



Oregon

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MEMORANDUM

TO: Water Resources Commission

FROM: Kim Fritz-Ogren, Planning, Collaboration, and Investments Section Manager
Adair Muth, Grant and Loan Manager

SUBJECT: Agenda Item E, September 13, 2024
Water Resources Commission

Overview of Water Project Grants and Loans and Irrigation Modernization Funding Evaluation Process

I. Introduction

OWRD staff will be joined by representatives from the Oregon Department of Environmental Quality and Oregon Department of Fish and Wildlife to share in more detail how the interagency review team evaluates Water Project Grants and Loans and Irrigation Modernization Funding applications. *The Commission will be asked for feedback on what information it needs as it makes funding decisions.*

II. Integrated Water Resources Strategy Recommended Action

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

III. Background

The 2012 Integrated Water Resources Strategy recognized the need for investment in water supply solutions. In 2013, Senate Bill 839 established the Water Supply Development Account to provide “a means for state government to support the development of water resource projects having economic, environmental and community benefits” (ORS 541.653). It took two years to adopt program rules (OAR-690-093 with subgroup and task force meetings conducted between late 2013 through early 2015). The Division 93 rules, adopted in June 2015, established procedures and requirements for water resource projects to receive funding. From 2016 through 2023, OWRD hosted one grant funding cycle per year. In 2023, the Oregon Legislature revised the program statute through House Bill 2010 to require two funding cycles per year, which OWRD started in 2024.

Also in 2023, House Bill 5030 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). OWRD's understanding is that it will run the Irrigation Modernization Funding through the Water Project Grants and Loans program. 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).

OWRD staff, external interests, agency reviewers, and the Commission have all expressed interest in improving the funding opportunities. One potential area for improvement is how applications are evaluated by the multi-agency TRT and how information is shared with the Commission, who is responsible for making funding decisions.

IV. Discussion

The statute and rules governing the Water Supply Development Account and Water Project Grants and Loans are very detailed and prescriptive. See Attachment 1 for the statute and Attachment 2 for the program rules.

Overview of Responsibilities

OWRD, the TRT, and the Commission each have various responsibilities in the evaluation of applications (see Table 1). The work of these three entities during a funding cycle occurs over five to six months. Attachment 3 provides an overview of what occurs during the evaluation of applications and provides a timeline for the second funding cycle in 2024.

Scoring Criteria

Core to the evaluation of grant applications is that projects must produce public benefits in each of three categories (economic, environmental, and social/cultural) to receive funding. ORS 541.673(1) and OAR 690-093-0090(2) requires that each category of benefits shall be given equal importance in the evaluation of a project. ORS 541.673(2) through ORS 541.673(4) identify six specific public benefits in each of the three categories that are scored, for a total of 18 scoring criteria. ORS 541.673(1) requires the evaluation of applications to consider both the positive and negative effects of a project. OAR 690-093-0090(3) requires scoring of the public benefits to be done with a numeric point scale that accounts for positive and negative effects of the project. Attachment 4 is the current Scoring Criteria document used by TRT to score and rank projects and develop a funding recommendation to the Commission.

Table 1. Overview of Responsibilities in Application Evaluation

Entity	Responsibilities in Evaluation
Water Resources Commission	<ul style="list-style-type: none"> • Adopt rules to establish a system for scoring and ranking of projects (ORS 541.669) • Design the minimum criteria for the project scoring and ranking system to meet target outcomes in ORS 541.677 (ORS 541.669(1) and ORS 541.673) • Make funding decisions at least twice each year (ORS 541.669(1)) • Use the evaluation system to assign final scorings and rankings to the projects (ORS 541.673(1)) • Award funding from the account to the projects that have the greatest public benefit and will best achieve the target outcomes (ORS 541.677(1)) • Modify selection process as needed to achieve target outcomes (ORS 541.677(2))
OWRD	<ul style="list-style-type: none"> • Review applications for eligibility and completeness, return incomplete applications (ORS 541.669(2)) • Post applications for a 60-day public comment period prior to review of applications (ORS 541.669(2)) • Facilitate evaluation of applications (ORS 541.669(3)) • Set a minimum score for an application to proceed (OAR 690-093-0090(3)) • Serve on TRT and score/rank applications (ORS 541.669(3)) • Post TRT funding recommendations for public comment (ORS 541.669(3)) • Present funding recommendations to Commission on behalf of TRT • Enter into grant agreements with recipients and manage grants (ORS 541.656(2) and OAR-690-093-0160) • Document the ranking of all applications and make it publicly available after the funding decision (ORS 541.669(5)) • Review program on a biennial basis (ORS 541.677(2))
Technical Review Team	<ul style="list-style-type: none"> • Conduct initial scoring and ranking of applications (ORS 541.669(3)) • Use the total score from the score sheet provided by the Department to rank all applications and make funding recommendations (OAR 690-093-0090(4)) • Make funding recommendations to the Commission (ORS 541.669(3))

The current scoring criteria evaluates the application on a numeric scale from -3 (moderate negative impact or detriment) to 12 (exceptional benefit). Page 4 of Attachment 4 provides a generic summary of the numeric scale used for each public benefit. The scale is designed to differentiate between minimal, moderate, high, and exceptional public benefit.

Minimum Score

OAR 690-093-0090(3) requires OWRD set a minimum score for applications to receive funding. For the first four funding cycles (2016-2019), the minimum score was three with one point required in each of the three public benefit categories. In 2020, OWRD increased the minimum score to seven in each public benefit category and also updated the numeric scoring scale to

range from -3 to 12 points per public benefit (previous scale was -1 to 5). The logic was that to receive public funds, the project should have more than a minor public benefit in each of the three categories.

Scoring and Ranking Process

After an initial completeness and eligibility review, OWRD sends the applications to the TRT for review. The TRT members examine each application, consulting others in their agency, as appropriate. TRT members gather notes on project feasibility, likelihood of claimed public benefits, whether appropriate permits are identified, and more.

The TRT members gather for a one-to-two-day review team meeting, depending on the number of applications received. In the meeting, the TRT members share relevant information they gathered from their colleagues, consider public comment and tribal comments submitted on the applications, and discuss the public benefits. During the TRT meeting, the OWRD Grant Coordinator guides the TRT to ensure consistent application of scoring criteria and to make sure applications are scored on likely public benefit regardless of how polished an application may be.

After discussing each public benefit category, the TRT members individually score the six public benefits in that category using a score sheet provided by OWRD. The three public benefit category median scores and preference points are summed together for a total score, which is used to rank the projects. Projects that do not meet the minimum score in each of the three public benefit categories, as required by OAR 690-093-0090(3), are not recommended for funding.

The TRT scores, project ranking, and funding recommendations are posted online for a public comment period along with summaries of the TRT's feedback on the applications. The evaluation summaries are broken out by public benefit categories as previously requested by the Commission. OWRD presents the funding recommendation to the Commission on behalf of the TRT.

Questions for Commission Discussion

OWRD is interested in discussing the following questions with the Commission:

- What thoughts does the Commission have on how OWRD could improve the scoring and ranking process?
- What might be working well that OWRD should continue?
- How can OWRD better support the Commission in fulfilling the Commission's responsibilities?

V. Conclusion

The Water Supply Development Account which provides funds for Water Project Grants and Loans and Irrigation Modernization Funding has a complex evaluation process. Staff are

committed to continuous improvement and seeking feedback on how we can best support the Commission in their role.

