

# 2017-2019 GUIDANCE FOR OUTCOME-BASED WATERSHED COUNCIL OPERATING CAPACITY GRANTS

## How to use this Guidance

On July 29, 2014, the OWEB Board adopted 1) Oregon Administrative Rules 695-040-0010 through 0150 for Outcome-Based Watershed Council Operating Capacity Grants (Council Capacity Grants), and 2) this Guidance document. OWEB staff will use this Guidance in administering the Council Capacity Grant program.

In making determinations under this Guidance, OWEB will consider the spirit and intent of Oregon statutes defining watershed councils, Council Capacity Grant rules, the goals and objectives OWEB seeks to achieve through Council Capacity Grants, the Board's policy direction, and this Guidance.

## A watershed council that wants to apply for a Council Capacity Grant should read this Guidance to determine:

1. Whether the council is eligible to apply,
2. How to apply,
3. How the application and the council will be evaluated, and
4. How funding decisions are made.

## Guidance Updates

This Guidance will be periodically updated by the OWEB Board as needed. The Board delegates to OWEB staff the authority to make **non-policy updates**, such as deadlines for eligibility and application materials; staff contact information; website links; and correction of typos and errors. The Board also delegates authority to OWEB staff to adopt a separate internal manual that outlines process steps for OWEB staff.

## Contact Information

Courtney Shaff  
OWEB Capacity Coordinator  
503-986-0046  
[courtney.shaff@state.or.us](mailto:courtney.shaff@state.or.us)

## OWEB's Salem Office Address

775 Summer Street NE, Suite 360  
Salem OR 97301-1290

**OWEB's Website:** <http://www.oregon.gov/OWEB/Pages/index.aspx>

## OWEB Online Grant Management System (OGMS):

<http://apps.wrd.state.or.us/apps/oweb/fiscal/default.aspx>

**Council Capacity Grant Forms:** All Council Capacity grant forms are available at:

[http://www.oregon.gov/OWEB/GRANTS/pages/council\\_capacity\\_apps.aspx](http://www.oregon.gov/OWEB/GRANTS/pages/council_capacity_apps.aspx)

## Map of Locally Recognized Watershed Councils is available at:

<http://www.oregon.gov/OWEB/GRANTS/docs/councilcapacity/Watershed-Council-Boundaries-Jan-2016.pdf>

**All deadlines referred to in this Guidance are 5:00pm Pacific Time on the date set by the Board, will be posted on OWEB's website, OGMS, and announced by email at least two months in advance.**

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## I. BACKGROUND

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### **A. 2010 OWEB Strategic Plan**

**Goal 2, Local Infrastructure:** Support an enduring, high-capacity local infrastructure for conducting watershed and habitat restoration and conservation.

**Strategy 2:** Evaluate and adjust watershed council support grant review and funding processes to build capacity, provide base funding, and promote strategic partnerships.

**Strategy 3:** Provide technical assistance to build capacity, secure additional funding and increase local organizational resilience.

### **B. 2013 Long-Term Investment Strategy for Conservation**

Operating Capacity Investments are a core element of OWEB’s Long-Term Investment Strategy.

Council Capacity Grants:

- Help support operating costs of effective watershed councils;
- Are performance and outcome-based; and
- Contain high standards for eligibility, reporting and accountability.

### **C. Why did OWEB Change how it Funds Councils?**

Oregon’s waterways, uplands and natural habitats are healthier because of the dedicated work of watershed councils. Engaging Oregonians in voluntary, collaborative restoration and enhancement is still necessary to address the effects of climate change, loss of habitat for native fish and wildlife, and other locally prioritized challenges.

Changes are responsive to fiscal and operational realities that were not anticipated when OWEB first offered council support grants.

- Complex restoration work requires diverse skillsets.
- Ongoing need to engage new leaders and members.
- Councils need more funding and resources than OWEB alone can provide.
- Diverse funding sources build council resiliency. Since OWEB’s grant resources vary over time, OWEB can’t guarantee funding for every council that applies.

- Over time, OWEB’s capacity grants have funded duplicative administrative infrastructure (e.g., individual councils each with their own fiscal management, human resources, organizational management, information technology and other administrative functions.)

***OWEB envisions a statewide watershed restoration system that is resilient, sustainable and achieves ecological outcomes. Experience gained from supporting watershed work since 1997, and studies of successful watershed groups, demonstrate this vision can be achieved with watershed councils that:***

- Are strong organizations with access to diverse skillsets.
- Have broad and deep support from local and regional communities.
- Engage a balance of interested and affected people, businesses, and communities in their watershed to participate in voluntary, cooperative conservation.
- Secure diversified funding and/or build strategic collaborations with other councils and/or natural resource groups to increase collective local capacity.

#### **D. Highlights of program changes**

- Funding criteria are performance and outcome-based, and contain high standards for eligibility, reporting and accountability.
- Streamlined evaluation and award process.
- Encourage strategic collaboration to build collective local capacity, not through trying to fund all needs for all individual councils.
  - Strategic collaboration is not one-size-fits-all; it needs to work for your council.
  - Offer technical assistance grants for new strategic collaborations to build collective local capacity.
  - Develop merit criteria to recognize strategic collaboration that builds collective local capacity.
  - Geographic Area Eligibility Criteria: Cap eligibility for individual capacity grants at no more than 64 (based on watershed areas for councils that previously received an individual Watershed Council Support Grant).
    - This geographic criterion does not limit the number of *councils* that can exist, but determines which councils may apply for capacity *grants*. Geographic areas can change. However, OWEB wants to see stronger, collective local capacity instead of “splitting” and “subdividing” into smaller areas resulting in more competition for limited resources and duplication of administrative infrastructure.

