



MEMORANDUM

TO: Water Resources Commission

FROM: Kim Fritz-Ogren, Manager, Water Resources Development Program
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SUBJECT: Agenda Item I, June 24, 2020
Water Resources Commission Meeting

Funding Opportunity Assessment: Results and Next Steps

I. Introduction

In this informational item the Department will update the Commission on the results of the assessment of Feasibility Study Grants and Water Project Grants and Loans.

II. Background

Periodic reviews are both a best management practice and provide information to ensure that programs align to achieve the desired results. In order to identify and implement improvements, the Department conducted a combined and comprehensive assessment of Water Projects Grants and Loans (WPGL) and Feasibility Study Grants (FSG). In part, this approach is intended to inform how the Water Resources Development Program (see Table 1) can create a supporting pathway and trajectory for water resource projects and solutions that address instream and out-of-stream needs. Place-Based Planning, the Water Resources Development Program's third opportunity will be reviewed in a separate assessment as discussed in Agenda Item J.

Table 1. Overview of Water Resources Development Program Offerings Authorization

Program Offering	Place-Based Planning	Feasibility Study Grants	Water Project Grants and Loans
Authorizing Legislation	SB 266 (2015) HB 1084* (2019)	SB 1069 (2008)	SB 839 (2013)
Statute	ORS 536.220 Note Sec. 2 & 3	ORS 541.561-541.581	ORS 541.651-541.696
Rules	N/A	OAR 690-600 (2008)	OAR 690-93 (2015)

*SB 266 authorized Place-Based Planning with a 2019 sunset. HB 1084 extended the sunset to 2023.

The purpose of the assessment was to determine what is working, what is not working and where improvements can be made in statute, rule and program policy and function. The strategy for the funding opportunity assessment consisted of three phases: an internal assessment, external assessment, and evaluation of findings.

III. Internal Assessment

The first phase assessed FSG and WPGL based on internal experience and identified opportunities for improvement. It included a review by a project team of Water Resources Development Program staff, interviews with staff from other divisions, and meetings to obtain feedback from two Commissioners at a time. This phase was primarily conducted between February and May 2019; however, Commission engagement is ongoing.

IV. External Assessment

From May to December 2019, the Department solicited feedback externally. Table 2 provides a summary of how the Department engaged different groups during the assessment. Additional details of the questions asked and materials shared in this phase are included in the staff report for Agenda Item I from the November 2019 Commission meeting.

Table 2. Summary of External Engagement

Group	Description of Engagement
Applicants, grantees, and practitioners	Online surveys and three focus groups (Salem, Pendleton, and web-based)
Policy interests	Focus groups of conservation and water user interests
Tribes	Attended the cultural and natural resource cluster meetings; Reached out individually to each tribe to provide opportunity for input
Review team members	Online survey

V. Seasonally Varying Flows Supplemental Assessment

Given the interest in one specific funding requirement of the WPGL funding opportunity for certain storage projects, the Seasonally Varying Flow (SVF) prescription, the Department began a supplemental assessment, which focused on a review of the first, and only, SVF to-date. However, stakeholder engagement was put on hold at their request due to challenges associated with COVID-19. Findings from this supplemental assessment were folded into the larger effort, including a recommendation to re-engage stakeholders on this topic at a better time.

VI. Evaluation of Findings and Results

Through the assessment we received over 500 pieces of feedback. Attachment 1 includes a summary of the feedback and findings from the assessment, grouped as follows:

- Results that support securing Oregon’s water future
- Sustainable funding to provide support
- Equip Oregonians to empower them to address their water future
- Reasoned requirements
- Remove or address barriers
- Sound grant management fundamentals and principles

The Department developed potential recommendations based on the findings. The recommended actions were further refined into SMART (Specific, Measurable, Attainable, Realistic/Relevant, and Time-based) goals. The Department evaluated the goals and actions to identify those that

are feasible. The result was a set of recommended actions that will benefit Oregon's communities, environment, and economy by improving the effectiveness of the funding opportunities. See Attachment 2 for a list of draft recommended actions.

VII. Next Steps

The Department is interested in the Commission's feedback on the draft recommended actions. The draft recommended actions will also be shared with assessment participants and Department stakeholders more broadly to solicit feedback on the proposed actions. This information will be used to help select and schedule out implementation of the recommended actions.

Attachments:

1. Summary of Funding Opportunity Assessment Findings
2. Portfolio of Draft Recommended Actions

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Summary of Funding Opportunity Assessment Findings

Executive Summary

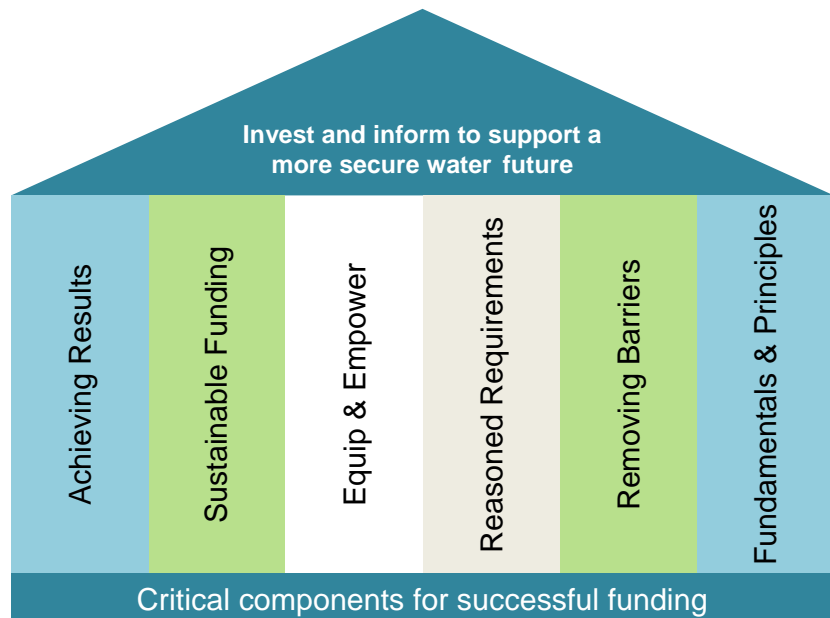
The funding opportunities inform and invest in water supply projects for a resilient, vibrant and strong environment, economy and people. The information included in this attachment represents a summary of the findings resulting from the internal and external phases of the funding assessment. As all findings were compiled, themes emerged according to the potential improvement they could achieve. The feedback is organized along these themes: achieving results, sustainable funding, equip and empower, reasoned requirements, removing barriers, and fundamentals/principles.

