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MEMORANDUM

TO: Water Resources Commission

FROM: Thomas M. Byler, Director

SUBJECT: Agenda Item K, December 3, 2021
Water Resources Commission

Water Project Grant and Loan Award Funding Recommendations

I. Introduction

This report describes the multi-agency Technical Review Team (TRT) evaluation process, public comments received, and the Department's funding recommendations for the 2021 Water Project Grants and Loans funding cycle. The Commission will be asked to award funding.

II. Background

Recommended Action 13.E of the Integrated Water Resources Strategy calls for investing in implementation of water resources projects. 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. After adoption of rules in June 2015, the Commission has awarded grants each year (Table 1).

Table 1 - Number of Grants and Total Funds Awarded to Date

Year Awarded	Number of Grants	Total Awarded
2016	9	$8,891,118
2017	4	$6,282,232
2018	8	$6,297,755
2019	4	$2,471,120
2020	3	$4,800,000
Total	28	$28,742,225

Currently there is approximately $3,191,354 in unobligated funds available for the Commission to award. This is less than typical as the 2021 bond sale was canceled due to reduced lottery revenues resulting from the coronavirus pandemic. In 2021, the Legislature authorized $30 million in Lottery Revenue Bonds, with $15 million scheduled to be sold in May 2022 and the remaining $15 million in June 2023.

The application deadline was April 28, 2021 and the Department received nine applications for project funding. All applications were determined to be eligible and complete. The Department received funding requests totaling of $10,460,561 in grant funding, with individual grant requests ranging from $93,500 to $2,981,200 (see Attachment 1).

The Department solicited written comments on complete applications during a 60-day public comment period from May 19 through July 19. During this first comment period, the Department received comments from two organizations addressing applications for the Butte Creek Mill Water Supply Security and Instream Transfer, and the Deschutes Basin Flow Restoration - Group 6A, projects respectively (see Attachment 2).

The Department contacted affected Tribes directly to solicit comments on complete applications where project work would be conducted on lands where the Tribe may have an interest. Affected Tribes were invited to serve as members of the TRT, submit comments for consideration by the TRT, or if later in the process, submit comments for consideration by the Department and Commission. Comments received by the Confederated Tribes of the Umatilla Indian Reservation on TRT funding recommendations are discussed in Section III below.

III. Grant Application Review Process

TRT Review
A multi-agency TRT evaluated the applications and developed funding recommendations for the Commission. The TRT consisted of staff from the Departments of Environmental Quality, Fish and Wildlife, Business Development, and Agriculture, as well as Regional Solutions. New this year to the TRT was the addition of a representative from the Oregon Health Authority. See Attachment 1 for the TRT project ranking and funding recommendations.

The TRT convened on August 5-6 to discuss the public benefits of each project, consider the public comments, and score each application. Scoring was based on the potential economic, environmental, and social/cultural public benefits described in the applications, and the comments received. The TRT scores applications during the meeting and assesses the outcomes, which affords the TRT members the opportunity to discuss the merits of the project proposals and ensure consistent application of the criteria.

Scoring Criteria
A maximum score of 72 points is available in each of the three public benefit categories – economic, environmental, and social/cultural - for a total of 216. A proposed project can receive up to 24 additional preference points; up to 12 points for legally protecting water instream and up to 12 points for collaboration (both listed in the "Other" category). Therefore, the maximum public benefit score is 240 points. See Attachment 3 for applicable rules on public benefit scoring and Attachment 4 for the Department's Scoring Criteria document.

To promote funding projects with the greatest likelihood of achieving public benefits, the Department has set a minimum score for an application to be recommended for funding. Specifically, projects must achieve a minimum score of seven in each category, demonstrating that, at a minimum, moderate public benefits are likely to be achieved.

Ranking, Recommendations, and Public Comment
The Department calculated a combined public benefit score for each project and prepared a draft ranking in order of greatest public benefit. The TRT then reviewed the draft ranking and made a final funding recommendation. See Attachment 1 for all complete applications received and the TRT project ranking, evaluation summaries, and funding recommendations.

The TRT rankings and recommendations were published on the Department's website and distributed via the funding opportunity listserv for a 30-day public comment period, which took place from September 7 through October 7. No public comments were received. The Department also provided a second opportunity for Tribes to comment. The Department received comments from the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) on two projects in the funding recommendation: 1) the John Day Innovation Gateway Adaptive Water Reuse, and 2) the Fitzpatrick Conservation Project. The CTUIR expressed its concerns that some of the claimed environmental benefits of the John Day Innovation Gateway Adaptive Water Reuse project may not be realized and that there is the potential for unintended negative impacts. The TRT independently identified, discussed, and considered these concerns in their evaluation and scoring of the project and still found that it provided sufficient public benefits to receive funds. As these concerns were considered in application scoring, the Department does not advise a change to the funding recommendation. The CTUIR expressed its support for the Fitzpatrick Conservation Project and the likelihood of the project achieving the desired public benefits. See Attachment 5 to view the comments submitted by the CTUIR.

IV. 2021 Funding Award Recommendations

Based on the TRT ranking, public comments, and staff review, six applications received scores meeting the funding criteria with a total funding request of $7,549,376. Based on the currently available funding, the Department recommends immediately funding project applications ranked #1 and #2 (Table 2). Since additional funds should be available in May 2022 and since there are other TRT recommended applications the Department also recommends provisionally awarding funding to projects ranked #3 through #6 (Table 3). This funding recommendation takes into account the public benefits provided by these applications, respects the planning efforts of the applicants, and mitigates impacts of project delays in a proactive manner. If approved by the Commission, the Department would immediately enter into grant agreements with the top two projects. Grant agreements for projects ranked #3 through #6 would be drafted and prepared for execution after the bond sale. Release of grant funds is contingent on applicants obtaining all applicable local, state, and federal permits and regulatory approvals, as well as meeting match fund requirements.

Table 2 - 2021 Grants Recommended for Immediate Funding

Project Name	*Project Type*	*Funding Request*	*Total Cost of Project*	*Funding Recommendation*
Butte Creek Mill Water Supply Security and Instream Transfer	Flow Restoration & Protection	$459,828	$614,828	$459,828
Deschutes Basin Flow Restoration - Group 6A	Conservation; Flow Restoration & Protection	$1,391,927	$6,140,034	$1,391,927
Total		**$1,851,755**	**$6,754,862**	**$1,851,755**

Table 3 - 2021 Grants with Provisional Recommendation for Funding

Project Name	*Project Type*	*Funding Request*	*Total Cost of Project*	*Funding Recommendation*
Smith Rock-King Way Project Irrigation Modernization Project	Conservation; Flow Restoration & Protection; Water Infrastructure Habitat Enhancement/Public Safety	$2,093,081	$4,406,365	$2,093,081
Fitzpatrick Conservation Project	Conservation; Flow Restoration & Protection; Water Infrastructure	$529,840	$706,453	$529,840
John Day Innovation Gateway Adaptive Water Reuse	Reuse, Conservation; Flow Restoration & Protection; Water Infrastructure	$2,981,200	$13,581,200	$2,981,200
Muddy Creek Water Use and Stream Restoration Project	Other-Irrigation, Fish Connectivity & Habitat	$93,500	$776,561	$93,500
Total		**$5,697,621**	**$19,470,579**	**$5,697,621**

V. Summary

The funding recommendation includes the applications that demonstrated the greatest public benefits. As recommended, this would result in six grant awards totaling $7,549,376.

