

Ways & Means Reference Materials

Oregon Watershed Enhancement Board

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1. A hyperlink/URL to the agency’s Governor’s Budget published on its website.

The Governor’s Budget for the Oregon Watershed Enhancement Board is found here:

<https://www.oregon.gov/oweb/Documents/GRB-OWEB-2025-2027.pdf>



2025-2027 Governor's Recommended Budget

	2023-2025 Legislatively Adopted Budget (LAB)	2025-2027 Current Service Level (CSL)	2025-2027 Governor's Budget (GRB)
Lottery Fund	\$116,197,727	\$119,644,452	\$119,966,991
Federal Funds	\$56,787,165	\$36,831,423	\$61,591,577
Other Funds	\$45,819,445	\$4,050,459	\$43,533,391
General Fund	\$40,770,232	--	\$8,967,700
Total Funds	\$259,574,569	\$160,526,334	\$234,059,659
Positions	49	33	49
Full-Time Equivalent (FTE)	45.91	33.00	48.50

Recommended Policy Packages - Operations Budget

100 – Acquisition and Special Program Manager: Converts limited duration management position to a permanent position to lead all land and water acquisitions and stewardship work at OWEB. Includes associated services and supplies. New funding recommended: \$509,000 (\$407,7000 GF/\$101,300 LF).

101 – Grant Program Staffing Capacity: Adds one new permanent grant project manager (NRS-4) to support OWEB's core, landscape-scale grant making programs. Includes associated services and supplies. New funding recommended: \$286,813 (LF).

102 - Land Acquisition Stewardship and Compliance: Adds one new permanent position (NRS-3) to coordinate required stewardship and compliance monitoring of investments that involve permanent interests in land. Includes associated services and supplies. Funding recommended: \$0 (Self-funded through reduction in services and supplies within LF).

105 – Oregon Agricultural Heritage Program (OAHP) Staff Continuity: Provides continuity for 12 months for two limited duration program positions, an OAHP Coordinator (OPA-4) and OAHP Easement Specialist (NRS-4). Includes associated services and supplies. Funding recommended: \$455,555 (Funded through previous OF appropriation).

106 - Water Acquisitions Staffing Continuity: Converts one limited duration Water Acquisitions/Capacity Grants Coordinator (OPA-4) position and one limited duration Administrative Specialist (AS-2) position to permanent positions to administer the water acquisitions grant program and other agency needs. Includes associated services and supplies. Funding recommended: \$745,000 (Funded through previous OF appropriation).

107 – Environmental Restoration Council (ERC) Staffing Continuity: Provides continuity for two limited duration positions, ERC Coordinator (OPA-4) for 12 months and ERC Grant Program Specialist (NRS -4) for 24 months, to develop and administer activities associated with the ERC. Includes associated services and supplies. Funding recommended: \$560,000 (Funded through previous OF appropriation).

108 – ERC Staffing Capacity: Adds three positions to develop and administer activities associated with the ERC, limited duration ERC Grant Program Specialist (NRS-4), limited duration ERC Information Systems Specialist (ISS-4), and permanent ERC Accounting Technician. Includes associated services and supplies. Funding recommended: \$750,000 (Funded through previous OF appropriation).

109 – National Historic Preservation Act (NHPA) Compliance Staffing Continuity: Provides continuity, and makes permanent, a Cultural Resources Specialist (NRS-4) position to assure compliance with NHPA requirements associated with Pacific Coastal Salmon Recovery funding. Includes associated services and supplies. Funding recommended: \$351,000 (FF).

110 – Federal Programs Staffing Continuity: Provides continuity for one limited duration Federal Program Specialist (NRS-4) position to administer federal funds from the Bureau of Land Management and the Natural Resources Conservation Service. Includes associated services and supplies. Funding recommended: \$380,000 (FF).

111 - Core Information Technology Staffing Realignment: Provides funding limitation to reclassify two permanent positions to serve internal program needs and improve customer service. Funding recommended: \$29,154 (FF).

Additional DAS CFO Analyst Adjustments Operations Budget – Package 090

- **OAHP Staffing Continuity:** Building off POP 105, provides an additional 12 months of funding for two limited duration program positions, an OAHP Coordinator (OPA-4) and OAHP Easement Specialist (NRS-4). Includes associated services and supplies. New funding recommended: \$565,000 (GF).
- **Drinking Water Source Protection Staffing Continuity:** Provides continuity for one limited duration Drinking Water Source Protection Coordinator (NRS-4) position to administer the grant program. Includes associated services and supplies. New funding recommended: \$570,000 (GF).
- **Natural and Working Lands – Climate Resiliency Staffing Continuity:** Provides continuity for one limited duration Climate Coordinator (OPA 4) position to administer natural and working lands funds allocated to OWEB at the direction of the Oregon Climate Action Commission. Includes associated services and supplies. New funding recommended: \$425,000 (GF).

Statewide Attorney General Adjustment - Operations Budget – Package 092

- **Statewide AG Adjustment:** This package reduces Attorney General rates to all state agencies. Reductions in funding of \$39,897 (LF & OF)

Statewide Adjustment to DAS Charges - Operations Budget – Package 093

- **Statewide Adjustment DAS Charges:** This package reduces the Statewide Government Service Charges and DAS pricelist charges for services. Reduction in funding of \$40,515 (LF)

Recommended Policy Packages - Grants Budget

200/201 - Standard Grant Program Continuity: This package allows OWEB to spend non-lottery fund grants that have been awarded and continue to be active (FF \$24 million, OF \$37 million) as carry-forward.

Additional DAS CFO Analyst Adjustments Grants Budget – Package 090

- **Additional Grant Programs Funding:** This package includes a one-time appropriation of \$5 million to the Natural and Working Lands Fund to be allocated at the direction of the Oregon Climate Action Commission and a one-time appropriation of \$2 million to the Agricultural Heritage Fund. New funding recommended: \$7 million (GF).

Fund Source Key:	LF = Lottery Funds	FF = Federal Funds	GF = General Funds	OF = Other Funds
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Agency Staffing:	
2025- 2027 Current Service Level	33.0 FTE (permanent positions/FTE)
2025-2027 Governor’s Recommended Budget additions	<u>15.5 FTE</u> (7 permanent FTE, 8.5 limited duration FTE)
2025-2027 Governor’s Recommended Budget total	48.5 FTE (40 permanent, 8.5 limited duration)

2. Additional details, documents, and materials to support the budget information included in the agency's PowerPoint presentation.

Mission

The mission of the Oregon Watershed Enhancement Board (OWEB) is to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. OWEB fulfills this mission by administering grant programs. OWEB programs enable partner organizations to implement voluntary conservation actions that improve overall watershed health and provide habitat restoration.

Strategic Plan

OWEB adopted its [current strategic plan](#) in 2024 and will be updating the plan in accordance with Governor Kotek's expectations of state agencies. The current strategic plan objectives are:

- Through our grantmaking, build awareness of the relationship between people and watershed protection and restoration.
- Leverage our position as an anchor funder to engage the diversity of Oregonians in watershed enhancement work.
- Use our funding to strengthen and leverage capacity of people and organizations to achieve healthy watersheds.
- Advance learning about watershed protection and restoration effectiveness through coordinated monitoring.
- Increase investment connecting urban and working lands to watershed health.
- Take bold and innovative action toward funding projects that advance climate resilience.

History

OWEB has been in existence since the 1990s to conduct this work, first as the Governor's Watershed Enhancement Board and then as OWEB. OWEB was created to administer lottery dollars for watershed restoration, address declining salmon runs, and help the state implement the Oregon Plan for Salmon and Watersheds.

Today, OWEB's funding sources have diversified and include lottery, general fund, federal fund, and other fund dollars. Programs have also diversified to include natural and working lands conservation, farm and rangeland protection, and drinking water source protection. OWEB has also been named the fiscal agent for interagency and enterprise-level initiatives. The common focus among both new and longstanding programs is a connection with watershed health.

The last few biennia have shown OWEB's tremendous potential to contribute to the state natural resource enterprise as a responsive and responsible partner for a diversity of grant programs connected to the agency mission. During this time of significant growth, OWEB has worked hard to maintain its reputation as a responsive and customer service-oriented agency that develops and adapts programs according to feedback from customers.

Today, the agency's ability to adapt to meet grantee and partner needs depends heavily on limited-duration positions. Workload for many of these positions extends beyond the 2023-2025 biennium. OWEB's Governor's Recommended Budget includes policy option packages (POPs) that will sustain the resources needed for OWEB to effectively conduct existing programs into the next biennium.



Oregon Watershed Enhancement Board 2024 Strategic Plan, at a Glance

On behalf of the board members and staff of the Oregon Watershed Enhancement Board (OWEB), we invite you to review our 2024 updated strategic plan. Built on the plan adopted in 2018, this plan celebrates all we have accomplished together over the last twenty-five years and sets a course for the future.

Mission

To help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies

About OWEB

OWEB achieves this mission primarily by serving as a responsive, science-based, and collaborative funder of locally-led land and water acquisition and restoration efforts. This plan outlines specific actions that OWEB will take to pursue our mission through this role.

OWEB has funded more than **11,000 restoration grants since 1999**, with which Oregonians have restored more than **6,807 miles of streams** and have made more than **7,224 miles of habitat accessible for fish**. The grants have helped landowners improve more than **1,469,606 upland habitat acres** and restore, improve, or create more than **61,500 wetland or estuarine habitat acres**. These projects help to restore and create resilience to climate change through reconnected floodplains, enhanced wetlands, instream work, and wildfire resilience.

