



Oregon

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Testimony for House Bill 3575
House Committee on Agriculture, Land Use, Natural Resources and Water
Representative Ken Helm, Chair

Submitted by: Bryn Hudson, Legislative Coordinator
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Thank you for the opportunity to provide information related to House Bill 3575 which requires the Oregon Water Resources Department to make funding decisions for grants awarded from the Water Supply Development Account twice each year. This testimony is provided for informational purposes and the Department is not taking a position at this time.

Background on the Water Supply Development Account

In 2013, the legislature approved Senate Bill 839, which established the Water Project Grants and Loans program (in law referred to as the Water Supply Development Account). The Water Project Grants and Loans program provides funds for instream and out-of-stream water supply projects that achieve economic, environmental, and social/cultural public benefits. Grants require a 25 percent cost match. Any non-profit organization, Indian tribe, or person may apply for funding.

Attachment 1 provides an overview of Department funding programs, including review criteria and eligible project types. Currently, the Department has two permanent FTEs to support all grant programs (Water Project Grants and Loans, Feasibility Study Grants, Water Measurement Cost Share Program, and direct appropriations made by the Legislature). A limited duration position was authorized to support the newly established Well Abandonment, Repair and Replacement Fund and Harney Domestic Well Remediation Fund in 2022, however, this position is scheduled to end June 30, 2023.

The Department conducted an assessment on the Water Project Grants and Loans and Feasibility Study Grant programs in 2019; however, due to the establishment of new programs in recent years, the Department has not had the capacity to implement pursue improvements.

Process for Reviewing Applications

Currently, the full funding cycle for Water Projects Grants and Loans takes about seven months to complete from the application deadline to the funding determination. To date, the Department has only offered one grant cycle each year due to a lack of staff capacity to offer more cycles given the time intensive nature of the application review process outlined in statute.

The Department begins accepting applications each winter, with applications due in the spring. Prior to the application deadline, the Department offers potential applicants pre-application conferences and reviews draft applications. The purpose of a pre-application conference is to answer applicant's questions, identify additional information needed or issues with project eligibility, and provide applicants with information on the procedural and substantive requirements of an application, as well as the application scoring system. Given the detailed and

complex requirements for the program, the Department highly recommends all applicants go through a pre-application conference.

After the application deadline, the Department reviews each application for eligibility and completeness. Due to numerous requirements in statute, this review process can take several weeks. Prior to scoring, each application is posted for a 60-day public comment period as required in statute. After the public comment period concludes, as required by statute, a multi-agency review team comprised of our staff, and staff from the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Agriculture, the Oregon Business Development Department, and affected Indian tribes reviews the applications.

The team scores each application based on the public benefits provided in three categories: economic, environmental, and social/cultural. Each category contains six specific public benefits for a total of 18 possible public benefits (ORS 541.673). Each project must achieve a minimum score in each of the three public benefit categories in order to be eligible for funding and each of the three public benefit categories is given equal importance in the evaluation in accordance with statute. In addition, applications receive additional points for collaboration if a project is the result of collaborative basin planning efforts. The numerous criteria associated with the scoring applications often requires a large amount of time for each agency to review and discuss with the other the agencies involved in the review process.

After the review team meets to discuss and score applications, they make recommendations for funding and post those recommendations for another 30-day public comment period as required by statute. Combined, the public comment periods add three months to the review process, which does not include the time to review the comments received.

Funding recommendations and public comments are then put before the Water Resources Commission who makes the final decision on funding awards.

HB 3575

House Bill 3575 requires the Oregon Water Resources Department to make funding decisions for grants awarded from the Water Supply Development Account twice each year. As noted above, although the agency has authority to award grants twice each year, the Department has not done so due to a lack of capacity. To administer the program, staff must review draft applications and hold pre-application conferences, review applications for eligibility and completeness, prepare materials for the public comment periods, organize and facilitate the multi-agency review team, prepare materials for funding decisions and evaluate public comments, develop grant agreements, administer the grants, review progress reports, review and process fund requests. In addition, the agency wants staff to be able to pursue program improvements to increase access to funding.