



MEMORANDUM

TO: Water Resources Commission

FROM: Kim Ogren, Manager, Water Resources Development Program *KA*

SUBJECT: Agenda Item L, March 16, 2018
Water Resources Commission Meeting

Water Project Grants and Loans Biennial Review

I. Introduction

The Water Project Grants and Loans funding opportunity provides 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. This informational item presents the biennial review of the funding opportunity as required by ORS 541.677.

II. Background

Both the 2012 and 2017 Oregon Integrated Water Resources Strategy call for investment in water resource projects, including water supply development (recommended actions 10.E and 13.E, respectively). In 2013, the Oregon Legislature passed Senate Bill 839, establishing the Water Project Grants and Loans funding opportunity, which provides funding for water projects that have economic, social, and environmental public benefits.

In June 2015, the Commission adopted rules establishing procedures and requirements for water resource projects to receive funding. Since adoption of the rules, the Department has hosted two funding cycles (2016 and 2017) and is in the middle of the third (2018). In the inaugural 2016 funding cycle, the Commission awarded nine grants totaling \$8,891,118. In 2017, the Commission awarded four grants totaling \$6,282,232. Applications for the 2018 funding cycle are due April 25, 2018 and the Department intends to present funding recommendations to the Commission in November 2018.

III. Biennial Review Requirement

As outlined in statute (ORS 541.677(1)), the Department is required to review Water Project Grants and Loans each biennium to assess the extent the funding awards achieved the following outcomes:

- 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 (see Attachment 1, Appendix A for ORS 541.673);
- Preference for partnerships and collaborative projects;
- The funding of projects of diverse sizes, types and geographic locations;
- If a project proposes to divert water, preference for projects that provide a measurable improvement in protected streamflows;
- If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.

IV. Biennial Review Report Highlights

In its first two funding cycles, the Water Project Grants and Loans funding opportunity and its scoring system largely achieved the outcomes listed above. The Department has also identified a number of recommendations for improving the funding opportunity to better achieve the targeted outcomes. These recommendations include:

- Continuing to evaluate the public benefits and scoring system to determine whether they achieve the program goals and if they need to be refined.
- Continuing to track the sizes of funded projects and explore whether small projects are not competitive and, if so, why.
- Discussing with the Commission how it would like to ensure funding projects of diverse geographic locations over time.
- Targeting outreach to counties where there are few applications to ensure potential applicants in those areas are aware of the opportunity.
- Engaging stakeholders in a more thorough review of the funding opportunity.

The full 2015-2017 Biennial Review is included in Attachment 1.

VI. Summary

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, and accomplish the target objectives outlined in statute. The Department presents the enclosed 2015-2017 Biennial Review for the Commission's consideration. The Department intends to begin conversations with stakeholders to take a broader look at the program in the future.

Attachments:

1. 2015-2017 Water Project Grants and Loans Biennial Review

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503-986-0873



Water Project Grants and Loans

2015-2017 Biennial Review

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Introduction

The Water Project Grants and Loans funding opportunity provides grants and loans for water projects that help address instream and out-of-stream water supply needs and result in economic, environmental and social/cultural benefits. This report is intended to satisfy Oregon Revised Statute (ORS) 541.677(2), which requires the Oregon Water Resources Department (Department) to review the Water Projects Grants and Loans funding opportunity to assess the extent that the outcomes described in ORS 541.677(1) are being achieved. Based on the findings, the Commission may modify the project selection process to better achieve the target outcomes.

ORS 541.677(1) specifies that the scoring and ranking criteria for Water Project Grants and Loans applications should 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.

As this is the first report, with only two cycles of data, the Department views this report as a launching point for additional exploration and conversation with the Commission, grantees, applicants, and stakeholders. Further conversation will help identify other ways to improve the two-year old funding opportunity.

Background

Recommended Action 10.E of the 2012 Oregon Integrated Water Resources Strategy (now 13.E of the 2017 update) called for the authorization and funding of a water supply development program. In 2013, the Oregon Legislature passed Senate Bill 839, establishing the Water Supply Development Account. Water Project Grants and Loans are funded through the Water Supply Development Account.

After Senate Bill 839 passed in 2013, the Department in conjunction with stakeholders and the Governor's office actively worked towards carrying out the provisions of the bill. Appendix A contains the authorizing legislation (ORS 541.651-696). Prior to launching the new funding opportunity, the bill required subgroup and task force meetings, which were conducted in late 2013 through early 2015. In June 2015, the Commission adopted rules to establish the procedures and requirements for projects to receive funding from the Water Supply Development Account. Appendix B includes a copy of the rules (OAR 690-093 or Division 93). The Department announced the solicitation for the inaugural cycle of Water Project Grants and Loans in August 2015. The Commission has since awarded funds for two grant cycles.

Overview of Project Scoring, Ranking, and Selection

This section of the report explains the application evaluation process, including how applications are scored, ranked, and selected for funding. This process follows the guidelines in statute and rule.

Completeness Review and Public Comment Period on Applications

After receiving an application for a Water Project Grant or Loan, the Department reviews the application to ensure it is complete. Complete applications are posted online for a statutorily required 60-day public comment period (ORS 541.669(2)).

Technical Review Team Scoring and Ranking

Next, an inter-agency Technical Review Team (TRT) reviews the public comments and evaluates the applications based on demonstration of public benefits (ORS 541.669(3)). The TRT is comprised of representatives from the Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, Oregon Business Development Department, affected Indian tribes, and the collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project (Regional Solutions).

Application Scoring

Each TRT member scores applications on the public benefits that the project would produce if implemented. The public benefits are broken into three categories: economic, environmental, and social/cultural (ORS 541.673(1)). Each category contains six specific public benefits for a total of 18 possible public benefits that are identified in statute and rule (ORS 541.673(2) and OAR 690-093-0090). While the TRT evaluates each public benefit for every application, a project is not required to score points in each of the 18 public benefits; rather the statute requires that each project provide at least one benefit in each of the three categories. However, projects with higher public benefit scores have the best chance of receiving funding, as ORS 541.673(1) directs the Commission to award funding to the projects that “have the greatest public benefits and will achieve the outcomes described in ORS 541.677 (the target outcomes examined in this report).

Department rules state that “scoring sublevels shall have a numeric point scale that accounts for positive and negative effects of the project” (OAR-690-093-0090(3)). For the 2016 and 2017 funding cycles, public benefits were scored on a scale of -1 to 5. The Department provides both applicants and the TRT with a guidance document that specifies the approach to be used for evaluating public benefits. The Guidance on the Evaluation of Public Benefits document is included as an appendix to this report (Appendix C).

While all 18 public benefits were scored on a scale of -1 to 5, the statute allows environmental benefit to be demonstrated in another way. ORS 541.683(1)(b) states that a project can demonstrate sufficient environmental benefit by the scoring system discussed above, or by dedicating 25% of the conserved or newly developed water to instream use. To reflect this statutory requirement, an application receives a scoring “bump” in the environmental benefit category if the project would legally protect at least 25% of the conserved or newly developed water instream. Any project that dedicates at least 25% of the conserved or newly developed water to instream use automatically receives a median score (3 for each

benefit or 18 points total) in the environmental public benefit category. These applications can score higher if they demonstrate additional environmental benefit.

It is important to note that the water must be legally protected instream to qualify for this “bump.” Examples of what qualifies includes dedicating 25% of the conserved water to instream use through the Allocation of Conserved Water program, or dedicating 25% of the new or expanded above-ground storage to a secondary flow enhancement right.

Application Ranking

Each TRT member independently scores each application; however the full TRT determines the application ranking. In 2016, TRT members reviewed the public comments and scored the applications and then submitted their scores to the Department. The Department calculated the median score for each application and drafted an initial ranking of projects based on the median score. The TRT met to discuss the applications and determine their final ranking and recommendation to the Commission. In 2017, the TRT met prior to scoring the applications in order to discuss the public benefits described in the applications and to share their expertise with one another. This change was made to allow TRT members to use each other’s respective expertise (e.g., environmental, economic, social, etc.) as well as obtain a common understanding of each project’s public benefits. With each other’s feedback on the applications, the TRT members scored each application independently. Once again they submitted scores to the Department, which calculated the median score for a draft ranking. The TRT discussed and finalized their ranking and recommendation to the Commission.

Technical Review Team Recommendation and Commission Decision

After the TRT completes its work, the funding recommendations are posted and public comments are accepted. This second comment period satisfies the statutory requirement for the Commission to offer a public comment opportunity prior to making funding decisions. The Department considers those comments and presents them to the Water Resources Commission along with the funding recommendations. The Commission determines the final project ranking and makes funding award decisions.

Funding Awarded in 2015-2017 Biennium

The Department hosted two funding cycles in the 2015-2017 biennium. The timing and results of those funding cycles is described below.

2016 Funding Cycle

Application solicitation for the 2016 funding cycle took place from August 28, 2015, through January 19, 2016. The Department received 37 complete applications, requesting a total of \$50,959,520 in grant funds. During its May 2016 meeting, the Water Resources Commission (Commission) awarded \$8,891,118 of grant funds to nine projects (Table 1).

Table 1. 2016 Funded Water Projects (all grants)

Project Name	Project Type	County	Total Cost of Project	Funding Awarded
Lostine River Conservation Project	Conservation; Flow Restoration and Protection	Wallowa	\$2,132,575	\$1,488,718
Tumalo Feed Canal Conservation Phase 5	Conservation; Flow Restoration and Protection	Deschutes	\$3,407,155	\$1,299,968
Highline Canal Pipeline	Conservation; Flow Restoration and Protection	Hood River	\$784,699	\$566,299
Willow Creek Piping Irrigation Laterals	Conservation	Malheur	\$785,143	\$500,355
Mosier Deep Water Supply Well	Water Infrastructure (new groundwater development)	Wasco	\$1,225,013	\$917,238
Beaver Creek Dam Fish Passage and Flow Restoration	Other (related to municipal water supply)	Union	\$1,125,700	\$600,000
Sun Creek Restoration And Irrigation Efficiency	Flow Restoration and Protection	Klamath	\$552,734	\$249,867
Klamath East Side Water Recycling Project	Reuse	Klamath	\$358,231	\$268,673
Kingsley Reservoir Expansion and Lowline Pipeline Project	Above-Ground Storage; Conservation; Flow Restoration and Protection	Hood River	\$4,241,000	\$3,000,000
		Total	\$14,612,250	\$8,891,118

2017 Funding Cycle

The 2017 application deadline was April 5, 2017. The Department received 34 applications by the deadline, 32 of which were determined to be complete. Grant requests totaled \$31,551,815 and loan requests totaled \$3,415,892 for a total request of \$34,967,707 from the complete applications. Only three of the applications included requests for loans; however, these loan requests were paired with grant requests so that the loan would cover the 25 percent cost-match requirement for grants. The Commission awarded \$6,282,232 in grant funds to four projects in December 2017 (Table 2).

Table 2. 2017 Funding Projects (all grants)

Project Name	Project Type	County	Total Cost of Project	Funding Awarded
North Fork Sprague Conservation Piping and Instream Flow Restoration	Conservation, Flow Restoration and Protection, Water Infrastructure	Klamath	\$3,875,000	\$2,731,746
Powder Valley Connector	Conservation; Water Infrastructure	Union	\$1,440,000	\$1,076,000
Opal Springs Fish Passage and Pool Raise	Flow Restoration and Protection; Water Infrastructure	Jefferson	\$10,720,486	\$1,550,486
Coe Branch Pipeline & On-Farm Irrigation Efficiency Project	Conservation; Water Infrastructure	Hood River	\$1,680,105	\$924,000
		Total	\$17,715,591	\$6,282,232

2015-2017 Target Outcomes Review

This section evaluates the extent that target outcomes were met in the 2016 and 2017 funding cycles. The following analysis includes a description of the target outcome, how the scoring system sought to achieve the target outcome (as applicable), the metric and method used to evaluate the target outcome, and the extent to which the target outcome was achieved during the 2016 and 2017 funding cycles.

Target Outcome (a) – Awards to projects that provide benefits in each category

Target Outcome (a) is to only issue grants or loans to projects that provide benefits in each of the three categories of public benefit described in ORS 541.673. The metric used to evaluate this target outcome was to verify that each project funded demonstrated that it will result in public benefits in each of the three categories (economic, environmental, social/cultural). This metric was evaluated during the completeness review of each application.

The Department sought to achieve this outcome via two means. First, the Department is charged in statute with setting a minimum public benefit score that must be achieved before the Department will consider an application complete and forward it to the TRT for scoring. This poses a challenge as the applications have not yet been scored during the completeness review. Therefore, the Department reviewed all applications during its completeness review to ensure that each application included least one public benefit in each of the three categories. If an application did not have a public benefit in each category, it was not evaluated by the TRT. The Department will continue to evaluate how it should adjust the minimum benefit score and how to address the challenge posed by requiring a minimum score before the applications have been evaluated.