Before adopting the above policy direction, OWEB’s Board considered:

- Allowing all 90 (as of 2013) locally recognized watershed councils to apply for grants. The Board did not want to increase the number of capacity grants because this would reduce each grant’s impact over time.
- Reducing the number of grants to 45. The Board did not set a target for reducing grants, but recognized that 64 individual grants may have less impact over time considering flat revenues, competing demands for limited funds, cost of living increases and need for diverse skillsets. For these reasons, the Board is interested in encouraging strategic collaboration to build local capacity and reduce the number of individual grants over time.

## II. DEFINITIONS

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These terms are used throughout this Guidance. Additional definitions are provided in Council Capacity Grant rules OAR 695-040-0020.

### **A. Coordinating council**

A council that provides support to, and coordinates the work of, multiple councils. The coordinating council's governing body includes at least one member from each council participating in the coordinating council.

### **B. Membership organization**

An organization with a defined group of individuals who play a role in the governance of the organization (i.e., by voting for a board of directors or other governing body that is responsible for the governance of the council).

### **C. Local government**

Defined in ORS 174.116(1)(a) as all cities, counties and local service districts located in this state, and all administrative subdivisions of those cities, counties and local service districts.

### **D. On-the-ground watershed restoration**

Activities with the objective of altering the physical, chemical, or biological characteristics of the landscape in order to improve ecological process and function.

*For example:* Removing a culvert to improve fish access to habitat and improve the stream's natural function; installing fencing to manage upland grazing to restore and enhance native vegetation diversity, improve wildlife habitat, and improve water quality by reducing erosion. While activities such as trail maintenance and volunteer river clean-ups are positive and can be part of a council's activities, these actions by themselves do not have a broad ecological objective of addressing both the watershed problem and the source of the problem, and do not meet this definition.

### **E. Community engagement**

Activities with the objective of building ongoing, permanent relationships with a balance of interested and affected persons in the watershed, for the purpose of engaging a high level of citizen participation in the priority work of the council. For example: Watershed council meetings open to the general public, restoration project tours, fundraising events, events with invited speakers and presentations, river clean-ups, and volunteer planting events.

### **F. Organizational development and management**

Activities with the objective of improving the council's organizational effectiveness and health.

*For example:* Board or governing body training on roles and responsibilities; reviewing and updating personnel policies; recruitment of board or governing body members to improve the council's fundraising or other organizational need; updating a council's strategic plan; staff and/or board retreats.

### **G. Reorganized council**

A council that has changed its organizational structure, such as consolidating two or more separate councils into one council; or altered its geographic boundaries. Reorganized council does not mean a council that has changed its bylaws or name.

### III. ELIGIBILITY CRITERIA

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#### Which Councils Are Eligible to Apply for Council Capacity Grants

##### **A. Purpose of Eligibility Criteria: OAR 695-040-0030**

Eligibility criteria define how OWEB will determine whether a watershed council is eligible to apply for a Council Capacity Grant. *The eligibility criteria do not limit or control the existence or creation of watershed councils.* Watershed councils may form around the state according to ORS 541.910 and 541.890(15); **however, OWEB shall not accept an application for a Council Capacity Grant unless OWEB determines the council or group of councils meets the eligibility criteria.**

Eligibility criteria seek to ensure that OWEB's council capacity investment:

1. Is an effective and accountable use of public funds;
2. Supports councils that meet the intent of Oregon statutes defining watershed councils; and
3. Encourages strategic collaboration to build collective local capacity for watershed restoration.

##### **B. What do councils need to do for Eligibility Criteria?**

1. Review Council Capacity Grant rules and Guidance eligibility criteria.
2. Review council documents and information to see if they meet the eligibility criteria.
3. As needed, update the council's documents and information by the eligibility deadline.
4. Answer the Eligibility Questions and upload the answers into OGMS by the eligibility deadline.
5. Confirm OWEB's online file for the council contains all documents and information needed to meet eligibility criteria. Step-by-step instructions to review and update council files will be available at the 'Council Capacity Grant' link in OGMS at least 8 weeks before the eligibility deadline.
6. Meet November 14, 2016 deadline for eligibility criteria by a) uploading to OGMS all required documents and information and b) submitting the online Request for Eligibility Review.

**OWEB staff shall not perform these actions on behalf of the council.**

##### **C. OWEB Determination of Eligibility for a Group of Councils with One Council Capacity Grant**

OWEB's eligibility review for the Eligibility Criteria described in Section IV is simpler for multiple councils that operate collectively (described in III.C.1 below) because a) there is a coordinating council that supports actions of all the councils, and b) OWEB wants to encourage these councils to develop stronger strategic collaborations, and support the Board's policy direction that Council Capacity Grants should be for the same or larger geographic areas, not smaller geographic areas.

