully support the councils on a continual basis.

What are the objectives of the Council Support grant program? The objectives of the council support grant program may have changed due to limitations in funding and are not clearly articulated in the following areas:

- **What level of support should OWEB provide to Councils?** It is unclear whether the objective is to provide at least a base level of support to *all* councils or to provide a substantial portion of council support to only those that meet a certain performance threshold?
- **Should OWEB continue to support watershed groups that do not demonstrate performance?** The merit ranking scheme resulted in grant awards to some councils that were so low that it was unlikely to have an impact on the ground. Should OWEB continue this strategy and, if so, should OWEB assist those councils by providing incentives for improvement?
- **How long should Councils depend on OWEB support?** OWEB should encourage watershed groups to become self sufficient in preparation of potential discontinuation of funds in 2014.
- **Is it in OWEB's interest to provide augmented support to fledging watershed groups?** Fledging groups do not have the level of capacity to score well on the merit ranking. Should OWEB provide monetary incentives to young watershed groups where appropriate?
- **The problem of chronic under-funding is threatening the viability of some councils.** Should OWEB target funds to assist watershed groups that are struggling with capacity building because of historical under-funding?
- **The merit ranking scheme has resulted in a bias toward the older Councils that have developed capacity and other funding sources.** Given minimum funds, is it a priority to provide an equitable level of funding for all to maintain a basic level of capacity? Given the funding situation, is it appropriate for OWEB to provide more than a base level of funding for those watershed groups that clearly have the capacity to obtain funds from other sources?

Chronic under-funding is having serious consequences on the Watershed Councils.

- **The merit ranking scheme has resulted in shifting Council priorities.** Due to limited funds for non-capitol grants, many Watershed Coordinators use administration, project management and technical assistance budget lines in capitol grant applications to subsidize salaries. The result is that some watershed coordinators are spending more time on project management and less time on building organization capacity. Many think this is inconsistent with vision of watershed groups who play a unique role in the community.
- **There is significant increase in staff turnover across the state.** This is causing disruption in council effectiveness, loss of expertise, delays in project implementation and a decrease in credibility in the community. Many communities have become dependent on watershed groups to provide watershed stewardship services. Communities expect a certain basic level of organizational capacity.