



MEMORANDUM

TO: Water Resources Commission

FROM: Lisa Snyder, Administrative Services Administrator *ljs*
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SUBJECT: Agenda Item E, December 7, 2017
Water Resources Commission Meeting

**Water Project Grants and Loans – Follow Up on August 2017
Loan Discussion**

I. Introduction

This report provides information to follow up on the Commission discussion and questions on loans from agenda item B-2 on August 17, 2017. The Department is seeking input from the Commission on the proposed approach for evaluating loans and determining interest rates under the Water Project Grants and Loans opportunity.

II. Background

As discussed in Agenda Item D, in 2013, the Oregon Legislature passed Senate Bill 839, establishing the Water Project Grants and Loans funding opportunity. Under this opportunity, the Commission can authorize grants and loans for water projects that help address instream and out-of-stream water needs that result in economic, environmental and social/cultural benefits. Attachment 1 and 2 outline the statutes and rules that provide the basis for Water Project Grants and Loans.

To date, the Department has received little interest in loans. Of the 37 applications received in the 2016 funding cycle, all were applications for grants. In 2017, three of 34 applications requested loan funding, but only to request a loan as the 25 percent cost match requirement associated with applying for grants.

Currently, the Water Project Grants and Loans program has been capitalized with funds from the sale of Lottery Bonds. The January 2017 projections for Lottery Revenue Bonding capacity are estimated to be around \$209 million per biennium. With a limited amount of Lottery Revenue Bond funds, the Department suggests building a more sustainable funding program by promoting the loan side of Water Project Grants and Loans. Repayments of loans could be awarded to additional projects furthering the reach and benefits achieved by the investment of public funds and reducing the dependence on new Lottery Revenue Bond authorizations.

III. Loan Application Review

Loan applications initially undergo the same review as grant applications. First they are reviewed for eligibility and completeness. Then, a Technical Review Team (TRT) evaluates the public benefits of each project. If a loan application is recommended for funding based on its public benefits score, the application will undergo a third review. The Department will work in partnership with Business Oregon through the following steps to provide a funding recommendation to the Commission:

1. Conduct a financial review of the loan application(s).
2. Based on the results of the financial review, determine a recommended loan interest rate and repayment term for any loan application(s) that pass the financial review.
3. Check with the loan applicant(s) to see if the interest rate and repayment terms from step 2 would be agreeable.
4. Present a complete funding recommendation to the Commission for consideration.

Attachment 3 includes a figure that illustrates the review process described above. See Attachment 4 for the draft loan application for the 2018 funding cycle, and Attachment 5 for the draft supplemental information form applicants will be asked to provide if they are recommended for funding. These two documents along with the required supporting documentation will serve as the basis for the financial review.

IV. Loan Interest Rates

As outlined in rule, the Commission is charged with setting reasonable interest rates for loans it awards (OAR 690-93-0170(1)). A loan's specific interest rate will depend on the details of the loan and the loan applicant's ability to repay the loan. However, the Department proposes that the Commission use an approach used by other state lenders, which adopts a base rate and then discounts the rate (offers loans at a percent of base rate) depending on borrower and its risk profile. The Department proposes using the most recent quarter's average Bond Buyers 20-year Bond Index rate, industry standard in the municipal bond market, as the base rate. The Department intends to only recommend loans to borrowers with excellent or an above average credit rating with no to little anticipated rate of default. Borrowers with a substandard credit rating would not be recommended for funding. The Department will walk the Commission through an example of this approach at the Commission meeting.

V. Commission Questions from August 2017

The tables in Attachment 6 summarize the Department's responses from questions asked at the August 2017 meeting. Table 1 reiterates the answers given at the August Commission meeting. Table 2 presents new information the Department committed to follow-up on in August.

VI. Conclusion

Since its initial authorization in 2013, the Department has worked to build Water Project Grants and Loans into a sustainable funding opportunity that will allow the state to invest in projects that help meet instream and out-of-stream water needs. Properly reviewing loan applications and managing loans awarded will play a key role in establishing this as a sustainable funding opportunity.

Attachments:

1. ORS 541.651-541.696
2. OAR 690-093-160 to OAR 690-093-190
3. Overview of Financial Review Process for Water Project Loan Applications
4. 2018 Water Project Loan Application
5. 2018 Water Project Loan Application – Supplemental Information
6. Answers to Commission Questions from August 17, 2017 Meeting

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WATER LAWS

wildlife, and is authorized based on the following findings:

(a) Having adequate drinking water systems, irrigation, drainage and healthy ecosystems enhances community development and supports Oregon's economic growth.

(b) Assisting local governments to mitigate losses resulting from reduced water supply for irrigation and retirement of water rights will enhance community efforts to facilitate and promote economic growth. [2015 c.812 §12]

541.577 [1987 c.855 §4; 1989 c.966 §60; renumbered 196.640 in 1989]

541.580 [1987 c.855 §6; renumbered 196.645 in 1989]

541.581 Rules for grant and direct service cost payment program. The Water Resources Commission shall adopt rules necessary to administer ORS 541.561 to 541.581, including rules that:

(1) Establish reporting requirements for grants awarded under ORS 541.561;

(2) Provide for public comment before the award of grants and payment for direct services under ORS 541.561; and

(3) Implement the priorities required by ORS 541.561. [2008 c.13 §4]

Note: See note under 541.561.

541.585 [1987 c.855 §5; renumbered 196.650 in 1989]

541.587 [1987 c.855 §11; renumbered 196.655 in 1989]

541.590 [1987 c.855 §19; renumbered 196.660 in 1989]

541.595 [1987 c.855 §1a; renumbered 196.665 in 1989]

541.600 [2009 c.907 §18; repealed by 2013 c.784 §40]

541.605 [1967 c.567 §2; 1971 c.509 §4; 1971 c.754 §1; 1973 c.330 §1; 1973 c.674 §1; 1977 c.417 §2; 1977 c.418 §1; 1979 c.564 §1; 1989 c.837 §4; renumbered 196.670 and then 196.800 in 1989]

541.606 [2009 c.907 §16; repealed by 2013 c.784 §40]

541.610 [1967 c.567 §1; 1971 c.754 §2; 1973 c.330 §2; 1973 c.674 §2; 1977 c.418 §2; 1979 c.564 §2; renumbered 196.675 and then 196.805 in 1989]

541.611 [2009 c.907 §19; repealed by 2013 c.784 §40]

541.615 [1967 c.567 §3; 1971 c.754 §3; 1989 c.837 §15; renumbered 196.680 and then 196.810 in 1989]

541.616 [2009 c.907 §21; 2009 c.907 §42; repealed by 2013 c.784 §40]

541.620 [1967 c.567 §4; 1969 c.338 §4; 1971 c.754 §4; 1973 c.674 §3; 1977 c.418 §3; 1977 c.564 §6; 1989 c.1039 §1; renumbered 196.685 and then 196.815 in 1989]

541.621 [2009 c.907 §22; repealed by 2013 c.784 §40]

541.622 [1977 c.120 §2; 1987 c.160 §1; renumbered 196.690 and then 196.820 in 1989]

541.625 [1967 c.567 §5; 1969 c.593 §49; 1971 c.754 §5; 1973 c.330 §3; 1973 c.674 §6; 1977 c.417 §1; 1979 c.200 §1; 1979 c.564 §3a; 1981 c.796 §1; 1987 c.70 §1; 1989 c.837 §16; 1989 c.904 §70; renumbered 196.695 and then 196.825 in 1989]

541.626 [1979 c.564 §5; 1981 c.796 §2; 1983 c.827 §56; 1989 c.837 §5; renumbered 196.700 and then 196.830 in 1989]

541.627 [1973 c.674 §5; 1979 c.564 §6; renumbered 196.705 and then 196.835 in 1989]

541.630 [1967 c.567 §6; 1971 c.754 §6; 1973 c.330 §4; 1973 c.674 §7; 1981 c.796 §3; renumbered 196.710 and then 196.840 in 1989]

541.631 [2009 c.907 §23; 2009 c.907 §30; repealed by 2013 c.784 §40]

541.635 [1967 c.567 §7; 1971 c.754 §7; renumbered 196.715 and then 196.845 in 1989]

541.636 [2009 c.907 §24; repealed by 2013 c.784 §40]

541.640 [1967 c.567 §8; 1971 c.754 §8; 1973 c.330 §5; 1973 c.674 §8; 1981 c.796 §4; repealed by 1989 c.837 §8 (196.718 enacted in lieu of 541.640)]

541.641 [2009 c.907 §27; 2009 c.907 §43; repealed by 2013 c.784 §40]

541.645 [1967 c.567 §9; 1971 c.754 §9; 1989 c.837 §17; renumbered 196.720 and then 196.855 in 1989]

541.646 [2009 c.907 §28; repealed by 2013 c.784 §40]

541.650 [1967 c.567 §10; 1971 c.754 §10; 1973 c.330 §6; 1973 c.674 §9; 1985 c.414 §1; 1989 c.837 §18; renumbered 196.725 and then 196.860 in 1989]

WATER SUPPLY DEVELOPMENT PROJECTS

541.651 Definitions for ORS 541.651 to 541.696. As used in ORS 541.651 to 541.696:

(1) "Newly developed water" means the new increment of water:

(a) Stored for a project providing new or expanded storage;

(b) Allocated to a use under a secondary water right for a project involving the allocation of previously uncontracted water stored by the United States Army Corps of Engineers under an existing water right; or

(c) Conserved for a project to allocate conserved water under the program described in ORS 537.455 to 537.500.