Overview of Assessment Process

An assessment of the Oregon Water Resources Department’s (Department) funding opportunities was conducted to gather information in order to plan for and recommend proposed improvements to Water Projects Grants & Loans (WPGL) and Feasibility Study Grants (FSG). The assessment was designed to identify what is working, what is not working and where improvements can be made in statute, rule and program practice. The assessment contained three components of work: Part 1 – Internal Assessment, Part 2 – External Assessment, and Part 3 – Evaluation of Assessment Findings. More information regarding the assessment process is described in the November 2019 staff report for Agenda Item I and the June 2020 staff report for Agenda Item I.

Findings

The findings are grouped according to potential improvements for the funding opportunities. The six themes are shown on the right in Figure 1, building and integrating together to support a more secure water future for Oregon. Within each theme, the findings are broken out by funding opportunity or apply to both. The bolded text represents the finding from the assessment. The additional text with the bullet provides additional explanation or justification shared during the assessment.



Achieving Results

The findings within this group impact or relate to achieving results which support a more secure water future for Oregon. A prevalent theme was the desire to pursue investments that produce results.

Feasibility Study Grants

- **There are no target outcomes and having some may be beneficial** – Target outcomes would define the desired achievements of the funding opportunity
- **Eligible project types are too narrowly defined and do not fully align with WPGL** – Eligible project types are defined as water conservation, storage and reuse projects, which does not fully align with the types of projects eligible for WPGL, or the needs expressed by customers. Evaluating the eligible project types for FSG would address any existing gaps.
- **There is a need to fund certain project planning and design work, currently not eligible or not clearly eligible for Feasibility Study Grants** – This includes evaluating the appropriate project types (e.g., WMCP or drought plan preparation) and work (e.g., design) eligible for funding.
- **The ability to provide direct services for technical services in lieu of issuing a grant, as authorized in statute, would benefit customers and results** – Rules are needed to exercise the Department’s statutory authority for direct technical services in lieu of a grant for an eligible study. The rules would establish a process by which the Department could effectively and strategically use the available funding resources.

Water Project Grants and Loans

- **The current target outcomes may not clearly define the funding opportunity’s desired outcomes** – Clearly identified desired outcomes would reduce any confusion regarding the intended purpose of WPGL funding and help potential applicants understand whether their project is a good fit.
- **Public investments should clearly produce public benefits for Oregon** – A continuous effort to examine the scoring guidance and scale would ensure public funds are used for public benefit.
- **Some public benefits invoking benefits to tribes may not actually benefit tribes** – Engaging the tribes to evaluate those benefits and revise as needed would address environmental justice of the public benefits and provide opportunities to revise materials and approach.
- **Feedback was received in support and opposition for funding projects that achieve public benefits in each category (Economy, Environment, Social/Cultural)** – The WPGL funding outcomes should continue to support the Department’s vision of long-term sustainability of Oregon’s ecosystems, economy, and quality of life but there were differences of opinion on how best to achieve that.
- **Some public benefits in WPGL could be improved or clarified** – Examining options to improve the public benefit descriptions would promote achieving project outcomes for Oregon’s economy, environment and people.
- **Some public benefits may overlap or interconnect in confusing ways** – Working to make public benefits distinct would assist applicants in project development and reviewers in evaluating the likely benefits a project would achieve.
- **Metrics for evaluating the anticipated public benefits are sometimes a challenge** – Providing resources to applicants would promote their ability to successfully describe an anticipated change due to the project as well as help reviewers evaluate projects.
- **Currently factors such as project readiness and preparation are not factored into the funding recommendation process** – Examine potential for including factors such as project readiness and preparation in the funding recommendation and award process.

- **The Technical Review Team makes the funding recommendation to the Commission in the absence of the Department's assessment** - The Department may at times have additional information relevant to the likely success of the project which may not be represented in the public benefit scoring. Including the Department's information may improve the likelihood of successful funding outcomes.
- **There was interest in the potential to consider funding projects of "diverse areas and size of projects"** – There was a desire to ensure that current approach works or explore a different approach.
- **Pre- and post-project data could improve our understanding of project outcomes** – Effective and appropriate information gathering would assist the tracking and telling of funding outcomes.
- **WPGL should examine the need or benefit of having grant or loan funding limits** – Examining and understanding reasons for and against a maximum grant amount for WPGL, would provide an appropriate justification or identify the need for a change.
- **The role of state agencies involved in the consultation process for establishing instream flow protection for storage projects should be clearly defined** – Establishing clear agency roles would facilitate the timeline and process steps.
- **Examining the potential for a cost benefit analysis in the evaluation process could improve funding recommendations** – Currently no process for this analyses is established examining options to analyze cost and benefit would address the concern that the funding opportunity is not investing in the projects with the highest public benefit per dollar invested.
- **Means and methods to verify that grant dollars achieve public benefits are essential** – Improvements in tracking public benefits achieved by funded projects would verify, or measure, results of public investments.
- **There is not a clear way to document lessons learned from SVFs about balancing instream and out-of-stream needs**– Understanding challenges and outcomes of SVFs may provide insights on how to balance instream and out-of-stream needs.
- **Outcomes of the SVF are not easily tracked as accomplishments of the funding opportunity** – In order to accurately reflect the achievements of the funding opportunity, grant reporting metrics should incorporate the accomplishments of SVFs.