Who We Are

In all things we will...

Be bold

Be Forward Thinking

Be open and transparent

Be curious

We are dedicated to the idea that...

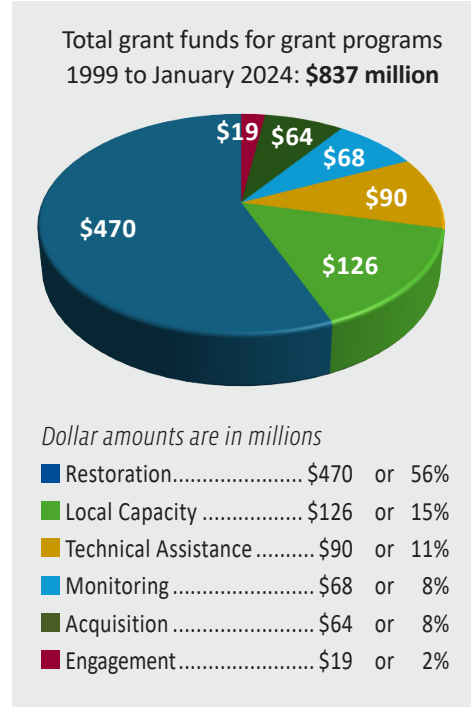
- Healthy watersheds sustain healthy communities now and in the future.
- Every Oregonian plays a role in the health of our watersheds.
- It takes broad partnership to support resilient watersheds.
- The work to improve our watersheds requires we take the long view.

Our grantmaking work is in service to...

- Healthy, resilient watersheds
- Broad care and stewardship of watersheds by Oregonians
- Adaptive capacity of communities to support their watersheds
- Strengthened economies emerging from healthy watersheds
- Strong and diverse partnerships that promote and sustain healthy watersheds

Our work is characterized by...

- Involving community members broadly and in partnership
- Using best available science supported by local knowledge
- Investing with long-term outcomes in mind
- Demonstrating impact through meaningful monitoring and evaluation
- Reaching and involving underrepresented populations



Priorities & Strategies

With extensive input from our partners, OWEB has designed a strategic plan to provide direction for the agency and its investments.

Priority 1: Through our grantmaking, build awareness of the relationship between people and watershed protection and restoration

- Tell the watershed protection and restoration story clearly and compellingly.
- Elevate the success of watershed restoration and the benefits to the people of Oregon.
- Increase awareness for the long-term horizon of watershed outcomes.
- Emphasize our commitment to partners in watershed work.

Priority 2: Leverage our position as an anchor funder to engage the diversity of Oregonians in watershed enhancement work

- Pursue diverse representation in watershed work through engagement grant offerings.
- Thoughtfully pursue board and staff diversity.
- Increase engagement with non-traditional partners on working lands and in urban and rural communities.
- Engage communities disproportionately impacted by climate change.

Priority 3: Use our funding to strengthen and leverage capacity of people and organizations to achieve healthy watersheds

- Elevate expectations for the quality of watershed work in communities.
- Provide training and technical support to increase internal capacity of organizations.
- Incentivize and increase strategic partnerships among people, organizations, and agencies.
- Contribute to a stable funding portfolio for sustained watershed work.

Priority 4: Advance learning about watershed protection and restoration effectiveness through coordinated monitoring

- Facilitate the use and development of science-based planning tools, indigenous knowledge, and different ways of knowing.
- Facilitate the exchange of information and insight from monitoring while being respectful of tribal sovereignty and self-governance.
- Promote tools and best practices to connect all forms of ecological knowledge to the practitioners.
- Monitor the effectiveness of actions in pursuit of climate objectives.
- Invest in long-term monitoring efforts.

Priority 5: Increase investment connecting urban and working lands to watershed health

- Improve the engagement of working lands in coordinated watershed strategy.
- Increase adoption of best practices among landowners.
- Communicate the economic benefits of healthy watersheds for working lands.

Priority 6: Take bold and innovative action toward funding projects that advance climate resilience

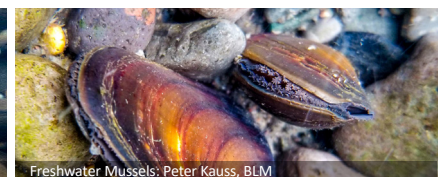
- Pursue and support experimental programs.
- Make room to try new techniques in restoration.
- Design action to respond and mitigate the effects of climate change on watershed health.
- Identify and develop new and innovative ways of pursuing watershed health and communicating climate benefits.
- Reduce barriers in grantmaking.



Sage-grouse; Baker Local Implementation Team



Pacific Lamprey; USFWS



Freshwater Mussels; Peter Kauss, BLM

3. Results of, and agency responses to, all audits on the agency conducted by the Secretary of State under ORS 297.070 during the current biennium and/or an external audit firm

No applicable audits were conducted for OWEB during the 2023-2025 biennium, but a 2020 audit report published by the Oregon Secretary of State is included with these reference materials because it provides a helpful summary of the way OWEB administers Measure 76 lottery dollars. The report highlights OWEB's grantmaking processes on pages 5-6.



Secretary of State Oregon Audits Division



Multiple Agencies

By Appropriately Administering Measure 76 Funds, Oregon Is Advancing Constitutional Goals for State Parks and Natural Resources

December 2020
Report 2020-43

Secretary of State Bev Clarno
Audits Division Director Kip Memmott

Executive Summary

Why This Audit is Important

» Parks and natural resources are two of Oregon's irreplaceable assets that benefit all citizens. Voters passed Measure 76 in 2010, amending the state Constitution to protect these assets.

» Measure 76 designates 15% of Lottery revenues to a fund for that purpose. Recently, that fund has exceeded \$95 million per year.

» Much (39%) of the Measure 76 Fund is dedicated to grant programs.

» Appropriate procedures and tracking are necessary to ensure grant dollars are spent appropriately and completely.

» Measure 76 also amended the Constitution to require a regular audit of these moneys.

Multiple Agencies By Appropriately Administering Measure 76 Funds, Oregon Is Advancing Constitutional Goals for State Parks and Natural Resources

What We Found

1. Agencies are complying with grant expenditure requirements. ([pg. 10](#))
2. Agencies evaluate, award, and monitor grants effectively. ([pg. 10](#))
3. The Oregon Parks and Recreation Department has taken steps to prepare for a potential reallocation of funds. ([pg. 12](#))
4. Agencies' performance data demonstrates progress on constitutional achievements. ([pg. 13](#))

What We Recommend

The Oregon Constitution requires the Secretary of State Audits Division to regularly audit any state agency that receives moneys from the parks and natural resources fund. The stated intent of the audit is to address the financial integrity, compliance with applicable laws, efficiency and effectiveness of the use of the moneys.

We found agencies receiving these funds have adequate processes and procedures in place to ensure the funds are achieving the stated constitutional purpose. As such, we have no recommendations to offer.

The Oregon Secretary of State Audits Division is an independent, nonpartisan organization that conducts audits based on objective, reliable information to help state government operate more efficiently and effectively. The summary above should be considered in connection with a careful review of the full report.

Introduction

Oregon’s natural beauty and resources have long been an integral part of the state’s identity. Much of the state’s robust tourism industry relies on access to parks and outdoor recreational opportunities. The many natural resources found in the state — including timber, water, fish, and wildlife — have been the foundation of Oregon’s economy for decades. Beyond economic interests, Oregonians pride themselves on the natural beauty of the state and enjoy ready access to its many forests, hiking trails, waterways, beaches, and more. Maintaining the health and availability of the outdoors is critical to the state and its citizens.

Recognizing this fact, and desiring to continue investments in these areas, voters passed



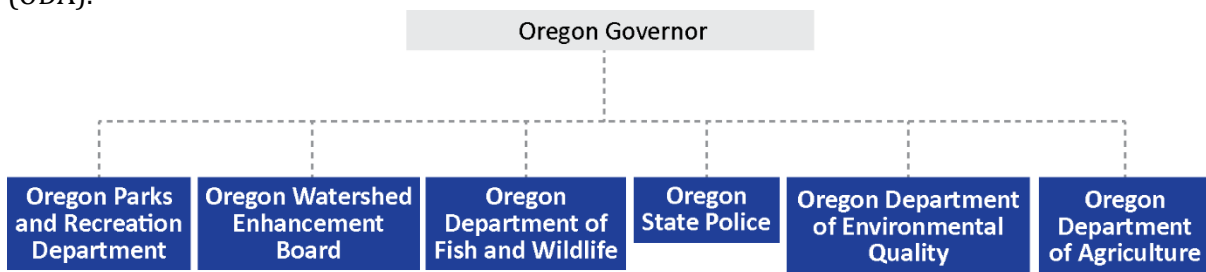
Oregon’s parks and natural resources are two of the state’s most valuable assets.
Source: OWEB.

Measure 76 in 2010 and amended the Oregon Constitution. The Parks and Natural Resources Fund receives 15% of net lottery revenues, about \$100 million per year, and divides it equally between the parks and natural resources subaccounts.

Parks funding is “distributed for the public purposes of financing the protection, repair, operation, and creation of state, regional and local public parks, ocean shore and public beach access areas, historic sites and recreations areas.”¹ Natural resource funding is for “the restoration and protection of native fish and wildlife, watersheds and water quality in Oregon.”²

Measure 76 also amended the Constitution to require a regular audit of the moneys. Per Article XV, section 4c, the Secretary of State “shall regularly audit any state agency that receives moneys from the parks and natural resources fund... to address the financial integrity, compliance with applicable laws, efficiency and effectiveness of the use of the moneys.”