(2) "Seasonally varying flows" means the duration, timing, frequency and volume of flows, identified for the purpose of determining conditions for a new or expanded storage project, that must remain in-stream outside of the official irrigation season in order to protect and maintain the biological, ecological and physical functions of the watershed downstream of the point of diversion, with due regard given to the need for balancing the functions against the need to store water for multiple purposes. [2013 c.784 §1]

Note: 541.651 to 541.696 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 541 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

541.653 Purpose and application of ORS 541.651 to 541.696. (1) The purpose of ORS 541.651 to 541.696 is to establish a means for state government to support the development of water resource projects having economic, environmental and community benefits.

(2) The Legislative Assembly intends that any conditions or requirements described in ORS 541.651 to 541.696 apply only to projects that receive loans or grants from the Water Supply Development Account established in ORS 541.656. [2013 c.784 §2]

Note: See note under 541.651.

541.655 [1967 c.567 §11; 1971 c.754 §11; 1973 c.330 §7; 1973 c.674 §10; 1985 c.414 §2; renumbered 196.730 and then 196.865 in 1989]

541.656 Water Supply Development Account. (1) The Water Supply Development Account is established in the State Treasury, separate and distinct from the General Fund. Interest earned by the Water Supply Development Account shall be credited to the account. Moneys in the account are continuously appropriated to the Water Resources Department for use in carrying out ORS 541.651 to 541.696.

(2) The department may expend moneys from the account for:

(a) Subject to subsection (4) of this section, making loans and grants to evaluate, plan and develop in-stream and out-of-stream water development projects approved by the Water Resources Commission, including but not limited to projects that:

(A) Repair or replace infrastructure to increase the efficiency of water use;

(B) Provide new or expanded water storage;

(C) Improve or alter operations of existing water storage facilities in connection with newly developed water;

(D) Create new, expanded, improved or altered water distribution, conveyance or delivery systems in connection with newly developed water;

(E) Allocate federally stored water;

(F) Promote water reuse;

(G) Promote water conservation;

(H) Provide streamflow protection or restoration;

(I) Provide for water management or measurement in connection with newly developed water; and

(J) Determine seasonally varying flows in connection with newly developed water.

(b) Paying the necessary administrative and technical costs of the department in carrying out ORS 541.651 to 541.696.

(3)(a) In addition to any other permissible uses of moneys in the account, the department may expend moneys from the account to support:

(A) Ongoing studies conducted by the United States Army Corps of Engineers to allocate stored water; and

(B) Comprehensive basin studies conducted by the United States Bureau of Reclamation.

(b) Expenditures described in this subsection are not subject to any grant or loan procedures, public benefit scoring or ranking or other requirements or restrictions for

grants or loans established under ORS 541.651 to 541.696.

(4) The department may expend account moneys under subsection (2) of this section for loans and grants to develop in-stream and out-of-stream water development projects only if the department determines under ORS 540.530 that any transfer of water rights for the project will not injure existing water rights. [2013 c.784 §3]

Note: See note under 541.651.

Note: Section 11, chapter 812, Oregon Laws 2015, provides:

Sec. 11. (1) For the biennium beginning July 1, 2015, at the request of the Oregon Department of Administrative Services, after the department consults with the Water Resources Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$6,250,000 in net proceeds and interest earnings for the purposes described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section in an amount sufficient to provide \$6,250,000 in net proceeds and interest earnings must be transferred to the Water Resources Department for deposit in the Water Supply Development Account, established in ORS 541.656, to provide grants or loans to evaluate, plan and develop in-stream and out-of-stream statewide water development projects.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) Having adequate drinking water systems, irrigation, drainage and healthy ecosystems enhances community development and supports Oregon's economic growth.

(b) Assisting local governments to mitigate losses resulting from reduced water supply for irrigation and retirement of water rights will enhance community efforts to facilitate and promote economic growth. [2015 c.812 §11]

541.659 Loan and grant applicants.

Loans and grants may be made from the Water Supply Development Account to persons as defined in ORS 536.007, Indian tribes as defined in ORS 391.802 and nonprofit organizations. If an applicant is required to have a water management and conservation plan, the plan must be submitted to the Water Resources Department and receive approval prior to department acceptance of an application for a loan or grant from the account. [2013 c.784 §4]

Note: See note under 541.651.

541.660 [1967 c.567 §12; 1973 c.330 §8; 1973 c.674 §11; 1979 c.284 §166; 1985 c.414 §3; renumbered 196.735 and then 196.870 in 1989]

541.662 [Enacted by 1973 c.330 §10 and 1973 c.674 §13; 1985 c.545 §7; renumbered 196.740 and then 196.875 in 1989]

541.663 Preapplication conferences. (1) A prospective applicant for a loan or grant from the Water Supply Development Account

may participate in a preapplication conference with the Water Resources Department.

(2) At the preapplication conference, the department shall inform the prospective applicant of the procedural and substantive requirements of a loan or grant application and of the scoring system used to evaluate loan and grant requests. The department shall assist the prospective applicant by identifying known issues that may affect project eligibility for a loan or grant from the account.

(3) Not less than 14 days before the preapplication conference, the prospective applicant must provide the department with adequate project information to prepare for the preapplication conference.

(4) The prospective applicant may request additional preapplication consultation with the department. [2013 c.784 §5]

Note: See note under 541.651.

541.665 [1971 c.754 §14; renumbered 196.745 and then 196.880 in 1989]

541.666 Form and contents of loan or grant applications. Applications for a loan or grant from the Water Supply Development Account must be in a form prescribed by the Water Resources Department and must include the following:

(1) A description of the need, purpose and nature of the project, including what the applicant intends to complete and how the applicant intends to proceed.

(2) Sufficient information to allow evaluation of the application based upon the public benefit scoring and ranking of the project.

(3) Current contact information for the principal contact, fiscal officer and involved landowners.

(4) For applications involving physical changes or monitoring on private land, evidence that landowners are aware of and agree to the proposal and are aware that monitoring information is a public record.

(5) The location of the proposed project, using public land survey reference points, latitude and longitude, county, watershed, river and stream mile, if appropriate.

(6) An itemized budget for the project, including fiscal and administrative costs.

(7) A description of funds, services or materials available to the project.

(8) A project schedule, including beginning and completion dates.

(9) Any conditions that may affect the completion of the project.

(10) A completed feasibility analysis if appropriate.

(11) Suggestions for interim and long-term project performance benchmarks.

(12) If the application is for a grant, demonstrated in-kind and cash cost match of not less than 25 percent of the amount of the grant sought from the account.

(13) If the application is for a loan, evidence demonstrating ability to repay the loan and provide collateral.

(14) Letters of support for the proposed project.

(15) If required by the department, a description of consultations with affected Indian tribes regarding the project.

(16) Any other information required by the department. [2013 c.784 §6]

Note: See note under 541.651.

541.669 Scoring and ranking of projects; funding decisions; rules. (1) The Water Resources Commission shall adopt rules establishing a system for scoring and ranking projects to determine which projects are to be awarded loans and grants from the Water Supply Development Account, including but not limited to the application of minimum criteria designed to achieve the outcomes described in ORS 541.677. The criteria shall be based on the public benefit categories described in ORS 541.673. The commission shall make the loan and grant funding decisions once each year. Applications must be filed with the Water Resources Department. The department shall accept an application for a loan or grant at any time, but shall establish a yearly deadline for the consideration of a pool of applications.

(2) The department shall conduct a preliminary review of applications to check for completeness, eligibility and minimum requirements upon receipt of each application. The department shall return incomplete applications to the applicant. The department shall provide public notice by posting new funding applications on the department's website for a 60-day period prior to reviewing the applications. The department shall provide for the receipt of public comment on the applications during the 60-day period that applications are posted on the department's website.

(3) The department shall forward applications that have passed preliminary review, along with any comments received from applicants or the public, to a technical review team consisting of representatives of the Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, the Oregon Business Development Department, affected Indian tribes, any collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project and additional

experts as determined by the Water Resources Department. The technical review team shall conduct the initial scoring and ranking for the projects described in the applications, consider comments from applicants and the public and make loan and grant funding recommendations to the commission. The commission shall determine the final scoring and ranking of projects and make the final decision regarding which projects are awarded loans or grants from the account. Before the commission makes a final decision on an application, the commission shall offer one additional opportunity for public comment.

(4) The commission is not required to obligate all available account moneys during a funding cycle. Any available account moneys that are not obligated during a funding cycle shall be carried forward and be made available for projects in future funding cycles.