Second, TRT members score each of the 18 public benefits for every application. The scores from the 18 public benefits are tallied by category and the three categories are given equal weight. Projects are then ranked based on those benefit scores. This scoring system rewards those applications that provide the greatest public benefit; however, the extent of public benefits in each category may vary.

As a result of the approach taken, all projects funded in 2016 and 2017 demonstrated public benefit in the three public benefit categories (economic, environmental, and social/cultural). The completeness review and scoring applications on the benefits outlined in statute ensures a focus on the public benefits. While all projects funded provide public benefits in each category, the Department has noticed some inconsistencies in how different reviewers scored applications. As discussed at the December 2017 Commission meeting, the Department will be working to improve consistency in scoring

Target Outcome Snapshot

Target Outcome: Fund projects that provide benefits in each category

Metric: Each funded project demonstrated that it will result in economic, environmental, and social/cultural public benefits

Summary of Findings: All projects funded in 2016 and 2017 demonstrated public benefits in all three public benefit areas as outlined in statute.

Recommendation(s): Continue to evaluate the public benefits and scoring system to determine whether they achieve the program goals and if they need to be refined.

across reviewers into the future. Looking forward the Department may work with stakeholders to evaluate the public benefits and whether they need to be refined.

Target Outcome (b) - Preference for partnerships and collaborative projects

Target outcome (b) is a preference for partnerships and collaborative projects. Partnership or collaboration was defined as a joint venture by multiple parties working together to achieve a common goal. This preference was incorporated into the scoring in two ways. The score for the social/cultural public benefit identified in ORS 541.673(4)(f) was doubled if a project was a collaborative project or result of a partnership. This benefit is “the promotion of collaborative basin planning efforts, including but not limited to efforts under the state integrated water resources strategy.” In case of a tie in scores, the TRT was also directed to give preference to the partnerships and collaborative projects when breaking the tie.

Target Outcome Snapshot

Target Outcome: Preference for partnership and collaborative projects

Metric: Number of projects planned or implemented through partnership or collaboration

Summary of Findings: In 2016 and 2017, all funded projects were partnership or collaborative projects.

Recommendation(s): None at this time.

To evaluate this outcome, the Department identified the number of projects, both funded and unfunded, that were planned or implemented through a partnership or collaborative effort. In 2016, 27 out of 37 applications were planned by or would be implemented by a partnership or collaboration. All of the nine projects that were funded in 2016 were planned by or would be implemented by a partnership or collaboration. In 2017, 15 out of 32 applications were for a project identified or to be implemented by a partnership or collaborative effort. All four funded projects were partnership or collaborative projects. This target outcome was achieved, as all funded projects were planned or implemented by a partnership or collaboration.

Target Outcome (c) – Funding of projects of diverse sizes, types and geographic locations

Target Outcome (c) is to fund projects of diverse sizes, types and geographic locations. To evaluate if these targets were achieved, the Department identified proxies to help evaluate the degree of diversity. The Department used total project cost as proxy for project size. Diversity in project types was evaluated by checking if different kinds of projects that address instream or out-of-stream water supply needs were funded. Finally, the Department used the Oregon county in which the project is implemented as a proxy for determining diversity of geographic location.

The scoring and ranking system does not specifically address project diversity. Rather the Department advised the Commission to focus on funding the projects with the greatest public benefits and to consider diversity over several cycles. Over time, data on projects funded in previous cycles will be used to identify trends and ensure project diversity. Without specific scoring for these factors, the projects funded in 2016 and 2017 still represented some diversity in project type, size, and location as described below. The following sub-sections also identify how the Department and Commission might ensure this target outcome is achieved in future funding cycles.

Diversity in Project Size

The Department used total project cost as proxy for project size. As defined by the Department, small projects are those where the total cost is less than \$100,000. Medium projects are those costing from \$100,000 to \$1,000,000 and large projects are those with a total project cost greater than \$1,000,000. The project size breakdown of the applications received in 2016 was 4 small, 15 medium, and 18 large projects (Table 3). In 2016, the Commission funded four medium-sized projects and five large-sized projects (Table 4). For the 2017 cycle, the Department received applications for 7 small, 14 medium, and 11 large projects (Table 3). All four 2017 funded projects were large projects (Table 4). In the two funding cycles, no small projects were funded.

Target Outcome Snapshot

Target Outcome: Fund projects of diverse project sizes

Metric: Total project cost (small = <\$100K, medium = \$100K-\$1M, and large = >\$1M)

Summary of Findings: In 2016, the Commission funded four medium sized projects and five large sized projects. In 2017, all four funded projects were large projects. Small projects were not funded in either cycle.

Recommendation(s): Continue to track the sizes of funded projects and explore whether small projects are not competitive and why.

Based on results from these two funding cycles, the scoring and ranking system may provide a challenge for small projects that have a comparably small scope or impact. While two funding cycles is not a lot of data to rely on, it indicates that small projects may not be as competitive. One potential reason is that some of these applications and projects lacked the breadth of scope/impact needed to demonstrate strong public benefits in the three public benefit categories.

Based on this analysis, the Department recommends continuing to track the sizes of funded projects and explore whether small projects are not competitive and why.

Table 3. Project Sizes of Applications Received

Funding Cycle	2016	2017
# of Funded Small Projects (<\$100K)	4	7
# of Funded Medium Projects (\$100K-\$1M)	15	14
# of Funded Large Projects (>\$1M)	18	11
Total # of projects	37	32

Table 4. Project Sizes of Funded Projects

Funding Cycle	2016	2017
# of Funded Small Projects (<\$100K)	0	0
# of Funded Medium Projects (\$100K-\$1M)	4	0
# of Funded Large Projects (>\$1M)	5	4
Total # of projects	9	4

Diversity in Project Type

In the first funding cycle, the Department allowed applicants to identify their own project type without the benefit of a list to choose from. For the second funding cycle in 2017, the Department provided a list of project types (Table 5). Applicants were required to select one or more project types. Table 6 shows the breakdown of applications received in 2016 and 2017. Applications often included multiple project types. Conservation and water infrastructure accounted for the greatest number of applications

in both funding cycles. As shown in Tables 7 and 8, most of the projects that were funded were either conservation and/or flow restoration projects. The Department recommends continuing to track the project types funded over time.

Target Outcome Snapshot

Target Outcome: Fund projects of diverse project types

Metric: Seven project types

Summary of Findings: Conservation and water infrastructure accounted for the greatest number of applications in 2016 and 2017. Most of the funded projects were either conservation and/or flow restoration projects.

Recommendation(s): Continue tracking project types funded over time.

Table 5. Examples of eligible project types

Project type description
Conservation – A project which eliminates waste or otherwise improves water use efficiency. Efficiencies may be achieved by modifying the technology or method of diverting, transporting, applying or recovering water.
Reuse – A project that reuses wastewater for specific beneficial purposes such as irrigation of crops and pasturelands, irrigation of urban landscapes, industrial cooling, dust control, street sweeping, and artificial groundwater recharge. Sources of wastewater may include graywater (shower and bath wastewater, bathroom sink water, kitchen sink wastewater and laundry wastewater), recycled water (treated effluent from a municipal wastewater facility) and industrial wastewater (treated effluent from an industrial process, manufacturing or business, or from the development or recovery of a resource).
Above-Ground Storage – An above-ground storage project stores water in a reservoir. The project may expand an existing reservoir or develop a new reservoir.
Below-Ground Storage – A below-ground storage project stores water in an underground aquifer. Techniques include injection of treated water through a well into an aquifer or passive infiltration of water into a shallow aquifer for later recovery of the water.
Flow Restoration and Protection – A project that restores instream flow to address needs like instream demands of aquatic species, ecological concerns, geomorphologic processes and water temperature issues. Flow restoration can be achieved by allocating water instream or altering reservoir releases.
Water Infrastructure – A project that creates new, expanded, improved or altered water distribution, conveyance or delivery systems utilizing newly developed or existing water sources. Pump stations, piping, and metering systems are included as qualifying projects.
Other – Other water resource development projects not captured in the categories above that result in economic, environmental, and social/cultural public benefits, such as the development of a seasonally varying flow, modifying project operations, etc.

Table 6. Diversity in Project Type

Project Type	2016 (# of applications out of 37)	2017 (# of applications out of 32)
Conservation	15	13
Reuse	3	0
Above-Ground Storage	2	5
Below-Ground Storage	1	1
Flow Restoration and Protection	6	3
Water Infrastructure	16	13
Other	7	6

Table 7. Project Types Funded in 2016

Project Name	Project Type
Beaver Creek Dam Fish Passage and Flow Restoration	Other (related to municipal water supply)
Highline Canal Pipeline	Conservation; Flow Restoration and Protection
Kingsley Reservoir Expansion and Lowline Pipeline Project	Above-Ground Storage; Conservation; Flow Restoration and Protection
Klamath East Side Water Recycling Project	Reuse
Lostine River Conservation Project	Conservation; Flow Restoration and Protection
Mosier Deep Water Supply Well	Water Infrastructure
Sun Creek Restoration And Irrigation Efficiency	Flow Restoration
Tumalo Feed Canal Conservation Phase 5	Conservation; Flow Restoration and Protection
Willow Creek Piping Irrigation Laterals	Conservation

Table 8. Project Types Funded in 2017

Project Name	Project Type
Coe Branch Pipeline & On-Farm Irrigation Efficiency Project	Conservation
North Fork Sprague Conservation Piping and Instream Flow Restoration	Conservation; Flow Restoration and Protection
Opal Springs Fish Passage and Pool Raise	Other (related to preserving water supply access)
Powder Valley Connector	Conservation

Diversity in Project Location

As with project type, diversity in the geographic locations of projects is not something the TRT has the statutory authority to consider in scoring, but the Commission has the authority to consider in awarding funding. The authorizing statute directs funding to be awarded throughout the state. To examine whether funding was awarded to diverse geographic locations, the Department examined 1) the county in which the project resides, and 2) whether the project was east or west of the Cascade Mountains.

In 2016, the 37 applications came from 23 of Oregon’s 37 counties. In 2017, the 32 applications represented 20 counties. See Appendix D. In both years, a majority of the applications came from eastern Oregon counties, with over 75% coming from eastern Oregon in 2016 and over 55% in 2017 (Table 9).

Target Outcome Snapshot

Target Outcome: Fund projects of diverse geographic locations

Metric: Oregon county, eastern/western Oregon

Summary of Findings: Received applications from 23 and 20 counties in 2016 and 2017, respectively, with the majority from eastern Oregon. Thirteen projects were funded in nine counties. All funded projects are in eastern Oregon counties.

Recommendation(s):

- Discuss with the Commission how it would like to ensure funding projects of diverse geographic locations over time.
- Target outreach to counties where there are few applications to ensure potential applicants in those areas are aware of the opportunity.

Table 9. Number of Applications from Western and Eastern Oregon

Funding Cycle	# of Applications from Eastern Counties	# of Applications from Western Counties	Total # of projects
2016	26	11	37
2017	18	14	32

All projects funded during the first two grant cycles are located in counties east of the Cascades (Table 10). No projects were funded west of the Cascades. In the first two funding cycles, 13 projects in eight counties received funding. In 2016, the nine funded projects were from seven counties (Table 11). In 2017, the four funded projects were from four different counties (Table 12).

Table 10. Number of Funded Projects from Western and Eastern Oregon

Funding Cycle	# of Funded Projects from Eastern Counties	# of Funded Projects from Western Counties	Total # of projects
2016	9	0	9
2017	4	0	4

Table 11. Counties of 2016 Funded Projects

Project Name	County
Beaver Creek Dam Fish Passage and Flow Restoration	Union
Highline Canal Pipeline	Hood River
Kingsley Reservoir Expansion and Lowline Pipeline Project	Hood River
Klamath East Side Water Recycling Project	Klamath
Lostine River Conservation Project	Wallowa
Mosier Deep Water Supply Well	Wasco
Sun Creek Restoration And Irrigation Efficiency	Klamath
Tumalo Feed Canal Conservation Phase 5	Deschutes
Willow Creek Piping Irrigation Laterals	Malheur

Table 12. Counties of 2017 Funded Projects

Project Name	County
Coe Branch Pipeline & On-Farm Irrigation Efficiency Project	Hood River
North Fork Sprague Conservation Piping and Instream Flow Restoration	Klamath
Opal Springs Fish Passage and Pool Raise	Jefferson
Powder Valley Connector	Union

Based on this analysis, the Department recommends the following:

- Discuss with the Commission how it would like to ensure funding projects of diverse geographic locations over time. The Department still recommends considering geographic diversity over several cycles rather than in each individual cycle.
- Diversity in project location will be monitored by the Department over time to identify those counties from which funding applications are not being submitted. Target outreach to counties where there are few applications to ensure potential applicants in those areas are aware of the opportunity.

