Oregon
Tina Kotek, Governor

Water Resources Department
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MEMORANDUM

TO: Water Resources Commission

FROM: Douglas Woodcock, Acting Director

SUBJECT: Agenda Item A, June 13, 2024
Water Resources Commission

Irrigation Modernization Funding Recommendations

I. Introduction

This report describes the multi-agency Technical Review Team (TRT) evaluation process, public comments received, and the Department's funding recommendation for the first 2024 Irrigation Modernization Funding cycle. This report also describes a request to increase funding for a project awarded Water Project Grants and Loans funding in December 2023. The Commission will be asked to award funding for both items.

II. Integrated Water Resources Strategy Recommended Action

- 13.E – Invest in Implementation of Water Resources Projects

III. Background: 2024 Irrigation Modernization Funding Cycle

House Bill 5030 (2023) authorized $50 million in funding for irrigation modernization projects that leverage federal funding associated with Natural Resources Conservation Service authorized watershed plans, U.S. Bureau of Reclamation WaterSMART grants, or U.S. Environmental Protection Agency grants that are eligible to be on the Department of Environmental Quality's Intended Use Plan. Per the authorizing bill, the projects must also produce the economic, environmental, and community benefits described in the authorizing statute for OWRD's Water Project Grants and Loans (WPGL) funding opportunity (ORS 541.673).

During the 2023 legislative session, OWRD was in contact with legislative staff to understand the legislative intent of the funds. OWRD understanding is that it is to run the Irrigation Modernization Funding through the existing program, Water Project Grants and Loans. Therefore, Irrigation Modernization Funding applications and WPGL applications are evaluated at the same time by the multi-agency Technical Review Team (TRT) using the same Scoring Criteria document. Irrigation modernization projects are evaluated in the same manner as WPGL projects with one exception. As directed under House Bill 5030, for irrigation modernization projects involving surface water rights where the project conserves water, priority shall be given to projects that legally protect a portion of the conserved water instream commensurate with the

amount required under the approach described in ORS 537.470 (the Allocation of Conserved Water Program).

Prior to launching the first funding cycle OWRD also consulted interested parties involved in legislative discussions about the funding. A variety of feedback was shared, that at times conflicted. Feedback was incorporated as appropriate and is explained further in Attachment 1.

IV. 2024 Funding Cycle

Application materials were posted in early November 2023 and the application deadline for both WPGL and Irrigation Modernization Funding was January 17, 2024, for the first 2024 funding cycle. The Department did not receive any complete WPGL applications. The Department received ten eligible and complete applications requesting a total of $25,900,067 in grant funding for Irrigation Modernization Funding, with individual grant requests ranging from $775,000 to $4,615,000 (Attachments 2 and 3). There is currently $24,972,118 in unobligated irrigation modernization funds available for the Commission to award for the two 2024 funding cycles, unless the Commission makes provisional awards with Lottery Bond proceeds from the spring of 2025. See Table 1 for a description of funds currently available and what will be added to the account in the future.

Table 1 – Fund Availability

Funding Program	Unobligated in Account	March 2025 Bond Sale*
Irrigation Modernization	$24,972,118	$25M
Water Project Grants and Loans	$7.7M	$5M

**Funds must be spent within three years of the bond sale.*

The Department solicited written comments on complete applications during a 60-day public comment period from February 1 through April 2, 2024. The Department received seven public comments (Table 2 and Attachment 4).

Table 2 – Public Comments Received

Submitted By	Regarding Application	Topic
Arnold Irrigation District	Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4	Clarification on legal protection of water in application
Deschutes River Conservancy	Phase 2: G and G2 Lateral Piping and Water Conservation Project	Clarification on legal protection of water in application
Lone Pine Irrigation District	Lone Pine Irrigation Modernization Phase 2	Clarification on legal protection of water in application
Jefferson Soil and Water Conservation District	Arnold Irrigation District's Deschutes Basin Flow Restoration Project-Phases 3-4	Comments on application
Trout Unlimited	Joint System Canal Piping Project Phase 1	Comments on application
Oregon Water Partnership	NA	Comments on scoring criteria
Trout Unlimited	NA	Comments on scoring criteria

The Department contacted affected Tribes directly to solicit comments on complete applications where project work would be conducted on lands where the Tribe may have an interest. Affected Tribes were invited to serve as members of the TRT, submit comments for consideration by the TRT, or submit comments for consideration by the Department and Commission. The Department received one comment from the Confederated Tribes of Siletz Indians on the Farmers' Canal Piping and Sediment Management Project and the Joint System Canal Piping Project Phase 1 applications (Attachment 5).

V. Grant Application Review Process

A multi-agency TRT evaluated the applications and developed funding recommendations for the Commission. The TRT consisted of staff from the Departments of Environmental Quality, Fish and Wildlife, Business Development, Agriculture, and Water Resources, as well as the Oregon Health Authority and Regional Solutions. The TRT discussed the public benefits of each project, considered the public comments, and scored each application. Scoring was based on the potential economic, environmental, and social/cultural public benefits described in the applications, and the comments received. The TRT scored applications during the meeting and assessed the outcomes, which afforded the TRT members the opportunity to discuss the merits of the project proposals and ensure consistent application of the criteria. See Attachment 3 for the TRT project ranking, evaluation summaries, and funding recommendations. See Attachment 6 for applicable rules on public benefit scoring, Attachment 7 for an overview handout of application scoring, and Attachment 8 for the Department's Scoring Criteria document.

VI. 2024 TRT Funding Award Recommendations

Based on the TRT ranking, the TRT recommended the top five projects for funding (Table 3 and Attachment 3) based on the public benefits provided by these applications. While there were three additional projects that met the minimum public benefit category scores required to be recommended for funding, the TRT did not recommend those projects for funding at this time due to their low public benefit scores and limited funds available if the Department is to hold two cycles each year. The TRT recommended that applicants who were not successful in this funding cycle revise and resubmit their application in the next funding cycle (applications due July 10, 2024). OWRD provided the evaluation summaries to all applicants when the funding recommendations were posted and offered to meet with applicants to discuss.

The TRT rankings and recommendations were published on the Department's website and distributed via the funding opportunity listserv for a 3-week public comment period, from May 9 through May 31, 2024. The Department received two public comments, one from the Vale Oregon Irrigation District in support of Malheur Watershed Council's project and one from the Oregon Water Resources Congress supporting all 10 applications (Attachment 10). The Department also provided a second opportunity for Tribes to comment and received no comments.

Table 3 - 2024 TRT Funding Recommendation

Project Name	Total Public Benefit Score	Funding Request	Total Cost of Project	Funding Recommendation
Farmers Canal Piping and Sediment Management Project	121	$2,527,000	$10,840,000	$2,527,000
Deschutes Basin Flow and Water Quality Restoration Project – Group 6C	116	$3,000,000	$6,567,000	$3,000,000
Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4	90	$2,860,000	$11,551,000	$2,860,000
Phase 2: G and G2 Lateral Piping and Water Conservation Project	71	$3,061,829	$5,086,774	$3,061,829
Kingman Lateral 1st Mile Piping	56	$2,000,000	$5,100,000	$2,000,000
Total	N/A	**$13,448,829**	**$39,144,774**	**$13,448,829**

While Table 3 contains the TRT funding recommendation with scores ranging from 56 to 121, OWRD prepared another option in the event the Commission is interested in maximizing funding awards now. The Commission may award funding to one or more of the projects that met the minimum public benefits threshold that are listed in Table 4 below. Projects that are added as an option to fund that are in addition to those in Table 3 above are identified by italics. These three projects had lower public benefits scores ranging between 39 and 48.

Table 4 - Alternative Funding Option

Project Name	Total Public Benefit Score	Funding Request	Total Cost of Project	Funding Recommendation
Farmers Canal Piping and Sediment Management Project	121	$2,527,000	$10,840,000	$2,527,000
Deschutes Basin Flow and Water Quality Restoration Project – Group 6C	116	$3,000,000	$6,567,000	$3,000,000
Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4	90	$2,860,000	$11,551,000	$2,860,000
Phase 2: G and G2 Lateral Piping and Water Conservation Project	71	$3,061,829	$5,086,774	$3,061,829
Kingman Lateral 1st Mile Piping	56	$2,000,000	$5,100,000	$2,000,000
Klamath Irrigation District Pump Plants and 2025 Main D Canal Improvements	*48*	*$4,615,000*	*$18,460,000*	*$4,615,000*
Lone Pine Irrigation Modernization Phase 2	*46*	*$775,000*	*$4,698,000*	*$775,000*
Piping Lateral Canals in the Vale Bench: Building on Experience	*39*	*$3,601,238*	*$6,121,238*	*$3,601,238*
Total		**$22,440,067**	**$68,424,012**	**$22,440,067**

Staff will work with recipients funded by the Commission to develop grant agreements. Release of grant funds is contingent on applicants obtaining all applicable local, state, and federal permits and regulatory approvals, as well as meeting match fund requirements.

VII. Discussion of the McKay Creek Water Rights Switch Project Budget Increase

In December 2023, the Commission awarded $4,063,000 to the Ochoco Irrigation District (OID) and Deschutes River Conservancy for the McKay Creek Water Rights Switch Project as part of the Water Project Grants and Loans program. In 2024, the Department entered into a grant agreement with OID and Deschutes River Conservancy for the project (together, referred to as the "grantee").

The project will construct two pump stations, a six-mile pipeline, and associated OID and on-farm infrastructure to deliver reliable irrigation water to 17 farms and ranches and approximately 685 acres adjacent to McKay Creek. As part of the project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cfs of McKay Creek water rights instream.

In April 2024, the grantee requested that the Department increase their grant award by $7,500,000 (Attachment 9). At the time the project was proposed in April 2023, the total project cost was estimated to be $45 million. In September 2023, the grantee received bids for the pump stations and pipelines which were $4.9 million higher than anticipated. Additionally, other anticipated match funding was not received due to eligibility issues. Unlike other projects awarded funds by OWRD, such as large piping projects, this project cannot be broken into phases for multiple grant applications. The grantee noted that without the additional funds, the project would be delayed until funds can be secured and the project completion could be at risk. Risks with project delays include additional cost increases due to inflation, secured funding expiring, and landowner turnover, which could put the public benefits at risk.

The Department evaluated the request and considered the available program budget, the availability of funds for future grant cycles, the grant compliance of the grantee, the justification for the requested increase, the amount of the requested increase in comparison to the original grant, and the size of the request in comparison to other projects. In late May, another grantee for WPGL chose to terminate their grant making approximately $2.7M available. The Department supports allocating additional funds to keep the McKay project viable and based on conversations with the applicant understands that a minimum of $4.0M is needed to do so.

VIII. Alternatives

The Commission may consider the following alternatives:

1. Adopt alternative __ contained in Table 5 of this report to fund __ applications listed in Table __ for a total award of _____ and to increase the McKay Creek Water Rights Switch Project grant award by _____.

2. Direct the Department to further evaluate the applications and return with revised alternatives.

The Department will discuss these alternatives for Commission consideration at the Commission meeting.

Table 5 - Funding Alternatives

Alt	Irrigation Modernization	McKay Creek Project	Total Awards	Trade-offs
1	Fund Table 3 (TRT Rec) $13,448,829	$0	$13,448,829	• Funds higher benefit projects • Ensures funds are available for future higher benefit projects • Promotes equity by reserving funds for future projects further behind in federal process • Does not help McKay project meet budget shortfall
2	Fund Table 3 (TRT Rec) $13,448,829	$4,000,000	$17,448,829	• Funds higher benefit projects • Ensures funds are available for future higher benefit projects • Promotes equity by reserving funds for future projects further behind in federal process • Increases funds to help McKay project and provides minimum amount needed to keep project viable
3	Fund Table 3 (TRT Rec) $13,448,829	$4,900,000	$18,348,829	• Funds higher benefit projects • Ensures funds are available for future higher benefit projects • Considers equity by reserving some funds for future projects further behind in federal process • Provides funds to McKay to address cost increase due to inflation
4	Fund Table 3 (TRT Rec) $13,448,829	$7,500,000	$20,948,829	• Funds higher benefit projects • Considers equity by reserving some funds for future projects further behind in federal process but concentrates funding (~$11.5M) in one project versus distributing funding amongst many projects; McKay is already the largest grant award in program history at ~$4M • Addresses McKay shortfalls in full • The requested increase is almost double the amount of the original grant
5	Fund Table 4 $22,440,067	$0	$22,440,067	• Funds all projects that met the minimum public benefit category scores

Alt	Irrigation Modernization	McKay Creek Project	Total Awards	Trade-offs
				• Limits fund availability for future projects that may provide higher benefits • Limits fund availability for future projects further behind in federal process, potentially limiting equity and geographic diversity • Does not help McKay project meet budget shortfall
6	Fund Table 4 $22,440,067	$4,000,000	$26,440,067	• Funds all projects that met the minimum public benefit category scores • Limits fund availability for future projects that may provide higher benefits • Limits fund availability for future projects further behind in federal process, potentially limiting equity and geographic diversity • Increases funds to help McKay project but does not meet full shortfall
7	Fund Table 3, plus one or more of the projects in Italics in Table 4	Fund $0 to a portion	To be determined	• As determined by the Commission

Attachments:

1. Feedback Received on Irrigation Modernization Funding Stand Up and OWRD Response
2. List of Project Applications Received
3. TRT Ranking and Funding Recommendation
4. Public Comments on Applications
5. Tribal Comments on Applications
6. Excerpt from Division 93 Rules on Scoring
7. Application Scoring Overview Handout
8. Scoring Criteria Document
9. Request for Additional Funds for McKay Creek Water Rights Switch Project
10. Public Comments on Funding Recommendation

Kim Fritz-Ogren
503-509-7980

Adair Muth
971-301-0718

Irrigation Modernization Funding

May 2024

Feedback Received on Irrigation Modernization Funding Stand Up and OWRD Response

In the implementation of the Irrigation Modernization Funding received from HB 5030 in 2023, OWRD consulted representatives of the water user and conservation communities who advocated for and/or testified on the funding. Table 1 summarizes the feedback received and how OWRD incorporated the feedback, if appropriate.

Table 1. Response to Feedback

Feedback Shared	OWRD Response and Decision
Definitions	
Define irrigation modernization broadly	OWRD broadened definition slightly. Some items requested were not incorporated into the definition but are eligible costs (e.g., solar panels, irrigation schedule software, etc.).
Define increased efficiency as different than water conservation	Improved efficiency and water conservation are already evaluated as separate public benefits; no change needed.
Timing of Funding Cycles	
Stand up the fund as quickly as possible and reduce the time for application review with the first awards no later than June 2024 as some have time sensitive needs.	OWRD prioritized this grant work, opened grant solicitation in early November and reduced the grant review time as much as possible to match June 2024 timing.
Some potential applicants need funding sooner to make in water work windows in the fall/winter of 2024/2025 before NRCS plans expire.	OWRD prioritized the work to achieve grant awards in June 2024 and provide a second cycle with applications due in July 2024 (awards in December 2024) to provide multiple opportunities for folks to meet in water work windows. Understanding this is one-time funding and that potential applicants are at different stages of project planning and may not be ready to submit an application, multiple funding cycles has the potential to increase geographic diversity and result in more equitable distribution of funding.
Some potential applicants are working to secure federal funding and do not want to be at a disadvantage when it comes to getting funds.	
Avoid an application deadline during the winter holiday season.	OWRD pushed the application deadline back a week to the latest possible date that would still allow time for a June 2024 decision. OWRD is offering a second funding cycle in 2024.
Requirements	
Keep application requirements as simple as possible, while achieving legislative intent.	OWRD closely reviewed the application questions and removed or simplified questions where possible and removed the requirement to provide both a task- based and category-based budget.
Include all requirements associated with Water Project Grants and Loans for Irrigation Modernization Funding.	
Do not require federal match to be secured at time of application (allow for pending federal match).	OWRD accepted applications with pending federal match.

Feedback Shared	OWRD Response and Decision
Allow for a broader vision of what constitute environmental benefits.	The legislation authorizing the funding noted that the project must demonstrate the public benefits listed in ORS 541.673, which identifies six environmental benefits. Those were the environmental benefits used to evaluate applications.
Require or strongly incentivize projects to legally protect water instream commensurate with the amount listed in ORS 537.470.	HB 5030 directed OWRD to prioritize, not require, legal protection of water instream. OWRD structured the scoring to incentivize but not de facto require legally protecting water instream. ORS 541.673 lists six potential public benefits that projects can provide and be funded and not all require legal protection of water instream.
Do not require projects to legally protect water instream.	
Do not fund projects that reduce instream flows, including those that reduce return flows. Negative impacts of reduced flows are not outweighed by nominal water quality benefits.	The scoring criteria direct the review team to consider both positive and negative impacts to the economic, environmental, and community benefits. Water quality impacts and instream flow impacts are evaluated as two separate criteria, and the scoring scale allows for the review team to consider relative impacts.
Prioritization	
Consider Oregon Conservation Strategy and ODFW statewide aquatic habitat prioritization in prioritization of projects.	Review team members consider various state strategies and prioritization in scoring, including those listed.
Public dollars should produce benefit to the public; do not award funds to projects that do not produce public benefits.	OWRD directed a multi-agency Technical Review Team to use the Water Project Grants and Loans Scoring Criteria to evaluate and score applications based on the public benefits anticipated.
Other	
Treat funding more like direct appropriations than competitive funding (i.e., no formal application or evaluation process).	OWRD determined an application and evaluation of applications was necessary as the estimated need was greater than the available funds. Additionally, as noted above, HB 5030 states that the project must provide public benefits in each category of benefits described in ORS 541.673; it is difficult to assess those without scoring.
Task based budgets are more complex to manage than category-based budgets.	OWRD will use category-based budget in grant agreements.

Irrigation Modernization Funding

May 2024

List of applications received for the first round of 2024 Irrigation Modernization Funding (alphabetical order by project name)

Projects rows highlighted in blue are recommended for funding by the Technical Review Team.