VI. Alternatives

The Commission may consider the following alternatives:

1. Adopt the funding recommendation contained in Tables 2 and 3 of this report to immediately fund two applications ($1,851,755) and provisionally four applications ($5,697,621) for a total award of $7,549,376.
2. Adopt a modified funding recommendation.
3. Direct the Department to further evaluate the applications and return with a revised recommendation.

VII. Recommendation

The Director recommends Alternative 1, to adopt the staff funding recommendations contained in Table 2 and Table 3 of this report to fund six applications for a total award of $7,549,376.

Attachments:

1. TRT Ranking and Funding Recommendation
2. Public Comments on Applications
3. Excerpt from Division 93 Rules on Scoring
4. Scoring Criteria Document
5. Tribal Comments Received on the TRT Funding Recommendation

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Water Project Grants and Loans Applications

Evaluation Summaries – 2021 Funding Cycle

September 7, 2021

Background

In 2013, the Oregon Legislature passed Senate Bill 839, establishing the Water Supply Development Account to provide grants and loans for water projects that have economic, environmental and social/cultural benefits. The 2021 application deadline was April 28, 2021. The Department received 9 complete applications requesting a total of $10,460,561 in grant funding.

Document Description

The following are evaluation summaries for complete grant applications received for the 2020 Water Project Grants and Loans funding cycle. The multi-agency Technical Review Team (TRT) provided comments on each application, scored applications based on the criteria identified within the Scoring Criteria document, and made a funding recommendation for the Water Resources Commission (Commission) based on that evaluation and available funds. The following evaluation summaries highlight TRT comments gathered by the Department during the application evaluation process, and are prepared for the Commission's consideration and review. Applicants are encouraged to contact the Grant Program Coordinator to request a review meeting and receive additional evaluation feedback. The evaluation summaries are listed in order of the TRT ranking.

The evaluation summary includes a combined public benefit score, which the TRT used to rank proposed projects. A table is also provided that shows a breakdown of the application score by category. An application could score up to 72 points in each of the economic, environmental, and social/cultural public benefit categories. A proposed project could receive up to 24 additional preference points; up to 12 points for legally protecting water instream and up to 12 points for collaboration (these are listed in the "Other" category). There is a maximum public benefit score of 240 points.

Next Steps

The Department is soliciting public comment on the TRT ranking and funding recommendation through 5:00 pm on October 7, 2021, 2021. Information on how to submit a public comment is available here. Public comments submitted on the TRT ranking and funding recommendation will be presented to the Commission who will make a funding decision. The tentative date for the Commission to make its funding decision is November 18-19, 2021.

More Information

If you have questions please contact Grant Program Coordinator, Becky Williams, at 503.509.7938 or WRD_DL_waterprojects@oregon.gov.

2021 Applications

Butte Creek Mill Water Supply Security and Instream Transfer

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Trout Unlimited

County: Jackson

Funding Requested: $459,828 Grant

Total Project Cost: $614,828

Project Summary: The proposed project seeks to provide instream water for native fishes and to support the re-opening of the Butte Creek Mill by purchasing the industrial water right for the Mill and transferring a portion of that water instream. A portion of the water would be retained for operation of the historic mill. The water right is among the most senior water rights on Little Butte Creek with an 1872 priority date and no longer held by Butte Creek Mill. Without this proposed project, the water right would be retained by its current owner and potentially become subject to forfeiture and cancellation in coming years. If this large and senior right were cancelled, the Mill may not re-open and severe dewatering of Little Butte Creek from its forks downstream to the Mill could occur since there would be no senior right holder to call for water at a point of diversion located downstream of almost all other users. By securing this important water supply, flow in Little Butte would be secured for over 12 miles by protecting a senior water right that is low in the system, and a fish passage barrier that historically occurred because of the Mill's operation would be greatly improved, all while facilitating the re-opening of the historic Butte Creek Mill.

Technical Review Team Score and Comments

Combined Public Benefit Score: 125

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
37	42	31	15

Economic: The proposed project would supply water to Butte Creek Mill essential to it becoming operational once more. The review team determined that the proposed project would provide a significant benefit in permanent job creation important to the rural community. There was a high degree of confidence in an immediate benefit to tourism and recreation as a result of the Mill being able to reopen. Additionally, the project would allow for a thirty percent increase in efficiency of the Mill relative to previous operations.

Environmental: The project proposes to permanently protect a significant volume of water from a senior water right instream, which would preserve critical flows to Little Butte Creek and support fisheries important to the basin. The instream protection, combined with retaining the Mill's water supply for operation, has the added benefit of retaining flows twelve miles upstream and significantly benefitting temperature and habitat. Further, the proposed project would address a fish passage barrier and support fish accessing the upper basin. Additionally, the proposed project would support riparian zones and streambank stabilization, both of which support the migration of larger mammals and buffer climate change impacts.

Social/Cultural: The proposed project would support stream flows important for maintaining access to community green spaces and recreational opportunities for low income and minority communities. The review team also noted that maintaining flows upstream from the City of Medford's intake are critical for supporting water quality and public health.

Summary: The application provided clear information and details regarding critical public benefits of the project and the potential impacts should the project not occur. The review team had a high degree of confidence that the project would meet both instream and out-of-stream needs. The proposed project is ready to be implemented and likely to achieve exceptional economic and environmental public benefits, while also the resulting in social/cultural benefits of a high standard of quality.

Deschutes Basin Flow Restoration - Group 6A

TRT Recommendation: Recommended for Funding

Project Information (adapted from application)

Applicant Name: Tumalo Irrigation District

County: Deschutes

Funding Requested: $1,391,927 Grant

Total Project Cost: $6,140,034

Project Summary: The proposed project would restore 1.5 cfs of water to Tumalo Creek during the irrigation season by enclosing 12,300 feet of the Columbia Southern Lateral from approximately Tumalo Reservoir Road to the northeast in HDPE piping. The conserved water would be protected through the Allocation of Conserved Water Program and would provide improved temperature conditions and water quantity for Endangered Species Act listed species and native fish. This portion of the project includes 21 patron deliveries and a pressure reducing valve. The pipe follows the existing canal alignment and will be installed in a compacted trench with a minimum of 3 feet of cover to protect the pipe from freezing and damage. The surface would be restored with topsoil and seeding where appropriate.

Technical Review Team Score and Comments

Combined Public Benefit Score: 77

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
27	16	22	12

Economic: The proposed project outcomes anticipate that jobs would be retained and created, ranging from short-term construction jobs to longer-term agricultural related jobs. The application clearly described the improvements in efficiency by enclosing the delivery system and energy savings by eliminating pumping costs. Crop productivity and agricultural resiliency is anticipated to improve as a result of a more reliable water supply. Discussion of direct improvements in economic activity and property values as a result of the proposed project would have strengthened the application claims.

Environmental: The project proposes to legally protect 100 percent of the conserved water instream. The project will support high-quality cold water and improve biologically important flows in Tumalo Creek. The application would have been improved by describing what benefits to the spotted frog are likely from this project phase.

