

**Water Resources Commission
Meeting
Salem, Oregon
August 26, 2010**

WRC Present

John Jackson
Mary Meloy
Ray Williams
Charlie Barlow
Jeanne LeJeune
John Roberts
Carol Whipple

Staff Present

Phil Ward
Tom Paul
Cindy Smith
Dwight French
Juno Pandian
Tracy Louden
Mike Ladd
Brenda Bateman
Barry Norris
Alyssa Mucken
Mike McCord

Others

Dan Bradley
Helen Moore
Willie Tiffany
Kay Teisl
Raoul Ortigoza
Sandra Ortigoza
Bobby Cochran
Kim Swan
Niki Iverson
Leslie Bach
Anita Winkler
Brian Posowitz
Shonee Langford

Written material submitted at this meeting is part of the official record and on file at the Oregon Water Resources Department, 725 Summer St. NE, Salem, Oregon 97301-1271. Audiotapes of the meeting are on file at the same address.

Chair Jackson welcomed everyone to the meeting. Commissioners introduced themselves to the audience.

A. Integrated Water Resources Strategy Update and Discussion

Brenda Bateman, Senior Policy Coordinator, and Alyssa Mucken, IWRS Policy Coordinator, briefed the Commission on activities accomplishments and public policy issues that had taken place related to the Integrated Water Resources Strategy (IWRS) since the June 2010 Commission Meeting.

Bateman and Mucken discussed the results from the 2010 IWRS Open Houses and Stakeholder Workshops; gave an update on the Policy Advisory Group; reviewed public comments received May through July 2010; and hosted a discussion about Ecosystem Services Markets.

Results from the 2010 IWRS Open Houses and Stakeholder Workshops

The Project Team conducted 12 Open Houses, 11 in Oregon Communities and one on-line, as well as 30 workshops at the invitation of stakeholder groups throughout the state. More than 1,000 people were reached through these events.

One of the key question participants addressed was “Do you have water resource solutions (policies, projects, or approaches) that you would like to see as part of this Integrated Strategy? What are some successful models from your organization, community, or elsewhere that we should encourage or develop further?” Participants were also asked to participate in a brainstorming format. They were not permitted to question, debate, or rebut each others ideas as part of the event. Participants could choose to build upon a previous idea, offer a different perspective, or address an entirely different issue.

Respondents offered solutions in 20 major categories: 1 - Water Conservation/Efficiency; 2 - Water Re-Use; 3 - Storage (above-ground, below-ground, natural storage); 4 - Regionalization / Basin-level Efforts; 5 - Water Quality (including public health and emerging contaminants); 6 - Restoration Efforts (wetlands, floodplains, forest lands, beavers); 7 - Regulatory Streamlining and Coordination; 8 - Putting Water Instream; 9 - Integrating Land-Use Planning and Water; 10 - Climate Change Adaptation; 11 - Groundwater Issues; 12 - Funding for all of these Efforts; 13 - Data, Information, Education, Outreach; 14 - Stormwater and Low Impact Development Issues; 15 - The Water - Energy Nexus; 16 - Water and Wastewater Infrastructure; 17 - Transboundary Issues; 18 - Water Markets and Water Banks; 19 - Desalination; 20 - Preparation for Natural Disaster (drought, flood, seismic events, storms, invasive species).

Policy Advisory Group Updates

The IWRS Policy Advisory Group (PAG) met for the third time on July 13, 2010 at the Water Resources Department. The Group discussed revisions to the PAG Charter, Meeting Protocols, and PAG Vision.

The Group spent the bulk of its meeting engaged with state and local agency officials, who presented their views on already existing plans and strategies related to water. The discussion focused on four key questions:

- What's the basic intent of the plan/strategy?
- How do we as agencies implement it (how does it work, exactly)?
- What does the plan/strategy say (or not say) about water? Where are the "water gaps"?
- What can we be doing as part of an Integrated Water Resources Strategy to partner with, to build upon, and to shore up these already-existing plans?

