



MEMORANDUM

TO: Water Resources Commission

FROM: Racquel Rancier, Senior Policy Coordinator
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SUBJECT: Agenda Item L, August 19, 2016
Water Resources Commission Meeting

Recent State Investments in Water Resources Studies, Planning and Projects

I. Introduction

In 2013, 2015, and 2016, the Oregon Legislature authorized funds to help individuals and communities address instream and out-of-stream water needs, supporting implementation of Recommended Actions 1A, 9A, 9C, 10B, 10E, and 13C of Oregon's 2012 Integrated Water Resources Strategy. In this informational report, staff recap recent Department investments related to water resources studies, planning, and projects since 2013.

II. Background

Table 1 lists the amounts authorized by the Oregon Legislature during each biennium for water resources studies, planning, and project-related activities. The following section describes each funding opportunity authorized, the funds expended to date, and future actions.

Table 1. Summary of Funding Provided by the Legislature for Water Resources Development Since 2013

Description	IWRS Action	Source of Funds	2013-2015	2015-2017
Upper Deschutes Basin Study	9C	Lottery Bonds	\$750,000	
Willamette Basin Review	9C, 10B	Lottery Bonds	\$1.5 million	
Umatilla Water Supply Grant	10E	Lottery Bonds	--	\$11 million
Mosier Well Grants	--	Lottery Bonds	--	\$1 million
Place-Based Planning Pilot Grants	9A	Lottery Bonds	--	\$750,000
Feasibility Study Grants	13C	General Fund/ Lottery Bonds	\$750,000	\$2.77 million
Water Project Grants and Loans	10E	Lottery Bonds	\$7.75 million	\$6.25 million
Water Development Loan Fund	10E	General Obligation Bonds	\$10 million	\$30 million
Harney Basin Groundwater Study	1A	General Fund		\$575,000

III. Summary of Recent State Investments in Water Resources Studies, Planning, and Development

A. The *Water Resources Development Program* seeks to help address instream and out-of-stream water needs now and into the future. The Program's key funding opportunities primarily consist of three components: Place-based Integrated Water Resources Planning, Feasibility Study Grants, and Water Project Grants and Loans.

1. *Place-based Planning (SB 266 – 2015)* empowers communities to work collaboratively, in partnership with the state, to understand their water resources needs and identify potential solutions to meet those needs. The Department received \$750,000 in 2015 to pilot place-based planning. In February 2016, the Commission allocated \$657,000 for grants to four pilots. The Department will present recommendations for the expenditure of the remaining \$93,000 in Agenda Item M.
2. *Feasibility Study Grants (SB 1069 – 2008)* cover up to 50 percent of the costs of studies to evaluate the feasibility of developing water conservation, reuse, and storage projects. In 2013-15, the Department received \$750,000 for grants and the Commission awarded 14 grants, totaling \$714,762. The Legislature authorized \$2.77 million in 2015-17 and the Commission has awarded 23 grants totaling \$1,766,400.¹ In July, the Department began accepting applications for a third funding cycle. The Department anticipates bringing funding recommendations to the Commission annually in May, as funds are available. Roughly \$1 million is available for the current cycle.
3. *Water Project Grants and Loans (SB 839 – 2013)* allows the state to invest in projects that meet instream and out-of-stream needs, while providing economic, environmental, and social/cultural benefits. To date, the Legislature has authorized \$14 million for grants and loans; \$7.75 million in 2013-15 and \$6.25 million in 2015-17. The Commission adopted administrative rules (Division 93) in June 2015 and awarded nine grants totaling nearly \$8.9 million in May 2016. The Department anticipates presenting funding recommendations annually in November, starting in 2017, as funds are available. Approximately \$5 million remains for grants and loans this biennium.

