



To: Senator Kathleen Taylor and Representative Jeff Reardon (co-chairs); Members of the Joint Committee on Ways & Means Subcommittee on Natural Resources

From: Tracy Rutten Rainey, League of Oregon Cities (*trutten@orcities.org*)

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RE: Testimony on Oregon Water Resources Department Budget (SB 5545) – ***Request for Support with Recommended Additions***

Thank you for the opportunity to provide testimony on the proposed budget for the Oregon Water Resources Department for the 21-23 biennium. On behalf of Oregon's 241 cities, the League of Oregon Cities appreciates the opportunity to advocate for additional investment of state dollars for the department. And while we understand the budgetary challenges that the state is currently facing (local governments are experiencing many of the same challenges at the local level and have had to make cuts to budget and staffing levels), we cannot stress enough the need to invest in Oregon's natural resource agencies. Funding for natural resources in Oregon have long been underfunded and we continue to experience increased fees for services while still witnessing cuts in agency staffing and core programmatic work. The issues that impact natural resources in this state are growing more complex each year. The services provided by the Oregon Water Resources Department are not only critical for effective management of Oregon's limited water resources; they are critical for supporting a growing population, maintaining public health, ensuring public safety (through resilience, fire suppression and dam safety), and promoting economic development. We urge the state to make additional overall and targeted investments in some of the critical services provided by our natural resource agencies, including the Oregon Water Resources Department.

With that, we strongly encourage that the state avoid additional cuts for the department – especially for core work that is necessary to ensure timely processing of transactions, including water right transfers. While we continue to hope for momentum to tackle the numerous complex water resource and management challenges that are being experienced in local communities across the state, we must ensure that the core functions of the department are adequately funded. **For this reason, we are very much concerned with the magnitude of cuts that are proposed in Package 90 and encourage the legislature to reevaluate this reduction package to protect critical investments in core services.**

In addition, there were several policy option packages that we were disappointed to learn were not included in the Governor's Recommended Budget. We request the committee's consideration to provide funding for several of those policy option packages including:

- **Policy Option Package 113 (Willamette Basin Reallocation Pre-Implementation) \$310K GF:** In 2013, the legislature provided \$1.5 million in funding to complete a feasibility study for the

reallocation of water stored behind the 13 dams in the Willamette basin. The total cost for the study was \$3 million (with a 50-50 cost-share between the state and federal government). That study has since been completed and in December of 2020, Congress included approval for the reallocation of stored water that will be necessary to meet future needs including for municipal drinking water supply, agriculture, and protection of fish species. It will now be up to the state of Oregon to work with stakeholders on the implementation of the reallocation. This will be a complex process, fraught with legal and implementation challenges, and will require investment of state resources, including from the Oregon Water Resources Department. We are joining with numerous other stakeholders in encouraging the legislature to invest in this critical implementation effort.

- **Policy Option Package 111/Policy Option Package 112 (Complex Water Issues: Deschutes and other basins; Harney County Reserve Enhancement Program):** We are strongly supportive of investments that are needed to implement local solutions to address some of the complex issues that are unique to specific water basins around the state, including in the Deschutes and Harney basins. With limited water supply available, these basins will need to work across various water user sectors/needs to more effectively and cooperatively manage limited water supply resources. These basins have already done some of the necessary groundwork to bring stakeholders together but are now past-due in the need for funding and department resources to implement local water management solutions.
- **Policy Option Package 110 (Foundational Data for Groundwater Studies):** We have worked for several biennia now to advocate for funding necessary to complete groundwater studies across the state. Available federal cost-match funds are being underutilized in this state and it will take decades to obtain the type of data that is necessary to effectively manage the state's limited groundwater resources.

We are supportive of the policy option packages that are included within the Governor's Recommended Budget, but we also understand the difficulty associated with proposed fee increases to water users during a time of economic hardship and uncertainty. While we are neutral to the proposed fee increases contained in HB 2142, we are concerned that the department will experience cuts even with significant fee increases. This warrants additional conversation between fee payers, the department, and the state to find a reasonable and sustainable path forward.

Finally, we want to share our support for the carry-over limitation/reauthorization of projects that were specifically authorized in 2019. There are a number of high hazard dams in this state that are in unsatisfactory condition. There has been a significant decrease in federal dollars over past decades and the cost of infrastructure and regulatory compliance has increased significantly. This leaves small and rural communities with the daunting task of attempting to self-finance or obtain limited funding to pay for necessary repairs or replacement. The costs are simply too great for citizens to take on at the local level. We encourage the state to make critical investment in the dam safety program. We are strongly supportive of the reauthorization of funding for specific projects, including the city of Newport Big Creek dams

Thank you again for the opportunity to provide this testimony. If the committee would like any additional detail on prioritization of policy option packages, we are happy to provide any additional information as needed.