Project Name	Applicant	County	Federal Match, Status	Anticipated Project Start	Legal Protection Instream*	Grant Funds Requested	Total Project Cost
Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4	Arnold Irrigation District	Deschutes	NRCS, secured	Q3, 2024	Yes	$2,860,000	$11,551,000
Deschutes Basin Flow and Water Quality Restoration Project – Group 6C	Tumalo Irrigation District	Deschutes	EPA, pending	Q3, 2024	Yes	$3,000,000	$6,567,000
Farmers Canal Piping and Sediment Management Project	Farmers Irrigation District & Farmers Conservation Alliance	Hood River	NRCS, pending	Q1, 2025	Yes	$2,527,000	$10,840,000
Joint System Canal Piping Project Phase 1	Medford Irrigation District & Rogue River Valley Irrigation District	Jackson	EPA, secured	Q1, 2024	No	$2,210,000	$7,360,000
Kingman Lateral 1st Mile Piping	Owyhee Irrigation District	Malheur	EPA, secured	Q2, 2024	No	$2,000,000	$5,100,000
Klamath Irrigation District Pump Plants and 2025 Main D Canal Improvements	Klamath Irrigation District & Farmers Conservation Alliance	Klamath	NRCS, pending	Q2, 2025	No	$4,615,000	$18,460,000

OREGON WATER RESOURCES DEPARTMENT

Irrigation Modernization Funding

May 2024

Project Name	Applicant	County	Federal Match, Status	Anticipated Project Start	Legal Protection Instream*	Grant Funds Requested	Total Project Cost
Lone Pine Irrigation Modernization Phase 2	Lone Pine Irrigation District	Crook & Jefferson	NRCS, secured	Q2, 2024	Yes	$775,000	$4,698,000
Phase 2: G and G2 Lateral Piping and Water Conservation Project	Deschutes River Conservancy	Deschutes	USBR, secured	Q3, 2024	Yes	$3,061,829	$5,086,774
Piping Lateral Canals in the Vale Bench: Building on Experience	Malheur Watershed Council	Malheur	USBR, secured	Q3, 2024	No	$3,601,238	$6,121,238
Snake River Pumping Efficiencies	Owyhee Irrigation District	Malheur	USBR, pending	Q2, 2024	No	$1,250,000	$2,825,133
					Total	**$25,900,067**	**$78,609,145**

*All "Yes" projects qualify for both the types of preference points available for Irrigation Modernization Funding projects that legally protect water instream:

1) For projects that propose to legally protect water instream, the score from question 2a. *Does the project result in measurable improvements in protected streamflows?* will be doubled, for up to 12 additional points.
2) For projects involving surface water rights where the project conserves water, projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470 will receive an additional 10 points.

From: Steve Johnson <sjohnson@arnoldid.com>
Sent: Tuesday, April 2, 2024 3:40 PM
To: GRANTS Owrd * WRD
Cc: MCKAIN Emelie L * WRD
Subject: Application Modification Request

Arnold ID is requesting a modification to our recent application as stated below:

Reduce Diversion, Apply for New Secondary, and Reduce Current Secondary
Description: AID will implement a project resulting in conserved live flow water during the irrigation season. Once the district has implemented the project and confirmed the conserved water amount, the conserving district will reduce their water right certificate(s) by 100% of the amount of water conserved. Through an interdistrict forbearance agreement, the conserved live flow water will be made available to NUID for use as irrigation water during the same irrigation season. In turn, NUID will complete a transfer of character of use of its storage right to a combination of flow augmentation and irrigation. Once the transfer of character of use of its storage right is in place, NUID will further secure a new secondary use right in Wickiup Reservoir for flow augmentation and irrigation totaling 100% of the conserved water resulting from the project. The total secondary use right amount will equal the total storage right amount. NUID will release from Wickiup a volume of water as flow augmentation during the winter season in the OWRD grant proposal that is equivalent to the volume of conserved water NUID diverts during the prior irrigation season. Water released as flow augmentation will be protected from Wickiup to Lake Billy Chinook.

Please contact me if there are any questions.

Steve Johnson

District Manager
541.788.2003

ARNOLD
IRRIGATION DISTRICT

From: Jim Bond <Jim@deschutesriver.org>
Sent: Tuesday, April 2, 2024 3:55 PM
To: GRANTS Owrd * WRD
Cc: MCKAIN Emelie L * WRD; Kate Fitzpatrick; Lisa Seales
Subject: DRC Irrigation Modernization Proposal - Upper Deschutes Water Conservation & Protection Pathway - Application Modification

Hello OWRD Grants team,

The Deschutes River Conservancy respectfully requests to modify our described pathway for water conservation and protection as included within our Irrigation Modernization grant proposal titled Phase 2: G and G2 Lateral Piping and Water Conservation Project, submitted as revised on Jan 23, 2024.

Recent discussions between OWRD, DRC and our partnering Deschutes Basin irrigation districts have led to the development of a more environmentally beneficial and protective pathway for the conserved water. We would like the following language to replace the previous pathway discussion and descriptions within the grant:

"Once COID has implemented the project and confirmed the conserved water amount, COID will reduce their water right certificate(s) by 100% of the amount of water conserved. Through an interdistrict forbearance agreement, the conserved live flow water will be made available to NUID for use as irrigation water during the same irrigation season. In turn, NUID will complete a transfer of character of use of its storage right to a combination of flow augmentation and irrigation. Once the transfer of character of use of its storage right is in place, NUID will further secure a new secondary use right in Wickiup Reservoir for flow augmentation and irrigation totaling 100% of the conserved water resulting from the project. The total secondary use right amount will equal the total storage right amount. NUID will release from Wickiup a volume of water as flow augmentation during the winter season in the OWRD grant proposal that is equivalent to the volume of conserved water NUID diverts during the prior irrigation season. Water released as flow augmentation will be protected from Wickiup to Lake Billy Chinook."

We would ask that the language above **REPLACE** the final paragraph in Section V. Q11, and **REPLACE** the final paragraph in Section VI. Q21.b.

Thanks very much for your consideration.

Best,
Jim

Jim Bond
Program Director
Deschutes River Conservancy
jim@deschutesriver.org | 541-382-4077 x100

www.deschutesriver.org

DESCHUTES RIVER
CONSERVANCY

From: Midge Graybeal <midgegraybeal@gmail.com>
Sent: Tuesday, April 2, 2024 4:39 PM
To: MCKAIN Emelie L * WRD; GRANTS Owrd * WRD
Cc: manager; Terry Smith
Subject: Upper Deschutes Water Conservation & Protection Pathway - Application Modification Information
Attachments: LPID Upper Deschutes Water Conservation & Protection Pathway application modification.pdf; 2023 LPID-NUID Conserved Water Agreement executed.pdf; WPGL_RequestReleaseFunds #01.pdf

TO: Emelie.L.McKain@water.oregon.gov; OWRD.Grants@water.oregon.gov

RE: LPID Irrigation Modernization Project Phase 2 Application
Upper Deschutes Water Conservation & Protection Pathway –
Application Modification Information & Request

WRD Grant Committee:

Lone Pine Irrigation District requests our application to be modified as previously discussed and as follows and would like to utilize this pathway now that it is developed.

Reduce Diversion, Apply for New Secondary, and Reduce Current Secondary

Description: Lone Pine Irrigation District (LPID) will implement a project resulting in conserved live flow water during the irrigation season. Once the district has implemented the project and confirmed the conserved water amount, the conserving district will reduce their water right certificate(s) by 100% of the amount of water conserved. Through an interdistrict forbearance agreement, the conserved live flow water will be made available to NUID for use as irrigation water during the same irrigation season. In turn, NUID will complete a transfer of character of use of its storage right to a combination of flow augmentation and irrigation. Once the transfer of character of use of its storage right is in place, NUID will further secure a new secondary use right in Wickiup Reservoir for flow augmentation and irrigation totaling 100% of the conserved water resulting from the project. The total secondary use right amount will equal the total storage right amount. NUID will release from Wickiup a volume of water as flow augmentation during the winter season in the OWRD grant proposal that is equivalent to the volume of conserved water NUID diverts during the prior irrigation season. Water released as flow augmentation will be protected from Wickiup to Lake Billy Chinnook.

Attached is the executed 2023 LPID-NUID Conserved Water Agreement.

LPID will complete the Water Project Grants and Loans (Water Supply Development Account) Oregon Water Resources Department Fund Request Form for the recently received pipe product promptly (template attached).

Please advise as to if this will allow the application to be evaluated and scored with the maximum amount of points for the conserved water.

Thanks,
Terry Smith
Terry C Smith
Chairman of the Board of Directors
Lone Pine Irrigation District
541 548 0731
thesmithranch@gmail.com

Submitted with approval and upon authority from LPID:
Midge Graybeal
Midge Graybeal
Consultant to LPID
H2OCEC
503 704 0654

Lone Pine Irrigation District

April 2, 2024

TO: Emelie.L.McKain@water.oregon.gov; OWRD.Grants@water.oregon.gov

RE: LPID Irrigation Modernization Project Phase 2 Application
Upper Deschutes Water Conservation & Protection Pathway –
Application Modification Information

WRD Grant Committee:

Lone Pine Irrigation District requests our application to be modified as previously discussed and as follows and would like to utilize this pathway now that it is developed.

Reduce Diversion, Apply for New Secondary, and Reduce Current Secondary

Description: Lone Pine Irrigation District (LPID) will implement a project resulting in conserved live flow water during the irrigation season. Once the district has implemented the project and confirmed the conserved water amount, the conserving district will reduce their water right certificate(s) by 100% of the amount of water conserved. Through an interdistrict forbearance agreement, the conserved live flow water will be made available to NUID for use as irrigation water during the same irrigation season. In turn, NUID will complete a transfer of character of use of its storage right to a combination of flow augmentation and irrigation. Once the transfer of character of use of its storage right is in place, NUID will further secure a new secondary use right in Wickiup Reservoir for flow augmentation and irrigation totaling 100% of the conserved water resulting from the project. The total secondary use right amount will equal the total storage right amount. NUID will release from Wickiup a volume of water as flow augmentation during the winter season in the OWRD grant proposal that is equivalent to the volume of conserved water NUID diverts during the prior irrigation season. Water released as flow augmentation will be protected from Wickiup to Lake Billy Chinnook.

Attached is the executed 2023 LPID-NUID Conserved Water Agreement.

LPID will complete the Water Project Grants and Loans (Water Supply Development Account) Oregon Water Resources Department Fund Request Form for the recently received pipe product promptly and supply the requested documentation.

Please advise as to if this will allow the application to be evaluated and scored with the maximum amount of points for the conserved water.

Thank you,

Terry C Smith

Terry C Smith
Chairman of the Board of Directors
Lone Pine Irrigation District

LPID-NUID CONSERVED WATER AGREEMENT

This LPID-NUID Conserved Water Agreement ("Agreement") is entered into as of the date last signed below (the "Effective Date"), by and between Lone Pine Irrigation District ("LPID"), and North Unit Irrigation District ("NUID") (collectively the "Districts"), both of which are Oregon Revised Statutes Chapter 545 irrigation districts.

RECITALS

A. LPID is set to receive grant funding from the Oregon Watershed Enhancement Board ("OWEB Grant") and the Oregon Water Resources Department ("OWRD Grant") for a piping project described in the *Lone Pine Irrigation District Infrastructure Modernization Project Watershed Plan-Environmental Assessment* (USDA-NRCS August 2021) ("LPID Piping Project"). LPID anticipates that the LPID Piping Project will conserve up to 5.31 cfs (or up to 1,600 acre-feet ("AF")) of water. A condition of both the OWEB Grant and OWRD Grant is that water conserved by the LPID Piping Project will be permanently protected for instream purposes. Water conserved by the LPID Piping Project, will be made available by LPID to NUID for use during the irrigation season, and in turn, NUID will store in and release water from Wickiup Reservoir equal to the amount it receives from LPID.

B. LPID and NUID now wish to memorialize their agreement as to the framework, process, and timeline documenting how water will be made available by LPID to NUID, and how NUID will go about storing in and releasing water from Wickiup Reservoir equal to the amount it receives from LPID in order to satisfy the instream protection provision of the OWEB Grant and OWRD Grant.

AGREEMENT

LPID and NUID agree as follows:

1. Conserved Water.

Once the LPID Piping Project is fully constructed and implemented, LPID will make water conserved by the project available to NUID for irrigation use during the irrigation season. LPID and NUID will coordinate to determine how much water is available to NUID, subject to the availability of water to satisfy LPID's water right, and how much water NUID uses during the irrigation season. NUID may divert the water at the North Canal Diversion Dam or through Central Oregon Irrigation District's ("COID") delivery system, subject to an agreement between COID and NUID. LPID and NUID will report the total amount of water used to U.S. Fish and Wildlife ("USFWS") and the Oregon Water Resources Department ("OWRD") at the end of each irrigation season. The parties recognize that 5.31 cfs (or up to 1,600 AF) is the maximum amount that may be made available to NUID in a given irrigation season, and it will be less if LPID's live flow surface water rights are not satisfied to the fullest extent for the full LPID irrigation season. If LPID's live flow surface water rights are curtailed due to shortage, then the amount that may be made available to NUID in a given irrigation season will be subject to the same proportionate curtailment.

Prior to winter following the first irrigation season in which water is made available by LPID to NUID, NUID will apply to OWRD to transfer a portion of NUID's Wickiup Reservoir storage right, so that NUID will be authorized to store in Wickiup Reservoir the equivalent of up to 5.31 cfs (or up to 1,600 AF) for irrigation or flow augmentation for fish and wildlife purposes.

Once the transfer order is issued by OWRD, NUID will then apply to OWRD for a secondary use permit, so that NUID will be authorized to use the stored water in Wickiup Reservoir for irrigation or flow augmentation for fish and wildlife purposes in an amount that is the equivalent of up to 5.31 cfs (or up to 1,600 AF). The amount of stored water (in AF) to be used for flow augmentation for fish and wildlife under the secondary use permit issued to NUID in any given winter and early spring period will equal the amount of water saved from the LPID Piping Project that is made available by LPID to NUID and utilized by NUID for irrigation use (in AF) during the irrigation season immediately preceding the given winter and early spring period. (Thus, if less than the full 1,600 AF is made available by LPID to NUID during the irrigation season due to the lack of water availability (e.g., LPID's water rights are regulated off due to drought conditions), then the difference between the maximum of 1,600 AF that could be stored for flow augmentation and the actual amount made available by LPID to NUID and utilized by NUID in a given irrigation season may be stored and released as irrigation water under the final transfer order and secondary use permit described above.) The water to be released from Wickiup Reservoir during the winter and early spring period will be passed through Oregon Spotted Frog habitat below Wickiup Reservoir, with the exact period of release subject to direction from USFWS consistent with the Deschutes Basin Habitat Conservation Plan and the corresponding incidental take permit issued to the districts.

2. General Provisions.

2.1. Binding Effect. This Agreement is binding on and inures to the benefit of the Districts and their respective heirs, personal representatives, successors, and assigns.

2.2. Assignment. Neither this Agreement nor any of the rights, interests, or obligations under this Agreement may be assigned by either District without the prior written consent of the other District, which consent will not be unreasonably withheld.

2.3. No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or may be construed to confer on any person, other than the parties to this Agreement, any right, remedy, or claim under or with respect to this Agreement.

2.4. Notices. All notices and other communications under this Agreement must be in writing and will be deemed to have been given if delivered personally, sent by electronic mail, mailed by certified mail, or delivered by an overnight delivery service to the Districts at the following addresses or electronic mail addresses (as may be changed from time-to-time by like notice to the other District):

To North Unit Irrigation District:
Attention: Josh Bailey, Manager
2024 NW Beach Street
Madras OR 97741
Email: jbailey@northunitid.com

To Lone Pine Irrigation District:
Attention: Terry Smith
7911 NW Lone Pine Rd.
Terrebonne OR 97760
Email: thesmithranch@gmail.com

Any notice or other communication will be deemed to be given (a) on the date of personal delivery, (b) at the expiration of the fifth day after the date of deposit in the United States mail, or (c) on the date of confirmed delivery by electronic mail or overnight delivery service.

2.5. Amendments. This Agreement may be amended only by an instrument in writing executed by both parties, which writing must refer to this Agreement.

2.6. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original and all of which together will constitute one and the same agreement.

2.7. Electronic Signatures. Electronic transmission of any signed original document, and retransmission of any signed electronic transmission, will be the same as delivery of an original. At the request of any District, the Districts will confirm electronically transmitted signatures by signing an original document.

2.8. Further Assurances. Each party agrees to execute and deliver such other documents and to do and perform such other acts and things as any other party may reasonably request to carry out the intent and accomplish the purposes of this Agreement. The parties agree to work with other basin districts to secure forbearance agreements to ensure the LPID conserved water is available to NUID.

2.9. Time of Essence. Time is of the essence with respect to all dates and time periods set forth or referred to in this Agreement.

2.10. Expenses. Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its own expenses in connection with the preparation, execution, and performance of this Agreement and the transactions contemplated by this Agreement.

2.11. Waiver. Any provision or condition of this Agreement may be waived at any time, in writing, by the party entitled to the benefit of such provision or condition. Waiver of any breach of any provision will not be a waiver of any succeeding breach of the provision or a waiver of the provision itself or any other provision.

2.12. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the state of Oregon, without regard to conflict-of-laws principles.

2.13. Attorney Fees. If any arbitration, suit, or action is instituted to interpret or enforce the provisions of this Agreement, to rescind this Agreement, or otherwise with respect to the subject matter of this Agreement, the party prevailing on an issue will be entitled to recover with respect to such issue, in addition to costs, reasonable attorney fees incurred in the preparation, prosecution, or defense of such arbitration, suit, or action as determined by the arbitrator or trial court, and, if any appeal is taken from such decision, reasonable attorney fees as determined on appeal.

2.14. Injunctive and Other Equitable Relief. The Districts agree that the remedy at law for any breach or threatened breach by a party may, by its nature, be inadequate, and that in addition to damages, the other District will be entitled to a restraining order, temporary and permanent injunctive relief, specific performance, and other appropriate equitable relief, without showing or proving that any monetary damage has been sustained.

2.15. Venue. Any action or proceeding seeking to enforce any provision of this Agreement or based on any right arising out of this Agreement must be brought in Deschutes County Circuit Court or Jefferson County Circuit Court of the State of Oregon or, subject to applicable jurisdictional requirements, in the United States District Court for the District of Oregon, and each of the Districts consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to such venue.

2.16. Entire Agreement. This Agreement (including the documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the Districts with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, between the Districts with respect to such subject matter.

AGREED TO as of the date last signed below.

LONE PINE IRRIGATION DISTRICT,

an ORS Chapter 545 irrigation district

By: Jerry Smith

Terry Smith, Board President

Date: 6-13-23

NORTH UNIT IRRIGATION DISTRICT,

an ORS Chapter 545 irrigation district

By: _____

Michael Kirsch, Board President

Date: 6/13/23

Jefferson County Soil and Water Conservation District
625 SE Salmon Ave, Ste 6 Redmond, OR 97756
(541) 699-3170 www.jeffswcd.org

February 5, 2024

Oregon Water Resources Department
Attention: Grant Coordinator
725 Summer Street NE, Suite A
Salem, OR 97301

Dear Grant Review Committee,

The Jefferson County Soil and Water Conservation District (SWCD) strongly supports **Arnold Irrigation District's Deschutes Basin Flow Restoration Project-Phases 3-4**. We have already submitted a letter of support for the Deschutes River Conservancy's grant proposal to implement Phase 2: G and G2 Lateral Piping and Water Conservation Project.