**OWEB's eligibility review for multiple councils that operate independently (described in III.C.2 below) shall ensure that each independent council meets the eligibility criteria.**

**1. Group of Councils Operating Collectively**

If OWEB determines two or more councils operate collectively, OWEB will conduct eligibility review only for the coordinating council serving as applicant. *The coordinating council is responsible for ensuring all participating councils operate in alignment with the coordinating council's bylaws or charter to the extent necessary for the participating councils to meet the eligibility criteria.*

- a. OWEB shall determine whether councils operate collectively by reviewing the bylaws or charter of the coordinating council and finding all of the following covered in the bylaws or charter:
  - i. There is a coordinating council as defined in II.A. of this Guidance; and
  - ii. One Council Action Plan covers the work of all councils.

**2. Group of Councils Operating Independently**

- a. If OWEB determines the councils operate independently, each council is required to meet all eligibility criteria described in Section IV (except IV.B, Geographic Area and Population, which the group of councils must meet). If one or more independent council does not meet all eligibility criteria, then none of the councils can apply for a Council Capacity Grant during the upcoming cycle.
  - i. Reason: Allowing a council to apply for a grant for a smaller geographic area would undermine the Board's policy direction and reasons for the geographic area eligibility criteria. See IV.B. of this Guidance.
- b. OWEB shall determine whether councils operate independently by reviewing each council's bylaws or charter and, if necessary, using OWEB's knowledge as a funder, to verify:
  - i. Each council has its own council coordinator or executive director;
  - ii. There is no coordinating council.

**D. Councils Must Meet Eligibility Deadline**

- 1. OWEB shall review Requests for Eligibility Review received by OGMS on the eligibility deadline. If a council does not meet the eligibility deadline, it cannot apply for a Council Capacity Grant. This is not subject to appeal. However, the council could request eligibility review for future Council Capacity Grant cycles. In addition, the OWEB Executive Director may waive the eligibility deadline for acts of God, which means events outside human control, i.e. sudden [floods](#) or other [natural disasters](#), for which no one can be held responsible.
- 2. If a waiver is granted, the eligibility materials must be submitted to OWEB within a reasonable time as determined by OWEB.

**E. Late Eligibility Materials Not Accepted or Reviewed**

OWEB shall not review documents or information submitted after the eligibility deadline, except as provided in III. D.1 (Director waiver) and the appeal process at V.D.

**F. If OGMS Eligibility Review process is not available**

If the OGMS Eligibility Review Request process becomes unavailable within 48 hours of the eligibility deadline, OWEB will send an email to watershed councils explaining the alternative process, including any changes in deadlines if necessary. When the OGMS Eligibility Review Request process is available again, OWEB will email watershed councils that the online process is available for use, including any changes in deadlines.

## IV. ELIGIBILITY CRITERIA AND OWEB REVIEW

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OAR 695-040-0030

**Councils that are part of a group of councils with one Council Capacity Grant may need to meet additional eligibility criteria in Section III.C. on page 5 of this Guidance.**

### A. Local government designation as a watershed council

OWEB will determine local government designation by reviewing the local government ordinance or minutes of a local government action and, for IV.A.2 below, reviewing the map of the geographic area designated by the county.

1. For watershed councils previously awarded a Watershed Council Support Grant, the council shall be designated as a watershed council by a local government.
2. For new or reorganized watershed councils, the council shall be designated as a watershed council by a county commission, county board, or county court. The documentation submitted to OWEB shall include a map of the geographic area designated by the county commission, board, or court.

### B. Geographic Area and Population

1. A geographic area served by a council or group of councils can change. However, to be eligible, OWEB shall determine that a council or group of councils serves an area:
  - a. In which a council or group of councils previously received a Watershed Council Support Grant or Council Capacity Grant; and
  - b. That is the same or larger than the geographic area served by a council or group of councils as of July 1, 2013. To make the determination of “the same or larger,” OWEB shall use the OWEB Watershed Council Map which was updated in June 2014 to correct council boundaries based on information supplied by councils; and
  - c. That includes a minimum population of 500 individuals within its designated boundary or boundaries.
    - i. If there is a question on population OWEB will use the most current U.S. Census Bureau’s census block shapefile for the state of Oregon and if necessary, absentee landowner information from county records.
2. No more than one applicant shall be eligible in the same geographic area.

**If a council is considering changes in its watershed area coverage or organizational structure, contact OWEB as early as possible to discuss whether the changes might affect eligibility to apply.**

### 3. Reason for Geographic Area Criteria

OWEB wants to see councils that are strong organizations with access to diverse skillsets needed to achieve ecological outcomes. The geographic area criteria is responsive to fiscal and operational realities that were not anticipated when OWEB first offered council support grants. After considering whether to open Council Capacity Grants to all 90 (as of 2013) locally recognized councils, the OWEB Board adopted a policy direction to build capacity through encouraging resource sharing and strategic collaboration, *not through trying to fund all needs for all individual councils.*

To support this direction, the Board capped eligibility for individual grants at no more than 64 (based on watershed areas for councils that previously received an individual Watershed Council Support Grant). Geographic areas can change, but OWEB wants to see stronger, collective local capacity, not “splitting” and “subdividing” into smaller areas resulting in more competition for limited resources and more duplication of administrative infrastructure.

#### 4. Reason for Population Requirements

OWEB recognizes the value of parts of Oregon with very small populations. However, OWEB alone cannot fully support all capacity needs. Councils need resources and support from local and regional communities and partnerships. OWEB investment should be accompanied by a population threshold that can help sustain over time the “people and funding” resources needed for a resilient and sustainable council.