Social/Cultural: The proposed project is in alignment with the goals of a collaborative basin planning effort. Outcomes of the proposed project include eliminating the public safety risks associated with open canals in highly used recreation areas. The application could be improved with supporting information regarding efforts to engage traditionally underserved and underrepresented communities, and by providing them with the opportunity for meaningful input.

Summary: The application described current conditions and the anticipated public benefits which provided the review team with a clear understanding of the likely change in conditions. The proposed project outcomes were evaluated as likely to achieve a high standard of economic and social/cultural public benefits. The review team assessed moderate benefits to the environment as a result of this project.

Smith Rock-King Way Project Irrigation Modernization Project

TRT Recommendation: Provisionally Recommended, Subject to Available Funding

Project Information (adapted from application)

Applicant Name: Deschutes River Conservancy, Central Oregon Irrigation District, and North Unit Irrigation District

County: Deschutes and Crook

Funding Requested: $2,093,081 Grant

Total Project Cost: $4,406,365

Project Summary: The Smith Rock-King Way Modernization and Conservation Project proposes to pipe 7,593 feet of Central Oregon Irrigation District's (COID) J-Lateral and all 15,548 feet of its L-Lateral. Collectively these laterals serve 2,194 irrigated acres in the Smith Rock-King Way area of COID in Deschutes County and connect to COID's Pilot Butte Canal, a primary conveyance system within COID. The project would expedite the benefits of on-demand pressurized water to COID patrons and enable water savings to be moved to other uses within the Deschutes Basin to help meet critical basin water supply needs for agriculture and for streamflow in the Upper Deschutes River. Specifically, COID would transfer 100 percent of water conserved through this project (estimated at 2 cfs) to North Unit Irrigation District (NUID) to improve the junior district's water right reliability. In exchange, NUID proposes to legally protect 2 cfs in the Upper Deschutes River via a winter instream lease of its storage right in the Wickiup Reservoir, enhancing instream flows for the Endangered Species Act listed Oregon spotted frog.

Technical Review Team Score and Comments

Combined Public Benefit Score: 70

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
28	12	21	9

Economic: The application provided a clear explanation of the economic importance of the proposed project outcomes providing a more reliable supply of water to the North Unit Irrigation District and thus sustaining agriculture for the junior district. The application provided clear information regarding the construction jobs likely to occur as a result of the project, but did not explain how the project would result in retaining agricultural jobs. The closed piping system would provide significant improvement to system efficiencies for two irrigtation districts.

Environmental: The project seeks to legally protect water instream. There is currently no regulatory path available to permanently transfer the 'place of use' of stored water. However, the project proposes to transfer stored water instream through a winter instream lease in perpetuity. The application provided a Memorandum of Agreement to Perpetually Lease Water to Instream Use between the North Unity Irrigation District and the Oregon Water Resources Department, giving the review team confidence in the commitment to protect the water instream. The protected water benefits habitats of the spotted frog and Endangered Species Act (ESA) fish. The application would have been improved by describing a commitment to measuring temperature, dissolved oxygen and other water quality parameters and quantifying those potential benefits.

Social/Cultural: The application describes a high level of collaborative planning in the basin and the proposed project's role in supporting state and local priorities. Claims that the proposed projects provides benefits to Latinx communities appeared unquantified and no engagement opportunities were described.

Summary: The application provided information to substantiate the high standard of economic and social/cultural public benefits anticipated as a result of the proposed project. The review team evaluated moderate environmental benefits as likely project outcomes.

Fitzpatrick Conservation Project

TRT Recommendation: Provisionally Recommended, Subject to Available Funding

Project Information (adapted from application)

Applicant Name: Trout Unlimited and Jeremy McCullouch/Rocking M Cattle Company

County: Wallowa

Funding Requested: $529,840 Grant

Total Project Cost: $706,453

Project Summary: The proposed project would pipe 3,100 feet of irrigation ditch and convert 127 acres from flood to center pivot irrigation in Wallowa County within the Wallowa basin. Three pivots would be installed on the currently irrigated acres with a fourth pivot installed to cover 17 former dryland acres. Water rights not receiving irrigation water by the pivot system on the currently irrigated ground would be transferred to cover acres under the fourth pivot. One-hundred percent of the Lostine River water conserved by the irrigation upgrade would be protected instream through the Allocation of Conserved Water Program. The Fitzpatrick Conservation Project would improve habitat conditions for Endangered Species Act (ESA) listed Snake River spring/summer Chinook salmon and steelhead and improve agricultural production on a family ranch in Wallowa County.

Technical Review Team Score and Comments

Combined Public Benefit Score: 69

Public Benefit Category Score Breakdown			
Economic	**Environmental**	**Social/Cultural**	**Other**
22	21	17	9

Economic: The application described the addition of two seasonal workers and an intention to use local contractors and electricians thereby promoting job retention important in northeast Oregon. The proposed project enhances irrigation efficiency by switching from flood irrigation to center pivots. Productivity of the irrigated acres are supported by the project details. The review team observed that there is likely to be a local economic benefit as a result of the improved agricultural outcomes.

Environmental: The project proposes to legally protect 100 percent of the conserved water instream. Improved summer flows provided by the proposed project are identified as methods to improve habitat in the Final ESA Recovery Plan. Protection of the conserved water associated with this senior water right would be protected past significant points of diversion and improve habitat for ESA-listed Chinook, steelhead, and bull trout. Conversion to irrigation pivots, as described in the project application, are likely to reduce runoff and result in water quality improvements.

Social/Cultural: The proposed project would create improvements to habitat for Chinook which are culturally important to the Nez Perce Tribe. The application described benefits to scenic and recreational values and boating opportunities as a result of the project. The application would have been improved with more details on how the project would promote collecting scientific data and explaining how that information would be shared.

Summary: The proposed project is ready to be implemented and has demonstrated feasibility. The application provided information and details regarding the high standards of economic and environmental public benefits likely to be achieved as a result of the proposed project. Based on the information provided, the review team anticipates moderate social benefits are likely outcomes of the proposed project.

John Day Innovation Gateway Adaptive Water Reuse

TRT Recommendation: Provisionally Recommended, Subject to Available Funding

Project Information (adapted from application)

Applicant Name: City of John Day

County: Grant

Funding Requested: $2,981,200 Grant

Total Project Cost: $13,581,200

Project Summary: The goal of the John Day Innovation Gateway Adaptive Water Reuse project is to improve water supply, quality and availability in the John Day River basin by providing a high-quality supply of reclaimed water for beneficial reuse. The project would do so by replacing the City of John Day's 72-year old water treatment plant with a completely new approach that will reclaim, distribute and reuse 100-percent of the City's treated wastewater. This highly innovative, scalable and sustainable approach would generate over 80 million gallons of Class-A water annually through a new Water Reclamation Facility (WRF) that would make recycled water available for a variety of users that currently divert freshwater from the John Day River basin. The proposed project consists of four main components: 1) build a new WRF to replace the City's ageing wastewater treatment plant; 2) construct a Reclaimed Water Storage Tank and Pump Station to store the reclaimed water prior to beneficial re-use; 3) install a Reclaimed Water (Purple Pipe) Distribution Network to move reclaimed water from the WRF to end users that currently used freshwater for non-potable uses; 4) transfer City of John Day water rights instream to enhance streamflow by legally protecting these water rights for instream use.