Both Funding Opportunities

- **Clear communication is needed to report on funding outcomes achieved** – A clear communications strategy and methods would help communicate funding achievements.
- **Using a grant database, or other identified option, is needed to modernize tracking and reporting funding outcomes** – The appropriate method would improve the Department's efficiency, ability to track metrics, and report funding outcomes.
- **Ensure that all necessary information is collected to evaluate a funding application and eliminate requests for non-critical information** – Identifying information critical to properly evaluate a funding application would ensure that all requests are justified and unnecessary information is not requested of applicants.
- **Department efforts to support the Water Resources Commission (Commission) in understanding the funding opportunities and the role of the Commission are ongoing** – Providing information to the Commission and receiving feedback is critical.
- **The Department should examine funding gaps and evaluate the appropriate role for agency support** – An examination of state water project funding gaps, would help identify the appropriate roles for Department support.

- **Project funding currently can be supplied by more than one state agency, and clear agency funding roles may address gaps and redundancies** – Cross connections of other state funding should be understood to ensure that the desired funding outcomes are distinct. Some also shared that state agencies should avoid overlap.
- **There is not specific language prohibiting holding multiple Department grants for the same project/study concurrently** – It is not best grant management practice to permit more than one grant concurrently for the same project.
- **Opportunities to create partnerships and collaboration would support applicants** – Providing opportunities for partnerships would support project preparation and success.
- **Application forms can pose a challenge for irrigation districts with multiple water rights** – Water right information requirements for irrigation districts should be reasoned and appropriate.
- **The appropriateness and impacts of providing an opportunity for applicants to clarify proposed study or project after submitting an application should be evaluated** – Examining options and timeline impacts would inform the feasibility of revising the application process.
- **There was concern about the funding request amount being visible to the review teams and its impact on funding recommendations** - The review teams do not consider funding amounts as part of the evaluation and scoring process.

Other Comments (positive or outside of assessment scope)

- **Input suggested that cities may not be well suited for these grants** – Capital improvement projects are eligible projects, and cities are eligible applicants; each applicant should determine the fit of the project to the funding opportunity.
- **Previously established legal protection of water should be considered in the scoring of public benefits described in Water Project Grants and Loans** – The funding opportunity provides funding support for the proposed scopes of work, not pre-project work, and therefore implementing this concept was not feasible.
- **Preference for a prior funding program that defined public benefits as only focused on environmental benefits was offered** – The scope of this assessment is narrowed only to the WPGL or FSG funds; bringing back other funds is out of scope of this project.
- **The Department should develop a system for prioritizing ecological needs throughout the state** – The scope of this assessment is narrowed only to the WPGL or FSG funds; directing other work of the agency is out of scope of this project.
- **A statewide prioritization matrix for all three public benefit categories is recommended** – The scope of this assessment is narrowed only to the WPGL or FSG funds; directing other work of the agency is out of scope of this project.
- **There was some concern that only environmental projects were being funded through WPGL.** This statement is inconsistent with the variety of types of projects and work funded through the funding opportunity.
- **Innovative projects are happening because of these funding opportunities.**
- **Sixty-seven percent of unsuccessful FSG applicants stated in a survey that they would apply again.**
- **Eighty percent of FSG grantee survey respondents had not yet implemented their project** – Either they found more work was needed to prepare for implementation, or results indicated that the project was too costly.
- **One hundred percent of FSG survey respondents indicated that they would apply again in the future if there was a need.**

- **Twenty-five percent of previously unsuccessful WPGL applicant survey respondents indicated that they would apply again, and seventeen percent indicated that they would not.**
- **Eighty percent of current or past WPGL grantees stated in a survey that they would apply again in the future.**

Sustainable Funding

The findings within this group impact or relate to the Department’s funding resources available to support Oregonians. Sustainable sources of funding are needed to continue to provide grants and loans through the funding opportunities.

Water Project Grants and Loans

- **Loan processes are not currently established, which impairs the ability to recapitalize the fund** – Processes and resources to manage the loan option are essential to a functional loan program.
- **Grants are highly sought after, but there is less interest in loans** – Examining methods and options to incentivize loans are needed to select appropriate options.

Both Funding Opportunities

- **A single funding source of lottery backed bonds (WPGL) and General Fund/lottery backed bonds (FSG) limits program functions** – Lottery bond and General Fund limitations exist and impact program function, i.e. timeline, capital construction vs. feasibility, and variable requirements. Exploring and acquiring alternate funding sources would enhance operations.

Equip and Empower Oregonians

The findings within this group relate to the strategies and active support the Department can offer to effectively equip and empower Oregonians to address their instream and out-of-stream water future.

Feasibility Study Grants

- **Guidance is requested for feasibility study types** – Materials and guidance identifying common components of feasibility studies would assist applicants.

Water Project Grants and Loans

- **Policy stakeholders, tribes, and other external groups have not yet been interviewed regarding the SVF Requirement** - Due to conflicts created by the COVID-19 pandemic, scheduled meetings with the above named groups were canceled, and will be rescheduled.
- **Applicants need support to envision and develop a project scope likely to achieve public benefits in each category** – Tools and resources to help applicants scope projects would increase the overall project benefits and likelihood of public benefits being achieved.
- **Conducting site visits in advance of application submission could assist applicants** – Information and guidance tailored to the site conditions and opportunities would promote project success.
- **A standardized process for developing and implementing SVFs would streamline efforts and improve coordination of roles** – Being able to complete the SVFs efficiently and predictably allows the agency and the grantees to anticipate necessary resources and timeframes.
- **It is important for applicants to understand the potential impacts of the SVF requirement on their projects** – Establishing a SVF impacts a project’s timeline, costs, and resulting project

implementation and regulation. This understanding would assist applicants to assess their needs, capacity, and decisions to apply for funding.

- **Statutory terminology regarding “balancing needs”, as related to the SVF, is not defined in rule or statute, creating misunderstanding** – Clarification of the term “balancing” in the definition of the SVF would improve implementation of requirement.
- **Agency staff, grantees, and external partners find the SVF consultation process confusing and their roles unclear** – If processes and roles for consultation around the SVF are clarified, all involved will be better able to participate. Some of this confusion noted in this findings may be due to the fact that it was the first time an SVF was developed.
- **Applicants have limited information on the 25% Instream Requirement and SVF Requirement or an understanding of what information to convey in their project application** – With additional guidance, applicants can begin to inform any storage-related requirements in their application, including alternate options for meeting requirements.