#### C. Council Action Plan Adopted by Governing Body

OWEB shall determine whether the council has a Council Action Plan by reviewing the plan(s) and evidence of governing body adoption on file in OWEB’s records, and determining whether the plan(s) meet the minimum criteria in Section IV.C.1 below.

**Reason:** By adopting action plans, councils demonstrate their ability to plan and prioritize restoration actions.

1. A Council Action Plan is not a watershed assessment and is not the online council work plan for Council Capacity Grants. Action plans are living documents that will change over time as projects are implemented and new priorities arise. At a minimum, the plan or set of plans need to identify and prioritize ecological problems the council seeks to address, and voluntary on-the-ground watershed restoration activities the council will conduct to address those problems. The plan(s) can either be for the entire watershed or for sub watersheds, depending on the focus areas of the council. Council Action Plans may also contain other goals and objectives such as community engagement efforts, monitoring, and funding strategies for priority restoration work.

#### D. The Council has a FEIN or Has a Fiscal Sponsorship Agreement

**Reason:** Council Capacity Grant agreements should be with a legal entity which has the responsibility to manage, and can be held accountable for management of, public funds.

OWEB shall determine whether the council has at least one of the following by reviewing the materials uploaded into OGMS:

1. The council’s FEIN number.
2. A current written fiscal sponsorship agreement between the council and a 501(c)(3) organization, a Soil and Water Conservation District, city, county, or tribal government. At a minimum, this agreement shall describe how the fiscal sponsor will handle the fiscal matters of the council. You must provide the Fiscal Sponsor’s FEIN number.

#### E. Organizational Structure and Business Operations

OWEB shall review the bylaws or charter and policies and procedures (“governing documents”) to determine whether they contain the topics listed in Section IV.E.2 and 3. [OAR 695-040-0030(5)]

OWEB shall also determine whether the governing documents were adopted by the council’s governing body. Acceptable evidence of governing body adoption is (a) Meeting minutes that describe the governing body’s adoption of the governing documents; or (b) A signature page contained within the governing documents and signed by the Board Chair or Secretary, dated, and indicating the action taken by the governing body.

##### 1. OWEB Determination

Council governing documents shall cover all topics in OAR 695-040-0030(5) in order for OWEB to determine the council is eligible to apply.

##### 2. Topics Covered in Current Bylaws or Charter

**Reasons:** The bylaws or charter shall demonstrate the council’s mission aligns with OWEB’s purpose as described in Ballot Measure 76 and Oregon statutes.

A council that receives public funding to support its operations must have governance structures in place that hold the council accountable to its actions.

Oregon statutes define watershed councils and require councils to engage a balance of interested and affected persons within the watershed. A “balance” is not a numerical test and does not mean the council has to engage every single interest in the watershed. However, the most effective councils include a mix of different interests in the watershed and are not one-sided.

**a. Council Mission**

A council may have multiple purposes in its mission. However, at a minimum, the bylaws or charter shall indicate that *“a primary purpose of the council is to work collaboratively with communities and landowners to develop and carry out voluntary watershed protection, restoration, enhancement, and community engagement activities.”*

**b. Governing Body and Officers**

The bylaws or charter shall contain the following topics:

- i. How the governing body is selected;
- ii. Titles of officers, e.g., Chair, President, Secretary, Treasurer;
- iii. How officers are selected;
- iv. Who is eligible for the governing body;
- v. Who is eligible to be an officer;
- vi. Length of service on governing body;
- vii. Length of service for officers;
- viii. Powers of governing body;
- ix. Powers of officers;
- x. Minimum number or frequency of governing body meetings;
- xi. Decision making process of governing body; and
- xii. A statement that the council intends its governing body to include a diverse range of geographic areas and community interests in the watershed in order to engage a balance of interested and affected persons within the watershed as required by ORS 541.910(2).

**c. Process for Amending Bylaws or Charter**

The bylaws or charter shall describe a process for amending the bylaws or charter.

**d. Membership Organization Provisions**

If the council is a membership organization, in addition to topics outlined in IV.E.2(a) – (c), the bylaws or charter shall also include the following topics:

- i. Who is eligible for watershed council membership;
- ii. Minimum frequency of council membership meetings;
- iii. The decision making role of the membership; and
- iv. Mechanisms to remove members from the watershed council or terminate the voting rights of members. The bylaws or charter may provide for either removal or voting right termination, or provide for both.

**3. Topics Covered in Current Policies and Procedures**

**Reason:** Councils receiving public funds shall have policies and procedures in place for accountable financial management and best-practice business operations that are open and inclusive and promote the balance of interests and citizen involvement required by Oregon statutes.

