



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Phillip C. Ward, Director

SUBJECT: Agenda Item L, February 26, 2009
Water Resources Commission Meeting

Director's Report

I. Current Events:

Current Water Conditions: Water year 2008 ended September 30 with near normal precipitation in most of Oregon's basins. Water year 2009 began with less than normal precipitation in the months of October and November, followed by a series of cold, wet storms in mid December.

As of January 1, Oregon snowpack was near normal in all Basins, except the northeast and southeast corners of the state. Reservoir storage was 73% of normal. At the end of January, total precipitation ranged from 78% of average in the Lake County/Goose Lake Basin to 111% of average in the Owyhee Basin.

Agricultural Water Management and Conservation Plan Workshop: The Water Supply and Conservation Section continued its outreach efforts by offering an Agricultural Water Management and Conservation Plan Workshop in Sisters, Oregon on February 13, 2009. The half-day workshop was held at the Three Sisters Irrigation District (TSID) office and was presented by Lisa Jaramillo and Bill Fujii. In addition to TSID staff and volunteers, representatives from Ochoco, North Unit, Farmers' and Westland Irrigation Districts were in attendance.

Umatilla Critical Ground Water Investigation Costs: Commissioners received an informational report on the Umatilla Basin Recharge Feasibility Study, during the November 2008 Commission Meeting.

The investigation will be completed July 1, 2009, and the final report will include a refined construction schedule with cost estimates. The consultant has provided some preliminary cost estimates for the recommended first phase of development. At this point in the investigation, it is expected that total build out of the entire project could range to \$200 million.

The ground water critical areas have been divided into three development phases. Phase 1 construction extends over the eastern half of the study area, and includes modifications to both the existing supply and distribution systems. Additionally, Phase 1 construction includes infrastructure for storage and recovery. The consultant has provided seven construction options for Phase 1 that range in cost from \$22 million with yearly diversions of 22,000 acre-feet, to \$100 million (Phase 1) with yearly diversions of 100,000 acre-feet. All seven options will utilize the Columbia Improvement District and/or the Boardman Tree Farm existing supply infrastructure. Annual operation and maintenance costs range between \$2.5 million to \$9 million.

II. Commission Follow Up

Governor's H2O Initiative: The Governor's Recommended Budget for 2009-2011 includes resources to develop an integrated water resources management strategy for Oregon, and investments for water conservation and future water supply needs. While the \$3.3 million proposed in the budget does not fund all the recommended actions in the H2O initiative, it is focused on a few key recommendations and provides a step forward for addressing critical water issues and current and future water needs in Oregon. There are two investments related to the Department.

1. Integrated Water Resources Strategy: The H2O Advisory Group developed a legislative concept, designed to build upon existing statutory language in ORS 536.220 that directs the Water Resources Department (WRD) to work cooperatively with the Department of Environmental Quality (DEQ) on the development of an integrated water resources strategy for Oregon. The Governor's budget includes resources to support this bill, including 2 FTE for WRD and 1 FTE for DEQ to work on development of the strategy and to create a public process for meeting future water needs. (Approximately \$490,000 General Fund)

2. Water Conservation and Supply Implementation: Innovative water conservation and supply projects are necessary for Oregon to be responsive and adapt to the impacts of climate change, while protecting surface and groundwater supplies. Building on the feasibility study efforts started under SB 1069, the Governor's Recommended Budget includes \$2.5 million in Lottery-backed bonds to complete the first stages of needed infrastructure projects that will eventually restore irrigation to prime agriculture land in the Umatilla Basin. In addition to addressing critical groundwater problems in this area, this aquifer recharge project will result in additional cold water flows in the Umatilla River during summer months, which will benefit fisheries. (\$2.5 million Lottery-backed bonds)

Legislation: The Department has six legislative proposals, and five have had a "first reading," with referral to substantive committees. Please see the attached one-pager, "2009-11 Legislative Proposals," which summarizes each of the bills. The two House Bills (2231 and 2232) are fee bills and were the subject of a January public hearing in the House Environment and Water Committee, chaired by Representative Ben Cannon. In February, the committee held a work session on both bills.