Attachments:

1. ORS 541.651-541.969
2. OAR 690-093
3. Process Overview Handout
4. Scoring Criteria

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ORS 541.651 – 541.969

WATER SUPPLY DEVELOPMENT PROJECTS

541.651 Definitions for ORS 541.651 to 541.696. As used in ORS 541.651 to 541.696:

(1) “Newly developed water” means the new increment of water:

(a) Stored for a project providing new or expanded storage;

(b) Allocated to a use under a secondary water right for a project involving the allocation of previously uncontracted water stored by the United States Army Corps of Engineers under an existing water right; or

(c) Conserved for a project to allocate conserved water under the program described in ORS 537.455 to 537.500.

(2) “Seasonally varying flows” means the duration, timing, frequency and volume of flows, identified for the purpose of determining conditions for a new or expanded storage project, that must remain in-stream outside of the official irrigation season in order to protect and maintain the biological, ecological and physical functions of the watershed downstream of the point of diversion, with due regard given to the need for balancing the functions against the need to store water for multiple purposes. [2013 c.784 §1]

Note: 541.651 to 541.696 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 541 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

541.653 Purpose and application of ORS 541.651 to 541.696. (1) The purpose of ORS 541.651 to 541.696 is to establish a means for state government to support the development of water resource projects having economic, environmental and community benefits.

(2) The Legislative Assembly intends that any conditions or requirements described in ORS 541.651 to 541.696 apply only to projects that receive loans or grants from the Water Supply Development Account established in ORS 541.656. [2013 c.784 §2]

Note: See note under 541.651.

541.655 [1967 c.567 §11; 1971 c.754 §11; 1973 c.330 §7; 1973 c.674 §10; 1985 c.414 §2; renumbered 196.730 and then 196.865 in 1989]

541.656 Water Supply Development Account. (1) The Water Supply Development Account is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Water Supply Development Account shall be credited to the account. Moneys in the account are continuously appropriated to the Water Resources Department for use in carrying out ORS 541.651 to 541.696.

(2) The department may expend moneys from the account for:

(a) Subject to subsection (4) of this section, making loans and grants to evaluate, plan and develop in-stream and out-of-stream water development projects approved by the Water Resources Commission, including but not limited to projects that:

(A) Repair or replace infrastructure to increase the efficiency of water use;

(B) Provide new or expanded water storage;

(C) Improve or alter operations of existing water storage facilities in connection with newly developed water;

- (D) Create new, expanded, improved or altered water distribution, conveyance or delivery systems in connection with newly developed water;
 - (E) Allocate federally stored water;
 - (F) Promote water reuse;
 - (G) Promote water conservation;
 - (H) Provide streamflow protection or restoration;
 - (I) Provide for water management or measurement in connection with newly developed water;
- and

(J) Determine seasonally varying flows in connection with newly developed water.

(b) Paying the necessary administrative and technical costs of the department in carrying out ORS 541.651 to 541.696.

(3)(a) In addition to any other permissible uses of moneys in the account, the department may expend moneys from the account to support:

(A) Ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water; and

(B) Comprehensive basin studies conducted by the United States Bureau of Reclamation.

(b) Expenditures described in this subsection are not subject to any grant or loan procedures, public benefit scoring or ranking or other requirements or restrictions for grants or loans established under ORS 541.651 to 541.696.

(4) The department may expend account moneys under subsection (2) of this section for loans and grants to develop in-stream and out-of-stream water development projects only if the department determines under ORS 540.530 that any transfer of water rights for the project will not injure existing water rights. [2013 c.784 §3]

Note: See note under 541.651.

541.657 Exemptions for certain expenditures of moneys from Water Supply Development Account. An expenditure of moneys from the Water Supply Development Account is not subject to any application process or public benefit scoring or ranking under ORS 541.663, 541.666, 541.669, 541.673 or 541.677 if the expenditure is for a purpose:

(1) Specifically identified in an appropriation to the account from the General Fund for carrying out the purpose; or

(2) Specifically identified in legislation that authorizes a transfer of lottery bond proceeds to the account for carrying out the purpose. [2017 c.725 §20; 2020 s.s.2 c.10 §64]

Note: 541.657 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 541 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

541.659 Loan and grant applicants. Loans and grants may be made from the Water Supply Development Account to persons as defined in ORS 536.007, to a federally recognized Indian tribe in Oregon that has members residing on a reservation or tribal trust lands in Oregon and nonprofit organizations. If an applicant is required to have a water management and conservation plan, the plan must be submitted to the Water Resources Department and receive approval prior to department acceptance of an application for a loan or grant from the account. [2013 c.784 §4; 2020 s.s.1 c.15 §18]

Note: See note under 541.651.

541.660 [1967 c.567 §12; 1973 c.330 §8; 1973 c.674 §11; 1979 c.284 §166; 1985 c.414 §3; renumbered 196.735 and then 196.870 in 1989]

541.662 [Enacted by 1973 c.330 §10 and 1973 c.674 §13; 1985 c.545 §7; renumbered 196.740 and then 196.875 in 1989]

541.663 Preapplication conferences. (1) A prospective applicant for a loan or grant from the Water Supply Development Account may participate in a preapplication conference with the Water Resources Department.

(2) At the preapplication conference, the department shall inform the prospective applicant of the procedural and substantive requirements of a loan or grant application and of the scoring system used to evaluate loan and grant requests. The department shall assist the prospective applicant by identifying known issues that may affect project eligibility for a loan or grant from the account.

(3) Not less than 14 days before the preapplication conference, the prospective applicant must provide the department with adequate project information to prepare for the preapplication conference.

(4) The prospective applicant may request additional preapplication consultation with the department. [2013 c.784 §5]

Note: See note under 541.651.

541.665 [1971 c.754 §14; renumbered 196.745 and then 196.880 in 1989]

541.666 Form and contents of loan or grant applications. Applications for a loan or grant from the Water Supply Development Account must be in a form prescribed by the Water Resources Department and must include the following:

(1) A description of the need, purpose and nature of the project, including what the applicant intends to complete and how the applicant intends to proceed.

(2) Sufficient information to allow evaluation of the application based upon the public benefit scoring and ranking of the project.

(3) Current contact information for the principal contact, fiscal officer and involved landowners.

(4) For applications involving physical changes or monitoring on private land, evidence that landowners are aware of and agree to the proposal and are aware that monitoring information is a public record.

(5) The location of the proposed project, using public land survey reference points, latitude and longitude, county, watershed, river and stream mile, if appropriate.

(6) An itemized budget for the project, including fiscal and administrative costs.

(7) A description of funds, services or materials available to the project.

(8) A project schedule, including beginning and completion dates.

(9) Any conditions that may affect the completion of the project.

(10) A completed feasibility analysis if appropriate.

(11) Suggestions for interim and long-term project performance benchmarks.

(12) If the application is for a grant, demonstrated in-kind and cash cost match of not less than 25 percent of the amount of the grant sought from the account.

(13) If the application is for a loan, evidence demonstrating ability to repay the loan and provide collateral.

(14) Letters of support for the proposed project.

(15) If required by the department, a description of consultations with affected Indian tribes regarding the project.

(16) Any other information required by the department. [2013 c.784 §6]

Note: See note under 541.651.

541.669 Scoring and ranking of projects; funding decisions; rules. (1) The Water Resources Commission shall adopt rules establishing a system for scoring and ranking projects to determine which projects are to be awarded loans and grants from the Water Supply Development Account, including but not limited to the application of minimum criteria designed to achieve the outcomes described in ORS 541.677. The criteria shall be based on the public benefit categories described in ORS 541.673. The commission shall make the loan and grant funding decisions at least twice each year. Applications must be filed with the Water Resources Department. The department shall accept an application for a loan or grant at any time, but shall establish a separate deadline for the filing of applications before each time the commission makes loan and grant funding decisions.