Both Funding Opportunities

- **There is a need to provide active support and tools to applicants and grantees** – Support in the form of workshops, online tutorials, and guidance would assist applicants and grantees.
- **Current Department resources are not commensurate with scope of responsibility and need** – More resources would provide capacity to examine and implement program improvements and manage potential risk factors.
- **The funding opportunities are not well known or understood by the public** – An effective and inclusive outreach strategy would increase awareness of the funding opportunities in diverse areas and water sectors.
- **Clearer information to assist applicants in determining if their project or study is a good fit for the funding opportunity is requested** – Handouts and examples of what is a good fit and likely to be successful, would make it clearer to applicants and improve service.
- **Clear communication about timelines and grant agreement details would benefit applicants with project planning** – Developing materials that explain funding cycle timelines and make clear grant agreement details would better communicate the schedule and expectations. Materials available online and in workshops would be accessible to interested parties.
- **Water right information can be confusing for applicants as they prepare applications** – Using existing guidance for different water right transactions from other sections could ease confusion and assist applicants.
- **Having resources to communicate available other non-Department funding opportunities would help applicants** – This information if produced, would assist applicants in selecting the appropriate funding opportunity for their needs, timeline, and budgets.
- **Communication with the Watermaster provides important information for applicants to consider** – Developing methods to encourage applicants to reach out to Watermasters and creating internal capacity for this assistance would promote better project planning by applicants.

Other Comments

- **There should be a one stop guidance framework to provide information on where and when people go for funding (i.e. what funding sources are a good fit for which water projects)** – Represents a larger issue beyond the scope of the Assessment.
- **Fifty percent of FSG applicants that responded to a survey said that the application form is clear, and fifty percent said it was not clear**

- **Of FSG grantees that responded to a survey eighty percent felt the application form was clear and easy to understand, eighty percent felt that the allowable cost document was helpful, sixty percent felt the request for the release of funds was clear, and forty percent felt the progress report forms were clear**
- **Some members of the WPGL Technical Review Team had a favorable response to the application format**
- **Feedback was received to suggest a single application form for both FSG and WPGL for proposed project that want to move forward more quickly – This finding proposes an action which is not feasible.**
- **Landowner agreement form was helpful**
- **Suggest that common tools be developed regarding common studies and permits needed for projects**

Reasoned Requirements

The findings within this group impact or relate to requirements associated with the funding.

Water Project Grants and Loans

- **Requirements for measuring and reporting water diverted and used at funded projects is not integrated with the Department's water use reporting processes – An integrated process of general standards, timing, method and frequency may streamline work for grantees and promote the usefulness of the information for the Department.**
- **Criteria to determine when storage of groundwater would trigger a Seasonally Varying Flow (SVF) prescription are needed – A set of criteria to describe the conditions when groundwater withdrawal would require an SVF would clarify the applicability of requirements for applicants and Technical Review Team.**
- **The statutorily described season in which an SVF is required had supporters and opponents – The statutory language states that the SVF requirement applies only when water is stored outside of the irrigation season.**
- **The potential to recognize water protected instream through differing regulatory methods/permits/approvals (i.e. federal program's Special Use Permit) should be investigated – Determining if the Department recognizes other instream protections as legal protection would clarify the authority allowed.**
- **The requirement for storage projects to dedicate 25% of newly developed water instream had opposition and support – This is currently a requirement of the funding opportunity which supports achieving public benefits for Oregon's economy, environment and people when public investments are used.**
- **Clarification of the regulatory authority and language regarding protecting 25% of newly developed water is warranted – Understanding the Department's authority and language regarding the instream release requirement would promote a clearer understanding of the requirement.**
- **Some statute and rule requirements of the SVF may prevent it from achieving its intended benefits and in a manner which best serves instream and out-of-stream needs – Rules, such as the limit of the SVF to the non-irrigation season, preclude grantees and the Department from considering the benefits and operations of the project year round.**
- **Irrigation Season is not defined in statute and rules – Although the irrigation season is referred to in the definition of the SVF, there is no definition in statute or rule for the Department to rely on making consistent application of those terms across projects difficult.**

Statute states that the SVF requirement does not replace other water right processes and requirements but there is no clear direction on how the SVF is to interact with those other requirements– Additional clarity through statute, rule, or policy would improve implementation of the requirement through an increased understanding of the timing and potential interactions (e.g., information from one informing the other).

Both Funding Opportunities

- **Timeline delays occur if a grantee is not in compliance with Department requirements and risk increases** – An evaluation of the appropriate Department compliance requirement that would impact timelines or regulatory concerns would be a best grant practice.
- **Match policies should be improved by defining eligible and non-eligible sources and clarifying required the dollar amount** – Clarifying policy and language would reduce applicant confusion and improve Department practices.
- **Requirements for landowner approval should be protective of property ownership rights and no overly burdensome for applicants** – Evaluating options for achieving the balance would both manage legal responsibilities, while being mindful of irrigation district’s authorities.
- **The ability to negotiate retainage less than 10% of grant total on large dollar projects would benefit grantees** – With larger grant amounts the 10% standard for retainage may become burdensome to grantees.

