

**Water Resources Commission
Meeting
Boardman, Oregon
September 29, 2011**

WRC Present

John Jackson
Mary Meloy
Ray Williams
John Roberts
Jeanne LeJeune

Staff Present

Phil Ward
Tom Paul
Cindy Smith
Brenda Bateman
Doug Woodcock
Dwight French
Tracy Louden
Barry Norris
Mike Ladd
Tony Justus

Others

Helen Moore
Jerry Franke
Terrence Conlon
Ray Kopacz
Kimberley Priestley
Terry Tolen
Molly Reid
Dennis Doherty
Larry Givens
Bev Bridgewater
Gil Riddell
Leann Rea
J.R. Cook
Alan Unger
Susie Jordan
Niki Iverson
Gary Zollman
Eric Quaempts
Ron Brown
Chuck Wilcox
Gary Neal
Bill Hansell

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 and staff introduced themselves to the audience.

A. Integrated Water Resources Strategy Update and Discussion

Brenda Bateman, Senior Policy Coordinator, briefed the Commission on the progress of the Integrated Water Resources Strategy (IWRS).

Topics included:

- Results from the July 19, 2011 Policy Advisory Group Meeting
- Update on input provided on the June 2011 Draft Recommended Actions
- Next steps toward implementation
- Recommended actions under Bulletin #9 “Funding” and Bulletin #10 “Place-Based Approaches.”

Bateman provided the “placemat,” an at-a-glance summary of the draft recommended action, and explained how these components are coming together within the IWRS.

This agenda item also featured guest speaker, Niki Iverson, Water Resources Manager for the City of Hillsboro and the Joint Water Commission (JWC). The JWC has focused on taking a regional approach to water resource planning, and Ms. Iverson shared a number of successes and observations in these areas.

Results from the July 19, 2011 Policy Advisory Group Meeting

The Project Team released “Draft Recommended Actions on June 23, 2011, organized in a set of 12 bulletins. Each bulletin had a set of specific actions, prefaced by background materials and statistics, drawn largely from the issue papers, developed at the beginning of the project. Each set of bulletins also featured related links and resources, so that readers could seek additional information on each topic.

The Policy Advisory Group enjoyed strong participation and turn-out in July, similar to past meetings. With more than 30 attendees in the audience, including federal agencies, stakeholders and partners, the members engaged in a day-long discussion of the June 23rd draft recommended actions, which are found in Attachment 1.

The discussion was very productive. PAG members provided several comments and suggestions for each recommended action, indicating a “thumbs up” on most of the high-level recommended actions, with the caveat that staff reflect the group’s comments and suggestions in the next draft. The group also reserved the right to provide or withhold support on some of the subsequent details, but generally approved of the high-level actions. Topics that were somewhat “new” to the Policy Advisory Group, as the group had not previously discussed them in depth, were actions under Bulletin #9 (Funding), Bulletin #10 (Place-Based Approaches), Bulletin #11 (Water Management), and Bulletin #12 (Ecosystem Health and Public Health). The group will consider these four topics (and related actions) and bring them to a vote during their next meeting, scheduled for Tuesday, November 8, 2011.

Bateman noted that Commissioners Jackson and LeJeune attended the Policy Advisory Group Meeting in June.

Chair Jackson commented on the efforts that have gone into the process, by staff as well as the Policy Advisory Group members and audience and shared his appreciation for those efforts and wide range of interest in the project.

Commissioner LeJeune commented in favor of the process that has taken place and shared thoughts regarding the different interests that are represented. She said that people have come together to work toward one common goal.

Chair Jackson noted that the Governor’s Office was represented at the last Policy Advisory Group meeting by Brett Brownscombe, Governor’s Natural Resource Policy Advisor. He asked Director Ward to pass along his appreciation for his attendance.

Update on Input Provided on the June 23, 2011 Draft Recommended Actions

The comment period pertaining to the draft recommended actions ran from June 23 through August 31, 2011. In addition to the discussion held by the Policy Advisory Group on July 19, the Project Team received a significant amount of public input. The Project Team received comments from more than 50 individuals and organizations.

