

**Oregon Water Resources Department
Water Right Services Division**

Application for Extension of Time

In the Matter of the Application for an Extension of Time)
for Permit R-11622 (modified by Permit Amendment T-7619),) PROPOSED FINAL
Water Right Application R-70850) ORDER
in the name of Stanford Oregon Hotel, LLC;)
Resort at the Mountain)

Permit Information

Application: R-70850
Permit: R-11622 (modified by Permit Amendment T-7619)
Basin: Sandy / Watermaster District 20
Date of Priority: November 2, 1990 for 20.4 AF, and November 9, 1995
for 1.2 AF
Source of Water: Unnamed streams and drainages, tributaries of Salmon
River
Storage Facility: Reservoirs #1, #2, #3, #4, and five unnamed reservoirs
Purpose or Use: Recreation to be maintained under Permits G-11087 &
G-11283
Maximum Volume: 21.6 Acre-Feet (AF); being 3.6 AF in Reservoir #1 (A &
B), 2.8 AF in Reservoir #2, 0.8 AF in Reservoir #3 (A &
B), 8.0 AF in Reservoir #4; 1.2 AF in an Unnamed
Reservoir located within the NW ¼ SW ¼, Section 4,
T3S, R7E, W.M.; 2.0 AF in an Unnamed Reservoir
located within the SW ¼ NE ¼, Section 5, T3S, R7E,
W.M.; 0.8 AF in an Unnamed Reservoir located within
the NW ¼ SE ¼, Section 5, T3S, R7E, W.M.; 0.4 AF in an
Unnamed Reservoir located within the SE ¼ SE ¼,
Section 5, T3S, R7E, W.M.

Please read this Proposed Final Order in its entirety.

In summary, the Department proposes to:

- Grant an extension of time to complete construction of the water system from October 1, 1998 to October 1, 2018.

- Grant an extension of time to apply water to full beneficial use from October 1, 1999 to October 1, 2018.¹

This Extension of Time request is being processed in accordance with Oregon Revised Statute 537.230 and 539.010(5), and Oregon Administrative Rule Chapter 690, Division 315

ACRONYM QUICK REFERENCE

Department – Oregon Water Resources Department

PFO – Proposed Final Order

AF – acre-feet

RM – River Mile

AUTHORITY

Generally, see **ORS 537.230** and **OAR Chapter 690 Division 315**.

ORS 537.230(3) provides in pertinent part that the Oregon Water Resources Department (Department) may, for good cause shown, order an extension of time within which irrigation or other works shall be completed or the right perfected. In determining the extension, the Department shall give due weight to the considerations described under ORS 539.010(5) and to whether other governmental requirements relating to the project have significantly delayed completion of construction or perfection of the right.

ORS 539.010(5) provides in pertinent part that the Water Resources Director, for good cause shown, may extend the time within which the full amount of the water appropriated shall be applied to a beneficial use. This statute instructs the Director to consider: the cost of the appropriation and application of the water to a beneficial purpose; the good faith of the appropriator; the market for water or power to be supplied; the present demands therefore; and the income or use that may be required to provide fair and reasonable returns upon the investment.

OAR 690-315-0040 provides in pertinent part that the Water Resources Department shall make findings to determine if an extension of time may be approved to complete construction and/or apply water to full beneficial use.

¹ Pursuant to ORS 537.230(4), upon the completion of beneficial use of water allowed under the permit, the permit holder shall hire a certified water rights examiner to survey the appropriation. Within one year after the complete application of water to a beneficial use (or by the date allowed for the complete application of water to a beneficial use), the permit holder shall submit a map of the survey and the claim of beneficial use.

