

July 3, 2007

## **MEMORANDUM**

**TO:** Oregon Watershed Enhancement Board

**FROM:** Tom Byler, Executive Director

**SUBJECT: Agenda Item A: Delegation of Distribution Authority and Grant Award for Legislative Allocations of Measure 66 Lottery Funds and Pacific Coastal Salmon Recovery Funds  
July 9, 2007 Special Board Meeting via Teleconference**

### **I. Introduction**

This report requests the Board delegate authority to the Executive Director to distribute Measure 66 Lottery Funds that the Legislature has specifically allocated to a particular entity or use. This report also requests Board action to allocate \$3,250,000 of Pacific Coastal Salmon Recovery Funds (PCSRF) for soil and water conservation districts (SWCDs).

### **II. Background**

Since 1999, the Oregon Legislative Assembly has allocated portions of Measure 66 funds and PCSRF funds to other entities. These allocations have typically gone to other state natural resources agencies and groups focused on watershed health issues, such as the Lower Columbia River Estuary Partnership and the Independent Multidisciplinary Science Team. It is important for the recipient entities to obtain these funds as early in the new biennium as possible to meet their budget needs.

In the case of Measure 66, the funds are essentially passed through the OWEB budget to these other entities. No formal Board action is required to transfer these funds. However, in a May 18, 2005, letter of advice, the Attorney General's office identified management actions to clarify the authority and responsibility of OWEB in overseeing the distribution and use of Measure 66 funds in cases where the Legislature allocated funds to other entities. This included the option for the Board to delegate distribution authority to the OWEB Executive Director. This approach was adopted by the Board in August 2005 for the 2005-2007 biennium. The action strengthened OWEB's oversight capabilities for the legislatively allocated funds and includes requiring interagency agreements to track expenditures and uses of Measure 66 funds.

In the case of PCSRF funds, Board action is necessary to award a grant to carry out the legislative allocation. OWEB enters into interagency agreements with PCSRF recipients to track the uses of these funds. The Legislature allocated separate line items of \$5 million to support the capacity of SWCDs and watershed councils. The \$5 million each for SWCDs and watershed councils includes \$1.75 million in Measure 66 non-capital funds and \$3.25 million of PCSRF funds. The Board awarded the \$3.25 million of PCSRF to watershed councils as part of the \$5 million council support grant award at its May meeting. Similarly, staff propose the Board award \$3.25 million in PCSRF funds to help carry out the legislative allocation for SWCD support.

OWEB was recently notified of its PCSRF award for Federal Fiscal Year 2007 and is working with the National Marine Fisheries Service to finalize the award in order to begin utilizing these funds for council and district support.

For the first time, the Legislature transferred the budget line item for the funds to support SWCDs from the Oregon Department of Agriculture (ODA) budget to OWEB's budget. For purposes of awarding and distributing these funds, and to be consistent with legislative intent, OWEB staff recommend entering into an interagency agreement to have ODA administer the funding to individual SWCDs. This action will promote a seamless transition and allow continuity in SWCD oversight. Additional background information on this issue is in contained in Attachment A.

**III. 2007-2009 Legislative Appropriations**

The 2007-2009 legislative appropriations to other entities are:

**Table 1. Measure 66 Legislative Appropriations**

Entity/Recipient	Amount	Source of Funds
Oregon Dept. of Fish and Wildlife	\$5,000,000	Measure 66 capital
Oregon Dept. of Fish and Wildlife	\$6,335,629	Measure 66 non-capital
Oregon State Police	\$996,405	Measure 66 capital
Oregon State Police	\$6,137,202	Measure 66 non-capital
Dept. of Environmental Quality	\$250,000	Measure 66 capital (R&D)
Dept. of Environmental Quality	\$4,937,728	Measure 66 non-capital
Dept. of Agriculture	\$5,274,890	Measure 66 capital
Dept. of Agriculture	\$5,140,403	Measure 66 non-capital
Dept. of Geology and Mineral Industries	\$1,500,000	Measure 66 capital (R&D)
Independent Multidisciplinary Science Team	\$633,653	Measure 66 non-capital
Lower Columbia River Estuary Partnership	\$314, 249	Measure 66 non-capital
Soil and Water Conservation Districts	\$1,750,000	Measure 66 non-capital

**Table 2. PCSRF Legislative Appropriations**

Entity/Recipient	Amount	Source of Funds
Soil and Water Conservation Districts	\$3,250,000	PCSRF

**IV. Recommendation**

Staff recommend the Board:

- A. Delegate distribution authority to the Executive Director for the Measure 66 Lottery Funds that the Legislature allocated for the 2007-2009 biennium in accordance with Table 1 of Section III of this report; and
- B. Allocate \$3,250,000 of PCSRF funds for SWCDs and delegate authority to the Executive Director to enter into the agreements necessary to distribute funding to the SWCDs in accordance with Table 2 of Section III of this report.

Attachment

- A. SWCD Background Information

## Soil and Water Conservation Districts Background Information

For the 2007-2009 biennium, the Legislature transferred the line item for the special payments used to support SWCDs from the Department of Agriculture (ODA) budget to OWEB's budget. The total payments to SWCDs total \$5 million, the same as for watersheds councils, and payments will be divided among the SWCDs using the same methodology as they had in the past. ODA will maintain staff positions tasked to review and approve work plans and provide general oversight for SWCDs as they have in the past. The Legislature concluded that moving the payments to OWEB will allow the amounts and types of funding support to be better coordinated with funding of councils.

The Joint Legislative Committee on Ways and Means also approved the following budget note in ODA's budget relating to the transfer:

*Funding for special payments used to support Soil and Water Conservation District (SWCD) operations are transferred from the Department of Agriculture (ODA) to the Oregon Watershed Enhancement Board (OWEB). Total special payments being added to the OWEB budget to support base operations of SWCDs will be increased by almost \$1.7 million over the Governor's budget, to \$5 million for the 2007-09 biennium. Payments to support Watershed Councils' base operations will likewise be increased to \$5 million total in the OWEB budget. Special payments to SWCDs are to be divided among Districts using the same methodology as they had in the past. All SWCD support positions will remain in ODA. ODA will enter into an Intergovernmental Agreement with OWEB so that the Department of Agriculture continues to review and approve District's work plans, gauge progress on the work plans, notify OWEB if payments should be approved based on work progress, and oversee payment accountability, along with all other oversight functions ODA has performed in the past. Moving the special payments funding into the OWEB budget will allow the amounts and types of funding for Districts support to be coordinated with funding for Councils to ensure funding parity. This change should address problems faced by SWCDs in recent biennia of having unequal payments compared to Watershed Councils and the transfer is anticipated to result in better coordination between Watershed Councils and Soil and Water Conservation Districts.*