



March 9, 2015

**OREGON STATE SENATE**

Senator Richard Devlin, Co-Chair  
Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
Legislative Fiscal Office Ken Rocco and Daron Hill

Dear Co-Chairs Devlin and Buckley:

As you know, water is a critical resource necessary to support our basic needs. Water is a fundamental building block for prosperous communities and a healthy environment.

In most areas of the state, surface water has been fully appropriated during the dry summer and early fall months, and new water rights are not available. Moreover, many Oregon communities have faced drought conditions in recent years, and this year looks to be no exception. As our state grows, water will become a key limiting factor on our economy. Whether it is Apple and Facebook in Prineville, Con-Agra in Hermiston, Sanyo Solar in Salem, or Intel in Hillsboro, water is a key input for industrial and agricultural operations.

Oregon also needs sufficient water for our fisheries and watersheds. Low flows during the summer months crippled fish runs on the Umatilla River until the Umatilla Tribes, the federal government, and local districts developed a creative exchange program that restored flows. Similar issues and opportunities exist throughout the state, including the Water for Irrigation, Streams and Economy (WISE) project in Jackson County.

Developing new water supplies and water resources projects is a complex, time-consuming and expensive endeavor—a task that many communities are not equipped for. In the past, the U.S. Bureau of Reclamation has been a major funder of water projects for agriculture, and federal grants from a variety of sources have helped communities improve and expand their water supply infrastructure. The days of significant federal funding for water resources are ending, however. Over the past six years, funding for the BOR has declined by eleven percent, and future projections are for continued declines. As a result, the BOR and other federal funders for water resources are emphasizing non-federal cost share as a key criterion in making funding awards. Unless Oregon becomes more active in this arena, we will continue to leave significant federal dollars on the table and, more importantly, miss opportunities to meet the needs of our communities and our environment. To our North, the State of Washington has committed 200 million dollars to develop new or expanded water supplies and conservation for in-stream uses in the eastern part of that state. To our South, the voters of California overwhelmingly approved a 7.5 billion dollar bond package for a range of water supply, drinking water, stream flow and water quality projects. Those dollars are expected to leverage additional local, regional and federal dollars.



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The State of Oregon needs to begin developing its own tools to be an active and constructive partner to help communities address their future water supply needs. Toward that end, I urge your support of the \$20 million in Lottery-backed bond funds and \$30 million in general obligation bonds in the Governor's budget proposal for the Oregon Water Resources Department. These funds will support initial implementation of the Integrated Water Resources Program, a statewide grant and loan program to help address Oregon's water supply needs in a manner that provides economic, environmental and social benefits. The funding from this program would assist with a wide variety of projects to benefit both in-stream and out-of-stream purposes.

Efforts to address water supply needs are underway in many parts of Oregon and state funding will be a critical catalyst to move these projects forward. In my district, there is great interest in additional water development to address both immediate and long-term needs. For example, significant progress has been made on a project proposal that would create additional economic activity through irrigated agriculture, while at the same time protecting flows for salmon and native fish recovery in the mainstem Columbia River. This proposal is the result of a long-term collaborative effort that involved representatives of a variety of stakeholders, including irrigators, environmentalists, local government, state agencies, and tribes. Because of this, I believe the Umatilla Basin is ready to proceed. As the Senator representing this basin, I would request special consideration be given to this project with budget notes, and specific allocations up to \$45 million.

Similarly, the State is involved in important work with the Confederated Tribes of the Umatilla Indian Reservation on the settlement of tribal water rights claims in the Umatilla basin. Both of these efforts are important components of potential long-term water supply and management solutions for the Umatilla Basin, and would benefit from resources from the Integrated Water Resources Program during the 2015-2017 biennium.

Thank you for your careful consideration of this important budget need. I strongly believe this program funding will lead to a better future for all of Oregon.

Sincerely,

Senator Bill Hansell, District 29

Senator Michael Dembrow, District 23  
(In support of this proposal)