(5) The department shall document the ranking of all applications and make the application ranking publicly available after the funding decisions by the commission have been published. [2013 c.784 §7]

Note: See note under 541.651.

541.670 [1985 c.545 §6; 1987 c.855 §16; 1989 c.837 §22; renumbered 196.750 and then 196.885 in 1989]

541.673 Evaluation for public benefits of project. (1) Projects applying under ORS 541.669 for funding from the Water Supply Development Account shall be evaluated based upon the public benefits of the project. The evaluation must consider both positive and negative effects of a project. The three categories of public benefit to be considered in the project evaluation are economic benefits, environmental benefits and social or cultural benefits. Each category of benefits shall be given equal importance in the evaluation of a project. The technical review team described in ORS 541.669 shall use the evaluation system to assign initial scores and rankings to projects. The Water Resources Commission shall use the evaluation system to assign final scorings and rankings to the projects. The commission shall award loan and grant funding from the account to the projects that have the greatest public benefit and will best achieve the outcomes described in ORS 541.677.

(2) The evaluation of economic benefits for a project shall be based on the changes in economic conditions expected to result from the project, including but not limited to conditions related to:

- (a) Job creation or retention;
- (b) Increases in economic activity;
- (c) Increases in efficiency or innovation;

(d) Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses;

(e) Enhanced economic value associated with tourism or recreational or commercial fishing, with fisheries involving native fish of cultural significance to Indian tribes or with other economic values resulting from restoring or protecting water in-stream; and

(f) Increases in irrigated land for agriculture.

(3) The evaluation of environmental benefits for a project shall be based on the changes in environmental conditions expected to result from the project, including but not limited to conditions related to:

(a) A measurable improvement in protected streamflows that:

(A) Supports the natural hydrograph;

(B) Improves floodplain function;

(C) Supports state or federally listed sensitive, threatened or endangered fish species;

(D) Supports native fish species of cultural importance to Indian tribes; or

(E) Supports riparian habitat important for wildlife;

(b) A measurable improvement in ground water levels that enhances environmental conditions in ground water restricted areas or other areas;

(c) A measurable improvement in the quality of surface water or ground water;

(d) Water conservation;

(e) Increased ecosystem resiliency to climate change impacts; and

(f) Improvements that address one or more limiting ecological factors in the project watershed.

(4) The evaluation of the social or cultural benefits for a project shall be based on the changes in social or cultural conditions expected to result from the project, including but not limited to conditions related to:

(a) The promotion of public health and safety and of local food systems;

(b) A measurable improvement in conditions for members of minority or low-income communities, economically distressed rural communities, tribal communities or other communities traditionally underrepresented in public processes;

(c) The promotion of recreation and scenic values;

(d) Contribution to the body of scientific data publicly available in this state;

(e) The promotion of state or local priorities, including but not limited to the resto-

ration and protection of native fish species of cultural significance to Indian tribes; and

(f) The promotion of collaborative basin planning efforts, including but not limited to efforts under the state integrated water resources strategy. [2013 c.784 §8]

Note: See note under 541.651.

541.675 [1985 c.545 §3; renumbered 196.755 and then 196.890 in 1989]

541.677 Target outcomes for scoring and ranking criteria. (1) The Water Resources Commission shall design the minimum criteria for the project scoring and ranking system described in ORS 541.669 to achieve the following outcomes:

(a) The issuance of grants or loans only to projects that provide benefits in each of the three categories of public benefit described in ORS 541.673.

(b) Preference for partnerships and collaborative projects.

(c) The funding of projects of diverse sizes, types and geographic locations.

(d) If a project proposes to divert water, preference for projects that provide a measurable improvement in protected streamflows.

(e) If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.

(2) The Water Resources Department shall review the loan and grant program on a biennial basis to assess to what extent the outcomes described in subsection (1) of this section are being achieved, and shall report the review findings to the Water Resources Commission. The commission shall modify the project selection process as necessary to better achieve the outcomes described in subsection (1) of this section. [2013 c.784 §9]

Note: See note under 541.651.

541.680 [1985 c.545 §4; renumbered 196.760 and then 196.895 in 1989]

541.681 Conditions of grants for developing certain types of above-ground storage facilities. (1) The recipient of a grant from the Water Supply Development Account must agree to the condition set forth in subsection (2) of this section if the grant is for the development of a new or expanded above-ground storage facility that:

(a) Impounds surface water on a perennial stream;

(b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or

(c) Diverts more than 500 acre-feet of water annually.

(2) Twenty-five percent of the newly developed water from a project described in subsection (1) of this section must be dedicated to in-stream use.

(3) To establish that a project complies with subsection (2) of this section, the grant recipient may include water dedicated to in-stream use as a result of the conditions of federal, state or local permits for the project. [2013 c.784 §10]

Note: See note under 541.651.

541.683 Demonstration of public benefits of project. (1) A project that receives a loan or grant from the Water Supply Development Account must:

(a) Demonstrate social or cultural benefits and economic benefits sufficient to qualify the project under the scoring and ranking system described in ORS 541.669; and

(b) Except as otherwise provided in ORS 541.681, demonstrate environmental benefits:

(A) By dedicating 25 percent of conserved water or newly developed water to in-stream use; or

(B) By demonstrating environmental benefits that are sufficient to qualify the project under the scoring and ranking system described in ORS 541.669.

(2) The description of public benefit requirements in subsection (1) of this section does not exempt any project from meeting the minimum criteria designed by the Water Resources Commission under ORS 541.677.

(3) To establish that a project complies with subsection (1)(b) of this section, the loan or grant recipient may include water dedicated to in-stream use as a result of the conditions of federal, state or local permits for the project. [2013 c.784 §11]

Note: See note under 541.651.

541.685 [1985 c.545 §5; renumbered 196.765 and then 196.900 in 1989]

541.686 Protection of project water dedicated to in-stream use. If a project dedicates water to in-stream use under the requirements described in ORS 541.681 or as allowed under ORS 541.683, the Water Resources Department shall protect the dedicated water in-stream consistent with the priority of the dedicated water source. Dedicated water from projects may come from newly developed water or from other sources and may be put in-stream at other locations in the tributary if the department determines as provided under ORS 540.530 that the alternate location would not injure existing water rights and, in consultation with the State Department of Fish and Wildlife, determines that the alternate location would provide greater or equal environmental benefit. The Water Resources Department, in

consultation with the State Department of Fish and Wildlife, shall determine the timing of the flows to maximize in-stream benefits in a manner consistent with public health and safety. [2013 c.784 §12]

Note: See note under 541.651.

541.689 Projects requiring determination of seasonally varying flows; methodology. (1) The Water Resources Department shall make a determination as provided under subsection (2) of this section if an application for a loan or grant from the Water Supply Development Account is for a project that requires a water storage or aquifer recharge permit or limited license for the storage of water outside of the official irrigation season and:

(a) Impounds surface water on a perennial stream;

(b) Diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or

(c) Diverts more than 500 acre-feet of surface water annually.

(2) The department shall review a completed application for a project described in subsection (1) of this section to determine whether the applicable seasonally varying flows have been established under this section for the stream of interest. If the department determines that the applicable seasonally varying flows have not previously been established, the department shall establish the seasonally varying flows before issuing a loan or grant from the account. The department may use account moneys to pay the cost of establishing a seasonally varying flow and to pay other costs directly related to project development.

(3) The Water Resources Department shall establish any seasonally varying flows under subsection (2) of this section in consultation with the State Department of Fish and Wildlife and any affected Indian tribes. The Water Resources Department may rely upon existing scientific data and analysis or may fund new data and analysis. The Water Resources Department shall establish seasonally varying flows using a methodology established by Water Resources Commission rules.

(4) If the department establishes applicable seasonally varying flows for the stream of interest, the department shall make the seasonally varying flows a condition of:

(a) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any project described in subsection (1) of this section that receives a loan or grant from the account; and

(b) The new or existing water storage or aquifer recharge permit or limited license for the storage of water issued for any subsequent project that:

(A) Receives a loan or grant from the account;

(B) Is for the storage of water outside of the official irrigation season; and

(C) Has a diversion point that is subject to seasonally varying flows.

(5) The applicant for or holder of a permit or license described in subsection (4)(b) of this section may request that the applicable seasonally varying flows established under subsection (2) of this section for the stream of interest be altered based upon new information. There is, however, a rebuttable presumption that existing applicable seasonally varying flows protect and maintain the biological, ecological and physical functions of the stream to the extent required by commission rules.

(6) The department shall condition a water storage permit and resulting certificate, aquifer recharge permit and resulting certificate or limited license for a project that receives a grant or loan from the account and meets the other conditions described in subsection (4) of this section to protect the seasonally varying flow in effect at the time the loan or grant is issued for the project.

(7) For purposes of any project that receives a loan or grant from the account and meets the other conditions described in subsection (4) of this section, the department shall use a seasonally varying flow methodology provided by commission rules in lieu of any other methodologies for determining seasonally varying flows or any methodologies for determining peak and ecological flows outside of the official irrigation season.