Bateman noted that the U.S. Forest Service provided comments at a later date. The U.S. Forest Service is part of the Federal Liaison Group providing a technical perspective for the project.

Chair Jackson commented on the funding piece of the strategy and asked Brenda Bateman when Water Resources and project staff will begin a more focused look at funding the strategy.

Bateman gave a timeline of events that will lead up to the funding of the strategy, including more detailed discussions scheduled for the November 2011 PAG meeting.

Commissioner LeJeune commented on the funding piece of the strategy and how it should be carefully looked at with resources already existing and possibly using some creative financing options in these hard economic times. She cautioned the Project Team not to put too large a price tag on the project right up front and noted it was too important a project to just dismiss due to funding obstacles.

Commissioner Williams commented in agreement with Commissioner LeJeune. He commented on the sincerity and amount of effort that has gone into the public outreach portion of the project. He is pleased with the Department's work on this project. He also said he would like to see some kind of overall number so the Commission can start to understand what it may take to implement the project.

Chair Jackson commented that it has been a joint effort with funding and the Department has had help from other entities as well.

Commissioner Roberts commented on the willingness of elected officials and others to help implement the strategy. He asked which components would have higher priority during implementation and what their cost would be, and noted that the state's current economic situation would probably mean slower implementation than he would like.

Commissioner LeJeune said that prioritization is key and that although all interests will want their favorite piece to be implemented the state would not be able to accommodate everyone's interests right away.

Director Ward commented that this would be a staged implementation and that the Policy Advisory Group will be assisting in coming up with the priorities that will then be used to build the staging process to be utilized in the implementation phase.

IWRS discussions to date have strongly indicated that the state should be doing more to encourage communities to develop strategies to meet their water needs.

Niki Iverson, shared some of the JWC's experiences in regional approaches.

Chair Jackson noted that Commissioner Whipple could not be at the first day of the meeting, but asked him to pass along her thoughts regarding moving forward and not spending much more time gathering public comment, unless such an exercise would result in new ideas.

Commissioner LeJeune commented that she felt there would be a need when the draft plan is available to get input from others outside of the interest groups.

Commissioner Williams asked if there are any statutory requirements to fulfill when a project like this is in its final stages to notify the public of such event.

Bateman answered "no."

Chair Jackson commented that the commission wants to be sure that it is fulfilling its legal obligations where necessary concerning the strategy.

Director Ward commented that there are limited requirements in HB 3369, such as notification of other boards and commissions. There are no stringent type timetables and deadlines to meet regarding notifications. He also stated there should be another period of time for public comment after the final draft version of the strategy is released and the Commission should have ample time to review that as well. Director Ward noted that he and Bateman would work on getting something back to the Commission in written form over the next month or so and wants the Commission's comments on the document in order to put something together that will be acceptable.

Chair Jackson noted that key boards and commissions would be meeting over the first quarter of next year. Going before these commissions would provide another venue for public comment on the strategy.

Bateman noted that she has already begun contacting those key commissions.

Chair Jackson thanked Niki Iverson for providing her presentation to the Commission.

B. Water Resources Commission Revenue Enhancement Subcommittee Update

Commissioner Roberts gave an overview of the subcommittee and how it was developed. The subcommittee consists of Commissioner Roberts, Commissioner LeJeune and Commissioner Williams. The subcommittee has been looking at funding options that would lessen the Department's reliance on an ever-decreasing General Fund.

Commissioner Roberts discussed the subcommittee's meetings with 40 plus stakeholders in order to get their input on what their thoughts would be regarding different revenue options outside of the General Fund. From those discussions came 28 different revenue options outside of the General Fund. Of those 28 options, they kept four.

The strongest option is to implement a Water Rights Management Fee. This would include charging a fee of approximately \$100 for a water right. Perhaps there could be some sort of a cap for entities holding multiple water rights. The subcommittee has spent most of its time thus far working on developing this option.

Commissioner Roberts described a water right management fee analysis recently completed by the Department, determining that such a fee could potentially bring in \$6.5 to \$7.5 million dollars annually. He stated the initial problem would be the cost of implementation, as it would take approximately \$1 million dollars. He said his recommendation to the Commission would be to concentrate on this particular component of the program.

