Oregon
John A. Kitzhaber, MD, Governor

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MEMORANDUM

TO: Water Resources Commission

FROM: Phillip C. Ward, Director

SUBJECT: Agenda Item O, March 7, 2014
Water Resources Commission Meeting

Water Conservation, Reuse and Storage Grant Program – Grant Funding for 2013-15

I. Issue Statement

The Commission will be asked to approve grant funding for the 2013-15 grant cycle of the Water Conservation, Reuse and Storage Grant Program. The program provides funding for the qualifying costs of planning studies that evaluate the feasibility of developing a water conservation, reuse or storage project. This report describes the Application Review Team's recommendations, public comments and staff recommendations for funding.

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. The Commission has awarded $2.4 million in grant funding since 2008.

The first 2013-15 grant solicitation was August 15 through November 1, 2013. The Department received nine applications. All applications were deemed complete and met the requirements of Senate Bill 1069. A total of $887,357 in grant funds was requested out of a total of $750,000 grant funding. Grant requests ranged from $17,401 to $250,000 and include a variety of project proposals.

III. Grant Application Review Process

An Application Review Team (ART) was convened in November to review and score the applications. The ART consisted of a multiagency team including the Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Parks and Recreation

Department, Oregon Department of Agriculture, Business Oregon, Oregon Association of Water Utilities as well as a technical specialist from the Department.

After the ART team scored each application (see attached), the information was posted on the agency website for a 30-day Public Comment Period between December 3, 2013 through January 3, 2014. The Department received eight comments on two grant applications. One letter of support was received for the Oregon State University/Benton County grant application and seven letters were received for the East Valley Water District's grant application.

Two letters recommended denial of the East Valley Water District's grant application, while five were submitted in support. One of the letters stated that the project tasks were now outside the scope of a feasibility analysis or study, while the other cited negative impacts to an adjacent landowner. See the attached summary for additional information on the comments received.

IV. 2013-15 Grant Award Recommendations

Based on the ART scoring, public comments, and staff review, the following applications and funding levels are recommended for awards. If approved by the Commission, staff will work with applicants to develop a grant agreement.

Applicant:	***Project Type***	***Funding Request***	***Funding Recommendation***
City of Halfway	Reuse	40,000	40,000
OSU/Benton/Corvallis	Reuse	48,456	48,456
Central Oregon Irrigation District	Conservation	17,401	17,401
Irrigation Canal & Union SWCD	Conservation	35,000	30,000
City of Newport	Storage	250,000	250,000
East Valley Water District	Storage	140,000	31,500
Walla Walla AR	Storage	232,500	75,103
Walla Walla Exchange	Storage	25,000	15,000
Fifteenmile Watershed Council	Storage	99,000	86,200
Total		887,357	593,660

V. Summary

The funding level recommendations are based on the applicant meeting eligible task and match funding requirements of the program. If approved, this would result in grant awards totaling $593,660. In keeping with plans for future biennia to fund two grant cycles, staff recommend a second grant cycle be initiated in order to distribute remaining funds of $156,340.

Solicitation for the second grant cycle will begin March 10, 2014. The application deadline will be April 11, 2014 with a 30-day public comment period on applications starting at the end of April. Because the fund source is General Fund, applicants will need to achieve project completion within a 6-month timeframe.

VI. Alternatives

The Commission may consider the following alternatives:

1. Adopt the staff funding recommendations, including initiating a second grant cycle.
2. Adopt modified funding recommendations.
3. Direct the Department to further evaluate the applications and return with a revised funding proposal.

VII. Recommendation

The Director recommends Alternative 1, to adopt the staff funding recommendations, to fund all nine applications for a total award of $593,660, allowing the Department to move forward with another grant cycle to award the remaining $156,340. The applications recommended for funding are consistent with the intent and requirements of Senate Bill 1069.

