



# Oregon

Theodore R. Kulongoski, Governor

## Water Resources Department

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### MEMORANDUM

**TO:** Water Resources Commission

**FROM:** Phillip C. Ward, Director

**SUBJECT:** Agenda Item A, December 5, 2008  
Water Resources Commission Meeting

**Consideration of Disposition of Funds Appropriated to the Water Conservation, Reuse and Storage Grant Program Established under Senate Bill 1069 (Chapter 13, 2008 Laws)**

#### I. Issue Statement

This is an action item regarding the disposition of funds appropriated to the Water Conservation, Reuse and Storage Grant Program established under Senate Bill 1069 (Chapter 13, 2008 Laws).

On November 20, 2008, the Commission took the following action:

*“Adopt the staff funding recommendations in Attachment 1 - Application Funding Recommendations with the funding stipulations (if any) in Attachment 3 – Application Summary contingent on available funds, contractual negotiations, and as consistent with authorizing legislation and submitted applications. Further, the Commission moves to consider revised proposals at a future meeting.”*

#### II. Background

Senate Bill 1069, enacted into law by the Oregon Legislature in 2008, directs the Oregon Water Resources Department (Department) to establish a new grant program to pay the qualifying costs of planning studies performed to evaluate the feasibility of developing a water conservation, reuse or storage project. The 2008 Oregon Legislature also passed Senate Bill 5556, in part, to appropriate \$1,750,000 to the Department for administration and funding of the Water Conservation, Reuse and Storage Grant Program (Program).

#### III. Discussion

Pursuant to the passage of SB 1069, the Department pursued an aggressive timeline to develop the Water Conservation, Reuse and Storage Grant Program and on November 20, 2008 presented its final funding recommendations to the Commission. As part of its deliberations on November 20, the Commission took note of the potential impact that current and projected state budget shortfalls could have on Department programs, particularly in light of the Department's

significant reliance on General Fund revenues to fund its basic operations. After carefully weighing its options, the Commission elected to approve the Department's recommendations regarding recipients and levels of Program funding but deferred the release of the funds for a period to allow for careful deliberation as to potential budget impacts.

#### **IV. Summary**

The Water Conservation, Reuse and Storage Grant Program began as a stakeholder-driven initiative that resulted in 2008 legislation to establish the Program and appropriate \$1.75 million in General Fund revenues to fund it. The Department pursued an aggressive timeline to develop the Water Conservation, Reuse and Storage Program. On November 20, 2008 the Department presented its final funding recommendations to the Commission for their consideration. The Commission approved the Department's recommendations at its November 20<sup>th</sup> meeting but deferred the release of the funds at that time.

#### **V. Alternatives**

The Commission may consider the following alternatives:

Alternative 1: Release funding to all feasibility study applicants the Commission authorized at its' November 20 meeting, at a level representing 95% of staff recommendations, and move forward with grant agreement negotiations and signatures.

Alternative 2: Move forward with grant agreements to fund all High Priority recommended grants totaling \$1,165,820. Defer decision on funding of remaining grants until the Commission's February meeting in case significant additional budget cuts are necessary.

Alternative 3: Direct Department staff to provide further analysis and alternatives.

#### **VI. Recommendation**

Staff recommends approval of Alternative 1.

Attachments:

1. Funding Recommendations Spreadsheet.

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