Commissioner Roberts also recommended carefully considering the other options, such as increasing cost recovery for Department transactions which may yield \$300,000 to \$800,000 per year. He stated the Oregon Legislature had already authorized up to 50 percent cost recovery for transactions; this fee structure is in place right now.

Commissioner Roberts said he met with Representative Buckley, Co-Chair of the Revenue subcommittee. Representative Buckley was very open to the idea of a Water Management Fee to

supplement the General Fund. Representative Buckley recommended that we try and get a concept in front of the Ways and Means Committee in the 2013 Session.

Commissioner Roberts said if we are going to charge a fee for a service, specifically for Water Right Management, then we have to look at what benefit it will create.

Commissioner Williams said they also need to take into consideration the impact it would have on the public. He also stated the Department has been through so many budgetary obstacles over the years that looking at some sort of revenue enhancement is essential.

Commissioner Meloy said there is a lot of work that goes into maintaining a water right, work that the general public may not know exists. She asked how much of the fee would be revenue and how much would be actual expenses the Department would incur to support the program.

Commissioner Roberts said that the higher the fee, the more actual revenue would be seen from it. If a \$25 fee was charged, it would generate about \$1.9 million. If a \$100 fee was charged it would be around \$7.5 million and would cost approximately \$650,000 per biennium to run the program, including staff time.

Commissioner Williams said the Department is an agency that is more dependent on General Fund than any other Natural Resource Agency. A lot of other natural resource agencies charge fees. Their budgets consist of fees along with their general fund budget.

Commissioner LeJeune stated that the time has come to put this together so that it can move forward and be discussed.

Commissioner Williams stated that there would be a cap on the Water Management Fee and that it would not have a significant impact on anyone's cost of doing business in a substantial way.

Chair Jackson stated that the budget discussion will be at tomorrow's meeting and that they should wait until they learn more about where the Department budget is headed.

Helen Moore, Water for Life, commented in opposition of a Water Management Fee, and urged the Commission to ensure that funding decisions are equitable.

C. Discussion with Association of Oregon Counties (AOC)

Commissioner Alan Unger, Deschutes County; Commissioner Dennis Doherty, Umatilla County; and Gil Riddell, Association of Oregon Counties Policy Advisor, spoke to the Commission about the continued partnership between the Department and the Association of Oregon Counties.

Commissioner Unger gave his perspective on the AOC's ability to help the Department with its budget challenges and to work together towards some thoughtful solutions. He said that the counties are happy to help with supporting the Department's budget. Commissioner Doherty agreed with Commissioner Unger. He was appreciative of the Department's work and that the Commission visited Morrow County.

Gil Riddell, Association of Oregon Counties Policy Advisor, spoke about AOC's upcoming annual conference in November. Riddell invited the Department to staff a booth in conjunction with the AOC to promote the Integrated Water Resources Strategy.

Commissioner Unger invited the Water Resources Commissioners to attend as well as staff in order to build relationships with county commissioners.

Director Ward acknowledged the meaningful relationship among the Department, the Commission and the Association of Oregon Counties, noting that AOC has invited the Department to participate in monthly deliberations on key water issues and have in turn provided useful input to the Department, Director Ward commented that there were meaningful comments received on the Integrated Water Resources Strategy from the AOC. Director Ward noted the high regard for the relationship between the Department and the AOC.

Director Ward said that the Department would provide the staff and Commission members to staff the booth at the AOC's Annual Conference.

Commissioner Meloy thanked the gentlemen for offering their support and noted how much it meant to her as a Commissioner that they were willing to do so.

Chair Jackson asked the panel their thoughts regarding the development of the Strategy and how its implementation could be paid for.

Commissioner Dennis Doherty answered that he has been a part of the Policy Advisory Group on the Strategy and liked the development of a place based approach to empower local people as part of the process. He talked about a planning process that could be supported at local levels and then another planning process for budgeting. He talked about the ongoing need to involve a wide variety of stakeholders, in order to gather strong support among the public and the Legislature.