Six Oregon agencies receive money from this fund and were therefore included in this audit: the Oregon Parks and Recreation Department (OPRD), the Oregon Watershed Enhancement Board (OWEB), the Oregon Department of Fish and Wildlife (ODFW), the Oregon State Police (OSP), the Oregon Department of Environmental Quality (DEQ), and the Oregon Department of Agriculture (ODA).



¹ Oregon Constitution, Article XV, Section 4, Paragraph 10

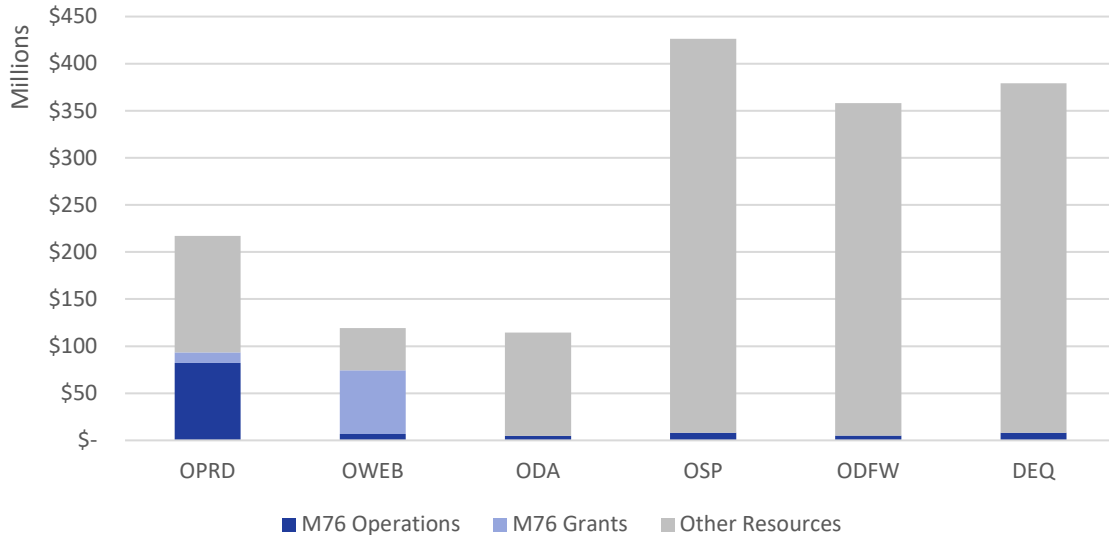
² Oregon Constitution, Article XV, Section 4, Paragraph 10

Oregon has dedicated funding to conservation for over 20 years

The same principles in Measure 76 were first implemented in 1998, when voters passed Measure 66. The passage of Measure 76 made some changes over the previous iteration of the fund, the most significant being that, while Measure 66³ required minimum amounts to be spent on capital expenditures, Measure 76 removed that requirement and replaced it with minimum amounts to be for local and regional grants.

Measure 76 is not the only funding source for park management and conservation efforts by the state. Many others exist, such as the state's General Fund and federal funds used by the six agencies receiving Measure 76 funds and by other agencies.

Figure 1: Oregon entities receiving Measure 76 funds also receive other resources



Source: Legislative Fiscal Office detailed analysis of the 2017-19 Legislatively Adopted Budget.

The appropriations for both the Measure 66 and Measure 76 Fund have generally trended upward since inception, beginning with \$111 million in the first full biennium (2001-03) and growing to \$193 million for the 2017-19 biennium. Beginning in spring 2020, the COVID-19 pandemic caused a decrease in lottery revenues, which may lead to reduced funding for the current and future biennia.

Six agencies use Measure 76 funds for a variety of operational purposes

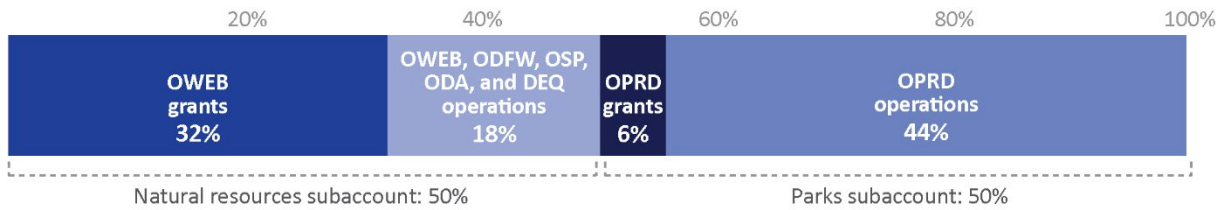
Currently, the Measure 76 Fund is dispersed to six agencies. Since it is a funding source with broad goals it allows for the participating agencies to implement unique structures and programs.

The fund is divided equally between the parks subaccount, which is allocated entirely to OPRD, and the natural resources subaccount, which is split among the remaining five agencies. The Constitution further divides these subaccounts into separate portions for grants and operations. Most of our audit procedures focused on the portions pertaining to grants as operational expenditures, which are primarily for payroll and services and supplies, appeared to have a lower risk. The grants portions generally must be awarded to entities other than the state for specific purposes, such as the construction of a local park or the completion of a wetland

³ The Audits Division performed audits of Measure 66 funds. These can be found [on our website](#). They are reports no. 2010-27, 2008-20, 2007-01, 2005-17, and 2002-46.

restoration project. The operations portions have fewer restrictions and may be used by state agencies for costs such as payroll or rent.

Figure 2: The Measure 76 Fund is allocated to several agencies for grants and operations



Source: Oregon Constitution, Article XV, Section 4.

OPRD uses Measure 76 funds to manage state parks and keep parks affordable and accessible

OPRD’s mission is to provide and protect outstanding natural, scenic, cultural, historic, and recreational sites for the enjoyment and education of present and future generations. The agency focuses on protecting Oregon’s special outdoor and historic places, providing opportunities for great experiences and sustaining Oregon’s quality outdoor recreation and heritage resources for the future. OPRD is led by the seven-member Parks and Recreation Commission.

To accomplish its mission, OPRD provides one of the most popular state park systems in the nation — more than 250 properties providing more than 50 million visits a year — and manages other key recreation and heritage programs. These include Oregon’s public ocean shore, scenic waterways and bikeways, the State Historic Preservation Office, archaeology services, and historic cemeteries. OPRD programs serve Oregon communities directly with grants and guidance related to outdoor recreation, museums, and historic downtown revitalization.



Kayakers enjoy Collier Memorial State Park.
Source: OPRD.

OPRD has about 600 full-time equivalent staff, with many employees being seasonal. In recent years, OPRD’s budget has been approximately \$100 million per year. Measure 76 funds are nearly half of OPRD’s revenues. Other significant revenues are park service fees, recreational vehicle registration fees, and federal funds.

In spring 2020, the COVID-19 pandemic caused a significant decrease in revenues, as both the Measure 76 lottery revenues and park service fees fell. This has forced OPRD

to cut costs in many areas and lay off a portion of its workforce. As of October 2020, OPRD is still responding to this budget shortfall as the situation develops.

Per the Oregon Constitution, OPRD must use at least 12% of the Measure 76 funds for grants; the remaining 88% is used by the agency for operations. All of the grant money is used for the Local Government Grant Program, which helps local governments gain or improve parklands. The grant program is described in more detail later in this report.

OWEB uses Measure 76 funds to help accomplish its mission to protect natural resources



OWEB protects Oregon's streams.
Source: OWEB.

OWEB's mission is to help protect and restore healthy watersheds and natural habitats that support thriving communities and strong economies. The agency accomplishes this largely through grants to help Oregonians take care of local streams, rivers, wetlands, and natural areas. OWEB is led by an 18-member citizen board drawn from the public at large, tribes, and federal and state natural resource agency boards and commissions.

OWEB has about 30 full-time equivalent staff operating under an annual budget of \$55 million. Measure 76 funds comprise approximately 60% of OWEB's revenues. Other significant revenues are federal funds (primarily through the Pacific Coast Salmon Recovery Fund grant program) and salmon license plate revenues.

Much like OPRD, OWEB was also affected by revenue shortfalls as a result of the COVID-19 pandemic. In response, the agency paused financial awards and budget decisions.

OWEB is required to use at least 65% of the Measure 76 funds from the natural resources subaccount for a variety of grant programs. The remainder of OWEB's portion, which is approximately 4% of the natural resources subaccount, is used for operations — which primarily consists of grant-making and coordinating conservation efforts with many stakeholders. The most significant grant type is restoration, which is for projects that improve waterway or watershed habitat in a specific area using actions like adding beneficial plants to a stream bank or removing fish passage barriers like irrigation dams. Other grant types that support restoration activities are technical assistance, monitoring, operating capacity, and stakeholder engagement. These grants are described in more detail later in this report.

Four other agencies with a role in protecting natural resources also receive Measure 76 funds

ODA's mission is to ensure healthy natural resources, environment, and economy through the inspection and certification, regulation, and promotion of agriculture and food.

ODA annually receives about \$4.1 million in Measure 76 funds, representing about 7% of its revenues. Recently, ODA used about 70% of these funds for invasive species management programs and 30% for water quality programs. ODA also provides technical advice and helps to select grantees for two Measure 76 grant programs: the Oregon State Weed Board grants and the Soil and Water Conversation District grants.



ODA fights invasive species such as spotted knapweed.
Source: ODA.

The mission of OSP is to serve the State of Oregon with a diverse workforce dedicated to the protection of people, property, and natural resources. The agency enforces the traffic laws on the state's roadways, investigates and solves crimes, conducts post-mortem examinations and forensic analysis, and provides background checks and law enforcement data. OSP is also charged with regulating hunting, fishing, the

handling of hazardous materials and fire codes, educating the public on fire safety, and enforcing fish, wildlife, and natural resource laws.



