2025-2027 Outcome-Based Watershed Council Operating Capacity Grants
OVERVIEW AND GUIDANCE
Oregon Watershed Enhancement Board

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.

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

- Whether the council is eligible to apply,
- How to apply,
- How the application and the council will be evaluated, and
- 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.

Contact Information

Brian Wolcott
Water Acquisition and Capacity Grant Program Coordinator
971-345-7010

OWEB's Salem Office Address
775 Summer Street NE, Suite 360
Salem OR 97301-1290
Brian.R.WOLCOTT@OWEB.oregon.gov

OWEB's Website: https://www.oregon.gov/oweb/Pages/index.aspx

Table of Contents

Chapter 1: Background and Definitions

Background

Operating Capacity Investments are a core element of OWEB's 2024 Strategic Plan and 2013 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.

Definitions

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

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.

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).

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.

Council's governing body: Means the group of people who have the responsibility to a) ensure that the council meets legal requirements, b) support successful achievement of the council's goals, and c) create a structure, policies, and procedures that support good governance.

On-the-ground watershed restoration: Means projects intended to 1) protect or restore native fish or wildlife habitats and 2) projects to protect or restore natural watershed functions to improve water quality or stream flows.

Organizational development and management: Activities with the objective of improving the council's organizational effectiveness and health.

Progress (as used in merit criteria 2-4): Means actions that demonstrate forward movement toward an overarching goal or objective. Progress is not measured by the number of actions, but by demonstrated forward movement on the identified actions.

Engagement: Activities with the purpose to communicate and build ongoing, permanent relationships with landowners, organizations, and the community in the watershed for the purposes of carrying our eligible restoration and acquisition projects, or programs that lead to development of eligible projects.

Chapter 2: How to Apply

Application window

<mark>December 5, 2024 – March 6, 2025, 5:00 pm.</mark>

Applications are only accepted through OWEB's Online Application System.

Online Application: https://apps.wrd.state.or.us/apps/oweb/oa/

Guidance to help you fill out the application is always available in the top navigation bar of the online application. An application template is also available after you log in and choose "Create a New Application."

Chapter 3: Eligibility Criteria and Review

Purpose of Eligibility Criteria

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 according to ORS 541.910 and 541.890(15); however, OWEB shall not review 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:

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

OWEB Eligibility Review

Organizational Structure and Business Operations

OWEB shall review the bylaws or charter and policies and procedures ("governing documents") to determine whether they contain the required topics. [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.

OWEB will also determine when the council last reviewed its bylaws and policies and procedures. **OWEB requires the council's governing body to formally review these documents once every three years.**

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.

Eligibility Review

OWEB staff shall complete the eligibility review of Council Capacity grant applications and notify all councils of the results within one week of the application deadline. Councils determined to be ineligible may appeal to OWEB's Executive Director through the process described below.

Appeal Process

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.

- Appeal by the Deadline: April 3, 2025.
- 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.

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 the council meets all the eligibility criteria described in OAR 695-040-0030.

Chapter 4: Merit Criteria and Evaluation

Goals of OWEB's Merit Evaluation

- Ensure strategic and accountable investment of public funds;
- 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 stakeholder engagement activities; and
- Ensure watershed councils are working toward strengthening their role in their 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).

Information Considered in Merit Review

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

- 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 firsthand knowledge of council activities.
- Any supplemental information provided by the council in response to OWEB's request.
- If requested by OWEB, interviews with council officers and staff.

Merit Criteria

Merit Criterion #1: Effective Governance and Management

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, but at least every three years, evaluates and takes action to improve its organization including bylaws, operations and policies and procedures.

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.

Merit Criterion #2: 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 engagement projects. The council regularly evaluates its action plan and work plan and makes adjustments that respond to changes and challenges.

Merit Criterion #3: Progress in On-the-Ground Watershed Restoration

The council's actions result in progress in completing priority, on-the-ground watershed restoration work.

Merit Criterion #4: Progress in Engagement for Watershed Restoration Purposes

The council's actions result in progress in achieving specific engagement objectives.

