



# Oregon

Theodore R. Kulongoski, Governor

## Oregon Watershed Enhancement Board

775 Summer Street NE, Suite 360

Salem, OR 97301-1290

(503) 986-0178

FAX (503) 986-0199

[www.oregon.gov/OWEB](http://www.oregon.gov/OWEB)



January 4, 2010

## MEMORANDUM

**TO:** Oregon Watershed Enhancement Board

**FROM:** Tom Byler, Executive Director  
Melissa Leoni, Senior Policy Coordinator

**SUBJECT:** **Agenda Item M: Legislative and Budget  
January 20-21, 2010 OWEB Board Meeting**

### I. Introduction

This report provides an update on OWEB's 2009-2011 budget and spending plan and any anticipated impacts from the upcoming 2010 Special Session of the Legislature. This staff report also describes the agency budget and legislative agenda preparation for the 2011 legislative session.

### II. 2009-2011 Budget and Spending Plan

At the September 2009 meeting, staff proposed a spending plan for the \$46.6 million in capital funds and \$8.0 million in non-capital funds appropriated to the Oregon Watershed Enhancement Board by the Legislature for the 2009-2011 biennium. The proposed plan was intended to guide the distribution of capital and non-capital funds by describing the potential uses of the funds, recommending fund allocations for specific identified needs, and suggesting reservations of funds for certain purposes.

The proposed spending plan was influenced by a number of factors, the first being an update to OWEB's Strategic Plan and the development of a Strategic Communications Plan and the second being the potential vote to reauthorize dedicated lottery funding for watershed and conservation purposes. The plans offer a series of actions above and beyond traditional program demands and the latter requires immediate action to be able to respond to an anticipated increase of interest in and requests for information about OWEB's programs.

The Board approved spending plan is shown in Attachment A. Staff are not proposing changes or additions to the non-capital spending plan at this time because of the uncertainty over the February Special Session (as described in Section III below) and because we are still implementing actions funded by the Board at the September 2009 meeting (see Agenda Items F and H). Staff propose the Board allocate \$1.5 million in capital funds for two restoration efforts described in Agenda Items N and Q. Staff will present grant cycle targets and an updated spending plan, if necessary, at the March 2010 Board meeting.

### III. 2010 Legislative Session

The Oregon Legislature is scheduled to meet for a special session in February 2010. Staff do not anticipate that the session will involve any policy bills affecting the agency. However, OWEB's

budget, as well as other state agency budgets, could be subject to legislative reductions. There are two primary factors for the potential reductions. First, declining General Fund and Lottery Fund revenues are below predicted revenue levels for the first six months of the biennium. Second, Oregon voters will consider two ballot measures in late January that could repeal revenue increases made by the 2009 Legislature. These factors may compel state agency budget cuts during the February session. This fall, all General Fund and Lottery Fund supported agencies were directed by the Legislative Fiscal Office to identify 10 percent budget reductions to help prepare for the February session. OWEB could face reductions to both capital and non-capital funds.

#### **IV. 2011 Legislative Session**

Although the 2011 legislative session does not begin for another year, state agencies are beginning to prepare policy and budget proposals. State agency legislative concepts are only submitted to the Legislature by the Governor after a nearly nine month development and review process. Legislative concepts are first submitted by agencies to the Department of Administrative Services (DAS) in April 2010. Once approved by DAS, legislative concepts are sent to Legislative Counsel for drafting in fall 2010 prior to pre-session filing by the Governor in December 2010.

Staff do not propose any legislative concepts at this time, largely due to the uncertainty over the possibility of a rededication of lottery funding for parks and conservation purposes. Further discussions are needed with the Governor's office about the potential for submitting a placeholder legislative concept that could be developed after specific language qualifies for the ballot and/or the results of the November 2010 election are known. Another possible legislative placeholder may be needed for policy proposals generated by the Ecosystem Services Markets Working Group created by Senate Bill 513 last session. See Agenda Item O for more information on the efforts of the Working Group.

Staff will have further conversations with the Governor's office over the next few months and will present any legislative concepts for Board consideration at the March meeting in order to meet the April DAS deadline.

Concurrently, staff will be preparing the agency's budget proposals, which also will be submitted to the Governor and DAS for possible inclusion in the Governor's Recommended Budget for the 2011-2013 biennium. Staff anticipate bringing draft budget packages to the Board at the March and June 2010 Board meetings prior to the anticipated July 1, 2010, deadline for agency requests.

#### **V. Recommendation**

Board action is not requested at this time.

Attachment

A. Spending Plan

### 2009-2011 Biennium Non-Capital Spending Plan

Available Funding (July 1, 2009) = \$8 million

Program Element	Sept 2009 Allocation	Sept 2009 Reserve	Total
Local Capacity: WSC & SWCD Support; Network, OACD, and training	\$2,440,454	\$0	\$2,440,454
Technical Assistance Grants (April 2009 Cycle)	\$576,610	\$0	\$576,610
Restoration Projects Non-capital (2009-2011 Biennium)	\$17,113	\$107,887	\$125,000
Recovery Planning	\$100,000	\$0	\$100,000
Information and Communication Needs	\$400,000	\$0	\$400,000
Oregon Plan Products	\$250,000	\$140,000	\$390,000
OP Products: Restoration/Acq. Priorities	\$180,000	\$0	\$180,000
Effectiveness Monitoring & Reporting	\$270,000	\$420,000	\$690,000
Biennial Conference, Tech Training & Outreach	\$125,000	\$0	\$125,000
SIP: Willamette Contract and Deschutes TA	\$300,000	\$0	\$300,000
Working Lands Conservation Easement Contract	\$50,000	\$0	\$50,000
<b>Totals</b>	<b>\$4,709,177</b>	<b>\$667,887</b>	<b>\$5,377,064</b>

Remaining Funding =

**\$2,622,936**

### 2009-2011 Biennium Capital Spending Plan

2009-2011 Available Funding = \$46.6 million

Program Element	Sept 2009 Allocation	January 2010 Allocation
Small Grant Program	\$2,800,000	
CREP	\$1,300,000	
Special Investment Partnerships	\$4,000,000	
Regular Restoration/Acquisition Grants	\$7,194,590	
Item N - Whole Watersheds Restoration Initiative		\$500,000
Item Q - Gold Ray Dam (#210-2048)		\$1,000,000
<b>Totals</b>	<b>\$15,294,590</b>	<b>\$1,500,000</b>

Remaining Funding =

**\$29,805,410**