Attachments:

1. Individual Application Evaluations with Staff Recommendation
2. Summary of Public Comments Received
3. Application Review Team Scores

Tracy Louden, Administrator
503-986-0920

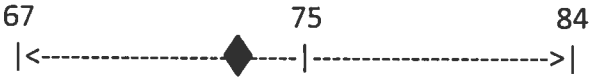
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***East Valley Water District***		
Study Type:	Storage – Above Ground		
Application #:	GS 0067-15		
Study Name:	*Drift Creek Storage Project*		
Basin:	Willamette	**WRD District:**	16
Requested:	$140,000	**Total Project Cost:**	$310,000

Application Description:
This is the third phase of the district's efforts to evaluate environmental and financial feasibility for construction of an above ground storage reservoir along Drift Creek, a tributary of the Pudding River south of Silverton. During this phase, funding is requested to secure regulatory permitting requirements, continue flow and temperature readings for the hydrology analysis, prepare the NEPA analysis, pursue fish passage studies and conduct public outreach.

The application indicates several items that are being pursued as next steps toward implementation. The items listed are necessary to meet regulatory obligations such as obtaining Clear Water Act 401/404 permits, preparing a Biological Assessment, resolving fish passage issues, ensuring protection of cultural resources, complying under the Migratory Bird Treaty Act, and continuing hydrology analysis.

Application Review Team Evaluation:
The Application Review Team gave this application an average score with a medium funding level priority. However, it was noted that most items identified in the application are for regulatory permitting or environmental compliance purposes and not for a feasibility study or determination.



(Ranking within a possible score of 67 to 84)

Comments: Seven comment letters were submitted to the Department. Five were letters of support from Wilco Farmers, Oregon Association of Nurseries, NORPAC, Clackamas County Soil and Water Conservation District, and Oregon Water Resources Congress.

Two of the comment letters requested the grant be denied. Those comments were submitted by WaterWatch and Tonkon Torp, LLP (on behalf of one adjacent landowner). WaterWatch stated the project was outside the scope of a feasibility study; therefore, it should be denied. Tonkon Torp, LLP cited several issues with the application; primarily, their client's property would be partially flooded by the proposed reservoir. Tonkin Torp, LLP also commented that the project was deficient in several areas including its alternatives analysis and project support.

Staff Recommendation: Do Fund at $31,500.
In response, staff reviewed the application as well as previous documentation associated with two prior grant awards for this project. Since this is a multi-year project for the District and progress is evident in each grant cycle, the Department concluded it is comfortable with the alternatives analysis and data used in earlier phases (grant cycles) of the project.

The majority of the tasks identified in the application were outside the scope of a feasibility analysis or study. Those items include a wetland delineation report, Clean Water Act permitting, Endangered Species Act consultation, Migratory Bird Treaty Act compliance, site specific cultural resource studies, and consultation with ODFW. Three of the tasks are within a feasibility analysis and one recommended for partial funding. Tasks 3, 8 and 9, which include National Environmental Policy Act analysis (environmental impacts only), hydrology analysis and public outreach, are recommended to receive funding.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

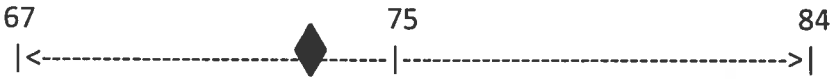
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***Walla Walla Basin Watershed Council (Exchange)***		
Study Type:	Storage – Above Ground		
Application #:	GA-0066-15		
Study Name:	*Walla Walla River Columbia River Exchange for Fish and Farms*		
Basin:	Umatilla	**WRD District:**	5
Requested:	$25,000	**Total Project Cost:**	$292,281

Application Description:
The Walla Walla Basin Watershed Council (Council) is proposing a collaborative approach to reduce the amount of irrigation water taken out of the Walla Walla River. The Council is working with other stakeholders to draw water out of the Columbia River and pipe the water up the Walla Walla Valley to irrigators.