Merit Evaluation

Initial Merit Review

OWEB staff will meet to evaluate merit by considering:

- The Council Capacity Grant application and
- OWEB staff's knowledge of the council, including but not limited to the council's history of performance on project and Council Capacity Grants.

Notice of initial merit evaluation

Notice of Initial Merit Results: Week of April 17, 2025

- If OWEB determines the councils meets all of the merit criteria it will notify the council coordinator via email that the council it met all merit criteria and will be recommended for funding at the highest funding level.

- If OWEB determines the council does not meet all the merit criteria; OWEB has follow-up questions; or the council is a new or reorganized council, OWEB will send the council coordinator and council chair a follow-up letter and email including the following information:

  - Reasons for determination;

  - Questions raised during initial merit evaluation;

  - Supplemental information requested by OWEB;

  - Information on the required interview for the Secondary Review Process (see below); and

  - How to schedule the council capacity interview.

Secondary Merit Review

The Secondary Review Panel will consist of OWEB staff and external reviewers. OWEB staff will send the review panel members the following materials:

- Council Capacity grant application;
- Additional information and documents provided by the council at OWEB's request; and
- OWEB memo summarizing the initial merit evaluation, questions and concerns and topic areas to be covered in the interview.

Secondary Review and Interviews with councils will occur between April 28 - May 16, 2025.

Chapter 5: Board Action

Staff funding recommendations will be based on

- The merit evaluation,
- Available funding, and
- Merger Funding Policy (see attachment B).

Staff funding recommendations and Board awards

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.

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 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. Merger Funding for 2 or more councils that have merged.

   If two of more councils successfully complete a merger, they may receive merger funding in addition to the base capacity grant award. The details of this policy and implementation process can be found in attachment B.

4. Discretion to rank Do Not Fund (inadequate performance).

   OWEB has the discretion to place a council in the "do not fund" merit category. Factors OWEB will consider in this placement include:

- The council does not meet all merit criteria.
- 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.
- The council's history of performance over a period of years has resulted in little or no progress toward implementation and completion of stakeholder engagement activities.
- 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.

- The council has made little or no progress toward implementation and completion of organizational development and management activities.

Chapter 6: Use of Funds

Council Capacity Grants help fund staff, contractors, and other costs of watershed councils. All eligible costs described within OWEB's Budget Categories Definitions and Policy document are eligible under Council Capacity Grants. Below is additional guidance on use of Council Capacity funds for Restoration, DEI, and Outreach activities.

Restoration Activities

If a council chooses to use council capacity grants funds for any aspect of a restoration project, it is the grantees responsibility to communicate with the OWEB Project Manager prior to using council capacity grants funds for any aspect of a restoration project. The Grantee must secure and provide to the OWEB Project Manager the appropriate landowner agreements, photo points and photo point locator map, land use forms, permits, and work with OWEB's Cultural Resources Specialist to complete any cultural resource reviews.

DEI Activities

Measure 76 and ORS 541.956 authorize OWEB to make grants available for activities that are necessary for carrying out eligible restoration and acquisition projects that protect or restore native fish or wildlife habitat or that protect or restore natural watershed or ecosystem functions to improve water quality or stream flows.

Examples of eligible DEI activities include, but are not limited to:

- Translating eligible publications, website and social media content into other languages.
- Targeted engagement toward landowners and land managers of under-represented communities in support of current or future eligible project types.
- Training for grantee staff on how to engage with under-represented communities.

Examples of ineligible DEI activities include, but are not limited to:

- General DEI awareness training for boards.
- General DEI awareness training for grantee staff.

Outreach Activities

Measure 76 and ORS 541.956 authorize OWEB to make grants available for outreach activities that are necessary for carrying out eligible restoration and acquisition projects that protect or restore native fish or wildlife habitat or that protect or restore natural watershed or ecosystem functions to improve water quality or stream flows. To qualify as necessary for restoration or acquisition, the project must be tied to a specific geography, address clearly articulated habitat or watershed or ecosystem function goals for that geography, and identify a clear path toward achieving the restoration or acquisition measurable outcomes within a reasonable and specific timeframe. PROJECTS WHOSE PRIMARY PURPOSE ARE EDUCATION ARE NOT ELIGIBLE.