FINDINGS OF FACT

Background

1. Permit R-11622 was issued by the Department on April 18, 1996. The permit authorizes the storage of up to 21.6 AF of water, being 3.6 AF in Reservoir #1 (Pond 1A & 1B), 2.8 AF in Reservoir #2 (Pond 2), 0.8 AF in Reservoir #3 (Pond 3), 8.0 AF in Reservoir #4 (Pond 4); 1.2 AF in an unnamed reservoir (Reservoir A) located within the NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 4, T3S, R7E, W.M.; 2.0 AF in an unnamed reservoir (Reservoir B) located within the NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 5, T3S, R7E, W.M.; 2.0 AF in an unnamed reservoir (Reservoir C) located within the SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 5, T3S, R7E, W.M.; 0.8 AF in an unnamed reservoir (Reservoir D) located within the NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 5, T3S, R7E, W.M.; 0.4 AF in an unnamed reservoir (Reservoir E) located within the SE $\frac{1}{4}$ SE $\frac{1}{4}$, Section 5, T3S, R7E, W.M. from unnamed streams and drainages, tributaries of Salmon River, for recreation to be maintained under Permits G-11087 & G-11283. The permit specified actual construction was to begin by April 18, 1997, construction of the water system was to be completed by October 1, 1998, and complete application of water was to be made on or before October 1, 1999.
2. On April 8, 1997, the Department approved Permit Amendment T-7619 (Special Order Volume 51, Page 358) authorizing a change in the place of use and point of diversion (Pond 1A) under Permit R-11622 (modified by Permit Amendment T-7619), which is hereafter referred to simply as Permit R-11622.
3. On May 28, 2010, the Department issued a letter by certified mail, requesting either a Claim of Beneficial Use or an extension of time be submitted, or cancellation proceedings for Permit R-11622 would begin.
4. On July 8, 2010 an assignment from Edwin A. Hopper, RRR Golf, Inc., to OLY-IDA RATM, LLC was recorded in the records of the Water Resources Department.
5. On August 24, 2010, a Claim of Beneficial Use (COBU) was received by the Department for review.
6. On September 24, 2015, the Department began reviewing the COBU for issuance of a water right certificate.
7. On November 23, 2015, the Department issued a Proposed Order of Certification in the Matter of Cancellation of Permit R-11622 to the permit holder of record, for failure to comply with conditions of the permit by not installing a meter prior to the complete application of water date, being October 1, 1999.
8. On January 20, 2016, the Department re-issued a Proposed Order of Certification in the Matter of Cancellation of Permit R-11622 to the landowner of record, for failure to comply with conditions of the permit by not installing a meter prior to the complete

application of water date, being October 1, 1999.

9. On February 19, 2016, a request for reconsideration in the matter of canceling Permit R-11622 was submitted to the Department.
10. On March 29, 2016, an assignment by proof from OLY-IDA RATM, LLC to Stanford Oregon Hotel LLC/Resort at the Mountain was recorded in the records of the Water Resources Department.
11. On behalf of the permit holder, Niall Boggs PE, CWRE, agent for Stanford Oregon Hotel, LLC; Resort at the Mountain, submitted an "Application for Extension of Time" to the Department on May 13, 2016, requesting the time to complete construction of the water system extended from October 1, 1998 to October 1, 2018 and the time to apply water to full beneficial use under the terms of Permit R-11622 be extended from October 1, 1999 to October 1, 2018. This is the first permit extension requested for Permit R-11622.
12. Notification of the Application for Extension of Time for Permit R-11622 was published in the Department's Public Notice dated May 17, 2016. No public comments were received regarding the extension application.
13. On May 17, 2016, the permit holder submitted additional information to supplement their Application for an Extension of Time.

Review Criteria [OAR 690-315-0040]

The time limits to complete construction and/or apply water to full beneficial use may be extended if the Department finds that the permit holder has met the requirements set forth under OAR 690-315-0040. This determination shall consider the applicable requirements of ORS 537.230², 537.248³ and/or 539.010(5)⁴.

Complete Extension of Time Application [OAR 690-315-0040(1)(a)]

14. On May 13, 2016, the Department received a completed Application for Extension of Time and the fee specified in ORS 536.050 from the permit holder.

Start of Construction [OAR 690-315-0040(1)(b) and 690-315-0040(5)]

15. Actual construction of the water system began prior to the April 18, 1997 deadline specified in the permit. According to the application, Pond #2 was constructed sometime in the 1920's or earlier per water right Certificate 7895, and Pond #1A was also likely constructed sometime in the 1920's.