- a. **A list of the geographic areas and community interests** the council intends to include on its governing body in order to engage a balance of interested and affected persons within the watershed pursuant to ORS 541.910(2).
- b. **A policy that the council operates as an open and inclusive organization.** The policy shall include at a minimum the following elements:
  - i. Inviting the public to council meetings, and
  - ii. The council, upon request, provides the public with meeting agendas and records of decisions. This does not include personnel discussions and actions.
- c. **A policy that the council, or its fiscal sponsor, uses Generally Accepted Accounting Principles (GAAP).**
- d. **A policy that the council does not rely on litigation** to compel regulatory enforcement as a means to implement the council's mission.
  - i. Reason: Council Capacity Grants help support councils that engage people and communities to participate in collaborative, voluntary restoration and protection of native fish or wildlife habitat and natural watershed functions to improve water quality or stream flows. The role of watershed councils has been to bring people together to solve problems.
  - ii. Councils that use litigation to pursue protection, enhancement or restoration of watershed health (for example, litigation to enforce environmental regulations) are not eligible for Council Capacity Grants.
  - iii. Litigation necessary to enforce contracts is not considered litigation to compel regulatory enforcement as a means to implement the council's mission.

## V. OWEB DETERMINATION OF ELIGIBILITY TO APPLY

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OAR 695-040-0090

### A. Eligibility Review

OWEB's Capacity Coordinator, or designee appointed by the OWEB Executive Director, shall review the answers to eligibility questions and eligibility documents and information on file with OWEB for each council or group of councils that requested eligibility review on or before the eligibility deadline. The Capacity Coordinator and appropriate Regional Program Representative shall confer prior to the OWEB eligibility determination, which shall be made by the Capacity Coordinator. This eligibility determination will be communicated to the OWEB Executive Director prior to notifying councils.

### B. Eligibility in Future Grant Cycles

Once OWEB has determined a council or group of councils is eligible to apply, for future Council Capacity Grant cycles the council may certify by the eligibility deadline that nothing has changed related to eligibility criteria requirements. OWEB may accept this certification and not conduct eligibility review; or, if OWEB has questions whether eligibility conditions have changed, OWEB shall conduct a new eligibility review.

### C. Notice of eligibility determination

**Eligibility Deadline (late submittals not accepted\*):** November 14, 2016

*\*See Section III.D.1 (eligibility deadline)*

**Notice of Eligibility Review Results:** Week of December 12, 2016

Eligibility Review Result	OWEB Communication	Next Steps for Council
Eligible	OWEB will send coordinator and chair a letter and email confirming eligibility.	Apply for Council Capacity Grant by the deadline.
Not Eligible	OWEB will send coordinator and chair a certified letter and email describing the reasons the council was determined to be ineligible. A council determined to be ineligible may request "Eligibility Review" in future Council Capacity Grant cycles.	The council may choose to appeal by following the appeal process described in section V.D.

Table 1

### D. Appeal Process

#### 1. Opportunity to Appeal to OWEB Executive Director

If a council disputes the determination it is not eligible to apply and wishes to appeal, it may appeal to the OWEB Director (OAR 695-040-0090(2)). The appeal shall follow all of the requirements below.

- a. **Appeal by the Deadline: January 13, 2017** (this date is approximately 21 business days from the mailing of the eligibility notification letter).
- b. **Appeal Materials:** The council's appeal letter and any attachments shall be sent to OWEB by delivery service that provides documentation of receipt (e.g., email that includes receipt of delivery confirmation, or registered or certified letter). To be considered, the letter shall be received by OWEB by the appeal deadline. Letters of support will not be reviewed and should not be submitted.
- c. **Appeal Review and Decision:** OWEB's Executive Director will review the council's letter and any attached information. A council's appeal shall be granted only where the Executive Director determines the council provided clear and convincing evidence that council meets all the eligibility criteria described in OAR 695-040-0030.

#### 2. Future Eligibility Review Requests Allowed

Councils determined to be ineligible for a particular Council Capacity Grant offering may request eligibility review during future Council Capacity Grant offerings.

## VI. HOW TO APPLY FOR A COUNCIL CAPACITY GRANT

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OAR 695-040-0100

### A. Deadline to Apply

**Eligible Applicants:** All councils notified by OWEB to have met the Eligibility Criteria.

**Application Deadline: March 6, 2017.** OWEB will not accept late applications. However, if a watershed council misses the application deadline due to extraordinary circumstances (i.e., death of the council coordinator) the OWEB Director may waive the rules and allow the application materials to be submitted within a reasonable time after the application deadline, to be determined by OWEB.

## B. Apply Online through OGMS

1. Applications must be made through the “Council Capacity Grants” link in the OGMS menu.
2. If the OGMS application process becomes unavailable within 48 hours before the application deadline, OWEB will send an email to watershed councils explaining the alternative process, including any changes in deadlines if necessary. When the OGMS application process becomes available, OWEB will email watershed councils stating that the online process is available for use, including any changes in deadlines.

## C. Application Requirements

1. **One set of materials.** Required application materials are **one (1) completed Application form, one (1) completed Budget form (Budget should be based on previous year’s award, grantees will be able to update the budget once grant awards are determined), one (1) completed Racial and Ethnic Statement, and one (1) completed Online 2-Year Work Plan.** OWEB shall not accept corrections or supplemental information after the application deadline.
2. **Two or more independent councils submit one work plan.** If an application is submitted on behalf of two or more councils operating independently, the councils shall submit one combined work plan adopted by the governing body of each council. The reason for this requirement is to facilitate OWEB’s merit evaluation using one work plan that includes both councils.
3. **Online Work Plans should follow Work Plan guidance.** OWEB guidance for the 2-Year Work Plans is posted on OGMS. OWEB expects councils applying for Council Capacity Grants to follow the Work Plan guidance to accurately populate the Work Plan. Work Plans not following the Work Plan guidance may be more difficult to evaluate, resulting in questions or concerns about whether the council meets the merit criteria.
4. **Additional materials not accepted.** Do not submit additional or supporting materials. OWEB may request supplemental information during the merit evaluation process.

