

DATE: May 5, 2023

TO: Joint Committee on Ways and Means Subcommittee on Capital Construction
Co-Chair Senator Girod
Senator Frederick
Senator Hansell
Senator Steiner
Senator Wagner
Co-Chair Representative Holvey
Representative Breese-Iverson
Representative Nathanson
Representative Rayfield
Representative Smith

FROM: Oregon Water Partnership

RE: **HB 5030 (2023-25 Lottery Bonds)** – Investing in a sustainable water future

Co-Chair Girod, Co-Chair Holvey, and Members of the Committee,

Oregon Water Partnership supports state investments in the Oregon Water Resources Department’s grant and loan programs that fund water supply development projects—projects that help Oregon meet its instream and out-of-stream water needs and produce environmental, economic, and social/cultural public benefits.

We are a diverse partnership of statewide conservation groups with a common goal: to advocate for balanced water policies that ensure cold clean water to sustain healthy communities, livelihoods, and ecosystems. Our priorities for the 2023 legislative session are to build resilience for Oregon’s water future, bring water data into the 21st century, support smart water management, and protect and restore our waters.

Our water supplies are dangerously overallocated. In almost every river system and groundwater basin across Oregon, legal rights to access our publicly owned water supplies far exceed water availability even during “normal” years. Climate change is worsening this legacy problem as summertime water demands increase, river flows decrease, and groundwater levels drop.

To continue to thrive in an uncertain water future, Oregon’s fish, farms, and families are relying on our state-funded water supply projects to be well-vetted and deliver multiple benefits. Fortunately, Oregon Water Resources Department (OWRD) has two existing funds that help to meet these needs: (1) [Feasibility Study Grants](#), also known as the [SB 1069](#) (2008) Program, which provides funding to evaluate the feasibility of developing water conservation, reuse, and storage projects; and (2) [Water Project Grants & Loans](#), also known as the [SB 839](#) (2013) Program, which provides funding for projects that will help Oregon meet its instream and out-of-stream water supply needs and produce economic, environmental, and social/cultural benefits.

We have reviewed the Governor’s Recommended Budget (GRB) and have offered coalition testimony on the budget bills for the Oregon Water Resources Department ([HB 5043](#)), the Oregon Department of Fish and Wildlife ([SB 5509](#)), and the Oregon Watershed Enhancement Board ([SB 5539/5540](#)). We have also offered [coalition input on HB 3124](#), the Bipartisan Drought Relief and Water Security (BiDRAWS) Package, as well as on many of the policy concepts it contains. While each of our organizations has its own priorities and perspectives on other components of HB 5030, **we are united in supporting the following investments in HB 5030 to benefit nature and people in Oregon:**

- **SECTION 10:** \$2 million bond proceeds to OWRD to finance grants for feasibility studies for water conservation, reuse and storage projects (included in GRB); and
- **SECTION 11:** \$20 million bond proceeds to OWRD for providing grants or loans to evaluate, plan and develop in-stream and out-of-stream water development projects statewide (included in GRB).



Oregon Water Partnership has additional recommendations regarding water-related Capital Construction requests:

1. Irrigation Modernization Projects: Oregon Water Partnership urges the Capitol Construction Committee to ensure that (1) all irrigation modernization projects be required to go through the OWRD's existing Water Projects Grants & Loans program, and (2) that a portion of water conserved through efficiency projects be dedicated and protected instream in proportion to the state funding awarded.

For example:

- **HB 3124: Bipartisan Drought Relief and Water Security (BiDRAWS) Package, Element #6-1: Irrigation Modernization:** [House Bill 3124 Element #6-1](#) requests \$70M to create a new Irrigation Modernization Development Fund at the Oregon Watershed Enhancement Board (OWEB) for irrigation modernization projects, plus an unspecified number of new OWEB staff to administer these funds. As noted above, there are existing funding programs available at sister agency OWRD to help fund irrigation modernization projects that also provide broader public benefits—from feasibility analysis through implementation. We question the efficiency and efficacy of creating and staffing an entirely new funding program to perform a similar water supply development function that may yield a lower environmental or public interest return on investment. **To maintain consistency with current funding programs at OWRD, Oregon Water Partnership recommends that any new "Irrigation Modernization" project implementation funding only be made available to applicants that agree to use the Allocation of Conserved Water Program (or equivalent instream flow restoration programs) to legally protect instream a portion of the conserved water proportionate to the state funding awarded, thereby ensuring public benefit for public funds.**

2. Other capital bonding requests for specific water supply development projects: Oregon Water Partnership recommends that all water supply development funding be routed through the existing Water Supply Development Fund at OWRD. Increasingly we are seeing individual entities seek direct appropriations outside of the state's existing competitive grant and loan programs; this subverts the state's interest in ensuring that public benefits accrue from state funding of water projects.

We believe the investments identified in Sections 10 and 11 of HB 5030 are consistent with the 2023-25 Co-Chair Budget Framework general principles to Protect Vital Services, Get the Most for Every Dollar, Prioritize Investments in Key Areas, and Plan for the Future. Robust funding for the SB 1069 and SB 839 Programs also meets the specific Natural Resources program area framework, ensuring "the continuation of existing critical programs and services" and targeting "any available resources for the Natural Resources program area in climate resilience, including wildfire and drought."

Funding Sections 10 and 11 of HB 5030 will leverage and build upon prior investments, provide critical match for federal funding programs, and help the Oregon Water Resources Department achieve its goals to "directly address Oregon's water supply needs" and "restore and protect streamflows and watersheds to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life."

Thank you for carefully considering our testimony, and please contact us if you have any questions.

Oregon Water Partnership

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