The Department has determined the permit holder has satisfied the condition requiring beginning of construction of the water works.

²ORS 537.230 applies to surface water permits only.

³ORS 537.248 applies to reservoir permits only.

⁴ORS 539.010(5) applies to surface water and ground water permits.

Duration of Extension [OAR 690-315-0040(1)(c)]

Under OAR 690-315-0040(1)(c), in order to approve an extension of time for water use permits the Department must find that the time requested is reasonable and the applicant can complete the project within the time requested.

16. As of May 13, 2016, the permit holder states the remaining work to be completed consists of meeting all permit conditions, including installing the required meter or other suitable measuring device; completing construction of the water system; and applying water to full beneficial use.

Given the amount of development left to occur, the Department has determined that the permit holder's request to have until October 1, 2018, to complete construction of the water system and to accomplish the application of water to beneficial use under the terms and conditions of Permit R-11622 is both reasonable and necessary.

Good Cause [OAR 690-315-0040(1)(d)]

The Department's determination of good cause shall consider the requirements set forth under OAR 690-315-0040(2).

Reasonable Diligence of the Appropriator [OAR 690-315-0040(2)(a)]

The Department's determination of reasonable diligence shall consider the requirements set forth under OAR 690-315-0040(3)(a-d). In accordance with OAR 690-315-0040(3), the Department shall consider, but is not limited to, the following factors when determining whether the applicant has demonstrated reasonable diligence in previous performance under the permit:

Amount of Construction [OAR 690-315-0040(3)(a)]

17. The application states work was accomplished within the time allowed in the permit or previous extension as follows:
- a. Actual construction of the water system began prior to the April 18, 1997 deadline specified in the permit. Pond #2 along with outlet works, including 12" pipe, canal gate on submerged 8" pipe, and a fish ladder were constructed in the 1920's. Pond #1A and Pond #3 were constructed in the 1920's. Reservoir A estimated construction is in the 1960's. Reservoirs B, C, D, and E estimated construction is 1979.
 - b. Work was completed during the original development time frame under Permit R-11622. Pond #3 was lengthened and deepened. Pond #4 estimated construction is 1997.

The Department has determined that work has been accomplished prior to permit issuance, and within the time allowed in the permit, which provides evidence of good cause and reasonable diligence from the appropriator towards the complete application of water to a beneficial use.

Beneficial Use of Water [OAR 690-315-0040(3)(b)]

18. According to the COBU received on August 24, 2010, a maximum volume of 11.18 AF of water has been stored, being 1.18 AF in Pond #1A, 2.76 AF in Pond #2, 0.63 AF in Pond #3, 0.84 AF in Pond #4, 1.12 AF in Reservoir A, 2.02 AF in Reservoir B, 1.36 AF in Reservoir C, 0.81 AF in Reservoir D, and 0.46 AF in Reservoir E, which exceeds the authorized amount of water for use in Reservoir E. The authorized amount of water for Reservoir E is 0.4 AF.
19. Beneficial use of water has not yet been demonstrated under this permit because not all permit conditions were satisfied by October 1, 1999.

Compliance with Conditions [OAR 690-315-0040(3)(c)]

20. The water right permit holder's conformance with the permit or previous extension conditions.
 - a. The Department has considered the permit holder's compliance with conditions, and has identified the following concern: (1) the record does not show that the required meter or other suitable measuring device has been installed. The Department recognizes that it is the intent of the permit holder to comply with all permit conditions at the time the conditions become applicable.

Beneficial use of water under this permit, therefore, has not yet been demonstrated. In order to legally perfect the use of water under this permit, the permit holder must demonstrate that all conditions of the permit have been satisfied.

The Department has determined that this extension will allow the required meter or other suitable measuring device to be installed after 1999 to satisfy compliance of the condition of "the permittee shall install a meter or other suitable measuring device as approved by the Director" in an effort to make proof of beneficial use of the water as required by Permit G-11622.

