



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

MEMORANDUM

TO: Water Resources Commission

FROM: Phillip C. Ward, Director

SUBJECT: Agenda Item I, November 20, 2008
Water Resources Commission Meeting

Request for Funding Feasibility Studies under the Water Conservation, Reuse and Storage Grant Program, Senate Bill 1069 (Chapter 13, 2008 Laws), OAR Chapter 690, Division 600

I. Issue Statement

The Commission is asked to approve funding for the qualifying costs of planning studies performed to evaluate the feasibility of developing a water conservation, reuse or storage project. This report describes the Application Review Team recommendations, special issues, and staff recommendation for funding following review of comments. This is an action item.

II. Background and Summary

The Department received 36 grant applications, of which 35 were complete grant applications which met the requirements of Senate Bill 1069. A total of more than \$5 million dollars in grant funds were requested, although only \$1.6 million is available for awards. Grant requests ranged from \$6,250 to the maximum allowed amount of \$500,000. Sixty percent of the applications requested \$100,000 or less.

The statute provides a priority for funding applications associated with Above Ground Storage projects that include provisions for using stored water to augment instream flows to conserve, maintain and enhance aquatic life, fish life or other ecological values. The statute also provides a priority for studies that are associated with projects that are identified by the Department in a statewide water assessment and inventory. Thirty-three of the applications fell into this priority category; two of the Above Ground Storage applications did not.

The statute requires that if a planning study concerns a proposed storage project that would impound surface water on a perennial stream or divert water from a stream that supports sensitive, threatened or endangered fish or divert more than 500 acre-feet of surface water annually; grant funding may be provided only if the study contains: (a) Analyses of by-pass, optimum peak, flushing and other ecological flows of the affected stream and the impact of the storage project on those flows; (b) Comparative analyses of alternative means of supplying

water, including but not limited to the costs and benefits of conservation and efficiency alternatives and the extent to which long-term water supply needs may be met using those alternatives; (c) Analyses of environmental harm or impacts from the proposed storage project; (d) Evaluation of the need for and feasibility of using stored water to augment in-stream flows to conserve, maintain and enhance aquatic life, fish life and any other ecological values; and (e) For a proposed storage project that is for municipal use, analysis of local and regional water demand and the proposed storage projects relationship to existing and planned water supply projects.

The number of applications received and recommended for funding is shown below by type of feasibility study. Approximately 2/3 of the applications were for Water Conservation and Reuse and 1/3 were for Storage. Staff recommend 22 applications for funding.

Type of Feasibility Study	No. of Applications Received	No. of Applications Recommended for Funding	\$ Amount Recommended for Funding
Water Conservation	14	8*	\$373,147*
Reuse	7	4	\$169,863
Water Conservation and Reuse	1	1	\$168,863
Above Ground Storage	8	6	\$629,977
Storage Other than Above-Ground	5	3	\$278,658
<i>Total</i>	<i>35</i>	<i>22</i>	<i>\$1,620,508</i>

* Does not include three Water Management and Conservation Plan applications forwarded to the Oregon Water Supply and Conservation Initiative Community Match Funding Program to be considered for funding.

III. Review Process

On September 11, 2008, after determining application completeness, the Department posted the applications and summaries of the applications on the Department's web page. The Department then convened an Application Review Team composed of people with technical expertise in water supply and planning issues associated with agriculture, conservation, groundwater, municipal, reuse and storage. The team was composed of the following individuals:

Department Staff: *Barry Norris, Bill Fujii, George Robison, Ivan Gall, Jen Woody, and Ruben Ochoa*

Other State Agencies:

Department of Agriculture – *Ray Jaindl*
Department of Environmental Quality – *Barbara Sellars*
Department of Fish & Wildlife – *Rick Kepler*
Economic & Community Development Department – *Laird Bryan*
Parks & Recreation Department – *Jan Houck*
Watershed Enhancement Board – *Ken Bierly*

For consistency of review, and to ensure the strongest applications were recommended for funding, each Application Review Team member was asked to review all applications. On September 23 and 24, 2008, the Application Review Team discussed each application. On September 30, 2008, the Application Review Team’s funding recommendations (along with copies of the applications) were made available to the public and a 30-day public comment period commenced.