(8) Subsections (1) to (7) of this section do not eliminate or alter any applicable standard for department review of an application to determine whether water is available for purposes of reviewing an application for a new water storage or aquifer recharge permit or a limited license for the storage of water. [2013 c.784 §13; 2015 c.156 §6]

Note: See note under 541.651.

541.692 Permits; requirements for project operation. (1) Before loan or grant moneys are expended from the Water Supply Development Account for the construction of a project, the recipient must obtain all applicable local, state and federal permits. Project materials must include a notation indicating that Water Resources Department funding was used for the project.

(2) The loans or grants may be conditioned to require that the recipient complete

and operate the funded project as described in the loan or grant application. The department may require that before commencing the operation of a project funded with account moneys, the funding recipient demonstrate that the public benefits identified for the project, including any environmental benefits proposed at a location other than the project site, will be realized in a timely fashion.

(3) At regular intervals, and upon completion of the project, the loan or grant recipient must submit updates to the department that describe the completed work, the public benefits achieved and project expenditures. The recipient must regularly measure and report the water diverted and used from the project. The recipient must monitor, evaluate and maintain the project for the life of the loan, or for a specified number of years for a grant, and provide annual progress reports to the department. The department may impose other project-specific conditions by noting the conditions during project evaluation and including the condition in the funding agreement for the project.

(4) The department may terminate, reduce or delay funding for a project if the loan or grant recipient fails to comply with any provision of subsections (1) to (3) of this section. [2013 c.784 §14]

Note: See note under 541.651.

541.695 [1971 c.754 §12; 1977 c.417 §3; 1989 c.837 §19; renumbered 196.770 and then 196.905 in 1989]

541.696 Standards for security of loans from account; rules. (1) The Water Resources Commission shall adopt rules establishing standards for borrowers obtaining loans issued from the Water Supply Development Account. The commission shall design the standards to ensure that all loans have a high probability of repayment and that all loans are adequately secured in the event of a default. The commission shall solicit comments from the Oregon Department of Administrative Services and the State Treasurer when designing the standards. The standards may include, but need not be limited to, standards that give preference to entities with ad valorem taxing authority.

(2) If the Water Resources Department approves a loan from the account for the implementation of a water development project, the department may require that the applicant enter into a loan contract, secured by a first lien or by other good and sufficient collateral. [2013 c.784 §15]

Note: See note under 541.651.

Note: Section 13, chapter 812, Oregon Laws 2015, provides:

Sec. 13. (1) For the biennium beginning July 1, 2015, at the request of the Oregon Department of Ad-

ministrative Services, after the department consults with the Water Resources Department, the State Treasurer is authorized to issue lottery bonds pursuant to ORS 286A.560 to 286A.585 in an amount that produces \$12,750,000 in net proceeds and interest earnings for the purposes described in subsection (2) of this section, plus an additional amount estimated by the State Treasurer to be necessary to pay bond-related costs.

(2) Net proceeds of lottery bonds issued under this section and interest earnings must be transferred to the Water Resources Department for deposit in the Water Resources Department Water Supply Fund, established in section 10, chapter 906, Oregon Laws 2009, in an amount sufficient to provide by grant, loan or otherwise:

(a) \$11 million in net proceeds and interest earnings to develop and implement water storage systems and delivery infrastructure, implement conservation and reuse projects or provide access to new water supplies.

(b) \$750,000 in net proceeds and interest earnings for place-based planning.

(c) \$1 million in net proceeds and interest earnings to repair, replace or remediate water wells in the Mosier Creek area.

(3) The Legislative Assembly finds that the use of lottery bond proceeds will create jobs, further economic development, finance public education or restore and protect parks, beaches, watersheds and native fish and wildlife, and is authorized based on the following findings:

(a) Having adequate drinking water systems, irrigation, drainage and healthy ecosystems enhances community development and supports Oregon's economic growth.

(b) Assisting local governments to mitigate losses resulting from reduced water supply for irrigation and retirement of water rights will enhance community efforts to facilitate and promote economic growth. [2015 c.812 §13]

Note: Section 10, chapter 906, Oregon Laws 2009, provides:

Sec. 10. (1) The Water Resources Department Water Supply Fund is established separate and distinct from the General Fund. Interest earned on moneys deposited in the Water Resources Department Water Supply Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Water Resources Department.

(2) The Water Resources Department Water Supply Fund consists of:

(a) Net proceeds of lottery bonds issued pursuant to sections 8 and 9, chapter 906, Oregon Laws 2009, deposited into the Water Resources Department Water Supply Fund for the following purposes:

(A) \$2,500,000 for the purposes of issuing grants to develop Umatilla Basin critical ground water storage projects described in section 17, chapter 907, Oregon Laws 2009, and to provide or pay for services in connection with those projects.

(B) \$217,000 to pay for the operation of loan and grant programs under sections 18 to 27, chapter 907, Oregon Laws 2009.

(C) \$283,000 for the purpose of developing an integrated state water resources strategy to implement the state water resources policy pursuant to ORS 536.220 and section 45, chapter 907, Oregon Laws 2009.

(D) \$500,000 for purposes of the grant program established by section 1, chapter 13, Oregon Laws 2008.

(b) Net proceeds of lottery bonds issued pursuant to section 4, chapter 624, Oregon Laws 2011, in an amount sufficient to provide \$1,229,052 in net proceeds and interest earnings for the department to finance

grants for feasibility studies for water conservation, reuse and storage projects.

(c) \$11 million in net proceeds and interest earnings pursuant to section 13 of this 2015 Act [section 13, chapter 812, Oregon Laws 2015] to develop and implement water storage systems and delivery infrastructure, implement conservation and reuse projects or provide access to new water supplies.

(d) \$750,000 in net proceeds and interest earnings pursuant to section 13 of this 2015 Act to provide grants for place-based planning.

(e) \$1 million in net proceeds and interest earnings pursuant to section 13 of this 2015 Act to repair, replace or remediate water wells in the Mosier Creek area.

(f) Any other fees, revenues or income deposited in the fund by the Legislative Assembly. [2009 c.906 §10; 2011 c.624 §5; 2015 c.812 §14]

WATER DEVELOPMENT PROJECTS (Definitions)

541.700 Definitions for ORS 541.700 to 541.855. As used in ORS 541.700 to 541.855, unless the context requires otherwise:

(1) “Commission” means the Water Resources Commission appointed under ORS 536.022.

(2) “Construction” means the construction, or improvement or rehabilitation, in whole or in part, of a water development project, including planning and engineering work, purchasing or refinancing directly related to such construction or improvement or rehabilitation, or any combination of such construction or improvement or rehabilitation. As used in this subsection:

(a) “Purchasing” means the purchasing of materials, land or existing facilities necessary to complete a water development project.

(b) “Refinancing” includes refinancing existing debt of a water developer, as defined in subsection (7)(f) to (m) and (o) of this section, in order to complete a water development project or to provide adequate security for a water development loan, but does not include refinancing existing debt only to reduce interest rates or costs to the borrower or to pay off existing debt.

(3) “Director” means the Water Resources Director appointed pursuant to ORS 536.032.

(4) “Federal water development project” means any water development project that receives funding from the federal government, or any agency or instrumentality of the United States.

(5)(a) “Secondary use” means:

(A) Any water-related recreational use.

(B) Any flood control use.

(C) Any power generation use.

(D) Any water supply system utilized as a domestic water system for the benefit of an

individual residence related to the operation of the water development project.

(b) “Secondary use” does not include any use that is incompatible with a water development project.

(6) “Water development project” means:

(a) An undertaking, in whole or in part, in this state for the purpose of irrigation, including structures for the application of water for agricultural harvest activities, dams, storage reservoirs, wells or well systems, pumping plants, pipelines, canals, ditches, revetments, water supply systems used for the purpose of agricultural temperature control and any other structure, facility and property necessary or convenient for supplying lands with water for irrigation purposes.

(b) An undertaking, in whole or in part, in this state for the purpose of drainage, including ditching, tiling, piping, channel improvement, pumping plants or other agronomically approved methods of land drainage that will increase soil versatility and productivity.

(c) An undertaking, in whole or in part, in this state for the purpose of providing water for municipal use, which may include safe drinking water for communities with population less than 30,000, including dams, storage reservoirs, wells or well systems, pumping plants, treatment facilities, pipelines, canals, ditches, revetments and all other structures and facilities necessary or convenient for supplying water. An undertaking may provide water to two or more communities with a combined population of more than 30,000. An undertaking may be part of a project that provides water to a community with a population of more than 30,000, but loans of moneys from the Water Development Fund, including moneys in ORS 285B.563 (11) may be made only to communities served by the project that have a population of less than 30,000.

(d) An undertaking, in whole or in part, in this state for the purpose of fish protection, including fish screening or by-pass devices, fishways and all other structures and facilities necessary or convenient for providing fish protection.

(e) An undertaking, in whole or in part, in this state for the purpose of enhancing watershed health or improving fish habitat, including methods and materials to restore, maintain and enhance the biological, chemical and physical integrity of the riparian zones and associated uplands of the state’s rivers, lakes and estuaries systems and recommended by the Oregon Watershed Enhancement Board established under ORS 541.900.