Target Outcome (d) – Preference for projects that provide a measurable improvement in protected streamflows if project proposes to divert water

Target outcome (d) identifies that if a project proposes a new diversion of surface water (e.g. a new or expanded above-ground or below-ground storage project), preference should be given to those projects that also result in legal protection of streamflow by the state that result in a measurable improvement in protected streamflows. To address this preference in the scoring system, the Department awarded a “scoring bump” to projects. Projects that dedicated at least 25% of conserved or any newly developed

water to instream use automatically received a median score in the environmental public benefit category. This meant that these projects received a minimum environmental public benefit score of 18 out of 30 possible points. If projects provided greater benefit they could also score higher than 18 points. This preference is also used as a tie-breaker by the TRT. If two projects received the same public benefits score, the TRT is instructed to rank the project that results in a measurable increase in protected streamflows above one that does not.

To evaluate the degree to which this target outcome was met, the Department coded all applications and funded projects to first see 1) did the project propose to divert water and 2) if yes, would the project result in water legally protected instream. Any water that would be legally protected instream was considered to be measurable.

In the 2016 funding cycle, 30 of 37 applications received were for projects that proposed to divert water. Of those 30 projects, 25 proposed a measurable improvement in protected streamflow. Seven of the nine funded projects proposed to divert water. Four of those seven projects that divert water will dedicate water instream.

The Kingsley Project will legally protect water instream through two ways. It will use the Allocation of Conserved Water Program to dedicate instream water that was conserved through the replacement of the Lowline pipeline. As a project that also proposes to develop new storage, it will also dedicate 25% of the newly developed water (new increment of stored water) to instream use. The other three projects are conservation projects for existing diversions of water and will use the Allocation of Conserved Water Program to dedicate a portion of the conserved water instream. *NOTE: One additional project (Sun Creek Flow Restoration) does not propose to divert water but will legally protect water instream; therefore, it was not included in this metric, despite accomplishing the broader program goals. If included, five of the nine funded projects result in legal protection of water instream and a measurable improvement of protected streamflows.*

In the 2017 funding cycle, 30 of the 32 applications proposed to divert water. Of those 30 projects, 22 proposed a measurable improvement of protected streamflows. Three of the four projects funded in 2017 proposed to divert water, and one of those will result in a measurable improvement to protected streamflows (North Fork Sprague Conservation Piping and Instream Flow Restoration). The other three funded projects intend to provide more water instream, but that water will not be legally protected instream by the State.

The preliminary analysis of the first two funding cycles indicates that the current scoring approach helps achieve this target outcome; however, more data is necessary to identify trends.

Target Outcome Snapshot

Target Outcome: Preference for projects that provide a measurable improvement in protected streamflows if the project proposes to divert water

Metric: Does the project propose to divert water? If yes, does the project result in water being dedicated instream and protected by the State?

Summary of Findings: In 2016, seven of nine funded projects propose to divert water and four of those seven will result in a measurable increase in protected streamflow. In 2017, three of the four funded projects propose to divert water. One of those three will result in a measurable increase in protected streamflow.

Recommendation(s): None at this time.

Target Outcome (e) – A preference for a measurable increase in efficiency for projects that propose to increase efficiency of water use

Target Outcome (e) gives a preference for projects that provide a measurable increased efficiency of water use if a project proposes to increase efficiency. A measurable increase in efficiency of water use is defined as a project which eliminates waste or otherwise improves water use efficiency, and includes a means by which to measure the reduction in water use. Efficiencies may be achieved by modifying the technology or method of diverting, transporting, applying, or recovering water.

This preference is included in the application scoring and ranking in two ways. First, the environmental public benefit category includes a “water conservation” public benefit that rewards those applications that identify a reduction in water use to achieve the same outcomes. Additionally, the target outcome is identified as a tie-breaker for use by the TRT in the case of two similar project types with the same public benefit score. This preference is also used as a tie-breaker by the TRT. If two projects received the same public benefits score, the TRT is instructed to rank the project that results in a measurable increase in water use efficiency above one that does not.

To evaluate the degree to which this target outcome was met, the Department reviewed all applications and funded projects to first see 1) did the project propose to increase the efficiency of water use and 2) if yes, is that increase measurable? To answer the first question, the Department examined the applications to see if they discussed water conservation, elimination of waste, or included other water use efficiency language. To answer the second question, the Department looked at descriptions of the increase in efficiency, and the potential for measuring any increase in efficiency.

In the 2016 funding cycle, 32 out of 37 applications proposed to increase water use efficiency, and 19 of those 32 projects indicated that the increase in water use efficiency would be measurable. Of the projects funded in 2016, five of the nine funded projects will result in a measurable increased efficiency of water use. Three of the nine projects claimed they would increase water use efficiency but the Department could not find evidence in their application that the increase would be measurable. One of the nine funded projects did not propose to increase water use efficiency as the focus of the project was to transfer water instream for flow restoration.

In the 2017 funding cycle, 23 out of 32 projects proposed an increase in water use efficiency. Sixteen of those 23 projects demonstrated in their application that the increase would be measurable. Of the four funded projects in 2017, the three that proposed an increase in water use efficiency, proposed an increase that was measurable. One of the funded projects did not propose to increase water use efficiency.

Target Outcome Snapshot

Target Outcome: Preference for a measurable increase in efficiency for projects that propose to increase efficiency of water use

Metric: Does the project propose to increase the efficiency of water use? If yes, is that increase measurable?

Summary of Findings: In 2016, eight of nine funded projects proposed to increase water use efficiency, and five of those demonstrated that the increase would be measurable. In 2017, three of the four funded projects demonstrated in their application that they would result in a measurable increase in water use efficiency.

Recommendation(s): None at this time.

Based on this analysis, the Department finds that the target outcome is being met and has no recommendations at this time.

Summary and Conclusions

In its first two funding cycles, the Water Project Grants and Loans funding opportunity and its scoring system largely achieved the outcomes listed above. While two cycles only provide a limited picture of funding trends, they highlight potential areas for further investigation and conversation. With this in mind the Department identified a number of recommendations for improving the funding opportunity to better achieve the targeted outcomes. These recommendations include:

- Continuing to evaluate the public benefits and scoring system to determine whether they achieve the program goals and if they need to be refined.
- Continuing to track the sizes of funded projects and explore whether small projects are not competitive and, if so, why.
- Discussing with the Commission how it would like to ensure funding projects of diverse geographic locations over time.
- Targeting outreach to counties where there are few applications to ensure potential applicants in those areas are aware of the opportunity.

The Department also recommends engaging stakeholders in a more thorough review of Water Project Grants and Loans to solicit their input and identify other ways to improve the funding opportunity. The Department is also interested in broader conversations with stakeholders on other Department funding, specifically its Feasibility Study Grants and Place-Based Integrated Water Resources Planning.

Appendices

- A. Oregon Revised Statute 541.673 through 541.696
- B. Oregon Administrative Rules Chapter 690, Division 93
- C. Guidance on the Evaluation of Public Benefits
- D. Breakdown of 2016 and 2017 Applications Received by County

Contact Information

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Appendix A. Oregon Revised Statute 541.673 through 541.696

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.

Appendix B. Oregon Administrative Rules Chapter 690 Division 93

**OREGON ADMINISTRATIVE RULES
WATER RESOURCES DEPARTMENT
CHAPTER 690, DIVISION 93
WATER SUPPLY DEVELOPMENT GRANT AND LOAN PROGRAM**

690-093-0010

Purpose

The purpose of OAR 690-093 is to establish a means for state government to support the development of water resource projects having economic, environmental and community benefits. The rules establish procedures and requirements for the funding of water resources projects from the Water Supply Development Account established in ORS 541.656.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0020

Definitions

The following definitions apply to this division of the rules:

- (1) “Collateral” means the security pledged for the payment of a loan.
- (2) “Commission” means the Water Resources Commission.
- (3) “Conserved Water” means that amount of water that results from conservation measures, measured as the difference between:
 - (a) The smaller of the amount stated on the water right or the maximum amount of water that can be diverted using the existing facilities; and
 - (b) The amount of water needed after implementation of conservation measures to meet the beneficial use under the water right certificate.
- (4) “Director” means the director of the Oregon Water Resources Department or the director’s designee.
- (5) “Expanded Storage” means the quantity of water authorized by a new water storage permit that adds to the capacity of an already-existing storage facility.
- (6) “Indian Tribe” as defined by ORS 391.802 means a federally recognized Indian tribe in Oregon that has members residing on a reservation or tribal trust lands in Oregon.
- (7) “Instream Use” means water that remains in or is released into the natural stream channel or lake bed or where water naturally flows or occurs that provides a benefit including but not limited to recreation, conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat, other ecological values, pollution abatement or navigation.
- (8) “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.
- (9) “Non-Profit Organizations” means an organization that uses surplus revenues to achieve its goals rather than distributing them as profit or dividends.
- (10) “Perennial Stream” means a continuous stream flow year around.

(11) “Persons” as defined by ORS 536.007 means individuals, corporations, associations, firms, partnerships, joint stock companies, public and municipal corporations, political subdivisions, the state and any agencies thereof, and the federal government and any agencies thereof.

(12) “Project Materials” means documents or media materials that are published or produced to describe or market the project.

(13) “Protected Instream” means water that remains in or is released into the natural channel and is legally protected by the state.

(14) “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.

(15) “Secondary Water Right” as used in OAR 690-093-0020 (8)(b) means a water right permit issued for the beneficial use of stored water.

(16) “Technical Review Team” means the group consisting of representatives from Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, 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.

(17) “Water Supply Development Account” is the account established in the State Treasury under ORS 541.656.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0030

Authorized Use of Funds

(1) The Department may expend moneys from the Water Supply Development Account for:

(a) Subject to subsection (3) of this section, making loans and grants to evaluate, plan and develop instream 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

OAR 690-093.

(2) (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 this administrative rule.

(3) The Department may expend account moneys under subsection (1) of this section for loans and grants to develop instream 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.

(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.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0040

Loan and Grant Applicant Eligibility

(1) Parties eligible for a loan or grant under these rules include persons, Indian tribes, and non-profit organizations.

(2) If an applicant is required to have a water management and conservation plan as prescribed by a condition of a water use permit; a permit extension; or another order or rule of the Commission, 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.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0050

Pre-Application Conferences

(1) A pre-application conference may be requested by prospective applicants.

(2) The Department may request, and the applicant must provide 14 days prior to the conference, adequate project information to prepare for the pre-application conference.

(3) At the pre-application conference, the Department shall inform the prospective applicant of:

(a) The procedural and substantive requirements of a loan or grant application;

(b) The scoring system used to evaluate loan and grant requests; and

(c) Any known issues associated with project eligibility for a loan or grant from the account.

(4) The prospective applicant may request additional pre-application consultation with the Department.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0060

Application Submission Periods

(1) 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 will conduct a preliminary review of the application for completeness, eligibility and for sufficiency of information to determine benefits and outcomes as listed in OAR 690-093-0090 Scoring and Ranking and OAR 690-093-0100 Project Selection.

(3) Applications not funded during one annual period may be resubmitted in a future period.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0070

Application Requirements

(1) 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:

(a) 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;

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

(c) Current contact information for the principal contact, fiscal officer and involved landowners;

(d) 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;

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

(f) An itemized budget for the project, including fiscal and administrative costs;

(g) A description of funds, services or materials available to the project;

(h) A project schedule, including beginning and completion dates;

(i) Any conditions that may affect the completion of the project;

(j) A completed feasibility analysis if appropriate;

(k) Suggestions for interim and long-term project performance benchmarks;

(l) 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;

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

(n) Letters of support for the proposed project;

(o) If required by the Department, a description of consultations with affected Indian tribes regarding the project; and

(p) Any other information required by the Department.

(2) Applications determined to be ineligible, incomplete or that provide insufficient information shall be returned to the applicant.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0080

Public Comment

(1) The Department shall provide public notice and a 60-day period for public comment prior to initial scoring by the Technical Review Team by posting applications passing an initial review on the Department's website.

(2) Additional public comment will be sought by the Commission after rankings are published and prior to a final decision on an application.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0090

Scoring and Ranking; Funding Decisions

(1) The primary elements in the process of scoring and ranking of applications include the following:

(a) Initial review for completeness by the Department;

(b) Public comment;

(c) The Technical Review Team conducts the initial scoring and ranking for the projects, considers comments from applicants and the public and makes loan and grant funding recommendations to the Commission; and

(d) The Commission determines the final scoring and ranking of projects, provides for additional public comment, and makes the final decision regarding which projects are awarded loans or grants from the account.