A state trooper inspects crab pots, enforcing wildlife laws. Source: OSP.

One of the larger agencies to receive Measure 76 funds, OSP annually receives about \$4 million in Measure 76 funds, representing about 2% of OSP's revenues, all of which goes to the agency's Fish and Wildlife Division. This division is comprised of 135 troopers who enforce hunting, fishing, and other natural resource laws.

OSP's Fish and Wildlife Division is not to be confused with ODFW, which regulates the harvest, health, and enhancement of native species populations. The agency manages fish hatcheries and wildlife areas, conducts research, and educates the public.

ODFW annually receives about \$2.6 million in Measure 76 funds, representing about 1% of its revenues, and uses these funds for a variety of programs. A common theme of these programs is native species conservation, which is accomplished by monitoring, data analysis, planning, policymaking, and on-the-ground projects.

The final agency to receive Measure 76 funds is DEQ, whose mission is to be a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.

DEQ is a regulatory agency receiving annually about \$2.3 million in Measure 76 funds, representing about 1% of its revenues, all of which is used in the Water Quality Division on the Water Quality Monitoring, Water Quality Permitting, and Total Maximum Daily Load programs. These programs aim to maintain and improve the quality of Oregon's water resources.

Oregon uses grants as a powerful tool to fulfill the goals of Measure 76

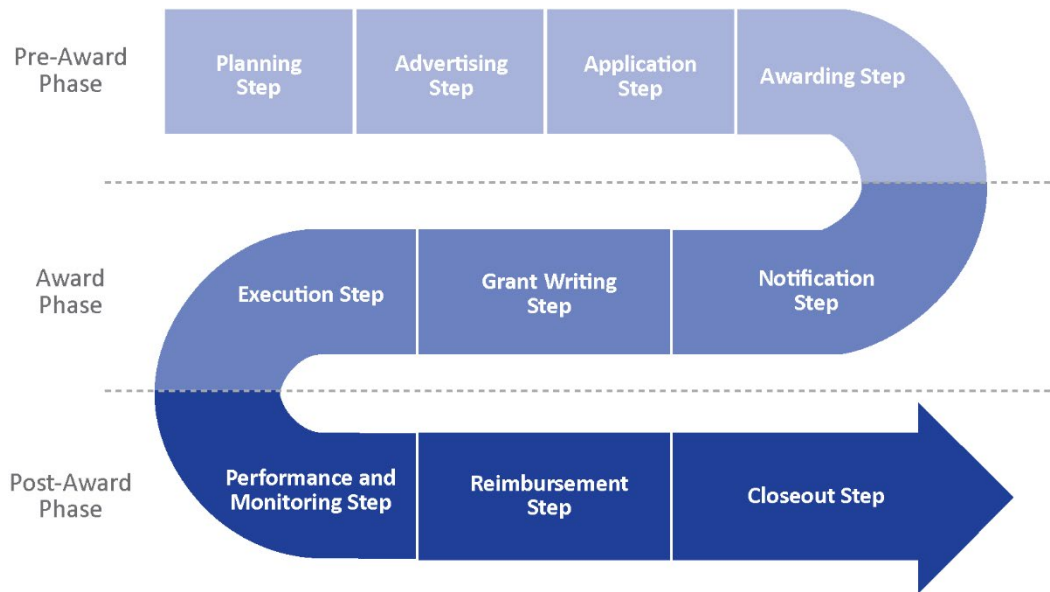
Granting is an important function to many government agencies. It helps to extend the reach of an agency's funds beyond what the government can do by itself. By granting, an agency involves more stakeholders, getting collaboration from entities with similar goals that might not have been involved in the absence of grants.

It also allows the leveraging of funds to secure "matching." For example, the grantor may contribute \$10,000 to a project contingent on a matching contribution by the grantee of \$5,000. This creates a project worth \$15,000 that fulfills the grantor's goals without having to spend as much money.

The constitutionally required Measure 76 grant programs are assigned to OPRD and OWEB. OWEB enlists the assistance of ODA in administering parts of its Measure 76 grant program. The specifics of these grants are covered in greater detail in the Audit Results section of this report.

Grant offerings require planning, effort, and coordination

A typical grant offering involves the following phases and steps. These can vary depending on the types of grants.



Pre-Award Phase: In planning, the grantor considers their objectives for the cycle and dedicates resources to the grant offering. The grantor also writes rules and applications to prepare. In advertising, the grantor notifies the public of the grant offering and encourages eligible entities to apply. This is followed by the application step, wherein potential grantees complete and submit applications, often using a web interface. Finally, the awarding step: The grantor reviews applications and selects awardees using a process that gives all applicants equal opportunities and funds the best grant proposals. This often involves a technical or eligibility review by staff in the grantor agency and a review by a committee of staff and volunteer stakeholders. Those reviews will result in recommendations. The ultimate selection of awardees is made by an appointed board or, if authority has been delegated, by grantor management.

Award Phase: This phase begins with notification, when the grantor notifies the applicant that they have selected their project for funding. This allows the applicant to begin preparing the project. The grantor will advise the grantee not to expend funds until an agreement is signed by both parties. This is followed by the grant writing step. The grantor drafts a grant agreement, which is a legally binding contract between the parties that describes the required actions for each party. Finally, the execution step is where both grantor and grantee sign the agreement and commit to the contract.

Post-Award Phase: Once the grant has been awarded, the grantee performs the project as written, periodically notifying the grantor of its progress. The grantor may conduct site visits and review documentation in what is considered the performance and monitoring step and is followed by the reimbursement step, where the grantee submits reimbursement requests. (This step applies to reimbursement basis grants, where the grantor only pays the grantee after the grantee incurs costs. Some grants are not on a reimbursement basis, allowing payments in advance of the time costs are incurred.) Finally, there is the closeout step. The grantee submits a final report and a final reimbursement request, if applicable. These items demonstrate completion of the project work. The grantor reviews these submissions to their satisfaction and considers the report closed.

Agencies use Key Performance Measures to evaluate progress for use of Measure 76 funds

Measure 76 funds are used for operational purposes to meet constitutional achievements. Agencies use key performance measures that are reported annually to the Legislature in showing progress toward these achievements.

Key performance measures are the primary expression of an agency performance. They are high-level, outcome-oriented performance measures state agencies use to report externally to the Legislature and interested citizens. These measures communicate in quantitative terms how well the agency is achieving its mission and goals.

Audit Results

The Oregon Constitution requires the Secretary of State Audits Division to regularly audit any state agency that receives moneys from the parks and natural resources fund to address the financial integrity, compliance with applicable laws, efficiency and effectiveness of the use of the moneys. This audit focused on grant administration as this was a recent constitutional requirement.

We found the three Oregon agencies administering grants have adequate processes in place to track grant expenditure requirements and are effectively evaluating, awarding, and monitoring these grants. We also found OPRD has taken steps to prepare for a potential reallocation of funds. Finally, we found the performance metrics of each agency demonstrate progress on constitutional achievements.

Agencies have a process to track grant expenditure requirements

Measure 76 funds have constitutional requirements to be spent in certain ways. Of the funding received, OPRD is to spend no less than 12% for local and regional grants to either acquire property for — or to develop or improve — public parks, natural areas, or outdoor recreation areas. OWEB is to spend no less than 65% on grants to entities other than state or federal agencies for projects restoring watersheds and fish or wildlife habitats.

We found agencies have adequate processes in place to track grant expenditures to ensure they are meeting constitutional requirements. Both OPRD and OWEB use coding in the state’s accounting system to track grant money to ensure the constitutional requirement is met. Both agencies also have processes to ensure that the required revenue is appropriately recorded. Expenditures are also coded to ensure the required amount of money is spent on grants.

Agencies evaluate, award, and monitor grants effectively

OPRD awards grants for local governments’ park projects

The Measure 76 allocation for OPRD grants goes entirely to the Local Government Grant Program. This program creates grants to local governments for projects that develop, rehabilitate, acquire, or plan for park and recreation facilities. Grants may be used, for example, to purchase a new city park, restripe a tennis court for pickleball, clear an overgrown trail, or engineer a plan for a city park.

The Local Government Grant Program has one grant cycle per year. Grants are typically between \$25,000 and \$1 million. In 2019, there were 33 grants awarded for a total of \$6.62 million.



Baker City residents playing on the Geiser Pollman Park Playground.
Source: OPRD.

A technical review is completed by OPRD staff for all grant applications. Applications requesting \$75,000 or more are also reviewed by the Local Government Grant Advisory Committee, which

has 10 members. The committee scores applications using criteria based on administrative rule that includes demonstration of user benefits, public interest, conformance with local and state planning guidelines, cost/benefit, environmental assessments, project increase in outdoor recreation in the area, and accommodation for people with disabilities.⁴ For applications requesting less than \$75,000, OPRD staff review and score using a similar process. The committee and staff present these to the OPRD director for approval and then forward them to the Parks and Recreation Commission for final approval.

Once grants are awarded and agreements are executed, projects are usually paid on a reimbursement basis, with receipts and proof of payment being required for reimbursement.

Projects typically last around two years. Grantees are often required to submit progress reports throughout the project and a final progress report at the close of the project. Reporting often includes before and after pictures of the project site.

We reviewed OPRD's processes for the Local Government Grant Program and found them sufficient to ensure grant applications are adequately evaluated, and grants are adequately awarded and monitored. We also reviewed grant documentation and found OPRD complied with its established processes.

