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February 9, 2017

House Committee on Agriculture and Natural Resources
Rep. Brian Clem, Chair
Rep. Susan McLain, Vice-Chair
Rep. Sherrie Sprenger, Vice-Chair

RE: Testimony on House Bill 2297

Chair Clem, Vice-Chairs McLain and Sprenger, Members of the Committee:

The Freshwater Trust appreciates the opportunity to comment on proposed House Bill 2297 (HB 2297). While The Freshwater Trust supports planning for drought scenarios, we are concerned that expanding the scope of the HB 1069 program without additional funding as proposed under Amendment 1 could have the effect of limiting funding for feasibility studies in the future to the detriment of projects that benefit both water users and the environment.

Founded in 1983, The Freshwater Trust is a 501(c)(3) conservation organization that accelerates the pace and scale of freshwater restoration. As the nation's first water trust, The Freshwater Trust strongly supports the Oregon Water Resources Department's use of feasibility studies as a means of identifying high-quality water projects that provide multiple benefits to rivers and to the farms, fish, and communities that depend on them. These studies, authorized since the 2008 passage of House Bill 1069, enable grantees "to evaluate the feasibility of developing a water conservation, reuse or storage project." House Bill 1069 also established a funding source—the Water Conservation, Reuse and Storage Investment Fund (the Fund) —"to award grants and to pay the cost of direct services" provided under the 2008 Act. The Freshwater Trust recently received a grant from the Fund to assess the feasibility of potential upgrades to irrigation efficiency infrastructure in the Upper Catherine Creek Watershed near Union.

Amendment 1 to House Bill 2297 proposes to expand the scope of the Fund to include not only feasibility studies of a particular water project, but also drought planning studies for water management or conservation plans, regional plans to increase drought resiliency, and drought impact mitigation plans. If it was clear that there was a commitment of additional funding to match this expanded scope, we would welcome the addition of drought studies. However, given that the demand for feasibility studies under the Fund's current scope already exceeds available resources, The Freshwater Trust is concerned that expanding the scope will effectively limit funding for feasibility studies.

It is our understanding that during the 2015-17 biennium, approximately \$2.8 million was available for feasibility study grants, which will be awarded in three funding cycles. The first funding cycle approved six grants in the

amount of \$497,185, out of a total of 8 applications for \$706,405. In the second funding cycle, the Department received 31 applications requesting \$2,266,722 in grant funds, 18 of which were approved for funding totaling \$1,269,215. Though approximately \$1,766,000 remains available for the third funding cycle, applications for funding in the first two cycles alone has already exceeded the total biennium budget of the Water Conservation, Reuse, and Storage Investment Fund by more than \$170,000. There remains significant existing demand for feasibility study funding.

Regional drought planning is important, but funding it through the Water Conservation, Storage and Reuse Investment Fund requires a commitment of additional funding to cover this expanded scope. If this additional funding is not available, then The Freshwater Trust recommends that the scope of the Water Conservation, Storage and Reuse Investment Fund remain unchanged.

Thank you for considering this testimony.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joseph A. Furia". The signature is fluid and cursive, with the first name "Joseph" and last name "Furia" clearly legible.

Joseph A. Furia
Policy Director and General Counsel
The Freshwater Trust