(2) The Technical Review Team scoring methodology shall rank applications based upon the public benefits of the project and additional considerations set forth in ORS 541.677 subsection (1)(b), (1)(d) and (1)(e). The Technical Review Team shall use a score sheet provided by the Department. Each of the three public benefit categories shall be given equal importance in the evaluation and will have scoring sublevels including but not limited to the following:

(a) The evaluation of economic benefits for a project based on the changes in economic conditions expected to result from the project 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.

(b) The evaluation of environmental benefits for a project based on the changes in environmental conditions expected to result from the project related to:

(A) A measurable improvement in protected streamflows that:

(i) Supports the natural hydrograph;

(ii) Improves floodplain function;

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

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

- (v) Supports riparian habitat important for wildlife;
 - (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;
 - (E) Increased ecosystem resiliency to climate change impacts; and
 - (F) Improvements that address one or more limiting ecological factors in the project watershed.
 - (c) The evaluation of the social or cultural benefits for a project based on the changes in social or cultural conditions expected to result from the project 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 restoration 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.
 - (3) Scoring sublevels shall have a numeric point scale that accounts for positive and negative effects of the project. Sublevel scores shall be summed to a public benefit category level. The Department shall set a minimum score for the application to proceed.
 - (4) The Technical Review Team will use the total score from the score sheet provided by the Department to rank all applications and make loan and grant funding recommendations to the Commission.
 - (5) 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 based on criteria in OAR 690-093-0100.
 - (6) 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.
- Stat. Auth.: ORS 541.651 - 541.696
 Stats. Implemented: ORS 541.651 - 541.696

690-093-0100

Project Selection

- (1) The Commission shall select projects for funding which have the greatest public benefit and will achieve the outcomes listed in subsection (3) of this section.
- (2) Project evaluation shall include:
 - (a) The public benefit in three categories:
 - (A) Economic;
 - (B) Environmental; and
 - (C) Social or cultural.
 - (b) Equal importance of each of the three categories of public benefit; and
 - (c) Consideration of both positive and negative effects of the projects.
- (3) The Commission will consider the following in its determination of eligible projects that will receive funding:

- (a) The issuance of grants or loans only to projects that provide benefits in each of the three categories of public benefit described in (2)(a) of this section;**
- (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; and**
- (e) If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0110

Water Dedicated Instream for Certain Above-Ground Storage Facilities

- (1) For the purposes of this section “dedicated instream” has the same meaning as “protected instream” as defined in OAR 690-093-0020(13).**
- (2) The recipient of a grant for the development of a new or expanded above-ground storage facility (reservoir) that impounds surface water on a perennial stream; diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or diverts more than 500 acre-feet of water annually must dedicate 25 percent of the newly developed water to instream use.**
- (3) To meet the requirements of subsection (2) of this section, dedicated water from projects may come from any combination of newly developed water and other sources and may be released or transferred instream 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 instream benefits in a manner consistent with public health and safety.**
 - (a) Other sources of water as identified in this subsection include but are not limited to water released from another reservoir and protected under a secondary water right for instream use or a water right transferred instream under OAR chapter 690 Division 77 through a permanent instream transfer or a time limited instream transfer that has a term that is consistent with subsection 3(c) of this section.**
 - (b) To establish that a project complies with subsection (2) of this section, the grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.**
 - (c) Other sources of water to meet the requirement of subsection (2) of this section shall be legally protected instream for the life of the project for which grant funds were used.**
 - (d) The Department shall protect water dedicated to instream use under this subsection consistent with the priority of the dedicated water source.**
- (4) A storage water right that is using stored water releases to meet the requirement of subsection (2) of this section, shall be conditioned to achieve the following:**
 - (a) Meet the dedication requirement with stored water releases that are protected under a separate secondary water right;**
 - (b) Annually report, on a schedule determined by the Department, the maximum volume of newly developed water stored in the funded reservoir, including newly developed water present in the**

reservoir during the immediate past storage season. Twenty-five percent of this volume equals the dedication requirement;

(c) If the dedication requirement is not fully met from other sources, the funded reservoir shall release and the Department shall protect the balance of the water necessary to meet the dedication requirement; and

(d) Demonstrate that the dedication requirement has been met.

(5) For an existing storage permit subject to the requirements of subsection (2) of this section, the grant agreement shall be conditioned to meet the requirements of subsections (3) and (4) of this section.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0120

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 OAR 690-093-0090; 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, that will be protected by the Department, to instream use; or

(B) By demonstrating environmental benefits that are sufficient to qualify the project under the scoring and ranking system described in OAR 690-093-0090.

(2) To establish that a project complies with subsection (1)(b) of this section, the loan or grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0130

Seasonally Varying Flows

(1) For the purposes of this section “sufficient” information means enough scientific information collected using standard biological, hydrologic, or hydraulic methods to develop the recommended flow prescription.

(2) The Department shall make a determination as provided under subsection (3) of this section if an application for a loan or grant 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 from October 1 through September 30 of a given year.

(3) The Department shall review a completed application to determine whether the applicable seasonally varying flows have been established for the stream of interest. If the Department determines that the applicable seasonally varying flows have not been established, the Department shall establish the seasonally varying flows before issuing a loan or grant. The establishment of the seasonally varying flows by the Department shall occur after an application has been selected for

funding based on the criteria of OAR 690-093-0100. The Department may use Water Supply Development Account moneys to pay the cost of establishing a seasonally varying flow and to pay other costs directly related to project development.

(4) The Department shall establish any seasonally varying flows under subsection (3) of this section in consultation with the State Department of Fish and Wildlife and any affected Indian tribes. The Department may rely upon existing scientific data and analysis or may fund new data and analysis. The Department shall determine the method for development of a seasonally varying flow prescription using the matrix provided in Appendix OAR 690-093.

(5) 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 (2) 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.

(6) The applicant for a permit or license described in subsection (5)(b) of this section may request that seasonally varying flows established under subsection (3) 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.

(7) 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 (5) of this section to protect the seasonally varying flow in effect at the time the loan or grant is issued for the project.

(8) For purposes of any project that receives a loan or grant and meets the other conditions described in subsection (5) of this section, the Department shall use the matrix provided in Appendix OAR 690-093 for determining the seasonally varying flow prescription.

(9) The matrix in Appendix OAR 690-093 contains the following considerations:

(a) The level of ecological impact of the proposed project including:

(A) Whether the project is diverting water from a stream supporting sensitive, threatened, or endangered species;

(B) Whether the impoundment is located in-channel;

(C) Whether the impoundment or proposed project has an impact on sensitive habitat/process;

(D) Whether the project is proposing to divert more than half of the remaining available water in the basin;

(E) Whether the majority of water is already developed in the basin.

(b) The type of information already available including:

(A) Whether there is sufficient long-term data to understand the natural hydrograph;

(B) Whether there is sufficient information to understand climate driven shifts to the flow regime;

(C) Whether there is sufficient information about water availability;

(D) Whether there is sufficient information about all species present at/below the point of diversion and their lifecycle needs;

- (E) Whether there are habitat studies that provide sufficient information to understand the relationship between selected habitat features and streamflow;**
 - (F) Whether there are geomorphological studies or data that provide sufficient information to understand the relationship between sediment transport and streamflow;**
 - (G) Whether there is sufficient stream data available to describe stream complexity and floodplain connectivity; and**
 - (H) Whether there is sufficient water quality data available, particularly related to temperature.**
- (10) Subsections (1) through (9) 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.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0150

Agreements and Conditions

- (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.**
- (2) Project materials must include a notation indicating that Water Resources Department funding was used for the project.**
- (3) 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.**
- (4) 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.**
- (5) The recipient must regularly measure and report the water diverted and used from the project. The Department shall make the final determination regarding the method, timing, frequency and location of measurement.**
- (6) 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.**
- (7) 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.**
- (8) 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 (7) of this section.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

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

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

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

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

690-093-0200

Program Review

- (1) The Water Resources Department shall review the loan and grant program on a biennial basis to assess to what extent the outcomes described in ORS 541.677 are being achieved, and shall report the review findings to the Water Resources Commission.**
- (2) The Commission shall modify the project selection process as necessary to better achieve the outcomes described in ORS 541.677.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

Appendix C. Guidance on the Evaluation of Public Benefits



OREGON



WATER RESOURCES
DEPARTMENT

WATER PROJECT GRANTS AND LOANS

GUIDANCE ON THE EVALUATION OF PUBLIC BENEFITS

January 2018



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Water Project Grants and Loans

Guidance on the Evaluation of Public Benefits

Overview of Application Review Process

After receiving an application for a Water Project Grant or Loan, the Oregon Water Resources Department reviews the application to ensure it is complete. Complete applications are posted online for a 60-day public comment period. Next, an inter-agency Technical Review Team (TRT) reviews the public comments and evaluates the applications based on demonstration of economic, environmental and social/cultural public benefits. The TRT then develops a project ranking, which is posted for a 30-day public comment period. Finally, the Department presents the TRT ranking, public comments, and funding recommendations to the Water Resources Commission for a funding decision.

Overview of Application Scoring

When evaluating an application, the TRT examines public benefits in three categories: economic, environmental, and social/cultural. A project must provide some benefit in each of the three categories in order to be eligible for funding. Each category contains six specific public benefits for a total of 18 possible public benefits. A project is not required to score points in each of the 18 public benefits, but projects that provide the greatest public benefit have the best chance of receiving funding.

When applicants describe the project's public benefits in their application, they should include a description of the conditions prior to and following project implementation, and clearly demonstrate the extent to which the project will provide public benefits, and, if applicable, how it will improve conditions. When possible, applicants should quantify the project's public benefits. The TRT will only consider public benefits derived from the tasks and project scope contained within the application. Public benefits related to future phases of the project (beyond the scope of the project) or unrelated activities will not be considered in public benefit scores and should not be included in the application. Likewise public benefits related to past activities will not be considered.

When making a funding decision, the Water Resources Commission (Commission) considers: 1) the public benefits as evaluated by the TRT; 2) public comments received on the TRT ranking; and 3) funding projects of diverse sizes, types and geographic locations. As outlined in statute, the Commission also considers three preferences: 1) a preference for partnerships and collaborative projects; 2) a preference for projects that provide a measurable improvement in protected streamflow, if a project proposes to divert water; and 3) a preference for projects that provide a measurable increased efficiency of water use, if a project proposes to increase efficiency.

Document Purpose

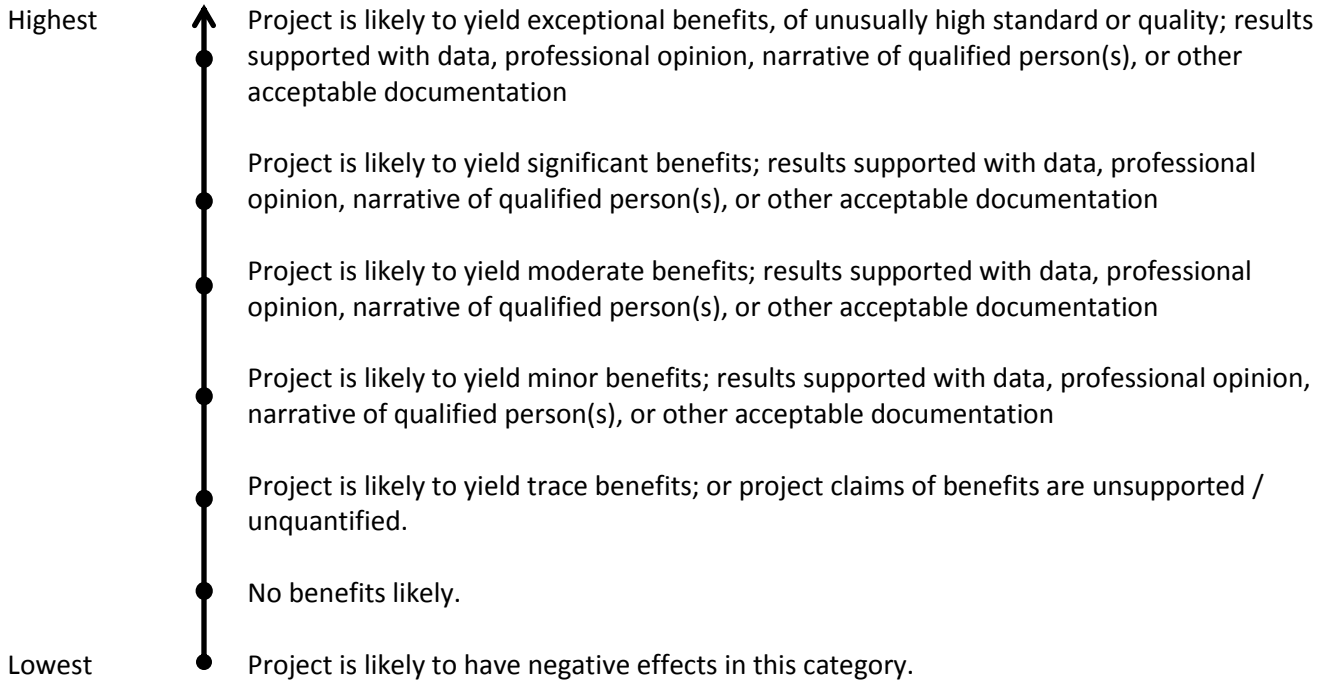
This document provides an overview of each of the public benefits, describes how the TRT will score the benefits, and provides recommendations for what information an application should include when describing a project's public benefits.

