



August 24, 2015

Oregon Department of Environmental Quality
Attn: Larry McAllister
811 SW Sixth Avenue
Portland, OR 97204-1390

RE: Clean Water State Revolving Fund Proposed Rules to Implement the Federal Clean Water Act Amendments

Dear Mr. McAllister:

On behalf of the Oregon Water Resources Congress (OWRC), I am writing to express our concern on the proposed changes to the Clean Water State Revolving Fund (CWSRF) rules; specifically the changes to the principal forgiveness eligibility criteria, and to ask rule adoption be postponed and sent back to the CWSRF Advisory Committee for further review. The proposed rule as drafted is in direct contradiction to the recommendations made by the Clean Water State Revolving Fund Advisory Committee and would eliminate the ability of irrigation districts to receive principal forgiveness—an issue that was never discussed nor recommended by the Advisory Committee. While we recognize the need to align Oregon's rules with the changes made by the Clean Water Act (CWA) amendments, it is also important for any changes to be fully vetted by the diverse group who sit on the CWSRF Advisory Committee to ensure that there are not unintended negative consequences. OWRC urges the Environmental Quality Commission (EQC) to send the proposed rules back to the full CWSRF Advisory Committee for discussion prior to taking any action to finalize the rules.

As a nonprofit association representing irrigation districts, water control districts, improvement districts, drainage districts and other quasi-municipal local government entities delivering agricultural water supplies, OWRC has a strong interest in the CWA and specifically, CWSRF. The water stewards we represent operate complex water management systems, including water supply reservoirs, canals, and pipelines, delivering water to roughly 1/3 of all irrigated land in Oregon. For over 100 years, OWRC has promoted the protection and use of water rights and the wise stewardship of water resources, which includes water quality.

The proposed rule should be based on the recommendations from the CWSRF Advisory Committee, whose recommendation did not include excluding irrigation districts for principal forgiveness eligibility under the CWSRF. However, when DEQ published the proposed rules, irrigation districts were inexplicably no longer included as eligible to receive this important benefit of the fund, which is in direct conflict with the recommendation to *expand* principal forgiveness. Our understanding is that this issue has arisen from recent communications from EPA where there is disagreement about the definition of irrigation districts, which are classified under Oregon statute as quasi-municipal government entities. It is OWRC's opinion that a change this impactful should be brought before the full Advisory Committee and addressed in

The mission of the Oregon Water Resources Congress is to promote the protection and use of water rights and the wise stewardship of water resources.

that forum, prior to being brought before the EQC. Irrigation districts play an important role in improving Oregon's water quality and in the overall success of CWSRF program, and it is imperative that we discuss and attempt to resolve any terminology issues that may disincentivize the use of the CWSRF program. To adopt the rules as is would effectively disenfranchise irrigation districts and other similar entities from the CWSRF program rather than treating them equitably as any other local government entity.

OWRC and our members are highly supportive of the CWSRF, including promoting the program to our members and annually submitting federal appropriations testimony to support increased funding for the CWSRF. We are supportive because it is important funding tool that irrigation districts and other water suppliers are using for innovative piping projects that provide multiple environmental benefits. However, the CWSRF is often an integral part of an overall package of state, federal and local funding that necessitates a stronger level of assurance that loan funds will be available for planned water infrastructure projects. Irrigation districts are often located in rural communities and have a small number of farmers with limited capacity to take on loan debt. Reductions in eligibility for principal forgiveness in the CWSRF could lead to loss of grant funding and delay or derail beneficial projects that irrigation districts have been developing for years.

Six OWRC member districts have successfully received loans from the CWSRF over the last several years and many more will apply if eligible to receive some principal forgiveness. Numerous irrigation districts and other water suppliers need to pipe currently open canals, which reduces sediment and water temperature and provides other water quality improvements as well as increasing water availability for fish and irrigators by reducing water loss from the delivery system. In 2009, four irrigation districts received over \$11 million funding in Oregon from the American Recovery and Reinvestment Act (ARRA) through the CWSRF for projects which created valuable jobs while improving water quality. These four projects were essential to DEQ not only meeting but exceeding the minimum requirement that 20% of the total ARRA funding for the CWSRF be used for "green" projects. Without the irrigation district projects, it is likely that Oregon's CWSRF would not have qualified for ARRA funding.

By proposing to exclude irrigation districts from principal forgiveness under the CWSRF, the loan funds become another expensive piece to the funding puzzle and will simply cost too much for districts to take on. If DEQ eliminates the ability of irrigation districts to fund water quality improvement projects, our state will fall short of what is needed to address critical water infrastructure needs in Oregon and across the nation. It will lead to fewer innovative water infrastructure projects, and therefore a reduction in improvements to water quality. OWRC is hopeful that if this terminology issue can be resolved, irrigation districts will apply for funding to complete projects that will not only benefit the environment and the patrons served by the water delivery system, but also benefit the economy.

In conclusion, we urge that the proposed rule to be postponed so that the CWSRF can continue to make targeted loans that address Clean Water Act issues and improve water quality while also helping incentivize 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. However, it would be a major oversight to adopt rules that would effectively exclude a whole class of entities (i.e. irrigation districts) from benefitting from the program without fulling vetting that change with stakeholders or seeking an alternative solution. We feel strongly that

postponing adoption of the proposed rules will allow for full discussion by the Advisory Committee and ensure that Oregon's CWSRF program remains an important tool in improving water quality. Please contact me for further information. Thank you for your consideration of our comments.

Sincerely,

April Snell
Executive Director