



Oregon

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Testimony for House Bill 3364

House Committee on Agriculture, Land Use, Natural Resources and Water

Co-Chair Ken Helm

Co-Chair Mark Owens

Submitted by: Bryn Hudson, Legislative Coordinator

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Thank you for the opportunity to provide informational testimony on House Bill 3364, which amends provisions for several of the Oregon Water Resources Department's funding programs. Please note that this testimony is provided as informational only and the department is not taking a position on the bill at this point in time.

Background

The Planning, Collaboration and Investments section at the department works to build partnerships and incentivizes Oregonians to pursue integrated and innovative solutions for complex water challenges and an uncertain water future. The department does this work to achieve a secure and sustainable water future, addressing instream and out-of-stream needs, for all Oregonians and Oregon's environment, economy, communities, and cultures. Part of the section's responsibilities is to administer funding programs.

Feasibility Study Grants

Authorized in 2008, Water Conservation, Reuse, and Storage Grants, or Feasibility Study Grants, fund the qualifying costs of studies that evaluate the feasibility of a proposed conservation, reuse, or storage project that appears to have merit but is lacking important details necessary to investigate whether a project is worth pursuing. These competitive grants are offered on an annual basis, require a 50% cost match, with a maximum grant of up to \$500,000. Any local government, Indian tribe, or person may apply for funding. Since 2009, the Department has awarded 122 grants totaling over \$9.4 million dollars.

Water Project Grants and Loans

In 2013, the Oregon Legislature passed Senate Bill 839, establishing the Water Supply Development Account, or Water Projects Grants and Loans. This competitive funding opportunity is offered twice per year and provides grants and loans for implementation-ready water projects to evaluate, plan, and develop instream and out-of-stream water projects that have economic, environmental and social/cultural benefits. Projects must provide benefits in each of these three public benefit categories to be eligible for funding and are evaluated on the 18 criteria in statute.

Eligible projects include conservation, reuse, above-ground storage, below-ground storage, streamflow protection or restoration, water distribution, conveyance or delivery systems, and other water resource development projects. Grants require a 25% cost match, any local government, Indian tribe, or person may apply for funding and applicants required to have a [Water Management and Conservation Plan](#) (WMCP), must have the plan submitted to the department and receive approval prior to the grant application due date. Since 2016, the Department has awarded over \$100M to 61 different projects.

OWRD's Understanding of the Bill

Feasibility Study Grants

- Changes name of from Water Conservation, Reuse and Storage Investment Fund to Water Feasibility Investment Fund
- Expands eligible project types and activities that may be funded as part of a study to more closely align this fund with projects that can be funded by Water Projects Grants and Loans. Adds aquifer recharge, aquifer storage and recovery, streamflow protection or restoration, and other activities identified by rule by the Commission as eligible study types. Adds the following eligible expenses: development of a water management and conservation plan, analyses related to preparation of a seasonally varying flow, evaluating the safety of existing dams, potential economic impacts or benefits of a project, and impacts of a project on environmental justice communities and ways to minimize impacts.
- Removes \$500,000 funding cap and reduces cost match from 50% to 25%.
- Aligns award prioritization with Oregon's Integrated Water Resources Strategy (IWRS) priorities and removes references to an old statewide water assessment and inventory that is no longer maintained.
- Changes the data collection and analysis requirements required for storage projects to align with information needed for seasonally varying flow (SVF) establishment in Water Project Grants and Loans.

Water Projects Grants and Loans (statutorily Water Supply Development Account)

- Expands eligible expenses to include long-term monitoring of compliance with SVFs.
- Current language states that SVF conditions shall be applied to aquifer storage and recovery or aquifer recharge permits, rather than to the underlying water right, which is where SVFs are implemented. This bill provides the authority for the Department to condition the underlying water right.
- Requires WMCP to be approved prior to the funding decision, rather than at the application deadline.
- Reduces the public comment period from 60 to 30 days for each funding cycle.
- Current statutes direct the department to evaluate projects for funding, based on the 18 public benefit requirements in statute. This bill directs the Commission to adopt rules to establish the project scoring and ranking system to achieve public benefits in three public benefit categories; removing the detailed scoring from statute.
- The Technical Review Team (TRT) is currently required to make funding recommendations directly to the Commission, without consideration of the public comment that occurs afterwards. This bill makes TRT recommendations go to the department and for the department to make funding recommendations to the Commission based on TRT recommendations and public comment.
- This bill has the technical review team score and rank the applications; while the commission makes the final decision on what projects are to be funded, instead of having the Commission assign final scores.
- The bill also establishes a reporting requirement to the Legislature every eight years on Place-Based Planning Fund, Feasibility Study Grants, Water Project Grants and Loans, and the Well Abandonment, Repair and Replacement Fund.