The piping of 4 miles of open canal in Arnold Irrigation District will restore approximately 8.7 cfs to the Deschutes River and transfer an equivalent amount to the North Unit Irrigation District (NUID) for irrigation. This water will increase NUID's water supply reliability.

NUID holds the junior water right for irrigation in the Deschutes Basin; when water supply is tight, NUID is the first to get cut off. The requirements of the Oregon Spotted Frog Habitat Conservation Plan combined with drought are devastating NUID agriculture. In 2022, NUID received only ¼ of the normal allocation, and 40% of NUID acreage was unirrigated. Ironically, NUID is the only Deschutes Basin irrigation district that primarily supports production agriculture, with over 92% of its acreage usually planted to high value seed, vegetable, and forage crops.

For the last year, the SWCD has facilitated the Jefferson County Agricultural Drought Resiliency Group and created a long-range plan to address drought. One of the top recommended actions is to "pipe canal infrastructure in the Upper Deschutes River Basin", which is what this proposal addresses (https://www.jeffswcd.org/managing-for-drought).

This project will continue to advance efforts from other successful ongoing and recently completed system-wide irrigation-district-conveyance improvements, like COID's J and L lateral piping, and also complement the numerous on-going on-farm projects concurrently being developed and implemented.

Sincerely,

Ellen L Hammond

Ellen Hammond, Conservation Specialist

March 28, 2024

Oregon Water Resources Department
Attention: Grant Coordinator
725 Summer Street NE, Suite A
Salem, OR 97301
via email to OWRD.Grants@water.oregon.gov

Re: **Joint System Canal Piping Project Phase 1, OWRD Irrigation Modernization Funding Project Proposal**

Dear OWRD Grant Review Team,

Trout Unlimited ("TU") is a non-profit organization dedicated to the conservation of cold-water fish (such as trout, salmon, and steelhead) and their habitats. Our organization has more than 350,000 members and supporters nationwide, including over 3,500 members in Oregon. TU's mission is to bring together diverse interests to care for and recover rivers and streams so our children can experience the joy of wild and native trout and salmon. TU is one of the leading organizations for instream flow restoration and protection in the West.

Trout Unlimited supports infrastructure improvements projects such as piping that conserve water while improving streamflow. TU commends Medford and Rogue River Valley Irrigation Districts for committing to leave a portion of the saved water instream in this Joint System Canal application, and TU would like to see this water put instream where there will be the maximum public benefit. Given the large investment of public funding sought, appropriate levels of measurable public benefit should be realized through this project. This project is complicated due to the number of water rights involved; two points of diversion; fish species present; two stream systems; and the opposite ecological needs and hydrographs of the two stream systems involved**.** There is a lot to consider about the location, amount of water, and timing for conserved water in order for it to be ecologically beneficial to the watershed.

We seek clarification on the mechanisms, timing, and location for dedicating water instream in this application, and have provided recommendations for realizing the maximum public benefit from this proposal.

As stated in Section 18 of the application, the "mechanism to leave 25% of the saved water instream will be a management agreement between the Districts and the Department." As proposed, it is unclear what the specifics of the agreement will be with respect to legal method, protection of live flow, which stream(s) the water will be in, what reach will be protected, what the priority date would be, and when the timing of protected instream flow would be. To realize the stated Environmental Benefits in Sections 20 and 21 of the application, the management agreement should be defined prior to award.

(541) 200-4469• julie.cymore@tu.org • www.tu.org

For the greatest public benefit from this project to the watershed; streamflow; native and ESA-listed fish; water quality; and riparian health, TU has the following recommendations:

1. Based on professional experience and knowledge of the needs of specific fish species and streamflows in the basin, TU strongly recommends that the grant agreement require that the agreed upon mechanism for protecting water (management agreement or Allocation of Conserved Water Program) specify that the entire amount of conserved water be left in **South Fork Little Butte Creek at the point of diversion for the South Fork Joint System Diversion and protected from that point to the mouth**.

2. In addition, the conserved water would have a larger benefit if were protected instream during the low flow months at the maximum flow rate. A water management agreement needs to be developed with consultation and approval by Oregon Department of Fish and Wildlife.

3. To achieve the stated goal of improving "water quality and habitat conditions for Endangered Species Act-listed fish in the Little Butte Creek watershed", and to realize the ecological benefits described in the application in sections 20 and 21, **the project needs to have legally protected, permanent, measurable improvement of streamflow in South Fork Little Butte Creek during the low flow months**. As proposed, it is unclear whether these benefits will be realized because Task 4 states that water will be put instream *at the point of diversion*, one of which is located on North Fork Little Butte Creek. North Fork Little Butte Creek is not a flow limited system and does not have the same limiting factors that are associated with dewatering due to irrigation withdrawals on South Fork Little Butte Creek. Therefore, adding an additional 111 ac-ft to North Fork Little Butte Creek at the *point of diversion* would not have the benefits to ESA-listed species, the natural hydrograph, or water quality.

4. If possible, the amount of conserved water should be determined by a detailed seepage study of the ditch reaches proposed to be piped by this funding source.

Given the amount of proposed public funding for the project, **Trout Unlimited requests that prior to award for this project, the applicant, ODFW, and OWRD finalize an agreement on how to permanently dedicate the conserved water instream in the location and season that would maximize the proposed public benefits.** TU recommends that this is achieved by permanent dedication of the conserved water in South Fork Little Butte at the Joint System Diversion and that is legally protected to the mouth in order to realize the ecological benefits described in the application. Thank you for your thoughtful consideration of this application, please let me know if you have any questions.

Sincerely,

Julie Cymore
Rogue River Basin Water Project Coordinator
Trout Unlimited
julie.cymore@tu.org

DATE: April 1, 2024

TO: Oregon Water Resources Department

FROM: Oregon Water Partnership

RE: Irrigation Modernization Grants – Concern about "Priority" Accounting

Dear Grants Coordinator and Technical Review Team,

Oregon Water Partnership (OWP) is a diverse partnership of statewide conservation groups with a common goal: to advocate for balanced water policies that ensure cold clean water to sustain healthy communities, livelihoods, and ecosystems.

In the 2023 legislative session, OWP advocated that if the Legislature was going to provide funding for irrigation modernization grants, then the grants should be prioritized towards projects that legally protect conserved water instream proportionate to the non-refundable public funding received. That "priority" is expressly stated in Section 10 of HB 5030 (2023):

> "For projects involving surface water rights where the project conserves water, *priority shall be given* to projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470."

We respectfully question whether the irrigation modernization scoring criteria for this funding cycle properly reflects and implements that prioritization. There are 250 points possible in the scoring criteria for the irrigation modernization funds, including the 10 "preference points" (described below) that ostensibly account for the priority directed by the Legislature:

> "For projects involving surface water rights where the project conserves water, projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470 *will receive an additional 10 points*."

OWP's view is that the "priority" intended by the Legislature was precedence or superiority in overall ranking in the funding recommendations, not merely the minor boost in scoring criteria that OWRD proposes for use in ranking applications. Accordingly, we recommend re-considering how the irrigation modernization applications will be scored, so that this funding cycle properly implements the Legislature's direction that certain projects with significant public benefits receive "priority" in funding.

Please contact us if you have any questions, and thank you for considering our input.

Oregon Water Partnership
Caylin Barter, Wild Salmon Center, cbarter@wildsalmoncenter.org
James Fraser, Trout Unlimited, james.fraser@tu.org
Kyle Smith, The Nature Conservancy in Oregon, kyle.smith@tnc.org
Dylan Kruse, Sustainable Northwest, dkruse@sustainablenorthwest.org
Karen Lewotsky, Oregon Environmental Council, karenl@oeconline.org
Rachel O'Connor, Environmental Defense Fund, roconnor@edf.org
Kimberley Priestley, WaterWatch of Oregon, kjp@waterwatch.org

April 2, 2024

Oregon Water Resources Department
725 Summer St., NE
Salem, OR 97301
Via email to OWRD.Grants@water.oregon.gov

Re: **Trout Unlimited Input on Irrigation Modernization Grants**

Dear Grants Coordinator and Technical Review Team,

Trout Unlimited ("TU") is a nonprofit dedicated to conserving coldwater fish and their habitats. We have about 20 staff that support our Oregon program, most of whom are project managers that work on the ground to improve habitat, fish passage, and instream flows for native fish.

TU works on irrigation modernization projects (such as conversions from flood irrigation to sprinklers, or piping of open canals) in key watersheds including the Rogue and Klamath basins, and in Wallowa County. We do those projects to help meet the state's instream flow targets to benefit native fish, in partnership with the agricultural community. We are familiar with the primary funding and legal tools at the state and federal levels for this work, and appreciate this opportunity to provide input on irrigation modernization funding requests in the current funding cycle.[1]

TU is concerned that the Legislature's express prioritization for projects which "legally protect" a portion of conserved water instream (per HB 5030 (2023)) is not reflected in this funding cycle. TU recommends that the Department prioritize only the projects with specific proposals to protect conserved water instream via transfer, lease, or otherwise.

Please consider the following input and comments elaborating our concerns and recommendations:

1. **Irrigation modernization projects that do not legally protect a portion of conserved water instream can "harden" demand, to the detriment of streamflows, groundwater, and native species.**

Irrigation modernization is often discussed with regard to how it benefits farmers, and that is important. But it can also benefit fish, streamflows, water quality, and recreation. The best way of *ensuring* this double bottom line is to legally protect a portion of the water conserved by the

[1] *See* Oregon Water Resources Department, Irrigation Modernization Funding Applications, Project Summaries – 2024 Funding Cycle (available at: https://www.oregon.gov/owrd/programs/FundingOpportunities/Documents/2024_IrrigationModernization_Application_Summary.pdf).

project as an instream water right that retains the priority date of the underlying consumptive water right. When structured this way, irrigation modernization can increase the quantity of water reliably available to both irrigators and native coldwater fish.

When a canal is piped, the water right holder is reasonably likely to end up diverting the same quantity of water after an irrigation efficiency project, but using more of it consumptively at the end of the delivery system.

This is known as "hardening" of demand. In other words, a district with unlined canals that is not able to fully serve its customers due to drought—which then pipes its canals—is likely to keep diverting the same amount of water but delivering more water to its patrons. And even if a project causes some reduction in diversions associated with the improved infrastructure, there is no assurance of that practice continuing in the future. With a changing climate, more efficient delivery systems *alone* are likely to increase consumptive irrigation use, not streamflows.

Inefficient ditches can lose significant water to seepage, and the goal of piping these ditches is to eliminate that loss. But depending on local geology, seepage water can serve important environmental benefit by returning to the stream through surface springs, or supplementing groundwater aquifer levels. Seepage can also supply domestic wells.

As a result, if a ditch is piped and all of the conserved water is allocated to out of stream uses, the outcome can be increased depletion of rivers and aquifers. This is the crux of TU's concern with irrigation modernization projects using public funds that do not legally protect a portion of conserved water instream.

The Allocation of Conserved Water (ACW) program at the Oregon Water Resources Department (OWRD) solves for this problem. Under the process described in ORS 537.470(3), if more than 25% of funds used to finance a project are public and non-repayable, then a corresponding proportion of the surface water conserved is allocated to the state and eligible to be converted to an instream water right.

The Legislature recognized this dynamic—and accounted for it—in funding this grants program at WRD.

2. **The 2023 Legislature provided $50 million for irrigation modernization projects—including this funding cycle—but expressly directed the Department to prioritize funding for projects "that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470."**

House Bill 5030 (2023)[2] described the purposes of lottery bonds authorized for issuance to state agencies in the 2023-2025 biennium. Section 10(1) of HB 5030 authorized the State Treasurer to issue lottery bonds in an amount producing $50 million in net proceeds, to issue grants for irrigation modernization projects. Section 10(3) of the bill is essential context and direction to the Department with regard to this funding cycle, and states:

[2] HB 5030 (2023) (available at: https://olis.oregonlegislature.gov/liz/2023R1/Downloads/MeasureDocument/HB5030/Enrolled).

> "For projects involving surface water rights where the project conserves water, *priority* shall be given to projects that *legally protect* a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470."
>
> HB 5030 (2023), Section 10(3) (emphasis added).

There are a few important components to this budget language. Assuming a project involves surface water rights and would conserve water (which it appears all of the irrigation modernization applications in this funding round would do), the Legislature directed WRD to provide *priority* to projects that "legally protect" a portion of that water commensurate or equivalent to the amount described in the Allocation of Conserved Water statute, ORS 537.470. Legal protection of water instream involves instream transfers and other formal, binding agreements that require leaving water instream.

ORS 537.470 in its entirety is quoted below, with the formula related to percentages of conserved water allocated instream versus out-of-stream underlined:

> **537.470 Allocation of conserved water by commission; criteria; percentage to state; certificates showing change in original water right.** (1) Upon receipt of an application for allocation of conserved water under ORS 537.465, the Water Resources Commission shall give notice of receipt of the application in accordance with ORS 540.520 (5).
>
> (2) The commission shall allocate conserved water as provided in subsection (3) of this section and approve modifications of water rights as provided in subsection (6) of this section. The commission may not allocate conserved water pursuant to an application under ORS 537.465 if the application is filed more than five years after the conservation measure was implemented.
>
> (3) After determining the quantity of conserved water, if any, required to mitigate the effects on other water rights, the commission shall allocate 25 percent of the remaining conserved water to the state and 75 percent to the applicant, unless the applicant proposes a higher allocation to the state or more than 25 percent of the funds used to finance the conservation measures comes from federal or state public sources. If more than 25 percent of the funds used to finance the conservation measures comes from federal or state public sources and is not subject to repayment, the commission shall allocate to the state a percentage equal to the percentage of public funds used to finance the conservation measures and allocate to the applicant a percentage equal to the percentage of other funds used to finance the conservation measures. If the commission determines that the water allocated to the state is necessary to support in-stream flow purposes in accordance with ORS 537.332 to 537.360, the water shall be converted to an in-stream water right. If the water allocated to the state is not necessary to support in-stream flow purposes, it shall revert to the public for appropriation by the next user in priority. In no event, however, shall the applicant receive less than 25 percent of the remaining conserved water unless the applicant proposes a higher allocation to the state.
>
> (4) The commission shall notify the applicant and any other person requesting notice, of the action the commission intends to take under subsection (3) of this section. Any person objecting to the proposed allocation may file a protest requesting a contested case hearing before the commission.

> (5) The modification of water rights under an allocation of conserved water may not require a separate request for transfer under ORS 540.520.
>
> (6) After the commission completes the allocation of conserved water under subsection (3) of this section, the commission shall issue orders for proposed new certificates covering the changes in the original water rights. Once the conservation project is completed, separate new certificates preserving the previously established priority of rights shall be issued to cover the unaffected portion of the water rights and separate new certificates indicating the priority of rights as set forth in ORS 537.485 shall be issued to cover the right to the use of the allocated water.

The underlined language in ORS 537.470(3) is what the Legislature referred to in HB 5030 (i.e., "commensurate with the amount required under the approach described in ORS 537.470."). The budget language means that the funding priority is available only to projects that legally protect at least 25% of conserved water instream—and if more than 25% of a project cost will be financed with public money not subject to repayment, then the same percentage of water must be allocated to the state for public use and instream flows.

For example, if a project described in the irrigation modernization applications costs $10 million, and 75% of the project cost will be covered by non-refundable public funds, then the budget language affords the "priority" funding recommendation in this grants cycle *only if* 75% of the conserved water is "legally protected" instream. The Legislature's "priority" language regards a fraction where the numerator is non-refundable public funding for the project, and the denominator is the total project cost.

In summary, the budget language does not require using the Allocation of Conserved Water program or allocating a strict 25% of conserved water instream. Instead, it borrows the mathematical formula in the statute, and grants funding priority to projects where a minimum of 25% conserved water is legally protected instream, unless the project uses a higher proportion of non-refundable public funding.

3. The scoring criteria for this funding cycle does not fully account for the Legislature's prioritization of projects that legally protect conserved water.

TU recognizes the difficulty of accounting for "priority" to certain project applications in using a numeric scoring criteria. But there is a disconnect between the Legislature's direction in HB 5030 (2023) and the scoring criteria for this funding round of irrigation modernization grants.[3] Again, Section 10(1) of HB 5030 stated:

> "For projects involving surface water rights where the project conserves water, priority shall be given to projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470."

The scoring criteria addresses this in the "Preference Points" section by making "an additional 10 preference points" available in the scoring criteria as follows:

[3] WRD Scoring Criteria, Water Project Grants and Loans & Irrigation Modernization Funding (available at: https://www.oregon.gov/owrd/WRDFormsPDF/WPGL_Scoring_Criteria.pdf).

> "For projects involving surface water rights where the project conserves water, projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470 will receive an additional 10 points."

With the addition of the 10 preference points, there is a total maximum score in the criteria of 250 points. In other words, the preference points that implement the Legislature's "priority" language account for only 4% of the available score.

Separate preference points are also available "for projects that propose to legally protect water instream" by doubling the score from question 2a in the scoring criteria document. TU appreciates that, but this separate component of preference points is theoretically available to projects that legally protect a de minimis amount of conserved water instream, rather than an amount commensurate to the Allocation of Conserved Water statute formula.

Trout Unlimited recommends that WRD and the Technical Review Team provide preference and priority in ranking recommendations for funding to projects that will conserve and protect instream the amount of water described by Legislature in HB 5030.

4. **TU recommends that WRD and the Technical Review Team closely scrutinize these applications for the extent to which the project would *legally protect* conserved water. We ask you to fund the applications that will legally protect conserved water instream in accordance with the language in HB 5030 or that will otherwise provide substantial environmental benefits, and consider retaining remaining funds for future funding cycles.**

The legislative language granting "priority" for irrigation modernization projects that legally protect water instream requires a certain level of specificity in the project application materials. To grant the priority related scoring criteria, WRD and the Technical Review Team must be able to (1) discern the percentage of project cost to be paid with non-refundable public funds, (2) confirm that this *same percentage* (at least 25%) will be legally protected instream, and (3) confirm that the applicant obligates and agrees to legally protecting that increment of conserved water instream.

Thank you for this opportunity to provide comments on the irrigation modernization funding applications, and please let me know if you have any questions.