Other Comments

- **A strength and benefit of the Water Resources Development Program is the steps to the funding process** – Place-Based Planning to identify solutions, Feasibility Study Grants to investigate their feasibility, and Water Project Grants and Loans to implement them.
- **It was an opinion that the legislature should not fund both OWRD and OWEB to offer grants to the same types of projects** – This finding addresses an issue which is beyond the scope of this assessment.
- **WPGL is redundant to the State 100-Year Water Vision** – This finding addresses an issue which is beyond the scope of this assessment.
- **Recommendation that OWRD and OWEB inventory all projects which receive funds from both sources, do the same with all other public funds, and then setup a Public Works fund to serve as central fund** – This finding addresses an issue which is beyond the scope of this assessment.
- **Overall state funding should be for distinct purposes and reliable funding amounts** – This finding addresses an issue which is beyond the scope of this assessment.
- **It does not make sense for the State to be paying staff in different agencies to be running similar grant programs** – This finding is beyond the scope of this assessment.
- **There is value in aligning funding opportunities for easy progression, but do not want to require that projects go through every step** – For example, do not recommend using FSG funds as a pre-requisite for WPGL funding.
- **Interest in understanding if grants can be used on tribal trust lands, outside of state jurisdiction?** – We commit to checking, though if a tribe is an eligible applicant that the funds should be able to use funds for work on their land.
- **Grantees, reported that there was a great deal of flexibility**
- **Unsuccessful applicants were interested in studying financial and technical aspects of their proposed project**
- **The Department has been really flexible and responsive in all grant requirements**

- **Difficulty of storage projects getting funded through WPGL is due to many factors unrelated to WPGL** – This represents a larger issue beyond the scope of this project.
- **Review Team members provided feedback that scoring applications during the evaluation meeting improved timelines**
- **WPGL is a very competitive funding opportunity**
- **WPGL grant requirements are not burdensome**
- **WPGL cost match of 25 percent is very helpful and helps project financial feasibility**
- **Review team members provided feedback that all applicants would benefit if they came in for a pre-application conference and researched other funding sources**
- **Review team members noted that that applicants would benefit by contacting OWRD early for assistance**
- **Caution is encouraged to ensure any changes to statute or rule do not unintentionally impact federal funding eligibility**
- **The SVF is a unique and innovative approach to implementing and funding storage.**
- **The SVF benefits environmental public benefit outcomes of funded projects.**
- **Department completed the first SVF – Congratulated completion of SVF and permitting, and acknowledged that project is being built.**

Removing Barriers

The findings within this theme impact or relate to addressing or removing barriers to accessing funding.

Feasibility Study Grants

- **The funding limit of \$500,000 is restrictive to applicants** – Revising the \$500,000 per project limit and Department interpretation would address a burdensome limitation for grantees.
- **The 50% cost match requirement limits access to funding by some applicants** – Aligning the cost match requirement of 50% for the FSG funding opportunity with the 25% requirement of WPGL would address a barrier to accessing funding.
- **Allow phasing of storage specific study requirements (SSSR) in situations where the scope of the study is limited to an initial survey of project options may address a barrier and improve the information's value to a project** – SSSR work is costly with limited benefits during initial project surveys where potential alternatives are scanned for early indicators of feasibility.
- **It would be beneficial to align the SSSR information with information needed for a Seasonally Varying Flow prescription** – Options to align SSSR with SVF would promote integration between the funding opportunities.
- **Quarterly reporting requirements are burdensome and seldom add value** – Streamlining reporting frequency to address burdensome reporting requirements would promote the quality of information elicited.

Water Project Grants and Loans

- **Funding post-project monitoring activities, which is currently ineligible, may represent an unmet funding need** – Evaluating the appropriate use of WPGL funding to complete post project monitoring would inform whether these funds should be used to address the funding gap.
- **Permitting delays can impact the Department's budgeting timelines, impact regulatory factors, and lottery bonds requirements** – Investigate factors which may result in project delays to promote the timely expenditure of funds.

- **It is unknown how the SVF requirement informs or impacts potential applicants' decisions to apply for funds** – Understanding the impact, if any, of the SVF requirement on accessing funds from the Department can help the Department improve outreach regarding WPGF funding.
- **SVF permit conditions vary by project making it difficult for applicants and staff to anticipate how implementation of the project will impact costs and regulation** – Uncertainty related to SVFs may impact perceptions as well as internal communications regarding the SVF.

Both Funding Opportunities

- **Forms could be improved to reduce length, improve accessibility, and user interface** – Considering feedback and available options for improving forms would help address and implement the preferred methods.
- **Timeframes for eligible cost match expenditures can be a barrier for lengthy projects or to unsuccessful applicants seeking to reapply for funding in future years** – Updating the allowable cost match timeframe would support applicants seeking to implement lengthy projects by recognizing previous project expenditures.
- **Offering funding cycles more frequently than once per year may assist scheduling concerns** – More frequent funding cycles may reduce project timelines. The internal capacity for, and impacts of, increasing the frequency of funding cycles would inform the feasibility of addressing this feedback.
- **Shortening funding cycle timelines was identified as a measure that would assist project scheduling** – Timeline options are evaluated and selected which would address potential improvements to shorten the funding cycle.
- **The appropriate amount of time for applicants to address application completeness issues should exist** – Evaluate the time given to applicants to address application completeness that would not delay or create disincentives to due diligence efforts, and be in-line with best grant practices.

Other Comments

- **The Department should identify state funding gaps** – This finding addresses an issue which is beyond the scope of this assessment.
- **A lack of context for water needs at the basin scale inhibits the quantifying the public benefits that a project may provide** – This finding addresses an issue which is beyond the scope of this assessment, but which may inform the Planning Assessment. The finding will be referred to the Planning Assessment.
- **There is a need for planning at a basin wide scale** – This finding addresses an issue which is beyond the scope of this assessment, but which may inform the Planning Assessment. The finding will be referred to the Planning Assessment.
- **The Department should report to other watershed planning grant funders on who has received funding from the Department and may be appropriate for their funding** – This finding proposes an action which is not feasible.
- **Other funding sources may not be leveraged as some expected** – Based on the requirement for match funds to be secured in order to be eligible for funding, the funding opportunities both require and leverage funds from other sources.
- **Previous or older letters of support not allowed, negates previous collaborative work that was done and some feedback is that it negates these efforts** – It would be infeasible to determine if there had been any project changes since the letter had been authored.