Because of the extensive information presented, PAG members were not asked to come to consensus during the meeting. Instead, the PAG will be asked to make a series of recommendations during subsequent meetings.

Public Comments Received (May 2010 – July 2010)

The Project Team has continued to receive public comments on the full range of IWRS activities. Comments arrived via regular mail, email, website survey, and telephone.

Public Policy Discussion: Ecosystem Services Markets

The IWRS will consider the role and needs of ecosystems, as they relate to water. Oregon is already building an expertise in this area.

Dr. Bobby Cochran, Willamette Partnership, Executive Director, is working on a "Counting on the Environment Program," designed to develop an accounting system for quantifying impacts and benefits to ecosystem services, in preparation for an ecosystem market in Oregon. To date, efforts have focused on quantifying the salmon and water quality benefits of additional streamflow.

Dr. Cochran presented the work thus far of the Willamette Partnership, including next steps as they relate to water quantity and quality.

Commissioner LeJeune commented that throughout the last two years, Brenda Bateman and staff have done an extraordinary job of doing a great deal of work in a really quality manner. The Commissioners concurred with Commissioner LeJeune.

B. Informational Report on 2009 Field Regulation and Enforcement Activities

Mike Ladd, Acting Field Services Administrator, and Juno Pandian, Enforcement Manager, gave a report to the Commission on field regulations and enforcement activities for 2009. Mike McCord, Watermaster District 16, briefed the Commission on field activities in his district.

There being no further business, the meeting was adjourned.

Respectfully,

Cindy Smith
Commission Assistant

**Water Resources Commission
Meeting
Salem, Oregon
August 27, 2010**

WRC Present

John Jackson
Mary Meloy
Ray Williams
Charlie Barlow
Jeanne LeJeune
John Roberts
Carol Whipple

Staff Present

Phil Ward
Tom Paul
Cindy Smith
Dwight French
Juno Pandian
Doug Woodcock
Bill Fujii

Tracy Louden
Barry Norris
Brenda Bateman
Mike Ladd
Ruben Ochoa
Bill Ferber
Lisa Jaramillo

Others

Kay Teisl
Peggy Lynch
Helen Moore
Dan O'Brien
April Snell
Mitch Lies
Raoul Ortigoza

Kim Anderson
Patrick Griffiths
Anita Winkler
Brent Stevenson
Willie Tiffany
Brian Posewitz
Sandra Ortigoza

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Chair Jackson welcomed everyone to the meeting.

B. Approval of Minutes

The minutes of the June 3 and 4, 2010 meetings were offered to the Commission for consideration.

Commissioner Roberts moved to approve the June 3 and 4, 2010 minutes as submitted; seconded by Commissioner LeJeune. Voting for the motion: Commissioners Barlow, Jackson, Williams, Roberts, Meloy, LeJeune and Whipple. Voting against the motion: None.

D. Commission Comments

Commissioner Williams said he had been busy farming and harvest. He did say that there has been activity on the Columbia River Exchange, a plan that works with the Tribes, State of Washington, State of Oregon and Corps of Engineers, to leave water in the Walla Walla River, so the growing fish population can be expanded. It is a bucket for bucket exchange. It is a win win situation for agricultural, environmental and fishing. The State of Washington has put \$40 million toward the project.

Commissioner LeJeune commented that she continues to focus and be interested on the planning aspects of the IWRS. She attended the last two Open Houses in Salem and Eugene. Both Open Houses were very well attended. She also attended the July Policy Advisory Group meeting. She felt the agenda was interesting and is looking forward to the next meeting.

Commissioner Meloy said that there are exciting things going on in her Basin. The Deschutes Water Alliance (DWA) has received \$500,000, over two years, from the Bureau of Reclamation for a Basin study. The DWA will be having an election of officers on August 31. The group is designed as a

forum for discussion of water needs and issues. It has been a successful endeavor to bring all the different parties together and have one DWA.