Technical Review Team Score and Comments

Combined Public Benefit Score: 67

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
30	8	22	7

Economic: The application provided a clear narrative surrounding the increase in job creation as a result of this highly innovative proposed project. There would be significant enhancement to the City's infrastructure as a result of the proposed project. The operational efficiencies and cost savings likely to result of the lumber yard accessing a reliable supply of recycled water were thoroughly explained. Recreational and tourism advancements would be made possible by the supply and distribution of reclaimed water to support industrial, commercial, and municipal uses. The review team noted that at times it was difficult to separate the benefits of the proposed project from future plans.

Environmental: Replacement of the lumber yard's reliance on groundwater withdrawals are likely to enhance groundwater levels and improve streamflows. The review team noted that the application would have been strengthened with a commitment from the lumber yard to protect water instream. The project proposes to transfer a number of water rights instream; however, the water rights may be subject to cancellation and unable to be transferred, creating uncertainty about that benefit. The application would have been improved by more clearly addressing which limiting factors would be addressed to improve the watershed.

Social/Cultural: The proposed project aligns with many of the strategies and recommendations of the Integrated Water Resources Strategy. The Confederated Tribes of Warm Springs offered support to the proposed project as important to the tribal Watershed Restoration Strategy. The application provides information to support the benefits to agri-tourism and recreational spaces.

Summary: The application was extremely thoroughly prepared with many supporting details. The review team observed that the proposed project was highly innovative with the potential to achieve high quality economic and social/cultural public benefits. The environmental benefits were considered moderate and claims to transfer water instream were unsupported.

Muddy Creek Water Use and Stream Restoration Project

TRT Recommendation: Provisionally Recommended, Subject to Available Funding

Project Information (adapted from application)

Applicant Name: Lake County Umbrella Watershed Council

County: Lake

Funding Requested: $93,500 Grant

Total Project Cost: $776,561

Project Summary: The goal of the Muddy Creek Water Use and Restoration Project includes maintaining the water right permit for irrigation at the Shine Brother's Ranch by addressing fish passage and habitat restoration for Goose Lake red band trout, a state listed species of concern. A 75-foot rock ramp roughened channel fish passage would be constructed at the spillway of the reservoir to restore 1.5 miles of stream channel habitat. The planned improvements would expand fish spawning and rearing habitat by 6 miles, resulting in compliance with Oregon Department of Fish and Wildlife requirements, combined with streambank stabilization efforts, riparian improvement actions, and is anticipated to sustain the working landscape and native fish populations in the Goose Lake Basin.

Technical Review Team Score and Comments

Combined Public Benefit Score: 54

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
22	18	12	2

Economic: The proposed project would create temporary construction related jobs and support retaining jobs important to a rural community. The application provided a clear description of the increases in local economic activity likely to result from the proposed project. Installation of headgates, siphon, and improved spillway all enhance infrastructure. The application would have been improved by supporting the claimed economic benefits to the RV Resort.

Environmental: The application clearly explained the likely benefits to multiple limiting ecological factors as a direct project outcome. The promotion of riparian habitat and improvements to stream channel function support access to cold water refuge and would benefit ecosystem resiliency to climate change impacts. Additional details or a proposal to monitor water quality would have supported the application's claims for improved water quality.

Social/Cultural: Outcomes of the proposed project are likely to improve fish and bird habitat which are important factors in promoting scenic values and tourism. The application cited multiple plans; however their connection to this project could have been more clearly described. The application would have been improved with details to describe the methods to make data publically available demonstrating the project's effectiveness.

Summary: The application provided sufficient information to demonstrate the likelihood of the proposed project achieving a high standard of economic public benefits. The review team anticipates moderate environmental and social/cultural benefits resulting from the proposed project.

Highland Ditch Piping Project

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Badger Improvement District

County: Wasco

Funding Requested: $2,250,000 Grant

Total Project Cost: $3,000,000

Project Summary: The proposed project would pipe roughly 14,000 feet of irrigation ditch with PVC or HDPE pipe. The current open ditch is in steep terrain and surrounded by the Badger Creek Wilderness Area in the Mt. Hood National Forest. The ditch is difficult to access and repair, and is subject to possible washout due to debris filling the ditch. As this ditch is the main supply of irrigation water to farmers in the area, a ditch failure would threaten the economic stability of agriculture in the area. Additionally, installing a pipe would help prevent washout, which would negatively affect fish habitat in Badger Creek due to large amounts of dirt and debris filling the creek. Because of leaching and seepage in the existing ditch, a pipe would also keep up to ½ cfs in Badger Creek and improve the overall efficiency of Badger Improvement District's irrigation system.

Technical Review Team Score and Comments

Combined Public Benefit Score: 33.5

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
19	5	8	1.5

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Economic: The application provided a clear understanding of the economic value of the proposed project's ability to provide a reliable water supply to the irrigated crops. The proposed project would provide a significant improvement to the irrigation district's infrastructure and supports agricultural economic resiliency with a more reliable delivery system.

Environmental: The project proposes to legally protect 50 percent of the conserved water instream through the Department's Allocation of Conserved Water (ACW) Program. The review team noted that a greater percentage of the conserved water is likely to be required for protection based on the criteria of the ACW program. The applicant is encouraged to fully understand all applicable requirements for the ACW Program and the Department is happy to assist. The application would have been improved by identifying the water rights to be conserved and legally protected instream via the ACW to more clearly demonstrate the anticipated benefits and outcomes.

Social/Cultural: The application provides information to describe the potential benefits to the local agricultural food systems and food co-ops. The proposed project may provide a benefit to seasonal farm workers; however, the application did not contain any information to describe outreach and engagement with environmental justice communities. The application would be improved by describing how the proposed project is connected to state and local plans, or supports plan goals.

Summary: The application provided sufficient information to support the high quality of economic public benefits anticipated as a result of the project. The review team commented that the proposed project would promote moderate social/cultural benefits, while anticipating minor environmental public benefit outcomes. Potential benefits of the project would have benefited from additional details and describing the extent to the public benefits due to the project. To be funded, projects must achieve a minimum score of seven in each category indicating public benefits beyond those of a minor quality would be achieved.

Eugene Construction Aggregate and Public Greenspace Class A Recycled Water Facilities Project

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Metropolitan Wastewater Management Commission

County: Lane

Funding Requested: $583,925 Grant

Total Project Cost: $6,610,136

Project Summary: The proposed project would serve to launch public recycled water use in the Eugene/Springfield community. New Class-A recycled water distribution facilities at the Metropolitan Wastewater Management Commission's wastewater treatment plant would include 1.3 million gallon per day (mgd) total pumping capacity, 1 million gallons of seasonal storage capacity, and connection to a 3.5 mgd capacity pipeline to construction aggregate partner, Delta Sand and Gravel, who currently rely on river water withdrawals. On-site services at the MWMC's treatment plant would include new connections to irrigation systems and would result in irrigation of 28 acres solely with recycled water. The recycled water would also supply a self-service tanker truck fill station for authorized users to fill irrigation trucks to water street trees throughout Eugene. Initial summertime recycled water uses of 0.65 mgd would divert treated wastewater from river discharge to beneficial uses and reduce temperature impacts on the Willamette River's salmon rearing and spawning habitat, and retain more instream flows in the Willamette and McKenzie Rivers through reduction on water withdrawals.