Commissioner Alan Unger talked about the importance of water. He stated that it is expensive to develop water and feels that the need is to get money for planning as well as start working on projects. He noted it's important to work on the local level to remind the public that water is not free.

Chair Jackson thanked the AOC for their interest and noted the importance of AOC's work. As the Department and Commission work to develop the place based approach, the AOC will serve a valuable role to direct information that needs to get to the counties.

Commissioner Alan Unger pointed out that counties could be part of the state's historic water problems and wants to work with the Department to fix this.

Commissioner LeJeune asked what issues your AOC water committee typically deals with?

Commissioner Dennis Doherty said they are struggling to get their members to start looking beyond their own jurisdictional interests and focus on policy that would be applicable across the water universe. He stated they have talked about everything from ocean issues to basin issues and are looking for ways to identify the pathway to get issues resolved. They are trying to find out who the power players are and who has authority. He stated there was support from the Commissioners on a basin based approach. The focus is more on management and supply issues.

Chair Jackson thanked the AOC for coming to speak to the Water Resources Commission.

D. Commission Dialogue with Local Representatives

Barry Norris, State Engineer, introduced invited members of the local community to discuss current and future water supply in the Umatilla Basin. He introduced each member on the panel: Commissioner Leann Rea, Morrow County; Commissioner Dennis Doherty, Umatilla County; Eric Quaempts, Confederated Tribes of the Umatilla Indian Reservation; Gary Zollman, Zollman's Larry Burd Well Drilling; Chuck Wilcox: Hermiston Irrigation District Manager, and Ron Brown, representing Walla Walla Irrigation District. Each panelist took a few minutes to describe water challenges facing their communities and shared some of the innovative approaches used to meet these challenges.

At the conclusion of the panel discussion, Chair Jackson introduced Gary Neal, manager for the Port of Morrow.

Gary Neal thanked the Commission for choosing the Port of Morrow facilities for their meeting place.

There being no further business, the meeting was adjourned.

Respectfully,

Cindy Smith
Commission Assistant

Water Resources Commission
Meeting
Boardman, Oregon
September 30, 2011

WRC Present

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

Staff Present

Phil Ward
Tom Paul
Cindy Smith
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Doug Woodcock
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Others

Susie Jordan
Representative Bob Jenson
Kimberley Priestley
Niki Iverson
Kate Connely
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Dennis Doherty

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Chair Jackson welcomed everyone to the meeting.

E. Approval of Minutes

The minutes of the May 12 and 13, 2011 meeting were offered to the Commission for consideration.

Commissioner Williams moved to approve the May 12 and 13, 2011 minutes as submitted; seconded by Commissioner Roberts. Voting for the motion: Commissioners Jackson, Williams, Roberts, LeJeune, Whipple and Meloy. Voting against the motion: None.

F. Commission Comments

Commissioner Roberts reported that he continued to attend the Bear Creek Watershed Council Meetings. He continues to work on the WISE Project (Water for Irrigation Streams and Economy). Challenges revolve around getting grant money. The Oregon Solutions Group was asked by the Governor to assist with their management resources. On another matter, he and Dwight French (Water Rights Services Administrator) met with Barry Shuart in the upper portion of Elk Creek. Mr. Shuart has submitted a request to the Department for a Rogue Basin Exception. He said he toured Big Butte Springs, which is the primary source for the water for most of the cities in the Rogue Basin. As part of that tour, he visited The Duft Treatment Plant which is located on the Rogue River. The plant takes 45 million gallons per day out of the Rogue and would like to increase that to 60 million gallons. The owners have plans to build a second plant in order to cope with population increases. Finally, Commissioner Roberts met with Representative Buckley on September 15th to get recommendations for next steps in the development of alternative funding for the Department. He said Representative Buckley's support would be vital. Representative Buckley

encouraged the Commission to continue its revenue discussions, meet with legislative leadership, and get their feedback early in the process.

Commissioner Meloy reported that she is glad to be back and she is looking forward to getting caught up.

Commissioner Williams reported that he has been kept busy with his farming business, but noted that he has been working with a group on the Columbia River Exchange that is seeking to reduce the cost of water supplies.