Contact

If you have any questions about the evaluation of public benefits, please contact us by email at waterprojects@wrdd.state.or.us or by phone at 503-986-0869.

Seven-Point Scale Used in Evaluation of Public Benefits

Each of the public benefits will be graded on a seven-point scale (see below).



Category 1. Economic benefits

The evaluation of economic benefits of a project is based on the change in economic conditions expected to result from the project and demonstrated in the application.

1a. Does the project create or retain jobs?

Job creation means the project would result in new jobs. Retention means the project would prevent the loss of jobs. Job creation and retention benefits may include direct effects within the organization that owns or operates the project, or it may include indirect effects on retail customers or consumers of the project. Temporary jobs resulting from project implementation will not receive as high of a score as permanent job creation or retention.

Application tip: Quantify the number and identify the type of jobs to be created or retained as a result of the project. Describe the value of the increase or retention of jobs to the local economy.

5	<i>Exceptional</i> increases in job creation or retention
4	<i>Significant</i> increases
3	<i>Moderate</i> increases
2	<i>Minor</i> or short-term increases
1	<i>Trace</i> increases <i>OR</i> benefit claims are unsupported or unquantified
0	Job creation or retention is <i>unlikely</i>
-1	<i>Losses or decreases</i> in jobs

1b. Does the project increase economic activity?

Economic activity is associated with the production, distribution, and consumption of goods and services. Such economic activity could occur within one or more entities/businesses and includes an increase in production, gross sales, or net revenue compared to the year preceding project completion. It also includes but is not limited to the arrival of new firms, renewed contracts, and increased orders.

5	<i>Exceptional (five or more years) increase in economic activity</i>
4	<i>Significant (three to four years) increase</i>
3	<i>Moderate (one to two years) increase</i>
2	<i>Minor, short-term (less than one year) increase</i>
1	<i>Trace increase OR benefit claims are unsupported or unquantified</i>
0	Increased economic activity <i>not likely</i> to occur
-1	<i>Losses or decreases in economic activity</i>

1c. Does the project increase efficiency or innovation?

Increase in efficiency means the project would make improvements in performance or functionality resulting in less effort or waste. Increase in innovation means that new, creative solutions and ideas would be implemented. Examples of increases in efficiency and innovation include water system efficiencies such as system redundancy (back-up, inter-ties), innovative production techniques, energy savings (e.g., the energy required to move, treat, or heat water), and time savings.

5	<i>Exceptional increase in efficiency or innovation</i>
4	<i>Significant increases</i>
3	<i>Moderate increases</i>
2	<i>Minor increases</i>
1	<i>Trace increases OR benefit claims are unsupported or unquantified</i>
0	Increased efficiency or innovation not likely
-1	<i>Decreases in efficiency or innovation</i>

1d. Does the project enhance infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses?

Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial lands and other lands means that the value of such lands would increase as a result of project implementation. This includes an increase in the re-sale or rental value of the land or improvements, including: maintained, repaired, or upgraded infrastructure; maintained or buffered riparian areas; and maintained or improved soils.

5	<i>Exceptional enhancements of infrastructure or land, increasing property value</i>
4	<i>Significant enhancements</i>
3	<i>Moderate enhancements</i>
2	<i>Minor enhancements</i>
1	<i>Trace enhancements OR benefit claims are unsupported or unquantified</i>
0	Enhancements <i>not likely</i>
-1	Infrastructure or lands that are <i>degraded or removed from productive uses</i>

1e. Does the project enhance the economic value associated with: tourism, recreation, fishing (recreational or commercial), fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream?

Examples of enhancement of these economic values include increases in: daily park fees, tour guide revenues, boat or gear rentals, fishing licenses, or hospitality and lodging.

5	<i>Exceptional</i> increased value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream
4	<i>Significant</i> increased value
3	<i>Moderate</i> increased value
2	<i>Minor</i> increased value
1	<i>Trace</i> increased value <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Enhanced values <i>not likely</i>
-1	Decrease in the economic value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream

1f. Does the project result in increases in irrigated land for agriculture?

Increases in irrigated land for agriculture mean that the numbers of acres (acreage) to be irrigated after project completion would be greater than what could previously be irrigated. Acreage can include lands that were never historically in production or lands that were historically in production but were taken out of production as a result of insufficient water supply.

Application tip: Highlight the amount of land currently in production in the area, identify the quantity of additional acreage to be irrigated, and calculate the percentage increase in irrigated acreage that would result from the project.

5	<i>20 percent or more</i> increase in irrigated acreage
4	<i>15-19 percent</i> increase
3	<i>10-14 percent</i> increase
2	<i>5-9 percent</i> increase
1	<i>1-4 percent</i> increase <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Increased irrigated land <i>not likely</i>
-1	<i>Decreases</i> irrigated land for agriculture

Category 2. Environmental benefits

The evaluation of the environmental benefits of a project is based on the change in environmental conditions expected to result from the project and demonstrated in the application.

2a. Does the project result in measurable improvements in protected streamflows?

Protected streamflow means water that remains in or is released into the natural channel and is legally protected by the State in order to achieve 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.

*Application tip: To score in this category an application **must** describe the legal means by which water would be protected by the State, as well as the quality, timing, duration or other value this streamflow would contribute.*

5	75-100 percent of new project water (or equivalent volume) is protected instream or streamflow is exceptionally improved
4	50-74 percent of new project water (or equivalent volume) is protected instream or streamflow is significantly improved
3	25-49 percent of new project water (or equivalent volume) is protected instream or streamflow is moderately improved
2	5-24 percent of new project water (or equivalent volume) is protected instream or streamflow is somewhat improved
1	1-4 percent of new project water (or equivalent volume) is protected instream or trace amounts of streamflow are protected instream <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improvements in protected streamflow <i>unlikely OR streamflow would not be legally protected by the State</i>
-1	<i>Decreases protected streamflow (e.g., proposes to reverse an instream lease)</i>

2b. Does the project result in measurable improvements in groundwater levels that enhance environmental conditions in groundwater restricted areas or other areas?

Measurable improvements in groundwater levels mean that groundwater declines would be reduced or eliminated and/or groundwater levels would increase. Stabilization or improvements in groundwater levels could come from aquifer storage and recovery, artificial recharge projects, natural recharge, or discontinued / reduced groundwater use.

Application tip: Use quantitative measurements to indicate that any improvements would be measurable. If applicable, indicate if these improvements would occur in groundwater restricted area.

5	<i>Exceptional</i> improvements in groundwater levels
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved groundwater levels <i>not likely</i>
-1	Groundwater declines

2c. Does the project result in measurable improvements in the quality of surface water or groundwater?

Water quality parameters include but are not limited to: temperature, dissolved oxygen, contaminated sediments, toxic substances, bacteria, or nutrients. Improvements could result from a higher quality of water discharged to surface water or injected into groundwater, or from increased flow, or from treatment or filtration of water already in the environment.

Application tip: Any improvement must be measurable or quantifiable. One must be able to measure or determine the change in quality before and after project implementation.

5	<i>Exceptional</i> improvements in water quality
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved water quality <i>not likely</i>
-1	<i>Decreases</i> in water quality

2d. Does the project result in water conservation?

Water conservation is a means of eliminating waste or otherwise improving the efficiency of water use by modifying the technology or method of diverting, transporting, applying, or recovering water.

Application tip: Identify the quantity of water saved, by comparing what water would be needed to accomplish the task after project completion with what was previously used to achieve the same task.

5	<i>21 percent or more</i> reduction in water use to achieve the same outcomes
4	<i>11-20 percent</i> reduction
3	<i>6-10 percent</i> reduction
2	<i>1-5 percent</i> reduction
1	<i>Trace (<1 percent)</i> reduction <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Water conservation <i>not likely</i>
-1	<i>Additional water used</i> to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)

2e. Does the project increase ecosystem resiliency to climate change impacts?

Ecosystem resiliency to climate change means increasing the ecosystems ability to adapt to changes in climate or positively respond to the impacts of climate change. This includes: increasing streamflow, increasing natural storage (e.g., wetlands, upland meadows), decreasing water temperature, protecting or enhancing cold-water habitat, restoring floodplain connectivity and backwater habitats, restoring stream buffers, decreasing coastal erosion and inundation, or decreasing risk of drought, fire, plant disease, or invasive species outbreak.

5	<i>Exceptional</i> improvements in ecosystem resiliency to climate change
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improvements in ecosystem resiliency to climate change <i>not likely</i>
-1	<i>Decreases</i> in ecosystem resiliency to climate change

2f. Does the project address limiting ecological factors in the project watershed?

A limiting ecological factor is an environmental condition that limits the growth, abundance, or distribution of an organism or a population of organisms in the project watershed. Examples of limiting factors may include, but are not limited to: improvement of fish passage, habitat for sensitive, threatened and endangered species, water quality, or streamflow.

Application tip: To score in this category an application must include citation of public reports, peer reviewed scientific studies, or other substantiating documentation from a state or federal agency to verify the limiting ecological factor's presence in the watershed.

5	<i>Exceptional</i> progress towards removing limiting ecological factors
4	<i>Significant</i> progress
3	<i>Moderate</i> progress
2	<i>Minor</i> progress
1	<i>Trace</i> progress <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	<i>Not likely</i> to address limiting ecological factors in the project watershed <i>OR</i> documentation verifying limiting ecological factor <i>not included in the application</i>
-1	<i>Exacerbates</i> limiting ecological factors in the project watershed

Category 3. Social or Cultural benefits

The evaluation of the social/cultural benefits of a project is based on the change in social or cultural conditions expected to result from the project and demonstrated in the application.

3a. Does the project promote public health, public safety, and local food systems?

This public benefit includes: protection of drinking water sources, repair of septic systems/field, maintenance and repair of other water infrastructure, treatment and protection of drinking water itself, improved emergency response and advisory systems (e.g., WARN network, fish consumption advisories, water contact advisories, etc.), improved or protected water quality for human consumption and human contact (e.g., removal or prevention of toxics, contaminants of concern, bacteria), and the promotion of self-reliant and resilient food networks that connect food producers and food consumers in the same geographic region.

5	<i>Exceptional</i> improvements in public health, public safety or local food systems
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improvements in public health, public safety or local food systems <i>not likely</i>
-1	<i>Degrades</i> public health, public safety or local food systems

3b. Does the project improve conditions for Oregon's environmental justice communities (e.g., minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes)?

Environmental justice communities in Oregon are minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes.

Application tip: Identify which of those communities would benefit from the project and quantify these benefits. Demonstrate that project-siting decisions have been examined and approved by affected landowners and affected environmental justice communities.

5	<i>Exceptional</i> benefits to environmental justice communities, <u>and</u> environmental justice communities were consulted in the process of developing projects
4	<i>Significant</i> benefits <u>and</u> environmental justice communities were consulted
3	<i>Moderate</i> benefits <u>and</u> environmental justice communities were consulted
2	<i>Minor</i> benefits <u>and</u> environmental justice communities were consulted
1	<i>Trace</i> benefits <u>and</u> environmental justice communities were consulted; <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved conditions <i>not likely</i>
-1	Worsen conditions for environmental justice communities

3c. Does the project promote recreation and scenic values?

Recreation and scenic values include recreational fishing, motorized boating, non-motorized boating, other forms of water-based recreation, swimming, fishing, hunting, wildlife viewing, sightseeing, hiking, photography, and aesthetic values. To promote those values means the project would improve the quality of or access to the examples identified.

Application tip: Evidence to support this benefit can be provided in the form of qualitative information, which may include interviews, professional opinion, or surveys.

5	<i>Exceptional</i> promotion of recreation or scenic values
4	<i>Significant</i> promotion
3	<i>Moderate</i> promotion
2	<i>Minor</i> promotion
1	<i>Trace</i> promotion <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Benefit to recreation and scenic values <i>not likely</i>
-1	Detracts from recreation and scenic values

3d. Does this project contribute to the body of scientific data publicly available in this state?

Contributing to the body of scientific data means collecting new scientific information and making it available to the public. For example, data could be collected from water quality or habitat monitoring; groundwater studies or other investigations; stream gages; or monitoring wells. Contributions could also come from conducting a Seasonally Varying Flow analysis. Collection of scientific data is not sufficient to achieve this public benefit--the data must be made publicly available.

Application tip: Describe the equipment and/or methods that would be used and whether the data would be made available to the public. Note how equipment would be calibrated and maintained.