(2) The department shall conduct a preliminary review of applications to check for completeness, eligibility and minimum requirements upon receipt of each application. The department shall return incomplete applications to the applicant. The department shall provide public notice by posting new funding applications on the department's website for a 60-day period prior to reviewing the applications. The department shall provide for the receipt of public comment on the applications during the 60-day period that applications are posted on the department's website.

(3) The department shall forward applications that have passed preliminary review, along with any comments received from applicants or the public, to a technical review team consisting of representatives of the Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, the Oregon Business Development Department, affected Indian tribes, any collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project and additional experts as determined by the Water Resources Department. The technical review team shall conduct the initial scoring and ranking for the projects described in the applications, consider comments from applicants and the public and make loan and grant funding recommendations to the commission. 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. Before the commission makes a final decision on an application, the commission shall offer one additional opportunity for public comment.

(4) The commission is not required to obligate all available account moneys during a funding cycle. Any available account moneys that are not obligated during a funding cycle shall be carried forward and be made available for projects in future funding cycles.

(5) 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. [2013 c.784 §7; 2023 c.606 §27]

Note: See note under 541.651.

541.670 [1985 c.545 §6; 1987 c.855 §16; 1989 c.837 §22; renumbered 196.750 and then 196.885 in 1989]

541.673 Evaluation for public benefits of project. (1) Projects applying under ORS 541.669 for funding from the Water Supply Development Account shall be evaluated based upon the public benefits of the project. The evaluation must consider both positive and negative effects of a project. The three categories of public benefit to be considered in the project evaluation are economic benefits, environmental benefits and social or cultural benefits. Each category of benefits shall be given equal importance in the evaluation of a project. The technical review team described in ORS 541.669 shall use the evaluation system to assign initial scores and rankings to projects. The Water Resources Commission shall use the evaluation system to assign final scorings and rankings to the projects. The commission shall award loan and grant funding from the account to the projects that have the greatest public benefit and will best achieve the outcomes described in ORS 541.677.

(2) The evaluation of economic benefits for a project shall be based on the changes in economic conditions expected to result from the project, including but not limited to conditions 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.

(3) The evaluation of environmental benefits for a project shall be based on the changes in environmental conditions expected to result from the project, including but not limited to conditions related to:

- (a) A measurable improvement in protected streamflows that:
 - (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;
- (b) A measurable improvement in ground water levels that enhances environmental conditions in ground water restricted areas or other areas;
- (c) A measurable improvement in the quality of surface water or ground water;
- (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.

(4) The evaluation of the social or cultural benefits for a project shall be based on the changes in social or cultural conditions expected to result from the project, including but not limited to conditions 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. [2013 c.784 §8]

Note: See note under 541.651.

541.675 [1985 c.545 §3; renumbered 196.755 and then 196.890 in 1989]

541.677 Target outcomes for scoring and ranking criteria. (1) The Water Resources Commission shall design the minimum criteria for the project scoring and ranking system described in ORS 541.669 to achieve the following outcomes:

(a) The issuance of grants or loans only to projects that provide benefits in each of the three categories of public benefit described in ORS 541.673.

(b) Preference for partnerships and collaborative projects.

(c) The funding of projects of diverse sizes, types and geographic locations.

(d) If a project proposes to divert water, preference for projects that provide a measurable improvement in protected streamflows.

(e) If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.

(2) The Water Resources Department shall review the loan and grant program on a biennial basis to assess to what extent the outcomes described in subsection (1) of this section are being achieved, and shall report the review findings to the Water Resources Commission. The commission shall modify the project selection process as necessary to better achieve the outcomes described in subsection (1) of this section. [2013 c.784 §9]

Note: See note under 541.651.

541.680 [1985 c.545 §4; renumbered 196.760 and then 196.895 in 1989]

541.681 Conditions of grants for developing certain types of above-ground storage facilities.

(1) The recipient of a grant from the Water Supply Development Account must agree to the condition set forth in subsection (2) of this section if the grant is for the development of a new or expanded above-ground storage facility that:

(a) Impounds surface water on a perennial stream;

(b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or

(c) Diverts more than 500 acre-feet of water annually.

(2) Twenty-five percent of the newly developed water from a project described in subsection (1) of this section must be dedicated to in-stream use.

(3) To establish that a project complies with subsection (2) of this section, the grant recipient may include water dedicated to in-stream use as a result of the conditions of federal, state or local permits for the project. [2013 c.784 §10]

Note: See note under 541.651.

541.683 Demonstration of public benefits of project. (1) A project that receives a loan or grant from the Water Supply Development Account must:

(a) Demonstrate social or cultural benefits and economic benefits sufficient to qualify the project under the scoring and ranking system described in ORS 541.669; and

(b) Except as otherwise provided in ORS 541.681, demonstrate environmental benefits:

(A) By dedicating 25 percent of conserved water or newly developed water to in-stream use; or

(B) By demonstrating environmental benefits that are sufficient to qualify the project under the scoring and ranking system described in ORS 541.669.

(2) The description of public benefit requirements in subsection (1) of this section does not exempt any project from meeting the minimum criteria designed by the Water Resources Commission under ORS 541.677.

(3) To establish that a project complies with subsection (1)(b) of this section, the loan or grant recipient may include water dedicated to in-stream use as a result of the conditions of federal, state or local permits for the project. [2013 c.784 §11]

Note: See note under 541.651.

541.685 [1985 c.545 §5; renumbered 196.765 and then 196.900 in 1989]

541.686 Protection of project water dedicated to in-stream use. If a project dedicates water to in-stream use under the requirements described in ORS 541.681 or as allowed under ORS 541.683, the Water Resources Department shall protect the dedicated water in-stream consistent with the priority of the dedicated water source. Dedicated water from projects may come from newly developed water or from other sources and may be put in-stream at other locations in the tributary if the department determines as provided under ORS 540.530 that the alternate location would not injure existing water rights and, in consultation with the State Department of Fish and Wildlife, determines that the alternate location would provide greater or equal environmental benefit. The Water Resources Department, in consultation with the State Department of Fish and Wildlife, shall determine the timing of the flows to maximize in-stream benefits in a manner consistent with public health and safety. [2013 c.784 §12]

Note: See note under 541.651.

541.689 Projects requiring determination of seasonally varying flows; methodology. (1) The Water Resources Department shall make a determination as provided under subsection (2) of this section if an application for a loan or grant from the Water Supply Development Account is for a project that requires a water storage or aquifer recharge permit or limited license for the storage of water outside of the official irrigation season and:

(a) Impounds surface water on a perennial stream;

(b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or

(c) Diverts more than 500 acre-feet of surface water annually.

(2) The department shall review a completed application for a project described in subsection (1) of this section to determine whether the applicable seasonally varying flows have been established under this section for the stream of interest. If the department determines that the applicable seasonally varying flows have not previously been established, the department shall establish the seasonally varying flows before issuing a loan or grant from the account. The department may use account moneys to pay the cost of establishing a seasonally varying flow and to pay other costs directly related to project development.

(3) The Water Resources Department shall establish any seasonally varying flows under subsection (2) of this section in consultation with the State Department of Fish and Wildlife and any affected Indian tribes. The Water Resources Department may rely upon existing scientific data and

analysis or may fund new data and analysis. The Water Resources Department shall establish seasonally varying flows using a methodology established by Water Resources Commission rules.

(4) If the department establishes applicable seasonally varying flows for the stream of interest, the department shall make the seasonally varying flows a condition of:

(a) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any project described in subsection (1) of this section that receives a loan or grant from the account; and

(b) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any subsequent project that:

(A) Receives a loan or grant from the account;

(B) Is for the storage of water outside of the official irrigation season; and

(C) Has a diversion point that is subject to seasonally varying flows.