Technical Review Team Score and Comments

Combined Public Benefit Score: 30

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
14	4	9	3

Economic: The proposed project represents a significant improvement to the facility and an enhancement to infrastructure. The use of Class A water represents an innovative project proposal. The review team observed that the application would have been improved by including a description of any operational improvements for the aggregate company resulting from the project.

Environmental: The review team observed that many of the environmental benefits claimed lacked the details and description necessary to evaluate the actual benefits anticipated due to this project. The application would have been improved by providing information to support claims of water conservation by using less water as a result of the proposed project.

Social/Cultural: The application describes educational outreach opportunities and informational signs in public greenspaces irrigated by the recycled water made possible by the proposed project. Specific strategies to engage environmental justice communities were not described, which would have strengthened the proposal.

Summary: The application provided sufficient information to support the likelihood of moderate economic and social/cultural benefits being achieved as a result of the proposed project. The review team's evaluation assessed minor environmental public benefits resulting from the proposed project as described in the application. The review team observed that in general, the application would have been strengthened with additional information and a more detailed description to explain how the claimed benefits would be achieved as a result of the project. To be funded, projects must achieve a minimum score of seven in each category indicating public benefits beyond those of a minor quality would be achieved.

Pendleton Pivot

TRT Recommendation: Not Recommended for Funding at this time

Project Information (adapted from application)

Applicant Name: Mary and Dillon Pendleton

County: Crook, Deschutes

Funding Requested: $77,260 Grant

Total Project Cost: $103,014

Project Summary: The goal of the proposed project is to install a 650 foot valley pivot. The pivot would provide water to irrigated crops. The goal is to reduce or conserve water use.

Technical Review Team Score and Comments

Combined Public Benefit Score: 8

Public Benefit Category Score Breakdown

Economic	Environmental	Social/Cultural	Other
6	1	1	0

Economic: The application described the proposed project with sufficient detail for the review team to evaluate the likelihood of minor job creation and infrastructure improvements by changing to a more efficient irrigation system. The application would have been improved with more detail and quantification to describe current conditions and how the proposed project is likely to achieve any public benefits.

Environmental: The application did not provide quantification of the reduction in water usage. Claims of water quality improvements resulting from the project were unsupported. The application did not provide details on how the proposed project would achieve improvements in streamflows or promote climate change resiliency.

Social/Cultural: Outcomes of the proposed project that might benefit the public at large, beyond those that benefit the private enterprise, were not explained.

Summary: The review team observed that the applicant would benefit from engaging in partnerships with local conservation resources such as the local Soil & Water Conservation District , or the National Resource Conservation Service, who can help tie the project to regional priorities, bolster economic and environmental benefits, and provide technical assistance and potentially match funding. The project as proposed would likely achieve minor public benefits in all categories. To be funded, projects must achieve a minimum score of seven in each category indicating public benefits beyond those of a minor quality would be achieved.

OREGON WATER RESOURCES DEPARTMENT

Water Project Grants and Loans

Public Comments Received
2021 Funding Cycle Applications

Document Description

The Department received 2 complete applications for the 2021 funding cycle of Water Project Grants and Loans. Public comment on the applications was accepted from May 19 through July 19, 2021. Administrative rule [OAR 690-093-0090(1)(c)] identifies that the Technical Review Team (TRT) considers comments from applicants and the public. The purpose of this document is to provide the TRT with the comments received during the public comment period. Public comments on 2021 funding applications are in the order and page number listed below.

Contents

MEDFORD WATER COMMISSION

June 14, 2021

Oregon Water Resources Department
Water Projects Grants and Loans Program
725 Summer St NE A, Salem, OR 97301

RE: Butte Creek Mill Water Supply Security and Instream Transfer

As referenced in our letter of support dated April 16, 2021, the Medford Water Commission (MWC) supports efforts by Trout Unlimited (TU) to restore and maintain streamflow in Little Butte Creek in Jackson County, Oregon through the acquisition of the Butte Creek Mill water rights. To further our support of this project, the MWC will provide $5,000 of cash match to the project. This funding may be used for the acquisition of the water rights and any related transactional expenses, which may include appraisals, filing fees, and the development of related lease or purchase agreements between the parties that may be necessary to complete the project as proposed.

Thank you again for your consideration of this important grant application. MWC strongly encourages funding of TU's proposal through the Water Projects Grants and Loans Program. Please feel free to contact me with any questions.

Sincerely,

Brad Taylor
General Manager

200 S. Ivy Street, Room 177
Medford, Oregon 97501
Phone (541) 774-2430
www.medfordwater.org
water@medfordwater.org
Fax (541) 774-2555

CITY OF BEND

July 1, 2021

Sent via email

710 NW WALL STREET
PO BOX 431
BEND, OR 97709
(541) 388-5505 tel
Relay Users Dial 7-1-1
(541) 385-6676 fax
bendoregon.gov

Becky Williams
Oregon Water Resources Department
Grant Program Coordinator
725 Summer Street NE, Suite A
Salem, Oregon 97301

Re: Water Project Grant Application for Tumalo Irrigation District
Deschutes Basin Flow Restoration – Group 6A

Dear Grant Program Coordinator:

The City of Bend (City) has reviewed Tumalo Irrigation District's (TID) application for SB 839 Grant Funding for piping of the Columbia Southern Lateral (Application). The City is writing in support of TID's application for grant funding.

The City supports TID's efforts to pipe its distribution system, conserve water and to increase flows in Tumalo Creek. Conservation of flows in Tumalo Creek is of particular interest to the City due to the creek's ecological and recreational value to city residents and visitors, and because more than half of the City's annual water supply is sourced from the Tumalo Creek watershed. Consequently, the health of the watershed and maintaining streamflows in Tumalo Creek are of great interest to the City. TID's water conservation efforts are also an important element in the broader flow restoration effort underway in the Upper Deschutes Basin.

The City is also writing to comment on the details of how water conserved by this project will be protected in Tumalo Creek. The Project Summary specifies that 1.5 cfs of water will be returned to Tumalo Creek through a new senior instream water right held by the State of Oregon. The City understands that TID will submit a new conserved water application for review and approval by Oregon Water Resources Department for a portion of the water conserved through the Group 6A piping effort. This application process will present an opportunity for review of the seasonality and distribution of conserved water to match the historic utilization of Tumalo Creek and Crescent Lake under TID's water rights. These more detailed

aspects of the seasonality and distribution of water protected instream will be resolved through the Allocation of Conserved Water application process. Therefore, the City wants to ensure that there is consideration of the potential that the seasonality and distribution of the volume of water protected instream could vary slightly from what is proposed in the Application.

Please contact me at 541-388-5505 if you have any questions about the City's comments. If you have any technical questions, please contact the City's water rights consultant, Adam Sussman at GSI Water Solutions. Adam's telephone number is 541-257-9001.

Sincerely,

Eric King, City Manager
eking@bendoregon.gov

Excerpt from Division 93 Rules on Scoring
Water Project Grants and Loans

OAR 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.

