

Summary of House Bill 2258 (2013)



OUR MISSION

To serve the public by practicing and promoting responsible water management through two key goals:

- (1) to directly address Oregon's water supply needs, and
- (2) to restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.

HB 2258 (Formerly LC 658) Establish a Water Supply Development Program

Goal

Ensure that the State of Oregon has the authorities in place to fully participate as a partner in water supply development, for the benefit of both instream and out-of-stream uses.

Background

Through discussions with stakeholders and partners, the Water Resources Department has become aware of potential opportunities to invest in, purchase, broker, fund, and develop new water supplies that benefit both economic development and the environment in Oregon. Today, the State of Oregon has neither the authority nor the funding to enter into such arrangements; other western states have long had the ability to take an active role in the development of water supply.

Proposal

This bill would allow the Water Resources Department to serve as:

- 1) *Investor.* As an example, the State of Washington's Columbia River Program is evaluating the feasibility of several above- and below-ground storage options. During the next few years, the State of Oregon may have an opportunity to partner with Washington, investing in the study and development of such projects, and gaining access to short- and long-term water supplies.
- 2) *Broker.* The U.S. Army Corps of Engineers operates a series of dams in the Willamette, the Rogue, and other river basin systems in Oregon. These storage systems hold millions of acre-feet of water. However, not all the water is under contract for use. The Corps has expressed interest in selling water in bulk to the state. The state would then sell this water to willing buyers. A fee charged to end users for the state's purchase and sale of water could partially offset the Department's expenses for these services.
- 3) *Funder.* Oregon does not currently have grant and loan programs available in all locations of the state or for all water users. Such programs could help local communities develop and implement water resource projects.
- 4) *Banker.* Oregon needs the ability to acquire and hold water, on either a temporary or permanent basis, for mitigation, new water supply, or other beneficial use. To date, statute authorizes water banks in the Deschutes Basin only. As in the Deschutes model, new banks would be chartered with the approval of the Water Resources Commission and would conduct transactions according to Oregon water law.

This bill comports with a number of Recommended Actions in the State's Integrated Water Resources Strategy, including:

- Action 9C: Partner with federal agencies, tribes and neighboring states in long-term water resources management
- Action 10A: Improve water-use efficiency and water conservation
- Action 10B: Improve access to built storage
- Action 10C: Encourage additional water reuse projects
- Action 10D: Reach environmental outcomes with non-regulatory alternatives
- Action 10E: Authorize and fund a water supply development program

Stakeholder Feedback

Water users, particularly municipalities, are supportive of a new tool that places Oregon on equal footing with other western states that already have broader authority to develop water supplies. They do, however, want to ensure that this concept does not preclude users from purchasing water or investing in infrastructure projects on their own, should the opportunity arise. Water users would like to know, if a block of water is purchased by the state and made available to communities, how the state would prioritize those in the queue, ensuring equity for the smaller and less-well-funded water users.

Water users, both agricultural and municipal, want to ensure that this program does not create prohibitively expensive environmental sideboards, in addition to those already in place at the local, state, and federal level.

Environmental and conservation groups want to ensure that this process does not usurp already existing environmental statutes and rules and that public monies expended on water resource development projects are used to maximize public benefit in the process. The Department is meeting with stakeholders in a workgroup to address all of these concerns.

Budget Notes

The Water Resources Department's budget package #204 requests \$21 million in bonds to fund the state's investment, brokering, funding, and banking activities related to improved water supplies. Such supplies are critical to meeting Oregon's instream and out-of-stream needs.

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