



May 13, 2015

MEMORANDUM

TO: Joint Committee on Ways and Means Subcommittee on Capital Construction

FROM: Tom Byler, Director

SUBJECT: Comparison of Water Resources Development Funds

At the May 8, 2015 public hearing on HB 5005, I testified in support of a budget request to recapitalize the Water Development Fund, which would allow the Water Resources Department to offer loans to support water development projects for irrigation, drainage, fish protection, watershed restoration, and community water supply projects.

During the hearing, questions were raised about the differences between the Water Development Fund and another Department funding program, the Water Supply Development Account, which is proposed to be supported with lottery bond funds. At the hearing, Speaker Kotek asked the Department to prepare a side-by-side comparison of the two funds, which I include as an attachment to this memo.

Please do not hesitate to contact me if you have any questions or would like additional information.

Comparison of Water Development Loan Fund and Water Supply Development Account
Oregon Water Resources Department
May 13, 2015

	Water Development Fund	Water Supply Development Account
Funding Mechanism	Loans	Grants and Loans
Authority	Oregon Constitution Article XI-I(1); ORS 541.700 to 541.855; OAR Chapter 690, Division 090	ORS 541.651 to ORS 541.696 (SB 839); OAR Chapter 690, Division 093 (initial rulemaking in progress)
Purposes of Fund	Loans to help finance water development projects for irrigation, drainage, fish protection, watershed restoration and municipal uses and for the acquisition of easements and rights of way for water development projects authorized by law	Grants and loans to evaluate, plan and develop in-stream and out-of-stream water development projects.
Source of Funds	General Obligation Bonds to be repaid by borrowers.	Lottery Bond proceeds.
Cost to Applicant	Loans: bond interest plus cost of administration	Grants: no cost Loans: interest rate determined by Water Resources Commission
Eligibility	Individuals; partnerships, corporations, nonprofit corporations, and cooperatives whose principal income is from farming in Oregon; irrigation districts; water improvement districts; water control districts; irrigation or drainage corporations; ports; cities; counties; any organization formed to distribute water for community water supply; or soil and water conservation districts.	Individuals; corporations; associations; firms; partnerships; joint stock companies; public and municipal corporations political subdivisions; the state and any agencies thereof; and the federal government and any agencies thereof; Indian tribes; and non-profit organizations.
Types of eligible projects (includes, but is not limited to)	Irrigation, drainage, fish protection, municipal and community water supply for cities of less than 30,000, and watershed restoration. May include structures for application of water, dams, storage reservoirs, wells or well systems, pumping plants, pipelines, canals, ditches, revetments, water supply systems, tiling, channel improvement, treatment facilities, fish screening, or bypass devices, fishways, other facilities for fish protection; methods and materials to restore, maintain, and enhance water quality, streamflows, riparian zones,	Repair or replace infrastructure to increase the efficiency of water use; new or expanded water storage; allocate federally stored water; promote water reuse and water conservation; streamflow protection or restoration; necessary administrative and technical costs of the program. Related to newly developed water: improve or alter existing water storage facilities; create, expand or improve water distribution systems; provide for water management or measurement; and determination of seasonally varying flows.

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	Water Development Fund	Water Supply Development Account
Application review	Loan Advisory Board appointed by Director (subject to approval of Water Resources Commission) who represent or have expertise in instream flow and watershed enhancement, finance or banking, project development, agriculture, and local government operations. Loan Advisory Board makes recommendations to Director.	Technical review team consisting of representatives of the Water Resources Department; the Departments of Environmental Quality, Fish and Wildlife, and Agriculture; the Oregon Business Development Department; affected Indian tribes; any collaborative body established by the Governor to address challenges, opportunities and priorities for the region affected by the project; and additional experts as determined by the Water Resources Department. Technical review team makes recommendations to Commission.
Criteria for evaluation	Feasibility of project; credit-worthiness of applicant; need for project; public interest review; the project will not be in conflict with any state or federal agency statutes or administrative rules.	Public benefits: Economic, environmental, and social or cultural. For storage projects, requires seasonally varying flows remain instream to protect and maintain watershed functions. Grants for above-ground storage require twenty-five percent of the newly developed water to be released instream. Loans: credit-worthiness of applicant.
Public comment	Notice of each application, opportunity for comment, Loan Advisory Board conducts public meeting with opportunity for public comment.	Notice of each application, opportunity for comment, opportunity for one more public comment prior to Commission making final decision.
Funding approval by	Water Resources Department Director. Appeals considered by Water Resources Commission.	Water Resources Commission
Match funding requirement	Loans: none	Grants: 25% match Loans: none