(5) The applicant for or holder of a permit or license described in subsection (4)(b) of this section may request that the applicable seasonally varying flows established under subsection (2) of this section for the stream of interest be altered based upon new information. There is, however, a rebuttable presumption that existing applicable seasonally varying flows protect and maintain the biological, ecological and physical functions of the stream to the extent required by commission rules.

(6) The department shall condition a water storage permit and resulting certificate, aquifer recharge permit and resulting certificate or limited license for a project that receives a grant or loan from the account and meets the other conditions described in subsection (4) of this section to protect the seasonally varying flow in effect at the time the loan or grant is issued for the project.

(7) For purposes of any project that receives a loan or grant from the account and meets the other conditions described in subsection (4) of this section, the department shall use a seasonally varying flow methodology provided by commission rules in lieu of any other methodologies for determining seasonally varying flows or any methodologies for determining peak and ecological flows outside of the official irrigation season.

(8) Subsections (1) to (7) of this section do not eliminate or alter any applicable standard for department review of an application to determine whether water is available for purposes of reviewing an application for a new water storage or aquifer recharge permit or a limited license for the storage of water. [2013 c.784 §13; 2015 c.156 §6]

Note: See note under 541.651.

541.692 Permits; requirements for project operation. (1) Before loan or grant moneys are expended from the Water Supply Development Account for the construction of a project, the recipient must obtain all applicable local, state and federal permits. Project materials must include a notation indicating that Water Resources Department funding was used for the project.

(2) The loans or grants may be conditioned to require that the recipient complete and operate the funded project as described in the loan or grant application. The department may require that before commencing the operation of a project funded with account moneys, the funding recipient demonstrate that the public benefits identified for the project, including any environmental benefits proposed at a location other than the project site, will be realized in a timely fashion.

(3) At regular intervals, and upon completion of the project, the loan or grant recipient must submit updates to the department that describe the completed work, the public benefits achieved and project expenditures. The recipient must regularly measure and report the water diverted and used from the project. The recipient must monitor, evaluate and maintain the project for the life of the loan, or for a specified number of years for a grant, and provide annual progress reports to the

department. The department may impose other project-specific conditions by noting the conditions during project evaluation and including the condition in the funding agreement for the project.

(4) The department may terminate, reduce or delay funding for a project if the loan or grant recipient fails to comply with any provision of subsections (1) to (3) of this section. [2013 c.784 §14]

Note: See note under 541.651.

541.695 [1971 c.754 §12; 1977 c.417 §3; 1989 c.837 §19; renumbered 196.770 and then 196.905 in 1989]

541.696 Standards for security of loans from account; rules. (1) The Water Resources Commission shall adopt rules establishing standards for borrowers obtaining loans issued from the Water Supply Development Account. The commission shall design the standards to ensure that all loans have a high probability of repayment and that all loans are adequately secured in the event of a default. The commission shall solicit comments from the Oregon Department of Administrative Services and the State Treasurer when designing the standards. The standards may include, but need not be limited to, standards that give preference to entities with ad valorem taxing authority.

(2) If the Water Resources Department approves a loan from the account for the implementation of a water development project, the department may require that the applicant enter into a loan contract, secured by a first lien or by other good and sufficient collateral. [2013 c.784 §15]

Note: See note under 541.651.

(Temporary provisions relating to Water Resources Department Water Supply Fund)

Note: Section 10, chapter 906, Oregon Laws 2009, provides:

Sec. 10. (1) The Water Resources Department Water Supply Fund is established separate and distinct from the General Fund. Interest earned on moneys deposited in the Water Resources Department Water Supply Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Water Resources Department.

(2) The Water Resources Department Water Supply Fund consists of:

(a) Net proceeds of lottery bonds issued pursuant to sections 8 and 9, chapter 906, Oregon Laws 2009, deposited into the Water Resources Department Water Supply Fund for the following purposes:

(A) \$2,500,000 for the purposes of issuing grants to develop Umatilla Basin critical ground water storage projects described in section 17, chapter 907, Oregon Laws 2009, and to provide or pay for services in connection with those projects.

(B) \$217,000 to pay for the operation of loan and grant programs under sections 18 to 27, chapter 907, Oregon Laws 2009.

(C) \$283,000 for the purpose of developing an integrated state water resources strategy to implement the state water resources policy pursuant to ORS 536.220 and section 45, chapter 907, Oregon Laws 2009.

(D) \$500,000 for purposes of the grant program established by section 1, chapter 13, Oregon Laws 2008.

(b) Net proceeds of lottery bonds issued pursuant to section 4, chapter 624, Oregon Laws 2011, in an amount sufficient to provide \$1,229,052 in net proceeds and interest earnings for the

department to finance grants for feasibility studies for water conservation, reuse and storage projects.

(c) \$11 million in net proceeds and interest earnings pursuant to section 13, chapter 812, Oregon Laws 2015, to develop and implement water storage systems and delivery infrastructure, implement conservation and reuse projects or provide access to new water supplies.

(d) \$750,000 in net proceeds and interest earnings pursuant to section 13, chapter 812, Oregon Laws 2015, to provide grants for place-based planning.

(e) \$1 million in net proceeds and interest earnings pursuant to section 13, chapter 812, Oregon Laws 2015, to repair, replace or remediate water wells in the Mosier Creek area.

(f) \$14 million in net proceeds pursuant to section 4, chapter 671, Oregon Laws 2019, as amended by section 6, chapter 682, Oregon Laws 2021, for remediation of the Big Creek Dams, including design, environmental permitting and construction of a seismically sound replacement dam.

(g) \$14 million in net proceeds pursuant to section 5, chapter 671, Oregon Laws 2019, as amended by section 7, chapter 682, Oregon Laws 2021, for rehabilitation of the Wallowa Lake Dam.

(h) \$5 million in net proceeds pursuant to section 26 of this 2023 Act, to replace the City of West Linn drinking water pipe over the Willamette River.

(i) Any other fees, revenues or income deposited in the fund by the Legislative Assembly. [2009 c.906 §10; 2011 c.624 §5; 2015 c.812 §14; 2019 c.671 §6; 2021 c.682 §8; 2023 c.599 §40]

Note: Section 26, chapter 599, Oregon Laws 2023, provides:

Sec. 26. (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 \$5 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 Resources Department Water Supply Fund established in section 10, chapter 906, Oregon Laws 2009, for distribution to the City of West Linn to replace the city's sole drinking water pipe over the Willamette River in conjunction with the I-205 Abernathy Bridge project.

(3) 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 finding that drinking water supply lines are an integral part of the commercial and industrial infrastructure of this state, and essential for economic development. [2023 c.599 §26]

Oregon Administrative Rules (OAR) Chapter 690, Division 93

WATER SUPPLY DEVELOPMENT GRANT AND LOAN PROGRAM

690-093-0010

Purpose

The purpose of OAR 690-093 is to establish a means for state government to support the development of water resource projects having economic, environmental and community benefits. The rules establish procedures and requirements for the funding of water resources projects from the Water Supply Development Account established in ORS 541.656.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0020

Definitions

The following definitions apply to this division of the rules:

- (1) "Collateral" means the security pledged for the payment of a loan.
- (2) "Commission" means the Water Resources Commission.
- (3) "Conserved Water" means that amount of water that results from conservation measures, measured as the difference between:
 - (a) The smaller of the amount stated on the water right or the maximum amount of water that can be diverted using the existing facilities; and
 - (b) The amount of water needed after implementation of conservation measures to meet the beneficial use under the water right certificate.
- (4) "Director" means the director of the Oregon Water Resources Department or the director's designee.
- (5) "Expanded Storage" means the quantity of water authorized by a new water storage permit that adds to the capacity of an already-existing storage facility.
- (6) "Indian Tribe" as defined by ORS 391.802 means a federally recognized Indian tribe in Oregon that has members residing on a reservation or tribal trust lands in Oregon.
- (7) "Instream Use" means water that remains in or is released into the natural stream channel or lake bed or where water naturally flows or occurs that provides a benefit including but not limited to recreation, conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat, other ecological values, pollution abatement or navigation.
- (8) "Newly Developed Water" means the new increment of water:
 - (a) Stored for a project providing new or expanded storage;
 - (b) Allocated to a use under a secondary water right for a project involving the allocation of previously uncontracted water stored by the United States Army Corps of Engineers under an existing water right; or
 - (c) Conserved for a project to allocate conserved water under the program described in ORS 537.455 to 537.500.
- (9) "Non-Profit Organizations" means an organization that uses surplus revenues to achieve its goals rather than distributing them as profit or dividends.
- (10) "Perennial Stream" means a continuous stream flow year around.