Financial Investments to appropriate and Apply Water to a Beneficial Purpose [OAR 690-315-0040(2)(b),(3)(d),(4)(d)]

21. The application states a majority of the costs related with the project are unknown, due to ownership of the property changing hands multiple times. The current permit holder has estimated about \$331,030 has been invested, which is about 98 percent of the total projected cost for complete development of this project. The permit holder anticipates an additional \$5,000 investment is needed for the completion of this project.

Good Faith of the Appropriator [OAR 690-315-0040(2)(c)]

22. The Department has found good faith of the appropriator under Permit R-11622.

The Market and Present Demands for Water [OAR 690-315-0040(2)(d-e)]

The Department's determinations of market and present demand for water or power to be supplied shall consider the requirements set forth under OAR 690-315-0040(4)(a-f). In accordance with OAR 690-315-0040(4), the Department shall consider, but is not limited to, the following factors when determining the market and the present demand for water or power to be supplied:

The amount of water available to satisfy other affected water rights and scenic waterway flows; special water use designations established since permit issuance, including but not limited to state scenic waterways, federal wild and scenic rivers, serious water management problem areas or water quality limited sources established under 33 U.S.C. 1313(d); or the habitat needs of sensitive, threatened or endangered species, in consultation with the Oregon Department of Fish and Wildlife [OAR 690-315-0040(4)(a-c)].

23. The amount of water available to satisfy other affected water rights and scenic waterway flows was determined at the time of issuance of Permit R-11622; furthermore, water availability for other affected water rights and scenic waterway flows after the permit was issued is determined when an application for a new water right is submitted. The points of diversion are located on tributaries of Salmon River, and are located within the Sandy River Withdrawn Authority Area. The tributaries of Salmon River are located above the Sandy River Scenic Waterway, and are located above a stream segment designated as a Federal Wild Scenic River, and they are located within an area ranked "high" for stream flow restoration needs as determined by the Department in consultation with the Oregon Department of Fish and Wildlife, and are located within a Sensitive, Threatened or Endangered Fish Species Area as identified by the Department in consultation with Oregon Department of Fish and Wildlife. The points of diversion are in a location listed by the Department of Environmental Quality as a water quality limited stream for Biological Criteria (River Mile (RM) 0 to 33.9).
24. Other economic interests dependent on completion of the project [OAR 690-315-0040(4)(e)].
 - a. None have been identified.
25. Other factors relevant to the determination of the market and present demand for water and power [OAR 690-315-0040(4)(f)].
 - a. None have been identified.

Fair Return Upon Investment [OAR 690-315-0040(2)(f)]

26. Use and income from the permitted water development will likely result in reasonable returns upon the investment made to date.

Other Governmental Requirements [OAR 690-315-0040(2)(g)]

27. Delay in the development of this project was not caused by any other governmental

requirements.

Unforeseen Events [OAR 690-315-0040(2)(h)]

28. None have been identified.

CONCLUSIONS OF LAW

1. The applicant is entitled to apply for an extension of time to complete construction and/or completely apply water to the full beneficial use pursuant to ORS 537.230(3).
2. The applicant has submitted a complete extension application form and the fee specified in ORS 536.050, as required by OAR 690-315-0040(1)(a).
3. The applicant complied with begin actual construction timeline requirements pursuant to ORS 537.230 as required by OAR 690-315-0040(1)(b) and OAR 690-315-0040(5).
4. Based on Finding of Facts 15 through 22, completion of construction and full application of water to beneficial use can be accomplished by October 1, 2018⁵, as required by OAR 690-315-0040(1)(c).
5. The Department has considered the reasonable diligence and good faith of the appropriator, the cost to appropriate and apply water to a beneficial purpose, the market and present demands for water to be supplied, the financial investment made and fair and reasonable return upon the investment, the requirements of other governmental agencies, and unforeseen events over which the permit holder had no control, whether denial of the extension will result in undue hardship to the applicant and whether there are no other reasonable alternatives for meeting water use needs, any other factors relevant to a determination of good cause, and has determined that the applicant has shown that good cause exists for an extension of time to complete construction and apply water to full beneficial use pursuant to OAR 690-315-0040(1)(d).

