

Testimony of April Snell, Executive Director, Oregon Water Resources Congress
Submitted to the United States House Appropriations
Subcommittee on Interior, Environment, and Related Agencies
March 10, 2022

RE: FY2023 Budget for the U.S. Environmental Protection Agency's Clean Water State Revolving Fund Loan Program

The Oregon Water Resources Congress (OWRC) is highly supportive of the U.S. Environmental Protection Agency's (EPA) Clean Water State Revolving Fund Loan Program (CWSRF). OWRC respectfully requests FY2023 appropriations for this program be increased to at least the **\$2.75 billion** authorized in the bi-partisan *Infrastructure and Jobs Investment Act* (HB 3684). The CWSRF is an effective loan program that addresses critical water infrastructure needs while benefitting the environment, local communities, and the economy. As an existing and proven program, it is a perfect fit for increased investment during a time of need for climate and environmentally friendly infrastructure.

OWRC was established in 1912 as a trade association to support the protection of water rights and promote the wise stewardship of water resources statewide. OWRC members are local governmental entities, which include irrigation districts, water control districts, drainage districts, water improvement districts, and other agricultural water suppliers that deliver water to roughly 1/3 of all irrigated land in Oregon. These water stewards operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower production facilities.

FY2023 Appropriations

We recognize our country must make strategic investments with scarce resources, particularly as our economy recovers from pandemic-related impacts. The CWSRF is a perfect example of the type of program that should have funding increased because it creates jobs while benefitting the environment and is an efficient return on taxpayer investment. CWSRF projects provide much needed construction and professional services jobs, particularly in rural areas facing economic hardship. Moreover, as a loan program, it is a wise investment that allows local communities to leverage their limited resources and address critical infrastructure needs that would otherwise be unmet.

In Oregon, the CWSRF is administered by the Oregon Department of Environmental Quality (DEQ), who responsibly maintains the program through repaid loans, interest, fees, and available federal capitalization grants. According to EPA, for every \$1 of federal capitalization funding, \$3 worth of assistance is provided, leveraging available funds to maximize benefits for local communities, the environment, and the economy. Unfortunately, available funding for water infrastructure projects continues to be woefully insufficient to meet the growing water infrastructure funding needs in Oregon and nationwide. Appropriations for the CWSRF need to be incrementally increased to support water infrastructure projects that are addressing these critical needs.

Background of CWSRF Usage by Oregon Irrigation Districts

During the programs over 30-year history in Oregon, several OWRC member districts have successfully used CWSRF for projects that improve water quality and water quantity associated with water delivery diversions, canals, and pipelines throughout the state. OWRC and our members are highly supportive of the CWSRF, including promoting the program to our members and annually submitting federal appropriations testimony in support of increased funding for the CWSRF. We believe it is an important funding tool irrigation districts and other water suppliers are using for innovative piping projects that provide multiple environmental and economic benefits.

Numerous irrigation districts and other water suppliers need to pipe currently open canals, which significantly reduces sediment, improves water temperature, and provides other water quality benefits to rivers and streams. Piping immediately improves the efficiency of the water delivery system and helps increase available water supplies for aquatic life and irrigators alike. These projects also decrease energy consumption (from reduced pumping) and have opportunities for generating renewable energy, primarily through in-conduit hydropower. However, the lack of robust funding for these types of worthwhile projects has created uncertainty for potential borrowers regarding whether adequate funding will be available in future years. CWSRF is often an integral part of an overall package of local, state, and federal funding that necessitates a stronger level of assurance loan funds will be available for planned water infrastructure projects. Reductions in CWSRF appropriations could lead to loss of matching grant funding and delay or derail beneficial projects irrigation districts have been developing for years.

The success Oregon districts have had in using the loan program to design and implement multi-beneficial projects has led to increased applications to the CWSRF. Irrigation districts are once again eligible for a key funding element, principal forgiveness, up to 50% and capped at \$500,000 for projects in a distressed community or eligible for the Green Project Reserve designation. As a result, we expect to see even more interest in the program. OWRC is hopeful there will be enough funding available to complete projects that will not only benefit the environment and the patrons served by the water delivery system, but also benefit the rural economy.

CWSRF Needs in Oregon

The appropriations for the CWSRF program over the past few years has been far short of what is needed to address critical water infrastructure needs in Oregon and across the nation. This has led to fewer water infrastructure projects, and therefore a reduction in improvements to water quality and water quantity. However, OWRC is pleased with the five-year commitment to increased funding authorized in the bi-partisan *Infrastructure and Jobs Investment Act*. This federal commitment is important as infrastructure needs have become more expensive and even more time critical.

DEQ's most recent CWSRF "Intended Use Plan - State Fiscal Year 2022" (July 1, 2021 – June 30, 2022) dated January 12, 2022, includes twenty-two loan applications totaling \$173,820,674 in requested funding. Currently, the loan program has \$285,503,377 net available to lend for state fiscal year 2022. DEQ can award a maximum individual loan amount of \$42,825,506.