- (11) “Persons” as defined by ORS 536.007 means individuals, corporations, associations, firms, partnerships, joint stock companies, public and municipal corporations, political subdivisions, the state and any agencies thereof, and the federal government and any agencies thereof.
- (12) “Project Materials” means documents or media materials that are published or produced to describe or market the project.
- (13) “Protected Instream” means water that remains in or is released into the natural channel and is legally protected by the state.
- (14) “Seasonally Varying Flows” means the duration, timing, frequency and volume of flows, identified for the purpose of determining conditions for a new or expanded storage project, that must remain in-stream outside of the official irrigation season in order to protect and maintain the biological, ecological and physical functions of the watershed downstream of the point of diversion, with due regard given to the need for balancing the functions against the need to store water for multiple purposes.
- (15) “Secondary Water Right” as used in OAR 690-093-0020 (8)(b) means a water right permit issued for the beneficial use of stored water.
- (16) “Technical Review Team” means the group consisting of representatives from Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, Oregon Business Development Department, affected Indian tribes, any collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project and additional experts as determined by the Water Resources Department.
- (17) “Water Supply Development Account” is the account established in the State Treasury under ORS 541.656.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0030

Authorized Use of Funds

- (1) The Department may expend moneys from the Water Supply Development Account for:
- (a) Subject to subsection (3) of this section, making loans and grants to evaluate, plan and develop instream and out-of-stream water development projects approved by the Water Resources Commission, including but not limited to projects that:
- (A) Repair or replace infrastructure to increase the efficiency of water use;
 - (B) Provide new or expanded water storage;
 - (C) Improve or alter operations of existing water storage facilities in connection with newly developed water;
 - (D) Create new, expanded, improved or altered water distribution, conveyance or delivery systems in connection with newly developed water;
 - (E) Allocate federally stored water;
 - (F) Promote water reuse;
 - (G) Promote water conservation;
 - (H) Provide streamflow protection or restoration;
 - (I) Provide for water management or measurement in connection with newly developed water; and
 - (J) Determine seasonally varying flows in connection with newly developed water.

(b) Paying the necessary administrative and technical costs of the Department in carrying out OAR 690-093.

(2)(a) In addition to any other permissible uses of moneys in the account, the Department may expend moneys from the account to support:

(A) Ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water; and

(B) Comprehensive basin studies conducted by the United States Bureau of Reclamation.

(b) Expenditures described in this subsection are not subject to any grant or loan procedures, public benefit scoring or ranking or other requirements or restrictions for grants or loans established under this administrative rule.

(3) The Department may expend account moneys under subsection (1) of this section for loans and grants to develop in-stream and out-of-stream water development projects only if the Department determines under ORS 540.530 that any transfer of water rights for the project will not injure existing water rights.

(4) The Commission is not required to obligate all available account moneys during a funding cycle. Any available account moneys that are not obligated during a funding cycle shall be carried forward and be made available for projects in future funding cycles.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0040

Loan and Grant Applicant Eligibility

(1) Parties eligible for a loan or grant under these rules include persons, Indian tribes, and non-profit organizations.

(2) If an applicant is required to have a water management and conservation plan as prescribed by a condition of a water use permit; a permit extension; or another order or rule of the Commission, the plan must be submitted to the Water Resources Department and receive approval prior to Department acceptance of an application for a loan or grant from the account.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0050

Pre-Application Conferences

(1) A pre-application conference may be requested by prospective applicants.

(2) The Department may request, and the applicant must provide 14 days prior to the conference, adequate project information to prepare for the pre-application conference.

(3) At the pre-application conference, the Department shall inform the prospective applicant of:

(a) The procedural and substantive requirements of a loan or grant application;

(b) The scoring system used to evaluate loan and grant requests; and

(c) Any known issues associated with project eligibility for a loan or grant from the account.

(4) The prospective applicant may request additional pre-application consultation with the Department.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0060

Application Submission Periods

- (1) The Department shall accept an application for a loan or grant at any time, but shall establish a yearly deadline for the consideration of a pool of applications.
- (2) The Department will conduct a preliminary review of the application for completeness, eligibility and for sufficiency of information to determine benefits and outcomes as listed in OAR 690-093-0090 Scoring and Ranking and OAR 690-093-0100 Project Selection.
- (3) Applications not funded during one annual period may be resubmitted in a future period.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0070

Application Requirements

- (1) Applications for a loan or grant from the Water Supply Development Account must be in a form prescribed by the Water Resources Department and must include the following:
 - (a) A description of the need, purpose and nature of the project, including what the applicant intends to complete and how the applicant intends to proceed;
 - (b) Sufficient information to allow evaluation of the application based upon the public benefit scoring and ranking of the project;
 - (c) Current contact information for the principal contact, fiscal officer and involved landowners;
 - (d) For applications involving physical changes or monitoring on private land, evidence that landowners are aware of and agree to the proposal and are aware that monitoring information is a public record;
 - (e) The location of the proposed project, using public land survey reference points, latitude and longitude, county, watershed, river and stream mile, if appropriate;
 - (f) An itemized budget for the project, including fiscal and administrative costs;
 - (g) A description of funds, services or materials available to the project;
 - (h) A project schedule, including beginning and completion dates;
 - (i) Any conditions that may affect the completion of the project;
 - (j) A completed feasibility analysis if appropriate;
 - (k) Suggestions for interim and long-term project performance benchmarks;
 - (l) If the application is for a grant, demonstrated in-kind and cash cost match of not less than 25 percent of the amount of the grant sought from the account;
 - (m) If the application is for a loan, evidence demonstrating ability to repay the loan and provide collateral;
 - (n) Letters of support for the proposed project;
 - (o) If required by the Department, a description of consultations with affected Indian tribes regarding the project; and
 - (p) Any other information required by the Department.

(2) Applications determined to be ineligible, incomplete or that provide insufficient information shall be returned to the applicant.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0080

Public Comment

(1) The Department shall provide public notice and a 60-day period for public comment prior to initial scoring by the Technical Review Team by posting applications passing an initial review on the Department's website.

(2) Additional public comment will be sought by the Commission after rankings are published and prior to a final decision on an application.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

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.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0100

Project Selection

(1) The Commission shall select projects for funding which have the greatest public benefit and will achieve the outcomes listed in subsection (3) of this section.