OWEB awards grants for various conservation activities with assistance from ODA

OWEB uses Measure 76 funds for a variety of grant programs. Some of the grant types include land and water acquisition, restoration, stakeholder engagement, technical assistance, monitoring, focused investment partnership, and operating capacity.

All grant payments from the natural resource subaccount are paid through OWEB. Of the \$67.6 million for the 2017-19 biennium, \$9.75 million (14.4%) were grants processed with the assistance of ODA (\$3 million for noxious weed control grants and \$6.75 million for the Soil and Water Conservation District capacity grants).

Many of the OWEB grant applications are reviewed by one of six regional review teams, each of which consists of approximately 15 expert volunteers. This review may include an on-site visit. The regional team meets to discuss the projects and then recommends one of the following: fund, fund with conditions, do not fund, or defer. This decision is based on a variety of factors, including the criteria established in administrative rule, success of project completion, benefit to watershed function, habitat and quality, and cost/benefit.⁵ Each team member scores each project. These scores are aggregated and a prioritized list of projects is summarized for the OWEB board. The OWEB board then votes to award the projects.

The ODA weed grants are reviewed by staff at both ODA and OWEB. The grants are then reviewed and approved by the Oregon State Weed Board. The board presents recommendations for funding to OWEB, who awards the grants based on those recommendations. Grantees receive payments of 50% at agreement, 25% at the mid-term, and 25% at final reporting. Most grant agreements have terms of about 18 months. Grantees must submit detailed invoices and reports at mid-term and closeout of the grant.

The ODA Soil and Water Conservation District grants are split into two types — district operations grants and statement of work grants. For the most part, the funds are split equally between all conservation districts in the state. The grants are paid in advance, with expenditure details due before the next payment. For monitoring, conservation districts submit various

⁴ See OAR 736-006-0145 for the full administrative rule.

⁵ For the full administrative rules, see OAR 695-010-0030 and -0060.

reports to OWEB and ODA. Those reports have details about complaints, landowner interactions, projects, and conservation practices.



OWEB collects before and after photos from grantees to monitor projects. One such project restored a natural waterway by breaching of an old, unused dike.

Source: OWEB.

Some of the grants are monitored on-site each year. Grantees are often required to submit progress reports throughout the project and a final progress report is required at the close of the project. Reporting often includes before and after pictures of the project site, as well as data about the project. Examples of common types of data collected are GPS data for inclusion in the Oregon Watershed Restoration Inventory and number of acres treated for weed control.

Once awarded, most projects are paid on the reimbursement basis, although advance payments are sometimes allowed. If there are advanced payments, they are no more than 120 days in advance of project initiation and additional funding will not be provided until project support from the grantee is provided for the advance funding.

We reviewed OWEB and ODA's processes for their grant programs and found them sufficient to ensure grant applications are adequately evaluated, and grants are adequately awarded and monitored. We also reviewed grant documentation and found OWEB and ODA complied with its established processes.

OPRD has taken steps to prepare for a potential reallocation of funds

A requirement of the Constitution is that the allocation for grants be increased once the fund rises above a certain threshold. That threshold is 150% over the 2009-11 biennium amount. Currently, OPRD must spend 12% of the parks subaccount and OWEB must spend 65% of the natural resources subaccount on grants. If the threshold is exceeded, these percentages increase to 25% and 70%, respectively. The increase is much more significant for OPRD (a 108% increase) than for OWEB (a 7% increase).

Forecasts made during the early stages of our audit suggested that the threshold could be exceeded as early as the 2020-21 biennium. Should this occur, OPRD will need to plan and

reallocate resources to comply with the Constitutional requirement. OPRD has initiated discussions to make the needed changes.

However, the COVID-19 pandemic in spring 2020 caused a decrease in lottery revenues, delaying the change in the grant funds reallocation. It is unclear when lottery revenues will return to pre-pandemic levels and continue growing to trigger the reallocation. We made inquiries and performed some analyses, but suspended further work since the reallocation was not forthcoming.

Agencies' performance data demonstrates progress on constitutional achievements

As part of our review, we read the Constitution, read agencies' annual performance progress reports⁶, and inquired of the agencies. We compared agencies' performance data to the achievements in the Constitution.

The Constitution describes the purposes of the parks subaccount as follows:

"...[T]he legislative assembly shall appropriate all of the moneys in the parks subaccount ... to achieve all of the following:

- (a) Provide additional public parks, natural areas or outdoor recreational areas to meet the needs of current and future residents of the State of Oregon;
- (b) Protect natural, cultural, historic and outdoor recreational resources of state or regional significance;
- (c) Manage public parks, natural areas and outdoor recreation areas to ensure their long-term ecological health and provide for the enjoyment of current and future residents of the State of Oregon; and
- (d) Provide diverse and equitable opportunities for residents of the State of Oregon to experience nature and participate in outdoor recreational activities in state, regional, local or neighborhood public parks and recreation areas."⁷

OPRD reports to the Legislature annually using the following key performance measures:

- Park visitation: Visitors per acre of Oregon Parks and Recreation Department property.
- Heritage program benefits: Number of properties, sites, or districts that benefit from an OPRD-managed heritage program.
- Grant programs: Percent of Oregon communities that benefit from an OPRD-managed grant program.
- Property acquisition: Park lands and waters acquired by OPRD as a percentage of the total goal, otherwise known as the recreation lands index.
- Facilities backlog: Percent reduction in facilities backlog since 1999.
- Customer satisfaction: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent"; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.
- Commission best practices: Percent of total best practices met by the State Parks and Recreation Commission.

We concluded these measures are adequate to demonstrate the level at which OPRD is fulfilling the constitutional achievements.

⁶ These reports are available at <https://www.oregonlegislature.gov/lfo/APPR/Forms/AllItems.aspx>

⁷ Oregon Constitution, Article XV, Section 4a(1).

The Constitution describes the purposes of the Natural Resources subaccount as follows:

“...[T]he legislative assembly shall appropriate all of the moneys in the natural resources subaccount ... to accomplish all of the following:

- (a) Protect and Improve water quality in Oregon’s rivers, lakes, and streams by restoring natural watershed functions or stream flows;
- (b) Secure long-term protection for lands and waters that provide significant habitats for native fish and wildlife;
- (c) Restore and maintain habitats needed to sustain healthy and resilient populations of native fish and wildlife;
- (d) Maintain the diversity of Oregon’s plants, animals and ecosystems;
- (e) Involve people in voluntary actions to protect, restore and maintain the ecological health of Oregon’s lands and waters; and
- (f) Remedy the conditions that limit the health of fish and wildlife, habitats and watershed functions in greatest need of conservation.”⁸

OWEB reports to the Legislature annually using the following key performance measures:

- Operations: The percentage of total funding used in agency operations.
- Funding from other sources: The percent of funds contributed from other sources on OWEB funded restoration projects.
- Grant-making across Oregon: Percent of Oregon's 76 sub-basins within which Oregonians benefit from OWEB's grant programs.
- Timeliness of grant-making: The percent of open solicitation grant agreements executed within one month after Board award.
- Fish populations: The percentage of monitored native fish species that exhibit increasing or stable levels of abundance.
- Watershed council governance: Percent of OWEB-funded watershed councils that demonstrate effective organizational governance and management using OWEB merit criteria.
- Payments: The percentage of complete grant payment requests paid within 24 days.
- Streamside habitat: The number of riparian stream miles restored or enhanced as a result of OWEB-funded grants.
- Upland habitat: Acres of upland habitat restored or enhanced as a result of OWE- funded grants.
- Native species habitat and water quality: Percent of restoration, acquisition, or technical assistance funding invested to address habitat for threatened, endangered, or species of concern, or water-quality concerns identified.
- Native fish habitat quantity: Miles of fish habitat opened as a result of completed fish passage projects funded through OWEB grants.
- Customer service: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.

We concluded these measures are adequate to demonstrate the level at which OWEB is fulfilling the constitutional achievements.

⁸ Oregon Constitution, Article XV, Section 4b(1)

Recommendations

The Oregon Constitution requires the Secretary of State Audits Division to regularly audit any state agency that receives moneys from the parks and natural resources fund. The stated intent of the audit is to address the financial integrity, compliance with applicable laws, efficiency and effectiveness of the use of the moneys.

We found the agencies receiving these funds have adequate processes and procedures in place to ensure the funds are achieving the stated constitutional purpose. As such, we have no recommendations to offer.

Objective, Scope, and Methodology

Objectives

The objectives of this audit were to:

- Determine whether granting agencies are complying with the minimum grant requirements.
- Determine whether agencies have effective grant administration processes to (1) evaluate and award grants that further the purposes outlined in Measure 76 and (2) monitor grants to ensure they are meeting the objectives of the grant award.
- Determine whether OPRD is prepared for an increase in grant funding.
- Present information on agencies' performance data used to support achievement of constitutional goals.

Scope

Our scope was limited to the use of Measure 76 funds. Only OPRD, OWEB, and ODA are involved in the distribution of grant funds, so the majority of our work was limited to those agencies. Most of our procedures were limited to the 2017-19 biennium.

Methodology

To address the audit objectives, we interviewed key staff, management, and board members at OPRD, OWEB, ODA, OSP, ODFW, DEQ, and the Legislative Fiscal Office.

We reviewed relevant constitutional requirements, laws, regulations, and legal opinions. We obtained and reviewed budget, accounting, and performance reports. We obtained an understanding of applicable internal controls, especially as they pertained to grant processes.

