



Oregon

Tina Kotek, Governor

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MEMORANDUM

TO: Water Resources Commission
FROM: Ivan Gall, Director
SUBJECT: Agenda Item B, December 12, 2024
Water Resources Commission

Water Supply Development Account Grant Increase Delegation of Authority

I. Introduction

Due to an increased frequency of requests to increase grant budgets, the Commission will be asked to delegate authority to the Director to increase grant budgets for previously awarded projects in the Water Supply Development Account.

II. Integrated Water Resources Strategy Recommended Action

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

III. Background

The Water Supply Development Account was established in 2013 and is governed by ORS 541.651-541.696 and OAR 690-093. These statutes provide the basis for the Water Projects Grants and Loans Funding Opportunity, as well as the newer Irrigation Modernization Funding. While funding provided through the Account can be used for direct appropriations, loans, or to support federal studies; those funding types are not addressed in this staff report or request for delegation of authority.

Water Project Grants and Loans and Irrigation Modernization Funding are the focus of this staff report. For Water Projects Grants and Loans and the Irrigation Modernization Funding opportunity, the Commission makes the final decision regarding which projects are awarded funding (ORS 541.669(3)) and how much funded is awarded. The Director is then authorized to enter into grant agreements with those awarded funds and the Director may delegate to staff, in writing the authority to approve, deny, or amend agreements consistent with these rules (OAR 690-093-0160).

IV. Issue Statement

From 2016 to 2022, OWRD received two requests to increase grants from the Water Supply Development Account. Since spring of 2024, OWRD has received two formal requests for grant

budget increases for its grant programs and three additional inquiries about the process for requesting a grant budget increase. The reasons for the rise in the number of requests are:

- *Increased number of grants and grant dollars* – The Department’s grant portfolio has increased significantly in the last several years. In 2014, the Department managed about \$21 million in grant dollars compared to a portfolio of over \$100 million in 2024. With more grants, more budget increase requests are to be expected.
- *Higher rates of inflation and other cost increases* – In the last few years, the Department and its grantees have observed higher levels of inflation and other cost increases due to factors outside of the grantee’s control.

To date, to help address the need for project budget increases the Department has:

- Advised applicants to anticipate and include cost increases when developing their project budget and to request those grant funds as part of their application;
- Advocated that grantees alert the Department of budget issues as early as possible, either through progress reports or other communication with the grant coordinator;
- Worked with grantees to reallocate funds within the project budget to make full use of potential matching and OWRD dollars;
- Evaluated whether it is appropriate to reduce the scope of the project and allow the grantee to apply for additional funds for additional phases of the project; and
- Provided letters of support to grantees seeking other non-Department funds.
- The Department intends to keep taking these actions, however given the extent of the cost increases, we do not anticipate these actions will fully address the problem and expect requests for grant budget increases to continue.

V. Discussion

As the Department’s grant portfolio increases in size and scope, we are evaluating and adapting our systems to provide improved customer service and continued fiscal stewardship. Currently, the Department reviews grant budget increase requests and determines whether to recommend their approval, before bringing the request to the Commission for a decision. With the Commission’s current meeting schedule, this means there are only four opportunities in a year to receive a grant budget increase, which may impact project implementation.

ORS 536.025(2) allows for the Commission to delegate authority to the Water Resources Director “...*the exercise or discharge in the commission’s name of any power, duty or function of whatever character, vested in or imposed by the law upon the commission.*” The Department is seeking a delegation of authority from the Commission allowing the Director to make decisions on behalf of the Commission to increase grant budgets for projects that were previously awarded funds by the Commission in lieu of the Department bringing requests for grant budget increases to the Commission. A draft delegation order for the Commission Chair’s signature is included in Attachment 1.

The Departments other statutorily established grant programs – Feasibility Study Grants and Place-Based Planning – give the Director authority to award funds in statute. Therefore, action

by the Commission is not required to increase those grant budgets. Moving forward, the Department does not intend to bring grant budget increase requests to the Commission for Feasibility Study Grants or Place-Based Integrated Water Resources Planning.

VI. Proposed Alternatives

The Commission may consider the following alternatives:

1. Authorize the Director or their designee to increase grant budgets for projects previously awarded funds by the Commission from the Water Supply Development Account of up to 20% of the initial grant award but not to exceed \$500,000.
2. Authorize the Director or their designee to increase grant budgets for projects previously awarded funds by the Commission from the Water Supply Development Account of up to 10% of the initial grant award but not to exceed \$250,000
3. Decline to act, and have the Department continue to bring grant increases to the Commission for its consideration.

VII. Action Item

The Director recommends Alternative 1.

Attachments:

1. Delegation order

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**OREGON WATER RESOURCES COMMISSION
DELEGATION OF COMMISSION AUTHORITY**

Pursuant to the Water Resources Commission’s authority under ORS 536.025(2) to delegate the exercise, in the Commission’s name, of *“any power, duty or function of whatever character, vested in or imposed by the law upon the commission,”* the Commission hereby delegates to the Water Resources Director or their designee, the authority to increase grant budgets for projects previously awarded funds by the Commission from the Water Supply Development Account of up to [X0%] of the initial grant award but not to exceed [\$X00,000].

This delegation is pursuant to action taken by a vote of the Commission during its regularly scheduled Commission meeting on December 12, 2024.

This delegation of authority is in effect until rescinded by the Commission.

Signed: _____

Eric Quaempts, Chair
Oregon Water Resources Commission

Date: _____