5	<i>Exceptional</i> contributions of new data to the body of scientific data publicly available in the state
4	<i>Significant</i> contributions
3	<i>Moderate</i> contributions
2	<i>Minor</i> contributions
1	<i>Trace</i> contributions <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Contribution <i>not likely</i>
-1	N/A

3e. Does this project promote state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes?

A state or local priority is one that is identified in a plan, strategy, or study such as Oregon’s Integrated Water Resources Strategy, a place-based integrated water resources plan, the Oregon Plan for Salmon and Watersheds, state and local water quality plans, species and habitat conservation or recovery plans/strategies, forestry plans, regional solutions priorities, local economic development plans, state or local hazard mitigation plans, etc. The Oregon Department of Fish and Wildlife maintains a list of native fish species:

<http://www.dfw.state.or.us/fish/crp/freshwater.asp>.

5	<i>Exceptional</i> role supporting a state or local priority
4	<i>Significant</i> role
3	<i>Moderate</i> role
2	<i>Minor</i> role
1	<i>Very minor</i> role <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	No promotion of state or local priorities
-1	Runs counter to state or local priorities

3f. Does this project promote collaborative basin planning efforts, including but not limited to efforts under the state Integrated Water Resources Strategy?

Collaborative basin planning efforts incorporate public processes that are transparent and inclusive of diverse interests.

Application tip: Demonstration of a collaborative planning effort may include publicly noticed meetings, posting agendas and decisions so they were publicly available, the inclusion of multiple types of water users represented in the process (e.g., instream interests, agricultural, municipal, domestic and industrial users), evidence that the project is supported by the community, and evidence that the project was identified in a Place-Based Integrated Water Resources Plan or another collaboratively developed strategic plan.

5	<i>Exceptional:</i> Project was identified in a collaboratively developed plan that is supported by all basin interests and where the public had meaningful opportunities to provide input
4	<i>Significant:</i> Project was identified by a collaborative group that includes representation of multiple interests and where the public had meaningful opportunities to provide input
3	<i>Moderate:</i> The public was notified of the project and had meaningful opportunities to provide input
2	<i>Minor:</i> The public was notified of the project and had minimal opportunities to provide input
1	Claims are <i>unsupported or unquantified</i>
0	Stakeholders with differing perspectives were <i>not informed nor consulted</i> about the project
-1	Stakeholders with differing perspectives were <i>excluded</i> during project development

Appendix D. Full Breakdown of Applications Received by County

Table D-1. Breakdown of 2016 and 2017 Applications Received by County

County	Eastern Oregon	Western Oregon	2016 (# of applications out of 37)	2017 (# of applications out of 32)
Baker	X		2	1
Benton		X	0	0
Clackamas		X	2	0
Clatsop		X	0	0
Columbia		X	1	0
Coos		X	0	2
Crook	X		1	3
Curry		X	0	0
Deschutes	X		1	1
Douglas		X	0	0
Gilliam	X		0	0
Grant	X		2	2
Harney	X		0	0
Hood River	X		5	2
Jackson		X	1	1
Jefferson	X		1	2
Josephine		X	0	2
Klamath	X		3	2
Lake	X		0	0
Lane		X	0	0
Lincoln		X	0	1
Linn		X	0	0
Malheur		X	3	0
Marion	X		1	2
Morrow	X		1	0
Multnomah		X	1	1
Polk		X	1	1
Sherman	X		1	0
Tillamook		X	1	0
Umatilla	X		1	2
Union	X		1	1
Wallowa	X		1	1
Wasco	X		1	2
Washington		X	0	0
Wheeler	X		1	1
Yamhill		X	2	2
TOTAL			37	32

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.

**OREGON ADMINISTRATIVE RULES
WATER RESOURCES DEPARTMENT
CHAPTER 690, DIVISION 93
WATER SUPPLY DEVELOPMENT GRANT AND LOAN PROGRAM**

690-093-0010

Purpose

The purpose of OAR 690-093 is to establish a means for state government to support the development of water resource projects having economic, environmental and community benefits. The rules establish procedures and requirements for the funding of water resources projects from the Water Supply Development Account established in ORS 541.656.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0020

Definitions

The following definitions apply to this division of the rules:

- (1) "Collateral" means the security pledged for the payment of a loan.
- (2) "Commission" means the Water Resources Commission.
- (3) "Conserved Water" means that amount of water that results from conservation measures, measured as the difference between:
 - (a) The smaller of the amount stated on the water right or the maximum amount of water that can be diverted using the existing facilities; and
 - (b) The amount of water needed after implementation of conservation measures to meet the beneficial use under the water right certificate.
- (4) "Director" means the director of the Oregon Water Resources Department or the director's designee.
- (5) "Expanded Storage" means the quantity of water authorized by a new water storage permit that adds to the capacity of an already-existing storage facility.
- (6) "Indian Tribe" as defined by ORS 391.802 means a federally recognized Indian tribe in Oregon that has members residing on a reservation or tribal trust lands in Oregon.
- (7) "Instream Use" means water that remains in or is released into the natural stream channel or lake bed or where water naturally flows or occurs that provides a benefit including but not limited to recreation, conservation, maintenance and enhancement of aquatic and fish life, wildlife, fish and wildlife habitat, other ecological values, pollution abatement or navigation.
- (8) "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.
- (9) "Non-Profit Organizations" means an organization that uses surplus revenues to achieve its goals rather than distributing them as profit or dividends.
- (10) "Perennial Stream" means a continuous stream flow year around.

(11) “Persons” as defined by ORS 536.007 means individuals, corporations, associations, firms, partnerships, joint stock companies, public and municipal corporations, political subdivisions, the state and any agencies thereof, and the federal government and any agencies thereof.

(12) “Project Materials” means documents or media materials that are published or produced to describe or market the project.

(13) “Protected Instream” means water that remains in or is released into the natural channel and is legally protected by the state.

(14) “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.

(15) “Secondary Water Right” as used in OAR 690-093-0020 (8)(b) means a water right permit issued for the beneficial use of stored water.

(16) “Technical Review Team” means the group consisting of representatives from Water Resources Department, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, 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.

(17) “Water Supply Development Account” is the account established in the State Treasury under ORS 541.656.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0030

Authorized Use of Funds

(1) The Department may expend moneys from the Water Supply Development Account for:

(a) Subject to subsection (3) of this section, making loans and grants to evaluate, plan and develop instream 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

OAR 690-093.

(2) (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 this administrative rule.

(3) The Department may expend account moneys under subsection (1) of this section for loans and grants to develop instream 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.

(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.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0040

Loan and Grant Applicant Eligibility

(1) Parties eligible for a loan or grant under these rules include persons, Indian tribes, and non-profit organizations.

(2) If an applicant is required to have a water management and conservation plan as prescribed by a condition of a water use permit; a permit extension; or another order or rule of the Commission, 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.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0050

Pre-Application Conferences

(1) A pre-application conference may be requested by prospective applicants.

(2) The Department may request, and the applicant must provide 14 days prior to the conference, adequate project information to prepare for the pre-application conference.

(3) At the pre-application conference, the Department shall inform the prospective applicant of:

(a) The procedural and substantive requirements of a loan or grant application;

(b) The scoring system used to evaluate loan and grant requests; and

(c) Any known issues associated with project eligibility for a loan or grant from the account.

(4) The prospective applicant may request additional pre-application consultation with the Department.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0060

Application Submission Periods

(1) 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 will conduct a preliminary review of the application for completeness, eligibility and for sufficiency of information to determine benefits and outcomes as listed in OAR 690-093-0090 Scoring and Ranking and OAR 690-093-0100 Project Selection.

(3) Applications not funded during one annual period may be resubmitted in a future period.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0070

Application Requirements

(1) 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:

(a) 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;

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

(c) Current contact information for the principal contact, fiscal officer and involved landowners;

(d) 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;

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

(f) An itemized budget for the project, including fiscal and administrative costs;

(g) A description of funds, services or materials available to the project;

(h) A project schedule, including beginning and completion dates;

(i) Any conditions that may affect the completion of the project;

(j) A completed feasibility analysis if appropriate;

(k) Suggestions for interim and long-term project performance benchmarks;

(l) 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;

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

(n) Letters of support for the proposed project;

(o) If required by the Department, a description of consultations with affected Indian tribes regarding the project; and

(p) Any other information required by the Department.

(2) Applications determined to be ineligible, incomplete or that provide insufficient information shall be returned to the applicant.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0080

Public Comment

(1) The Department shall provide public notice and a 60-day period for public comment prior to initial scoring by the Technical Review Team by posting applications passing an initial review on the Department's website.

(2) Additional public comment will be sought by the Commission after rankings are published and prior to a final decision on an application.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0090

Scoring and Ranking; Funding Decisions

(1) The primary elements in the process of scoring and ranking of applications include the following:

(a) Initial review for completeness by the Department;

(b) Public comment;

(c) The Technical Review Team conducts the initial scoring and ranking for the projects, considers comments from applicants and the public and makes loan and grant funding recommendations to the Commission; and

(d) The Commission determines the final scoring and ranking of projects, provides for additional public comment, and makes the final decision regarding which projects are awarded loans or grants from the account.

(2) The Technical Review Team scoring methodology shall rank applications based upon the public benefits of the project and additional considerations set forth in ORS 541.677 subsection (1)(b), (1)(d) and (1)(e). The Technical Review Team shall use a score sheet provided by the Department. Each of the three public benefit categories shall be given equal importance in the evaluation and will have scoring sublevels including but not limited to the following:

(a) The evaluation of economic benefits for a project based on the changes in economic conditions expected to result from the project 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.

(b) The evaluation of environmental benefits for a project based on the changes in environmental conditions expected to result from the project related to:

(A) A measurable improvement in protected streamflows that:

(i) Supports the natural hydrograph;

(ii) Improves floodplain function;

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

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

- (v) Supports riparian habitat important for wildlife;
 - (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;
 - (E) Increased ecosystem resiliency to climate change impacts; and
 - (F) Improvements that address one or more limiting ecological factors in the project watershed.
 - (c) The evaluation of the social or cultural benefits for a project based on the changes in social or cultural conditions expected to result from the project 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 restoration 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.
 - (3) Scoring sublevels shall have a numeric point scale that accounts for positive and negative effects of the project. Sublevel scores shall be summed to a public benefit category level. The Department shall set a minimum score for the application to proceed.
 - (4) The Technical Review Team will use the total score from the score sheet provided by the Department to rank all applications and make loan and grant funding recommendations to the Commission.
 - (5) 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 based on criteria in OAR 690-093-0100.
 - (6) 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.
- Stat. Auth.: ORS 541.651 - 541.696
 Stats. Implemented: ORS 541.651 - 541.696

690-093-0100

Project Selection

- (1) The Commission shall select projects for funding which have the greatest public benefit and will achieve the outcomes listed in subsection (3) of this section.
- (2) Project evaluation shall include:
 - (a) The public benefit in three categories:
 - (A) Economic;
 - (B) Environmental; and
 - (C) Social or cultural.
 - (b) Equal importance of each of the three categories of public benefit; and
 - (c) Consideration of both positive and negative effects of the projects.
- (3) The Commission will consider the following in its determination of eligible projects that will receive funding:

- (a) The issuance of grants or loans only to projects that provide benefits in each of the three categories of public benefit described in (2)(a) of this section;**
- (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; and**
- (e) If a project proposes to increase efficiency, preference for projects that provide a measurable increased efficiency of water use.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0110

Water Dedicated Instream for Certain Above-Ground Storage Facilities

(1) For the purposes of this section “dedicated instream” has the same meaning as “protected instream” as defined in OAR 690-093-0020(13).

(2) The recipient of a grant for the development of a new or expanded above-ground storage facility (reservoir) that impounds surface water on a perennial stream; diverts water from a stream that supports state or federally listed sensitive, threatened or endangered fish species; or diverts more than 500 acre-feet of water annually must dedicate 25 percent of the newly developed water to instream use.

(3) To meet the requirements of subsection (2) of this section, dedicated water from projects may come from any combination of newly developed water and other sources and may be released or transferred instream 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 instream benefits in a manner consistent with public health and safety.

(a) Other sources of water as identified in this subsection include but are not limited to water released from another reservoir and protected under a secondary water right for instream use or a water right transferred instream under OAR chapter 690 Division 77 through a permanent instream transfer or a time limited instream transfer that has a term that is consistent with subsection 3(c) of this section.

(b) To establish that a project complies with subsection (2) of this section, the grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.

(c) Other sources of water to meet the requirement of subsection (2) of this section shall be legally protected instream for the life of the project for which grant funds were used.

(d) The Department shall protect water dedicated to instream use under this subsection consistent with the priority of the dedicated water source.