Based on the comments received, the Application Review Team’s recommendations, the intent of Senate Bill 1069, and the Department’s mission and goals, staff recommend funding the applications as described in Attachment 1 – Application Funding Recommendations.

IV. Application Review Team Funding Recommendations

The Application Review Team was very impressed with all of the applications. If funding was available, many team members would have liked to have recommended fully funding all applications. However, with only \$1 available for every \$3 requested the team ranked each application into one of four categories: Do Fund: High, Medium, Contingent on Adequate Funding and Do Not Fund. The team made no sub prioritization within a funding category (i.e. all “Do Fund: High” studies carry the same ranking).

The Application Review Team recommended funding 18 feasibility studies as Do Fund: High or Do Fund: Medium, and another six studies as Do Fund: Contingent on Adequate Funding. Funding is available for all of the Do Fund: High and Do Fund: Medium feasibility studies at the level recommended by the Application Review Team, with \$14,186 remaining in reserves. The Department lacks funding for the Do Fund: Contingent on Adequate Funding feasibility studies.

Ten of the 18 Do Fund: High or Do Fund: Medium studies were recommended to be fully funded. The Application Review Team reviewed each task within the proposed studies and in some circumstances recommended funding specific tasks rather than the entire study.

V. Comments

The Department received 46 letters and e-mails commenting on 17 applications and the Application Review Team recommendations. In addition to the 34 public comments, there were comments from 16 elected officials: U.S. Senator Gordon Smith; State Senator Alan Bates; State Senator Kurt Schrader; State Representative Cliff Bentz; State Representative Peter Buckley; State Representative Jackie Dingfelder (verbal comments); State Representative Gene Whisnant; Deschutes County Commissioners Luke, Baney, and Daley; Lincoln County Commissioner Thompson; Marion County Commissioners Brentano, Carlson and Milne; Mayor Strom, City of Halfway; and Mayor Auburn, City of Port Orford.

The general non-study specific comments are summarized and responded to in Attachment 2 - Summary of General Comments and Department Response. There were 17 applications that received comments in support of being funded, and two applications that received comments in opposition to funding. A summary of the comments associated with each application are included in Attachment 3 - Application Summaries, and all of the comments are included in Attachment 4 - Comments Received.

VI. Staff Funding Recommendations

In response to the comments received, staff recommend modifying the funding recommendations of the Application Review Team and funding four additional feasibility studies for \$93,355. In order to be able to fund these studies, staff recommend a 5 percent across-the-board reduction in the recommended funding for all studies and using most of the \$14,186 that the Application Review Team had not allocated.

Staff further recommend that if not all funds are used by grant recipients, that the Commission authorize the Department to fund additional water conservation or reuse applications consistent with the program's statutory authorization.

Attachment 1 - Application Funding Recommendations shows the 22 feasibility studies recommended for funding. Attachment 3 - Application Summary provides a summary of each application and includes an Application Description, Application Review Team Evaluation, Comments, and Staff Recommendation.

VII. Summary

The Department recommends funding 22 applications for a total of \$1,620,508 as summarized in Attachment 1 - Application Funding Recommendations and with the funding stipulations (if any) in Attachment 3 - Application Summary. The applications recommended for funding are consistent with the intent of Senate Bill 1069, and the Department's mission and goals.

VIII. Alternatives

The Commission may consider the following alternatives:

1. Adopt the staff funding recommendations in Attachment 1 - Application Funding Recommendations with the funding stipulations (if any) in Attachment 3 - Application Summary. If not all funds are used by grant recipients, authorize staff to fund additional Water Conservation or Reuse applications consistent with the program.
2. Adopt modified funding recommendations.
3. Direct the Department to further evaluate the applications and return with a revised funding proposal.

IX. Recommendation

The Director recommends Alternative 1, that the Commission adopt the funding recommendations in Attachment 1 - Application Funding Recommendations with the funding stipulations (if any) in Attachment 3 - Application Summary. If not all funds are used by grant recipients, authorize staff to fund additional Water Conservation or Reuse applications consistent with the program.

Attachments:

1. Application Funding Recommendations
2. Summary of General Comments and Department Response
3. Application Summaries
4. Comments Received

Bob Rice
(503) 986-0927