



# 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: Tracy Loudon, Administrative Services Administrator  
Brenda Bateman, Senior Policy Coordinator

SUBJECT: Agenda Item H, August 27, 2010  
Water Resources Commission Meeting

### **Upcoming Division 95 Rulemaking – HB 3369 Implementation Update**

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

The Department is in the process of rulemaking for a new Division 95 related to the Water Development Loan Fund and Columbia River Basin projects. This agenda item reports on the timeline for rulemaking and an anticipated November 19, 2010 date for the Commission's consideration of the proposed rule.

HB 3369, signed by the Governor on August 4, 2009, makes changes to the Water Development Loan Fund and establishes a new grant fund for the construction of water development projects.

Three primary rulemaking activities will take place to:

- 1) Create fiscal and administrative rules for Water Development Loan Fund loans in the Columbia River Basin;
- 2) Create fiscal and administrative rules to administer the new Water Investment Grant Fund; and
- 3) Create rules for the assessment of net environmental public benefits which includes protection of peak and ecological flows.

This agenda item provides an update on the creation of rules for Water Development Loan Fund loans in the Columbia River Basin with Division 95 rulemaking related to fiscal, administrative, and standards for borrowers.

Passage of SB 5505 provided authority to issue general obligation bonds of \$10 million in 2009-11 and \$15 million in 2011-13 to fund water development projects in the Columbia River Basin under the Water Development Loan Fund program. Funding availability causes the portions of HB 3369 related to the Columbia River Basin to be the prioritized focus of rulemaking activities for the Department with other HB 3369 rulemaking occurring later in the biennium.

## II. Discussion

The Department has determined that a separate Division 95 of rules for Columbia River Basin projects offers the greatest clarity of purpose for operation of the Water Development Loan Fund. These rules will incorporate HB 3369 language and operational considerations of the Department. The proposed timeline is as follows:

<b>Description</b>	<b>Date</b>
Constitute Rules Advisory Committee (RAC)	August 6 <sup>th</sup>
Submit Appropriate Notices to Secretary of State Oregon Bulletin publication	August 13th
Hold meeting(s) with Rules Advisory Committee	Month of August
Public Hearing Draft and Public Opportunity to Comment posted on WRD website/Notice published in Oregon Bulletin. Legislators and stakeholders provided notification	September 1, 2010
Conduct public hearing (s)	September 21, 2010
Public comment period closes	September 30, 2010
Review public comment, prepare summary of public comment and agency response for development of Commission staff report	October, 2010
Water Resources Commission consideration	November 19, 2010
Complete filing with Secretary of State; Legislative Counsel within 10 days of Secretary of State filing.	Following Water Resource Commission adoption

## III. Summary

The Department has begun implementation Division 95 rulemaking for a portion of HB 3369 related to Water Development Loans for the Columbia River Basin. Activity will occur during the months of August through November with a projected timeline that will bring the proposed rules before the Water Resources Commission on November 19, 2010. No action is requested of the Commission at this time.

Tracy Loudon  
(503) 986-0920