Integrated Water Resources Development: Dedicated General Obligation Bonding Proposal

The Governor's Recommended Budget (GRB) includes investments in water that will grow our economy and lift up rural Oregon to create healthy ecosystems and communities, while furthering implementation of the state's 2012 Integrated Water Resources Strategy (IWRS). The largest investments are to aid in the development of water resources statewide to meet instream and out-of-stream needs as part of an Integrated Water Resources Development Program.

Integrated Water Resources Development Program

The GRB proposes a suite of packages through a combination of lottery and dedicated general obligation bonding to provide grant and loan funds to help meet Oregonians' water needs, supporting all three stages of an Integrated Water Resources Development Program that includes place-based planning, feasibility analysis, and project development.

Place-based planning will empower communities and stakeholders to work collaboratively in partnership with the state to understand their water resources needs and identify how they will meet those water needs. *Project feasibility* moves solutions from the conceptual stage to evaluate the viability of specific proposals. *Project finance and implementation* will allow the state to partner with local interests and others to carry out projects that meet instream and out-of-stream needs.

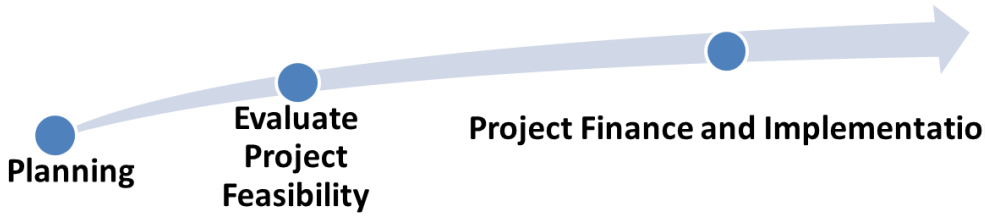
General Obligation Funds

Oregon Water Resources Department Package #120 recapitalizes the Water Development Loan Fund using $30 million in dedicated general obligation bonds for the purposes of financing water projects.

The Water Development Fund was established in 1977 authorizing loans for water development projects for irrigation, drainage, fish protection, watershed restoration and municipal uses. Although this program has been dormant in recent years, authority and direction for the program remains in Article XI-I of the Oregon Constitution and ORS 541.700-ORS 541.855.

One advantage of the fund is that debt would be repaid by loan repayment, and, therefore, the loan fund is self-supporting with borrowers paying the costs of the loan. In addition, funds are only issued after project(s) are identified and an agreement is signed for repayment by the borrower(s); therefore, debt would not be incurred unless the Department had identified a borrower that satisfies the Department's requirements.

At least a portion of this fund is intended to provide support for infrastructure related to a proposal led by the Northeast Oregon Water Users Association that would provide irrigation water to farmland in the Umatilla Basin.



Fund	Water Supply Fund	Water Conservation, Reuse and Storage Investment Fund	**Water Development Fund**	Water Supply Development Account	Water Supply Fund
Bond	Lottery	Lottery	**Dedicated GO**	Lottery	Lottery
Amount	$750,000	$2 M	**$ 30 M**	$6.25 M	$11 M
Package	115	106	**120**	113	113

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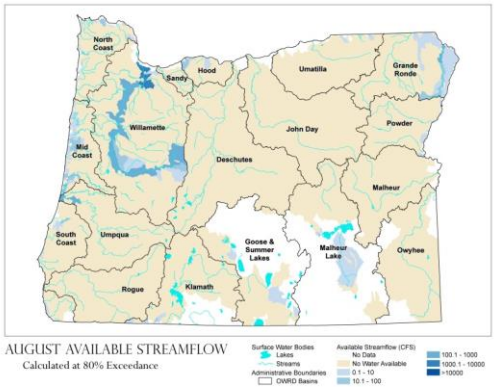
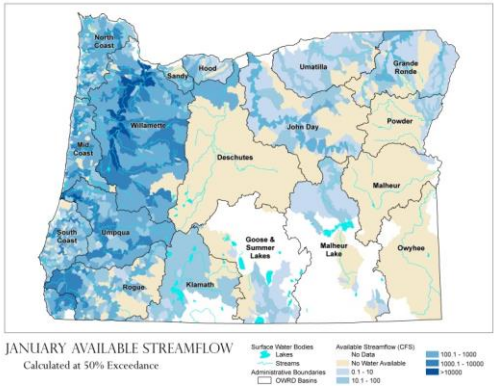
Overview of Water Resources Supply Challenges

Oregon's 2012 Integrated Water Resources Strategy provides a blueprint for improving our understanding of the status of Oregon's water resources and meeting our instream and out-of stream needs, now and into the future.



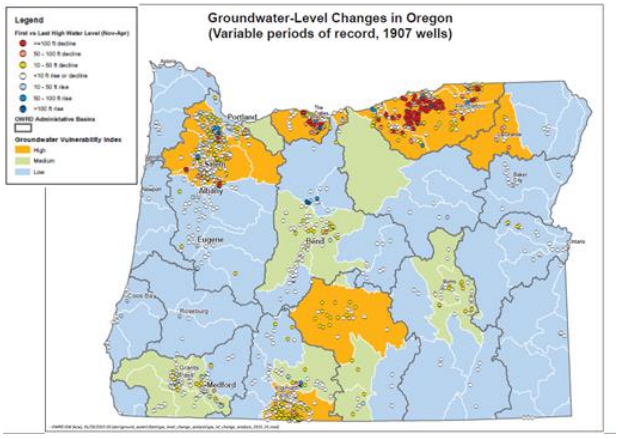


- **Most of the state's surface waters are fully allocated during the summer months.**

The map on the left above shows where water is available for new live flow allocation during the month of August. Most of the map is color coded brown, meaning no water is available. By contrast, the map on the right shows where water is available for allocation during the month of January and could be used for storage, with darker colors indicating more water is available.

- **In some locations throughout the state, groundwater aquifers are no longer capable of sustaining additional development.**

The amount of groundwater stored in aquifers is declining in several areas of the state (see map right). Many areas show little evidence of declines (blue), partly due to a lack of data. Areas that are classified as having medium or high groundwater vulnerability are shown in green and orange, respectively.



- **Loss of snowpack means less water will be available to meet instream and out-of-stream needs during summer and fall months.**

Snowpack in 2015 across the state was less than 50 percent of normal, but precipitation has ranged from about 80 percent to 100 percent of normal.

If Oregon's mean annual temperature increases, the percentage of precipitation that falls as snow will be significantly less. Climate models project a mean annual warming of 1.1 °C to 4.7 °C (2 °F to 8.5 °F) for the Pacific Northwest during this century.

- **One or more counties in Oregon have declared drought in nine of the past 15 years.**

The map to the right shows the U.S. Drought Monitor for Oregon in April 2015. White areas of the map indicate no drought, with the intensity of drought indicated by increasingly darker colors. As of April 2015, the Governor has declared a drought emergency in Baker, Wheeler, Crook, Harney, Klamath, Lake, and Malheur counties.