Chapter 7: Grant Agreement Conditions

Grant agreement conditions for all Council Capacity Grants

Send all watershed council meeting announcements to the OWEB Project Manager.

Upload the Summary Chart generated at completion of the assessment with the Council Capacity grant project completion report.

1. Annual Report to the Board. No later than the date(s) provided in the reporting schedule on page 1 of the Agreement, Grantee must submit annual progress report(s) to the Board's Project Manager identified on that page. The report(s) shall be sent by email, with a subject line that includes "Progress Report" and the Project number. The progress report must describe the status of Grantee's Project implementation to date, detailing actions completed to date and providing an anticipated timeline for the completion of remaining Project components.

2. Local Government Reports. No later than December 30, 2024, Grantee must submit a report to the Board's Project Manager that includes the following:

a. A copy of Grantee's most recent annual report to the local government entity(ies) that officially recognized Grantee at its formation. A second annual report will be due with the project completion report. The annual report is defined as a yearly report developed by Grantee documenting its activities (including, but not limited to, those under this Agreement) from the previous year.

b. Documentation that the annual report has been shared with or presented to Grantee's local government authorizing entity(ies) pursuant to OAR 695-040-0140(2). Acceptable documentation includes a meeting agenda, listing Grantee as the presenter, if the report is presented in person (plus any handouts); a copy of an email sent by Grantee, if the report is submitted electronically (plus attachments); or a copy of a certified letter if mailed (plus any enclosures). Documentation that a second annual report was shared with or presented to Grantee's local government authorizing entity(ies) is due with the project completion report.

All councils that are placed in the reduced funding merit category will be required to submit a progress report every six months.
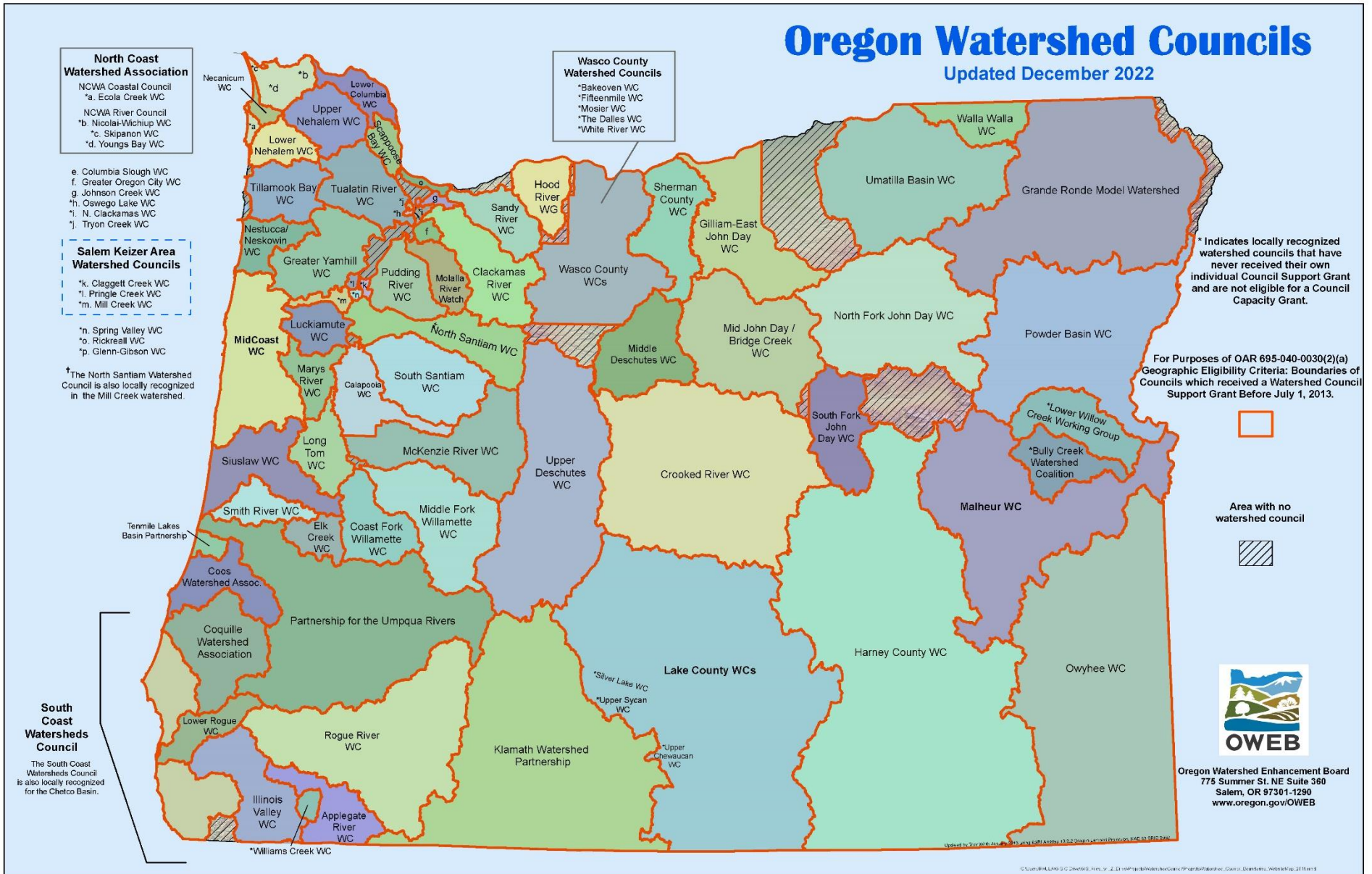
Other Conditions