- **Other state agencies should be able to write letters of support for funding applications.** It is not within OWRD's authority to determine what other state agencies practices include.
- **Request that a project be able to dip into both design and implementation funds at once –** This finding proposes an action which is not feasible.
- **There may be a dis-connect between Place-Based Planning and Feasibility Grants.** This finding addresses an issue which is beyond the scope of this assessment, but which may inform the Planning Assessment. Finding referred to the Planning Assessment
- **Multi-year projects have permitting process changes or permits expire which increases costs – there should be a contingency in budgets for high-dollar projects –** The grantee may anticipate these contingencies and include it into the application.
- **Direct appropriations are being used as a work around to WPGL grant requirements –** This represents a larger issue beyond the scope of this project.
- **Program capacity is an unmet area to be able to pursue funding. Resources are needed to provide support and project planning for applicants –** This represents a larger issue beyond the scope of this project.
- **Frequency of cycle is working for both grant offerings**
- **Legislators should be made aware of how challenging the process is for WPGL applications –** This represents a larger issue beyond the scope of this project.
- **WPGL grant requirements stifle projects from being funded and implemented**

Fundamentals & Principles

The findings within this group impact or relate to sound management practices of grant and loan fundamentals and principles.

Both Funding Opportunities

- **It is essential to align the components of the funding opportunities –** Ensuring integration of the funding opportunities is critical to create a pathway of support for water planning, investigation, and implementation.
- **Any changes to program components should support achieving desired funding outcomes –** Developing a set of business requirements would be a check to verify that changes are in-line with overall goals of funding opportunity.
- **There is not currently a method to ensure that environmental justice is consistently considered in program improvements –** Including environmental justice as a business requirement would ensure that the topic is consistently considered.
- **Need a process to consistently collect feedback from applicants and grantees –** Creating a consistent opportunity for feedback would support a means for continual improvement efforts.
- **The language in statutes and rules can be confusing and at times unclear –** Clear language either in statute, rule or interpretation would assist in understanding various requirements.
- **A regular practice to evaluate the functions, results, and outcomes of the funding opportunities is needed –** A schedule and scope of regular program assessment would create a consistent improvement process.
- **Processes to improve grantee reporting compliance are needed –** Options to improve and facilitate grantee reporting would improve compliance with reporting deadlines.
- **The public record retention policy should be current –** Policy and procedures for records retention should incorporate other agency policies for similar records.
- **Project inspections are needed –** Evaluating options for project inspections that fits resources and needs would be a best management practice.

Portfolio of Draft Recommended Actions

Introduction

In the assessment of the funding opportunities, Water Project Grants and Loans and Feasibility Study Grants, we received valuable feedback for reaching the full potential of the funding opportunities. The feedback included diverse perspectives and opinions compiled into findings as listed in Attachment #1. Recommended actions were developed in response to the feedback and findings. All recommended actions form a portfolio, which will be continuously managed to improve the funding opportunities.

Portfolio of Recommended Actions

To benefit Oregon's environment, people, and economy, and improve the effectiveness and longevity of the funding opportunities, the portfolio of recommended actions should be thoughtfully prioritized. To do this, the recommended actions are sorted by:

1. **Priority:** The relative importance of the recommended action to achieving the desired outcomes or the potential value-add of the action. Essential actions are critical to funding opportunity success, high priority actions will result in important improvements, medium priority actions will result in moderate improvements and low priority actions will result in minor improvements, are neutral, or may even be detrimental.
2. **SMART scoring:** A measure of the recommended action's specificity, ability to measure the outcome, whether or not it is achievable (i.e. support or anticipated opposition), whether or not the action has resources currently, and the time needed to achieve the action. The possible range of scores is -5 to 6, recommended action scores range from a low of 0 to a high of 6.

The following eight pages list out the recommended actions. Each recommended action includes 1) which funding opportunity the action relates to, 2) the action's theme, and 3) project size (an estimate of the anticipated workload for the action). Small projects are centralized in the Water Resources Development Program (WRDP) and will take up to 40 hours, intermediate projects are centralized in WRDP but will take more than 40 hours and limited consultation of others, and large projects require Director's Office approval and/or significant involvement from another section and stakeholders. An asterisk (*) indicates an alternative option for recommended action exists and is listed in parentheses.

How the Portfolio Will Be Managed

This portfolio of recommended actions also requires a management plan. The planned process is designed to work through the prioritized list in a manner that makes meaningful progress, is reasonable based on available capacity, and has the flexibility to adapt to changing conditions. In some instances, the results of a project may result in additional recommended actions as the next iteration of work. Those actions will be evaluated using the same ranking system described above and incorporated into the portfolio. Therefore, the portfolio of recommended actions is a living list. The Department will use the following general process as our continuous management plan: 1) draft yearly list of recommended actions to implement in consultation with appropriate parties; 2) develop project scopes and schedules; 3) confirm yearly list; 4) implement actions, including any needed tribal, stakeholder, and other agency engagement; and 5) report progress to the Commission and others, as appropriate.

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Fundamentals	Both	Ensure that all selected recommended actions and future improvements support alignment of funding opportunity components by establishing a business requirement.	Essential	6	Small
Fundamentals	Both	Ensure that all components and practices support the desired outcomes of the funding opportunities by establishing one or more business requirements.	Essential	6	Small
Fundamentals	Both	Include environmental justice as a business requirement for consistent consideration.	Essential	6	Small
Results	FSG	<i>Alternative B-1:</i> Determine and communicate desired funding opportunity objectives for funding opportunity. (<i>See alternative B-2</i>)	Essential	6	Intermediate
Results	WPGL	<i>Alternative A-1:</i> Define and communicate clear desired funding opportunity objectives. (<i>See alternative A-2 and A-3</i>)	Essential	6	Large
Barriers	WPGL	Engage stakeholders, tribes, and other external groups to gather feedback on the SVF requirement, when the timing is right [previous engagement was postponed due to COVID-19]	Essential	6	Large
Results	WPGL	Improve aspects of scoring criteria and scale to incentivize achieving benefits to the public. Determine if statute/rule language is required to achieve that goal.	Essential	5.5	Intermediate
Equip	Both	Develop an effective outreach strategy that increases awareness of the funding opportunities across the state.	Essential	5	Intermediate
Equip	Both	Develop support strategies and tools (workshops/guidance/online resources) that promote desired outcomes of the funding opportunities.	Essential	5	Intermediate
Sustainable Funding	Both	Create and implement a clear communication strategy to describe funding achievements to the public and the legislature.	Essential	4.5	Intermediate
Results	WPGL	Examine methods and rationale to incentivize loans. Select options as appropriate.	Essential	4	Intermediate
Sustainable Funding	WPGL	Identify remaining barriers to having a functional and resourced loan offering and determine actions to move forward to address barriers.	Essential	4	Large
Results	WPGL	Identify metrics and process to best verify or measure public benefits achieved by projects.	Essential	3.5	Intermediate
Results	FSG	<i>Alternative A-2:</i> Evaluate and identify the appropriate project types and work eligible for FSG (examination includes funding gaps for WMCP, design etc.). (<i>See alternative A-1</i>)	Essential	3	Intermediate
Sustainable Funding	Both	Explore alternate sources to fund the Department grant and loan funding opportunities.	Essential	3	Intermediate
Equip	Both	Obtain more resources for grant management and advancement of the funding opportunities by exploring options to request resources from the legislature and other creative options for additional resources.	Essential	3	Large