Sincerely,

James Fraser
Oregon Policy Director
Trout Unlimited
james.fraser@tu.org

Irrigation Modernization Funding Applications

Evaluation Summaries – 2024 Funding Cycle

May 9, 2024

Background

The Water Supply Development Account provides grants and loans for water projects that have economic, environmental and social/cultural benefits (ORS 541.651-696). In 2023, the Oregon Legislature passed House Bill 5030, providing $50 million to the Water Supply Development Account to issue grants for irrigation modernization projects and $10 million for Water Project Grants and Loans. The 2024 application deadline was January 17, 2024. The Oregon Water Resources Department (OWRD) received 10 complete applications requesting a total of $25,900,067 in grant funding for irrigation modernization projects. OWRD received no complete applications for Water Project Grants and Loans.

Document Description

The following are evaluation summaries for complete grant applications received by January 17, 2024 for the 2024 Irrigation Modernization Funding cycle. The multi-agency Technical Review Team (TRT) provided comments on each application, scored applications based on the criteria identified within the Scoring Criteria document, and made a funding recommendation to the Water Resources Commission (Commission) based on that evaluation and available funds. The following evaluation summaries highlight TRT comments gathered by OWRD during the application evaluation process and are prepared for the Commission's consideration and review. Applicants are encouraged to contact the Grant Coordinator to request a review meeting and receive additional evaluation feedback. The evaluation summaries are listed in order of the TRT ranking.

The evaluation summary includes a combined public benefit score, which the TRT used to rank proposed projects. A table is also provided that shows a breakdown of the application score by category. An application could score up to 72 points in each of the economic, environmental, and social/cultural public benefit categories. A proposed project could receive up to 34 additional preference points; up to 12 points for legally protecting water instream, up to 12 points for collaboration, and 10 points for legally protecting water instream commensurate with the amount required under the approach described in ORS 537.470. Preference points are listed in the "Other" category. There is a maximum public benefit score of 250 points.

Based on the TRT ranking, the TRT recommends the top five projects for funding (Table 1). This funding recommendation considers the public benefits provided by these applications. While there were three additional projects that met the minimum public benefit category scores required to be recommended for funding, the TRT did not recommend those projects for funding at this time due to their low public benefit scores, limited funds available, and in consideration of the additional funding cycle that will be offered this year (applications due July 10, 2024). The TRT recommends applicants who were not recommended for funding in this cycle to revise and resubmit their application in the next funding cycle (Table 2).

Next Steps

OWRD is soliciting public comment on the TRT ranking and funding recommendation through 5:00 pm on May 31, 2024. Information on how to submit a public comment is available here. Public comments submitted on the TRT ranking and funding recommendation will be presented to the Commission who will make a funding decision. The date for the Commission to make its funding decision is June 13, 2024.

Table 1. Applications Recommended for Funding by the Technical Review Team

Project Name	Applicant	County	Grant Funds Requested	Total Project Cost	Total Score
Farmers Canal Piping and Sediment Management Project	Farmers Irrigation District & Farmers Conservation Alliance	Hood River	$2,527,000	$10,840,000	121
Deschutes Basin Flow and Water Quality Restoration Project – Group 6C	Tumalo Irrigation District	Deschutes	$3,000,000	$6,567,000	116
Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4	Arnold Irrigation District	Deschutes	$2,860,000	$11,551,000	90
Phase 2: G and G2 Lateral Piping and Water Conservation Project	Deschutes River Conservancy	Deschutes	$3,061,829	$5,086,774	71
Kingman Lateral 1st Mile Piping	Owyhee Irrigation District	Malheur	$2,000,000	$5,100,000	56
		Total	**$13,448,829**	**$39,144,774**	

Table 2. Applications Not Recommended for Funding at This Time

Project Name	Applicant	County	Grant Funds Requested	Total Project Cost	Total Score
Klamath Irrigation District Pump Plants and 2025 Main D Canal Improvements	Klamath Irrigation District & Farmers Conservation Alliance	Klamath	$4,615,000	$18,460,000	48
Lone Pine Irrigation Modernization Phase 2	Lone Pine Irrigation District	Crook and Jefferson	$775,000	$4,698,000	46
Joint System Canal Piping Project Phase 1*	Medford Irrigation District & Rogue River Valley Irrigation District	Jackson	$2,210,000	$7,360,000	44
Piping Lateral Canals in the Vale Bench: Building on Experience	Malheur Watershed Council	Malheur	$3,601,238	$6,121,238	39
Snake River Pumping Efficiencies*	Owyhee Irrigation District	Malheur	$1,250,000	$2,825,133	39
		Total	**$12,451,238**	**$39,464,371**	

***** Did not meet the minimum score of seven in each public benefit category required to be eligible for funding.

More Information

If you have questions please contact the Grant Coordinator, Adair Muth, at 971-301-0718 or OWRD.Grants@water.oregon.gov.

2024 Applications

Farmers Canal Piping and Sediment Management Project *4*
TRT Recommendation: Recommended for Funding *4*
Deschutes Basin Flow and Water Quality Restoration Project – Group 6C *5*
TRT Recommendation: Recommended for Funding *5*
Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4 ..... *6*
TRT Recommendation: Recommended for Funding *6*
Phase 2: G and G2 Lateral Piping and Water Conservation Project *7*
TRT Recommendation: Recommended for Funding *7*
Kingman Lateral First Mile Piping *8*
TRT Recommendation: Recommended for Funding *8*
Klamath Irrigation District Pump Plants and 2025 Main D Canal Improvements *9*
TRT Recommendation: Not Recommended for Funding at this time *9*
Lone Pine Irrigation Modernization Phase 2 ..... *10*
TRT Recommendation: Not Recommended for Funding at this time *10*
Joint System Canal Piping Project Phase 1 ..... *11*
TRT Recommendation: Not Recommended for Funding at this time *11*
Piping Lateral Canals in the Vale Bench: Building on Experience *12*
TRT Recommendation: Not Recommended for Funding at this time *12*
Snake River Pumping Efficiencies *13*
TRT Recommendation: Not Recommended for Funding at this time *13*

Farmers Canal Piping and Sediment Management Project

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Farmers Irrigation District & Farmers Conservation Alliance

County: Hood River

Funding Requested: $2,527,000

Total Project Cost: $10,840,000

Project Summary: The proposed project would install 2.65 miles of buried, dual 48-inch-diameter pipelines and deepen an existing attenuation bay to create a sediment management system to conserve water and deliver reliable, high-quality water for irrigation and renewable hydropower generation in Hood River County within the Hood River Basin. As a result of this project, the District would legally protect approximately 2 cfs in the Hood River through the Oregon Water Resource Department's Allocation of Conserved Water program to improve streamflow and enhance habitat for ESA-listed coho, steelhead, and Chinook populations, increase ecological drought and climate change resiliency, and help recover species of cultural significance for the Confederated Tribes of the Warm Springs (CTWS).

Technical Review Team Score and Comments

Combined Public Benefit Score: 121

Public Benefit Category Score Breakdown			
Economic	**Environmental**	**Social/Cultural**	**Other**
42	26	31	22

Economic: The proposed project would improve the District's infrastructure and result in a more efficient water delivery system that would reduce seepage loss and address sediment issues. The application provided details indicating a significant amount of cost and energy savings expected by piping the remaining open section of the Farmers Canal and deepening the existing attenuation bay. The review team appreciated the applicant stating their sediment management system could serve as a model for other districts needing to learn to effectively manage high sediment loads.

Environmental: The project proposes to legally protect 100 percent of the conserved water instream, approximately 2 cfs. The application described how an increase in flow in Hood River for approximately 10 miles until the confluence with the Columbia River would support the natural hydrograph and benefit fish species, including Spring Chinook salmon and Pacific lamprey, which are culturally important to the tribes. The application explained the likely benefits to multiple limiting ecological factors including streamflow and sedimentation and indicated the project would likely improve ecosystem resiliency to climate change by increasing streamflow during the summer months.

Social/Cultural: The proposed project would support local food systems by providing high-quality water to support orchards that produce crops including pears, apples, and cherries. The application described how the proposed project would likely provide benefits to public safety by mitigating hazards associated with the open canals, including flooding and canal failure.

Summary: The application provided information to substantiate a high standard of economic, environmental, and social/cultural benefits anticipated as a result of the proposed project. The review team noted the Confederated Tribes of Siletz Indians submitted comments that the eastern section of the proposed piped has not previously been surveyed by a qualified archaeologist and noted this will need to be completed if funded.

Deschutes Basin Flow and Water Quality Restoration Project – Group 6C

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Tumalo Irrigation District

County: Deschutes

Funding Requested: $3,000,000

Total Project Cost: $6,567,000

Project Summary: The proposed project would conserve 1.3 cfs by enclosing 19,005 linear feet of open canal and laterals. Approximately 0.98 cfs of the conserved water would be restored and protected instream to Tumalo Creek during the irrigation season and released in Crescent Creek in the winter. The conserved water would be legally protected instream through the Oregon Water Resource Department's Allocation of Conserved Water program and would result in improved temperature conditions and water quantity for ESA-listed species and native fish and wildlife. The proposed project would enclose a portion of the open canal referred to as the Columbia Southern Canal. The pipe follows the existing canal alignment and would be installed in a compacted trench with 3 feet of cover to protect from freezing and damage. The surface would be restored with soil and seeding where appropriate.

Technical Review Team Score and Comments

Combined Public Benefit Score: 116

Public Benefit Category Score Breakdown			
Economic	**Environmental**	**Social/Cultural**	**Other**
27	36	31	22

Economic: The proposed project would modernize and enhance the District's infrastructure by piping open canals. This would allow the District to deliver pressurized water to customers, conserve energy, and reduce seepage losses. The project would create a high number of temporary construction jobs and help secure long-term agriculture jobs.

Environmental: The project proposes to legally protect 75 percent of the conserved water instream, approximately 0.98 cfs. The application described how increased summer flows in Tumalo Creek would provide important cold water to the middle Deschutes River in the summer months when temperature affects fish survival. The project would provide a significant benefit to water quality and would enhance ecosystem resiliency to climate change by providing additional cold water instream.

Social/Cultural: The application described a high level of collaborative planning in the basin and the proposed project supports state and local priorities, including the Deschutes Basin Habitat Conservation Plan and the state's Integrated Water Resources Strategy. The application described how the Twin Bridges Scenic Bikeway crosses the District's canals at several locations that would be piped by this project, thus promoting recreation and scenic values.

Summary: The application provided information to demonstrate high economic, environmental, and social/cultural benefits would result from this project.

Arnold Irrigation District Deschutes Basin Flow Restoration Project - Phases 3-4

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Arnold Irrigation District

County: Deschutes

Funding Requested: $2,860,000

Total Project Cost: $11,551,000

Project Summary: The proposed project would enclose over four miles (22,751 linear feet) of open canal into leak-free HDPE piping with the goal of restoring approximately 8.7 cubic feet per second (cfs) of streamflow to the Deschutes Basin during the non-irrigation season. AID would reduce their water right certificate(s) by 100% of the amount of water conserved through this project. Through an interdistrict agreement, the conserved live flow would be made available to the North Unit Irrigation District (NUID) for use as irrigation water during the irrigation season. NUID would release an equivalent amount during the winter season in Upper Deschutes River below Wickiup Reservoir via a secondary use right for flow augmentation. The proposed project, Phases 3-4, would improve conditions for native and Endangered Species Act (ESA)-listed species, improve public safety, and provide a resilient solution for water supply reliability in the Deschutes Basin.

Technical Review Team Score and Comments

Combined Public Benefit Score: 90

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
30	21	17	22

Economic: The proposed piping project would enhance the District's infrastructure, resulting in considerable reductions in water seepage loss, reduced pumping costs, and increased water system efficiencies overall. The project would generate a high number of temporary construction jobs and help secure long-term agriculture jobs. The proposed project would also benefit agriculture viability in the region by providing conserved water to the junior water right holder, North Unit Irrigation District.

Environmental: The proposed project would protect approximately 8.7 cfs of water instream during the non-irrigation season which would improve habitat conditions for fish and the ESA-listed Oregon spotted frog. The increased streamflow during the winter would provide for a more natural hydrograph and potentially improve water quality, which would result in increased ecosystem resiliency to climate change impacts. During the irrigation season, the project would result in increased stream flows within a ten-mile reach of the Deschutes River, which may provide minor environmental benefits.

Social/Cultural: The application described how the proposed project aligns with various statewide initiatives and basin priorities, including the goals of the Deschutes Basin Habitat Conservation Plan and specific recommendations from the state's Integrated Water Resources Strategy. The review team noted the project is not located within the Wild and Scenic area of the Deschutes River, and claims that the project will promote recreation and scenic values are minor.

Summary: The proposed project outcomes were evaluated as likely to achieve high economic and environmental benefits and moderate social/cultural benefits.

Phase 2: G and G2 Lateral Piping and Water Conservation Project

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Deschutes River Conservancy

County: Deschutes

Funding Requested: $3,061,829

Total Project Cost: $5,086,774

Project Summary: The proposed project would pipe 12,522 linear feet of the G Lateral and 15,350 linear feet of the G2 Lateral in Central Oregon Irrigation District (COID). Collectively, the project proposes to convert 27,872 linear feet of open canal to HDPE pipe. The G and G2 laterals serve 35 tax lots, encompassing 922.5 acres, in the Smith Rock-King Way area of COID in Deschutes County, and connect to COID's Pilot Butte Canal, one of COID's two main canals. The proposed project would expedite the benefits of providing on-demand pressurized water to COID patrons and enable water savings to be moved to other uses within the Deschutes Basin to help meet critical basin water supply needs for agriculture and for streamflow in the Upper Deschutes River. The proposed project would save approximately 6.74 acre-feet/day (3.4 cfs) or 1348 acre-feet/year. COID would reduce their water right certificate(s) by 100% of the amount of water conserved through this project. Through an interdistrict agreement, the conserved live flow would be made available to the North Unit Irrigation District (NUID) for use as irrigation water during the irrigation season. NUID would release an equivalent amount during the winter season in Upper Deschutes River below Wickiup Reservoir via a secondary use right for flow augmentation to benefit the Oregon spotted frog and redband trout.

Technical Review Team Score and Comments

Combined Public Benefit Score: 71

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
29	8	15	19

Economic: The proposed piping project would result in considerable reductions in water seepage loss, reduced pumping costs, and allow the District to deliver pressurized water to customers. The proposed project would benefit agriculture viability in the region by providing the conserved water to the junior water right holder, North Unit Irrigation District. The application would have been strengthened by quantifying the number of temporary construction jobs and long-term agricultural jobs expected from the project.

Environmental: The proposed project would protect 100% of the conserved water instream, approximately 3.4 cfs or 1348 acre-feet/year, during the non-irrigation season which would improve habitat conditions for fish and the ESA-listed Oregon spotted frog. The increased streamflow would provide for a more natural hydrograph during the winter but provides minimal benefits during the irrigation season.

Social/Cultural: The application described how the proposed project would improve public safety by eliminating risks associated with open canals and reducing flooding risk. The proposed project aligns with various statewide initiatives and basin priorities, including the goals of the Deschutes Basin Habitat Conservation Plan. The application demonstrated a high level of collaborative basin planning efforts.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving high economic benefits and moderate environmental and social/cultural benefits.

Kingman Lateral First Mile Piping

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Owyhee Irrigation District

County: Malheur

Funding Requested: $2,000,000

Total Project Cost: $5,100,000

Project Summary: The objective of the proposed project is to implement a comprehensive conservation strategy addressing various facets such as human safety, habitat protection, water and fuel savings, reduced sediment loading in 303(d) listed streams, and economic viability of the community. The proposed project would enclose approximately 5,900 linear feet of an open canal by installing a 72-inch HDPE pipe within the existing canal profile. The proposed canal section extends from the headgates downstream to the tunnel on the Kingman Lateral, chosen due to slope instability and significant water losses. The project would also include rehabilitating operation and maintenance roads, constructing automated headgate facilities, establishing a structure at the termination linking to the existing canal tunnel, and backfilling the pipe.

Technical Review Team Score and Comments

Combined Public Benefit Score: 56

Public Benefit Category Score Breakdown			
Economic	**Environmental**	**Social/Cultural**	**Other**
30	11	14	1

Economic: The proposed project would improve the District's infrastructure and protect against catastrophic canal failure. The proposed project would also result in a more efficient water delivery system that would reduce seepage loss. The application described how the project would create or retain jobs and is anticipated to increase efficiency in labor, maintenance, and fuel use. The proposed project would potentially benefit the economic value of the trout fishery in the Owyhee River.

Environmental: The application described how the proposed project would conserve approximately 475 acre-feet by reducing seepage and evaporative losses through piping. The proposed project would potentially improve water quality by decreasing erosion and sedimentation. The proposed project would also provide a moderate increase for ecosystem resiliency to climate change impacts by providing additional water for late season reservoir releases.

Social/Cultural: The proposed project would promote safety of local food systems by protecting the water source for agricultural in a community that is identified as overburdened and underserved. The proposed project aligns with state priorities for maintaining the cold-water fishery downstream of the Owyhee Dam and aligns with state priorities in Oregon's Integrated Water Resources Strategy. The application would have benefited from more details regarding the project's public outreach activities and how the proposed project aligns with collaborative basin planning efforts.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team anticipates moderate environmental and social/cultural benefits resulting from the proposed project.

Klamath Irrigation District Pump Plants and 2025 Main D Canal Improvements

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Klamath Irrigation District & Farmers Conservation Alliance

County: Klamath

Funding Requested: $4,615,000

Total Project Cost: $18,460,000

Project Summary: The goal of the proposed project is to improve water management within the Klamath Irrigation District to benefit both agricultural producers and broader Klamath Basin water supplies. To move towards this goal, the proposed project would upgrade the Adams and Stukel pump stations, line approximately 0.9 miles of the D Canal, and pipe approximately 0.9 miles of the D Canal. The project would 1) improve water delivery reliability for agricultural producers within the District; 2) allow the District to more effectively manage the flow of water through its system to downstream users such as Tulelake, Shasta View, and Malin irrigation districts; 3) save 1,276 acre-feet of water through infrastructure improvements, providing the opportunity to leave water stored in Upper Klamath Lake later into the irrigation season to benefit basin water supply; and 4) reduce the energy use associated with pumping water throughout the District by 10 percent, resulting in an average savings of approximately 6,800 kilowatt hours annually.

Technical Review Team Score and Comments

Combined Public Benefit Score: 48

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
30	8	7	3

Economic: The application described how the proposed project would create efficiencies in water delivery and reduce seepage loss by piping or lining open canals and reduce energy consumption by upgrading two pumps. The proposed project would enhance the District's infrastructure and is expected to provide more reliable irrigation water for the District's patrons, which would slow the trend of needing to leave fallow agricultural land due to limited water supply and increase agricultural productivity.