WATER PROJECT GRANTS AND LOANS

SCORING CRITERIA

New center pivot in Wallowa County


Piping in Deschutes County


Instream water transfer in Klamath County

OREGON
WATER RESOURCES DEPARTMENT

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Scoring Criteria – Water Project Grants and Loans

Document Purpose

The scoring criteria for applications to the Water Projects Grants and Loans funding opportunity are based solely on the public benefits a project is likely to achieve. This document provides an overview of each of the public benefits, describes how the Technical Review Team (TRT) will score the public benefits, and provides recommendations for what information an application should include.

Overview of Application Scoring

Projects funded are those which are likely to achieve the greatest public benefits.

Projects funded are those which are likely to achieve the greatest public benefits. The change in conditions anticipated to result in public benefits must be described and explained in the project application. When evaluating an application, the TRT examines public benefits in three categories: economic, environmental, and social/cultural. To be funded, projects must achieve a minimum score of seven in each category. As discussed below, this is a competitive funding opportunity where projects are ranked according to public benefits, therefore achieving a minimum score does not guarantee 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 is expected to result in a change in conditions that will provide a public benefit. 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 and the likelihood of achieving those benefits. Public benefits related to future phases (beyond the scope of the proposed project) or unrelated activities will not be scored and should not be included in the application. Likewise public benefits related to past activities will not be considered.

Each category contains six specific public benefits for a total of 18 possible public benefits project must provide some benefit in each of the three categories in order to be eligible for funding. Each of the three public benefit categories is given equal importance in the evaluation. Projects do not need to score in all six benefits within a category but must provide benefit in each of the three categories.

Overview of Application Review Process

After receiving an application, 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, the TRT, a panel of inter-agency representatives, evaluates the applications based on the economic, environmental and social/cultural public benefits the project would achieve, and reviews the public comments. The TRT develops a project ranking and funding recommendation, which is posted for a 30-day public comment period. Finally, the Department presents the ranking, public comments, and funding recommendation to the Water Resources Commission for a funding decision. Loans will undergo an additional separate financial review.

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.

Contact

If you have any questions, please contact us at WRD_DL_waterprojects@oregon.gov or at 503-986-0869.

Scale Used in Evaluation of Public Benefits

Each of the public benefits will be scored according to the scale described below.

Exceptional public benefit: 12 points (pts)

- The project is likely to achieve benefits of an exceptionally high standard or quality.
- The outcomes are very significant, measurable, and represent a key or critical advancement.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.
- The application includes all necessary information to document a high likelihood of success to achieve the public benefit.

High public benefit: 6 points

- The project is likely to achieve public benefits meeting a high standard of quality.
- The outcomes are significant or represent an important advancement.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.
- The application includes sufficient information to achieve the anticipated public benefit.

Medium public benefit: 3 points

- The project is likely to achieve moderate public benefit.
- The outcomes are likely to achieve an improvement in conditions.
- The application includes supporting information and evidence describing the anticipated change in conditions as a result of the project.

Minor public benefit: 1 point

- The project may achieve minor public benefits.
- The claims of public benefits are unsupported or unquantified.

No benefit: 0 points

- The project is not likely to achieve a public benefit.
- No positive or negative impact related to the public benefit. No change.

Minor negative impact or detriment: -1 point

- The project may have a minor negative effect or impact to this category.

Medium negative impact or detriment: -3 points

- The project is likely to cause moderate harm and have a negative impact to this category.

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 as 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 the project will not receive as high of a score as permanent jobs.

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.*

Exceptional: 12 pts	*Exceptional* increases in the creation or retention of permanent jobs which provide key or critical benefit in the geographic area or employment sector
High: 6 pts	Increases in the creation or retention of permanent jobs which provide an important benefit in the geographic area or employment sector
Medium: 3 pts	*Moderate* increase in the creation or retention of permanent jobs, or seasonal jobs important to the geographic area or employment sector
Minor: 1 pt	*Minor* increase in jobs, temporary jobs, or job retention, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	The project is not likely to achieve new jobs or impact job retention
Minor detriment: -1 pt	Potential for *minor job losses*
Medium detriment: -3 pts	*Moderate* job losses or a decrease in jobs is likely

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.

Application tip: *Include information citing economic development plans or other economic activity which would be made possible or supported by the proposed project. If the proposed project protects or maintains current economic activity, demonstrate the degree to which economic activity would decline if the proposed project were not completed and why.*

Exceptional: 12 pts	*Exceptional (five or more years)* increase in long-term economic activity of vital, or key importance are likely to occur
High: 6 pts	Increases in long-term economic activity with the potential to support future activity important to the area/sector
Medium: 3 pts	*Moderate* (*one to four years)* increase in economic activity
Minor: 1 pt	*Minor, short-term (less than one year)* increase in economic activity, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased economic activity *not likely* to occur
Minor detriment: -1 pt	Potential for *minor losses or decreases* in economic activity
Medium detriment: -3 pts	*Moderate losses or decreases* in economic activity are likely

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), eliminating leakage, innovative production techniques, energy savings (e.g., the energy required to move, treat, or heat water), and time savings.

Exceptional: 12 pts	*Exceptional* increase in efficiency and innovation
High: 6 pts	*High* Increases in efficiency or innovation
Medium: 3 pts	*Moderate* increases in performance
Minor: 1 pt	*Minor* increases *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased efficiency or innovation not likely
Minor detriment: -1 pt	Potential for *minor decreases* in efficiency or innovation
Medium detriment: -3 pts	*Moderate decreases* in efficiency or innovation are likely

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

Enhancement of infrastructure, including municipal infrastructure, farmland, public resource lands, industrial lands, commercial lands and other lands means that the value, effectiveness, or reliability of such infrastructure or 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.

Exceptional: 12 pts	*Exceptional* enhancements of infrastructure or land
High: 6 pts	*High* quality of enhancements to infrastructure or land
Medium: 3 pts	*Moderate* enhancements
Minor: 1 pt	*Minor* enhancements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Enhancements *not likely*
Minor detriment: -1 pt	Potential that infrastructure or lands will be *degraded or removed* from productive uses (minor negative change)
Medium detriment:-3 pts	Infrastructure or lands that are *degraded or removed* from productive uses (moderate negative change)

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.

Exceptional: 12 pts	*Exceptional* 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 are likely
High: 6 pts	A *high* quality of increased value is likely
Medium: 3 pts	*Moderate* increased value
Minor: 1 pt	*Minor* increased value, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Enhanced values *not likely*
Minor detriment: -1 pt	Potential for *minor decreases* 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
Medium detriment: -3 pts	*Moderate decreases* 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? (which may include increasing irrigated acres, agricultural economic value, or productivity of irrigated land)

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, or that the agricultural economic value or productivity of current irrigated land would increase. 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. Cite scientific articles, reports, or studies and estimate the percentage increase in irrigated crop's economic value or productivity.*

Exceptional: 12 pts	*Exceptional increase* in irrigated acreage, or agricultural economic value or productivity
High: 6 pts	*High* increase in irrigated acreage, or agricultural economic value or productivity
Medium: 3 pts	*Moderate* increase in irrigated acreage or agricultural economic value or productivity
Minor: 1 pt	*Minor* increase, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Increased irrigated land or increased value or productivity *not likely*
Minor detriment: -1 pt	Potential for *minor decreases* in agricultural economic value or productivity or irrigated land for agriculture
Medium detriment: -3 pts	*Moderate decreases* irrigated land for agriculture or agricultural economic value or productivity are likely

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 as 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. The application must also describe how the legally protected water will achieve (A) through (E) listed above (e.g., how water transferred instream through the Allocation of Conserved Water will support, enhance, or improve riparian habitat for wildlife and the extent to which that water will achieve that benefit).*

Identifying which water rights will be protected instream, in situations where the project involves multiple water rights, will provide clarifying information for the evaluation.