## VII. MERIT EVALUATION

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695-040-0110

### A. Goals of OWEB’s Merit Evaluation

1. Ensure strategic and accountable investment of public funds;
2. Encourage continuous improvement in watershed councils’ organizational management, operating structure, and functions, and the planning and implementation of on-the-ground watershed protection, restoration, enhancement, and community engagement activities; and
3. Ensure watershed councils are working toward strengthening their role in watersheds through activities focusing on council resilience, leadership, collaboration, and representing a balance of interested and affected persons within the watershed as required by ORS 541.910(2).

### B. Information Considered in Merit Review

The five merit criteria below guide OWEB’s evaluation of a council’s progress and performance. OWEB will consider:

- Information in the council’s 2-year work plans and annual work plan updates, including explanations of challenges the council is facing and what it is doing to address those challenges.

- The Council Capacity Grant application.
- OWEB staff’s knowledge of council performance including information gained through the council’s OWEB project grants and OWEB staff’s attendance at council meetings and events.
- Any supplemental information provided by the council in response to OWEB’s request.
- If requested by OWEB, interviews with council officers and staff.

## C. Merit Criteria

### 1. Merit Criterion #1: Effective Governance

The council has effective bylaws or charter and policies and procedures, and follows them. The council includes a balance of interested and affected persons from the watershed on its governing body. The council regularly evaluates and takes action to improve its organization including operations and policies.

A “balance” is not a numerical test and does not mean the council has to engage every single interest in the watershed. However, the most effective councils include a mix of different interests in the watershed and are not one-sided. For example, a mix of different interests on a governing body could include community leaders, businesses, landowners, other watershed groups, and local governments.

**Evidence of Effective Governance (at a minimum a-g below; OWEB may request additional information if there are questions or concerns whether governance is effective)**

- a. The council holds elections according to its bylaws or charter.
- b. The council holds governing body meetings according to its bylaws or charter, and its governing body meets at least four times a year.
- c. The council operates as an open and inclusive organization according to its policies and procedures, including inviting the public to council meetings by publishing its meeting schedule in advance of meetings in a manner that provides adequate notice to the general public.
- d. The council, upon request, provides the public with records of its meetings and decisions.
- e. The council completes a self-evaluation or other assessment of its governing body at least once every two years.
- f. The council’s governing body includes a mix of different interests which may include the geographic areas and community interests identified in the council’s policies and procedures.
- g. If the council is a membership organization,
  - i. The council holds membership meetings according to its bylaws or charter, and
  - ii. The council membership meetings include agendas, attendance records, and records of decisions, and the council keeps this information on file and makes it available to the public upon request.

### 2. Merit Criterion #2: Effective Management

The governing body takes action to ensure the council meets legal obligations and requirements; support successful achievement of the council’s goals; and create organizational structure, policies, and procedures to support good governance. The council’s governing body provides effective oversight of staff and contractors.

**Evidence of Effective Management (at a minimum a-c below; OWEB may request additional information if there are questions or concerns whether management is effective)**

- a. The council has defined roles and responsibilities for its governing body and officers and follows them.
- b. The council has on file a current position description or set of deliverables for the council's executive director or coordinator.
- c. The council has personnel policies and follows them.

**3. Merit Criterion #3: Progress in Planning**

In planning its priority work, the council makes progress in engaging a balance of interested and affected persons in the watershed. The council uses its planning documents, such as the action plan, strategic plan, and other relevant documents, to identify and implement on-the-ground watershed restoration and community engagement projects. The council regularly evaluates its action plan and work plans and makes adjustments to respond to changes and challenges.

**Evidence of Progress in Planning (at a minimum a-d below; OWEB may request additional information if there are questions or concerns whether there is progress in planning)**

- a. The council's 2-year work plan is adopted by the council's governing body prior to Council Capacity Grant application deadlines.
- b. Work plan projects are linked to council-identified watershed limiting factors (as identified in the work plan).
- c. Council work plans are developed with consideration of the council's staffing and organizational resources.
- d. The council's 2-year work plan and annual updates demonstrate the council is working with a mix of watershed stakeholders to plan and prioritize work to address current needs. Example: working with a technical team, or a council project committee, to review and update the council's action plan(s).

**4. Merit Criterion #4: Progress in On-the-Ground Watershed Restoration**

The council's actions result in progress in completing priority, on-the-ground watershed restoration work tied to council-identified watershed limiting factors (as identified in the 2-year work plan).

**Evidence of Progress in On-the-Ground Watershed Restoration (at a minimum a-c below; OWEB may request additional information if there are questions or concerns whether there is progress in on-the-ground restoration)**

- a. The council's 2-year work plan and annual updates demonstrate the council's actions resulted in progress toward completing priority on-the-ground restoration projects.
- b. The 2-year work plan and its annual updates include progress reports on the percent complete, project challenges, and specific deliverables achieved for each on-the-ground restoration activity in the work plan.
- c. The council's on-the-ground watershed restoration activities are linked to council-identified watershed limiting factors (identified in the 2-year work plan). OWEB will not evaluate whether the council is working on the correct limiting factors, but will evaluate whether the council's on-the-ground restoration projects are linked to those limiting factors.

