



# Oregon

Theodore R. Kulongoski, Governor

## Water Resources Department

North Mall Office Building  
725 Summer Street NE, Suite A  
Salem, OR 97301-1266  
503-986-0900  
FAX 503-986-0904

### MEMORANDUM

TO: Water Resources Commission

FROM: Barry Norris, State Engineer  
Tracy Louden, Administrative Services Administrator

SUBJECT: Agenda Item C, February 18, 2010  
Water Resources Commission Meeting

### **Implementation of Grant and Loan Programs**

#### **I. Issue Statement and Background**

SB 5535 provides for a \$2.5 million grant that targets implementation of the Umatilla Basin critical ground water storage project. HB 3369 describes the parameters for the grant and also provides for up to \$25 million additional funds in the form of construction loans for water projects that are within the Columbia River Basin. Staff are working on implementation of both bills.

The purpose of this report is to update the Commission on these activities.

#### **II. Discussion**

##### Umatilla Basin Project

The Department continues to move forward with implementation of a \$2.5 million grant to develop a Umatilla Basin critical ground water storage project. At the Commission's last meeting, Fred Ziari, President of IRZ Consulting, presented results from the Umatilla Basin Aquifer Recharge Project feasibility study, conducted with SB 1069 grant funds. Building on that data, the Department worked with project partners to develop a grant statement of work that includes funding for the following portions of the project:

- Design a system that will convey Columbia River water to recharge area(s);
- Design a system that will recover water from the recharge areas;
- Design a system that will distribute the recovered groundwater to the places of use;
- Construct improvements to Echo Meadows and County Line recharge areas;
- Construct recharge/extraction wells;
- Design a monitoring plan for the recharged water;
- Construct monitoring wells;
- Develop a plan for operation and maintenance of the aquifer recharge system;
- Secure water rights including AR/ASR permits and limited licenses;
- Construct initial project components to initialize recharge efforts at alluvial sites;
- Project management and administration.

A “Umatilla Water Commission” has been organized to manage implementation activities. The five member commission includes Umatilla County, Morrow County, Confederated Tribes of the Umatilla Indian Reservation, County Line Improvement District and Westland Irrigation District. The Chair of the Commission is Mike Wick, Westland Irrigation Manager. The Commission is responsible for providing OWRD with the grant proposal.

#### Water Development Loan Fund

HB 3369 provides language for updating the Department’s Water Development Loan Fund program. It also provides for \$10 million in General Obligation Bond authority the Department may use for loans on Columbia River Basin water projects during the 2009-11 biennium. An additional \$15 million was also authorized for the 2011-13 biennium. The Department is required to return to the Legislature prior to the issuance of a loan to receive expenditure limitation. This will allow the Legislature the opportunity to “fine tune” any necessary funding, loan repayment, or legislative issues as projects develop.

It will be necessary to develop administrative rules for implementing HB 3369. Department staff are in the process of identifying a Rules Advisory Committee to assist with the administrative rules with a target of June or August for Commission consideration. The rules will address standards for borrowers, application fees, revisions to existing Loan Fund administrative rules, receipt of public comment on applications, and other relevant issues.

Provisions for obtaining grants and borrowing funds as allowed by HB 3369 require that projects include protection of “Peak and Ecological Flows.” As a first step in determining how this is to be accomplished the Department has organized a technical advisory committee. Members of the committee are scientists that are uniquely qualified by experience and academic credentials in stream geomorphology, watershed management and other similar disciplines. The committee has met once to develop an outline of how their investigation will progress. The intent of the committee is to give definition to “Peak and Ecological Flows”, provide information as to what processes might be available to determine flow levels that may need protection statewide, and provide alternatives for how those flows might be protected.

### **III. Summary**

The Department is managing a \$2.5 million grant for the Umatilla Basin critical ground water project. The grant provides funding for initial implementation of the project. It is anticipated that over the next four years the Department will provide an additional \$25 million in loans that are needed to supply approximately 25,000 acre-feet to users within the Umatilla critical ground areas. The Department will continue to provide grant & loan oversight, and periodic updates to the Legislature and to the Commission. Department staff will provide a progress report at the Commission’s June 2010, meeting, and may bring administrative rule recommendations at that time for the loan program.