Commissioner Roberts commented that it was pretty quiet in southern Oregon. The big news is that the Rogue River now runs freely from Lost Creek Dam to the Ocean. Both Gold Ray Dam and Savage Rapids Dam were irrigation and power dams and have recently been removed. He also commented that Jacksonville Dam has been rated as high hazard.

Commissioner Whipple commented that all is quiet in the Umpqua valley. She noted that there is a USGS Gaging Station on her property. She also said that she is paying more attention to the Willamette River; it is a fascinating system.

Commissioner Barlow commented that he talked to one of the local irrigation district managers and was asked to pass on a compliment to the Department regarding a meeting with the local watermaster, Ron Jacobs, and Region Manager, Ivan Gall and other Department staff. At this meeting, the district managers and Department staff had an opportunity to talk through some real issues. He commented that this also builds a relationship between the districts. The district manager thanked the Department for this opportunity.

Commissioner Jackson commented that he spoke to the Association of Clean Water Agencies Annual Meeting in Bend. He spoke regarding the IWRS. His main message that he presented to the group focused on the opportunity to re-use treated wastewater. He commented that he also attended a Natural Resource Director/Chair Meeting where they discussed the general fund budgets of the natural resources agencies.

Commissioner Williams gave kudos to the Director and the entire Department. They continue to do more with less and have been doing this consistently.

E. Director's Report

Director Ward reviewed his written report with the Commission and responded to their comments and questions.

Director Ward commented that the Department has been working with the US Army Corps of Engineers and stakeholders regarding the issues in the Willamette reservoir system. The Department will give an update to the Commission at its November meeting.

Barry Norris, State Engineer, and Dwight French, Water Rights/Adjudication Administrator, briefed the Commission on the Ecological Flow Technical Advisory Group. The Commission asked for a more detailed update on the Peak and Ecological Flows White Paper at the November meeting.

F. Budget Update: 2009-11 Budget; 2011-13 Agency Requested Budget

Tracy Loudon, Administrative Services Division Administrator, gave an update on the Department's 2009-11 Budget along with information regarding the Department's 2011-13 Agency Requested Budget.

On June 22, 2010, the Governor directed the Department of Administrative Services to begin taking action to prevent the forecasted 2009-11 budget deficit by using the allotment authority under ORS 291-261. This grants the Governor the authority to apply an across the board reduction on all

General Fund appropriations to eliminate the projected deficit, estimated as approximately a 4.6% reduction of the biennial appropriation. The Department's share of this reduction came to \$965,740. The implementation of these reductions has been successful to date and will continue until the current deficits are addressed.

A new revenue forecast from the Office of Economic Analysis was subsequently released on August 26, 2010, projecting a General Fund shortfall of \$377.5 million. This will amount to approximately \$600,000 to the Department if the cut is taken across the board. This will cause additional budget adjustments for the current biennium and will modify the projected General Fund deficit for next biennium.

The Department's 2011-13 Agency Requested Budget totaled \$85.2 million. This represents a \$35.6 million continuation of Current Service Level, which would continue operational costs as they are today, less one time authorized expenditures, and \$49.6 million in proposed packages.

The Department continues to actively manage its 2009-11 Budget and prepare for the 2011-13 Biennium.

The Commission discussed developing a three member subcommittee of the Commission that would work with staff and come back with some revenue options at the November meeting.

Commissioner Williams moved to approve the creation of a three member subcommittee of the Commission to work with staff on revenue options; seconded by Commissioner Roberts. Voting for the motion: Commissioners Barlow, Jackson, Williams, Roberts, Meloy, LeJeune and Whipple. Voting against the motion: None.

The WRC subcommittee will consist of Commissioner Roberts, Commissioner Williams and Commissioner LeJeune.

G. Water Resources Department's Proposed 2011-2013 Legislative Concepts

Brenda Bateman, Senior Policy Coordinator, briefed the Commission on the Department's 2011 proposed Legislative Concepts.

