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May 5, 2023

**To:** Co-Chair Senator Fred Girod, Co-Chair Representative Paul Holvey, and Members of Joint Ways and Means Subcommittee on Capital Construction

**RE:** Testimony in Support of Water Investments and Components of SB 5030

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Co-Chair Senator Fred Girod, Co-Chair Representative Paul Holvey, and Members of the Subcommittee:

The Oregon Water Resources Congress (OWRC) is writing to voice our strong support for the State's continued investment in water resources and lottery bond authorizations in SB 5030.

An estimated \$70 million is needed in 2023-2025 for irrigation districts and similar entities to meet match requirements for an array of federally funded irrigation modernization projects. It is crucial funding is available to quickly disburse to shovel-ready districts this fall as well as through competitive grant programs with longer timeframes for disbursement. Providing state match to districts will unlock a historic amount of federal funding for multi-benefit projects that will help Oregon be more resilient to drought and water scarcity.

OWRC is a nonprofit association of irrigation districts, water control districts, improvement districts, drainage districts and other government entities delivering agricultural water supplies. The water stewards we represent operate complex water management systems, including water supply reservoirs, canals, pipelines, fish screens and fish passage, and hydropower facilities. Our members, and the thousands of water users they serve, are a vital component of Oregon's economic engine, delivering water supplies used to grow 240+ different commodities sold and consumed locally, nationally, and globally.

Much of Oregon's irrigation water infrastructure is outdated and needs to be modernized to meet the water needs of today and the future. Irrigation districts and similar water suppliers are actively pursuing funding through various federal programs to upgrade and modernize aging water infrastructure that provide a multitude of benefits to agriculture, communities, and the environment. Congress has recently invested a historic amount of money for water infrastructure and related projects through the Bipartisan Infrastructure Law and other related federal appropriations. However, targeted state funding is needed to match and access these federal investments.

While piping or lining of open canals is one of the most common modernization activities, districts are exploring several types of infrastructure improvements, including updated technology as well as physical construction. Projects are generally broken into phases for cost management as well as scheduling construction work outside of irrigation season. Modernizing the district's system provides a variety of benefits, including:

- Enhanced resilience to drought and increased water reliability for farmers and ranchers
- Greater efficiency of district delivery, drainage, and other conveyance systems
- Increased water conservation and in-stream flows for fish and aquatic habitat
- Improved water quality and reduced sediment in systems with return flows
- Reduced public safety risks and property liability by modernizing aging infrastructure
- Lower operation and maintenance costs for districts and their patrons
- Additional renewable energy generation from in-conduit hydropower and small-scale solar photovoltaic systems

***The mission of the Oregon Water Resources Congress is to promote the protection and use of water rights and the wise stewardship of water resources***

Irrigation districts and similar entities are successfully accessing funding for these types of projects through USDA Natural Resources Conservation Services (NRCS) programs (Watershed Protection and Flood Prevention program<sup>1</sup> known as WFPO, authorized under PL-566); US Bureau of Reclamation WaterSMART<sup>2</sup>, and U.S Environmental Protection Agency's State and Tribal Assistance Grants (STAG). The match requirements for these programs range from 20-50%. Each federal program's requirements are slightly different, but all have robust and transparent processes and review. For example, NRCS has a multi-step process including preliminary feasibility study; public scoping on proposed projects; development of a detailed Watershed Plan and Environmental Assessment; public comment on the draft Watershed Plan/EA; and additional review and final authorization by NRCS before the district is eligible to receive funding to construct infrastructure improvements and implement the watershed plan.

Examples of current irrigation modernization and other federally funded water infrastructure projects with state match needs are provided below. This is only a snapshot of statewide projects and is not exhaustive; virtually every area of the state has districts that are securing federal funding to upgrade and modernize their irrigation systems. Federal funding is being actively applied for and additional funding awards are expected this year—all of which will require a percentage of non-federal match funding. Districts are actively seeking a variety of state and local funding sources, however, without targeted state assistance, these projects may not meet the required timeframes for securing match funding.

