

**Water Resources Commission
December 5, 2008
Teleconference Meeting
Salem, Oregon**

WRC by Phone

Jay Rasmussen
John Roberts
Charlie Barlow
Ray Williams
Mary Meloy
Jeanne LeJeune

Staff

Phil Ward
Brenda Bateman
Cindy Smith
Tracy Louden
Bob Rice
Ruben Ochoa
Jerry Rodgers
Barry Norris

Others

Daniel Eisenbeis
Anita Winkler

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.

Commissioner Rasmussen opened the meeting. The roll of the Commission was taken.

Commissioner Rasmussen gave a brief recap of the determination of eligible grant recipients and the disposition of funds that was before the Commission in November. Two Commissioners (Meloy and LeJeune) had recused themselves due to potential conflict with regards to this item.

Commissioner Rasmussen asked Commissioners Meloy and LeJeune to comment on the possibility of declaring a potential conflict of interest, but still allow themselves to vote on this issue.

Commissioner LeJeune felt that it was important to recuse herself from the last meeting's decision. She felt that the issue before the Commission today was different, but, for the record, declared a potential conflict of interest. She planned on fully participating in the discussion and voting today.

Commissioner Meloy had also declared a potential conflict of interest in this matter, but planned to participate in the December 5 discussions.

A. Consideration of Disposition of Funds Appropriated to the Water Conservation, Reuse and Storage Grant Program Established under Senate Bill 1069 (Chapter 13, 2008 Laws)

Tracy Louden, Administrative Services Administrator, briefed the Commission on the Disposition of Funds Appropriated to the Water Conservation, Reuse and Storage Grant Program Established under Senate Bill 1069 (Chapter 13, 2008 Laws).

Senate Bill 1069, enacted into law by the Oregon Legislature in 2008, directs the Oregon Water Resources Department (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 2008 Oregon Legislature also passed Senate Bill 5556, in part, to appropriate \$1,750,000 to the Department for administration and funding of the Water Conservation, Reuse and Storage Grant Program (Program).

Pursuant to the passage of SB 1069, the Department pursued an aggressive timeline to develop the Water Conservation, Reuse and Storage Grant Program and on November 20, 2008 presented its final funding recommendations to the Commission. As part of its deliberations on November 20, the Commission took note of the potential impact that current and projected state budget shortfalls could have on Department programs, particularly in light of the Department's significant reliance on General Fund revenues to fund its basic operations. After carefully weighing its options, the Commission elected to approve the Department's recommendations regarding recipients and levels of Program funding, but deferred the release of the funds for a period to allow for careful deliberation as to potential budget impacts.

On November 20, 2008, the Commission took the following action:

“Adopt the staff funding recommendations in Attachment 1 - Application Funding Recommendations with the funding stipulations (if any) in Attachment 3 – Application Summary contingent on available funds, contractual negotiations, and as consistent with authorizing legislation and submitted applications. Further, the Commission moves to consider revised proposals at a future meeting.”

Director Ward commented that the Governor had formally requested from the agency, a 1.2 percent reduction to this biennium's entire General Fund budget. This equates to a 5 percent reduction of General Funds remaining in the last quarter of the biennium. Since this request, the agency has also received information that there could be an additional increase in the reduction. Director Ward noted that the Governor's Recommended Budget had also been published. It proposes to reduce the Department's staff by seven positions, which are currently filled, but also adds two new positions related to the Planning Grant Program. What happens in the Governor's Recommended Budget does not directly effect the Commissions action at this meeting. The action taken at this meeting directly effects the current biennium's budget.

Anita Winkler, Oregon Water Resources Congress, expressed her concerns about any reductions in the staff's recommended award levels, but understands the issues involved.

Daniel Eisenbeis, League of Oregon Cities, urged the Commission to approve release of as many of the funds as possible, as soon as possible.

Brenda Bateman received three comments from entities who were not able to be at this meeting. They are the City of Bend, Confederated Tribes of the Umatilla Indian Reservation, and the City of Dallas.

All three entities expressed support for Alternative 1 in the staff report.

Commissioner LeJeune moved Commission adoption to release funding to all feasibility study applicants the Commission authorized at its' November 20 meeting, at a level representing 95% of staff recommendations, and move forward with grant agreement negotiations and signatures; seconded by Commissioner Barlow. Voting for the motion: Commissioners Rasmussen, Barlow, Williams, Meloy, LeJeune and Roberts. Voting against the motion: None.

There being no further business, the meeting was adjourned.

Respectfully,

Cindy Smith
Commission Assistant