5. **Merit Criterion #5: Progress in Community Engagement for Watershed Restoration Purposes**

The council's actions result in progress in achieving specific community engagement objectives that address limiting factors identified in the 2-year work plan.

**Evidence of Progress in Community Engagement (at a minimum a-c below; OWEB may request additional information if there are questions or concerns whether there is progress in community engagement)**

- a. The council has identified priority community engagement activities and is making progress completing those activities.
- b. The council's online 2-year work plan and annual updates include progress reports on the percent complete, project challenges, and deliverables achieved for each community engagement activity in the work plan.
- c. The council's community engagement activities are linked to limiting factors identified in the work plan. For example: If the 2-year work plan identifies organizational development as a limiting factor, community engagement activity might be a membership development plan or board member recruitment plan.

**D. Merit Evaluation 695-040-0110**

1. **Initial Merit Evaluation**

a. Initial Review Panel

The Capacity Coordinator will review all Council Capacity Grant applications.

Regional Program staff will review all applications within their OWEB region.

Focused Investment staff will review all applications of councils that have received OWEB Focused Investment and Special Investment grants.

Monitoring and Reporting staff will review all applications of councils involved with programmatic monitoring projects involving OWEB's Monitoring and Reporting section.

The Small Grant Program Coordinator will participate in the Initial Merit Evaluation and provide input on all the applications.

b. Initial Merit Evaluation

The staff identified in E.1.a. above will meet as a group to evaluate merit by considering:

- i. The council's answers to the Council Capacity Grant application questions;
- ii. The council's 2-year work plans and annual work plan updates;
- iii. OWEB staff's knowledge of the council, including but not limited to the council's history of performance on project and Council Capacity Grants.

If OWEB staff do not have a consensus merit evaluation, the Capacity Coordinator, considering input from all staff involved in the review, will determine the initial merit evaluation. This evaluation will be communicated to the OWEB Executive Director prior to notifying councils.

c. Notice of initial merit evaluation

**Application Deadline (late submittals not accepted\*):** March 6, 2017

*\*(See Section VI.A, Deadline to Apply*

**Notice of Initial Merit Review Results:** Week of April 10, 2017

<b>Initial Merit Evaluation</b>	<b>Notice of Initial Merit Evaluation</b>	<b>Next Steps</b>
OWEB Determination the Council Meets all Merit Criteria	OWEB will send council coordinator and chair a letter and email notifying the council it met all merit criteria and will be recommended for funding at the highest funding level.	No action required by council.
OWEB Determination the Council Does not Meet all Merit Criteria; OWEB has follow-up questions; or New or Reorganized Council	OWEB will send council coordinator and chair a certified letter and email including: Reasons for determination; Questions raised during initial merit evaluation; Supplemental information requested by OWEB; Invitation to interview for Secondary Review (see below)	<ul style="list-style-type: none"> <li>• Submit requested materials to OWEB by May 5, 2017.</li> <li>• Schedule an interview for the council coordinator and council officers with OWEB.</li> <li>• If OWEB does not receive requested materials by May 5, the Secondary Review will take this into account.</li> <li>• The Secondary Review will focus on OWEB's questions and concerns. Councils should not bring additional materials and should not expect to make presentations during the interview.</li> </ul>

Table 2

**Deadline to submit additional materials for Secondary Review:** May 5, 2017

**Secondary Review and Interviews:** Week of May 22, 2017

2. **Secondary Review**

a. Secondary Review Panel

- i. OWEB Capacity Coordinator and Regional Program staff for councils in their OWEB region.
- ii. External Reviewers: The Capacity Coordinator will consult with the Regional Program staff to develop a possible list of external reviewers. Panel members will be confirmed after OWEB determines which councils are invited to the Secondary Review. The panel will include two representatives with statewide perspectives, one who works east and one who works west of the Cascades. In addition, one representative from each OWEB region will be included if applicable based on which councils OWEB invites to the Secondary Review.
- iii. OWEB will send the following materials to panel members prior to the interview.
  - a. Council Capacity Grant application.
  - b. 2-year work plans and annual work plan updates.
  - c. Additional information and documents provided by the council at OWEB's request.

- d. OWEB memo summarizing the initial merit evaluation, questions and concerns, and topic areas to be covered in the interview.
    - b. The interview  
The Secondary Review Panel will interview the council. The interview will focus on questions and concerns raised during the initial merit evaluation.
    - c. The discussion  
Following the interview, the Secondary Review Panel will discuss whether the interview and additional materials provided by the council should change the initial merit evaluation. The external reviewers do not make funding recommendations to OWEB staff. Staff will consider feedback from the Secondary Review Panel when making merit evaluation determinations and funding recommendations to the OWEB Board.
  3. **Notification of OWEB Merit Evaluation and Funding Recommendation**  
OWEB shall prepare brief summaries of the merit evaluations for each applicant. The evaluations and staff funding recommendations will be posted in OGMS at least 2 weeks before the OWEB Board meeting in which Council Capacity Grant awards will be considered.