On April 9, 2010, the Department submitted initial legislative concepts to the Oregon Department of Administrative Services. During the Commission's June 4, 2010, meeting, Department staff introduced these concepts.

Since the last meeting, staff has met with stakeholders and partners. Below is a description of the remaining Legislative Concepts.

Legislative Concept #497 "Electronic Transactions at the Water Resources Department"

Currently, statute requires that a number of department documents including initial reviews, proposed final orders, final orders, and other records must be passed back and forth between the Department and customers in hardcopy. This involves extra time and materials, as these documents are created and used in an electronic format today, and then transferred to hardcopy for mailing to customers. The Water Resources Department proposes to send and receive documents electronically when mutually agreed to with the customer. The Department would still plan to keep permits, certificates, and other final decisions in a hardcopy file for long-term record keeping. Department documents, whether electronic or hardcopy, would still be available as part of the public record.

Legislative Concept #499 “CWRE Training”

Ensure that Certified Water Right Examiners (CWREs) receive continuing education in water right rules and requirements, and ensure that the state has the ability to address problems that arise in CWRE work. This concept would clean up and modernize statutes related to CWRE training.

Legislative Concept #502 “Broadens the Category of Permits Involved in an Exchange”

Existing statute allows the “exchange” of water authorized under certificated water rights. The state’s goal is to use a commonsense approach to develop the Umatilla Basin Aquifer Recovery Project. Morrow County’s County Line Water Improvement District (CLWID) uses water from the Umatilla River, authorized under a water right certificate. Water has been used since the 1970s to operate a groundwater recharge project. Umatilla County’s Echo Meadows plans to establish a groundwater recharge site as well, and plans to apply for a water right permit using “winter water” from the Columbia River. However, the CLWID is physically located closer to the Columbia River than Echo Meadows, and Echo Meadows is closer to the Umatilla River than is CLWID. If the two entities “exchanged” the water involved in these rights, the region would save millions of dollars in new infrastructure and operation costs. The bill proposes to amend ORS 540.533 to allow groundwater recharge permits to be involved in an exchange.

Legislative Concept #503 “Reducing the Requirement for Multiple Newspaper Notices”

In many cases, the Department’s pending transactions must be noticed in local newspapers, some requiring multiple-week notices. This increases the time and materials involved, and does not take into account the fact that most members of the public now have access to information in electronic form. This Bill would decrease statutory requirements from multiple weeks in a row to one, and affects 12 of the Water Resources Department’s statutes.

Legislative Concept #504 “Water Resources Department’s Ability to Enter into MOUs”

Although it has broad authority, the Water Resources Department does not have the specific authority to enter into Memoranda of Understanding with other entities. Other states agencies in Oregon have already sought and received specific authority to do so. The Department seeks specific authority under “Powers of the Director/Department” (ORS 536) to enter into Memorandum of Understanding (MOUs) and Memoranda of Agreements (MOAs) with other entities.

Legislative Concept #506 Klamath Basin Restoration Agreement Fund

This concept requests \$3.4 million in lottery revenue bonds to offset economic losses resulting from the KBRA, including: lost property tax payments upon retirement of four hydroelectric dams, and reductions in property values, business opportunities, and agricultural water rights and water deliveries. The Governor’s office has requested that the Department carry this legislation.

These legislative concepts represent a commonsense approach to Department operations and projects and have support from Department stakeholders. Legislative Counsel has already drafted and finalized these particular legislative concepts; the Department will have no further opportunity for language modifications until the Legislative Session begins in January 2011.

The Commission was asked to review and discuss the concepts, and approve moving the concepts forward in the process.

Commissioner Barlow moved to have the Department forward all six concepts as a package to the Oregon Legislature, as written; seconded by Commissioner LeJeune. Voting for the motion:

Commissioners Barlow, Jackson, Williams, Roberts, Meloy, LeJeune and Whipple. Voting against the motion: None.

Helen Moore, Water for Life, expressed concern regarding Legislative Concepts 504 and 506.