#### **Arnold Irrigation District, Deschutes County**

The district is implementing their approved NRCS Watershed Plan in multiple phases over six years, at a total cost of \$34,899,000. The project will convert 11.9 miles of open canals into pipe and install two Supervisory Control and Data Acquisition (SCADA) systems to improve operational efficiency. The district is authorized to receive 75% of the project costs from NRCS but must secure the other 25% in non-federal match. Phase 1 is already under contract for construction Oct 2023-Apr 2024 and 100% funded for \$10,683,000. The district is in process of seeking the 25% match for Phase 2, \$3,177,000, with a portion of the project scheduled for construction Oct 2023-Apr 2024, and the remainder Oct 2024-April 2025. For Phase 3, the 25% match is \$1,100,000 and scheduled for construction for Oct 2025-April 2026. It is necessary to have complete match funding disbursed no later than June of 2025 in order to proceed to bids and construction. The completed project will save *32.5 cfs of water annually, conserve 80.8K kWh/year in energy, improve water quality, and enhance 52 miles of the Deschutes River.*

#### **East Fork Irrigation District, Hood River County**

The district is in the process of implementing the first project group of their NRCS Watershed Plan, which will conserve water, reduce energy use, improve reliability, increase public safety, and enhance fish and wildlife habitat in the Hood River watershed. The first project groups will realize *6.1 cfs of water savings, with 75% back instream, 15.5 miles of pipe installed, and 614 kWh/year of energy conserved.*

#### **Hermiston Irrigation District, Umatilla County**

The district has completed the public scoping phase and is in process of developing their NRCS Watershed Plan to modernize their aging infrastructure to conserve water, improve operational efficiencies, improve water quality, enhance fish and wildlife habitat in the Umatilla River, reduce public safety risks, and increase recreation opportunities. The proposed project will install approximately 8.5 miles of high-density polyethylene pipe (HDPE), update 23 turnouts to deliver pressurized water to users and construct a pump station to provide pressurization. Project includes piping 100 year-old laterals that lose up to 14% of water to seepage and evaporation and supporting user efforts to convert from flood irrigation to more efficient sprinkler irrigation methods.

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<sup>1</sup> <https://www.nrcs.usda.gov/programs-initiatives/watershed-and-flood-prevention-operations-wfpo-program>

<sup>2</sup> <https://www.usbr.gov/watersmart/index.html>

### **Klamath Irrigation District, Klamath County**

The district is developing several modernization projects to reduce water loss, improve public safety, improve water levels in Upper Klamath Lake, and deliver more reliable water to farms impacted by drought. Modernizing district infrastructure will improve water conveyance efficiency, reduce operations and maintenance costs, and improve drought resilience for the local agricultural community. One of several project phases includes installing SCADA devices at 21 locations to optimize water control and provide near real time flow data. The Urban Drought Resiliency Project would pipe up to 9 miles of the A-3 Canal system that runs through neighborhoods and by schools and reduce water losses of 50%. The D-System Modernization Project will pipe or line the canals in the southern end of the system, eliminating the need to push additional water through the system and improving overall efficiency.

### **North Unit Irrigation District, Jefferson County**

The district, which at over 58,000 acres is Oregon's second largest irrigation district, is working to modernize its delivery system and implement its approved NRCS Watershed Plan in several phases. The project will install 27.5 miles of gravity-pressurized, buried pipe; upgrade 153 turnouts; and construct four 1,000 cubic-yard retention ponds. The project will improve water conservation; improve water delivery reliability and drought resilience for irrigators; reduce operation and maintenance costs; reduce operational spills into natural waterbodies; and improve streamflow, water quality, and habitat in the Deschutes River. The project will improve water conservation on District-operated laterals; improve water delivery reliability and drought resilience to NUID irrigators; reduce NUID's operation and maintenance costs; reduce operational spills into natural waterbodies; and improve streamflow, water quality, and habitat in the Deschutes River.

### **Ochoco Irrigation District, Crook County**

The district is developing a large-scale modernization project to improve the efficiency of its system, provide more reliable water to patrons along McKay Creek and protect 11.2 cfs of water for steelhead habitat. The project includes improvements to the Crooked River Diversion Canal; realigning and piping a section of the Ochoco Main Canal that runs through Prineville; three new pump stations; and a new 6-mile pipeline to serve lands along McKay Creek. The project is a partnership between OID, the Deschutes River Conservancy, NRCS, the City of Prineville and others to improve streamflow and steelhead habitat in the Deschutes Basin.