(4) A storage water right that is using stored water releases to meet the requirement of subsection (2) of this section, shall be conditioned to achieve the following:

(a) Meet the dedication requirement with stored water releases that are protected under a separate secondary water right;

(b) Annually report, on a schedule determined by the Department, the maximum volume of newly developed water stored in the funded reservoir, including newly developed water present in the

reservoir during the immediate past storage season. Twenty-five percent of this volume equals the dedication requirement;

(c) If the dedication requirement is not fully met from other sources, the funded reservoir shall release and the Department shall protect the balance of the water necessary to meet the dedication requirement; and

(d) Demonstrate that the dedication requirement has been met.

(5) For an existing storage permit subject to the requirements of subsection (2) of this section, the grant agreement shall be conditioned to meet the requirements of subsections (3) and (4) of this section.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0120

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 OAR 690-093-0090; 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, that will be protected by the Department, to instream use; or

(B) By demonstrating environmental benefits that are sufficient to qualify the project under the scoring and ranking system described in OAR 690-093-0090.

(2) To establish that a project complies with subsection (1)(b) of this section, the loan or grant recipient may include water dedicated to instream use as a result of the conditions of federal, state or local permits for the project.

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0130

Seasonally Varying Flows

(1) For the purposes of this section “sufficient” information means enough scientific information collected using standard biological, hydrologic, or hydraulic methods to develop the recommended flow prescription.

(2) The Department shall make a determination as provided under subsection (3) of this section if an application for a loan or grant 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 from October 1 through September 30 of a given year.

(3) The Department shall review a completed application to determine whether the applicable seasonally varying flows have been established for the stream of interest. If the Department determines that the applicable seasonally varying flows have not been established, the Department shall establish the seasonally varying flows before issuing a loan or grant. The establishment of the seasonally varying flows by the Department shall occur after an application has been selected for

funding based on the criteria of OAR 690-093-0100. The Department may use Water Supply Development Account moneys to pay the cost of establishing a seasonally varying flow and to pay other costs directly related to project development.

(4) The Department shall establish any seasonally varying flows under subsection (3) of this section in consultation with the State Department of Fish and Wildlife and any affected Indian tribes. The Department may rely upon existing scientific data and analysis or may fund new data and analysis. The Department shall determine the method for development of a seasonally varying flow prescription using the matrix provided in Appendix OAR 690-093.

(5) 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 (2) 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.

(6) The applicant for a permit or license described in subsection (5)(b) of this section may request that seasonally varying flows established under subsection (3) 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.

(7) 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 (5) of this section to protect the seasonally varying flow in effect at the time the loan or grant is issued for the project.

(8) For purposes of any project that receives a loan or grant and meets the other conditions described in subsection (5) of this section, the Department shall use the matrix provided in Appendix OAR 690-093 for determining the seasonally varying flow prescription.

(9) The matrix in Appendix OAR 690-093 contains the following considerations:

(a) The level of ecological impact of the proposed project including:

(A) Whether the project is diverting water from a stream supporting sensitive, threatened, or endangered species;

(B) Whether the impoundment is located in-channel;

(C) Whether the impoundment or proposed project has an impact on sensitive habitat/process;

(D) Whether the project is proposing to divert more than half of the remaining available water in the basin;

(E) Whether the majority of water is already developed in the basin.

(b) The type of information already available including:

(A) Whether there is sufficient long-term data to understand the natural hydrograph;

(B) Whether there is sufficient information to understand climate driven shifts to the flow regime;

(C) Whether there is sufficient information about water availability;

(D) Whether there is sufficient information about all species present at/below the point of diversion and their lifecycle needs;

- (E) Whether there are habitat studies that provide sufficient information to understand the relationship between selected habitat features and streamflow;**
 - (F) Whether there are geomorphological studies or data that provide sufficient information to understand the relationship between sediment transport and streamflow;**
 - (G) Whether there is sufficient stream data available to describe stream complexity and floodplain connectivity; and**
 - (H) Whether there is sufficient water quality data available, particularly related to temperature.**
- (10) Subsections (1) through (9) 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.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

690-093-0150

Agreements and Conditions

- (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.**
- (2) Project materials must include a notation indicating that Water Resources Department funding was used for the project.**
- (3) 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.**
- (4) 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.**
- (5) The recipient must regularly measure and report the water diverted and used from the project. The Department shall make the final determination regarding the method, timing, frequency and location of measurement.**
- (6) 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.**
- (7) 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.**
- (8) 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 (7) of this section.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696

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

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

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

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

690-093-0200

Program Review

- (1) The Water Resources Department shall review the loan and grant program on a biennial basis to assess to what extent the outcomes described in ORS 541.677 are being achieved, and shall report the review findings to the Water Resources Commission.**
- (2) The Commission shall modify the project selection process as necessary to better achieve the outcomes described in ORS 541.677.**

Stat. Auth.: ORS 541.651 - 541.696

Stats. Implemented: ORS 541.651 - 541.696



OREGON



WATER RESOURCES
DEPARTMENT

WATER PROJECT GRANTS AND LOANS

GUIDANCE ON THE EVALUATION OF PUBLIC BENEFITS

January 2018



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Water Project Grants and Loans

Guidance on the Evaluation of Public Benefits

Overview of Application Review Process

After receiving an application for a Water Project Grant or Loan, the Oregon Water Resources Department reviews the application to ensure it is complete. Complete applications are posted online for a 60-day public comment period. Next, an inter-agency Technical Review Team (TRT) reviews the public comments and evaluates the applications based on demonstration of economic, environmental and social/cultural public benefits. The TRT then develops a project ranking, which is posted for a 30-day public comment period. Finally, the Department presents the TRT ranking, public comments, and funding recommendations to the Water Resources Commission for a funding decision.

Overview of Application Scoring

When evaluating an application, the TRT examines public benefits in three categories: economic, environmental, and social/cultural. A project must provide some benefit in each of the three categories in order to be eligible for funding. Each category contains six specific public benefits for a total of 18 possible public benefits. A project is not required to score points in each of the 18 public benefits, but projects that provide the greatest public benefit have the best chance of receiving funding.

When applicants describe the project's public benefits in their application, they should include a description of the conditions prior to and following project implementation, and clearly demonstrate the extent to which the project will provide public benefits, and, if applicable, how it will improve conditions. When possible, applicants should quantify the project's public benefits. The TRT will only consider public benefits derived from the tasks and project scope contained within the application. Public benefits related to future phases of the project (beyond the scope of the project) or unrelated activities will not be considered in public benefit scores and should not be included in the application. Likewise public benefits related to past activities will not be considered.

When making a funding decision, the Water Resources Commission (Commission) considers: 1) the public benefits as evaluated by the TRT; 2) public comments received on the TRT ranking; and 3) funding projects of diverse sizes, types and geographic locations. As outlined in statute, the Commission also considers three preferences: 1) a preference for partnerships and collaborative projects; 2) a preference for projects that provide a measurable improvement in protected streamflow, if a project proposes to divert water; and 3) a preference for projects that provide a measurable increased efficiency of water use, if a project proposes to increase efficiency.

Document Purpose

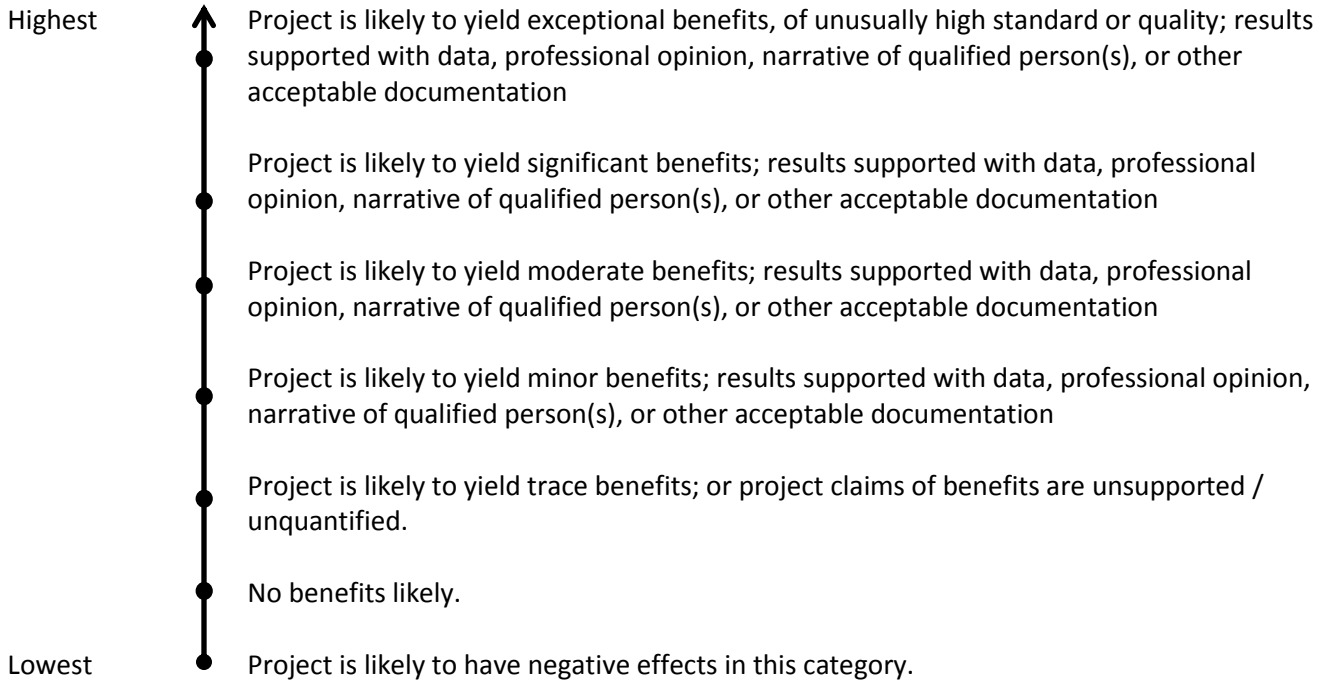
This document provides an overview of each of the public benefits, describes how the TRT will score the benefits, and provides recommendations for what information an application should include when describing a project's public benefits.

Contact

If you have any questions about the evaluation of public benefits, please contact us by email at waterprojects@wrdd.state.or.us or by phone at 503-986-0869.

Seven-Point Scale Used in Evaluation of Public Benefits

Each of the public benefits will be graded on a seven-point scale (see below).



Category 1. Economic benefits

The evaluation of economic benefits of a project is based on the change in economic conditions expected to result from the project and demonstrated in the application.

1a. Does the project create or retain jobs?

Job creation means the project would result in new jobs. Retention means the project would prevent the loss of jobs. Job creation and retention benefits may include direct effects within the organization that owns or operates the project, or it may include indirect effects on retail customers or consumers of the project. Temporary jobs resulting from project implementation will not receive as high of a score as permanent job creation or retention.

Application tip: Quantify the number and identify the type of jobs to be created or retained as a result of the project. Describe the value of the increase or retention of jobs to the local economy.

5	<i>Exceptional</i> increases in job creation or retention
4	<i>Significant</i> increases
3	<i>Moderate</i> increases
2	<i>Minor</i> or short-term increases
1	<i>Trace</i> increases <i>OR</i> benefit claims are unsupported or unquantified
0	Job creation or retention is <i>unlikely</i>
-1	<i>Losses or decreases</i> in jobs

1b. Does the project increase economic activity?

Economic activity is associated with the production, distribution, and consumption of goods and services. Such economic activity could occur within one or more entities/businesses and includes an increase in production, gross sales, or net revenue compared to the year preceding project completion. It also includes but is not limited to the arrival of new firms, renewed contracts, and increased orders.

5	<i>Exceptional (five or more years) increase in economic activity</i>
4	<i>Significant (three to four years) increase</i>
3	<i>Moderate (one to two years) increase</i>
2	<i>Minor, short-term (less than one year) increase</i>
1	<i>Trace increase OR benefit claims are unsupported or unquantified</i>
0	Increased economic activity <i>not likely</i> to occur
-1	<i>Losses or decreases in economic activity</i>

1c. Does the project increase efficiency or innovation?

Increase in efficiency means the project would make improvements in performance or functionality resulting in less effort or waste. Increase in innovation means that new, creative solutions and ideas would be implemented. Examples of increases in efficiency and innovation include water system efficiencies such as system redundancy (back-up, inter-ties), innovative production techniques, energy savings (e.g., the energy required to move, treat, or heat water), and time savings.

5	<i>Exceptional increase in efficiency or innovation</i>
4	<i>Significant increases</i>
3	<i>Moderate increases</i>
2	<i>Minor increases</i>
1	<i>Trace increases OR benefit claims are unsupported or unquantified</i>
0	Increased efficiency or innovation not likely
-1	<i>Decreases in efficiency or innovation</i>

1d. Does the project enhance infrastructure, farmland, public resource lands, industrial lands, commercial lands or lands having other key uses?