According to the application: "The study will identify costs for a Walla Walla River flow improvement project. An initial United States Army Corps of Engineers' (Corps) study, sponsored by the Confederated Tribes of the Umatilla, identified the best alternative to be pumping and piping water from the Columbia River to serve many of the irrigated farms in the Walla Walla Valley so they can leave their Walla Walla River irrigation water rights in the river to improve flows for fish. The Corps and the Tribes worked with the local community to come up with a plan that could meet flow targets for fish, but it was very expensive to build and operate. This study will utilize relevant information from the Corps study but look at a farm-based approach and also include senior water users along the downstream Washington portion of the Walla Walla River to ensure fish flow benefits are protected to the confluence with the Columbia River."

Application Review Team Evaluation:
This application received an average score and a medium funding priority level from the Application Review Team. However, the application did receive two "Do not Fund" recommendations from team members.



(Ranking within a possible score of 67 to 84)

Comments: No comments were received

Staff Recommendation: Do Fund at $15,000.
Tasks 1, 2 & 3 are not considered to be feasibility analyses or studies. All three tasks are associated with pipeline route layout and design. Tasks 4, 5, & 6 would be partially funded. Those tasks include conceptual review of a small storage reservoir, in-stream flow analysis and preparation of the final report.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***Walla Walla Basin Watershed Council (AR)***		
Study Type:	Storage – Artificial Recharge		
Application #:	GB-0065-15		
Study Name:	*Eastside Aquifer - Artificial Recharge, Walla Walla Basin*		
Basin:	Umatilla	**WRD District:**	5
Requested:	$232,500	**Total Project Cost:**	$477,267

Application Description:
This Walla Walla Basin Watershed Council sponsored project is part of a larger basin-wide planning effort involving stakeholders such as the State of Washington, Bonneville Power Administration, Confederated Tribes of the Umatilla Indian Reservation, and Oregon Watershed Enhancement Board. The goal of the basin-wide study is to improve overall watershed conditions. In order to achieve that goal, extensive studies within the basin are necessary.

This planning study will focus on the feasibility of artificial recharge (AR) in the depleted 'Eastside" sub-basin of the Walla Walla Basin's alluvial aquifer. The Eastside AR project would allow irrigators to leave water in-stream and instead utilize stored water in the aquifer during low-flow months to help improve fish passage, river habitat, and reduce water temperature in the Walla Walla River. The feasibility study will focus on two tasks. 1) drilling 3-4 monitoring wells to help with the hydrogeologic analysis and obtain data from pumping tests; and 2) Conducting a hydrogeologic analysis of the Eastside sub-basin to determine aquifer characteristics.

Application Review Team Evaluation:
The Application Review Team gave this application an above average score and a medium funding priority level.

(Ranking within a possible score of 67 to 84)

Comments: No comments were received.

Staff Recommendation: Do Fund at $75,103.
Not all match funding met eligibility requirements; therefore, reduced funding is recommended. Because this is a multi-state project, tasks performed only within the state of

Oregon were considered. Those tasks include installation and monitoring of test wells and conducting hydrogeologic analysis. Staff will work with the applicant to refine the tasks to be performed at this funding level.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

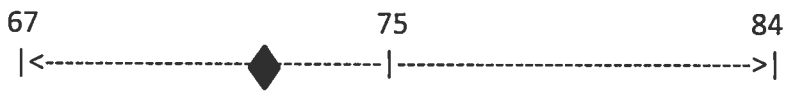
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***OSU/Benton County/City of Corvallis***		
Study Type:	Reuse		
Application #:	GR-0063-15		
Study Name:	*Green Infrastructure for Storm Water Treatment in Benton County*		
Basin:	Willamette	**WRD District:**	16
Request:	$48,456	**Total Project Cost:**	$97,312

Application Description:
Oregon State University, Benton County and the City of Corvallis have partnered to evaluate the effectiveness of developing rain gardens to capture and redirect storm water runoff on County property within the City of Corvallis. Rain Gardens intercept storm water, slow it down, and filter it before it enters the conventional storm water system.

