

In June 2023, the Oregon Legislature passed [House Bill 2010](#) that, combined with other legislation, allocated \$5 million to establish the Drinking Water Source Protection (DWSP) Grant Program at the Oregon Watershed Enhancement Board (OWEB) using General Funds (\$1M) and Lottery Revenue Bonds (\$4M).

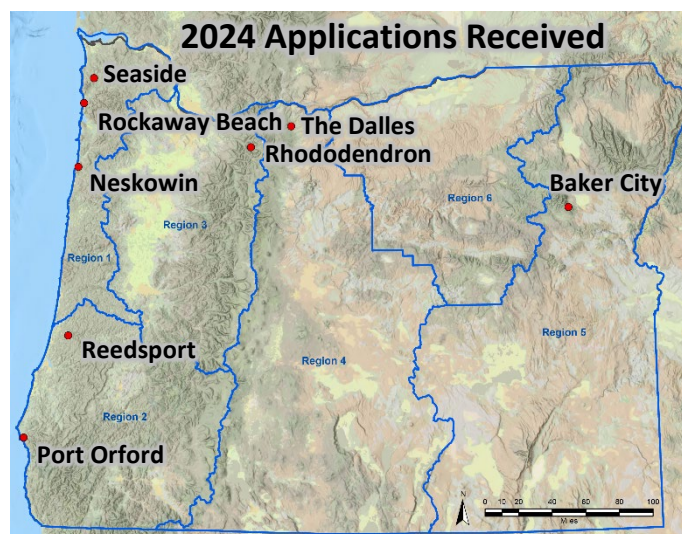
Through the DWSP Grant Program, OWEB provides grants to public water suppliers to protect, restore, or enhance sources of drinking water through land conservation and protection. Grants can be for forward-looking transactions or for loan repayment or reimbursement of past transactions. More details on program rules, administration, and guidelines can be found in [Oregon Administrative Rules 695-048](#) and on the [program webpage](#).

Program Stand-Up

OWEB successfully completed the steps to stand up this new program prior to the bond sale scheduled in spring 2025 that provides most of the program's grant funding. After the passage of HB 2010, OWEB rapidly convened a Rulemaking Advisory Committee, which met six times in the first half of 2024 to develop program rules. Concurrently, OWEB worked closely with Department of Administrative Services and Department of Justice to learn the requirements of administering the agency's first-ever allocation of Lottery Revenue Bonds. Following the OWEB Board's adoption of program rules, OWEB developed informational materials and program guidance for prospective applicants. OWEB conducted a significant amount of program outreach, including developing relationships with a new set of customers – public water suppliers. Considerable collaboration with other agencies including Department of Environmental Quality, Oregon Health Authority, Business Oregon, and U.S. Environmental Protection Agency made the program development process efficient and effective.

Program Staffing

To administer the program, OWEB received a limited-duration position for the 2023-25 biennium. The Governor's Recommended Budget includes continuity for this position into the 2025-27 biennium as the workload for upcoming grant awards will extend well into the next biennium.



Projects Recommended for Funding

The first grant application cycle of the DWSP Grant Program closed in December 2024. Before the application deadline, OWEB consulted with each prospective applicant to answer questions and provide feedback on the direction of the grant application. OWEB received eight applications from across the state requesting a total of \$6.1 million. OWEB convened a Technical Review Team to evaluate and rank applications. OWEB staff recommended six projects for funding based on evaluations and available resources.

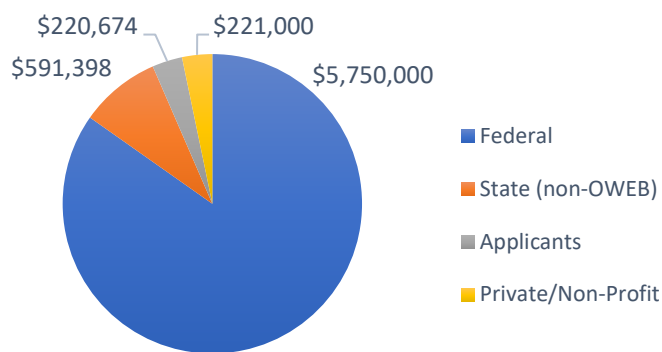
The OWEB Board will make award decisions at its April 22-23, 2025 meeting. After that, OWEB will work with grantees to enter into grant agreements. Grantees will be expected to close land transactions within 18 months of the funding award. The bond sale is scheduled to close in April 2025, which aligns well with the grant award timeline.

LOAN REPAYMENT CATEGORY					
Rank	Applicant Name	Pop. Served	County	Grant Request	Funding Rec.
1	City of Port Orford	954	Curry	\$415,735	\$415,735
2	Rhododendron Water Association	1,000	Clackamas	\$143,460	\$155,460

NON-LOAN REPAYMENT CATEGORY					
Rank	Applicant Name	Pop. Served	County	Grant Request	Funding Rec.
1	Neskowin Regional Water District	1,200	Tillamook	\$983,722	\$983,722
2	City of Reedsport	4,784	Douglas	\$1,494,000	\$1,494,000
3	City of Rockaway Beach	2,558	Tillamook	\$1,422,270	\$1,422,270
4	City of The Dalles	13,500	Wasco	\$675,000	\$528,813
5	City of Seaside	7,084	Clatsop	\$774,115	\$0
6	City of Baker City	9,965	Baker	\$237,500	\$0

Leveraged Resources

Legislative intent for the DWSP grant program included the opportunity to leverage outside funding sources. From projects recommended for funding, \$6.7 million has been offered as match and leverage toward the \$5 million of DWSP Grant Program funds. This far exceeds the 5% cash or in-kind match requirement in program rules, which was established so that match would not be a barrier for under-resourced communities.



Projects Currently in Development

Given the uncertainty about future funding, water suppliers currently are not developing DWSP grant proposals. Nonetheless, there is demand for the program, as described in the next section.

Estimate of Future Program Demand

A survey of public water suppliers conducted by OWEB in June 2024 indicated potential demand for as much as \$15 million to protect drinking water sources in the 2025-27 biennium and at least an additional \$10 million in future biennia. These numbers are rough estimates for the timeframes listed given the uncertainty about cost and timing of land transactions, as well as the capacity needed for applicants and their partners to conduct due diligence.

Recommendations for Program Changes

While the first cycle of the DWSP Grant Program has been effectively implemented, opportunities for program refinement exist. OWEB will survey parties engaged in the program, and has already identified the following areas for improvement:

- Refine the grant application.
- Provide increased clarity around required documentation at the application stage.
- If rulemaking is reopened in the future, consider streamlining evaluation criteria.

For more information, please contact:

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This report can be found online at: www.oregon.gov/oweb/resources/Pages/Publications.aspx