Select Portions of the Rules Pertaining to Loans From OAR 690, Division 93

690-093-0160

Authority of the Director

- (1) The Director is authorized by the Commission to enter into agreements with applicants who have been awarded a grant or loan by the Commission.
- (2) The Director may:
 - (a) Contract with regulated lenders, state or federal agencies or others to provide services to the program.
 - (b) Take such steps as are needed to:
 - (A) Ensure repayment or recovery of loan funds; and
 - (B) Prevent project funds from being diverted from the originally approved purpose.
 - (c) Delegate to staff, in writing, authority to approve, deny, or amend agreements consistent with these rules.
- (3) The Director or the Director's designee may conduct periodic inspections of water projects with reasonable notice.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

Hist.: WRD 6-2015, f. & cert. ef. 7-2-15

690-093-0170

Loan Interest Rates and Terms

- (1) Interest on loans shall be at reasonable rates as determined by the Commission.
- (2) Loan repayment terms shall be for no more than 50 years and shall not exceed the estimated lifespan of the project.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

Hist.: WRD 6-2015, f. & cert. ef. 7-2-15

690-093-0180

Loan Closing

(1) If the Commission approves a loan, the Department and the applicant or applicants shall enter into an agreement for repayment; arrangements for repayment shall be made by the applicant and the Director.

(2) The loan agreement shall set forth the repayment schedule. The repayment schedule shall:

(a) Include the amortization of the principal plus interest and provide for full repayment of the loan within 50 years or the life of the project, from the date of the first payment, whichever occurs first; and

(b) Provide for commencement of repayment by the applicant of moneys used for construction and interest thereon not later than two years after the date of the loan contract or at such other time as the Director may provide.

(3) The loan agreement shall be a binding legal document between the applicant and the Director stating the terms of the loan, including but not limited to:

(a) The purpose of the loan describing the project and location;

(b) The amount of the loan and payment schedule;

(c) The description of good and sufficient collateral for the loan; and

(d) A statement allowing the Director to inspect the project to ensure that the developer complies with conditions for which the money was loaned. This shall remain in effect for the length of the agreement.

(4) The loan agreement shall include provisions for early prepayment of the loan.

(5) The ownership of a project shall not be assigned or transferred during the term of the loan without the prior written approval of the Director; such approval shall not be unreasonably withheld.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

Hist.: WRD 6-2015, f. & cert. ef. 7-2-15

690-093-0190

Standards for Security of Loans

Loans shall not be approved unless:

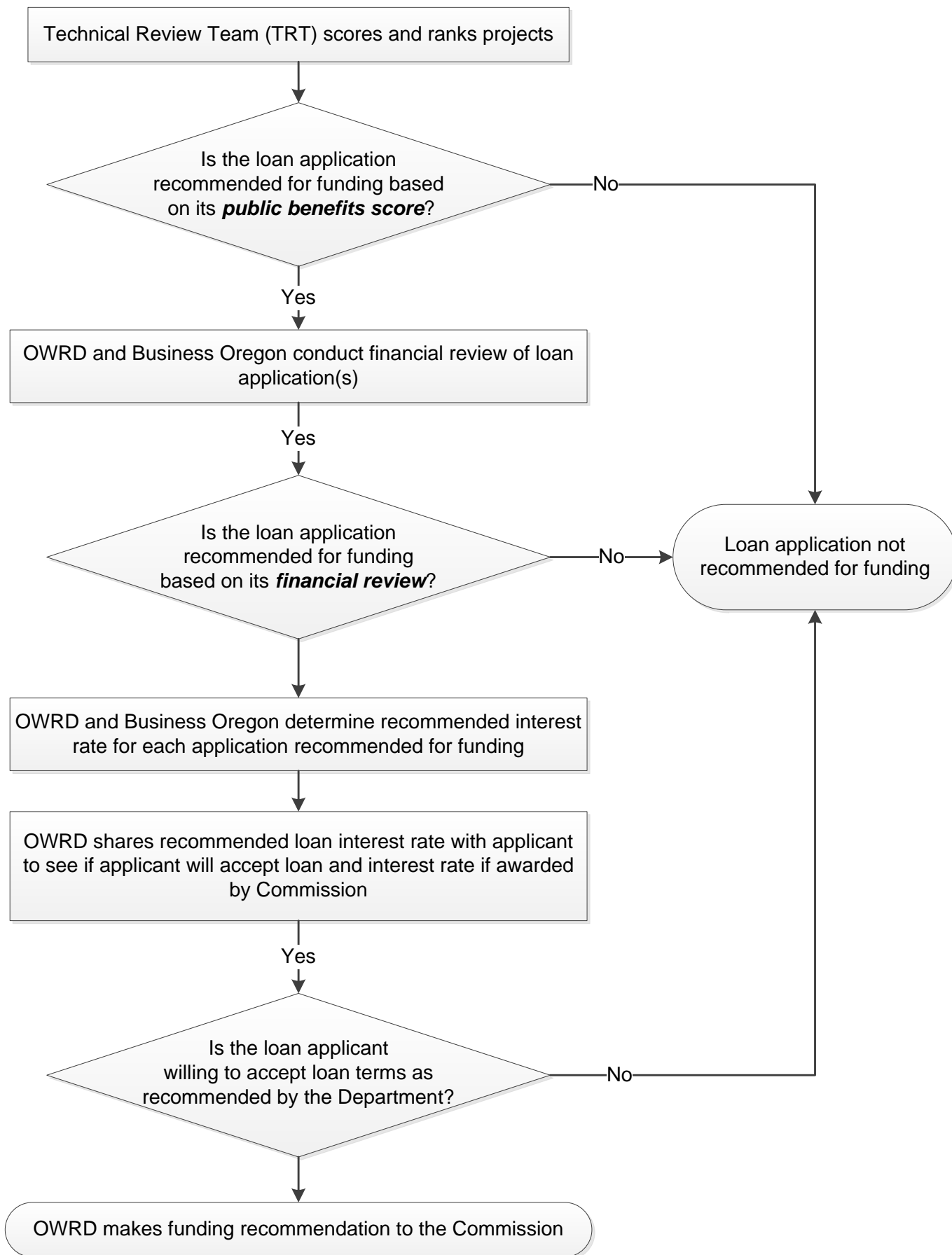
- (1) The applicant demonstrates and the Department finds that the loan will comply with all requirements of the Department and any applicable federal and state requirements.
- (2) The Director determines that the applicant meets the following standards:
 - (a) Demonstrated revenues or other resources available to:
 - (A) Repay the loan in accordance with its terms; and
 - (B) Provide for the continued operation and maintenance of the project.
 - (b) The applicant is qualified, credit-worthy and responsible as demonstrated by a satisfactory credit history or rating from a rating agency; or
 - (c) A first lien or other good and sufficient collateral is available to secure and provide repayment of the loan; and
 - (d) The project plan assures timely completion and includes schedules with measurable performance benchmarks.
- (3) The application requirements and qualifications are met.
- (4) The proposed water development project is feasible and a reasonable risk from practical and economic standpoints.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

Hist.: WRD 6-2015, f. & cert. ef. 7-2-15

Financial Review Process for Water Project Loan Applications





2017-2019 Grant Solicitation Water Project Grants and Loans



Loan Application

Application Deadline: TBD

Application (either electronic or hardcopy) must be received by this date and time

Send application electronically to: waterprojects@wrд.state.or.us

Mail application to:
OREGON WATER RESOURCES DEPARTMENT
Attention: Grant Program Coordinator
725 Summer Street NE, Suite A
Salem, OR 97301

Application Instructions

1. Taking part in a Pre-Application Conference prior to applying is **highly** recommended. To learn more contact the Department's Grant Program Coordinator at **503.986.0869** or waterprojects@wrд.state.or.us.
2. Complete Sections I through XII in the spaces provided. For additional application instructions and guidance visit: [http://www.oregon.gov/owrd/Pages/Water Resources Development Program Forms and Guidance.aspx](http://www.oregon.gov/owrd/Pages/Water_Resources_Development_Program_Forms_and_Guidance.aspx)
3. Complete and sign the application checklist.
4. An application must be submitted on the attached form provided by the Department and may not be altered for the purpose of formatting or changing the document structure.
5. Please ensure that the Certification portion of Section II is signed with a live (non-electronic) signature by the Applicant and, if applicable, the Co-Applicant.
6. Electronic submission of application is the preferred method. You may scan a copy of the signed signature page and submit with your application as long as both documents are included in the same email.
7. If application is submitted in hard copy - use 8 ½" x 11" single sided, unstapled pages. Provide any attachments to the application on 8 ½" x 11" single-sided, unstapled pages.
8. Please Contact the Department's Grant Program Coordinator at **503.986.0869** or waterprojects@wrд.state.or.us if you have any questions.