(2) Project evaluation shall include:

(a) The public benefit in three categories:

- (A) Economic;
- (B) Environmental; and
- (C) Social or cultural.
- (b) Equal importance of each of the three categories of public benefit; and
- (c) Consideration of both positive and negative effects of the projects.
- (3) The Commission will consider the following in its determination of eligible projects that will receive funding:
 - (a) The issuance of grants or loans only to projects that provide benefits in each of the three categories of public benefit described in (2)(a) of this section;
 - (b) Preference for partnerships and collaborative projects;
 - (c) The funding of projects of diverse sizes, types and geographic locations;
 - (d) If a project proposes to divert water, preference for projects that provide a measurable improvement in protected streamflows; and
 - (e) If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0110

Water Dedicated Instream for Certain Above-Ground Storage Facilities

- (1) For the purposes of this section “dedicated instream” has the same meaning as “protected instream” as defined in OAR 690-093-0020(13).
- (2) The recipient of a grant for the development of a new or expanded above-ground storage facility (reservoir) that impounds surface water on a perennial stream; diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or diverts more than 500 acre-feet of water annually must dedicate 25 percent of the newly developed water to instream use.
- (3) To meet the requirements of subsection (2) of this section, dedicated water from projects may come from any combination of newly developed water and other sources and may be released or transferred instream at other locations in the tributary if the Department determines as provided under ORS 540.530 that the alternate location would not injure existing water rights and, in consultation with the State Department of Fish and Wildlife, determines that the alternate location would provide greater or equal environmental benefit. The Water Resources Department, in consultation with the State Department of Fish and Wildlife, shall determine the timing of the flows to maximize instream benefits in a manner consistent with public health and safety.
 - (a) Other sources of water as identified in this subsection include but are not limited to water released from another reservoir and protected under a secondary water right for instream use or a water right transferred instream under OAR chapter 690 Division 77 through a permanent instream transfer or a time limited instream transfer that has a term that is consistent with subsection 3(c) of this section.
 - (b) To establish that a project complies with subsection (2) of this section, the grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.
 - (c) Other sources of water to meet the requirement of subsection (2) of this section shall be legally protected instream for the life of the project for which grant funds were used.

(d) The Department shall protect water dedicated to instream use under this subsection consistent with the priority of the dedicated water source.

(4) A storage water right that is using stored water releases to meet the requirement of subsection (2) of this section, shall be conditioned to achieve the following:

(a) Meet the dedication requirement with stored water releases that are protected under a separate secondary water right;

(b) Annually report, on a schedule determined by the Department, the maximum volume of newly developed water stored in the funded reservoir, including newly developed water present in the reservoir during the immediate past storage season. Twenty-five percent of this volume equals the dedication requirement;

(c) If the dedication requirement is not fully met from other sources, the funded reservoir shall release and the Department shall protect the balance of the water necessary to meet the dedication requirement; and

(d) Demonstrate that the dedication requirement has been met.

(5) For an existing storage permit subject to the requirements of subsection (2) of this section, the grant agreement shall be conditioned to meet the requirements of subsections (3) and (4) of this section.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0120

Demonstration of Public Benefits of Project

(1) A project that receives a loan or grant from the Water Supply Development Account must:

(a) Demonstrate social or cultural benefits and economic benefits sufficient to qualify the project under the scoring and ranking system described in OAR 690-093-0090; and

(b) Except as otherwise provided in ORS 541.681, demonstrate environmental benefits:

(A) By dedicating 25 percent of conserved water or newly developed water, that will be protected by the Department, to instream use; or

(B) By demonstrating environmental benefits that are sufficient to qualify the project under the scoring and ranking system described in OAR 690-093-0090.

(2) To establish that a project complies with subsection (1)(b) of this section, the loan or grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0130

Seasonally Varying Flows

(1) For the purposes of this section “sufficient” information means enough scientific information collected using standard biological, hydrologic, or hydraulic methods to develop the recommended flow prescription.

(2) The Department shall make a determination as provided under subsection (3) of this section if an application for a loan or grant is for a project that requires a water storage or aquifer recharge permit or limited license for the storage of water outside of the official irrigation season and:

- (a) Impounds surface water on a perennial stream;
- (b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or
- (c) Diverts more than 500 acre-feet of surface water from October 1 through September 30 of a given year.

(3) The Department shall review a completed application to determine whether the applicable seasonally varying flows have been established for the stream of interest. If the Department determines that the applicable seasonally varying flows have not been established, the Department shall establish the seasonally varying flows before issuing a loan or grant. The establishment of the seasonally varying flows by the Department shall occur after an application has been selected for funding based on the criteria of OAR 690-093-0100. The Department may use Water Supply Development Account moneys to pay the cost of establishing a seasonally varying flow and to pay other costs directly related to project development.

(4) The Department shall establish any seasonally varying flows under subsection (3) of this section in consultation with the State Department of Fish and Wildlife and any affected Indian tribes. The Department may rely upon existing scientific data and analysis or may fund new data and analysis. The Department shall determine the method for development of a seasonally varying flow prescription using the matrix provided in Appendix OAR 690-093.

(5) If the Department establishes applicable seasonally varying flows for the stream of interest, the Department shall make the seasonally varying flows a condition of:

- (a) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any project described in subsection (2) of this section that receives a loan or grant from the account; and
- (b) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any subsequent project that:
 - (A) Receives a loan or grant from the account;
 - (B) Is for the storage of water outside of the official irrigation season; and
 - (C) Has a diversion point that is subject to seasonally varying flows.

(6) The applicant for a permit or license described in subsection (5)(b) of this section may request that seasonally varying flows established under subsection (3) of this section for the stream of interest be altered based upon new information. There is, however, a rebuttable presumption that existing applicable seasonally varying flows protect and maintain the biological, ecological and physical functions of the stream to the extent required by Commission rules.

(7) The Department shall condition a water storage permit and resulting certificate, aquifer recharge permit and resulting certificate or limited license for a project that receives a grant or loan from the account and meets the other conditions described in subsection (5) of this section to protect the seasonally varying flow in effect at the time the loan or grant is issued for the project.

(8) For purposes of any project that receives a loan or grant and meets the other conditions described in subsection (5) of this section, the Department shall use the matrix provided in Appendix OAR 690-093 for determining the seasonally varying flow prescription.

(9) The matrix in Appendix OAR 690-093 contains the following considerations:

- (a) The level of ecological impact of the proposed project including:
 - (A) Whether the project is diverting water from a stream supporting sensitive, threatened, or endangered species;
 - (B) Whether the impoundment is located in-channel;

- (C) Whether the impoundment or proposed project has an impact on sensitive habitat/process;
- (D) Whether the project is proposing to divert more than half of the remaining available water in the basin;
- (E) Whether the majority of water is already developed in the basin.
- (b) The type of information already available including:
 - (A) Whether there is sufficient long-term data to understand the natural hydrograph;
 - (B) Whether there is sufficient information to understand climate driven shifts to the flow regime;
 - (C) Whether there is sufficient information about water availability;
 - (D) Whether there is sufficient information about all species present at/below the point of diversion and their lifecycle needs;
 - (E) Whether there are habitat studies that provide sufficient information to understand the relationship between selected habitat features and streamflow;
 - (F) Whether there are geomorphological studies or data that provide sufficient information to understand the relationship between sediment transport and streamflow;
 - (G) Whether there is sufficient stream data available to describe stream complexity and floodplain connectivity; and
 - (H) Whether there is sufficient water quality data available, particularly related to temperature.
- (10) Subsections (1) through (9) of this section do not eliminate or alter any applicable standard for department review of an application to determine whether water is available for purposes of reviewing an application for a new water storage or aquifer recharge permit or a limited license for the storage of water.

[\[ED. NOTE: To view attachments referenced in rule text, click here to view rule.\]](#)

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0150

Agreements and Conditions

- (1) Before loan or grant moneys are expended from the Water Supply Development Account for the construction of a project, the recipient must obtain all applicable local, state and federal permits.
- (2) Project materials must include a notation indicating that Water Resources Department funding was used for the project.
- (3) The loans or grants may be conditioned to require that the recipient complete and operate the funded project as described in the loan or grant application. The Department may require that before commencing the operation of a project funded with account moneys, the funding recipient demonstrate that the public benefits identified for the project, including any environmental benefits proposed at a location other than the project site, will be realized in a timely fashion.
- (4) At regular intervals, and upon completion of the project, the loan or grant recipient must submit updates to the Department that describe the completed work, the public benefits achieved and project expenditures.
- (5) The recipient must regularly measure and report the water diverted and used from the project. The Department shall make the final determination regarding the method, timing, frequency and location of measurement.
- (6) The recipient must monitor, evaluate and maintain the project for the life of the loan, or for a specified number of years for a grant, and provide annual progress reports to the Department.