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Results	FSG	<i>Alternative B-2:</i> Determine target outcomes and change statute or rule to identify funding target outcomes. (<i>See alternative B-1</i>)	Essential	3	Large (Statute)
Equip	WPGL	Develop standard internal processes and roles for Department staff for the management, development, and implementation of SVF-related work.	Essential	3	Large
Results	WPGL	<i>Alternative A-3:</i> Define clear desired target outcomes. Change statute and rule to reflect those funding target outcomes. (<i>See alternative A-1 and A-2</i>)	Essential	1.5	Large (Statute)
Results	Both	Conclude engagement of remaining members of the Commission to share funding opportunity details, Commission's role, and seek their input.	High	6	Small
Barriers	Both	Update cost match policy to allow expanded timeframe of eligible match.	High	6	Small
Results	Both	Update the funding applications to ensure that critical information needed to evaluate a proposed study/project is gathered and information with less value is omitted.	High	6	Intermediate
Results	WPGL	Continue to promote funding projects that achieve sufficient public benefits in all three categories.	High	6	Intermediate
Barriers	FSG	<i>Alternative C-1:</i> Revise the agency's interpretation of the "per project" funding limit within the authority of statute and rule. (<i>See alternative C-2</i>)	High	6	Large
Equip	WPGL	Develop and share documentation with potential applicants which explains what projects/studies are a good fit for the funding opportunities.	High	5.5	Small
Requirements	Both	Affirm program match policy to not accept other WRD funds as cost match. Add policy to appropriate application, guidance, and outreach materials. Clarify percentage in application form (WPGL).	High	5.5	Small
Results	WPGL	Examine assessment findings and select options for improving the public benefits and guidance language to make them clearer. Determine if statute or rule change is needed.	High	5.5	Intermediate
Barriers	Both	Develop a prioritized list of forms to update. Evaluate and select options to: reduce application length, improve clarity of questions, and improve ease of form use (which could include development of an online application). Pursue selected improvements.	High	5	Intermediate
Fundamentals	Both	Develop a process for grantees and applicants to provide feedback to the funding opportunities on an ongoing basis.	High	5	Intermediate
Results	WPGL	Develop approach and language to incorporate other factors, such as project readiness and feasibility, in funding recommendation or award process.	High	5	Intermediate
Results	Both	<i>Alternative E-1:</i> Identify the appropriate tracking metrics. (<i>See alternative E-2</i>)	High	5	Intermediate

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Fundamentals	Both	<i>Alternative D-1:</i> Clarify statute and rule through clear language and interpretations in guidance, forms etc. (<i>See alternative D:2</i>)	High	5	Large
Barriers	WPGL	Gather information to understand what barriers exist in seeking funding for storage development projects.	High	5	Large
Results	WPGL	Examine guidance language to improve metrics for evaluating public benefits in review/scoring.	High	4.5	Intermediate
Barriers	FSG	Evaluate options for aligning the storage specific study requirements with Seasonally Varying Flows (SVF) preparation.	High	4	Intermediate
Equip	WPGL	Develop options for potential tools and resources to help applicants understand how to scope projects to effectively achieve public benefits.	High	4	Intermediate
Requirements	Both	Evaluate what Department requirements (e.g., measurement and reporting, WMCPs, etc.) applicants must be in compliance with for application eligibility and prior to receiving funds; put selected compliance requirements in place.	High	4	Large
Results	Both	<i>Alternative E-2:</i> Identify the appropriate database or system to process and track grant information. (<i>See alternative E-1</i>)	High	3.5	Intermediate
Barriers	FSG	<i>Alternative C-2:</i> Revise the statute and rule to increase the FSG funding limit to more than \$500k. (<i>See alternative C-1</i>)	High	3.5	Large (Statute)
Barriers	FSG	Revise the cost match requirement from 50% to 25% in statute and rule.	High	3.5	Large (Statute)
Results	FSG	Revise eligible project types in statute and rule to align with WPGL.	High	3.5	Large (Statute)
Results	WPGL	Further engage tribes in evaluating the public benefit language or guidance to make appropriate revisions to promote benefits to tribes along legislative intent.	High	3	Intermediate
Results	WPGL	<i>Alternative F-1:</i> Distinguish between related public benefits through scoring guidance so that benefits are not duplicative. (<i>See alternative F-2</i>)	High	3	Intermediate
Equip	WPGL	Develop and share standard policies and procedures regarding participation in required SVF consultation process.	High	3	Intermediate
Requirements	WPGL	Work with others in Department to develop general measurement standards for water diversions and water uses for different settings/types of projects (including timing, method, frequency, format of reporting, etc.). Evaluate how we can promote/increase/improve applications/projects to meet those standards.	High	3	Large