Grant agreements may include additional conditions to support increased communication between OWEB Project Managers and the grantees when appropriate. Possible conditions include:

- Regular progress reports linked to requests for funds.
- Annual meetings between OWEB staff and the council staff and board officers to discuss progress.

Appendix A: Map of Watershed Councils

Oregon Watershed Councils
Updated December 2022

North Coast Watershed Association
NCWA Coastal Council
*a. Ecola Creek WC
NCWA River Council
*b. Nicolai-Wichiup WC
*c. Skipanon WC
*d. Youngs Bay WC

e. Columbia Slough WC
f. Greater Oregon City WC
g. Johnson Creek WC
*h. Oswego Lake WC
*i. N. Clackamas WC
*j. Tryon Creek WC

Salem Keizer Area Watershed Councils
*k. Claggett Creek WC
*l. Pringle Creek WC
*m. Mill Creek WC
*n. Spring Valley WC
*o. Rickreall WC
*p. Glenn-Gibson WC

†The North Santiam Watershed Council is also locally recognized in the Mill Creek watershed.

Wasco County Watershed Councils
*Bakeoven WC
*Fifteenmile WC
*Mosier WC
*The Dalles WC
*White River WC

South Coast Watersheds Council
The South Coast Watersheds Council is also locally recognized for the Chetco Basin.

* Indicates locally recognized watershed councils that have never received their own individual Council Support Grant and are not eligible for a Council Capacity Grant.

For Purposes of OAR 695-040-0030(2)(a) Geographic Eligibility Criteria: Boundaries of Councils which received a Watershed Council Support Grant Before July 1, 2013.

Area with no watershed council

OWEB
Oregon Watershed Enhancement Board
775 Summer St. NE Suite 360
Salem, OR 97301-1290
www.oregon.gov/OWEB

Appendix B: Guidance for Merger Funding

Background

In 2013 the Board awarded its first Organizational Collaboration grants, one of which supported the merger of four watershed councils in the Rogue Basin. At the same time, the Board recognized the real costs associated with post-merger life and created the merger implementation grant offering. These grant funds can be used for strategic planning, board and staff development, and other real costs of merging multiple organizations. The goal of both the Organizational Collaboration and the Merger Implementation grant programs is to build capacity and support strategic collaborations in order to build resilient, sustainable, local organizations that achieve ecological outcomes and engage local communities.

Mergers in general are not common, and OWEB is in a unique situation as an agency which funds both mergers and ongoing operating costs of organizations. In addition, the agency believes that more organizations may consider merging in the future, and OWEB wants to support organizations in that process.