The application states: "This is a collaborative project between Benton County, the City of Corvallis, and Oregon State University to implement the next phase of the city's comprehensive planning effort to treat storm water via green infrastructure. The first phase has focused on identifying locations and treatment types using an urban watershed scale analysis. This project will help advance the city's effort and similar projects to the next level by investigating field scale planning policies and designs needed to build green infrastructure. Key components of this planning project will include establishment of rain garden sites for identification of field scale design criteria, impact assessments, education and outreach. The sites will be located at a Benton County Facility."

Application Review Team Evaluation:
The Application Review Team gave this application a medium score and funding recommendation level. The entities working on the project have high expertise to accomplish the task. There is strong community support for the effort. The project was a collaborative approach.



(Ranking within a possible score of 67 to 84)

Comments: This application received one letter of support.

Staff Recommendations: Do Fund at $48,456.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

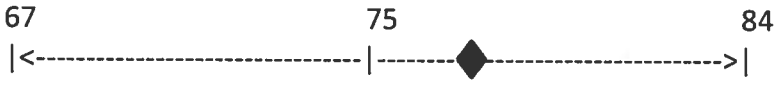
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***Irrigation Canal Company and Union Soil & Water Conservation District***		
Study Type:	Conservation		
Application #:	GC-0068-15		
Study Name:	*Irrigation Canal Company & Oro Dell Ditch Diversion Consolidation and Water Conservation Study*		
Basin:	Grande Ronde	**WRD District:**	6
Requested:	$35,000	**Total Project Cost:**	$76,000

Application Description:
The Irrigation Canal and Oro Dell Ditch Companies have been diverting irrigation water out of the Grande Ronde River into a canal and ditch delivery system for on-farm use for over 100 years. Urban sprawl, changes in environmental law, advances in irrigation systems, aging infrastructure, and the potential to reduce water losses, led to the decision to re-assess these systems for efficiency and conservation.

The application states: "This feasibility study will determine the amount of water loss in the canal and ditch delivery system serving approximately 58 users. It's an aging system of over 100 years. The object of the study is to evaluate the system to determine water loss, inefficiencies within the system and the potential for improving in-stream flow in the upper Grande Ronde River."

Application Review Team Evaluation:
The Application Review Team gave this application an above average score and a medium funding priority. This application also has strong match funding.



(Ranking within a possible score of 67 to 84)

Comments: No comments were received.

Staff Recommendation: Do Fund at $30,000.
Do not fund $5,000 of the request because two tasks are aligned with the implementation of a project, not the analysis related to the feasibility of the project. The two tasks not funded are: 1) development of the final project design; and 2) the cost of staff time related to applying for future construction funding.

Commission Action:

On March __2014, the Water Resources Commission took action to:

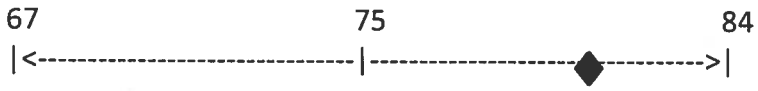
The feasibility study received an award amount of $_____.

Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***Fifteenmile Watershed Council***		
Study Type:	Storage		
Application #:	GA-0061-15		
Study Name:	*Fifteenmile Watershed Above-Ground Storage Feasibility Study*		
Basin:	Hood	**WRD District:**	3
Requested:	$99,000	**Total Project Cost:**	$198,600

Application Description:
Fifteenmile Watershed Council is proposing to evaluate the potential to use above-ground stored water to augment late season stream flows and provide more stable water supplies. Fifteenmile watershed is home to Federally-listed threatened steelhead, other native fish species, and a vibrant farm community. As stream flow declines each summer, the watermaster regulates junior water right holders, including some in-stream rights in order to protect senior users. Low stream flow is identified as a primary limiting factor for viable fish populations. Also, portions of Fifteenmile streams exceed temperature requirements for salmon and trout rearing, migration, and spawning. The study will evaluate above-ground storage opportunities in the basin and determine whether any potential storage facilities could meet the dual goal of benefitting both farms and fish.