Commissioner LeJeune reported that she had retired from HDR Engineering and stated that gives her more opportunities to get involved in water resource issues. She noted that she spent the month of July on Jury Duty in Tillamook County, on days she didn't have to serve she spent some of her time driving around looking at watersheds. She stated the serious nature of water treatment plants in small coastal communities on the North Coast. She met briefly with Senator Johnson and this is an issue the Senator is also interested in dedicating time to. She noted that although water treatment falls under Department of Environmental Quality's responsibility, water resources belong to everyone. She noted that in the next 10-20 years there may be opportunities for regionalization because smaller communities cannot afford their own systems. This is an issue she is interested in. She serves as a liaison to the Integrated Water Resources Strategy Policy Advisory Group and noted the amount of work that has been done. She said she would attend the PAG meeting in November. She also noted that she was involved in listening in on the Oregon Water Utility Council's conference call regarding their comments on the draft plan. She attended a family reunion in Northern Wisconsin where they had enormous amounts of rain. She said it was interesting coming from Oregon, where we get a lot of rain, to Wisconsin, where they don't see large amounts of rain. Their crops were plentiful due to this extra rainfall that they had received.

Commissioner Whipple reported that all had been quiet. She felt the extra rainfall helped in some of the areas that are normally short on water supplies. She responded to John Robert's comment about the investment in resources due to a population increase in the Rogue Valley versus the counties. It will continue to be controversial.

Chair Jackson reported that he had attended the Integrated Water Resources Strategy Policy Advisory Group meeting in July and is very appreciative of all the time spent by all the people that were in attendance on that Committee and in the audience. He appreciates all the work that staff has done and noted that the amount of information gathering and information management that has gone into the process so far is amazing. He appreciates the staff at the Department and their efforts on the strategy. He also noted his attendance at the OWEB (Oregon Watershed Enhancement Board) meeting in Roseburg. He represents the Department on the Board. Ballot Measure 66, which initially created OWEB was due to sunset but has now been superseded by Ballot Measure 76. Ballot Measure 76 changes how lottery funds are to be allocated by OWEB and no longer distinguishes between capital and non-capital funds. This structural shift he said, will open up more possibilities. He said lottery income is down and is affecting OWEB's budget. The grant cycles are also being reviewed due to the changes in funding structure. He said he would be attending the November meeting of the Policy Advisory Group for the Integrated Water Resources Strategy.

G. Director's Report

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

Director Ward discussed the Calendar At-A-Glance, included in the Commissioner's folder which gives a preview of the action items that may emerge in 2012.

H. Approval of 2012 Commission Schedule

The 2012 meeting schedule was presented to the Commission for their approval.

January 26 – 27	Salem, OR
April 19 – 20,	Salem, OR
August 2 – 3	Salem, OR
November 15 – 16	Salem, OR

Commissioner Roberts moved to approve the meeting schedule for 2012; Seconded by Commissioner Williams. Voting for the motion: Commissioners Jackson, Williams, Roberts, LeJeune, Whipple, and Meloy. Voting against the motion: None.

I. Budget Update: 2011-13 Biennium

Tracy Loudon, Administrative Services Administrator, gave an update to the Commission on the current financial situation in the 2011-13 Biennium.

The 2011 Legislature approved a budget for the 2009-11 Biennium in the amount of \$51.7 million dollars, a 42 percent increase over the 2009-11 Legislatively Approved Budget. Most of this increase is for "pass through" funding that will go to communities in the form of grants or loans to address water resource issues. The Department received funding to continue Oregon's Integrated Water Resources Strategy and other key program activities. There were also reductions in specific program areas and significant across the board budget cuts.

The largest decrease will occur with staff compensation reductions, which include the state-wide closure of offices during "furlough days:" ten times during the biennium, plus additional floating days depending on the salary levels of employees. Reduced travel by employees and the Commission will also contribute to the savings. The closure of the Grants Pass region office and relocation of staff will save approximately \$120,000 in facility and related costs. There is vulnerability in the second year of the biennium as it is required that the Department plan for \$700,000 less in General Fund if the revenue picture for the state as a whole is in jeopardy.