Water Project Grants and Loans Application Checklist

Application Checklist must be Completed and Signed

Instructions: Use this checklist to ensure that your application is complete. The checklist must be completed and signed in order for your application to be considered complete. An incomplete application may be deemed ineligible for further review and consideration.

SECTION A - Application

I. Project Information

- All information is complete and correct.
- The requested loan amount does not exceed 75% of the total cost of the project.

II. Applicant Information

- All applicant and co-applicant information is complete and correct.
- Application is signed by Applicant/Authorized Person.
- Application is signed by Co-Applicant/Authorized Person. N/A

Note: If the project is awarded funding the co-applicant will be required to sign and be party to the loan agreement.

III. Eligibility

- All questions have been addressed.

IV. Project Summary

- Project summary does not exceed 5 sentences.

V. Project Location

- All questions have been addressed.

VI. Project Specifics

- All questions have been addressed.
- Each project task is identified and includes task schedule, description of task activities, and permits/regulatory approvals needed for the task.

VII. Public Benefits

- All questions have been addressed.
- Public benefit is identified in each of the three public benefit categories.

VIII. Project Budget

- All budget items are allowable costs as identified in the Department's [Grant Budget Procedures and Allowable Cost document](#).
- All budget task totals and addition of totals is correct.
- Key tasks listed in Project Budget match those identified in Questions 10 & 11.

IX. Other Funding Information

- Other funding table is complete.

X. Loan Security

- Loan security pledge identified.

XI. Miscellaneous Loan Questions

- All questions have been addressed.

XII. Storage-Specific Project Requirements (if applicable)

- All questions have been addressed. N/A

SECTION B - Application Attachments

Instructions: For required and optional attachments ensure documentation meets any criteria identified, identify the attachment number, and check the box or indicate N/A where applicable. **All attachments to the application must be numbered as well as included in this list.** For “other” optional attachments in excess of the three spaces provided, include a supplemental list.

Required Attachments:

- Attachment 1 – Site map (Question 2)
- Attachment 2 – Property access authorization (Question 4) includes the following:
 - a) Evidence addresses all the requirements of Question 4 including awareness that monitoring information is public record for private lands.
 - b) If evidence includes landowner awareness and agreement to the proposal, documentation is from the landowner and includes current contact information.
- Attachment 3 – Documentation of other/matching funds (Section IX) includes the following:
 - a) Match documentation for all match fund sources listed in the match fund table.
 - b) Match fund documentation that clearly identifies the dollar amount and describes the work to be accomplished with the match.
- Attachment 4 – Documentation of authorization to represent Applicant, apply for a loan, enter into a loan contract with OWRD and commit funds to loan repayment
- Attachment 5 – Secured permits and regulatory approvals needed to implement the project (Question 16)
- Attachment 6 – Plans, designs, and/or engineering specifications
- Attachment 7 – Project feasibility documentation (Question 7)

Optional Attachments:

- Letters of support (Question 9): Attachment #
- Other: Attachment #
- Other: Attachment #
- Other: Attachment #

All items within Section A and B of the application checklist are checked and all identified criteria are addressed to the best of my knowledge.

Signature of Applicant/Authorized Person: _____ Date: _____

Print Name: _____ Title: _____



Oregon Water Resources Department Water Project Grants and Loans Application



I. Project Information

Project Name: _____

Project Type: Conservation Reuse Flow Restoration and Protection
 Above-Ground Storage Below-Ground Storage
 Water Infrastructure Other:

Loan Funding Requested: \$ _____ Loan Term Requested: _____ (no more than 20 years)

Other Funding (must be at least 25% of total project cost): \$ _____ Total Cost of Project: \$ _____

Repayment Plan: *When would you like the payment to begin?*
This shall be no later than two years after the signing of the loan contract.

Proposed Frequency of Payments: Monthly Yearly

II. Applicant Information

Applicant Name:	Co-Applicant Name:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:

Principle Contact:	Fiscal Officer:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:

Certification: I certify that this application is a true and accurate representation of the proposed work and that I am authorized to sign as the Applicant or Co-Applicant. By the following signature, the Applicant certifies that they are aware of the requirements of an Oregon Water Resources Department loan funding award, have read and are aware of terms and conditions within the example loan agreement and are prepared to implement the project, if awarded.

Signature of Applicant/Authorized Person: _____ Date: _____

Print Name: _____ Title: _____

Signature of Co-Applicant/Authorized Person: _____ Date: _____

Print Name: _____ Title: _____

III. Eligibility

a) Select applicant entity type for both applicant and co-applicant (if applicable).

<input type="checkbox"/>	City	<input type="checkbox"/>	Oregon County
<input type="checkbox"/>	Port	<input type="checkbox"/>	Irrigation District
<input type="checkbox"/>	Drainage District	<input type="checkbox"/>	Water Improvement District
<input type="checkbox"/>	Water Control District	<input type="checkbox"/>	Non-Profit Organization
<input type="checkbox"/>	Soil and Water Conservation District	<input type="checkbox"/>	Corporation
<input type="checkbox"/>	Partnership	<input type="checkbox"/>	Sole Proprietorship
<input type="checkbox"/>	Cooperative	<input type="checkbox"/>	Indian tribe
<input type="checkbox"/>	State of Oregon Agency	<input type="checkbox"/>	Individual
<input type="checkbox"/>	Federal Agency	<input type="checkbox"/>	Other:

b) *To be eligible for funding an application must address an instream and/or out-of-stream water supply need and result in project implementation.* Does the project address an instream and/or out-of-stream water supply need and result in project implementation?
Yes No

c) Provide a brief, one to two paragraph description of the water supply need that the project intends to address. Please reference (and attach) supporting data or reports that document the need.

d) Is either the Applicant or Co-Applicant required to have a Water Management and Conservation Plan? Yes No

If yes, has the plan been submitted to the Water Resources Department and received approval? Yes No

Note: Pursuant to ORS 541.659 if an applicant is required to have a water management and conservation plan, the plan must be submitted to the Water Resources Department and receive approval prior to department acceptance of an application for a loan or grant from the account.

IV. Project Summary

Provide a brief, 4-5 sentence summary of the proposed project. This summary should include a brief description of the goal and scope of the project, summarizing project implementation (i.e., planned infrastructure or activity). Please refer to the Water Project Grants and Loans Application Instructions for additional information on what to include in your project summary.

V. Project Location

Instructions: Please answer the following questions about the location of the proposed project.

1. Please provide the following information about the project location.
 - a. Latitude/Longitude (in decimal degrees): /
 - b. County:
 - c. Watershed:

2. Please attach a site plan map showing the following:
 - a. Project area boundaries
 - b. True north arrow
 - c. Map title and legend
 - d. Latitude and longitude
 - e. Property boundaries
 - f. Surface water bodies (including stream mile)
 - g. Location of involved structures (existing or proposed)
 - h. Proposed measurement locations (if applicable)

3. In the below table below, identify any properties on which the project would occur and/or that would be impacted or accessed by project implementation. *Add rows as needed.*

Tax Lot ID	Ownership Type (✓ One)	Property Owner of Record	Will ground disturbing activity occur on this land? (✓ One)	Identify the type and extent of ground disturbing activity (e.g. borings, test pits, excavation, new road construction etc.)
	<input type="checkbox"/> Public <input type="checkbox"/> Private		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Public <input type="checkbox"/> Private		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Public <input type="checkbox"/> Private		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	<input type="checkbox"/> Public <input type="checkbox"/> Private		<input type="checkbox"/> Yes <input type="checkbox"/> No	

4. For projects involving physical changes or monitoring on the properties listed in Question 3, attach evidence of the following:
 - a. For *private* lands, you have authorized legal access (e.g. legal easement) to the lands on which the project will occur or documentation from all private property owners that includes current contact information and states they are “aware of and agree to the proposal;”
 - b. For *private* lands, you have authorized legal access to (e.g. legal easement) to the lands on which the project will occur and the easement holder is aware that monitoring information is public record or documentation from all private property owners that states they are aware that monitoring information is public record;
 - c. For *public* lands, documented authorization from the federal or state government property owner allowing project implementation or documentation that demonstrates such authorization is being pursued.

VI. Project Specifics

Instructions: Please answer the following questions.

A. Project Description, Needs, and Goals

5. Provide additional information (building on the project summary) to further describe the proposed project and the project goal.
6. Provide evidence to demonstrate project feasibility. This may include the results of a feasibility study. Attach the results of the study or other evidence, as necessary.
7. Describe partnerships and collaborative efforts associated with the planning or implementation of this project. Include a description of how parties worked, or will work together to achieve a common goal.
9. List letters of support (name and/or affiliation of sender is sufficient). Attach copies of the letters to your application.

B. Project Tasks

10. Identify tasks necessary for the proposed project using the following format and including as many tasks as necessary to implement the project. In the event that your proposed project receives grant funding, the tasks identified will be incorporated into your grant agreement as the "Project Description".

Note: Project management and administration are commonly functions within specified project tasks and not a separate project tasks. All cost match and grant budget funds must apply to the tasks identified below. See the [Budget Procedures and Allowable Costs](#) document for more information.