B. Basin Studies

1. The *Willamette Basin Review*, a three-year feasibility study examining the reallocation of stored water in reservoirs that are part of the US Army Corps of Engineers' (USACE) Willamette Project, is a cooperative cost-share effort between the Department and the USACE. The total study costs are estimated at \$3 million and the Department is obligated to meet 50 percent of these costs through a combination of cash or in-kind contributions. Funding for this study was authorized by the 2013 Legislature as part of SB 839. The following year, the 2014 Legislature clarified through a budget note that \$1.5 million of the SB 839 funds were reserved for the Willamette Study. Additional information about the study is included in the Director's Report.

¹ Since 2008, the Commission has awarded approximately \$4.8 million in grants to 76 feasibility studies.

2. The *Upper Deschutes Basin Study* is a \$1.5 million cooperative study funded by the US Bureau of Reclamation and the Department. The Department's share of the study amounts to \$750,000, which was also authorized by the 2013 Legislature as part of SB 839 and clarified by the 2014 budget note. The study involves over 37 basin partners who are working collaboratively to develop and evaluate options for addressing imbalances in water supply and demand for instream and out-of-stream uses. The study, which is expected to be completed in fall 2018, will provide a common understanding of the effects of options that may move water between uses and users.
3. The *Greater Harney Valley Groundwater Study* will provide additional information about the aquifer system in the Greater Harney Valley and whether there is opportunity for new groundwater development in some parts of the study area. In addition to the Department's existing groundwater study and observation well budget, the Oregon Legislature in 2016 provided funding for observation wells and cost-share with the United States Geological Survey, totaling \$575,000. The Legislature also funded an additional staff hydrogeologist with the Department. The study is expected to be completed by the end of 2020.

C. Other

1. In 2015, the Legislature authorized \$11 million for a *Umatilla Water Supply Grant* to assist with financing of water supply projects in the Umatilla Basin. The Department is in the process of signing an \$11 million grant agreement with the Port of Morrow. These dollars will be used to develop infrastructure that will deliver water primarily to lands that are currently not irrigated or are under-irrigated. The projects funded via this grant are proposing new, fully mitigated Columbia River water rights and promote economic development in the basin.
2. The 2015 Legislature authorized \$1 million for *Mosier Well Grants* to repair, replace, or remediate water wells in the Mosier Creek area. The Department is awaiting the bond sale for funds to become available. Staff anticipate presenting more information on how these funds will be spent at a future Commission meeting.
3. The 2013 Legislature authorized the Department to issue \$10 million of General Obligation Bonds for loans from the *Water Development Loan Fund* for water development projects pursuant to Article XI-I(1) of the Oregon Constitution. As there were no requests for loans, no bonds were issued in the 2013-15 biennium. In 2015, the Legislature authorized the Department to issue General Obligation Bonds in the amount of \$30 million. The Umatilla Basin has expressed interest in a \$22 million loan and others across the state have expressed interest in smaller loans; however, there has been no activity under the fund to date.

Table 2 summarizes what funds have been obligated and what remain from authorizations over the past two biennia for all funding opportunities described above.

Table 2. Summary of Funds Expended on Water Development Since 2013

Description	Authorized '13-'17	Obligated	Remaining
Upper Deschutes Basin Study	\$750,000	\$750,000	\$0
Willamette Basin Review	\$1.5 million	\$1.5 million	\$0
Umatilla Water Supply Grant	\$11 million	\$11 million	\$0
Mosier Well Grants	\$1 million	\$0	\$1 million
Place-Based Planning Pilot Grants	\$750,000	\$657,000	\$93,000
Feasibility Study Grants	\$3,520,000	~\$2.5 million	~\$1 million
Water Project Grants and Loans	\$14 million	~\$8.9 million	~\$5.1 million
Water Development Loan Fund	\$40 million	\$0	\$30 million*
Harney Valley Groundwater Study	\$575,000	\$575,000	\$0

**The Department only has the authority to issue \$30 million in General Obligation Bonds this biennium.*

Conclusion

Recent funding provided by the Oregon Legislature has allowed the State to support planning, studies, and projects that are intended to help Oregonians address current and future water challenges.

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