Environmental: The application described how the proposed project would conserve approximately 1,276 acre-feet by reducing seepage and evaporative losses through piping. The conserved water would potentially improve water quality by increasing summer flows, though the review team noted this is likely a minor benefit since the water would not be legally protected instream. The review team questioned the claim that trash racks to be installed at the pump stations as part of the proposed project would act as a fish screen and reduce the number of entrained suckers in the irrigation system.

Social/Cultural: The application described the potential benefits to public safety by eliminating risks associated with open canals located on a steep hillside near a highway and school. The review team noted the application would have been strengthened by including information on strategies used to engage Oregon's environmental justice communities, including tribal communities, which have significant water interests in the project area.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team's evaluation assessed moderate environmental and social/cultural public benefits resulting from the proposed project.

Lone Pine Irrigation Modernization Phase 2

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Lone Pine Irrigation District

County: Crook and Jefferson

Funding Requested: $775,000

Total Project Cost: $4,698,000

Project Summary: The proposed Phase 2 project would complete the irrigation modernization of the Lone Pine Irrigation District. The District is pursuing water conservation strategies to construct a more efficient system and permanently restore flows in the Deschutes River. The proposed layout reduces the need for multiple pump stations and maintenance of multiple distribution lines. The proposed Phase 2 project would conserve approximately 1.5 cfs by installing 4.2 miles of pipe for the main canal and laterals. The District would reduce their water right certificate(s) by 100% of the amount of water conserved through this project. Through an interdistrict agreement, the conserved live flow would be made available to the North Unit Irrigation District (NUID) for use as irrigation water during the irrigation season. NUID would release an equivalent amount during the winter season in Upper Deschutes River below Wickiup Reservoir via a secondary use right for flow augmentation.

Technical Review Team Score and Comments

Combined Public Benefit Score: 46

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
12	7	11	16

Economic: The proposed project would generate temporary construction jobs, help secure long-term agriculture jobs, and enhance the District's infrastructure. However, the application did not clearly differentiate the public benefits associated with this phase of the project versus the first phase or overall project. The proposed project would benefit agriculture viability in the region by providing the conserved water to the junior water right holder, North Unit Irrigation District.

Environmental: The proposed project would protect 100% of the conserved water resulting from the project instream during the non-irrigation season which would improve habitat conditions for fish and the ESA-listed Oregon spotted frog. The application would have been improved by clearly identifying the public benefits associated with this phase of the project. The reviewers noted the answers in the environmental section consistently referenced 3.7 cfs, which was the amount conserved in phase 1 of the project, rather than the amount proposed for phase 2 (1.5 cfs).

Social/Cultural: The application described how the proposed project promotes public safety by reducing the risk of injury or drowning in canals. The proposed project would promote priorities identified by local collaborative groups working on water management in the basin, and the proposed project aligns with basin priorities, including the Deschutes Basin Habitat Conservation Plan.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a moderate standard of economic, environmental, and social/cultural public benefits. The review team observed that in general, the application lacked clarity on the claimed benefits that would be achieved as a result of the proposed project phase versus the entire piping project. Errors and inconsistencies cast doubt on the potential public benefits of the project.

Joint System Canal Piping Project Phase 1

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Medford Irrigation District & Rogue River Valley Irrigation District

County: Jackson

Funding Requested: $2,210,000

Total Project Cost: $7,360,000

Project Summary: The goal of the proposed project is to modernize the North Fork Canal and South Fork Canal to improve water supply reliability for high-value agriculture in Oregon's Rogue Valley while improving water quality and habitat conditions for ESA-listed fish in the Little Butte Creek watershed. The proposed project would pipe the Districts' 4,700-foot North Fork Canal, 1,900-foot South Fork Canal, and the junction where the canals merge. The project would improve water supplies for agricultural production, reduce the risk of infrastructure failure, reduce operations and maintenance costs, and enhance instream flows for federally threatened Southern Oregon/Northern California Coast coho salmon, and sensitive species including Chinook, bull trout, steelhead trout, and Pacific lamprey. The Districts would leave 25% of the water saved by the project instream (approximately 111 acre-feet). The proposed project would be the first phase of a large-scale effort to modernize the Districts' shared canal.

Technical Review Team Score and Comments

Combined Public Benefit Score: 44

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
27	8	6	3

Economic: The application described how the proposed project would result in economic benefits by creating construction jobs and maintaining agricultural jobs. The proposed project would increase economic activity in Jackson County by increasing the long-term reliability of water for farms, orchards, and vineyards. The proposed project would enhance the Districts' infrastructure and is expected to extend water deliveries by two weeks, increasing agricultural land productivity.

Environmental: The proposed project would result in water conservation by eliminating seepage in the portion of the canal that would be piped. The project proposes to leave 25% of the conserved water instream, approximately 111 acre-feet, which may provide minor benefits to water quality and ecosystem resiliency to climate change impacts. The application would have been improved with details on the proposed management agreement to leave conserved water instream.

Social/Cultural: The application described how the proposed project would result in benefits to local food systems by extending the delivery of water by up to two weeks and how the proposed project aligns with the state's Integrated Water Resources Strategy. The application would have been strengthened by adding information about strategies used to engage with Oregon's environmental justice communities. The review team noted the Confederated Tribes of Siletz Indians (CTSI) submitted comments that the project is within the area of the Rogue Valley Treaty of 1853, to which CTSI is the successor, thus it was unexpected that such a wide variety of tribes were mentioned.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team anticipates moderate environmental benefits and minor social/cultural benefits resulting from the proposed project. To be funded, projects must achieve a minimum score of seven in each category indicating public benefits beyond those of a minor quality would be achieved.

Piping Lateral Canals in the Vale Bench: Building on Experience

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Malheur Watershed Council

County: Malheur

Funding Requested: $3,601,238

Total Project Cost: $6,121,238

Project Summary: The proposed project would pipe 10.4 miles of earthen lateral canals. The project would result in savings of approximately 4,896 acre-feet per year. These savings would help achieve a carryover pool in Beulah Reservoir to benefit the habitat of the federally-listed bull trout. Side benefits of piping would be improved water quality by enabling landowners to convert from furrow to sprinklers, which would eliminate irrigation-induced erosion. The future of the area's food supply would be protected by ensuring irrigation water supply and maintaining soil quality.

Technical Review Team Score and Comments

Combined Public Benefit Score: 39

Public Benefit Category Score Breakdown			
Economic	**Environmental**	**Social/Cultural**	**Other**
22	9	7	1

Economic: The application described the anticipated job creation associated with construction activities and the project's expected economic impact was described and quantified. The proposed project would enhance the Vale Oregon Irrigation District's irrigation infrastructure, improve water delivery to patrons and increase water use efficiency by reducing seepage loss.

Environmental: The proposed project would conserve approximately 4,896 acre-feet per year by reducing seepage and evaporative losses through piping. The application described how the project would benefit ESA-listed bull trout by maintaining a minimum pool of 2,000 acre-feet per year in Beaulah Reservoir. The review team noted the project would not result in measurable improvement in protected streamflow as the applicant did not identify the legal means by which conserved water would be protected instream. The proposed project would likely improve water quality by decreasing erosion and sedimentation.

Social/Cultural: The proposed project would likely provide economic benefits for an economically distressed rural community and provides benefit to tribal interests by improving conditions for bull trout. The application described how the project would improve recreation and scenic values by improving water quality in the Malheur River, a tributary to the Snake River. The application included numerous letters of support.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team's evaluation assessed moderate environmental and social/cultural public benefits resulting from the proposed project. The review team noted the Vale Oregon Irrigation District did not submit a letter of support. The application would have been strengthened with either the District applying as a co-applicant or submitting a letter of support since the project involves their irrigation infrastructure and water rights.

Snake River Pumping Efficiencies

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Owyhee Irrigation District

County: Malheur

Funding Requested: $1,250,000

Total Project Cost: $2,825,133

Project Summary: The District's pumping plants (Dead Ox and Dunaway), dating back to the 1930s, continue to operate with relatively high efficiency (approximately 70%). However, there is currently no mechanism installed on the pumps to reduce water flow output under the pumps' maximum output. This results in excessive water being pumped into the canal, leading to operational spills. This excess water undergoes various transformations, including heating up, evaporation, and potential contamination, primarily sediment. The proposed project would leave approximately 3,500 acre-feet of water instream and conserve approximately 560,000 kWh by installing Variable Frequency Drives (VFDs) and pump controls. The project would expand the existing pumping plant buildings to accommodate the VFDs and other controls. The Dunaway plant would be fitted with a weed removal mechanism to clear debris from the pump intake grates and the Dead Ox plant would be fitted with a new hoist and gantry for safer pump and motor removal during maintenance and repairs.

Technical Review Team Score and Comments

Combined Public Benefit Score: 39

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
24	6	8	1

Economic: The proposed project would create temporary construction-related jobs and help secure long-term agricultural jobs. The proposed project is expected to result in great improvements in water, energy, and operation and maintenance efficiency. The application quantified the energy and operational savings expected as a result of the improved infrastructure. The application would have been strengthened by quantifying the number of irrigated lands serviced by the project and the anticipated increase in productivity of that land as a result of the project.

Environmental: The proposed project would result in water conservation using Variable Frequency Drive pumps and would leave approximately 3,500 acre-feet of water in the Snake River. The review team assessed the additional water instream could result in moderate improvements to water quality in the Snake River. The application would have been improved with more detail and quantification to describe current conditions and how the proposed project is likely to achieve environmental benefits.

Social/Cultural: The application described how the proposed project would improve safety for District employees by eliminating arc flash risks associated with the current configuration of the pump station's electrical controls. The application described how the proposed project aligns with several statewide priorities, including specific recommendations from the state's Integrated Water Resources Strategy.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team's evaluation assessed minor environmental benefits and moderate social/cultural public benefits resulting from the proposed project. To be funded, projects must achieve a minimum score of seven in each category indicating public benefits beyond those of a minor quality would be achieved.

From: Peter Hatch <PeterH@ctsi.nsn.us>
Sent: Friday, February 9, 2024 4:14 PM
To: GRANTS Owrd * WRD
Cc: cultural resources; KENNEDY Mike; HARTT Laura A * WRD
Subject: Re: Irrigation Modernization Funding - Review Opportunity

Good afternoon Adair,

On the two project highlighted and with regard to the cultural resources side, please pass along the following brief comments to the TRT:

- On the Farmers' Canal Piping and Sediment Management Project - we are glad to see that the Confederated Tribes of Warm Springs is supporting this project. It looks like the eastern section that will be put into a pipe has not been previously surveyed by a qualified archeologist and we would like to see that if the project is funded.

- On the Joint System Canal Piping Project Phase 1, the landscape around Little Butte Creek is very important to the Confederated Tribes of Siletz Indians and in addition, the canal is very near National Register of Historic Places-eligble sites. Therefore I am glad to see that the applicant is taking their cultural resources responsibilities seriously in the application. I should mention for the record that the project is within the area of the Rogue Valley Treaty of 1853 to which CTSI is the successor - as such it seemed strange that such a wide variety of tribes were mentioned in 20e, "Yurok, Hoopa Valley, Karuk, Coquille, Cow Creek Band of the Umpqua, and Klamath Tribes as well as those of the Confederated Tribes of the Grand Ronde and Confederated Tribes of the Siletz." but that is a relatively small mistake. We have no objection to the project being selected.

In any case, please pass along my contact information (at the cultrualresources@ctsi.nsn.us email address) to the applicants as well in the event they are funded, for easy outreach at that time.

Respectfully,
Peter

Peter Sv-gvs (Black Bear) Hatch
History & Archaeology Specialist
Confederated Tribes of Siletz Indians
P.O. Box 549
Siletz, OR 97380
541-444-8319

> On Feb 9, 2024, at 8:50 AM, GRANTS Owrd * WRD <OWRD.Grants@water.oregon.gov> wrote:

Excerpt from Division 93 Rules on Scoring
Water Project Grants and Loans

OAR 690-093-0090

Scoring and Ranking; funding decisions

(1) The primary elements in the process of scoring and ranking of applications include the following:
- (a) Initial review for completeness by the Department;
- (b) Public comment;
- (c) The Technical Review Team conducts the initial scoring and ranking for the projects, considers comments from applicants and the public and makes loan and grant funding recommendations to the Commission; and
- (d) The Commission determines the final scoring and ranking of projects, provides for additional public comment, and makes the final decision regarding which projects are awarded loans or grants from the account.

(2) The Technical Review Team scoring methodology shall rank applications based upon the public benefits of the project and additional considerations set forth in ORS 541.677 subsection (1)(b), (1)(d) and (1)(e). The Technical Review Team shall use a score sheet provided by the Department. Each of the three public benefit categories shall be given equal importance in the evaluation and will have scoring sublevels including but not limited to the following:
- (a) The evaluation of economic benefits for a project based on the changes in economic conditions expected to result from the project related to:
  - (A) Job creation or retention;
  - (B) Increases in economic activity;
  - (C) Increases in efficiency or innovation;
  - (D) Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses;
  - (E) Enhanced economic value associated with tourism or recreational or commercial fishing, with fisheries involving native fish of cultural significance to Indian tribes or with other economic values resulting from restoring or protecting water in-stream; and
  - (F) Increases in irrigated land for agriculture.
- (b) The evaluation of environmental benefits for a project based on the changes in environmental conditions expected to result from the project related to:
  - (A) A measurable improvement in protected streamflows that:
    - (i) Supports the natural hydrograph;
    - (ii) Improves floodplain function;
    - (iii) Supports state or federally listed sensitive, threatened or endangered fish species;
    - (iv) Supports native fish species of cultural importance to Indian tribes; or
    - (v) Supports riparian habitat important for wildlife;
  - (B) A measurable improvement in groundwater levels that enhances environmental conditions in groundwater restricted areas or other areas;
  - (C) A measurable improvement in the quality of surface water or groundwater;
  - (D) Water conservation;
  - (E) Increased ecosystem resiliency to climate change impacts; and
  - (F) Improvements that address one or more limiting ecological factors in the project watershed.
- (c) The evaluation of the social or cultural benefits for a project based on the changes in social or cultural conditions expected to result from the project related to:
  - (A) The promotion of public health and safety and of local food systems;
  - (B) A measurable improvement in conditions for members of minority or low-income communities, economically distressed rural communities, tribal communities or other communities traditionally underrepresented in public processes;
  - (C) The promotion of recreation and scenic values;

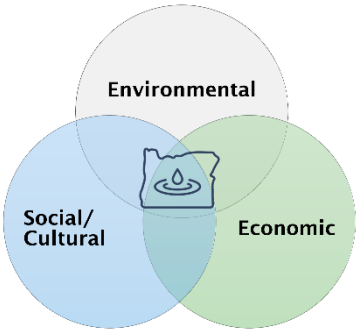
(D) Contribution to the body of scientific data publicly available in this state;
(E) The promotion of state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes; and
(F) The promotion of collaborative basin planning efforts, including but not limited to efforts under the state Integrated Water Resources Strategy.

(3) Scoring sublevels shall have a numeric point scale that accounts for positive and negative effects of the project. Sublevel scores shall be summed to a public benefit category level. The Department shall set a minimum score for the application to proceed.
(4) The Technical Review Team will use the total score from the score sheet provided by the Department to rank all applications and make loan and grant funding recommendations to the Commission.
(5) The Commission shall determine the final scoring and ranking of projects and make the final decision regarding which projects are awarded loans or grants from the account based on criteria in OAR 690-093-0100.
(6) The Department shall document the ranking of all applications and make the application ranking publicly available after the funding decisions by the Commission have been published.

Water Project Grants & Loans
Irrigation Modernization Funding

Application Scoring Overview

The Water Project Grants and Loans (WPGL) and Irrigation Modernization (IM) funding opportunities fund projects that result in public benefits in three categories:



Applications are scored using **18** questions listed in ORS 541.673 to assess the project's public benefits. These questions are divided evenly into the three public benefit categories. Each question receives points based upon the following scale. A score of 12 is not common and the benefit must *truly* be exceptional.

12	Exceptional benefit
6	High benefit
3	Medium benefit
1	Minor benefit
0	No benefit
- 1	Minor negative impact
- 3	Medium negative impact

For WPGL projects, there are **240** total points available. For IM projects, there are **250** points available:

6	Questions in each public benefit category
12	Maximum points for each question
72	Available points in each public benefit category
216	Total available points in the 3 public benefit categories
24	Potential preference points *(see callout box)*
10	Additional potential preference points for irrigation modernization projects only *(see callout box)*

To be funded, projects must receive a minimum score of **7 in each of the 3 public benefit categories.** A category score of 7 indicates the public benefits are more than "Minor." Projects are ranked by the total score and the top-ranked projects are funded first, subject to available funding. A score of 240 or 250 is unlikely for any project (*see callout box*). See the Scoring Criteria document for more information.

By the Numbers

- Since 2020, **35** applications scored using current scoring criteria
- Of the **18** applications funded:
  - **125** - highest total score
  - **79** - average total score
  - **37** - lowest total score

Preference Points Matter

Preference points are added to the total of the 3 public benefit category scores and can positively impact the project's ranking for funding.

Applications can only receive preference points for legally protecting water instream or collaborative planning efforts.

1. **Legally Protecting Water Instream:**
   Up to **12** points: WPGL and IM projects receive additional preference points that are equal to the score received for the environmental public benefit question 2a, which provides points for legally protecting water instream.

   10 points: IM projects receive an additional 10 points if the project proposes to legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470.

2. **Collaborative Planning Efforts:**
   Up to **12** points: WPGL and IM projects receive additional points that are equal to the score received for the social/cultural public benefit question 3f, which provides points for promotion of collaborative basin planning efforts.

Since 2020, funded applications received an average of 10 preference points. Unsuccessful applications received an average of 2 preference points.

WATER PROJECT GRANTS AND LOANS

&

IRRIGATION MODERNIZATION FUNDING


New center pivot in Wallowa County

SCORING CRITERIA


Piping in Deschutes County


Instream water transfer in Klamath County

OREGON
WATER RESOURCES DEPARTMENT

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Scoring Criteria
Water Project Grants and Loans and Irrigation Modernization Funding

Document Purpose

The scoring criteria for applications to the Water Projects Grants and Loans and Irrigation Modernization funding opportunities are based solely on the public benefits a project is likely to achieve. This document provides an overview of each of the public benefits, describes how the Technical Review Team (TRT) will score the public benefits, and provides recommendations for what information an application should include.

Overview of Application Scoring

Projects funded are those which are likely to achieve the greatest public benefits. The change in conditions anticipated to result in public benefits must be described and explained in the project application. When evaluating an application, the TRT examines public benefits in three categories: economic, environmental, and social/cultural. To be funded, projects must achieve a minimum score of seven in each category. As discussed below, this is a competitive funding opportunity where projects are ranked according to public benefits, therefore achieving a minimum score does not guarantee funding.