### **Owyhee Irrigation District, Malheur County**

Oregon's largest irrigation district is working on a series of irrigation modernization and related infrastructure projects. One project, Kingman Lateral 1, will consist of enclosing ~5,900 feet of an open channel irrigation canal (that is prone to seepage and slope instability), into a large diameter pipe conduit. The project will rebuild the existing headgate structure to measure water into the pipeline. Then the channel will be over-excavated slightly to ensure good bedding materials under the pipe and then backfill placed over the pipe. The pipeline will approximately follow the existing channel and terminate just inside the Kingman Lateral tunnel located approximately 5,900 feet from the headgate structure. The project is estimated to save 475 acre-feet of water.

### **Santiam Water Control District, Marion County**

The district is also developing a NRCS Watershed Plan to modernize its system in several phases. One project proposes to install approximately 2 miles of high-density polyethylene pipe (HDPE) to modernize the Upper portion of SWCD's Main Canal, which is an integral part of the district's distribution system. Located at the very top of the system, the Upper Main Canal is used to convey water from SWCD diversions to the majority of the laterals and ditches throughout the district. Potential benefits of the project include improved management of stormwater and drainage water and decreased operations and maintenance costs. The project will also help meet current regulatory requirements related to water quality and have ecological benefits by separating stormwater inflows from irrigation water. The project will support the long-term sustainability of the agricultural industry and ensure the availability of clean water for irrigation.

### **Talent Irrigation District, Jackson County,**

The district is working on modernizing its aging system through multiple projects, some of which are in coordination with other local districts. One project seeks to pipe the district's 23.2-mile Eastside Canal and replace the 1.2-mile Billings Siphon. This critical and aging infrastructure serves over 10,400 irrigated acres. The Eastside Canal loses up to 28 percent of its water to seepage and evaporation, exacerbating the impact of drought, an ongoing challenge in the basin. TID has had insufficient water in the last decade to make deliveries for the full irrigation season, impacting agricultural production and contributing to lower streamflows, affecting fish and aquatic habitat. A siphon failure would result in 15% of patrons losing access to water. This project will mitigate drought impacts by improving water delivery reliability, saving over 8,800 acre-feet of water annually. It will also enhance streamflow and water quality in Emigrant Creek by legally protecting 25% or an estimated 2,600 acre-feet of conserved water instream.

Oregon can best support these and other types of federally funded projects by providing a combination of direct match payments and competitive grants. A minimum of \$25 million is needed in direct payments to districts with \$75 million in federal funds secured and seeking to start construction fall of 2023 and winter of 2024. Delays in securing match funding will result in downsizing of project components or some projects not moving forward. Additional projects are in the process of securing federal funds and/or finalizing project scope, with an estimated additional \$100 million in federal funding that will need state match to be leveraged. These and other projects will be poised to access competitive grant programs in late 2024 and 2025. While there are even more irrigation modernization projects in preliminary stages with anticipated project implementation needs in future biennia, it is uncertain whether there will be federal funding to support these efforts and if so, it will likely be substantially less than the historic levels Oregon has an opportunity to leverage now.

We are supportive of additional funding for the Oregon Watershed Enhancement Board's Statewide Irrigation Modernization grants program (created and funded during the 2021 2nd Special Session; SB 5561 and SB 892). This program is well-structured to provide match funding for district projects, however, the demand far outweighs available funds. We are also supportive of continued funding for the feasibility and implementation of water projects through the Oregon Water Resources Department's Water Conservation, Reuse and Storage grant program (created by SB 1069 in 2008) and the Water Supply Development Account (created by SB 839 in 2013). We also support additional funding for the new water planning grant program, as contemplated in HB 3163. While direct funding to support federal funded irrigation modernization projects is our number priority, we also recognize the importance of investing in a continuum of water projects and to have a variety of funding programs to meet the varied needs and project readiness of communities around Oregon. Funding for planning, feasibility, and implementation of a variety of water projects by communities and other water entities is a critical part of meeting Oregon's current and future water needs.

We recognize the difficult choices you are faced with and commend you for your efforts in funding WRD and Oregon's other natural resources agencies. It is imperative Oregon continues to make prudent and targeted investments in water supply today to help ensure we have adequate water supplies in the future for our growing communities, innovative industries, and dynamic environment. We appreciate your continued hard work in designing a balanced budget that meets the needs of all Oregonians and ask that you include critical investments for water infrastructure projects in the final budget package for the 2023-2025 biennium.

Sincerely,



April Snell  
OWRC Executive Director