

of any other methodologies for determining seasonally varying flows or any methodologies for determining peak and ecological flows outside of the official irrigation season.

(8) Subsections (1) to (7) of this section do not eliminate or alter any applicable standard for department review of an application to determine whether water is available for purposes of reviewing an application for a new water storage or aquifer recharge permit or a limited license for the storage of water. [2013 c.784 §13; 2015 c.156 §6]

**Note:** See note under 541.651.

**541.692 Permits; requirements for project operation.** (1) Before loan or grant moneys are expended from the Water Supply Development Account for the construction of a project, the recipient must obtain all applicable local, state and federal permits. Project materials must include a notation indicating that Water Resources Department funding was used for the project.

(2) The loans or grants may be conditioned to require that the recipient complete and operate the funded project as described in the loan or grant application. The department may require that before commencing the operation of a project funded with account moneys, the funding recipient demonstrate that the public benefits identified for the project, including any environmental benefits proposed at a location other than the project site, will be realized in a timely fashion.

(3) At regular intervals, and upon completion of the project, the loan or grant recipient must submit updates to the department that describe the completed work, the public benefits achieved and project expenditures. The recipient must regularly measure and report the water diverted and used from the project. The recipient must monitor, evaluate and maintain the project for the life of the loan, or for a specified number of years for a grant, and provide annual progress reports to the department. The department may impose other project-specific conditions by noting the conditions during project evaluation and including the condition in the funding agreement for the project.

(4) The department may terminate, reduce or delay funding for a project if the loan or grant recipient fails to comply with any provision of subsections (1) to (3) of this section. [2013 c.784 §14]

**Note:** See note under 541.651.

**541.695** [1971 c.754 §12; 1977 c.417 §3; 1989 c.837 §19; renumbered 196.770 and then 196.905 in 1989]

**541.696 Standards for security of loans from account; rules.** (1) The Water Resources Commission shall adopt rules estab-

lishing standards for borrowers obtaining loans issued from the Water Supply Development Account. The commission shall design the standards to ensure that all loans have a high probability of repayment and that all loans are adequately secured in the event of a default. The commission shall solicit comments from the Oregon Department of Administrative Services and the State Treasurer when designing the standards. The standards may include, but need not be limited to, standards that give preference to entities with ad valorem taxing authority.

(2) If the Water Resources Department approves a loan from the account for the implementation of a water development project, the department may require that the applicant enter into a loan contract, secured by a first lien or by other good and sufficient collateral. [2013 c.784 §15]

**Note:** See note under 541.651.

**Note:** Section 10, chapter 906, Oregon Laws 2009, provides:

**Sec. 10.** (1) The Water Resources Department Water Supply Fund is established separate and distinct from the General Fund. Interest earned on moneys deposited in the Water Resources Department Water Supply Fund shall be credited to the fund. Moneys in the fund are continuously appropriated to the Water Resources Department.

(2) The Water Resources Department Water Supply Fund consists of:

(a) Net proceeds of lottery bonds issued pursuant to sections 8 and 9, chapter 906, Oregon Laws 2009, deposited into the Water Resources Department Water Supply Fund for the following purposes:

(A) \$2,500,000 for the purposes of issuing grants to develop Umatilla Basin critical ground water storage projects described in section 17, chapter 907, Oregon Laws 2009, and to provide or pay for services in connection with those projects.

(B) \$217,000 to pay for the operation of loan and grant programs under sections 18 to 27, chapter 907, Oregon Laws 2009.

(C) \$283,000 for the purpose of developing an integrated state water resources strategy to implement the state water resources policy pursuant to ORS 536.220 and section 45, chapter 907, Oregon Laws 2009.

(D) \$500,000 for purposes of the grant program established by section 1, chapter 13, Oregon Laws 2008.

(b) Net proceeds of lottery bonds issued pursuant to section 4, chapter 624, Oregon Laws 2011, in an amount sufficient to provide \$1,229,052 in net proceeds and interest earnings for the department to finance grants for feasibility studies for water conservation, reuse and storage projects.

(c) \$11 million in net proceeds and interest earnings pursuant to section 13 of this 2015 Act [section 13, chapter 812, Oregon Laws 2015] to develop and implement water storage systems and delivery infrastructure, implement conservation and reuse projects or provide access to new water supplies.

(d) \$750,000 in net proceeds and interest earnings pursuant to section 13 of this 2015 Act to provide grants for place-based planning.

(e) \$1 million in net proceeds and interest earnings pursuant to section 13 of this 2015 Act to repair, replace or remediate water wells in the Mosier Creek area.