

**Testimony for OWRD Budget Recommendations**  
**Governor's Recommended Budget Hearing, April 13, 2017**

*Timothy Gross, PE*  
*Director of Public Works/City Engineer*  
*City of Newport, OR*

The City of Newport is located on the Central Oregon Coast and hosts a significant commercial fishing fleet, several small and one large brewery, and a thriving tourist industry. These commercial operations place a substantial water burden on a small town of a population of 10,000. The City faces large financial hurdles in the coming years to ensure safe and consistent water. In the past 10 years, the City has invested over \$25M in water infrastructure utilizing GO Bonds, Revenue Bonds, Water Rates, Bureau of Reclamation Grants, and OWRD Grants. The City continues to face significant financial investment challenges, particularly in the remediation/replacement of the Big Creek Dams which is projected to cost between \$30-50M. These dams provide all of the raw water storage for the City and have been classified as seismically deficient. It is difficult for a small community to bear costs of this magnitude.

Since 2013, the water development grants available at OWRD have significantly improved the City's ability to plan, design and construct water supply projects in Newport, Oregon. Specifically, the City has benefitted from the following OWRD grant programs:

**Package 102 – Protecting the Public and Water Supplies through Dam Safety Inspections (\$123k OF & 123k FF; 1 FTE)**  
Protects public safety and water storage capacity of dams through the addition of 1 dam safety engineer funded by federal (FF) and other funds (OF) to conduct dam inspections, assess dams' ability to pass flood flows, and review hazard ratings. *IWRS Recommended Action 7a*

- The City of Newport supports Package 102 and advocates for the addition of an additional dam safety engineer. Keith Mills with ORWRD Dam Safety Program has provided significant and vital assistance and guidance to the City of Newport in managing the Upper and Lower Big Creek Dams by providing review and recommendations on seismic analysis and remediation and recommendations and advocacy for funding opportunities. The City realizes the need to remediate these structures and Keith has understood the delicate balance between protecting the long term water supply capability of the City and the threat the dam presents to the immediate life and safety. The State has many dam structures on the high hazard list and knowledgeable OWRD staff are able to provide invaluable technical assistance and advocacy to local agencies to help make wise long term decisions to manage these complex structures.

**Package 104 – Helping Communities Plan for Water Needs through Place-Based Planning and Feasibility Studies (\$204k GF, 1 FTE)**

Package proposes to add one place-based planning and grants coordinator to allow the state to continue to work with communities piloting place-based planning to identify solutions to meet their instream and out-of-stream water resources needs, as well as to administer and evaluate feasibility study grants. Department had

.75 FTE grants coordinator and 1FTE place-based planning coordinator limited duration positions in 2015-17 biennium. *IWRS Actions # 9a, 13a*

- The City of Newport supports Package 104 and advocates to adding a full-time PBP and grants coordinator. The City was awarded a Placed-Based Planning (PBP) grant for \$135,000 to help convene a new regional partnership and develop an integrated water resources plan. Through the creation of the Mid-Coast Planning Partnership, the grant has helped forged a dozen new partnerships, many of which may not have existed without the grant. The assistance of Harmony Burright as the OWRD co-convenor and liaison has been invaluable to the planning exercise particularly in public-engagement and outreach. The ability for OWRD to provide direct support in the planning process has allowed the planning process to further the goals of the IWRS by more effectively collaborating with other state agencies and local stakeholders. Without OWRD staff assistance, it is unlikely the planning process would receive the needed level of attention due to the obligations and demands that detract other stakeholders from the planning process. The presence of OWRD staff provides a unifying presence, ensures the PBP process conforms with the goals established through the IWRS, and maintains momentum for the planning process. Given the atypical approach to water planning, it is especially important to have OWRD staff available to help disseminate the key messages and foster collaborative efforts.

**Package 109 – Grants to Evaluate the Feasibility of Potential Water Projects (\$2.0 million LB, \$52k cost of issuance)**

Helps meet Oregon’s water needs by providing \$2 million in Lottery Bonds for grants to assess the feasibility of developing water conservation, reuse or storage projects (SB 1069). *IWRS Recommended Action #13c*

- The City of Newport supports Package 109 providing funding for feasibility projects. The City has successfully been awarded two Feasibility Study grants (\$250,000 each) – the first to conduct an alternatives analysis study, and the second to conduct a feasibility study and prepare a pre-design report for the new Big Creek Dam. The City is unable to maintain cash flow for design on a project of this magnitude and without this funding, the design would repeatedly start and stop as limited funding became available and was spent. Furthermore, this significant project would otherwise absorb all local water funding thereby preventing the City from completing other critical water system upgrades and maintenance. Funding through feasibility grants provides the necessary financial bridge for communities like Newport to maintain momentum on preliminary design and feasibility studies which provide vital information for the purposes of developing long term funding plans.

**Package 110 – Grants and Loans to Implement Water Projects (\$30 million Lottery Bonds, \$2.95 million cost of issuance and debt service)**

Helps meet Oregon’s current and future water needs by recapitalizing the Water Supply Development Account (SB 839 - 2013) to provide grants and loans to develop water resources projects that have economic, environmental and community benefits. To date, demand has exceeded available funding. *IWRS Recommended Action #10a, 10b, 10c, 10e, 11b*

- The City supports Package 110 providing funding for water projects. Water infrastructure needs far exceed the ability of local agencies to fund. This results in water loss, decreased level of service, and risk to sustainable water supplies.
- The City currently has a pending application for a \$1.7 M SB839 Water Project grant to install automated metering equipment throughout the City. The new technology will allow the City to more quickly identify water leaks and breaks thereby reducing water loss and customer costs – conserving an estimated 574 AF of water per year. The project will also reduce operational costs allowing critical funding to be diverted to other water project. The project is projected to pay for itself within 5 years.
- The City is developing an application for the 2018 SB839 grant request to help pay for the design and construction of the new Big Creek Dam. The project will build upon the work initially funded by the Oregon Water Resources Department in 2013. Without the help of a Water Project grant, the City will be forced to stall the environmental permitting and design process until it can either allocate additional revenues in future budget cycles, or it can secure bond financing in 2019.

Having access to knowledgeable and helpful technical assistance providers has been critical to the City's success in securing and successfully implementing each grant. The public investment the Department will make by supporting these positions (in Packages 102, 104, 109 and 110) is invaluable.