Application Review Team Evaluation:
The Application Review Team gave this application a high funding recommendation. Strong local support was evident by the letters of support and collaborative partnerships. Voluntary water conservation attempts have been taken with only moderate success. If accomplished, this project could benefit fish and farms.



(Ranking within a possible score of 67 to 84)

Comments: No comments were received.

Staff Recommendation: Do Fund at $86,200.
Eligible match funding was less than anticipated, resulting in a funding recommendation below the original request. Sources of ineligible match funding included OWRD staff time. Staff will work with the applicant to renegotiate tasks to be performed.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

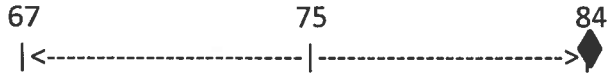
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***Central Oregon Irrigation District***		
Study Type:	Conservation		
Application #:	GC-0064-15		
Study Name:	West F-Lateral Feasibility Study		
Basin:	Deschutes	**WRD District:**	11
Requested:	$17,401	**Total Project Cost:**	$34,802

Application Description:
The Central Oregon Irrigation District has been evaluating its canal system to identify ways to improve inefficiencies in canals and conserve water. The result of this effort is increased flows in the Deschutes River. This grant cycle the District is proposing to evaluate its F-Lateral canal.

The application states: "The feasibility study will comprehensively examine a section of COID's existing F-Lateral canal, approximately 2,273 linear feet, to confirm the 7.5 cfs (2,673 AF) loss calculated in 2012 and will determine the best alternative to maximize water conservation. The overall goals are to conserve water through this stretch of the lateral for water conservation and delivery improvements. The conserved water will be permanently in-streamed in the Deschutes River or may be used towards the North Unit Irrigation District Water Supply Initiative."

Application Review Team Evaluation:
This application was one of the two highest rated applications in this grant cycle. It was also given a high priority funding level.



(Ranking within a possible score of 67-84)

Comments: No comments were received.

Staff Recommendation: Do Fund at $17,401.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

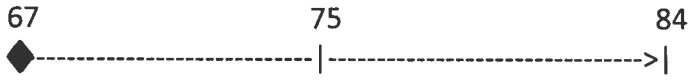
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***City of Halfway***		
Study Type:	Reuse		
Application #:	GR-0060-15		
Study Name:	*Halfway's Land Feasibility Study for Water Reuse*		
Basin:	Powder	**WRD District:**	8
Requested:	$40,000	**Total Project Cost:**	$80,000

Application Description:
The City of Halfway is proposing to evaluate reuse of its water from their wastewater treatment facility. The goal of the project is to apply the reuse water on irrigated crops in lieu of using water out of Pine Creek. This will result in greater flows in the Creek allowing for improved habitat conditions for bull trout.

The application indicates the City proposes to conduct: "A feasibility study to identify local land parcels for potential sites to be used for water reuse. The study is to assess the appropriateness of those sites for utilization of reuse water for agricultural purposes. The study will take into consideration the location, size, soil condition and financial feasibility of each potential site. The reuse water applied to land will improve water quality in Pine Creek because it will leave currently diverted irrigation water in Pine Creek."

Application Review Team Evaluation:
The Application Review Team gave this application a low score as well as funding priority. The team also commented that the application lacked project detail.



(Ranking within a possible score of 67-84)

Comments: No comments were received.

Staff Recommendation: Do Fund at $40,000.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

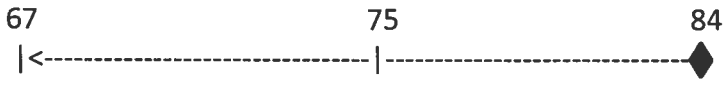
Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for November 1, 2013 Applications

Applicant:	***City of Newport***		
Study Type:	Storage – Above Ground		
Application #:	GS-0062-15		
Study Name:	*Big Creek Dams 1 & 2 Seismic Stability and Retrofit Feasibility Study*		
Basin:	Mid-Coast	**WRD District:**	1
Requested:	$250,000	**Total Project Cost:**	$ 602,403

Application Description:
The City of Newport's two reservoirs that hold its municipal water supply are located above the city along Big Creek. An inspection of the dams by the state engineer confirmed that both dams are in danger of failing, especially in the event of an earthquake. This poses a safety hazard to citizens in the City of Newport, as well as the potential loss of their municipal water supply. This project is a high safety concern and high priority from a dam safety perspective.