For each Task Address the Following:

Task number. Key Task Title

- Task schedule: The approximate dates during which the key task will be completed.
- Description of key task activities: Include specific details of the task such as task purpose, planned approach, and proposed methods. Response should include appropriate technical detail.
- Permits/Regulatory Approvals Required: List any permits or regulatory approvals required to conduct the task. All permits/regulatory approvals identified must also be listed in question 16 of this application.

Task 1.

- Task schedule:
- Description of key task activities:
- Permits/Regulatory Approvals Required:

Task 2.

- Task schedule:
- Description of key task activities:
- Permits/Regulatory Approvals Required:

Task 3.

- Task schedule:
- Description of key task activities:
- Permits/Regulatory Approvals Required:

Copy and paste additional tasks as needed.

11. Project Task Scheduling – Estimated project duration: _____ to _____

Place an “X” in the appropriate column to indicate when each Project Task would take place. Project tasks listed must match the tasks identified in Question 10.

Key Tasks (Add additional rows as needed)	Year				Year				Year			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Describe how you propose to measure and report the water diverted and used from the proposed project. Include a proposed method, timing, frequency, and location of measurement in your proposal. If you have questions please contact the Department for more information.

Note: Funded projects are required by statute to “regularly measure and report the water diverted and used from the project” [ORS 541.692(3)].” The Department makes the final determination on the method, timing, frequency, and location of measurement. Grant funds can be used to pay for measurement and reporting expenses. If neither the existing infrastructure nor the proposed project divert water this requirement may not apply.

13. Provide suggestions for interim and long-term project performance benchmarks.

14. Describe any issues, unknowns, or conditions that may affect the completion of the key tasks or project. If applicable, describe any measures planned to mitigate them.

C. Permits and Regulatory Approvals

15. List all water rights associated with the proposed project. List permit/certificate/transfer numbers, as applicable. *Note: For all existing water uses, include any and all water right authorizations that allow water use under the current project.*

16. In the table below, provide a list of any permits and regulatory approvals needed to implement the project and indicate the status of each in the table below. Please submit copies of any secured permits/approvals or describe efforts in securing necessary permits/approvals, including current status. If no permits or regulatory approvals are required, please provide an explanation.

Permit/ Regulatory Approval	Status and/or Efforts To Date

VII. Public Benefits

Instructions: Describe how the project would provide public benefits in each of the three public benefit categories identified below. In your responses, describe current conditions and anticipated project outcomes and benefits. Describe how the project outcomes will contribute to each anticipated public benefit. Descriptions should be quantitative when possible. Applications will be scored and ranked based on economic, environmental, and social/cultural public benefits. More specifically, the evaluation will be based on the change in conditions expected to result from the project as demonstrated in the application.

Please see the [Public Benefit and Evaluation Guidance \(http://bit.ly/owrdfundingforms\)](http://bit.ly/owrdfundingforms) document for definitions of each public benefit and a description of how the public benefits will be evaluated. Applications that do not demonstrate public benefit in each of the three categories (economic, environmental, social/cultural) will be deemed incomplete.

Leave blank any categories that are not applicable to the proposed project.

17. Economic Benefits – ORS 541.673(2)

a. Job creation or retention:

- b. Increases in economic activity:
- c. Increases in efficiency or innovation:
- d. Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses:
- e. Enhanced economic value associated with tourism or recreational or commercial fishing, with fisheries involving native fish of cultural significance to Indian tribes or with other economic values resulting from restoring or protecting water instream:
- f. Increases in irrigated land for agriculture:

18. Environmental Benefits – ORS 541.673(3)

- a. A measurable improvement in protected streamflows that accomplishes one or more of the following:
 - (A) Supports the natural hydrograph;
 - (B) Improves floodplain function;
 - (C) Supports state- or federally-listed sensitive, threatened or endangered fish species;
 - (D) Supports native fish species of cultural importance to Indian tribes; or
 - (E) Supports riparian habitat important for wildlife:

Describe the legal means by which the water will be permanently dedicated instream and protected by the Oregon Water Resources Department (e.g. Allocation of Conserved Water program). *This MUST be included to receive a score for this public benefit.*

- b. A measurable improvement in groundwater levels that enhances environmental conditions in groundwater restricted areas or other areas:
- c. A measurable improvement in the quality of surface water or groundwater:

- d. Water conservation:

*Note: Any project that conserves water and permanently dedicates at least 25% of the conserved water quantity to instream use will automatically receive a scoring bump in the environmental public benefit category with the opportunity to demonstrate additional environmental benefit to increase the score. **If awarded funding, the percentage identified below will be a condition of funding.***

Identify the portion of conserved water that will be permanently dedicated instream and protected by the Oregon Water Resources Department: %

Describe the legal means by which the water will be permanently dedicated instream and protected by the Oregon Water Resources Department (e.g. Allocation of Conserved Water program):

- e. Increased ecosystem resiliency to climate change impacts:
- f. Improvements that address one or more limiting ecological factors in the project watershed:

19. Social/Cultural Benefits – ORS 541.673(4)

- a. The promotion of public health and safety and of local food systems:
- b. A measurable improvement in conditions for members of minority or low-income communities, economically distressed rural communities, tribal communities or other communities traditionally underrepresented in public processes:
- c. The promotion of recreation and scenic values:
- d. Contribution to the body of scientific data publicly available in this state:
- e. The promotion of state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes:

- f. The promotion of collaborative basin planning efforts, including but not limited to efforts under Oregon's Integrated Water Resources Strategy:

VIII. Project Budget

Instructions: Please answer the following questions about the proposed project budget using the tables provided.

20. Please provide an estimated line item budget for the proposed project. Examples include: direct project specific costs, such as in-house staff salary, contractual services, travel and administrative costs. See the Department's [Budget Procedures and Allowable Costs](#) document for further guidance.

OVERALL PROJECT BUDGET Line Items	Number of Units* (e.g. # of Hours)	Unit Cost (e.g. hourly rate)	In-Kind Match	Cash Match Funds	OWRD Grant Funds	Total Cost
Materials						
Contractual/Consulting						
Staff Salary/Benefits						
Equipment (must be approved)						
Supplies						
Other:						
Administrative Costs**						
<i>* The "Unit" should be per "hour" or "day" – not per "project" or "contract." Units x Unit Costs = Total Cost</i>			Total			
<i>** Administrative Costs may not exceed 10% of the total funding requested from the Department</i>						

21. Identify the budget for each key task below. Key tasks identified below should be the same as the key tasks identified in Questions 10 and 11.

Key Tasks	In-Kind Match	Cash Match Funds	OWRD Loan Funds	Total Cost
Total				

IX. Other Funding

Instructions: Fill out the table below and attach the appropriate documentation for both secured and pending match (add rows as needed). Applications requesting loan funds must demonstrate match that at a minimum equals 25% of total project cost.

For secured funding, you must attach a letter of support from the match funding source that specifically mentions the dollar amount identified for this project and as shown in the “Amount/Dollar Value” column in the table below and describes the work to be accomplished through the match/other funding.

For pending resources, other written documentation showing a request for the matching funds must accompany the application or documentation must identify the date on which a future funding application will be submitted, identify the funding program, and provide evidence that the project is eligible for the funding program identified.

Other Funding Source (if in-kind, briefly describe the nature of the contribution)	Type (✓ One)	Status (✓ One)	Amount/ Dollar Value	Date Match Funds Available (Month/Year)
	<input type="checkbox"/> cash <input type="checkbox"/> in-kind	<input type="checkbox"/> secured <input type="checkbox"/> pending		
	<input type="checkbox"/> cash <input type="checkbox"/> in-kind	<input type="checkbox"/> secured <input type="checkbox"/> pending		
	<input type="checkbox"/> cash <input type="checkbox"/> in-kind	<input type="checkbox"/> secured <input type="checkbox"/> pending		
	<input type="checkbox"/> cash <input type="checkbox"/> in-kind	<input type="checkbox"/> secured <input type="checkbox"/> pending		

X. Loan Security

Instructions: Please answer all questions in this section.

22. Identify the type of loan security intended for this loan.

- | | |
|---|---|
| <input type="checkbox"/> Unlimited Property tax | <input type="checkbox"/> Limited property tax |
| <input type="checkbox"/> System Revenue | <input type="checkbox"/> Land Improvements/ Real Property |
| <input type="checkbox"/> Special Tax | <input type="checkbox"/> Assessments |
| <input type="checkbox"/> Full Faith and Credit | <input type="checkbox"/> Other: _____ |

23. If collateral offered is other than real property, please attach documentation that provide details on the asset, type of ownership interest, all other interests in the asset, length of ownership, and all encumbrances on the asset. Attachment #

XI. Miscellaneous Loan Questions

Instructions: Please answer all questions in this section. You may attach your responses on a separate document as long as you indicate the question numbers in your response and follow the question order below.