When applicants describe the project's public benefits in their application, they should include a description of the conditions prior to and following project implementation, and clearly demonstrate the extent to which the project is expected to result in a change in conditions that will provide a public benefit. When possible, applicants should quantify the project's public benefits. The TRT will only consider public benefits derived from the tasks and project scope contained within the application and the likelihood of achieving those benefits. Public benefits related to future phases (beyond the scope of the proposed project) or unrelated activities will not be scored and should not be included in the application. Likewise public benefits related to past activities will not be considered.

Each category contains six specific public benefits for a total of 18 possible public benefits. The project must provide some benefit in each of the three categories in order to be eligible for funding. Each of the three public benefit categories is given equal importance in the evaluation. Projects do not need to score in all six benefits within a category but must provide benefit in each of the three categories.

Overview of Application Review Process

After receiving an application, the Oregon Water Resources Department reviews the application to ensure it is complete. Complete applications are posted online for a 60-day public comment period. Next, the TRT, a panel of inter-agency representatives, evaluates the applications based on the economic, environmental and social/cultural public benefits the project would achieve, and reviews the public comments. The TRT develops a project ranking and funding recommendation. An opportunity for public comment on the funding recommendation will be provided either through a public comment period and/or be accepted at the Water Resources Commission meeting before funding decisions. The Department presents the ranking, public comments, and funding recommendation to the Water Resources Commission for a funding decision.

When making a funding decision, the Water Resources Commission (Commission) considers: 1) the public benefits as evaluated by the TRT; 2) public comments received on the TRT ranking; and 3) funding projects of diverse sizes, types and geographic locations.

Contact

If you have any questions, please contact us at OWRD.Grants@water.oregon.gov or at 971-301-0718.

Scale Used in Evaluation of Public Benefits

Each of the public benefits will be scored according to the scale described below.

Exceptional public benefit: 12 points (pts)

- The project is likely to achieve benefits of an exceptionally high standard or quality.
- The outcomes are very significant, measurable, and represent a key or critical advancement.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.
- The application includes all necessary information to document a high likelihood of success to achieve the public benefit.

High public benefit: 6 points

- The project is likely to achieve public benefits meeting a high standard of quality.
- The outcomes are significant or represent an important advancement.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.
- The application includes sufficient information to achieve the anticipated public benefit.

Medium public benefit: 3 points

- The project is likely to achieve moderate public benefit.
- The outcomes are likely to achieve an improvement in conditions.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.

Minor public benefit: 1 point

- The project may achieve minor public benefits.
- The claims of public benefits are unsupported or unquantified.

No benefit: 0 points

- The project is not likely to achieve a public benefit.
- No positive or negative impact related to the public benefit. No change.

Minor negative impact or detriment: -1 point

- The project may have a minor negative effect or impact to this category.

Medium negative impact or detriment: -3 points

- The project is likely to cause moderate harm and have a negative impact to this category.

Category 1. Economic benefits

The evaluation of economic benefits of a project is based on the change in economic conditions expected to result from the project as demonstrated in the application.

1a. Does the project create or retain jobs?

Job creation means the project would result in new jobs. Retention means the project would prevent the loss of jobs. Job creation and retention benefits may include direct effects within the organization that owns or operates the project, or it may include indirect effects on retail customers or consumers of the project. Temporary jobs resulting from the project will not receive as high of a score as permanent jobs.

Application tip*: Quantify the number and identify the type of jobs to be created or retained as a result of the project. Describe the value of the increase or retention of jobs to the local economy.*

Exceptional: 12 pts	*Exceptional* increases in the creation or retention of permanent jobs which provide key or critical benefit in the geographic area or employment sector
High: 6 pts	Increases in the creation or retention of permanent jobs which provide an important benefit in the geographic area or employment sector
Medium: 3 pts	*Moderate* increase in the creation or retention of permanent jobs, or seasonal jobs important to the geographic area or employment sector
Minor: 1 pt	*Minor* increase in jobs, temporary jobs, or job retention, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	The project is not likely to achieve new jobs or impact job retention
Minor detriment: -1 pt	Potential for *minor job losses*
Medium detriment: -3 pts	*Moderate* job losses or a decrease in jobs is likely

1b. Does the project increase economic activity?

Economic activity is associated with the production, distribution, and consumption of goods and services. Such economic activity could occur within one or more entities/businesses and includes an increase in production, gross sales, or net revenue compared to the year preceding project completion. It also includes but is not limited to the arrival of new firms, renewed contracts, and increased orders.

Application tip: *Include information citing economic development plans or other economic activity which would be made possible or supported by the proposed project. If the proposed project protects or maintains current economic activity, demonstrate the degree to which economic activity would decline if the proposed project were not completed and why.*

Exceptional: 12 pts	*Exceptional (five or more years)* increase in long-term economic activity of vital, or key importance are likely to occur
High: 6 pts	Increases in long-term economic activity with the potential to support future activity important to the area/sector
Medium: 3 pts	*Moderate* (*one to four years)* increase in economic activity
Minor: 1 pt	*Minor, short-term (less than one year)* increase in economic activity, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased economic activity *not likely* to occur
Minor detriment: -1 pt	Potential for *minor losses or decreases* in economic activity
Medium detriment: -3 pts	*Moderate losses or decreases* in economic activity are likely

1c. Does the project increase efficiency or innovation?

Increase in efficiency means the project would make improvements in performance or functionality resulting in less effort or waste. Increase in innovation means that new, creative solutions and ideas would be implemented. Examples of increases in efficiency and innovation include water system efficiencies such as system redundancy (back-up, inter-ties), eliminating leakage, innovative production techniques, energy savings (e.g., the energy required to move, treat, or heat water), and time savings.

Exceptional: 12 pts	*Exceptional* increase in efficiency and innovation
High: 6 pts	*High* Increases in efficiency or innovation
Medium: 3 pts	*Moderate* increases in performance
Minor: 1 pt	*Minor* increases *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased efficiency or innovation not likely
Minor detriment: -1 pt	Potential for *minor decreases* in efficiency or innovation
Medium detriment: -3 pts	*Moderate decreases* in efficiency or innovation are likely

1d. Does the project enhance infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses?

Enhancement of infrastructure, including municipal infrastructure, farmland, public resource lands, industrial lands, commercial lands and other lands means that the value, effectiveness, or reliability of such infrastructure or lands would increase as a result of project implementation. This includes an increase in the re-sale or rental value of the land or improvements, including: maintained, repaired, or upgraded infrastructure; maintained or buffered riparian areas; and maintained or improved soils.

Exceptional: 12 pts	*Exceptional* enhancements of infrastructure or land
High: 6 pts	*High* quality of enhancements to infrastructure or land
Medium: 3 pts	*Moderate* enhancements
Minor: 1 pt	*Minor* enhancements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Enhancements *not likely*
Minor detriment: -1 pt	Potential that infrastructure or lands will be *degraded or removed* from productive uses (minor negative change)
Medium detriment:-3 pts	Infrastructure or lands that are *degraded or removed* from productive uses (moderate negative change)

1e. Does the project enhance the economic value associated with: tourism, recreation, fishing (recreational or commercial), fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream?

Examples of enhancement of these economic values include increases in: daily park fees, tour guide revenues, boat or gear rentals, fishing licenses, or hospitality and lodging.

Exceptional: 12 pts	*Exceptional* increased value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream are likely
High: 6 pts	A *high* quality of increased value is likely
Medium: 3 pts	*Moderate* increased value
Minor: 1 pt	*Minor* increased value, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Enhanced values *not likely*
Minor detriment: -1 pt	Potential for *minor decrease*s in the economic value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream
Medium detriment: -3 pts	*Moderate decreases* in the economic value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream

1f. Does the project result in increases in irrigated land for agriculture? (which may include increasing irrigated acres, agricultural economic value, or productivity of irrigated land)

Increases in irrigated land for agriculture mean that the numbers of acres (acreage) to be irrigated after project completion would be greater than what could previously be irrigated, or that the agricultural economic value or productivity of current irrigated land would increase. Acreage can include lands that were never historically in production or lands that were historically in production but were taken out of production as a result of insufficient water supply.

Application tip: *Highlight the amount of land currently in production in the area, identify the quantity of additional acreage to be irrigated, and calculate the percentage increase in irrigated acreage that would result from the project. Cite scientific articles, reports, or studies and estimate the percentage increase in irrigated crop's economic value or productivity.*

Exceptional: 12 pts	*Exceptional increase* in irrigated acreage, or agricultural economic value or productivity
High: 6 pts	*High* increase in irrigated acreage, or agricultural economic value or productivity
Medium: 3 pts	*Moderate* increase in irrigated acreage or agricultural economic value or productivity
Minor: 1 pt	*Minor* increase, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased irrigated land or increased value or productivity *not likely*
Minor detriment: -1 pt	Potential for *minor decreases* in agricultural economic value or productivity or irrigated land for agriculture
Medium detriment: -3 pts	*Moderate decreases* irrigated land for agriculture or agricultural economic value or productivity are likely

Category 2. Environmental benefits

The evaluation of the environmental benefits of a project is based on the change in environmental conditions expected to result from the project as demonstrated in the application.

2a. Does the project result in measurable improvements in protected streamflows?

Protected streamflow means water that remains in or is released into the natural channel ***and*** is legally protected by the State in order to achieve one or more of the following:

(A) Supports the natural hydrograph;
(B) Improves floodplain function;
(C) Supports state- or federally-listed sensitive, threatened or endangered fish species;
(D) Supports native fish species of cultural importance to Indian tribes; **or**
(E) Supports riparian habitat important for wildlife.

Application tip: *To score in this category an application **must** describe the legal means by which water would be protected by the State, as well as the quality, timing, duration, or other value this streamflow would contribute. The application must also describe how the legally protected water will achieve (A) through (E) listed above (e.g., how water transferred instream through the Allocation of Conserved Water will support, enhance, or improve riparian habitat for wildlife and the extent to which that water will achieve that benefit).*

Identifying which water rights will be protected instream will provide clarifying information for the evaluation.

Exceptional: 12 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *exceptional* achievement **in each criteria** (A) through (E)
High: 6 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports achievements of a *high quality* in a combination of criteria (A) through (E)
Medium: 3 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *moderate* achievement in a combination of (A) through (E)
Minor: 1 pt	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *minor* achievement in a combination of (A) through (E), *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improvements in protected streamflow *unlikely, OR streamflow would not be legally protected by the State*
Minor detriment: -1 pt	Potential *minor decreases* to protected streamflow
Medium detriment: -3 pts	*Moderate decreases* protected streamflow (e.g., proposes to reverse an instream lease)

2b. Does the project result in water conservation?

Water conservation is reducing water use to achieve the same outcomes by modifying the technology or method of diverting, transporting, applying, or recovering water.

Application tip: *Identify the quantity of water reduction, by comparing what water would be needed to accomplish the task after project completion with what was previously used to achieve the same task.*

Exceptional: 12 pts	*40 percent or more* reduction in water use to achieve the same outcomes
High: 6 pts	*21-40 percent* reduction in water use to achieve the same outcomes
Medium: 3 pts	*11-20 percent* reduction
Minor: 1 pt	*Minor (<10 percent)* reduction, *OR* claims are *unsupported or unquantified*
No benefit: 0 pts	Water conservation *not likely*
Minor detriment: -1 pt	*Potential for additional water used* to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)
Medium detriment: -3 pts	*Additional water used* to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)

2c. Does the project result in measurable improvements in groundwater levels that enhance environmental conditions in groundwater restricted areas or other areas?

Measurable improvements in groundwater levels mean that groundwater declines would be reduced or eliminated and/or groundwater levels would increase. Stabilization or improvements in groundwater levels could come from aquifer storage and recovery, artificial recharge projects, natural recharge, or discontinued / reduced groundwater use.

Application tip: *Cite and use quantitative measurements to indicate current levels, and method and frequency that improvements would be measured. If applicable, indicate if these improvements would occur in a groundwater restricted area.*

Exceptional: 12 pts	*Exceptional* improvements in groundwater levels
High: 6 pts	*High* quality of improvements
Medium: 3 pts	*Moderate* improvements
Minor: 1 pt	*Minor* improvement to groundwater levels, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved groundwater levels *not likely*
Minor detriment: -1 pt	*Potential for minor groundwater declines*
Medium detriment: -3 pts	Moderate groundwater declines are likely

2d. Does the project result in measurable improvements in the quality of surface water or groundwater?

Water quality parameters include but are not limited to: temperature, dissolved oxygen, contaminated sediments, toxic substances, bacteria, or nutrients. Improvements could result from a higher quality of water discharged to surface water or injected into groundwater, from increased flow, from treatment or filtration of water already in the environment, or removal of a known contaminant.

Application tip: *Any improvement must be measurable or quantifiable. One must be able to measure or determine the change in quality before and after project implementation. Cite and use currently available baseline water quality data. Include a water quality monitoring proposal for the post project completion period.*

Exceptional: 12 pts	*Exceptional, measurable* improvements in water quality
High: 6 pts	*High quality* of measurable improvements
Medium: 3 pts	*Moderate, measurable* improvements
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved water quality *not likely*
Minor detriment: -1 pt	*Potential minor negative impacts to water quality*
Medium detriment: -3 pts	*Moderate negative impacts to* water quality are likely

2e. Does the project increase ecosystem resiliency to climate change impacts?

Ecosystem resiliency to climate change means increasing the ecosystems ability to adapt to changes in climate or positively respond to the impacts of climate change. This includes: increasing streamflow during critical months, increasing natural storage (e.g., wetlands, upland meadows), decreasing water temperature during critical months, protecting or enhancing cold-water habitat, restoring floodplain connectivity and backwater habitats, restoring stream buffers, decreasing coastal erosion and inundation, or decreasing risk of drought, fire occurrence (not fire response), plant disease, or invasive species outbreak. This public benefit is centered on ecosystem resilience, not community resilience. Improvements to a community's resilience to climate change should be addressed in the social/cultural benefit category.

Exceptional: 12 pts	*Exceptional* improvements in multiple areas in ecosystem resiliency to climate change
High: 6 pts	*High* quality improvements in ecosystem resiliency to climate change
Medium: 3 pts	*Moderate* improvements
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improvements in ecosystem resiliency to climate change *not likely*
Minor detriment: -1 pt	*Minor decreases* in ecosystem resiliency to climate change may occur
Medium detriment: -3 pts	*Moderate decreases* in ecosystem resiliency to climate change are expected

2f. Does the project result in improvements that address one or more limiting ecological factors in the project watershed?

A limiting ecological factor is an environmental condition that limits the growth, abundance, or distribution of an organism or a population of organisms in the project watershed. Cite the limiting ecological factor(s) in your application and how the project may result in improvements.

Examples of limiting factors may include, but are not limited to, barriers to fish passage, lack of high quality habitat for sensitive, threatened and endangered species, low water quality, or low streamflow.

Application tip: *To score in this category an application must include citation of public reports, peer reviewed scientific studies, or other substantiating documentation from a state or federal agency to verify the limiting ecological factor's presence in the watershed.*

Exceptional: 12 pts	*Exceptional* progress towards removing limiting ecological factors or making improvements which address multiple limiting ecological factors
High: 6 pts	Important progress making improvements of a *high* quality which address limiting ecological factors
Medium: 3 pts	*Moderate* progress which address some limiting ecological factors
Minor: 1 pt	*Minor* progress, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	*Not likely* to address limiting ecological factors in the project watershed *OR documentation verifying limiting ecological factor not included*
Minor detriment: -1 pt	*Potential minor worsening of some* limiting ecological factors in the project watershed
Medium detriment: -3 pts	*Exacerbates* limiting ecological factors in the project watershed

Category 3. Social or Cultural benefits

The evaluation of the social/cultural benefits of a project is based on the change in social or cultural conditions expected to result from the project as demonstrated in the application.

3a. Does the project promote public health, public safety, and local food systems?

This public benefit includes: protection of drinking water sources, repair of septic systems/field, maintenance and repair of other water infrastructure, treatment and protection of drinking water itself, improved emergency response and advisory systems (e.g., WARN network, fish consumption advisories, water contact advisories, etc.), improved or protected water quality for human consumption and human contact (e.g., removal or prevention of toxics, contaminants of concern, bacteria), and the promotion of self-reliant and resilient food networks that connect food producers and food consumers in the same geographic region.

Exceptional: 12 pts	*Exceptional* promotion of public health, public safety or local food systems vital to the community
High: 6 pts	*High* quality of promotion of public health, public safety or local food systems
Medium: 3 pts	*Moderate* promotion
Minor: 1 pt	*Minor* promotion of public health, public safety or local food systems, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Promotion of public health, public safety or local food systems *not likely*
Minor detriment: -1 pt	Potential for *minor negative impact* to public health, public safety, or local food systems
Medium detriment: -3 pts	*Degrades* public health, public safety or local food systems

3b. Does the project result in measurable improvements in conditions for Oregon's environmental justice communities (e.g., minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes)?

Environmental justice communities in Oregon are minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes. Engagement could include outreach efforts to listen and involve environmental justice communities, solicit feedback on conditions in need of improvement, or communicate project description and anticipated outcomes.

Application tip: *Identify which of those communities would benefit from the project and quantify these benefits. Demonstrate that project-siting decisions have been examined and approved by affected landowners and affected environmental justice communities.*

Exceptional: 12 pts	*Exceptional* measurable improvements in conditions for environmental justice communities, and environmental justice communities were engaged in the process of developing projects
High: 6 pts	Improvements are of a *high* quality and environmental justice communities were consulted or provided meaningful opportunity to engage
Medium: 3 pts	*Moderate* improvements and environmental justice communities were provided meaningful opportunity to engage
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved conditions *not likely*

Minor detriment: -1 pt	Likely to result in *minor detriment* in conditions for environmental justice communities
Medium detriment: -3 pts	*Worse conditions* for environmental justice communities are likely

3c. Does the project promote recreation and scenic values?

Recreation and scenic values include recreational fishing, motorized boating, non-motorized boating, and other forms of water-based recreation, swimming, fishing, hunting, wildlife viewing, sightseeing, hiking, photography, and aesthetic values. To promote those values means the project would improve the quality of or access to the examples identified.