We tested to ensure that the agencies had a process to ensure the 12% and 65% grant requirements were met. We reviewed budgeted amounts and data from the state accounting system.

We did not test operational funds. Based on our interviews with agency staff and review of data, operational funds appear reasonable and allowable for the use of Measure 76.

We obtained grant data from OPRD, OWEB, and ODA, then performed limited data reliability testing. During the 2017-19 biennium, about 900 grants were awarded by these agencies. We selected random statistical and nonstatistical samples of grant applications and grant agreements.

We tested a total of 116 grant applications using the following tests:

- Was an eligibility or technical review completed?
- Was scoring criteria used? (Or, was project evaluation documentation retained?)
- Was the grant for a Measure 76 purpose?

We tested a total of 109 grant agreements using the following tests:

- Did the board approve the grant?
- Was the grant for a Measure 76 purpose?
- Was the grant agreement signed by the agency and the grantee?
- Were selected reimbursement requests for the grant payments appropriately approved (the request is related to the grant and appropriate detail is submitted)?

- Did the total payments not exceed the maximum dollars in the agreement as amended?
- Did monitoring during the project occur (or were deliverables throughout the project met)? (Or, was a progress report submitted before the end of the project?)
- Was correct closeout documentation retained (e.g. pictures, copy of deed, etc.) and were grant objectives met?

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of OPRD, OWEB, ODA, OSP, ODFW, DEQ, and the Legislative Fiscal Office during the course of this audit.



Audit Team

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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

This report is intended to promote the best possible management of public resources.
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Oregon Audits Division

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4. Description of how recent changes to agency budget and/or management flexibility affected agency operations.

OWEB's willingness to partner and take on new programs has led to growth and diversification in revenue sources, grant offerings, and services offered. OWEB has responded to requests from partners, customers, the Governor's Office, and the Legislature to take on new responsibilities related to grant administration for watershed health, due to OWEB's reputation as an effective and responsive grant administrator. OWEB has received positions to administer the new programs, many of which are limited-duration. For each new program, OWEB hired and on-boarded staff positions and leveraged existing in-house financial and administration expertise to inform program development.

In 2023 OWEB was asked to administer a new land acquisition program for drinking water source protection created in HB 2010, to help meet the needs of small rural drinking water providers by leveraging the agency's expertise in administering land acquisition grants. Part of the funding for this program comes from Lottery Revenue Bond dollars, which is a new fund source for OWEB. OWEB rapidly convened a rules advisory committee to develop grant program rules, partnered with DAS and other agencies to learn more about Lottery Revenue Bond funding, hired new program staff, and finalized the program rules with the OWEB Board in July 2024. OWEB then developed detailed program guidance and conducted a solicitation process so that funds can be awarded as soon as possible after the bond sale scheduled in spring of 2025.

Also in 2023, OWEB was named fiscal agent to administer a legislative investment in natural and working lands funds. OWEB worked with the Oregon Climate Action Commission and Governor's Natural Resources Office to transfer portions of the funds to three other state agencies. OWEB also received an agency transfer to support OWEB grant programs supporting carbon sequestration on natural and working lands. After an extensive outreach effort to meet the bill's stated intent to prioritize environmental justice communities and tribes, OWEB will launch application cycles for these funds in February 2025.

In the 2024 legislative session, OWEB was named in Senate Bill 1561 as the administrator to fulfill the state's responsibilities under the State of Oregon vs. Monsanto settlement over PCBs. The legislation established an Environmental Restoration Council to be staffed by OWEB to administer the settlement funds. OWEB will administer the state's responsibilities to work with the council to adopt rules, identify funding priorities, and transfer funds as described in the legislation to state agencies, tribes, and a disproportionately impacted community grant fund.

OWEB is now evaluating agency needs to serve state natural resource grant administration priorities sustainably and predictably in the future. A stable agency structure and staffing level will foster continuity and allow OWEB to continue standing up new programs in support of the needs of Oregonians and as requested by the Governor's Office, legislature, and federal partners. It will also allow OWEB to better integrate the programs into the agency's grantmaking structure.

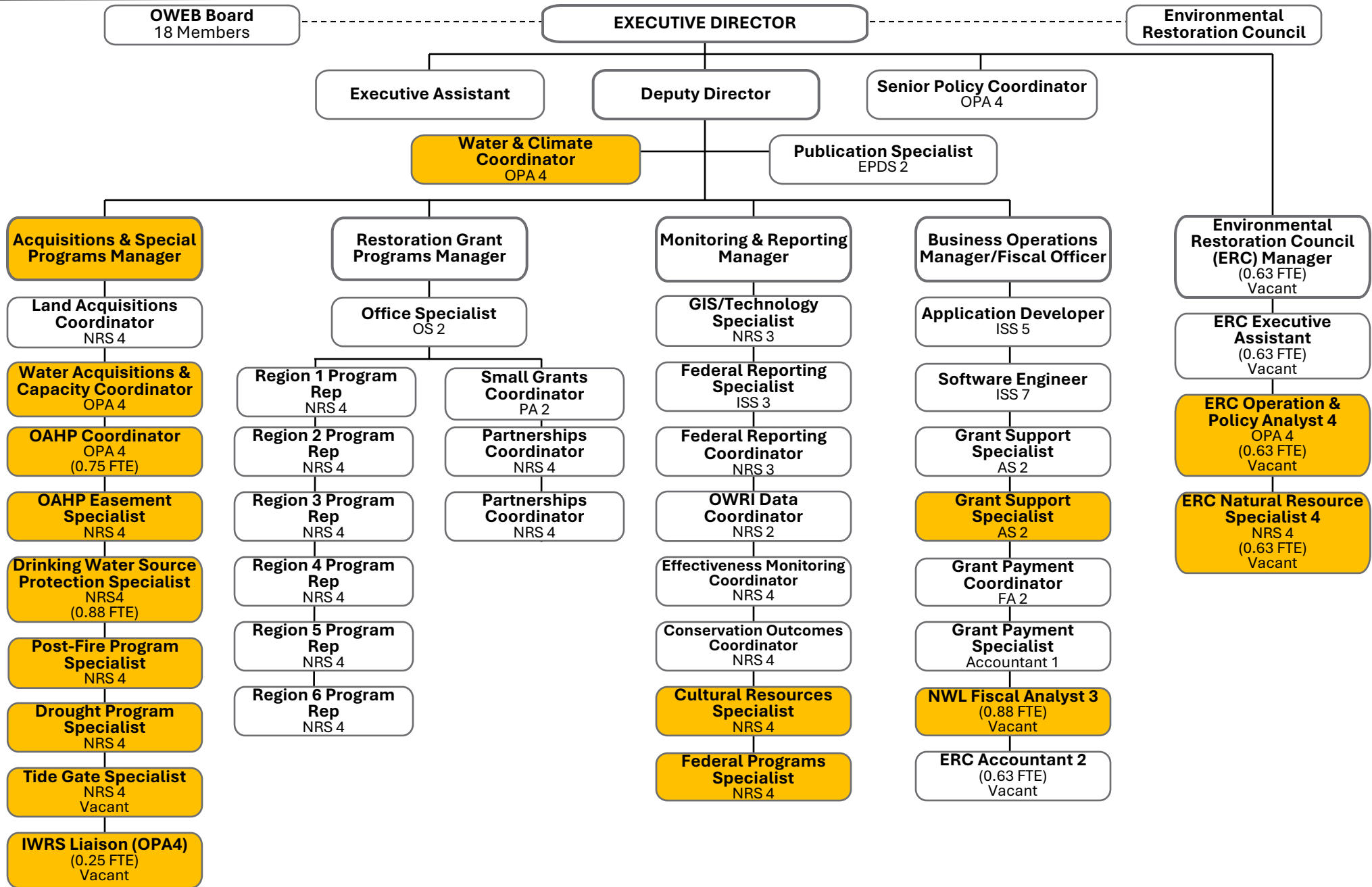
5. Description of workforce challenges, including the impact to agency operations and services and additional costs incurred (e.g., overtime, contracted staffing).

Today, the agency's ability to adapt to meet grantee and partner needs depends heavily on limited-duration positions. Sixteen of the forty-nine positions in OWEB's 2023-2025 Legislatively Adopted Budget are limited duration.

Several of the limited duration positions are included in OWEB's Governor's Recommended Budget for the 2025-2027 biennium. Workload in new and existing programs will extend into the 2025-2027 biennium and includes ongoing grant administration, continuous improvement efforts in existing programs, continued focus on excellent customer service, expanded outreach and engagement, new program development, and grant application review and evaluation.