24. If not an individual, when was the Applicant (Entity) formed or established (date as mm/dd/yyyy):

25. If applicable, attach the names, titles, and tenure of the following:

- | | |
|-----------------|-----------------|
| • Officers | • Commissioners |
| • Board Members | • Management |

26. Will any other entity, private, non-profit, public, or business have special or legal entitlement to the project through agreements, contracts, or arrangements? Yes No
27. Has the applicant ever defaulted on a debt? Yes No If so, explain:
28. Is there any actual or pending litigation that could impact the applicant's ability to repay debt? Yes No If yes, please explain:
29. Has the Applicant, or principals, formed a business which ceased to exist in less than two years from commencing operations, filed bankruptcy, or experienced foreclosure, repossession, debt judgment, defaulted on a debt, or criminal penalty within the last seven years? Yes No If yes, provide details:
30. Does Applicant have authorization or resolution from its board, commissioners, etc. to apply for, receive the loan and commit to the repayment of the loan? Yes No N/A

If yes, please attach a copy of the resolution, legal opinion, successful ballot measure, etc.

XII. Storage-Specific Project Requirements (if not a storage project skip this section)

Instructions: If your proposal is for a storage project that will divert water under an existing or new storage water right permit or limited license, answer questions 22 through 24 in this section. All other projects can skip this section of the application.

31. Storage Project Type: Above-Ground Below-Ground
32. Indicate the capacity of the storage project and any new-developed water below:
- What will be the *total* capacity of the storage project in acre-feet after project implementation?
 - What will be the volume of the *newly-developed* water in acre-feet?
33. Answer the following "Yes/No" questions about the storage project.
- Will the project divert more than 500 acre-feet of surface water annually?
Yes No
 - Will the project impound surface water on a perennial stream? Yes No
 - Will the project divert water from a stream that supports sensitive, threatened or endangered species? Yes No

If you answered "yes" to **any** of the questions above, (a), (b), or (c), the project will need a *Seasonally Varying Flow (SVF) Prescription*, determining the duration, timing, frequency and volume of flows (including ecological base flow), necessary for protection and maintenance of biological, ecological, and physical functions outside of the official irrigation season. The Department will establish the SVF prescription after funding is awarded, for more information about what this requirement entails, please contact Water Development Coordinator, Rachel LovellFord at (503) 986-0941.



Oregon Water Resources Department

Water Project Loan Supplemental Information



Note: This form is only to be filled out by the applicant upon request by the Department. The Department will request this information if the project is recommended for funding by the Technical Review Team based on the project public benefits.

I. Project Information

1. Project Name: _____
2. Project Funding:
 - Loan Request: \$ _____
 - Other Funding: \$ _____ Total Cost of Project: \$ _____
3. Describe the source of the Other Funding identified above including any in-kind contributions:
 - Other Funding Provider: _____ Amount: \$ _____
 - Other Funding Provider: _____ Amount: \$ _____
4. What is the estimated useful life of the project? _____
5. What is the source of the useful life calculation? _____
6. Proposed loan term (must be no longer than the useful life of the project but no more than 20 years, whichever is less): _____
7. Repayment Plan: *When would you like the payment to begin? This shall be no later than two years after the signing of the loan contract.* _____
 - Proposed Frequency of Payments: Monthly Yearly

II. Loan Applicant Information

Applicant Name:	Co-Applicant Name:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:
FEIN/SSN	FEIN/SSN

Principle Contact:	Fiscal Officer:
Address:	Address:
Phone:	Phone:
Fax:	Fax:
Email:	Email:

III. Financial Information

Instructions: Please attach and check off the following financial documents. Please note that you are only required to provide those materials listed in your category of loan applicant:

Individuals:

- Copy of last three years tax returns, year to date pro forma, profit & Loss Statement, income statements & W2s for the same period.
- Copy of bank statements for all bank accounts for two months preceding the application.
- Preliminary title report, if using real estate as collateral.
- Most recent real property tax statements for all properties involved in the project.

Corporations, Partnerships or Private Associations

- Copy of last three years tax returns, audited financial statements
- Copy of bank statements for all bank accounts two months preceding the application.
- Preliminary title report, if using real estate as collateral.
- Most recent real property tax statements for all properties involved in the project.
- Pro forma statements; Current Profit & Loss Statement.
- List of all Assets offered as collateral.

Governmental Entities, Municipalities, Irrigation Districts

- Copy of last three years tax returns, Audited Financial statements
- Copy of bank statements for all bank accounts two months preceding the application.
- Current Operating Budget or Schedule of net revenue
- Preliminary title report, if using real estate as collateral.
- Most recent real property tax statements for all properties involved in the project
- List of all Assets offered as collateral.
- List of all notes, mortgages trust deeds or contracts on any property offered as collateral.
- Assessments and Net Revenues
- Method of calculating individual Assessments and Revenue.
- History of rates - if applicable.

8. Has the Applicant adopted a budget for the current fiscal year? Yes No

If so attach a copy; if no, please explain: _____

IV. Loan Security

Instructions: Please answer all questions in this section. This may be the same as what you filled out in your original loan application, but may also be updated via this form.

9. Identify the type of loan security

- Unlimited Property tax
- System Revenue
- Special Tax
- Full Faith and Credit
- Limited property tax
- Land Improvements/ Real Property
- Assessments
- Other: _____

10. If collateral offered is other than real property, please provide details on the asset, type of ownership interest, all other interests in the asset, length of ownership, and all encumbrances on the asset. Attach additional documents as needed.

VII. Fees and Other Costs

Instructions: Please attach payment in the form of check or money order for the application fee and loan processing fee. These fees help cover the cost of the financial review of your loan application. Please note that the loan processing fee and the closing costs can be folded into the loan request.

11. Closing Costs are to be paid by the borrower. How would you like to pay for them?

- Intend to pay at closing
- Request to include in loan amount

12. Appraisal is to be paid by the borrower.

- I have a preferred appraiser: _____
- I do not have a preferred appraiser

VIII. Certification

I certify that this application is a true and accurate representation of the proposed work and that I am authorized to sign as the Applicant or Co-Applicant. By the following signature, I certify that I am authorized to obligate the applicant to the terms and conditions of the loan.

Signature of Applicant/Authorized Person: _____ Date: _____

Print Name: _____ Title: _____

Signature of Co-Applicant/Authorized Person: _____ Date: _____

Print Name: _____ Title: _____

Department Responses to Commissioner Questions on Loans from August 2017

Tables 1 and 2 summarize the Department's responses to the Commission's questions from August 2017. Table 1 reiterates the answers given at the August Commission meeting. Table 2 presents new information the Department committed to follow-up on in August.

Table 1. Reiteration of responses to questions answered at August 2017 meeting

Commissioner Question	Department Response
Is the financial review done by the Technical Review Team, another entity, or the Department?	The financial review is conducted by both Business Oregon and the Department. The Technical Review Team evaluates the public benefits of all grant and loan applications.
Does the Department pay Business Oregon for its financial review, and is it being paid out of General Fund, or loan fees?	Yes, the Department has an interagency agreement for services with Business Oregon. At this time those services (reviewing loan applications) would be paid for using the General Fund, though the Department is looking into the possibility of recouping some of those costs with some of the interest earned on a loan, a loan application and/or loan processing fee. We have not incurred any cost as of yet because we have not recommended any loans for funding.
Is the review of the financial requirements for a loan in parallel to the second public process or in lieu of that process?	They are conducted in parallel. Business Oregon and the Department will conduct the financial review during the second public comment period.
ORS 541.669 indicates the Commission be a part of the evaluation system to determine scoring and ranking for projects. When will the Commission be participating in that step, or is that being delegated to the Department?	In the 2016 funding cycle the Technical Review Team brought forth recommendations and asked the Commission to review and accept or modify those recommendations, and that is the intention for this round.
Is the Department allowed to consider applications that ask for both grant and loan funds?	This is permissible under statute. However, in order to incentivize loan applications the Department intends to have future applicants choose which they would like to apply for, either a grant or a loan, not both.

Table 2. Responses to questions from August 2017 meeting requiring follow-up

Commissioner Question	Department Response
What are the costs to review a loan?	The Department and Business Oregon expect that it will cost an average of \$1,500-\$2,500 for Business Oregon to review a loan.
When an applicant meets the technical requirements, how much more information is anticipated during the review of the financial requirements? Are financial questions asked at the same time as the technical questions?	Loan applicants will be asked to provide some information in their initial application. Those that are recommended for funding based on their public benefits will be asked to provide additional information later. See Attachment 4 for the draft loan application for the 2018 funding cycle and Attachment 5 for the draft supplemental information request form that applicants will be asked to provide later if they are recommended for funding.
Is it possible to lock in an interest margin?	It is the Department's intent to identify a base rate and cap in order to provide a range of possible interest rates. A loan's specific interest rate will depend on the details of the loan and the loan applicant.
Is there a plan to provide more guidance in how loan worthiness is evaluated so the allocation of the loan rate does not come across as arbitrary?	Business Oregon uses a formula to calculate the expected risk of a loan. This calculation considers the applicant's credit worthiness, ability to repay loan based on income generation potentials and the applicant's debt to income ratio. The Department intends to follow this same approach.