Application tip: *Evidence to support this benefit can be provided in the form of qualitative information, which may include interviews, professional opinion, or surveys.*

Exceptional: 12 pts	Exceptional promotion of recreation or scenic values, improving access and quality
High: 6 pts	*High quality of* promotion, improving access and quality
Medium: 3 pts	*Moderate* promotion, improving access or quality
Minor: 1 pt	*Minor* promotion, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Benefit to recreation and scenic values *not likely*
Minor detriment: -1 pt	Potential to detract from recreation and scenic values (minor detraction)
Medium detriment: -3 pts	Moderate detractions from recreation and scenic values

3d. Does this project contribute to the body of scientific data publicly available in this state?

Contributing to the body of scientific data means collecting new scientific information *and* making it available to the public. For example, data could be collected from water quality or habitat monitoring; groundwater studies or other investigations; new stream gages; or new monitoring wells. Contributions could also come from conducting a Seasonally Varying Flow analysis. Collection of scientific data is not sufficient to achieve this public benefit---the data must be made publicly available.

Application tip: *Describe the equipment and/or methods that would be used and whether the data would be made available to the public. Note how this data supplies new information of particular significance to the project area.*

Exceptional: 12 pts	Exceptional contributions of new data to the body of scientific data publicly available in the state
High: 6 pts	High quality of data contributions
Medium: 3 pts	*Moderate* contributions
Minor: 1 pt	*Minor* contributions, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Contributions are unlikely or would occur regardless of the project
Minor detriment: -1 pt	Not applicable
Medium detriment: -3 pts	Not applicable

3e. Does this project promote state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes?

A state or local priority is one that is identified in a plan, strategy, or study such as Oregon's Integrated Water Resources Strategy, a place-based integrated water resources plan, the Oregon Plan for Salmon and Watersheds, state and local water quality plans, species and habitat conservation or recovery plans/strategies, forestry plans, regional solutions priorities, local economic development plans, state or local hazard mitigation plans, etc. The Oregon Department of Fish and Wildlife maintains a list of native fish species: http://www.dfw.state.or.us/fish/crp/freshwater.asp.

Exceptional: 12 pts	Exceptional role supporting a state and local priority
High: 6 pts	*High* quality role in supporting a state or local priority
Medium: 3 pts	*Moderate* role
Minor: 1 pt	*Minor* role, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	No promotion of state or local priorities
Minor detriment: -1 pt	May be counter to state or local priorities
Medium detriment: -3 pts	Runs counter to state or local priorities

3f. Does this project promote collaborative basin planning efforts, including but not limited to efforts under the state Integrated Water Resources Strategy?

Collaborative basin planning efforts incorporate public processes that are transparent and inclusive of diverse interests.

Application tip: *Demonstration of a collaborative planning effort may include publicly noticed meetings, posting agendas and decisions so they were publicly available, the inclusion of multiple types of water users represented in the process (e.g., instream interests, agricultural, municipal, domestic and industrial users), evidence that the project is supported by the community, and evidence that the project was identified in a Place-Based Integrated Water Resources Plan or another collaboratively developed strategic plan.*

Exceptional: 12 pts	Project was identified in a collaboratively developed plan that is supported by all basin interests and where the public had meaningful opportunities to engage
High: 6 pts	Project was identified by a collaborative group that includes representation of multiple interests, where the public had meaningful opportunities to provide input
Medium: 3 pts	The project promotes the goals of a collaborative basin planning effort
Minor: 1 pt	An effort was made to engage and elicit input from the public, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	*No change/impact*
Minor detriment: -1 pt	Stakeholders with differing perspectives and/or the public (as appropriate) were *not consulted* about the project and did not have opportunities to provide input
Medium detriment: -3 pts	Stakeholders with differing perspectives and/or the public (as appropriate) were *excluded* during project development

Preference Points

For Water Project Grants and Loans and Irrigation Modernization Funding applications, a proposed project can receive up to 24 additional preference points. These points are not added to the public benefit category (economic, environmental, social/cultural) but are listed as "Other" in the evaluation summaries.

- For projects that propose to legally protect water instream, the score from question 2a will be doubled, for up to 12 additional points.

- For projects that include partnerships and collaboration, the score from question 3f will be doubled, for up to 12 additional points.

An application could score up to 72 points in each of the economic, environmental, and social/cultural public benefit categories. With the addition of the 24 preference points, there is a maximum public benefit score of 240 points.

For Irrigation Modernization Funding projects only, a project can receive an additional 10 preference points. These points are not added to the public benefit category (economic, environmental, social/cultural) but are listed as "Other" in the evaluation summaries.

- For projects involving surface water rights where the project conserves water, projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470 will receive an additional 10 points.

With the addition of the 10 preference points, there is a maximum benefit score of 250 points for Irrigation Modernization projects.

April 4, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Request for Additional Funds for Ochoco Irrigation District McKay Creek Water Rights Switch Project #WPG-0040-23

Dear Ms. Fritz-Ogren,

The purpose of this letter is to clarify the scope and status of the McKay Creek Water Rights Switch Project (Grant #WPG-0040-23) and to request additional funding for the project to ensure it achieves its goals. The project is a collaborative effort sponsored by Ochoco Irrigation District (OID or District) and the Deschutes River Conservancy (DRC), and the sponsors appreciate the State of Oregon's ongoing support.

The McKay Creek Water Rights Switch Project (McKay Switch Project) will allow the District to deliver water from Prineville Reservoir to irrigators on McKay Creek and will transfer and protect 11.2 cubic feet per second (cfs) of McKay Creek water rights instream for the benefit of reintroduced steelhead, listed as threatened under the Endangered Species Act. A more detailed description including project benefits, phases and funding secured is attached.

The McKay Switch Project was the highest ranked application in the 2023 Water Project Grants funding cycle and was awarded $4,063,000 by the Water Resources Commission, and the District and its partners sincerely appreciate this investment. The McKay Switch Project is the last phase of the OID Infrastructure Modernization Project, and the District and the DRC have secured $42.4 million out of a total estimated cost of $49.9 million. There is a remaining funding gap of $7.5 million to complete the OID Infrastructure Modernization Project, specifically for the Crooked River #2 Pump Station and related improvements. There are two primary reasons for this funding request:

1) Project costs have increased since the grant application due to inflation. At the time of the application in April 2023, the total project cost was estimated to be $45 million. In September 2023 the District received new bids for the pump stations and pipeline which increased total project costs to $49.9 million, approximately $4.9 million higher than anticipated.

2) Other funding options have not materialized due to unexpected eligibility issues. The District and its partners investigated applying for Bureau of Reclamation WaterSMART funding for the Crooked River #2 Pump Station, however, this project phase has already been awarded NRCS PL-566 funds and the District learned that Reclamation and NRCS cannot fund the same project phase. Securing non-federal funding is necessary given the federal funds already allocated to the Crooked River #2 Pump Station. The District had then planned to apply for Irrigation Modernization Funding in January 2024. At the time the District and DRC were applying for the April 2023 offering, the Crooked River #2 Pump Station and related improvements seemed to be a good fit for the Irrigation Modernization funding that was dedicated through the 2023 legislative session, specifically to provide state match for shovel-ready irrigation infrastructure projects with secured federal funding. However, because the scope of the McKay Switch

Water Project Grant references other phases of the OID Infrastructure Modernization Project, the Department determined the District is ineligible to apply for another grant for those phases.

If funding for the Crooked River #2 Pump Station and related improvements cannot be secured in 2024, the project will be delayed until funds can be secured, and project completion could face serious risks. If the Crooked River #2 Pump Station cannot begin construction, the District will have to delay construction of the McKay Switch Project, which will rely on the Crooked River #2 Pump Station to receive water. A delay in the project means that the many benefits of the project – including 11.2 cfs of critical instream flow for reintroduced steelhead – will also be delayed. Further delays mean escalating costs due to inflation, which has already been a challenge. Secured funding from the Pelton Fund and OWEB have already been extended and will expire at the end of 2025 and 2026, respectively, after maximum extensions have been guaranteed. Participating landowners along McKay Creek are ready to begin this project, and delays will affect on-farm preparations. The DRC is actively working with these landowners and NRCS through the Regional Conservation Partnership Program to design on-farm infrastructure for the new pipeline so that landowners can begin receiving water from OID and pull their pumps out of McKay Creek. Further, with each delay to the project, the likelihood of McKay landowner turnover increases, requiring partners to engage with new individuals unfamiliar with the project and putting instream benefits at risk. With so many pieces already in place for this project, the time is right to secure the remaining funding and begin construction. Further delays create significant risks for successful project completion.

The District and DRC respectfully request that the Commission consider awarding an additional $7.5 million to the McKay Switch Project #WPG-0040-23 to construct the Crooked River #2 Pump Station and related improvements. While we recognize that this is a large request, funding from the Department would leverage approximately $38.4 million from other sources and will be the final funding piece for this complex project. The OID Infrastructure Modernization Project restores natural flow to six miles of a critical tributary for steelhead reintroduction, and it does so by securing modern infrastructure to sustain the agricultural community for decades to come, increasing economic security for Crook County. These kinds of win-win projects are complex and exceed the scale of more traditional site-specific projects; benefits extend to the entire lower Crooked River subbasin and community. With the significant number of moving pieces required to achieve the McKay Switch now in place, this final piece of funding will ensure that the environmental, economic, and social benefits associated with the project are not put at risk.

This project has been over 15 years in the making and has broad support from many agencies and organizations. Attached are letters of support from the Confederated Tribes of Warm Springs, Crooked River Watershed Council, Crook County Soil and Water Conservation District, Crook County Commissioners, City of Prineville, Deschutes Land Trust, Deschutes River Conservancy, Deschutes Basin Board of Control, Oregon Water Resources Congress, and State Representatives Breese-Iverson and Rayfield.

Thank you for consideration of this request and for supporting irrigation modernization and water conservation across Oregon. We stand ready to support increased state investment in basins across Oregon that are committed to the multi-benefit solutions that make an enduring difference for water management in the state.

Sincerely,

Bruce Scanlon

Manager, Ochoco Irrigation District

Kate Fitzpatrick

Executive Director, Deschutes River Conservancy

Ochoco Irrigation District Infrastructure Modernization Project and the McKay Creek Water Rights Switch

Water Project Grant #WPG-0040-23

Project Summary

The goal of the McKay Creek Water Rights Switch Project (McKay Switch Project) is to permanently protect the natural hydrograph of McKay Creek from river miles 6-12, providing more early summer streamflow for steelhead fry to transition to juveniles and migrate to suitable summer rearing habitats, lowering stream temperatures, and eliminating the need for diversion structures that create passage barriers for migrating fish. Ochoco Irrigation District (OID or the District) and the Deschutes River Conservancy (DRC) are leading the effort to implement this project.

The McKay Switch Project includes building the new Cox Pump Station, 6-mile pipeline, and associated District and on-farm infrastructure to deliver reliable irrigation water from Prineville Reservoir to 17 farms and ranches and approximately 685 acres adjacent to McKay Creek, which is a tributary of the Crooked River. As part of the project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second (cfs) of McKay Creek water rights instream.

The McKay Switch Project is the last phase of the OID Infrastructure Modernization Project that the District and partners have been developing since 2007. In 2014, Congress passed the Crooked River Collaborative Water Security and Jobs Act, which authorized the allocation of 2,740 acre-feet of stored water from Prineville Reservoir for McKay Creek landowners in exchange for the landowners' transferring their McKay Creek water rights instream.

Since 2007, the District, DRC, and other partners have been working diligently to move the project from concept to design and into implementation. This has included coordination with landowners to socialize the project and build support; supporting passage of federal legislation in 2014 enabling a district expansion and the dedication of water rights from Prineville Reservoir to the McKay project; completing design, engineering, and permitting for the delivery system; developing a Watershed Plan-Environmental Assessment with the Natural Resources Conservation Service (NRCS) to meet NEPA requirements; initiating title transfer of key infrastructure from the Bureau of Reclamation to the District; and securing multiple sources of federal and state funding to implement the various project phases.

Phases of the OID Infrastructure Modernization Project

To facilitate the delivery of stored water from Prineville Reservoir to lands along McKay Creek, the District must make several large-scale improvements to their existing conveyance system and build new infrastructure to convey the additional 2,740 acre-feet of stored water. The OID Infrastructure Modernization Project consists of the following phases:

- Ironhorse Piping – Realigning and piping a section of the Ochoco Main Canal that runs through the City of Prineville. This phase will begin construction in summer 2024 and finish by April 2025.

- Crooked River #1 Pump Station – Building a new pump station to lift additional water through OID's system to the McKay Switch Project. This phase is under construction and will begin operation in spring 2024.
- Crooked River #2 Pump Station – Building a second new pump station to lift additional water to the McKay Switch Project. This phase needs additional funding.
- System Effects – Improvements to OID's conveyance system including raising the canal banks along portions of the Crooked River Diversion Canal and Ochoco Main Canal to accommodate the additional water for the McKay Switch Project. This phase needs additional funding.
- McKay Switch – Building the Cox Pump Station and a 6-mile pipeline along McKay Creek Road to connect to on-farm infrastructure. This phase is funded and was the focus of the 2023 Water Project Grant application.
- McKay Creek On-Farm Modernization – Design and construction of on-farm systems to efficiently utilize pressurized water and end flood irrigation practices in the project area. This phase is funded and will be implemented simultaneously with the Cox Pump Station and McKay pipeline.

Together, these improvements will allow OID to convey an additional 2,740 acre-feet of stored water and deliver water to irrigators along McKay Creek.

Project Benefits

The OID Infrastructure Modernization Project will provide a range of environmental, agricultural, and economic benefits to Prineville and Crook County:

Water Instream – The project will protect all 11.2 cfs of privately held water rights in this reach of McKay Creek instream and remove passage barriers for Middle Columbia River steelhead which are listed as threatened under the Endangered Species Act. As an important tributary to the Crooked River, McKay Creek is critical to the successful reintroduction of salmon and steelhead in the lower Crooked River, providing the freshwater habitat steelhead require at the beginning and end of their life cycle. The project addresses limiting ecological factors in McKay Creek in the spring and early summer identified by the Oregon Department of Environmental Quality and supports the NOAA Fisheries Recovery Plan for Middle Columbia River Steelhead. Currently, the private diversions on McKay Creek reduce flows or completely dewater McKay Creek during spring and summer, significantly impacting McKay Creek's ability to serve as a potential habitat. By adding more water to the system, the project will improve water quality, decrease water temperatures, and create further opportunities to enhance the stream and its habitat during the most critical time of the year for these species that otherwise would not be possible.

Agricultural Water Supply – The project will improve water supply reliability for 17 farms and 685 irrigated acres along McKay Creek. McKay Creek typically goes dry by approximately July 1, which limits the growing season for these landowners. More reliable water from OID will allow landowners to have irrigation water for up to 3 additional months. This will allow three cuttings of hay or alfalfa per irrigation season, instead of one cutting, equivalent to a yield of approximately 5.5 tons per acre. This production

increase over 685 acres is worth approximately $248,000 per year in net benefit to growers (National Economic Efficiency Analysis, Highland Economics, 2020).

Improved Efficiency – The project will increase agricultural efficiency for participating landowners by supplying pressurized water to those farms and reducing the time and expense of maintaining individual diversions on McKay Creek. By providing pressurized water, these farms will be able to switch from flood irrigation to more efficient methods, such as center pivot sprinklers, which will be implemented in partnership with NRCS' on-farm funding. More efficient irrigation will mean using less water to grow the same crops or using the same amount of water to grow different crops, potentially with a higher market value.

Economic Development – The nearly $50 million project will increase economic activity in the Prineville area during construction and have ripple effects throughout the local economy as construction will support other ancillary business such as suppliers, restaurants, and lodging.

Improve Public Safety – By piping an open section of canal in the City of Prineville with the Ironhorse pipeline, the project will reduce public safety risks.

Partnerships

This project has been under development for over 15 years and supports a long-term, collaborative effort between many partners to restore steelhead populations in the Crooked River and its tributaries. These partners include the District, DRC, Crooked River Watershed Council, Crook County Soil and Water Conservation District, Crook County, City of Prineville, Deschutes Basin Board of Control, Portland General Electric, Confederated Tribes of Warm Springs, Oregon Watershed Enhancement Board, Oregon Water Resources Department, Farmers Conservation Alliance (FCA), NRCS, and elected officials including Senators Merkley and Wyden, Representative Bentz, and State Representatives Breese-Iverson and Rayfield.

Budget and Funding Sources

The total cost of the OID Infrastructure Modernization Project, including the McKay Switch Project, is approximately $49.9 million as of March 2024. Below is a summary of the funding sources that are secured for the project, which has been a complex and lengthy process.