Susie Jordan, Legislative Fiscal Officer, gave a budget update to the Commission from the legislative fiscal's perspective.

Representative Bob Jenson commented on his concerns for the budget during the current biennium as well as in the future and the need to be prepared for the worst while hoping for the best. He stated the information that the Commissioners have is the best information that is available at this time and is the same information they are working from in the Legislature.

Chair Jackson commented on the tough job that Representative Jenson faces regarding budget challenges and thanked him for his work on the Natural Resource agency budgets and the Department's budget specifically.

Commissioner LeJeune asked if the Legislature would have access to the March forecast.

Jordan noted that they would have access to the March forecast in February.

Commissioner LeJeune asked if the Department has hit the point with budget cuts that are in violation of state laws?

Director Ward said that he wouldn't characterize it as violation of state law but confirmed that the Department is unable to fulfill its statutory mandate in every area because of staffing levels.

Director Ward acknowledged Representative Bob Jenson for his work on the Department's budget for years and observed that the Representative has been someone who has taken the time to understand the budget and help the Department address its needs as much as possible.

He also noted that this was Susie Jordan's second budget cycle with the agency and that he is very appreciative of the opportunity to get to work with such knowledgeable and thoughtful people and thinks very highly of both of them.

Commissioner LeJeune asked a question about how the agency's budget is built after budget reductions have been taken?

Jordan said that it depended upon the instructions that are given by the legislature when the budget building cycle begins.

Commissioner LeJeune commented about what a strong supporter Representative Jenson had been for the Department and thanked him for his time he took out of his busy schedule to be there.

Chair Jackson noted that there were still loose ends in the Revenue Enhancement Subcommittee on this particular topic. He stated that he tabled the discussion yesterday and wanted to continue it at the end of this discussion. He turned it over to Commissioner Roberts.

Commissioner Roberts stated that the subcommittee is now in need of some direction from the Commission to determine where to go from here. There is a need to know how to proceed with the Revenue Enhancement proposals and the criteria that they are working with. The first was to seek equity with revenue sources. The next criteria is to continue to refine the concepts related to funding structure, implementation, and implications for Oregonians. After getting that information they will need to go out and meet with key legislators to get their support. Commissioner Roberts said his meeting with Representative Buckley was supportive and recommended that the Department talk to key legislators before and during the February Legislative Session.

Commissioner Roberts said that next steps will include having staff provide information; this will require them to impose on already shorthanded staff members. One suggestion was a fee on water meter's (a "tap fee"). Can this be done, and if so, how do we collect it? He stated that we do need to be prepared with answers to all these questions before the next full session in 2013.

Commissioner Whipple talked about the subcommittee's work and stated they went over and above and she thanked them for their time in this effort. She hopes to see some long term benefit from it.

Commissioner Williams was optimistic and talked about the social awareness of the importance of water. Agricultural users really understand the importance of water and hopes that if the Department could develop a fee structure, it may have the collateral effect of increasing the awareness of the importance of water, which might have a long term benefit to Oregon and this Department.

In conclusion, the Revenue Enhancement Committee will keep moving forward.

J. Request for an Exception to the Rogue Basin Program by Mr. Barry Shuart under ORS 536.295

Dwight French, Water Rights Services Administrator, briefed the Commission on a request for an exception to the Rogue Basin Program, by Mr. Barry Shuart (Mr. Shuart) pursuant to ORS 536.295.

Under ORS 536.295, the Water Resources Commission may, under certain circumstances, allow the Department to consider an application to appropriate water for a use not classified as an allowable use by the applicable basin program. Mr. Barry Shuart (Mr. Shuart) requested an exception to the Rogue Basin Program. According to his request, his hydroelectric use would be "largely non-consumptive in nature and not likely to be regulated for other water rights" as provided in ORS 536.295(1)(c).

To approve a basin program exception request under ORS 536.295 subsection (1), the Commission shall evaluate whether the proposed use is consistent with the general policies of the applicable basin program. Unlike many of the other basin programs, the Rogue Basin Program does not specifically list any policies. Generally, the program limits the uses from streams that have a history of priority date based regulation.