Merger Funding Approach

Pre-merger funding

Continue to provide Organizational Collaboration grants. Applicants requesting merger funding must include direct and clear measures of success for the merger process. The final project completion report must report on direct measures of success and methods for evaluating the new organization's post-merger progress toward integration.

Post-Merger Funding

Individual councils apply for a council capacity grant each biennium. If a group of councils is interested in merging, they can apply for an organizational collaboration grant to help cover the costs of the merger process. The descriptions of funding options below are what two or more merged councils can apply for after the merger process is complete. The funding amount available is different when two, three, or four or more councils merge. The funding available reduces between the first biennium after the merger and the second biennium, reducing again in the third biennium. The explanation and proposed amounts are below. All council capacity grant award amounts are from the 2017-2019 biennium and are examples. Actual award amounts would be calculated on actual council capacity award amounts.

Four or more watershed councils

When developing the numbers below, staff took into consideration what four of more watershed councils would be eligible to receive if they had not merged. For example, in 2017-2019, that would be at least $473,300 for a biennium.

In biennium 1 and 2 after the merger, in addition to their council capacity grant, the council could apply for merger implementation funding. Merger implementation funding in biennium 1 would be $236,850, which is the council capacity grant award, $118,425 x 2. In biennium 2

merger implementation funding would be $207,243, which is the council capacity grant award, $118,425 x 1.75. Beginning in biennium 3, and in all future biennia, the merged council would be eligible to receive additional merger funding of $177,637, $118,425x1.5.

Table 1 shows the distribution of funding across three biennia for a new organization where four or more watershed councils merged.

Table 1

	Council Capacity	Merger Funding	Total
Biennium 0 (premerger, four councils)	$473,300	$0	$473,300
Biennium 1	$118,425	$236,850 ($118,425x2)	$355,275
Biennium 2	$118,425	$207,243 ($118,425x1.75)	$306,425
Biennium 3 and in all future biennia	$118,425	$177,637 ($118,425x1.5)	$296,062

Three watershed councils merge

When developing the numbers below, staff took into consideration what three watershed councils would be eligible to receive if they had not merged, in 2017-2019, that would be $355,275 for the biennium.

In biennium 1 and 2 post merger, in addition to their council capacity grant, the council could apply for merger implementation funding. Merger implementation funding in biennium 1 would be $207,243, which is the council capacity grant award, $118,425x1.75. In biennium 2 merger implementation funding would be $177,637, which is the council capacity grant award, $118,425x1.5. Beginning in biennium 3, and in all future biennia, the merged council would be eligible to receive additional merger funding of $148,031, $118,425x1.25.

Table 2 shows the distribution of funding across three biennia for a new organization where three watershed councils merged.

Table 2

	Council Capacity	Merger Funding	Total
Biennium 0 (premerger)	$355,275	$0	$355,275
Biennium 1	$118,425	$207,243 ($118,425x1.75)	$325,668
Biennium 2	$118,425	$177,637 ($118,425x1.5)	$296,062
Biennium 3 and in all future biennia	$118,425	$148,031 ($118,425x1.25)	$266,456

Two watershed councils merge

When developing the numbers below, staff took into consideration what two watershed councils would be eligible to receive if they had not merged, in 2017-2019 that would be $236,850 for the biennium.

In biennium 1 and 2 post merger, the council could apply for merger implementation funding in addition to their council capacity grant. Merger implementation funding in biennium 1 would be $88,818, which is the council capacity grant award, 118,425 x .75. In biennium 2 merger implementation funding would be $59,212, which is the council capacity grant award, $118,425 x .5. Beginning in biennium 3, and in all future biennia, the merged council would be eligible to receive additional merger funding of .25x the base award ($118,425x.25=$29,606).

Table 3 shows the distribution of funding across three biennia for a new organization where two watershed councils merged.

Table 3

	Council Capacity	Merger Funding	Total
Biennium 0 (pre-merger)	$236,850	$0	236,850
Biennium 1	$118,425	$88,818 (118,425x .75)	$207,243
Biennium 2	$118,425	$59,212 ($118,425x .5)	$177,637
Biennium 3 and in all future biennia	$118,425	$29,606 ($118,425x .25)	$148,031