Table 1. Funding Sources for the OID Infrastructure Modernization Project

Funding Source	Type	Status	Amount
Oregon Watershed Enhancement Board Restoration Grant	Cash	Secured	$2,500,000
Portland General Electric Pelton Fund	Cash	Secured	$3,000,000
Department of Environmental Quality Clean Water State Revolving Fund	Cash	Secured	$700,000
Ochoco Irrigation District	Cash	Secured	$200,000
Ochoco Irrigation District staff time for project management	In-kind	Secured	$115,974
NRCS PL-566 Financial Assistance	Cash	Secured	$24,999,913
NRCS PL-566 Technical Assistance	In-kind	Secured	$529,291
EPA Community Grant (Congressional Directed Spending)	Cash	Secured	$2,500,000
City of Prineville	Cash	Secured	$1,619,638
OWRD Water Project Grant	Cash	Secured	$4,063,000
NRCS RCPP for on-farm upgrades	Cash	Secured	$1,214,286
NRCS Congressional Directed Spending for on-farm upgrades	Cash	Secured	$750,000
Oregon Watershed Enhancement Board Monitoring Grant	Cash	Secured	$230,635
Total of Secured Funds			**$42,422,737**

Table 2. Water Project Grant Task Budget in 2023 Application

Tasks	In-Kind Match	Cash Match Funds	OWRD Grant Funds	Total Cost
Final design of Cox Pump Station and pipeline (other funds)	$0	$150,000	$0	$150,000
Landowner Final Water Rights Agreements (other funds)	$5,000	$0	$0	$5,000
Easement or land acquisition for Cox Pump Station (other funds)	$5,000	$0	$0	$5,000
Contractor selection (other funds)	$5,000	$0	$0	$5,000
Purchase materials: Cox Pump Station & McKay Pipeline (OWRD funds)	$0	$3,028,000	$2,000,000	$5,028,000
Construction of other delivery infrastructure (other funds)	$0	$33,624,000	$0	$33,624,000
Upgrade power supply for Cox Pump Station (OWRD funds)	$5,000	$475,000	$475,000	$955,000
Construction of Cox Pump Station and McKay Pipeline (OWRD funds)	$18,000	$2,527,000	$1,588,000	$4,133,000
On-farm upgrades (other funds)	$0	$1,214,286	$0	$1,214,286
Draft and submit OWRD instream transfer applications (other funds)	$2,000	$0	$0	$2,000
Stream monitoring (other funds)	$10,000	$0	$0	$10,000
Total	**$50,000**	**$41,018,286**	**$4,063,000**	**$45,131,286**

Milestones on the way to realizing the McKay Switch Project

- Federal Legislation (The Crooked River Act of 2014) was signed which reallocated water from Prineville Reservoir to this project
- The 2014 act also provided for the expansion of the OID boundary to include the McKay Lands.
- In 2018, OID completed its System Improvement Plan that outlined potential improvements with preliminary engineering reports and cost estimates for infrastructure improvements that laid the foundation for further designs.
- DRC secures $5.5 M funding from OWEB and PGE, $2.5m and $3.0m respectively, in 2019 for implementation of the McKay Switch.
- Completed the Ochoco Irrigation District Infrastructure Modernization Project Watershed Plan – EA that included the construction of the new McKay pump station and pipeline. (2020)
- HCP is completed between OID, it's partners and the U.S. Fish and Wildlife Service. Measure CR-3 calls out the implementation plan for managing flows in McKay Creek and the McKay Switch Project. Dec. 2020
- OID Secures over 26.5M dollars in funding from the NRCS for the OID Infrastructure Modernization and McKay Switch Project.
- DRC receives $1,214,286 RCPP grant for on farm irrigation improvements related to McKay Creek Switch implementation.
- DRC receives $750,000 in Congressionally Directed Spending through NRCS for on-farm irrigation improvements related to McKay Creek Switch implementation.
- DRC receives OWEB Monitoring funding for $127,335 related to pre- and post-implementation McKay Switch monitoring, adding to the $103,300 previously awarded through OWEB for monitoring.
- OID secures a CWSRF loan for approximately $700,000 to increase its commitments to the McKay project over $1M.
- OID receives 2.5M dollars in federal funds through the EPA STAG program as a community-initiated project from Senator Jeff Merkley targeting the McKay Switch Project.
- DRC and OID are awarded $4M from OWRD for Phase 3 of the OID Modernization Project to construct the McKay pump station and pipeline. 2023.
- Phase One of the OID Modernization Project gets underway with the construction of Crooked River Pump Station #1 and Intake Pipe. Construction began in Summer of 2023 and concludes in April of 2024.
- March 2024, OID and Bureau of Reclamation sign title transfer documents to clear the way for canal realignment and other OID improvements.
- OID and the City of Prineville will go out to bid on construction of our shared project that includes realigning the Crooked River Diversion Canal and putting it into pipe to accommodate the increased flows necessary for the McKay Switch project.

Crook County Soil & Water Conservation District
498 SE Lynn Blvd.
Prineville, Oregon 97754

Phone: (541) 447-3548 Fax: (541) 416-2115

Andy.gallagher@oregonstate.edu

March 15, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,
Crook County Soil and Water Conservation District strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

To convey and deliver this water to irrigators, OID must construct three new pump stations and modify other infrastructure. The District has already started construction and the new Crooked River #1 Pump Station will begin operation this spring. Additional funding to construct the Crooked River #2 Pump Station and associated infrastructure is critical to finishing the project. This is the last remaining piece to fund the entire project and realize the benefits to McKay Creek.

This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

Andy Gallagher
District Manager
Crook County Soil and Water Conservation District.

CITY ADMINISTRATION
387 NE Third Street – Prineville, OR 97754
EMAIL: sforrester@cityofprineville.com
541.447.5627 ext. 1118 ph 541-447-5628 fax

March 26, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

The City of Prineville strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

To convey and deliver this water to irrigators, OID must construct three new pump stations and modify other infrastructure. The District has already started construction and the new Crooked River #1 Pump Station will begin operation this spring. Additional funding to construct the Crooked River #2 Pump Station and associated infrastructure is critical to finishing the project. This is the last remaining piece to fund the entire project and realize the benefits to McKay Creek.

This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

Steve Forrester
City Manager

CRWC
CROOKED RIVER WATERSHED COUNCIL

498 SE Lynn Blvd.
Prineville, Oregon 97754

Phone: (541) 447-8567 **Fax**: (541) 416-2115

contact@crwc.info
www.crookedriver.deschutesriver.org

March 15, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Added Funding

Dear Water Resources Commission,

The Crooked River Watershed Council strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project. These added funds would specifically address the construction of the Crooked River #2 Pump Station and associated infrastructure. The project supports OID's commitment to deliver reliable irrigation water to farms and ranches while restoring natural hydrograph in McKay Creek, critical to the long-term success of steelhead recovery in the Crooked River watershed. The essential feature of the McKay Creek Water Rights Switch Project allows irrigators along McKay Creek to trade their privately held water rights, sourced from McKay Creek, for water rights held by OID and sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream.

To convey and deliver this water to irrigators, OID must construct three new pump stations and modify other infrastructure. The District has started construction and the new Crooked River #1 Pump Station will begin operation this spring. Additional funding to construct the Crooked River #2 Pump Station and associated infrastructure is necessary to complete the project. This is the last remaining phase of the entire project to realize the full benefits to McKay Creek.
This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. It supports a much-needed 'win-win' solution that supports Crook County's agricultural economy and improves environmental resiliency and fishery production in the Deschutes Basin.

Sincerely,

Chris M. Gannon, Director

Deschutes Basin Board of Control

March 15, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

Deschutes Basin Board of Control (DBBC) strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

To convey and deliver this water to irrigators, OID must construct three new pump stations and modify other infrastructure. The District has already started construction and the new Crooked River #1 Pump Station will begin operation this spring. Additional funding to construct the Crooked River #2 Pump Station and associated infrastructure is critical to finishing the project. This is the last remaining piece to fund the entire project and realize the benefits to McKay Creek.

This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

Craig Horrell

President, Deschutes Basin Board of Control

PO Box 919 - Madras, OR 97741

Deschutes Land Trust
210 NW IRVING AVENUE, SUITE 102
BEND, OREGON 97703
OFFICE: (541) 330-0017
DESCHUTESLANDTRUST.ORG

CONSERVATION. COMMUNITY. CARING FOR THE LAND.

DESCHUTES LAND TRUST

March 22, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

Deschutes Land Trust strongly supports Ochoco Irrigation District's (OID, District) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

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Sincerely,

Natasha Bellis

Natasha Bellis
Conservation Director

DESCHUTES RIVER
CONSERVANCY

March 22, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

Deschutes River Conservancy strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

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Sincerely,

Kate Fitzpatrick

Kate Fitzpatrick, Executive Director

THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON

Branch of Natural Resources
P. O. Box C, Warm Springs, OR 97761
Phone: (541) 553-2001

March 22, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Ms. Fritz-Ogren,

The Confederated Tribes of Warm Springs Branch of Natural Resources strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

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This project supports a long-term, collaborative effort between partners including the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. This is a project that continues to support Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

Austin Smith Jr.
General Manager, Branch of Natural Resources
Confederate Tribes of Warm Springs Reservation of Oregon

Crook County

Mailing: 300 NE 3rd Street • Prineville, Oregon 97754
Physical: 203 NE Court Street • Prineville, Oregon 97754
Phone (541) 447-6555

March 18, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

Crook County strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the district to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

As part of the McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. Restoring the natural hydrograph in this reach of McKay Creek will address limiting factors for steelhead in the creek.

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This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Crook County, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service. The project is to restore steelhead populations in the Crooked River and its tributaries. It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

X

Seth Crawford
County Commissioner

X

Brian Barney
County Commissioner

X

Susan Hermreck
County Commissioner

Oregon Water Resources Department
March 18, 2024

Oregon Water Resources Congress

795 Winter St. NE | Salem, OR 97301 | Phone: 503-363-0121 | Fax: 503-371-4926 | www.owrc.org

March 19, 2024

Oregon Water Resources Commission
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for OID's McKay Creek Water Rights Switch Project Additional Funding

Dear Water Resources Commission,

The Oregon Water Resources Congress (OWRC) strongly supports Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to complete a multi-phase project to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

OWRC is a nonprofit trade association representing irrigation districts, water control districts, drainage districts, water improvement districts, and other local government entities delivering agricultural water supplies throughout Oregon. These water stewards operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower facilities. OWRC members deliver water to approximately 600,000 acres of farmland in Oregon, which is over one-third of all the irrigated land in the state. OID is one of our district members in the Deschutes Basin.

As part of OID's McKay Creek Water Rights Switch Project, irrigators along McKay Creek will trade their privately held water rights, sourced from McKay Creek, for water rights held by OID, sourced from Prineville Reservoir. In exchange for reliable stored water, these irrigators will transfer 11.2 cubic feet per second of certificated McKay Creek water rights instream. To convey and deliver this water to irrigators, OID must construct three new pump stations and modify other infrastructure. The District has already started construction and the new Crooked River #1 Pump Station will begin operation this spring. Additional funding to construct the Crooked River #2 Pump Station and associated infrastructure is critical to finishing the project. This is the last remaining phase to fund the entire project and realize the benefits to McKay Creek.

OID's project is a great example of a collaborative multi-phase irrigation modernization project leveraging time limited federal funding (U.S. Department of Agriculture Natural Resources Conservation Service). It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin. OWRC is an active supporter of funding for these types of projects and urges the Commission to provide additional funding for OID's pump station project. Your time and consideration of our comments is appreciated.

Sincerely,

April Snell
Executive Director

OREGON HOUSE OF REPRESENTATIVES
State Representative Vikki Breese-Iverson, HD59
State Representative Dan Rayfield, HD 16

March 18, 2024

Oregon Water Resources Department
725 Summer Street NE, Suite A
Salem, OR 97301

RE: Support for McKay Creek Water Rights Switch Project Additional Funding
Dear Water Resources Commission,

We strongly support Ochoco Irrigation District's (OID) request for additional funding for the McKay Creek Water Rights Switch Project, and specifically for the Crooked River #2 Pump Station and associated infrastructure. The project will allow the District to deliver reliable irrigation water to farms and ranches while restoring natural streamflow to McKay Creek, supporting a long-term effort to restore steelhead habitat in the creek.

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This project supports a long-term, collaborative effort between partners such as the Deschutes River Conservancy, Crooked River Watershed Council, Portland General Electric, Confederated Tribes of Warm Springs, City of Prineville, Oregon Watershed Enhancement Board, and U.S. Department of Agriculture Natural Resources Conservation Service to restore steelhead populations in the Crooked River and its tributaries. It provides a much-needed win-win solution that supports Crook County's agricultural economy and improves environmental resiliency in the Deschutes Basin.

Sincerely,

State Representative, HD 59

Representative Dan Rayfield, HD 16

521 A Street W
Vale, OR 97918
541-473-3243
void@fmtc.com

May 14, 2024

Adair Muth
Grants Coordinator
Oregon Water Resources Department
425 Summer Street NE, Ste A
Salem, OR 97301

Dear Ms. Muth,

As Manager of the Vale Oregon Irrigation District, I strongly support the Malheur Watershed Council's application, "Piping Lateral Canals in Vale Bench: Building on Experience," to the Oregon Water Resources Department's 2024 Irrigation Modernization Funding program. The project will result in piping 10.4 miles of laterals in the Vale Bench area that are part of the Vale Oregon Irrigation District. Funding this proposal from the Malheur Watershed Council would work in conjunction with funding received from the Bureau of Reclamation to start this pipeline project.

The partnership between Malheur Watershed Council and Vale Oregon Irrigation District has been a solid partnership for many years. The two entities have worked together to improve irrigation practices, conserving water and enhancing water quality by piping several miles of laterals and providing farmers the opportunity to increase their efficiency by transitioning to sprinkler systems. Reducing flood and furrow irrigation will virtually eliminate irrigation induced erosion and greatly improve downstream water quality and aquatic habitats.

Vale Oregon Irrigation District strongly recommend the funding request from the Malheur Watershed Council as this grant opportunity will benefit many farmers and will help conserve the minimum pool in Agency Reservoir that will benefit the bull trout population.

Sincerely,

Ty King, Manager
Vale Oregon Irrigation District

Oregon Water Resources Congress

795 Winter St. NE | Salem, OR 97301 | Phone: 503-363-0121 | Fax: 503-371-4926 | www.owrc.org

May 31, 2024

Grant Coordinator
Oregon Water Resources Department
725 Summer Street NE, Suite A,
Salem, OR 97301
Submitted via email: OWRD.Grants@water.oregon.gov

Re: Comments on Irrigation Modernization Funding Recommendations – 2024 Funding Cycle #1

The Oregon Water Resources Congress (OWRC) is providing comments on the Technical Review Team (TRT) application ranking and funding recommendations for the first 2024 cycle of Irrigation Modernization Funding. We are supportive of all ten applications and urge the Water Resources Commission to provide funding for all projects, or at least fund up to $25 million dollars from the Irrigation Modernization Fund, and use the remaining funds for the next cycle.

OWRC is a nonprofit trade association representing irrigation districts, water control districts, drainage districts, water improvement districts, and other local government entities delivering agricultural water supplies throughout Oregon. These water stewards operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower facilities. OWRC members deliver water to approximately 600,000 acres of farmland in Oregon, which is over one-third of all the irrigated land in the state. With the exception of the application by Deschutes River Conservancy, all of the applicants for this round of funding are OWRC members, and DRC's application involves two OWRC district members.

OWRC member districts are actively planning and implementing a variety of infrastructure projects to modernize their systems to be more resilient to water scarcity. These projects often involve piping of open canals, which provides greater water reliability to the farms and ranches the districts serve, increased water conservation, enhanced instream flows, and other economic, environmental and social benefits. These projects are also seeking state funds to match and leverage federal funds, which are limited and time sensitive. The federal agencies funding these projects (see below) each have their own set of robust criteria, which have already been met by the districts who have applied for this first cycle of funding.

OWRC was the primary advocate and active supporter of the funding for irrigation modernization appropriated in the 2023 Session as well as previous efforts that created the separate Water Project Grants and Loans program. These applications are precisely what this new funding was intended for and will help leverage federal funding for critical irrigation modernization projects. The funding requests we made during the legislative session were structured to be split into 2-3 rounds of funding, allowing districts to secure needed match

funding for this fall/winter season and the 2025 fall/winter season. The $50 million for this program is designed to be fully allocated by the end of the current biennium and aligns with lists of district projects that were used in advocating for the funding. We are not opposed to a third round if there are not enough applications in the second round but it is imperative that decisions are made no later than spring of 2025 to allow these projects to move forward with their time sensitive federally funded projects and fully utilizing the funds before the end of the biennium.

The purpose of the appropriated funds was to provide a straightforward state match for federally funded projects by irrigation districts and similar entities. We disagree that these projects should be subject to the overall Water Project Grants and Loans Program requirements but have been optimistic we can make this approach work. The requirements of the funding are: one of three federal funding sources (approved NRCS watershed plans, Bureau of Reclamation WaterSMART grant, or EPA water quality related grant). Priority can be given to projects permanently conserving water under the Allocation of Conserved Water Program or similar approach, but this is not a requirement of the funding. The "Irrigation Modernization" funding was authorized in the 2023 session, under HB 5030, section 10, which specified:

> "(1) For the biennium beginning July 1, 2023, at the request of the Oregon Department of Administrative Services, after the department consults with the Water Resources Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces $50 million in net proceeds for the purposes described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs. (2) Net proceeds of lottery bonds issued under this section must be transferred to the Water Resources Department for deposit in the Water Supply Development Account established in ORS 541.656, to issue grants for irrigation modernization projects that:
>
> (a) Leverage federal funding associated with Natural Resources Conservation Service authorized watershed plans, U.S. Bureau of Reclamation WaterSMART grant recipients or U.S. Environmental Protection Agency grant recipients that are eligible to be on the Department of Environmental Quality's Intended Use Plan; and
>
> (b) Provide public benefits in each category of benefits described in ORS 541.673.
>
> (3) For projects involving surface water rights where the project conserves water, priority shall be given to projects that legally protect a portion of the conserved water instream commensurate with the amount required under the approach described in ORS 537.470.
>
> (4) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings: (a) Having adequate and efficient irrigation systems enhances community development and supports Oregon's economic growth; and (b) Assisting local governments to mitigate losses resulting from reduced water supply for irrigation will enhance community efforts to facilitate and promote economic growth."

This is separate from funding appropriations for the existing Water Grants and Loans Program (created by SB 839 in 2013), which received funds under section 11. This distinction underscores that funds for irrigation modernization are separate from that program and designed to provide a match for time-sensitive federally funded projects listed under Section 10(2)(a). If the legislature had intended for additional requirements to apply, it would be included in the legislation or accompanying notes. The only requirements from the regular Water Grants and Loans Program are that there are identified public benefits in each of the three categories under ORS 541.673 (economic, environmental, and socio-cultural). No more, no less. Unlike the regular Water Projects and Loans Program, which as described above received its own appropriations, there are not minimum scores, and instead require demonstration of public benefits in each of the three categories referenced in HB 5030. Another difference between the existing program and the Irrigation Modernization Funding is that it not designed to be permanent and instead is designed to be an efficient source of state funding to match with the three specified federal programs, which have very robust requirements.

Another issue to highlight, which is not apparent in the funding recommendations, relates to Agricultural Water Management and Conservation Plans. We have heard from at least two districts that they were told not to apply because of the status of their Agricultural Water Management and Conservation Plans. There is no such requirement related to the Irrigation Modernization Funding, only the existing Water Grants and Loans program. This erroneous interpretation has and continues to create unnecessary barriers to accessing funding through WRD and has in essence made a voluntary plan a requirement once its been completed. This issue has been highlighted in the past, has led to individual districts seeking direct appropriations, and is a huge disincentive for any district who does not currently have a plan to ever complete one. We strongly recommend WRD staff remove reference to WMCPs as a requirement for Irrigation Modernization Funding, both on the website and in staff communications with potential applicants. This concern needs to be addressed prior to the deadline for the second round of funding.

In conclusion, I strongly urge the Commission to revisit the funding recommendations and make awards to all eligible district projects in this cycle. This is not a scenario where withholding funds makes sense, and in fact is counter to purposes that the funding was secured. We have time-sensitive federally funded projects that need state match to leverage and invest in Oregon's water infrastructure. Without funding, many of these projects will have to scale back or not move forward, which would be a critical missed opportunity for Oregon to support irrigation modernization efforts and the multiple benefits they provide to communities, the economy, and the environment. Lastly, as indicated in a separate letter, we also support additional funding for Ochoco Irrigation District from the Water Supply Development Grants and Loans Account, which has $10 million in available funds and received no new applications in this recent round.

Your time and consideration of our comments is appreciated.

Sincerely,

April Snell
Executive Director