



WaterWatch of Oregon

Protecting Natural Flows In Oregon Rivers

HB 3364

Testimony of WaterWatch of Oregon

by Kimberley Priestley

House Committee on Agriculture, Land Use, Natural Resources and Water
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Founded in 1985, WaterWatch is a non-profit river conservation group dedicated to the protection and restoration of natural flows in Oregon's rivers. We work to ensure that enough water is protected in Oregon's rivers and aquifers to sustain fish, wildlife, recreation and other public uses of Oregon's waters. We also work for balanced water laws and policies. WaterWatch has members across Oregon who care deeply about our rivers, their inhabitants and the effects of water laws and policies on these resources.

WaterWatch opposes HB 3364

What this bill does: This bill proposes a number of changes to the OWRD Water Supply Development Grant and Loan Fund. Among many other things, this bill:

- (1) Removes the current grant approval directive that requires the Commission to award funds to projects that have the greatest public benefits (Section 10(4) deletions, pg. 7);
- (2) Removes any requirement for "minimum criteria" to be reached by any project (Section 9(1), Sections (Sections 9(1), 11(1) and 13(1), pgs. 6,8,10).
- (3) Demotes current mandatory review of certain environmental, social and economic public benefit criteria by which water development projects are currently ranked and scored to criteria that "may" be considered (Sections 10(5), 10(6) and 10(7) pgs. 7-8);
- (4) Allows unnamed factors not related to public benefits to be used in the "project evaluation". Replaces scoring and ranking as the final standard with "project evaluation" (Section 10(1), (5), (6) and (7), Section 11(1)), pgs. 7-8); and

WaterWatch strongly opposes HB 3364's directives that undermine the program's key provisions meant to ensure that projects funded by the Water Supply Grant and Loan Fund (SB 839, 2013) provide robust environmental, social and economic public benefits.

Background: The Oregon Water Resources Department Water Supply Development Grant and Loan Fund was negotiated over 2012 and 2013 by a diverse group of stakeholders convened by the Governor's office. Negotiations were intense and time consuming. The resulting bill was a compromise with no one interest getting everything they wanted, but in the end was supported by a broad based of water groups. Central to the very premise of the bill was that projects would be scored and ranked in relation to three public benefits---environmental, social and economic---and that funding would be directed to those with the highest scores. The law also ensured a minimum public benefit criteria would be met, to ensure that marginal projects could not be funded. The rulemaking for this law was similarly

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intense and took months of work by the various stakeholders and the state. Over a decade later, the program is largely working. Projects with the highest public benefits tend to rise to the top of the funding recommendations.

HB 3364 upends some of the most basic premises of the existing Water Supply Grant and Loan Fund, including but not limited to:

Clear statutory direction to fund projects that have the highest public benefits: One of the cornerstones of the Water Supply Grant and Loan Program was that it fund projects that provide the highest public benefits. This bill strips that directive from the law and also broadens the scope of evaluation to include unnamed factors, leaving a level of discretion that could undermine the whole premise of this program.

Mandatory public benefit screening criteria: The existing program sets forth criteria that must be evaluated by the Technical review team. This bill changes the “shall” to a “may” and also allows the OWRD to consider factors not tied to public benefits. This could result in the skirting of some existing powerful screening criteria, especially with relation to the environmental public benefits.

Minimum public benefit scoring required for funding: The statute’s current requirement that minimum public benefit scoring be reached in order to allow funding is a key provision of the statute. Basically, it sets a floor so that projects that provide marginal public benefits that don’t score well cannot be funded. This standard helps insulate the state from outside pressure to fund projects that don’t make the grade. It should be retained.

Long story short, HB 3364 removes key provisions of the program meant to ensure that only projects with robust public environmental, social and economic public benefits received public money.

In conclusion: The Water Supply Development and Loan Funding program has been in place for over a decade, and it is our observation that the program is largely working. While we agree there are some small housekeeping changes that would make the program work better, we do not support the notion that the state should loosen existing sideboards or otherwise rework the current underpinnings of the program in a way that undercuts current directives that the state fund those projects that provide the highest environmental, social and economic public benefits.

Thank you for your consideration of our comments.

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