(7) The Department may impose other project specific conditions by noting the conditions during project evaluation and including the condition in the funding agreement for the project.

(8) The Department may terminate, reduce or delay funding for a project if the loan or grant recipient fails to comply with any provision of subsections (1) to (7) of this section.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0160

Authority of the Director

(1) The Director is authorized by the Commission to enter into agreements with applicants who have been awarded a grant or loan by the Commission.

(2) The Director may:

(a) Contract with regulated lenders, state or federal agencies or others to provide services to the program.

(b) Take such steps as are needed to:

(A) Ensure repayment or recovery of loan funds; and

(B) Prevent project funds from being diverted from the originally approved purpose.

(c) Delegate to staff, in writing, authority to approve, deny, or amend agreements consistent with these rules.

(3) The Director or the Director's designee may conduct periodic inspections of water projects with reasonable notice.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0170

Loan Interest Rates and Terms

(1) Interest on loans shall be at reasonable rates as determined by the Commission.

(2) Loan repayment terms shall be for no more than 50 years and shall not exceed the estimated lifespan of the project.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0180

Loan Closing

(1) If the Commission approves a loan, the Department and the applicant or applicants shall enter into an agreement for repayment; arrangements for repayment shall be made by the applicant and the Director.

(2) The loan agreement shall set forth the repayment schedule. The repayment schedule shall:

- (a) Include the amortization of the principal plus interest and provide for full repayment of the loan within 50 years or the life of the project, from the date of the first payment, whichever occurs first; and
- (b) Provide for commencement of repayment by the applicant of moneys used for construction and interest thereon not later than two years after the date of the loan contract or at such other time as the Director may provide.
- (3) The loan agreement shall be a binding legal document between the applicant and the Director stating the terms of the loan, including but not limited to:
 - (a) The purpose of the loan describing the project and location;
 - (b) The amount of the loan and payment schedule;
 - (c) The description of good and sufficient collateral for the loan; and
 - (d) A statement allowing the Director to inspect the project to ensure that the developer complies with conditions for which the money was loaned. This shall remain in effect for the length of the agreement.
- (4) The loan agreement shall include provisions for early prepayment of the loan.
- (5) The ownership of a project shall not be assigned or transferred during the term of the loan without the prior written approval of the Director; such approval shall not be unreasonably withheld.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0190

Standards for Security of Loans

Loans shall not be approved unless:

- (1) The applicant demonstrates and the Department finds that the loan will comply with all requirements of the Department and any applicable federal and state requirements.
- (2) The Director determines that the applicant meets the following standards:
 - (a) Demonstrated revenues or other resources available to:
 - (A) Repay the loan in accordance with its terms; and
 - (B) Provide for the continued operation and maintenance of the project.
 - (b) The applicant is qualified, credit-worthy and responsible as demonstrated by a satisfactory credit history or rating from a rating agency; or
 - (c) A first lien or other good and sufficient collateral is available to secure and provide repayment of the loan; and
 - (d) The project plan assures timely completion and includes schedules with measurable performance benchmarks.
- (3) The application requirements and qualifications are met.
- (4) The proposed water development project is feasible and a reasonable risk from practical and economic standpoints.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)

690-093-0200

Program Review

(1) The Water Resources Department shall review the loan and grant program on a biennial basis to assess to what extent the outcomes described in ORS 541.677 are being achieved, and shall report the review findings to the Water Resources Commission.

(2) The Commission shall modify the project selection process as necessary to better achieve the outcomes described in ORS 541.677.

Statutory/Other Authority: ORS 541.651 - 541.696

Statutes/Other Implemented: ORS 541.651 - 541.696

History:

[WRD 6-2015, f. & cert. ef. 7-2-15](#)



Water Project Grants and Loans & Irrigation Modernization Funding

Process Overview

July 2024

July: Applications due July 10. OWRD reviews all applications for eligibility and completeness.

July: TRT members receive the PDF applications for review.

August: One-on-one Kick-off Meetings. Meet with Grant staff to discuss review team responsibilities, schedule, evaluation and scoring, and address questions.

July - September: Applications received for funding are posted online for a 60-day public comment period.

September/October: TRT Review Meeting. Two-day public remote meeting to discuss and score applications.

1. For each application:
 - Review project summary
 - Discuss application and each public benefit category; each question is led by TRT member assigned to the question.
 - Score each public benefit category
 - Discuss and confirm scores for each public benefit category and total project score

Applicants must achieve a minimum score of 7 in each public benefit category to be recommended for funding.
2. OWRD compiles scores and ranks projects based on scores.
3. TRT members review project ranking, confirm scores and finalize funding recommendation.

October: TRT funding recommendations are posted online for a public comment period.

December: OWRD presents funding recommendations to the Water Resources Commission based on the TRT scoring. The Commission makes the final funding determination.

Application Review

By the TRT Review Meeting, TRT members should:

- Review all applications (see **TRT Instructions document**).
- Apply professional expertise and experience.
- Seek consultation within their agency from subject matter experts or regional representatives as needed.
- Take notes about the strengths and concerns of each application on the **TRT Comment and Score Sheet**.
- Prepare to lead discussions on assigned questions including draft score and reason.
- Prepare draft scores for all applications and all questions using the **Scoring Criteria Guidance** document. Final scoring happens during the meeting.

Please *do not* contact applicants. Applications are reviewed and scored based on the information provided.

Please *do not discuss applications with other TRT members*. The deliberation of public benefits for each application should occur at the TRT Review Meeting.

Application Scoring

Statute requires projects provide public benefits in three categories: **economic, environmental, and social/cultural**. Scoring criteria for the public benefits are listed in statute.

Use the **Scoring Criteria Guidance** to ensure TRT members are applying a consistent approach to scoring. The document lays out the scoring criteria for each of the 18 public benefits (6 in each public benefit category). The document includes a general framework for scoring and provides greater detail for some public benefits on how an application can qualify for a particular score.

TRT members score the public benefits based on:

- Positive and negative impacts
- Likelihood of achieving claimed benefits
- Change in conditions described
- Supporting evidence or documentation

KEY

OWRD Actions

TRT Members

WATER PROJECT GRANTS AND LOANS & IRRIGATION MODERNIZATION FUNDING

SCORING CRITERIA

OREGON



WATER RESOURCES
DEPARTMENT



New center pivot in Wallowa County



Piping in Deschutes County



Instream water transfer in Klamath County

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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.

