

CENTRAL OREGON IRRIGATION DISTRICT

A MUNICIPAL CORPORATION OF THE STATE OF OREGON

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January 23, 2006

Kyle Gorman
Watermaster, South Central Region
Oregon Water Resources Department
1340 NW Wall Street
Bend OR 97701

by hand delivery, email, and mail

Re: Public Comment on Mitigation Bank Application MB-3
Project Applicant Deschutes Irrigation, LLC
Deschutes Ground Water Study Area

Dear Kyle:

Central Oregon Irrigation District has reviewed the above referenced application submitted to the Department for approval to establish a mitigation bank in Central Oregon. The District has also reviewed pertinent law and rules, including ORS 537.746 and OAR Chapter 690, Division 521 implementing the statute passed in 2001.

The purpose of allowing a mitigation bank is set out in 690-521-0300(3), which states,

(3) Mitigation credits *for time-limited transfers and leases* made under section (1)(b) of this rule *may only be established by mitigation banks*. [emphasis added].

The District is an active member in mitigation efforts in the Basin. We encourage all efforts to improve efficiencies. However, this application does not demonstrate a focus on encouraging temporary transfers, but rather to use the authority that would be granted by the Department to broker permanent transfers. This is not the intent of the rule or the legislation it implements.

We are also concerned that the authority symbolized by a Department designation as a water bank may be viewed by some as evidence of added authority or expertise in the marketing arena of land and water rights associated with that land. This is a primary vocation for the applicant, also an active land developer in our region. Since the applicant has not demonstrated a need to

handle temporary transfers, and permanent transfers or projects do not require bank authority, the District questions the usefulness of the bank designation for the means intended by the Legislature.

The Deschutes Water Exchange is authorized and active in the Basin. It is currently handling a growing number of credit applications. Other banks that are focused on these same goals are encouraged by the District and other members of water organizations in the region, under the assumption that they will increase the number of applications and general interest in mitigation. It is also assumed they will cooperate with one another to achieve common interests.

In summary, the District opposes this application for bank designation. The possibility of abuse of the bank authority is raised by this application, and COID asks this Department to consider the value of bank designation, and award it accordingly.

Sincerely,

Steven Johnson
General Manager

SJ/ead

Cc: Bruce Aylward

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