Continued on the following page

⁵Pursuant to ORS 537.230(3), upon the completion of beneficial use of water allowed under the permit, the permittee shall hire a certified water rights examiner to survey the appropriation. Within one year after the complete application of water to a beneficial use (or by the date allowed for the complete application of water to a beneficial use), the permittee shall submit a map of the survey and a new or revised claim of beneficial use as deemed appropriate by the Department.

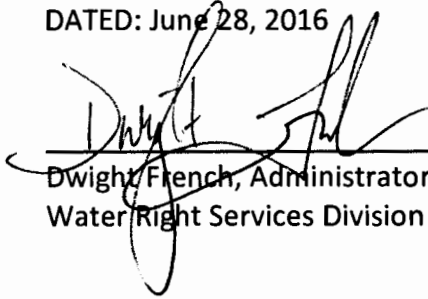
PROPOSED ORDER

Based upon the foregoing Findings of Fact and Conclusions of Law, the Department proposes to issue an order to:

Extend the time to complete construction of the water system under Permit R-11622 from October 1, 1998 to October 1, 2018.

Extend the time to apply water to beneficial use under Permit R-11622 from October 1, 1999 to October 1, 2018.

DATED: June 28, 2016


Dwight French, Administrator
Water Right Services Division

*If you have any questions,
please check the information
box on the last page for the
appropriate names and
phone numbers.*

Proposed Final Order Hearing Rights

1. Under the provisions of OAR 690-315-0100(1) and 690-315-0060, the applicant or any other person adversely affected or aggrieved by the proposed final order may submit a written protest to the proposed final order. The written protest must be received by the Water Resources Department no later than **August 12, 2016**, being 45 days from the date of publication of the proposed final order in the Department's weekly notice.
2. A written protest shall include:
 - a. The name, address and telephone number of the petitioner;
 - b. A description of the petitioner's interest in the proposed final order and if the protestant claims to represent the public interest, a precise statement of the public interest represented;
 - c. A detailed description of how the action proposed in the proposed final order would adversely affect or aggrieve the petitioner's interest;
 - d. A detailed description of how the proposed final order is in error or deficient and how to correct the alleged error or deficiency;
 - e. Any citation of legal authority supporting the petitioner, if known;
 - f. Proof of service of the protest upon the water right permit holder, if petitioner is other than the water right permit holder; and
 - g. The applicant or non-applicant protest fee required under ORS 536.050.

3. Within 60 days after the close of the period for requesting a contested case hearing, the Director shall:
 - a. Issue a final order on the extension request; or
 - b. Schedule a contested case hearing if a protest has been submitted, and:
 - 1) Upon review of the issues, the Director finds there are significant disputes related to the proposed agency action; or
 - 2) The applicant submits a written request for a contested case hearing within 30 days after the close of the period for submitting protests.

Notice Regarding Service Members: Active duty service members have a right to stay proceedings under the federal Service Members Civil Relief Act. 50 U.S.C. App. §§501-597b. You may contact the Oregon State Bar or the Oregon Military Department for more information. The toll-free telephone number for the Oregon State Bar is: 1 (800) 452-8260. The toll-free telephone number of the Oregon Military Department is: 1 (800) 452-7500. The Internet address for the United States Armed Forces Legal Assistance Legal Services Locator website is: <http://legalassistance.law.af.mil>

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- If you have any questions about statements contained in this document, please contact Corey Courchane at (503) 986-0825.
 - If you have questions about how to file a protest or if you have previously filed a protest and you want to know the status, please contact Patricia McCarty at 503-986-0820.
 - If you have any questions about the Department or any of its programs, please contact our Water Resources Customer Service Group at 503-986-0801.
 - Address any correspondence to : Water Right Services Division
725 Summer St NE, Suite A
Salem, OR 97301-1266
Fax: 503-986-0901
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