Public Benefit Categories		
Economic	Environmental	Social/Cultural
Minimum Score Required to Receive Funding		
7	7	7

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	<i>Exceptional</i> 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	<i>Moderate</i> increase in the creation or retention of permanent jobs, or seasonal jobs important to the geographic area or employment sector
Minor: 1 pt	<i>Minor</i> increase in jobs, temporary jobs, or job retention, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	The project is not likely to achieve new jobs or impact job retention
Minor detriment: -1 pt	Potential for <i>minor job losses</i>
Medium detriment: -3 pts	<i>Moderate</i> 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	<i>Exceptional (five or more years)</i> 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	<i>Moderate (one to four years)</i> increase in economic activity
Minor: 1 pt	<i>Minor, short-term (less than one year)</i> increase in economic activity, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Increased economic activity <i>not likely</i> to occur
Minor detriment: -1 pt	Potential for <i>minor losses or decreases</i> in economic activity
Medium detriment: -3 pts	<i>Moderate losses or decreases</i> in economic activity are likely

1c. Does the project result in increases in 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	<i>Exceptional</i> increase in efficiency and innovation
High: 6 pts	<i>High</i> Increases in efficiency or innovation
Medium: 3 pts	<i>Moderate</i> increases in performance
Minor: 1 pt	<i>Minor</i> increases <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Increased efficiency or innovation not likely
Minor detriment: -1 pt	Potential for <i>minor decreases</i> in efficiency or innovation
Medium detriment: -3 pts	<i>Moderate decreases</i> in efficiency or innovation are likely

1d. Does the project result in enhancement of 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	<i>Exceptional</i> enhancements of infrastructure or land
High: 6 pts	<i>High</i> quality of enhancements to infrastructure or land
Medium: 3 pts	<i>Moderate</i> enhancements
Minor: 1 pt	<i>Minor</i> enhancements, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Enhancements <i>not likely</i>
Minor detriment: -1 pt	Potential that infrastructure or lands will be <i>degraded or removed</i> from productive uses (minor negative change)
Medium detriment:-3 pts	Infrastructure or lands that are <i>degraded or removed</i> from productive uses (moderate negative change)

1e. Does the project result in enhancement of 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	<i>Exceptional</i> 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 <i>high</i> quality of increased value is likely
Medium: 3 pts	<i>Moderate</i> increased value
Minor: 1 pt	<i>Minor</i> increased value, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Enhanced values <i>not likely</i>
Minor detriment: -1 pt	Potential for <i>minor decreases</i> 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	<i>Moderate decreases</i> 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	<i>Exceptional increase</i> in irrigated acreage, or agricultural economic value or productivity
High: 6 pts	<i>High</i> increase in irrigated acreage, or agricultural economic value or productivity
Medium: 3 pts	<i>Moderate</i> increase in irrigated acreage or agricultural economic value or productivity
Minor: 1 pt	<i>Minor</i> increase, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Increased irrigated land or increased value or productivity <i>not likely</i>
Minor detriment: -1 pt	Potential for <i>minor decreases</i> in agricultural economic value or productivity or irrigated land for agriculture
Medium detriment: -3 pts	<i>Moderate decreases</i> 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 <i>exceptional</i> 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 <i>high quality</i> 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 <i>moderate</i> 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 <i>minor</i> achievement in a combination of (A) through (E), <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Improvements in protected streamflow <i>unlikely, OR streamflow would not be legally protected by the State</i>
Minor detriment: -1 pt	Potential <i>minor decreases</i> to protected streamflow
Medium detriment: -3 pts	<i>Moderate decreases</i> 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	<i>40 percent or more</i> reduction in water use to achieve the same outcomes
High: 6 pts	<i>21-40 percent</i> reduction in water use to achieve the same outcomes
Medium: 3 pts	<i>11-20 percent</i> reduction
Minor: 1 pt	<i>Minor (<10 percent)</i> reduction, <i>OR</i> claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Water conservation <i>not likely</i>
Minor detriment: -1 pt	<i>Potential for additional water used</i> to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)
Medium detriment: -3 pts	<i>Additional water used</i> to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)

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

Measurable improvement in groundwater levels mean that groundwater declines would be reduced or eliminated and/or groundwater levels would increase. Stabilization or improvement 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	<i>Exceptional</i> improvement in groundwater levels
High: 6 pts	<i>High</i> quality of improvement
Medium: 3 pts	<i>Moderate</i> improvement
Minor: 1 pt	<i>Minor</i> improvement to groundwater levels, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Improved groundwater levels <i>not likely</i>
Minor detriment: -1 pt	<i>Potential for minor groundwater declines</i>
Medium detriment: -3 pts	<i>Moderate groundwater declines</i> are likely

2d. Does the project result in measurable improvement 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	<i>Exceptional, measurable</i> improvement in water quality
High: 6 pts	<i>High</i> quality of measurable improvement
Medium: 3 pts	<i>Moderate, measurable</i> improvement
Minor: 1 pt	<i>Minor</i> improvement, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Improved water quality <i>not likely</i>
Minor detriment: -1 pt	<i>Potential minor negative impacts</i> to water quality
Medium detriment: -3 pts	<i>Moderate negative impacts</i> 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	<i>Exceptional</i> improvements in multiple areas in ecosystem resiliency to climate change
High: 6 pts	<i>High</i> quality improvements in ecosystem resiliency to climate change
Medium: 3 pts	<i>Moderate</i> improvements
Minor: 1 pt	<i>Minor</i> improvements, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Improvements in ecosystem resiliency to climate change <i>not likely</i>
Minor detriment: -1 pt	<i>Minor decreases</i> in ecosystem resiliency to climate change may occur
Medium detriment: -3 pts	<i>Moderate decreases</i> 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	<i>Exceptional</i> progress towards removing limiting ecological factors or making improvements which address multiple limiting ecological factors
High: 6 pts	Important progress making improvements of a <i>high</i> quality which address limiting ecological factors
Medium: 3 pts	<i>Moderate</i> progress which address some limiting ecological factors
Minor: 1 pt	<i>Minor</i> progress, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	<i>Not likely</i> to address limiting ecological factors in the project watershed <i>OR</i> documentation verifying limiting ecological factor <i>not included</i>
Minor detriment: -1 pt	<i>Potential minor worsening</i> of some limiting ecological factors in the project watershed
Medium detriment: -3 pts	<i>Exacerbates</i> 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	<i>Exceptional</i> promotion of public health, public safety or local food systems vital to the community
High: 6 pts	<i>High</i> quality of promotion of public health, public safety or local food systems
Medium: 3 pts	<i>Moderate</i> promotion
Minor: 1 pt	<i>Minor</i> promotion of public health, public safety or local food systems, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Promotion of public health, public safety or local food systems <i>not likely</i>
Minor detriment: -1 pt	Potential for <i>minor negative impact</i> to public health, public safety, or local food systems
Medium detriment: -3 pts	<i>Degrades</i> 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	<i>Exceptional</i> measurable improvements in conditions for environmental justice communities, <u>and</u> environmental justice communities were engaged in the process of developing projects
High: 6 pts	Improvements are of a <i>high quality and</i> <u>and</u> environmental justice communities were consulted or provided meaningful opportunity to engage
Medium: 3 pts	<i>Moderate</i> improvements and environmental justice communities were provided meaningful opportunity to engage
Minor: 1 pt	<i>Minor</i> improvements, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Improved conditions <i>not likely</i>

Minor detriment: -1 pt	Likely to result in <i>minor detriment</i> in conditions for environmental justice communities
Medium detriment: -3 pts	<i>Worse conditions</i> 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	<i>High quality of</i> promotion, improving access and quality
Medium: 3 pts	<i>Moderate</i> promotion, improving access or quality
Minor: 1 pt	<i>Minor</i> promotion, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	Benefit to recreation and scenic values <i>not likely</i>
Minor detriment: -1 pt	Potential to detract from recreation and scenic values (minor detracting)
Medium detriment: -3 pts	Moderate detracting 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	<i>Moderate</i> contributions
Minor: 1 pt	<i>Minor</i> contributions, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
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	<i>High</i> quality role in supporting a state or local priority
Medium: 3 pts	<i>Moderate</i> role
Minor: 1 pt	<i>Minor</i> role, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
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 Oregon’s 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, <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
No benefit: 0 pts	<i>No change/impact</i>
Minor detriment: -1 pt	Stakeholders with differing perspectives and/or the public (as appropriate) were <i>not consulted</i> 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 <i>excluded</i> 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.