Since the use is non-consumptive, and will not negatively impact other water rights, it seems reasonable to conclude that this use is consistent with the general policies of the Rogue Basin Program.

Kimberley Priestley, Waterwatch of Oregon, expressed on her concerns with this Basin Program Exception.

Commissioner Roberts moved to approve the request by the applicant for an exception to the Rogue Basin Program as the use is largely non-consumptive in nature as submitted; seconded by Commissioner LeJeune. Voting for the motion: Commissioners Jackson, Williams, Roberts, LeJeune, Whipple, and Meloy. Voting against the motion: None.

Chair Jackson requested an update on the analysis and progression of this exception in the Director's Report.

K. Update on Water Conservation, Reuse and Storage Grant Program

Tracy Loudon, Administrative Services Administrator, gave an update on the Water Conservation and Storage Grant Program.

SB 1069, enacted into law by the Oregon Legislature in 2008, authorized the Department to establish a new grant program to pay the qualifying costs of planning studies performed to evaluate the feasibility of developing a water conservation, reuse or storage project. The program awarded \$1,370,875 to 21 grantees during the 2011-13 biennium.

The technical reports from 21 of these grants have been submitted and processed.

The 2009-11 grants were issued over a broad geographic area and ranged from \$9,927 to \$259,000 each. There were six surface water storage studies, three ground water storage studies, four water re-use studies and eight water conservation studies. Additional information can be found on the Department’s website under “Conservation and Supply Resources and Programs.”

The Legislature has approved continuation of this grant program with \$1.2 million for the 2011-13 biennium. The tentative timeline for the 2011-13 Grant Program has been developed based on: 1) feedback from past applicants indicating that the process would work better for them if the application window occurred during the fall (October – November); and 2) the funding from Lottery-backed bonds to be issued in May 2012 will be available in June 2012.

The table below represents a tentative schedule for July 2011 through June 2012.

2011-12 schedule	J	A	S	O	N	D	J	F	M	A	M	J
Commission Meeting – Grant Report			●									
Grant Solicitation – 60 day window				●	●							
Grant Applications Due						●						
Public Notice of Applications Received						●						
Application Review Team reviews grants						●	●					
Public Comment Period – 30 days							●					
Grant Program update to Commission							●					
Public Comments due date							●					
Grant Recommendations developed								●	●			
Commission Meeting – Grant Awards										●		
Lottery Bonds issued											●	
Grant Funds available												●

The schedule will provide opportunity for development of material by applicants, public review/comment, review of applications by a team with knowledge and interdisciplinary expertise, and Commission approval. The application process will utilize the existing administrative rules and forms.

Lottery-backed bonds are issued by the State Treasurer at the request of the Department of Administrative Services. The Office of the State Treasurer recommends that the typical bond issuance be \$15 million or greater. This means that Water Resources joins in with other agencies for a combined bond issuance, thereby lowering everyone’s issuance costs.

Commissioner Whipple made a motion for the Department to bring to the Commission grant disbursements and that the Commission act on the Department’s recommendation. Motion was not seconded. The Commission engaged in additional discussion.

Niki Iverson, City of Hillsboro, noted that grant funds that were awarded to the City of Hillsboro for a water sense rebate feasibility study and a cost benefit analysis were very helpful.

Kate Connely, Mosier Watershed Council, mentioned that 2009-11 grants allowed the community to evaluate the feasibility of aquifer storage to meet the community's long-term water supply needs. Dave Beilenberg of East Valley Water District, discussed the grant funds received and how they were used to conduct a study to provide the district with a source of stable water supply for 15,000 acres for agricultural purposes.

Commissioner Whipple moved to approve the grant process as discussed and to include that the recommended grant applications come before the Commission to act on; seconded by Commissioner Williams. Voting for the motion: Commissioners Jackson, Williams, Roberts, Whipple and Meloy. Voting against the motion: LeJeune.

L. Public Comment

No public comment.

M. Other Issues

Commissioner LeJeune asked for a Willamette Storage update at the next meeting.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Cindy Smith
Commission Assistant