Exceptional: 12 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *exceptional* achievement **in each criteria** (A) through (E)
High: 6 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports achievements of a *high quality* in a combination of criteria (A) through (E)
Medium: 3 pts	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *moderate* achievement in a combination of (A) through (E)
Minor: 1 pt	Project water (or equivalent volume) is legally protected instream by the State and streamflow supports *minor* achievement in a combination of (A) through (E), *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improvements in protected streamflow *unlikely, OR streamflow would not be legally protected by the State*
Minor detriment: -1 pt	Potential *minor decreases* to protected streamflow
Medium detriment: -3 pts	*Moderate decreases* protected streamflow (e.g., proposes to reverse an instream lease)

2b. Does the project result in water conservation?

Water conservation is reducing water use to achieve the same outcomes by modifying the technology or method of diverting, transporting, applying, or recovering water.

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

Exceptional: 12 pts	*40 percent or more* reduction in water use to achieve the same outcomes
High: 6 pts	*21-40 percent* reduction in water use to achieve the same outcomes
Medium: 3 pts	*11-20 percent* reduction
Minor: 1 pt	*Minor (<10 percent)* reduction, *OR* claims are *unsupported or unquantified*
No benefit: 0 pts	Water conservation *not likely*

Minor detriment: -1 pt	*Potential for additional water used* to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)
Medium detriment: -3 pts	*Additional water used* to achieve the same outcomes (e.g., sacrificing water efficiency for energy/pumping efficiency)

2c. 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: *Cite and use quantitative measurements to indicate current levels, and method and frequency that improvements would be measured. If applicable, indicate if these improvements would occur in groundwater restricted area.*

Exceptional: 12 pts	*Exceptional* improvements in groundwater levels
High: 6 pts	*High* quality of improvements
Medium: 3 pts	*Moderate* improvements
Minor: 1 pt	*Minor* improvement to groundwater levels, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved groundwater levels *not likely*
Minor detriment: -1 pt	*Potential for minor groundwater declines*
Medium detriment: -3 pts	Moderate groundwater declines are likely

2d. 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, from increased flow, from treatment or filtration of water already in the environment, or removal of a known contaminant.

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. Cite and use currently available baseline water quality data. Include a water quality monitoring proposal for the post project completion period.*

Exceptional: 12 pts	*Exceptional, measurable* improvements in water quality
High: 6 pts	*High quality* of measurable improvements
Medium: 3 pts	*Moderate, measurable* improvements
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved water quality *not likely*
Minor detriment: -1 pt	*Potential minor negative impacts to water quality*
Medium detriment: -3 pts	*Moderate negative impacts to* water quality are likely

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 during critical months, increasing natural storage (e.g., wetlands, upland meadows), decreasing water temperature during critical months, 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 occurrence (not fire response), plant disease, or invasive species outbreak. This public benefit is centered on ecosystem resilience, not community resilience. Improvements to a community's resilience to climate change should be addressed in the social/cultural benefit category.

Exceptional: 12 pts	*Exceptional* improvements in multiple areas in ecosystem resiliency to climate change
High: 6 pts	*High* quality improvements in ecosystem resiliency to climate change
Medium: 3 pts	*Moderate* improvements
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improvements in ecosystem resiliency to climate change *not likely*
Minor detriment: -1 pt	*Minor decreases* in ecosystem resiliency to climate change may occur
Medium detriment: -3 pts	*Moderate decreases* in ecosystem resiliency to climate change are expected

2f. Does the project result in improvements that address one or more 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. Cite the limiting ecological factor(s) in your application and how the project may result in improvements

Examples of limiting factors may include, but are not limited to: barriers to fish passage, lack of high quality habitat for sensitive, threatened and endangered species, low water quality, or low 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.*

Exceptional: 12 pts	*Exceptional* progress towards removing limiting ecological factors or making improvements which address multiple limiting ecological factors
High: 6 pts	Important progress making improvements of a *high* quality which address limiting ecological factors
Medium: 3 pts	*Moderate* progress which address some limiting ecological factors
Minor: 1 pt	*Minor* progress, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	*Not likely* to address limiting ecological factors in the project watershed *OR documentation verifying limiting ecological factor not included*
Minor detriment: -1 pt	*Potential minor worsening of some* limiting ecological factors in the project watershed
Medium detriment: -3 pts	*Exacerbates* 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 as 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.

Exceptional: 12 pts	*Exceptional* promotion of public health, public safety or local food systems vital to the community
High: 6 pts	*High* quality of promotion of public health, public safety or local food systems
Medium: 3 pts	*Moderate* promotion
Minor: 1 pt	*Minor* promotion of public health, public safety or local food systems, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Promotion of public health, public safety or local food systems *not likely*
Minor detriment: -1 pt	Potential for *minor negative impact* to public health, public safety, or local food systems
Medium detriment: -3 pts	*Degrades* public health, public safety or local food systems

3b. Does the project result in measurable improvements in 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. Engagement could include outreach efforts to listen and involve environmental justice communities, solicit feedback on conditions in need of improvement, or communicate project description and anticipated outcomes.

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.*

Exceptional: 12 pts	*Exceptional* measurable improvements in conditions for environmental justice communities, and environmental justice communities were engaged in the process of developing projects
High: 6 pts	Improvements are of a *high* quality and environmental justice communities were consulted or provided meaningful opportunity to engage
Medium: 3 pts	*Moderate* improvements and environmental justice communities were provided meaningful opportunity to engage
Minor: 1 pt	*Minor* improvements, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Improved conditions *not likely*

Minor detriment: -1 pt	Likely to result in *minor detriment* in conditions for environmental justice communities
Medium detriment: -3 pts	*Worse conditions* for environmental justice communities are likely

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

Recreation and scenic values include recreational fishing, motorized boating, non-motorized boating, and 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.*

Exceptional: 12 pts	Exceptional promotion of recreation or scenic values, improving access and quality
High: 6 pts	*High quality of* promotion, improving access and quality
Medium: 3 pts	*Moderate* promotion, improving access or quality
Minor: 1 pt	*Minor* promotion, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Benefit to recreation and scenic values *not likely*
Minor detriment: -1 pt	Potential to detract from recreation and scenic values (minor detraction)
Medium detriment: -3 pts	Moderate detractions 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; new stream gages; or new 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 the new data supplies information of particular significance to the project area that is not already required or monitored.*

Exceptional: 12 pts	Exceptional contributions of new data to the body of scientific data publicly available in the state
High: 6 pts	High quality of data contributions
Medium: 3 pts	*Moderate* contributions
Minor: 1 pt	*Minor* contributions, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	Contributions are unlikely or would occur regardless of the project
Minor detriment: -1 pt	Not applicable
Medium detriment: -3 pts	Not applicable

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.