Enhancement of infrastructure, farmland, public resource lands, industrial lands, commercial lands and other lands means that the value of such lands would increase as a result of project implementation. This includes an increase in the re-sale or rental value of the land or improvements, including: maintained, repaired, or upgraded infrastructure; maintained or buffered riparian areas; and maintained or improved soils.

5	<i>Exceptional enhancements of infrastructure or land, increasing property value</i>
4	<i>Significant enhancements</i>
3	<i>Moderate enhancements</i>
2	<i>Minor enhancements</i>
1	<i>Trace enhancements OR benefit claims are unsupported or unquantified</i>
0	Enhancements <i>not likely</i>
-1	Infrastructure or lands that are <i>degraded or removed from productive uses</i>

1e. Does the project enhance the economic value associated with: tourism, recreation, fishing (recreational or commercial), fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream?

Examples of enhancement of these economic values include increases in: daily park fees, tour guide revenues, boat or gear rentals, fishing licenses, or hospitality and lodging.

5	<i>Exceptional</i> increased value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream
4	<i>Significant</i> increased value
3	<i>Moderate</i> increased value
2	<i>Minor</i> increased value
1	<i>Trace</i> increased value <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Enhanced values <i>not likely</i>
-1	Decrease in the economic value of tourism, recreation, fishing, fisheries involving native fish of cultural significance to Indian tribes, or other economic values resulting from restoring or protecting water instream

1f. Does the project result in increases in irrigated land for agriculture?

Increases in irrigated land for agriculture mean that the numbers of acres (acreage) to be irrigated after project completion would be greater than what could previously be irrigated. Acreage can include lands that were never historically in production or lands that were historically in production but were taken out of production as a result of insufficient water supply.

Application tip: Highlight the amount of land currently in production in the area, identify the quantity of additional acreage to be irrigated, and calculate the percentage increase in irrigated acreage that would result from the project.

5	<i>20 percent or more</i> increase in irrigated acreage
4	<i>15-19 percent</i> increase
3	<i>10-14 percent</i> increase
2	<i>5-9 percent</i> increase
1	<i>1-4 percent</i> increase <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Increased irrigated land <i>not likely</i>
-1	<i>Decreases</i> irrigated land for agriculture

Category 2. Environmental benefits

The evaluation of the environmental benefits of a project is based on the change in environmental conditions expected to result from the project and demonstrated in the application.

2a. Does the project result in measurable improvements in protected streamflows?

Protected streamflow means water that remains in or is released into the natural channel and is legally protected by the State in order to achieve 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.

*Application tip: To score in this category an application **must** describe the legal means by which water would be protected by the State, as well as the quality, timing, duration or other value this streamflow would contribute.*

5	75-100 percent of new project water (or equivalent volume) is protected instream or streamflow is exceptionally improved
4	50-74 percent of new project water (or equivalent volume) is protected instream or streamflow is significantly improved
3	25-49 percent of new project water (or equivalent volume) is protected instream or streamflow is moderately improved
2	5-24 percent of new project water (or equivalent volume) is protected instream or streamflow is somewhat improved
1	1-4 percent of new project water (or equivalent volume) is protected instream or trace amounts of streamflow are protected instream <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improvements in protected streamflow <i>unlikely OR streamflow would not be legally protected by the State</i>
-1	<i>Decreases protected streamflow (e.g., proposes to reverse an instream lease)</i>

2b. Does the project result in measurable improvements in groundwater levels that enhance environmental conditions in groundwater restricted areas or other areas?

Measurable improvements in groundwater levels mean that groundwater declines would be reduced or eliminated and/or groundwater levels would increase. Stabilization or improvements in groundwater levels could come from aquifer storage and recovery, artificial recharge projects, natural recharge, or discontinued / reduced groundwater use.

Application tip: Use quantitative measurements to indicate that any improvements would be measurable. If applicable, indicate if these improvements would occur in groundwater restricted area.

5	<i>Exceptional</i> improvements in groundwater levels
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved groundwater levels <i>not likely</i>
-1	Groundwater declines

2c. Does the project result in measurable improvements in the quality of surface water or groundwater?

Water quality parameters include but are not limited to: temperature, dissolved oxygen, contaminated sediments, toxic substances, bacteria, or nutrients. Improvements could result from a higher quality of water discharged to surface water or injected into groundwater, or from increased flow, or from treatment or filtration of water already in the environment.

Application tip: Any improvement must be measurable or quantifiable. One must be able to measure or determine the change in quality before and after project implementation.

5	<i>Exceptional</i> improvements in water quality
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved water quality <i>not likely</i>
-1	<i>Decreases</i> in water quality

2d. Does the project result in water conservation?

Water conservation is a means of eliminating waste or otherwise improving the efficiency of water use by modifying the technology or method of diverting, transporting, applying, or recovering water.

Application tip: Identify the quantity of water saved, by comparing what water would be needed to accomplish the task after project completion with what was previously used to achieve the same task.

5	<i>21 percent or more</i> reduction in water use to achieve the same outcomes
4	<i>11-20 percent</i> reduction
3	<i>6-10 percent</i> reduction
2	<i>1-5 percent</i> reduction
1	<i>Trace (<1 percent)</i> reduction <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Water conservation <i>not likely</i>
-1	<i>Additional water used</i> to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)

2e. Does the project increase ecosystem resiliency to climate change impacts?

Ecosystem resiliency to climate change means increasing the ecosystems ability to adapt to changes in climate or positively respond to the impacts of climate change. This includes: increasing streamflow, increasing natural storage (e.g., wetlands, upland meadows), decreasing water temperature, protecting or enhancing cold-water habitat, restoring floodplain connectivity and backwater habitats, restoring stream buffers, decreasing coastal erosion and inundation, or decreasing risk of drought, fire, plant disease, or invasive species outbreak.

5	<i>Exceptional</i> improvements in ecosystem resiliency to climate change
4	<i>Significant</i> improvements
3	<i>Moderate</i> improvements
2	<i>Minor</i> improvements
1	<i>Trace</i> improvements <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improvements in ecosystem resiliency to climate change <i>not likely</i>
-1	<i>Decreases</i> in ecosystem resiliency to climate change

2f. Does the project address limiting ecological factors in the project watershed?

A limiting ecological factor is an environmental condition that limits the growth, abundance, or distribution of an organism or a population of organisms in the project watershed. Examples of limiting factors may include, but are not limited to: improvement of fish passage, habitat for sensitive, threatened and endangered species, water quality, or streamflow.

Application tip: To score in this category an application must include citation of public reports, peer reviewed scientific studies, or other substantiating documentation from a state or federal agency to verify the limiting ecological factor’s presence in the watershed.

5	<i>Exceptional progress towards removing limiting ecological factors</i>
4	<i>Significant progress</i>
3	<i>Moderate progress</i>
2	<i>Minor progress</i>
1	<i>Trace progress OR benefit claims are unsupported or unquantified</i>
0	<i>Not likely to address limiting ecological factors in the project watershed OR documentation verifying limiting ecological factor not included in the application</i>
-1	<i>Exacerbates limiting ecological factors in the project watershed</i>

Category 3. Social or Cultural benefits

The evaluation of the social/cultural benefits of a project is based on the change in social or cultural conditions expected to result from the project and demonstrated in the application.

3a. Does the project promote public health, public safety, and local food systems?

This public benefit includes: protection of drinking water sources, repair of septic systems/field, maintenance and repair of other water infrastructure, treatment and protection of drinking water itself, improved emergency response and advisory systems (e.g., WARN network, fish consumption advisories, water contact advisories, etc.), improved or protected water quality for human consumption and human contact (e.g., removal or prevention of toxics, contaminants of concern, bacteria), and the promotion of self-reliant and resilient food networks that connect food producers and food consumers in the same geographic region.

5	<i>Exceptional improvements in public health, public safety or local food systems</i>
4	<i>Significant improvements</i>
3	<i>Moderate improvements</i>
2	<i>Minor improvements</i>
1	<i>Trace improvements OR benefit claims are unsupported or unquantified</i>
0	<i>Improvements in public health, public safety or local food systems not likely</i>
-1	<i>Degrades public health, public safety or local food systems</i>

3b. Does the project improve conditions for Oregon’s environmental justice communities (e.g., minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes)?

Environmental justice communities in Oregon are minority or low-income communities, economically distressed rural communities, tribal communities, or other communities traditionally underrepresented in public processes.

Application tip: Identify which of those communities would benefit from the project and quantify these benefits. Demonstrate that project-siting decisions have been examined and approved by affected landowners and affected environmental justice communities.

5	<i>Exceptional</i> benefits to environmental justice communities, <u>and</u> environmental justice communities were consulted in the process of developing projects
4	<i>Significant</i> benefits <u>and</u> environmental justice communities were consulted
3	<i>Moderate</i> benefits <u>and</u> environmental justice communities were consulted
2	<i>Minor</i> benefits <u>and</u> environmental justice communities were consulted
1	<i>Trace</i> benefits <u>and</u> environmental justice communities were consulted; <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Improved conditions <i>not likely</i>
-1	Worsen conditions for environmental justice communities

3c. Does the project promote recreation and scenic values?

Recreation and scenic values include recreational fishing, motorized boating, non-motorized boating, other forms of water-based recreation, swimming, fishing, hunting, wildlife viewing, sightseeing, hiking, photography, and aesthetic values. To promote those values means the project would improve the quality of or access to the examples identified.

Application tip: Evidence to support this benefit can be provided in the form of qualitative information, which may include interviews, professional opinion, or surveys.

5	<i>Exceptional</i> promotion of recreation or scenic values
4	<i>Significant</i> promotion
3	<i>Moderate</i> promotion
2	<i>Minor</i> promotion
1	<i>Trace</i> promotion <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Benefit to recreation and scenic values <i>not likely</i>
-1	Detracts from recreation and scenic values

3d. Does this project contribute to the body of scientific data publicly available in this state?

Contributing to the body of scientific data means collecting new scientific information and making it available to the public. For example, data could be collected from water quality or habitat monitoring; groundwater studies or other investigations; stream gages; or monitoring wells. Contributions could also come from conducting a Seasonally Varying Flow analysis. Collection of scientific data is not sufficient to achieve this public benefit--the data must be made publicly available.

Application tip: Describe the equipment and/or methods that would be used and whether the data would be made available to the public. Note how equipment would be calibrated and maintained.

5	<i>Exceptional</i> contributions of new data to the body of scientific data publicly available in the state
4	<i>Significant</i> contributions
3	<i>Moderate</i> contributions
2	<i>Minor</i> contributions
1	<i>Trace</i> contributions <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	Contribution <i>not likely</i>
-1	N/A

3e. Does this project promote state or local priorities, including but not limited to the restoration and protection of native fish species of cultural significance to Indian tribes?

A state or local priority is one that is identified in a plan, strategy, or study such as Oregon’s Integrated Water Resources Strategy, a place-based integrated water resources plan, the Oregon Plan for Salmon and Watersheds, state and local water quality plans, species and habitat conservation or recovery plans/strategies, forestry plans, regional solutions priorities, local economic development plans, state or local hazard mitigation plans, etc. The Oregon Department of Fish and Wildlife maintains a list of native fish species:

<http://www.dfw.state.or.us/fish/crp/freshwater.asp>.

5	<i>Exceptional</i> role supporting a state or local priority
4	<i>Significant</i> role
3	<i>Moderate</i> role
2	<i>Minor</i> role
1	<i>Very minor</i> role <i>OR</i> benefit claims are <i>unsupported or unquantified</i>
0	No promotion of state or local priorities
-1	Runs counter to state or local priorities

3f. Does this project promote collaborative basin planning efforts, including but not limited to efforts under the state Integrated Water Resources Strategy?

Collaborative basin planning efforts incorporate public processes that are transparent and inclusive of diverse interests.

Application tip: Demonstration of a collaborative planning effort may include publicly noticed meetings, posting agendas and decisions so they were publicly available, the inclusion of multiple types of water users represented in the process (e.g., instream interests, agricultural, municipal, domestic and industrial users), evidence that the project is supported by the community, and evidence that the project was identified in a Place-Based Integrated Water Resources Plan or another collaboratively developed strategic plan.

5	<i>Exceptional:</i> Project was identified in a collaboratively developed plan that is supported by all basin interests and where the public had meaningful opportunities to provide input
4	<i>Significant:</i> Project was identified by a collaborative group that includes representation of multiple interests and where the public had meaningful opportunities to provide input
3	<i>Moderate:</i> The public was notified of the project and had meaningful opportunities to provide input
2	<i>Minor:</i> The public was notified of the project and had minimal opportunities to provide input
1	Claims are <i>unsupported or unquantified</i>
0	Stakeholders with differing perspectives were <i>not informed nor consulted</i> about the project
-1	Stakeholders with differing perspectives were <i>excluded</i> during project development