The following two irrigation district projects are currently ranked by DEQ in the top four by overall score and both meet the Green Project Reserve (GPR) requirements. Increased funding will help catalyze many more projects like the ones below in Oregon and throughout the nation:

North Unit Irrigation District (Deschutes County) \$8,150,000 (Ranked #1)

Sec. 319, Design and Construction: Lateral 43 and Juniper Butte Piping Project. The District's System Improvement Plan (2017) proposes to pipe the district's open canal network, including the addition of pressure reducing stations, reuse/retention reservoirs, and metered turnouts for every water user. The current project proposes to start in one portion of the district by piping laterals 31, 32, 34 and 43, which represents a total of 8.2 miles of leaky canal and serves over 9,800 acres of agricultural land. The project will improve water quality in the lower Crooked River, Lake Billy Chinook, and the lower Deschutes River by removing canal seepage and minimizing and eliminating return flow from agricultural lands. Piping of the laterals will also encourage on-farm efficiency by providing pressurized water, which enables the switch from furrow irrigation to sprinkler irrigation, reducing excessive seepage and agricultural runoff from fields. The project is consistent with Section 3.6.1 of the 2014 Nonpoint Source Management Plan and Section 6.1 of the CWSRF.

Rogue River Valley Irrigation District and Medford Irrigation District (Jackson County) \$24,334,500 (Ranked #4)

Sec. 319, Design and Construction, Joint System Canal Piping Project. Rogue River Valley Irrigation District and Medford Irrigation District jointly use the Joint System Canal to serve several thousand customers with crop irrigation. Seepage and evaporation are occurring along the canal, which is resulting in lost water and less water flowing through the canal downstream to other water bodies. The proposed project includes design and construction of piping up to 4.4 miles of canal and diversions, replacement of siphons, improvements to water diversion structures and fish passage. The project will address water quantity and quality for downstream streams, including South Fork Little Butte Creek, which experience low flow in some seasons. The project focuses on best management practices for irrigation to improve water quality from nonpoint sources. The project is consistent with Section 3.6.1 of the Nonpoint Source Management Program Plan and Section 6.1 of the CWSRF.

Examples of Green Project Reserves in Oregon

Oregon irrigation districts and other water suppliers are on the forefront of innovative piping projects that provide and leverage multiple benefits, including "green" infrastructure projects. Otherwise known as Green Project Reserve (GPR), DEQ is required to use at least ten percent of annual federal capitalization grants on projects that promote water and energy efficiency, are environmentally innovative, or include green infrastructure. In 2019, four GPR projects were financed by DEQ for a total of \$13 million, far exceeding EPA's minimum requirement of \$1.8 million for such projects in Oregon. Of those four funded projects, three were irrigation district projects that met several categories of the GPR requirements related to improved water and energy efficiency. In 2020, another three projects received awards totaling \$38 million and all met the GPR criteria:

Lone Pine Irrigation District (Deschutes, Jefferson, and Crook counties) \$2,000,000

Sec. 319, Design and Construction, Irrigation Modernization Project. This project will modernize district-owned canals and laterals to conserve water, improve operational efficiency, reduce electrical and energy costs, reduce O&M for farmers through decreased pumping and improve habitat in the Deschutes River. The project will achieve these goals by piping all the district's open canals using HDPE and steel pipe. The existing suspension bridge over the Crooked River is in disrepair and a new structure is needed to convey the irrigation water across the river. The district will replace the bridge with a siphon under the river.

Middle Fork Irrigation District (Hood River County) \$20,000,000

Sec. 319 Design and Construction, Clear Branch Dam Rehabilitation and Coe Branch Pipeline. The district will implement multiple projects to improve water quality and quantity associated with its irrigation diversions in the Middle Fork Hood River watershed. Specific projects include installing a new deep-water outlet and improving fish passage in Laurance Lake; installing new irrigation pipe to alleviate impacts from current irrigation system and addressing return flows from the irrigation system; improving the spillway at the Clear Branch Dam; and improving irrigation efficiency by district patrons.

Swalley Irrigation District (Deschutes County) \$16,000,000

Sec. 319 Design and Construction, Irrigation Modernization Project. This irrigation piping project includes the installation of pressurized pipe to eliminate seepage and evaporative loss from open ditches; flow regulating and metering devices at service connections; pressurized delivery to eliminate individual pumps system-wide; active education; and a sprinkler exchange program. Piping and pressurizing the irrigation canals will result in approximately 1.1 million kWh/year in energy conservation and conserve up to sixteen cubic feet per second of water during the irrigation season.

Providing increased appropriations for the CWSRF program will help implement additional innovative and multi-benefit projects like these in Oregon and across the nation.

Conclusion

In conclusion, OWRC is strongly supportive of increased appropriations to the CWSRF program, allowing Oregon's DEQ to continue making targeted loans that address Clean Water Act issues and improve water quality while incentivizing innovative water management solutions that benefit local communities, agricultural economies, and the environment. This voluntary approach creates and promotes cooperation and collaborative solutions to complex water resources challenges. We respectfully request an appropriation of at least \$2.75 billion as authorized in the bi-partisan *Infrastructure and Jobs Investment Act* for the U.S. Environmental Protection Agency's Clean Water State Revolving Loan Fund for FY2023.

Sincerely,

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