## VIII. BOARD ACTION ON ELIGIBLE APPLICATIONS

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695-040-0120

### **A. OWEB Is Not Required to Award Council Capacity Grants**

Council Capacity grants are a core element of OWEB's Long-Term Investment Strategy for Conservation; however, OWEB is not required to provide capacity grants to councils. OWEB funding criteria for Council Capacity Grants are performance and outcome-based, and contain high standards for eligibility, reporting and accountability.

### **B. Staff Recommendations and Board Awards**

Staff funding recommendations and Board awards will be based on 1) the merit evaluation and 2) available funding, taking into consideration OWEB's Legislatively Adopted Budget, the Board's spending plan, and OWEB's revenues (e.g., the amount of federal grant funds OWEB receives and performance of Measure 76 Lottery revenues).

### **C. Staff funding recommendations and Board awards may include:**

#### **1. Full base award for councils that meet all merit criteria**

Councils meeting all merit criteria shall be placed in the highest merit category and be recommended for the same level of award. OWEB's goal is to reward these councils by providing the highest possible Council Capacity Grant award, considering available funding.

#### **2. Reduced base funding for councils that do not meet all merit criteria**

Councils that do not meet all merit criteria shall be placed in the reduced funding merit category and recommended for the same level of award. The intent of reduced funding is to provide an incentive for the council to improve performance to receive full funding. The reduced funding base award will be 80% of the full base award. For example, if the full base award is \$100,000, the reduced base award will be \$80,000.

3. **Reduced base funding in third consecutive grant cycle results in “do not fund” ranking**  
If a council or group of councils is placed in the reduced base funding category for two consecutive grant cycles and does not meet all merit criteria in the following grant cycle, it shall be placed in the “do not fund” category for that third grant cycle. If eligible, a “do not fund” council may apply in future grant cycles.
4. **Discretion to rank Do Not Fund (inadequate performance)**  
OWEB has the discretion to place a council in the “do not fund” merit category at any time. Factors OWEB will consider in this placement include:
  - a. The council does not meet all merit criteria.
  - b. The council’s history of performance over a period of years has resulted in little or no progress toward implementation and completion of on-the-ground watershed restoration projects.
  - c. The council’s history of performance over a period of years has resulted in little or no progress toward implementation and completion of community engagement activities.
  - d. The council’s history of organizational performance over a period of years has shown lack of board officer leadership, weak organizational structure, and/or poor organizational management.
  - e. The council has made little or no progress toward implementation and completion of organizational development and management activities.

#### **D. Funding Conditions**

Recommendations and awards may include conditions of funding. For example, grantees shall submit progress reports, or complete certain actions, as a condition of receiving full funding under the award. Funding conditions may allow OWEB staff to terminate the grant agreement under certain circumstances. OWEB staff would consult with the Executive Director before terminating a grant agreement.

#### **E. OAR 695-040-0120(2)(d): Board Discretion on Larger Geographic Area**

The Board has not adopted guidance to implement OAR 695-040-0120(3)(d), which provides Board discretion to award grants for larger geographic areas, and this section of the rules is not currently implemented. Prior to implementation, this Guidance document will be updated through a process that includes public comment and Board adoption.

**Reason for this rule:** The Board wants its Council Capacity Grant program to help build capacity through resource sharing and strategic collaboration, *not through trying to fund all needs for all individual councils*. The result of effective strategic collaboration should be stronger, collective local capacity instead of “splitting” and “subdividing” into smaller areas resulting in more competition for limited resources and duplication of administrative infrastructure.

If the Board adopts future guidance to implement OAR 695-040-0120(3)(d), the Board may award an individual Council Capacity Grant for a larger geographic area when the award will increase strategic collaboration and resource sharing, inter-watershed coordination, and foster organizational resilience and watershed restoration outcomes at a larger landscape scale.

## IX. USE OF FUNDS

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695-040-0130

Council Capacity Grants help fund staff, contractors and other costs of watershed councils. See OWEB's most recent Budget Categories Definitions and Policy document [http://www.oregon.gov/OWEB/Pages/forms\\_linked.aspx](http://www.oregon.gov/OWEB/Pages/forms_linked.aspx).

## X. GRANT AGREEMENT CONDITIONS

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695-040-0140

### A. Minimum grant agreement conditions for all Council Capacity Grants

1. Submit to OWEB an online work plan update by the date specified in the agreement.
2. Submit an annual report to all local government entities that designated the council.
3. Submit documentation to OWEB demonstrating the report to the local government for example, a meeting agenda if the report was presented in person, a copy of a sent email if the report was submitted electronically, or a copy of a certified letter.
4. Obtain appropriate levels of insurance coverage commensurate with council activities.
5. Complete the watershed council self-assessment form and provide OWEB a copy of the Summary Chart generated at completion of the assessment.

### B. Two or more independent councils submit written agreement

OWEB will not release a Council Capacity Grant agreement for a group of councils operating independently until the councils submit to OWEB a written agreement signed by the chair of each council. The agreement shall describe, at a minimum, 1) roles and responsibilities of each council in relation to the Council Capacity Grant work plan and reporting requirements, and 2) a plan for how the councils will allocate a Council Capacity Grant between them.

### C. Other Conditions

Grant agreements may include conditions of funding such as progress reports or certain actions as a condition of receiving full funding. Conditions may allow OWEB staff to terminate the grant agreement if conditions are not met. OWEB staff would consult with the Executive Director before terminating a grant agreement.