H. Upcoming Division 95 Rulemaking – HB 3369 Implementation Update

Tracy Loudon, Administrative Services Division Administrator, gave an update on the Division 95 Rulemaking – HB 3369 Implementation.

The Department is currently working on a rulemaking for a new Division 95 related to the Water Development Loan Fund and Columbia River Basin projects.

HB 3369, signed by the Governor on August 4, 2009, makes changes to the Water Development Loan Fund and establishes a new grant fund for the construction of water development projects.

Passage of SB 5505 provided authority to issue general obligation bonds of \$10 million in 2009-11 and \$15 million in 2011-13 to fund water development projects in the Columbia River Basin under the Water Development Loan Fund program. Funding availability causes the portions of HB 3369 related to the Columbia River Basin to be the prioritized focus of rulemaking activities for the Department with other HB 3369 rulemaking occurring later in the biennium.

The Department has determined that a separate Division 95 for the Columbia River Basin projects offer the greatest clarity of purpose for operation of the Water Development Loan Fund. These rules will incorporate HB 3369 language and operational considerations of the Department.

The Department has begun implementation of the Division 95 rulemaking for a portion of HB 3369 related to Water Development Loans for the Columbia River Basin. Activity will occur during the months of August through November with a projected timeline that will bring the proposed rules before the Commission at its November meeting.

Commissioner LeJeune asked for a timeline and process update regarding any rulemakings the Department is working on. This would be helpful for the Commission so they can understand the workload that may be coming in the future.

I. Water Management Conservation Plan Briefing

Dwight French, Water Rights and Adjudication Administrator, Bill Fujii, Senior Water Right Coordinator, and Lisa Jaramillo, Water Management Conservation Planner, briefed the Commission on the Water Management and Conservation Planning Program.

Oregon is one of the Northwest's leaders in Water Management and Conservation Planning. The Department administers Water Management and Conservation Plans (WMCP) under OAR Chapter 690, Division 86. With the adoption of rules to allow water right permit extensions under OAR Chapter 690, Division 315, WMCP's now provide a process to review and allow appropriate access to increased water diversions under extended permits.

During the mid 1980's and early 1990's the Commission adopted the State Water Resources Policy and rules to ensure compliance with statewide planning goals, compatibility with comprehensive plans, and coordination on land use matters. Part of this effort resulted in the WMCP process. Since

1992, the municipal water management and conservation planning program has provided a process through which cities and other municipal water suppliers estimate long-range water supply needs and identify alternatives, including water conservation programs, to meet those needs. The Department requires many municipal water suppliers to prepare WMCPs as conditions of their water use permits or permit extensions. The municipal WMCP program recognizes that communities with a population under 1,000 have different needs and fiscal resources than larger communities. Agricultural water management and conservation planning (AG WMCP) provides a process through which irrigation districts and other agricultural water suppliers identify water conservation programs for implementation based on the suppliers' needs and particular circumstances. An approved AG WMCP allows some irrigation districts special transfer processes and allows districts with ties to the U.S. Bureau of Reclamation (BOR) enhanced access to BOR conservation grants. The rules for the AG WMCP program are broader so there are no distinctions between large or small Districts.

Over the past twelve years the quality of WMCP documentation has vastly improved, particularly among those entities submitting updated plans. As more municipalities and irrigation districts participate in the program, the Department expects that the quality and use of the plans will continue to improve.

The state of Washington adopted rules in 2006 for water management and conservation statues for municipalities. They recently started receiving and reviewing plans, however in comparison to Oregon's program, Washington's is a more informal and abbreviated process. The state of Idaho now has a similar process for municipalities and agricultural users for one administrative groundwater area. To date, Idaho has only received a couple of plans, and with the aid of an Advisory Group, has taken initial steps to develop guidelines for the information that should be incorporated into those plans.

K. Public Comment

Peggy Lynch, League of Women Voters of Oregon, handed out a pamphlet titled "Water In Oregon – Not A Drop To Waste."

L. Other Issues

None.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Cindy Smith
Commission Assistant