Exceptional: 12 pts	Exceptional role supporting a state and local priority
High: 6 pts	*High* quality role in supporting a state or local priority
Medium: 3 pts	*Moderate* role
Minor: 1 pt	*Minor* role, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	No promotion of state or local priorities
Minor detriment: -1 pt	May be counter to state or local priorities
Medium detriment: -3 pts	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.*

Exceptional: 12 pts	Project was identified in a collaboratively developed plan that is supported by all basin interests and where the public had meaningful opportunities to engage
High: 6 pts	Project was identified by a collaborative group that includes representation of multiple interests, where the public had meaningful opportunities to provide input
Medium: 3 pts	The project promotes the goals of a collaborative basin planning effort
Minor: 1 pt	An effort was made to engage and elicit input from the public, *OR* benefit claims are *unsupported or unquantified*
No benefit: 0 pts	*No change/impact*
Minor detriment: -1 pt	Stakeholders with differing perspectives and/or the public (as appropriate) were *not consulted* about the project and did not have opportunities to provide input
Medium detriment: -3 pts	Stakeholders with differing perspectives and/or the public (as appropriate) were *excluded* during project development

Confederated Tribes *of the*
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Water Resources Program

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Ms. Rebecca Williams
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Oregon Water Resources Department
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October 7, 2021

Re: Water Project Grants and Loans Technical Review Team Funding Recommendations

Dear Ms. Williams,

The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) Water Resources Program is pleased to submit the following comments regarding the recommendations made by the Technical Review Team for the Water Project Grants and Loans program 2021 funding cycle.

The Water Supply Development Account is a critical tool for advancing water projects that achieve economic, environmental, and social or cultural benefits. Investing in this triple bottom line is critical to promoting the health, equity, and well-being of our state, its people, and its environment. We appreciate the Technical Review Team's recommendations on the applications received under the 2021 funding cycle, and would like to offer specific comments on the two following projects:

John Day Innovation Gateway Adaptive Water Reuse Project

We commend the John Day Water Reuse project's focus on improving water use efficiency, which will only become more critical as water scarcity increases with climate change. However, while this overall approach is laudable, we are concerned at the veracity of the purported environmental benefits claimed in this application.

Specifically, the project states that 1.17 cfs of water rights will be transferred instream to restore stream flows and benefit fish species listed under the Endangered Species Act. The formal, instream transfer of water rights is essential to creating instream rights that can be legally protected—that is, other water rights with junior priority dates may be regulated off in favor of the instream water rights. While we are pleased to see that this application intends to formally complete an instream transfer of the water rights involved, many of the water rights listed are either groundwater rights (which cannot be transferred instream), junior surface water rights, or senior surface rights that likely are too small to be quantifiable instream. Each of these poses cause for concern when it comes to actually realizing the claimed environmental benefits of this project.

Like many basins in the West, water rights in the John Day are over-appropriated. This means that the quantity of water rights issued exceeds the actual supply of water available. As such, any water left instream that cannot be formally protected is unlikely to result in actual flow restoration. Rather, this water most likely simply will be used by junior water right holders that have unmet demand.

While reducing groundwater withdrawals may aid surface flows in a waterway that is hydraulically connected, groundwater rights cannot be transferred instream, and there is no way to legally protect any stream flow benefits that might occur. In an over-appropriated basin like the John Day, it is likely that any unprotected increases in stream flow that may occur will be diverted to satisfy unmet demand.

Further, many of the surface water rights the application proposes to transfer instream are of junior priority date. This makes it unlikely that these water rights would be senior enough to protect instream flows during the critical low-flow period when they are most needed by ESA-listed species. Rather, these junior instream water rights likely would be regulated off by senior irrigation rights during the summer and fall. Given these issues, the environmental benefits (i.e., restoring the late-season flows crucial to ESA-listed species) predicted by this proposal seem tenuous at best.

While there are several larger, senior surface water rights included in this application, the instream portion is either unspecified in this proposal, or the applicants only intend to transfer the merest amount instream under these rights. For instance, according to the application, only 0.009% (0.029 cfs) of Cert. #82663 with its senior (1863) priority date will be transferred instream. This amount is so small it is unlikely to be measureable, and therefore would not be legally protectable against other junior diverters. The application notes a considerable opportunity to improve efficiency by piping the Luce Long Ditch and formally protecting the saved portions of the senior water rights instream under the state's Allocation of Conserved Water program. However, unfortunately, this is not currently included in the proposal, despite its tremendous potential to achieve real, legally protectable environmental benefits for the river system.

Finally, as this application proposes to eliminate effluent discharges from the wastewater treatment plant, the actual total quantity of instream flow remaining in the river may in fact be reduced by the project. While effluent inputs certainly are not an ideal source of stream flows from an environmental standpoint, they can nonetheless provide a non-trivial input to instream flows. As such, the net result of this project may in fact be a reduction in stream flows unless the water rights formally transferred instream more than compensate for the loss of this input.

Water use efficiency presents a tremendous opportunity to benefit the environment, community, and local economy. However, unless care is taken with details like the formal instream protection of saved water and the priority dates of those instream water rights, projects such as this one can fail to achieve the environmental benefits they promise—and can even lead to a detrimental cumulative impact. There is great potential for the John Day Water Reuse project to invest in this triple bottom line, but we fear that, as currently proposed, the environmental benefits predicted are unlikely to be realized. Given the size of this funding request ($2.98 million), we would urge the City to better address these concerns to ensure that the benefit to the environment is in fact real, and at a magnitude that is commensurate to this requested investment of public dollars.

Fitzpatrick Conservation Project

Trout Unlimted's Fitzpatrick Conservation project exemplifies the type of work that the legislature intended for funding under the Water Project Grants and Loans program. This application seeks support to convert current flood irrigation to center-pivot sprinkling systems, thereby saving water used on a ranch in Wallowa County. This work would provide economic benefits to the landowner by increasing the efficiency of their operations, as well as providing both social and environmental benefits through the

formal protection of this saved water instream in the Lostine River through the state's Allocation of Conserved Water program.

Investing in instream flow restoration projects like the one presented here also offers a great opportunity to secure considerable cultural and economic benefits. The Lostine River, which flows into the Wallowa River, the largest Oregon tributary of the Grande Ronde, is critical for ESA-listed Snake River Spring Chinook salmon, Snake River steelhead, and bull trout. These species are of tremendous cultural significance for members of both the Confederated Tribes of the Umatilla Indian Reservation as well as the Nez Perce Tribe. The Lostine, Wallowa, and Grande Ronde rivers also are renowned for their recreational angling and whitewater boating opportunities. Enhancing these amenities through instream flow restoration will provide an important investment in the local recreational economy.

Finally, this application presents a much greater return on investment, requesting only a mere $530,000 to restore 1.13 cfs instream in the Lostine River. This water will be protected under senior surface water rights during the summer months, which is when instream flows are the most critical to the ESA-listed species in the basin. Given these attributes, we feel this project provides an excellent investment in the triple bottom line sought by the Water Grants and Loans program, and we urge the Commission to support full funding for the Fitzpatrick Conservation project.

We thank you for your time and consideration, and greatly appreciate the opportunity to provide these comments,

Anton Chiono
Water Resources Program
Department of Natural Resources
Confederated Tribes of the Umatilla Indian Reservation