



# Oregon

John A. Kitzhaber, MD, Governor

## Water Resources Department

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### MEMORANDUM

**TO:** Water Resources Commission

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

**SUBJECT:** Agenda Item C, April 19, 2012  
Water Resources Work Session

### **Request for Funding Feasibility Studies under the Water Conservation, Reuse and Storage Grant Program**

#### **I. Issue Statement**

The Water Conservation, Reuse and Storage Grant Program (WCRS) is returning to the Commission with staff recommendations for awarding grants and to report on a Second Tier application process. The Second Tier grant awards would be based on available funding after bond sales and initial First Tier grant contract negotiations.

#### **II. Background**

The Conservation, Reuse and Storage Grant Program was established by Senate Bill 1069 in 2008. The program is designed to fund the qualifying costs of planning studies that evaluate the feasibility of developing water conservation, reuse or storage projects. During the first round of the program, 21 grants were awarded statewide during 2008 & 2009 for a total of \$1,370,875.

#### **III. 2011 – 2013 Grant Application Review**

The Department received 23 grant applications during the application time period of October 3 through December 15, 2011. Total dollar amount requested was \$2,295,774. All the applications qualified for funding from the grant program. However, due to the limited funding available, the Commission will be unable to fully fund all the applications.

An Application Review Team (ART), which included Department staff and other state agency staff reviewed the applications using criteria established in 2008. The interagency staff came from the Departments of: Agriculture, Fish and Wildlife, Business Development, Parks and Recreation and Environmental Quality. The technical review of the application material was based on: readiness and ability to execute; ability of the planning study to achieve goal; local, regional, state involvement, interest and/or commitment; the study addresses a water supply need; and the applicant addressed source water impacts. The ART met on February 9th to advise Grant Program staff and make recommendations. Staff utilized ART scores and recommendations to develop the Tier One funding recommendations and Tier Two applications list for public comment.

The Department opened public comment on February 14 and accepted comments through March 15, 2012. The Department received 31 comments focused on specific proposals as well as general observations. The comments were valuable to assess the proposed Tier One recommendations, to improve the grant agreement format, to develop the Tier Two process, and to improve the application processes in the future.

There were letters of support for projects proposed for Tier One funding and Tier Two proposals. There were also a variety of concerns related to storage projects. The Polk County proposal received the greatest number of comments with 15 in opposition. The public comments informed Department staff, but did not cause a change in the recommendation of Tier One and Tier Two funding.

Staff recommendations are based upon the ART recommendations with consideration to public comment.

#### IV. 2011 – 2013 Tier One Grant Award Recommendations

Based on the ART recommendation and considering public comment, the following applications are the staff recommendation to the Commission for awards. Pending Commission approval and the scheduled bond sale; staff will work with applicants to develop a grant agreement that will include a statement of work, negotiated funding level, verification of matching requirements, and a termination date for grant expenditures.

Entity	Recommendation
Central Oregon Irrigation District, Redmond	\$ 11,485
Deschutes River Conservancy, Bend	50,000
Dundee, City of	30,000
East Valley Water District	71,665
Fessler Nursery, Woodburn	11,405
Grande Ronde Model Watershed - Upper Grande Ronde La Grande	56,000
Hood River County	250,000
Jefferson County Soil and Water Cons Dist	15,350
La Creole Orchards, Portland	6,200
Medford Water Commission	100,000
Sisters, City of	21,210
Talent Irrigation District - WISE	243,000
Tri City Water & Sanitary Authority, Myrtle Creek	16,500
Umatilla Basin Watershed Council, Pendleton	34,020
	<b>\$916,835</b>

The Commission grant award does not constitute a full funding commitment; funding levels are dependent on the issuance of Lottery-backed bonds, scheduled for May 2012. Final awards may be adjusted for issues such as: proposed implementation which would be beyond the scope of a feasibility study; limitations on administrative overhead; and unachieved match funding availability. Release of funds will not occur until a negotiated grant agreement is signed.

The Commission grant award is contingent on the issuance of Lottery-backed bonds, scheduled for May 2012, and successful negotiation of a grant agreement signed by both parties. Grant agreements are subject to scope of work changes, timeline adjustments, match funding validation, and expenditure restrictions which may affect the final award amount.

**V. 2011 – 2013 Tier Two Grant Process**

The Department anticipates that approximately \$200,000 will remain available for grants after Tier One awards, which will be used to solicit revised proposals from applicants not included in the Tier One awards. Grant program staff will work with applicants in Tier Two to apply for a second round of grants and identify a portion of the original grant application that may be funded.

Those that are recommended for Tier Two funding subject to availability of funds and possible adjustments to the scope of the grant are listed below alphabetically.

Clean Water Services, Hillsboro
Corvallis, City of
Grande Ronde Model Watershed - Lostine, La Grande
Lane Council of Governments
Lower Powder Irrigation District, Baker City
Polk County
Springfield/Eugene
Walla Walla Basin Watershed Council, Milton-Freewater
Water And Stream Health Committee (WASH)

Tier Two recommendations will be scheduled for the Commission’s August 2012 meeting. Since the timeframe for project completion will be shorter (due date still June 2013), the scope of work for these grants will likely involve more modest studies than originally proposed.

## **VI. Alternatives**

The Commission may consider the following alternatives:

1. Adopt the staff funding recommendations in Table 1: 2011–2013 Tier One Grant Award Recommendations.
2. Adopt modified funding recommendations.
3. Direct the Department to further evaluate the applications and return with a revised funding proposal.

## **VII. Recommendations**

The Director recommends Alternative 1, authorize a grant award package consistent with staff recommendations.

Attachments:

1. Application Evaluation
2. Summary of Public Comments and public comments

Tracy Loudon – Administrative Services Administrator  
Bill Fujii – Water Supply and Conservation Coordinator