Oregon Watershed Enhancement Board Organizational Chart

2023-2025 (as of December 1, 2024)



Permanent Position

Limited Duration Position

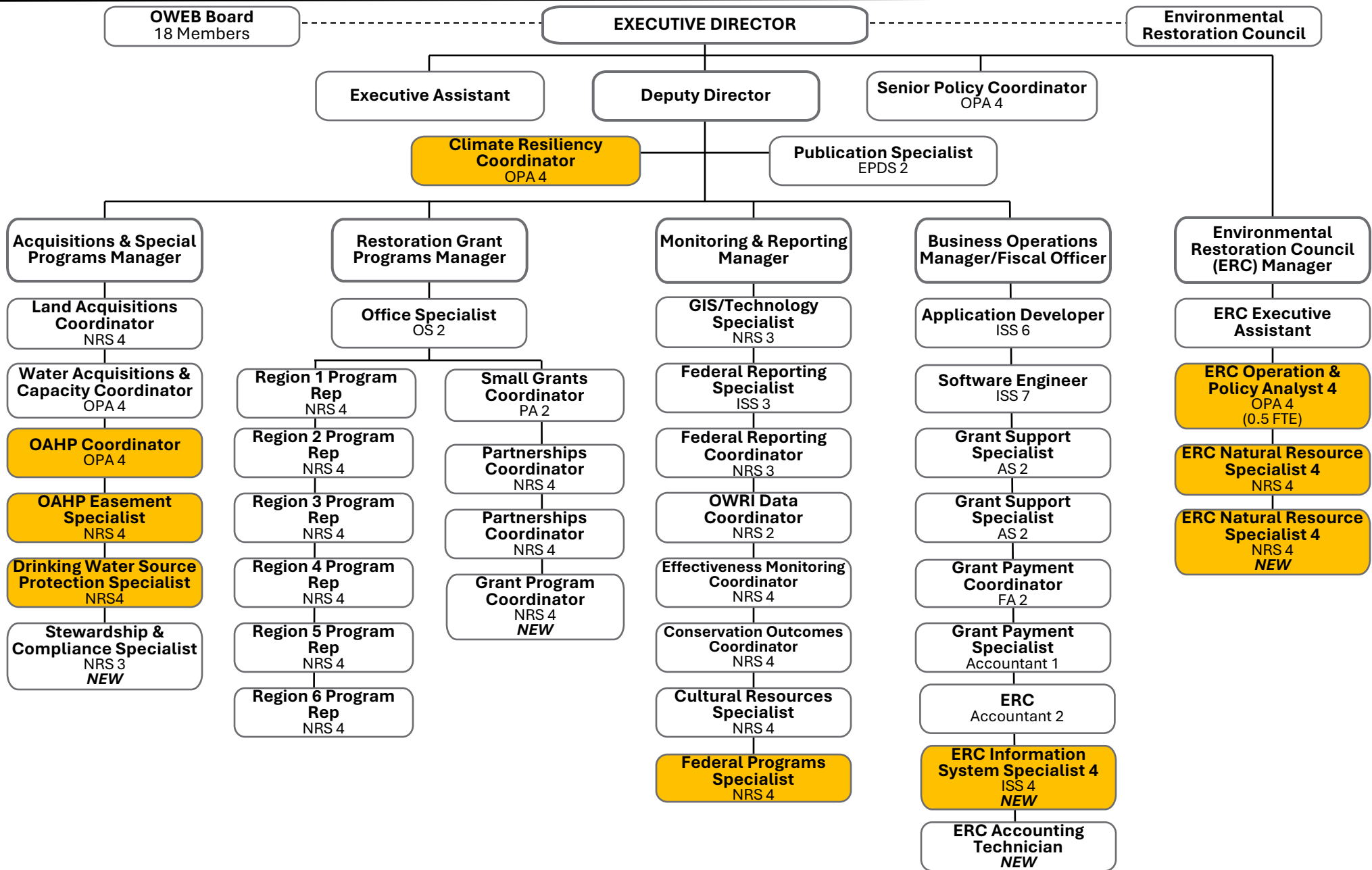
FTE: 31.89 – Permanent;
Positions: 33 – Permanent;

14.02 – Limited Duration
16 – Limited Duration

Total FTE = 45.91
Total Positions = 49

Oregon Watershed Enhancement Board Organizational Chart

2025-2027 Governor's Recommended Budget



Permanent Position

Limited Duration Position

FTE: 40 – Permanent; 8.5 – Limited Duration **Total FTE = 48.5**

Positions: 40 – Permanent; 9 – Limited Duration

Total Positions = 49

6. Supervisory Span of Control Report from the Department of Administrative Services, Chief Human Resources Office, for agencies with more than 100 employees

Not applicable to OWEB – OWEB has less than 100 employees.

7. Program prioritization for 2025-2027 (form 107BF23).

OWEB's 2025-2027 program prioritization is attached.

Agency-Wide Program Prioritization for 2025-2027

Agency Name:		Oregon Watershed Enhancement Board (OWEB)																			
2025-27 Biennium		Agency Number: 69100																			
1	2	3	4	5	6	7	8	9	10	12	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performa nce Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanc ed Progra m (Y/N)	Includ ed as Reduc tion Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request			
1	Grants - 1	OWEB	Grants	Grant Program - Grants for land and water conservation, watershed restoration, assessment, planning, design and engineering, technical assistance, monitoring and outreach, drinking water source protection, natural and working lands carbon sequestration, farm and ranchland protection.	2, 3, 5, 6, 8, 9, 10, 11	9	107,812,436	2,505,582	18,572,246	\$ 128,890,264			N	Y	C	Oregon Constitution, Article XV, Section 4; ORS 541.942 to 541.956, ORS 541.977 to 541.989, 448.370 to 338.380, ORS 468A.183 to 468A.199, ORS 805.256	OWEB is statutorily directed to be the state agency that administers constitutionally appropriated funding for watershed conservation grants. ORS 541.926. OWEB is also legislatively assigned administrative responsibilities for other grant programs contingent on funding allocated for grants and staffing in those programs.	N/A-CSL			
2	Grants - 2	OWEB	Grants	Grant Program - Carryforward & Added Limitation	2, 3, 5, 6, 8, 9, 10, 11	9		37,000,000	24,000,000	\$ 61,000,000			Y	N	C,FO	ORS 805.256, ORS 541.945, ORS 541.947, ORS 541.977 to 541.989, 448.370 to 338.380, ORS 468A.183 to 468A.199	OWEB administers other legislatively established programs as allocations for grants and staffing allow. Half of salmon license plate dollars (minus administration) are statutorily directed for salmon habitat restoration to be used only for projects under ORS 541.956.	Additional expenditure limitation requested to support continuity and expansion of grant fund programs (multiple POP's 200 & 201)			
3	Ops - 1	OWEB	Ops	OWEB Administration of grant funds	1, 2, 4, 7, 12	9	11,587,626	1,477,147	2,861,309	\$ 15,926,082	33	33.00	N	Y	C	ORS 541.945	OWEB is statutorily directed to be the state agency that administers constitutionally appropriated funding for watershed conservation grants. ORS 541.926. OWEB administers other legislatively established programs as allocations for grants and staffing allow.	N/A-CSL (Lottery Fund CSL includes \$711,079 of Debt Service in addition to \$10,876,547 M76 funds. Additional \$244,390 CSL included in WRD Shared Services line below).			
4	Grants -3	OWEB	Grants- NR Agencies	ODFW Special Payments	5	9			15,397,868	\$ 15,397,868			N	N	FO	ORS 541.904	Through Memoranda of Agreement with the NOAA-National Marine Fisheries Service, OWEB is designated as the lead state agency to administer federal salmon recovery dollars and ODFW partners with OWEB on the application and programming.	N/A-CSL			
5	Ops - 2	OWEB	Ops- Central Admin	Central/Shared Admin Costs to WRD	1, 4, 7	9		244,390	67,730	\$ 312,120			N	N		ORS 541.904	N/A - OWEB is not statutorily required to contract with OWRD for administrative services; OWEB uses this shared services arrangement for efficiency and cost savings.	N/A-CSL			
6	Ops - 3	OWEB	Ops	OWEB Administration of grant funds	1, 4, 7, 12	9	407,700	565,295	2,510,555	760,154	\$ 4,243,704	14	12.50	Y	Y	C	ORS 541.945	OWEB is statutorily directed to be the state agency that administers constitutionally appropriated funding for watershed conservation grants. ORS 541.926.	Additional funding requested to support multiple Operational POP's (PoP's 100,101,102, 103,104,105, 106,107,108,109,110, & 111).		
										\$ -											
						407,700	120,209,747	43,561,014	61,591,577	\$ 225,770,038	47	45.50									

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

7. Primary Purpose Program/Activity Exists
9 Environmental Protection

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Document criteria used to prioritize activities:

- Carry out constitutional and statutory mandates
- Emphasis on activities that serve the most Oregonians
- Emphasis on measuring and assuring program effectiveness
- Emphasis on core agency functions

8. Summary of proposed information technology and capital construction projects.

No information technology or capital construction projects are proposed.

9. Summary of 10% reduction options requested by LFO.

OWEB's 10% reduction options are attached.