The four Senate Bills (193, 194, 195, and 196) were referred to the Senate Environment and Natural Resources Committee, chaired by Senator Jackie Dingfelder. SB 193-195 were the subject of February public hearings.

1. Three Legislatively Required Reports. On January 30, 2009, the Department submitted three legislatively-required reports to Oregon's 75th Legislative Assembly, describing the outcomes thus far from three programs. All three are posted to the Department's website: www.wrd.state.or.us.

First, House Bill (HB) 3494, passed in 2005, directed the Department to report to the 75th Legislative Assembly, no later than January 31, 2009, on the implementation and operation of the Deschutes River Basin Ground Water Mitigation and Mitigation Bank Programs. The attached report provides this assessment, as well as a series of recommendations resulting from the "Deschutes Group," a broad range of water users and organizations with an interest in water use in the Deschutes Basin, who convened throughout 2008.

Second, Senate Bill (SB) 89, passed in the 2007 Legislative Session, directed the Department to report to the 75th Legislative Assembly, no later than January 31, 2009, on the implementation of a pilot project that allows select irrigation districts to temporarily change the place of use of water right for one irrigation season without filing a water right transfer application and receiving approval from the Department. Again, the attached report evaluates the program thus far, and makes several recommendations for its continued success.

Finally, the Oregon Water Supply and Conservation Initiative, authorized as part of the Department's 2007-09 Budget, has drawn to a close. The enclosed report describes the work completed in four areas during 2007-08, including: a state-wide water demand forecast, an inventory of potential conservation opportunities, an inventory of potential water storage opportunities, and grant program for community water resource planning. This work has helped the Department create a firm data foundation upon which to develop Oregon's long-term, integrated water resources strategy.

2. Visits with Legislative Members. Director Ward and Brenda Bateman continue to meet with Legislators, including members of the natural resource-related and budget committees. The purpose is to familiarize members with the bills they will be asked to consider, and provide additional details about the Department's budget and programs.

Director Ward has also recently provided Agency updates to customers, through their industry associations and annual conferences. They include: Oregon Cattlemen, Oregon Water Resources Congress (OWRC), Oregon Water Utilities Council (OWUC) and the Association of Oregon Counties (AOC).

Governor's Global Warming Commission: Director Ward sits on the Global Warming Commission as an ex officio member. The Global Warming Commission has decided to form an Economics Advisory Board; its purpose being to review the implications of climate change policy implementation. The Global Warming Commission has also submitted a Legislative Proposal to the 2009 Legislature regarding a cap and trade system (SB 80). The Commission Chair, Angus Duncan, provided an update briefing before a joint hearing of the House Environment and Water Committee and Senate Environment and Natural Resources Committee on January 27, 2009.

Infrastructure Finance / Economic Stimulus: The Department worked with stakeholder groups to submit an inventory of “shovel ready,” water-related infrastructure projects to the Governor’s office for inclusion in Oregon’s request for federal economic stimulus funds. Christine Valentine is coordinating these efforts for the Governor’s office.

Liquefied Natural Gas (LNG): Director Ward continues to meet regularly with other agency directors, who have responsibility for permitting processes related to Liquefied Natural Gas (LNG) facilities in Oregon. The Department has received six water right applications relating to the Bradwood Landing terminal. The Department has issued Final Orders, granting three limited licenses, and proposed final orders for a ground water application and a surface water application. For the sixth application, the Department has issued an initial review and is currently working with Oregon Department of Fish and Wildlife and Department of Environmental Quality to review the application and develop fish protection-related conditions. Applications have not been received for any LNG facilities other than for the Bradwood Landing site.

III. Commission/Board Schedules	Location	Date
Board of Forestry	Salem	March 4, 2009
Fish and Wildlife Commission	Salem	March 20, 2009
State Land Board	Salem	April 14, 2009
Land Conservation and Development Commission	Madras	March 11, 2009
Environmental Quality Commission	TBD	April 23, 24, 2009
Parks and Recreation Commission	Corvallis	March 26, 2009
Oregon Watershed Enhancement Board	Salem	March 18, 19, 2009
Board of Agriculture	TBA	TBA
Dept. of Geology and Mineral Industries	Salem	March 6, 2009