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Results	FSG	Identify and propose potential method and process to implement Direct Service option already available in statute.	High	3	Large
Requirements	WPGL	Identify options for appropriately integrating the SVF requirement with other water rights processes (e.g. Division 33 reviews)	High	3	Large
Equip	FSG	Develop guidance materials that list out common components of feasibility studies for different project types.	High	2.5	Intermediate
Barriers	FSG	Revise statute and rule to not require the storage specific study requirements if the study only includes an initial survey to identify potential site. Keep the requirement for all other storage studies.	High	2.5	Large (Statute)
Requirements	WPGL	Department sections collaboratively identify options for standard analysis steps for SVF projects in order to improve efficiency.	High	2.5	Large
Barriers	WPGL	Develop options for performance metrics/criteria to evaluate the protections established by SVF water right conditions, and their effect on water management and regulation.	High	2.5	Large
Results	WPGL	<i>Alternative F-2:</i> Distinguish between related public benefits so that benefits are not duplicative via change statute and rule. (<i>See alternative F-1</i>)	High	2	Large (Statute)
Equip	WPGL	Develop policies and procedures consistent with statute and rules regarding “balancing” per the SVF definition.	High	2	Large
Fundamentals	Both	<i>Alternative D-2:</i> Propose change to statute and rule to clarify language or interpretation. (<i>See alternative D-1</i>)	High	0	Large (Statute)
Barriers	Both	Evaluate potential for bi-annual FSG and WPGL funding cycles.	Medium	6	Small
Fundamentals	Both	Create a continuous evaluation process to examine the funding opportunities.	Medium	6	Small
Equip	Both	Develop materials that explain what to expect in terms of timelines for the application review and execution of grant agreements; distribute at workshops, online, and in pre-application conferences.	Medium	6	Intermediate
Requirements	Both	Re-evaluate landowner approval requirement to determine if the appropriate level of information is collected for land change, land access, and different types of landowners.	Medium	6	Intermediate
Results	WPGL	Establish clear standards, roles, and decision space for ODFW in the required instream flow protection process.	Medium	6	Intermediate
Results	WPGL	Examine and understand reasons for and against a maximum grant amount. Make a determination.	Medium	5.5	Small

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Barriers	Both	Evaluate programmatic options to reduce the review cycle timeline. Evaluate need for statute, rule, or program change.	Medium	5.5	Intermediate
Barriers	WPGL	Document the likelihood of different ways to improve spend plan accuracy, including considering permit/requirement readiness and other factors that may result in project delays (and therefore expenditure delays). Select which ways to pursue.	Medium	5.5	Intermediate
Fundamentals	Both	Develop policy and procedures for record retention and destruction by building off of schedules/procedures from other funders' policies.	Medium	5.5	Intermediate
Equip	Both	Identify existing guidance for different water right transactions from other sections. Create a prioritized list of guidance options to equip applicants. Determine level of effort and feasibility of developing top 1-2 items.	Medium	5	Intermediate
Fundamentals	Both	Investigate ways to increase compliance and timeliness of progress reports including reminders, revised forms, and other options.	Medium	5	Intermediate
Results	Both	Examine options for a unique section for districts to describe their water right activity. Make a determination on whether to include one of those options in the application.	Medium	5	Intermediate
Results	Both	Adopt specific prohibition against holding more than one WRD grant for any single project/study at the same time.	Medium	5	Intermediate
Results	WPGL	Examine cross connections and overlaps with other state funding to ensure that the desired funding outcomes are distinct.	Medium	5	Intermediate
Results	WPGL	Re-evaluate current approach for consideration of-"diverse areas and size of projects" by the Commission when making funding decisions.	Medium	5	Intermediate
Requirements	WPGL	Develop list of potential statute changes to pursue when timing is right, and include feedback from the funding assessment. Document reason/justification provided for change.	Medium	5	Large (Statute)
Equip	WPGL	Work with Field Services Division to determine how best to connect applicants with their local Watermaster.	Medium	4.5	Small
Equip	WPGL	Explore options for project site visits during the application phase and determine resources required and feasibility.	Medium	4.5	Intermediate
Fundamentals	WPGL	Evaluate options for conducting project inspections once a project is funded and develop a plan/protocol that fits resources and needs.	Medium	4.5	Intermediate
Barriers	WPGL	Examine authority to reimburse for post-project monitoring. Evaluate if funding post-project monitoring is appropriate, and if so, what criteria would be established.	Medium	4	Intermediate
Requirements	WPGL	Determine conditions when storage of groundwater would trigger a SVF prescription.	Medium	4	Intermediate

Theme	Funding	Recommended Action (<i>alternative option for recommended action exists</i>)	Priority	SMART Value	Project Size (Detail)
Results	WPGL	Develop revised process which assigns WRD to the role of recommending funding. Explore whether this requires a statute or rule change.	Medium	4	Intermediate
Barriers	FSG	Revise statute to reduce progress report frequency.	Medium	3.5	Large (Statute)
Results	Both	Examine funding gaps in WPGL and FSG and evaluate feasible and appropriate role for WRD support.	Medium	3	Intermediate
Equip	Both	Develop and maintain a list of funding opportunities for water-related studies and projects.	Medium	2.5	Intermediate
Results	WPGL	Develop a method and the means to help applicants partner with others to improve project outcomes.	Medium	2.5	Large
Results	WPGL	Develop a strategy of how, when, and where to implement a requirement to report baseline and post-project data on the change in water used and/or water protected instream.	Medium	2	Intermediate
Barriers	Both	Inquire with other funders regarding the amount of time they allow for addressing incompleteness and evaluate whether we want to update our approach.	Low	5.5	Small
Requirements	WPGL	Determine when, and if, a lower retainage amount should be considered.	Low	5.5	Small
Results	WPGL	Document lessons learned from SVF development regarding methods for balancing instream and out-of-stream needs while allocating winter water.	Low	4	Intermediate
Results	Both	Examine processes for applicants to clarify their proposals to the review team and how those processes impact the funding timeline. Examine other potential options to support applicants' ability to clearly describe their proposal.	Low	3.5	Small
Sustainable Funding	Both	Examine potential for regional funding priorities.	Low	3.5	Intermediate
Requirements	WPGL	Work with others in the Department to determine if the Department should recognize other types of instream protections as legal protection. Conform to larger Department approach, whatever that may be.	Low	3	Intermediate
Requirements	WPGL	Determine the authority of rules for the 25 percent instream release/flow protection.	Low	3	Large
Results	WPGL	Examine options for cost/benefit analysis to be conducted within the process for evaluating applications. Make a determination on how to proceed.	Low	2.5	Intermediate