10% Reduction Options (ORS 291.216) Operations Program (Program 010)

Activity or Program	Describe Reduction	Amount and Fund Type						Rank and Justification <small>(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)</small>
		Lottery Funds	Other Funds	Federal Funds	Total Funds	Pos.	FTE	
<small>(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)</small>	<small>(DESCRIBE THE EFFECTS OF THIS REDUCTION. IDENTIFY REVENUE SOURCE FOR OF, FF. INCLUDE POSITIONS AND FTE FOR 2025-2027 AND 2027-29)</small>							
Reduce S&S	Constrains ability to adapt to increases in costs of services and supplies such as software, computer equipment for staff, rent, general office expenses, and other critical infrastructure needs.	\$ (131,047)	\$ (27,244)	\$ (50,000)	\$ (208,291)	-	-	1
Professional services	Limits ability to contract for due diligence review of land and water acquisitions, reducing ability to award land and water acquisition grants and evaluate the soundness of land and water acquisition investments. Limits ability for OWEB to cover costs of additional needs resulting from Governor's expectations (such as gallup surveys, 360 assessments, strategic plan consultant, IT consultants, etc.).	\$ (100,000)		\$ (25,000)	\$ (125,000)	-	-	2
Reduce Attorney General costs	Constrains ability to regularly seek DOJ counsel on ERC policy, rule making, ERC guidance, etc.		\$ (50,000)		\$ (50,000)	-	-	3
Reduce travel & employee training costs	Reduces opportunities for staff to receive training on core work such as software modernization, diversity, equity, and inclusion, meeting facilitation, grant administration, and new state requirements and programs as well as attend regional conferences that enhance relationships with partners and grantees. Reduces ability to hold regular in-person meetings including site visits to grantees, regional review teams and board meetings. Eliminates opportunities for board to view OWEB-funded projects and interact in person with grantees and staff, minimizing the board's ability to understand the core work that they approve for funding and understand local partner and customer needs.	\$ (25,000)		\$ (25,000)	\$ (50,000)	-	-	4
Fund Shift/reduce/eliminate operations/admin position	OWEB will need to significantly reduce core communications initiatives (which will constrain ability to create accessible communications) and staff administrative support for program management. The combined impact will be reducing the ability for OWEB to enhance outreach and support to partners	\$ (150,000)		\$ (43,066)	\$ (193,066)	0.5 LF/ 0.25 FF	0.5 LF/ 0.25 FF	5
Fund Shift/reduce/eliminate grant project manager position	OWEB will need to reduce core grant offerings and will be unable to meet customer granting needs and state natural resource priorities. Reduces OWEB staff presence with partners and grantees, impact customer service responsiveness and satisfaction, and those partners access to technical assistance and support.	\$ (150,000)			\$ (150,000)	0.5	0.50	6
Total 1st 5% reduction		\$ (556,047)	\$ (77,244)	\$ (143,066)	\$ (776,357)	1.0 LF/ 0.25 FF	1.0 LF/ 0.25 FF	
Reduce S&S	Further constrains ability to effectively cover anticipated costs and adapt to increases in costs of services and supplies such as software, computer equipment for staff, rent, general office expenses, and other critical infrastructure needs. Would require significant mandatory freeze on spending	\$ (221,048)	\$ (52,245)	\$ (43,066)	\$ (316,359)			7
Professional services	Limits ability to engage with thought partners on Environmental Restoration Council initiatives as well as needed services to support the ERC		\$ (25,000)		\$ (25,000)	-	-	8
Reduce Attorney General costs	Constrains ability to regularly seek DOJ counsel on agency policy, rule making, grant agreement templates reviews, grant agreement reviews exceeding allowable threshold	\$ (35,000)			\$ (35,000)	-	-	9
Fund Shift/reduce/eliminate operations/admin position	OWEB will need to further reduce core communications initiatives (which will constrain our ability to create accessible communications) and staff administrative support for program management. The combined impact will be reducing the ability for OWEB to enhance outreach and support to partners and customers. OWEB will need to consider long-held partnerships with federal funding agencies and terminate existing agreements to partner in grant administration.	\$ (150,000)		\$ (100,000)	\$ (250,000)	0.5 LF/ 0.75 FF	0.5 LF/ 0.75 FF	10
Fund Shift/reduce/eliminate grant project manager position	OWEB will need to significantly reduce core grant offerings and will be unable to meet customer granting needs and state natural resource priorities. Reduces OWEB staff presence with partners and grantees, impact customer service responsiveness and satisfaction, and those partners access to technical assistance and support.	\$ (150,000)			\$ (150,000)	0.5	0.50	11
Total 2nd 5% reduction		\$ (556,048)	\$ (77,245)	\$ (143,066)	\$ (776,359)	1.0 LF/ 0.75 FF	1.0 LF/ 0.75 FF	
Total 10% reduction		\$ (1,112,095)	\$ (154,489)	\$ (286,132)	\$ (1,552,716)	2.0 LF/ 1.0 FF	2.0 LF/ 1.0 FF	

10% Reduction Options (ORS 291.216) Grants Program (Program 020)

Activity or Program	Describe Reduction	Amount and Fund Type				Rank and Justification
(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)	(DESCRIBE THE EFFECTS OF THIS REDUCTION. IDENTIFY REVENUE SOURCE FOR OF, FF. INCLUDE POSITIONS AND FTE FOR 2025-2027 AND 2027-29)	Lottery Funds	Other Funds	Federal Funds	Total Funds	(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)
One-time special payment reduction	This reduction will limit OWEB's resources to fund on-the ground restoration projects, reducing watershed benefits and associated economic benefits to local communities as well as limiting partnerships with federal agencies for administration of grants	\$ (5,390,622)	\$ (125,279)	\$ (1,698,506)	\$ (7,214,407)	1
Total 1st 5% reduction		\$ (5,390,622)	\$ (125,279)	\$ (1,698,506)	\$ (7,214,407)	
One-time special payment reduction	This reduction will further limit OWEB's resources to fund on-the ground restoration projects, reducing watershed benefits and associated economic benefits to local communities as well as limiting partnerships with federal agencies for administration of grants	\$ (5,390,622)	\$ (125,279)	\$ (1,698,505)	\$ (7,214,406)	2
Total 2nd 5% reduction		\$ (5,390,622)	\$ (125,279)	\$ (1,698,505)	\$ (7,214,406)	
Total 10% reduction		\$ (10,781,244)	\$ (250,558)	\$ (3,397,011)	\$ (14,428,813)	

10. Summary of long-term vacancy information requested by LFO.

OWEB has no vacant permanent positions.

11. Other Funds, Lottery Funds and ARPA ending balance forms

OWEB's Other Funds and Lottery Funds ending balance forms are attached. OWEB did not receive ARPA funds.

Updated Other Funds Ending Balances for the 2023-25 and 2025-27 Bienna									
(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) Constitutional and/or statutory reference	(f) 2023-25 Ending Balance		(h) 2025-27 Ending Balance		(i) Comments
					In LAB	Revised	In CSL	Revised	
Total of Other Funds					1,505,119	35,381,221	35,189,631		CSL Other Funds did not include special payments included in POP 201. Therefore Ending Balance was inflated. See details below for estimates of specific programs
Misc. Other Funds	020	Misc. Other Funds	Grants					5,300,000	Other misc. fund sources include PacifiCorp IM11 funds, Salmon License Plate funds (ORS 805.256), Forest Collaborative, and other minor sources. PacifiCorp IM11 funds will be awarded but with no estimate at this time as to how much or how long the grants would be for.
ERC	010	Misc. Other Funds	Operations/Administration	SB 1561, Chapter 97, 2024 Laws		3,222,528		1,500,000	Anticipated balance of initial \$5M transfer after AY 25 & AY 27 ops (POPS 107 & 108) for OWEB. Does not include any estimated funding/transfers to other agencies in AY 27 (e.g. DEQ, ODFW, or treasury). This does NOT include any anticipation of funds in the OER fund that will be in a separate appropriation.
OAHP	010	Oregon Agricultural Heritage Fund (6910002148)	Operations/Administration	541.979		455,555		0	Balance of Ops funds anticipated to carry over into AY 27 to fund 12 months of 2 positions. See POP 105 in GRB
OAHP	020	Oregon Agricultural Heritage Fund (6910002148)	Grant Fund	541.979		9,500,000		0	Grants have previously been awarded and additional Board Awards are expected in January 2025 to fully commit this balance. Grants generally last 18-24 months
Water Acquisitions	010	Flexible Incentives Account (6910002149)	Operations/Administration	541.937		745,000		0	Balance of Ops funds anticipated to carry over into AY 27 to fund 2 positions. See POP 106 in GRB. Funds to support ongoing ops costs will be drawn from FIA fund (reallocating from Grants and utilizing interest earnings)
Water Acquisitions	020	Flexible Incentives Account (6910002149)	Grant Fund	541.937		10,000,000		8,000,000	Grants continue to be awarded in this long term investment program. Difficult to estimate timing and amounts of future awards and actual reimbursement. This may be higher than actual
Natural & Working Lands	020	Natural & Working Lands Fund (6910002375)	Grant Fund	HB 3409, Chapter 442, 2023 Laws		180,000		0	Unallocated balance from original \$10M after OCAC transfers made
Watershed Natural Climate Solutions Fund	010	Watershed Natural Climate Solutions Fund (6910002385)	Operations/Administration	HB 3409, Chapter 442, 2023 Laws		250,000		0	OCAC's allocation to OWEB included \$250K for Administration of OWEB grant program funded at \$2.25m
Watershed Natural Climate Solutions Fund	020	Watershed Natural Climate Solutions Fund (6910002385)	Grant Fund	HB 3409, Chapter 442, 2023 Laws		2,250,000		0	OCAC's allocation to OWEB for a grant program funded at \$2.25m. Grants anticipated to be awarded in July 2025
Community Drinking Water Enhancement & Protection Fund	020	Community Drinking Water Enhancement Protect Fund (6910002376)	Grant Fund	SB 5506, chapter 605, 2023 laws		5,000,000		0	Board Award of grants projected to be in April 2025. Anticipated initial payments beginning in AY27

Objective: Provide updated Other Funds ending balance information for potential use in the development of the 2025-27 legislatively adopted budget.

Instructions:

- Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.
- Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2023-25 legislatively approved budget. If this changed from previous structures, please note the change in Comments (Column (i)).
- Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).
- Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (i)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.
- Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.
- Columns (f) and (h): Use the appropriate, audited amount from the 2023-25 legislatively approved budget and the 2025-27 current service level at Governor's Budget.
- Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. The revised column (i) should assume 2025-27 current service level expenditures, considering the updated 2023-25 ending balance and any updated 2025-27 revenue projections. **Do not include** adjustments for reduction options that have been submitted. Provide a description of revisions in Comments (Column (i)).
- Column (j): **Please note any reasons for significant changes in balances previously reported during the 2023 session.**

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.
 OWEB 2025 Ending Balances Form.xlsx

