



Staff Report

TO: Water Resources Commission
FROM: Ivan Gall, Director
DATE: June 11, 2026
SUBJECT: Agenda Item I

DIRECTOR'S REPORT

I. Recent Actions and Updates

A. Staffing Update

Since the February meeting, the Department has filled two positions. One of the positions is an employee who is new to the state and the other position was filled as an internal promotional opportunity for a current employee. Positions filled include the following:

- Well Construction Compliance Coordinator
- Umatilla River Coordinator

As of May 8, 2026, the Department has twenty-one vacant positions with three of the vacancies posted for recruitment. The remaining positions are being held open to accrue vacancy savings, assess available revenues, or await recruitment prioritization decisions.

B. Tribal Update

State-Tribal Water Policy Forum: The first State-Tribal Water Policy Forum was convened virtually on April 6, 2026. The purpose of the Forum is to meet regularly to explore water-related topics of interest to the Tribes, including implementation of the IWRS and Tribal Water Task Force recommendations. The first Forum was facilitated by Oregon Consensus and attended by leadership and staff for Oregon's nine federal recognized Tribes, state natural resources agency leadership and staff, and representatives of the Governor's Office. Agenda topics included the Governor's Executive Order 25-26 (relating to climate resilience) as well as its nexus with the Integrated Water Resources Strategy (IWRS). The next forum is tentatively planned for June.

Drought Coordination: OWRD and the Oregon Department of Emergency Management (OEM) are coordinating to improve Tribal engagement around drought. While OEM is the lead on ORS 401 drought declaration requests, OWRD is lead on ORS 536 drought declaration requests. Tribal communication efforts include notifying Tribes when counties request an ORS 536 drought declaration and when the Governor approves those requests. To aid in notification, OWRD has created an “OWRD-Tribal Drought Coordination Listserv” which provides Tribal leaders, staff, administrators, and emergency managers with regular updates regarding drought requests and declarations. OWRD also is working on a Tribal tracker companion to the [Drought Declaration Status Map](#). Tribal coordination efforts include updates to the OWRD/ OEM [guidance memo and letter template](#) counties use to request drought declarations. These documents have been revised to indicate a preference for county coordination with Tribes prior to submitting those requests. On June 2, OWRD and OEM will provide Tribal Emergency Managers with an overview of the drought declaration process (both ORS 531 and 401) and answer questions. A similar presentation will be provided to the Cultural Resources Cluster on June 9.

To date, three Tribes have expressed interest in declaring an ORS 536 drought: Burns Paiute Tribe, Confederated Tribes of Warm Springs, and Klamath Tribes. On May 12, the Burns Paiute Tribe submitted an ORS 536 drought declaration request covering trust and fee lands in Harney, Grant, Malheur and Lake counties. During its May 20th meeting, the Drought Readiness Council reviewed the Tribe’s request, recommending declarations for Harney, Malheur, and Lake counties. Note: Grant County already has received a drought declaration. OWRD and OEM have yet to receive requests from the two remaining Tribes.

Burns Paiute Tribe Engagement: In November, the Tribe drafted a Memorandum of Agreement to develop a co-stewardship agreement for the Malheur Lake Basin Administrative Boundaries. This effort is on pause pending further coordination with the Governor’s Office.

Confederated Tribes of Warm Springs Engagement: On February 4, the Tribes requested consultation concerning enforcement of groundwater permit decline conditions as well as 2027 legislation which would extend the sunset date on the Deschutes Basin Groundwater Mitigation Program. On March 27, the Department consulted with the Tribes on the status and future of regulation on groundwater permit decline conditions. The Department and the Tribes have agreed to quarterly check-ins as this process develops, with the next meeting scheduled for late June. Regarding the Deschutes Basin Groundwater Mitigation Program, the Department consulted with the Tribes on March 9, March 24 and April 14 on Tribal priorities for the proposed legislation and for the 5-year program evaluation report due to the Legislature in December. The Department and the Tribes have scheduled three additional meetings on the Deschutes Mitigation Program (June, August and October).

Annual Government to Government Summit: The next Summit is tentatively planned for Fall 2026, location TBD.

C. Klamath Update

Work is underway to convert the PacifiCorp hydroelectric rights to instream water rights. The hydroelectric generation has stopped at the Eastside and Westside facilities downstream of Link River Dam, at the former site of J.C. Boyle Dam, and from Spring Creek which diverted water to the Fall Creek generation facility. The conversion of hydroelectric water rights to instream rights is required because of ending power generation and decommissioning of the facilities.

Several groups are identifying activities to restore riparian corridors and improve water quality. These include work on the Sprague River and options to improve water quality and provide water to Lower Klamath Wildlife Refuge. The work right now is focused on securing funding to identify possible projects and seeking community support.

The U.S. Bureau of Reclamation's 2026 Operations Plan for the Klamath Project reflects the historically low snowpack in the Southern Oregon Cascades. Project irrigators have been allocated about 225,000 acre feet of water, about two-thirds of the normal amount. Upper Klamath Lake levels are currently relatively high due to normal precipitation, but levels are expected to drop very quickly this year with low inflows. At the same time, BOR has kept mainstem flows on the Klamath River at low levels, prompting a 60-day notice from the Yurok Tribe in Northern California. The Yurok are likely to challenge new legal direction from the U.S. Department of the Interior Solicitor's Office, taking the position that all stored water in Upper Klamath Lake must be delivered to Project irrigators.

