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**Testimony before the Joint Ways and Means Natural Resources Subcommittee on
Oregon Water Resources Department Budget
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Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. We advance innovative, collaborative solutions to Oregon's environmental challenges for today and future generations.

Oregon Environmental Council generally supports OWRD's budget request, although we have a concern about one of the bonding package requests that I'll describe in a moment. The services that the Water Resources Department provides—managing our water resources to meet instream and out-of-stream needs—are critical to Oregon's economy and the health of our ecosystems. Water is the lifeblood of our state.

As of today, drought has already been declared in five Oregon counties, and summer has not even begun. All signs indicate that this is going to be a rough year for water in the Western United States. This drought may be an anomaly, or it could be the "new normal". The warm rain we experienced this winter, resulting in extremely low snow pack levels, is exactly the scenario predicted by climate change scientists.

The Water Resources Department plays a critical role in ensuring that we use our limited water resources wisely, in the face of ever-increasing pressures and demands. Oregon's water users—as well as the fish and wildlife that can't survive without water in our rivers—rely on OWRD to ensure that water rights laws are followed, to resolve disputes, to monitor water availability and deliveries, and to plan for the future.

Adequately funding OWRD's core services is critical, and much of that needs to be paid for with general funds since, for the most part, water users do not cover the costs of the ongoing management and monitoring of their water rights. OEC supports the Department's base budget and the "strengthening our core functions" packages.

There is one package in the Governor's Recommended Budget that we need to raise concerns about, Package 120, which recapitalizes the Water Development Loan Fund. This is a defunct fund, with no environmental sideboards on it, which has not been used for decades. When stakeholders began working on SB 839, the Water Supply Development Fund that is recapitalized in Package 113, we all agreed that we should start from scratch, rather than using the old loan fund, partly because the loan fund had a bad history of many recipients defaulting on their loans. We have spent hours upon hours working out the details of SB 839 to create a funding vehicle for 21st Century water projects that provide environmental, social, and economic benefits. The rulemaking advisory group has almost completed its work, and the program is ready to move forward. Now comes this proposal to put \$30 Million into an ancient loan fund, nearly twice the funding amount proposed for 839. The only argument we have heard supporting this proposal is that it provides flexibility. Frankly, it appears to provide too much flexibility, by making an end run around the carefully negotiated Water Supply Development Fund, including its environmental requirements. Recapitalizing the old loan fund would be a

poor policy decision for the state. There are better ways to invest in projects to meet Oregon's in-stream and out-of-stream water needs.

In conclusion, OWRD performs essential services for the residents of our great state. We hope you will fully fund the Department's core services, and give careful consideration to the approach Oregon takes to funding water development projects.