According to the application, "During construction of a water treatment facility in Newport, engineers discovered that the subsurface soils had a high potential for liquefaction at two reservoir dams-Big Creek Dams 1 and 2. A preliminary geotechnical and seismic evaluation confirmed serious safety deficiencies that could result in catastrophic failure during a seismic event-causing flooding and loss of the city's sole source of drinking water. A feasibility study will enable the city to evaluate the soil composition to assess the behavior of the dam's foundation and embankment soils for a decision to repair, rebuild, or replace the dams."

Application Review Team Evaluation:
This application was one of two applications that received the highest score and funding priority recommendations made by the review team. The project received strong local as well as state-wide support, due to community safety concerns. The application also has strong match funding.



(Ranking within a possible score of 67-84)

Comments: No Comments were received.

Staff Recommendation: Do Fund at $250,000.

Commission Action:

On March __2014, the Water Resources Commission took action to:

The feasibility study received an award amount of $_____.

Agenda Item O
Water Resources Commission Meeting March, 2014

Summary of Public Comments

Public Comment	WRD Response
East Valley Water District (7) Seven comment letters were submitted to the Department. Five were letters of support from Wilco Farmers, Oregon Association of Nurseries, NORPAC, Clackamas County Soil and Water Conservation District, and Oregon Water Resources Congress Two of the comment letters requested the grant be denied. Those comments were submitted by WaterWatch and Tonkon Torp, LLP (on behalf of one adjacent landowner). WaterWatch stated the project was outside the scope of a feasibility study; therefore, it should be denied. Tonkon Torp, LLP cited several issues with the application; primarily, their client's property would be partially flooded by the proposed reservoir. Tonkin Torp, LLP also commented that the project was deficient in several areas including its alternatives analysis and project support. Five comments were submitted in support of East Valley Water District's proposed water storage project. Those comments came from Wilco Farmers, Oregon Association of Nurseries, NORPAC, Clackamas County Soil and Water Conservation District and Oregon Water Resources Congress.	The application met the minimum qualification for it to be reviewed and scored. The Application Review Team gave this application an average score with a medium funding priority level. Several of the tasks identified in the application will not be funded because the tasks are considered to be steps taken outside of the feasibility stage of a project. This application is the third phase of the project. An alternatives analysis was completed in the first and updated in the second phase. Because the third phase reflects a narrower scope of the project as a result of the analysis already completed, the Department does not believe additional alternative analysis is necessary. The lack of documented support was taken into consideration during the scoring process; however, this project received five letters of support during the public comment period.
OSU/Benton County/City of Corvallis (1) One comment of support was submitted by the Corvallis Sustainability Coalition. They support the idea of construction of a rain garden to reduce pollution and flooding impacts associated with stormwater run-off. They also mention the rain garden project complimented a broader effort being initiated in the community to reduce stormwater run-off impacts to the Willamette River.	The application met the minimum qualification for it to be reviewed and scored. The Application Review Team gave this application a low average score with a medium funding priority level. No additional response is necessary.

Attachment 3

Water Conservation, Reuse & Storage Grant Program

Application Review Team Scores

Entity	Project Type	Average Score	Funding Level
City of Newport	Storage	84	H
Central Oregon Irrigation District	Conservation	84	H
Fifteenmile Watershed Council	Storage	81	H
Irrigation Canal Co & Union Soil and Water Conservation District	Conservation	77	M
Walla Walla Watershed Council (AR)	Storage	76	M
Walla Walla Watershed Council (River Exchange)	Storage	74	M
East Valley Water District	Storage	74	M
Benton County/City of Corvallis/Oregon State University	Reuse	72	M
City of Halfway	Reuse	67	L