Restoration work continues on the former PacifiCorp dam sites on the Klamath River. The Klamath River Renewal Corporation (KRRC) and its contractors are working under a FERC decommissioning license, with final FERC sign-off expected in 2030.

Work also continues on improvements to both Keno and Link River dams, primarily in terms of short and long-term improvements for fish passage. Relatedly, efforts to begin significant fish screening are also underway.

D. Funding Update

The Planning, Collaboration and Investments Division is transitioning its funding programs to a new [online platform](#) that allows applicants to apply electronically, including on mobile devices. This results in a more streamlined application process, faster processing times, and greater program efficiencies. Updates for individual programs are provided below.

Place-Based Water Planning (PBWP) – The Department released the [Place-Based Water Planning Handbook](#) and opened the first funding cycle for the permanent PBWP program in April. A total of \$2 million is available across three grant types: 1) *Planning Readiness Evaluation and Preparation (PREP) Grants* to support the preparation for or assessment of a community's readiness to engage in place-based integrated water resources planning, 2) *Plan Development Grants* to support the development of place-based integrated water resources plans, and 3) *Post-Plan Coordination Grants* to support implementation coordination of state-recognized place-based integrated water resources plans. Applications are due July 2, 2026.

Water Project Grants and Loans (WPGL) – The Department accepted applications on January 21 for the first 2026 funding cycle. Only one application was received, and it was incomplete; therefore, the cycle did not proceed. The second 2026 funding cycle opened in April and there is approximately \$6 million in available funding, including \$4 million contingent on a spring 2027 lottery revenue bond sale. Applications are due July 15, 2026.

Well Abandonment, Repair and Replacement Fund (WARRF) – In 2025, the Department received an additional \$1.18 million and re-opened the WARRF program in fall 2025. Between December 3, 2025, and May 11, 2026, the Department received more than 50 applications, awarded over \$640,000 to 21 homeowners, and is processing an additional 18 applications. The average WARRF cost is \$28,500 per well. At the current pace, all funds are expected to be fully committed by the end of May 2026. Due to continuing extreme drought conditions, additional domestic well failures are expected and the Department is requesting an additional \$1 million from the Emergency Board in June. If awarded, funds would be directed to applicants in counties with drought declarations or with properties impacted by wildfire.

Harney Domestic Well Remediation Fund (HDWF) - The Department opened a funding cycle in October 2025, accepting applications through January 30, 2026. Four eligible and complete applications were received, and \$53,495 was awarded to four individuals. The Department anticipates opening the next funding cycle in fall 2026, with \$433,930 available to award.

E. Oregon Environmental Restoration Fund Update

The State of Oregon secured a \$698 million dollar settlement against Monsanto for long-term harm caused by the company's polychlorinated biphenyls (PCB) chemicals to Oregon's land, water, fish and wildlife. In 2024, Governor Kotek signed [Senate Bill 1561](#) into law, creating the Oregon Environmental Restoration Fund (OERF or Fund), which will invest the proceeds of the settlement in projects and purposes that benefit Oregon's environment and its communities. A portion of those funds are designated for agency programs that meet specific criteria in the settlement and legislation. The Oregon Environmental Restoration Council (OERC) is charged with adopting rules and awarding funds. While working on rules, the OERC is considering an interim allocation of funding. OWRD, along with the

Governor's Office and several sister agencies, presented twelve proposals as part of a funding package at the May 6, 2026, OERC meeting. OWRD has one proposal in the package, to adopt rules for backflow prevention devices for surface water diversions and expand outreach, inspections, and testing of backflow devices. If funded, this effort would build upon the work of the North Central Region in the Lower Umatilla Basin Groundwater Management Area. In that effort, OWRD conducted around 750 inspections and identified around 170 systems that required backflow prevention devices. Over the course of the irrigation season, staff worked with water users and others in the community to go from limited compliance to nearly 100% compliance on the installation of approved backflow prevention devices. Agencies are considering OERC feedback and will present a revised funding recommendation to the OERC at their June 22, 2026, meeting. If projects are funded, agencies will go to the Emergency Board in September 2026 for expenditure and position authority to implement the proposals over the next few years.

F. Division 512 Rules Implementation Update

In December 2025, the Commission adopted [Division 512](#) rules to stabilize long-term groundwater levels in the Harney Basin by 2058. The rules classified the basin for exempt and nonconsumptive geothermal use only, established a Critical Groundwater Area including a Permissible Total Withdrawal and schedule for reductions, and designated a Serious Water Management Problem Area (SWMPA) to improve metering and reporting.

The Department is in the early stages of implementation, including upcoming outreach on SWMPA and flowmeter requirements, initiation of the allotment process, and planning for phased contested case proceedings beginning with subareas experiencing the greatest declines. The timeframe for [contested case](#) proceedings is to be determined.

The Department released [guidance for the development of Voluntary Agreements](#), which can allow groundwater irrigators to help design schedules for reducing pumping, providing greater flexibility and local control while still meeting the basin's groundwater management goals. Voluntary Agreements require approval by the Commission. Community members have indicated that one or more are under discussion, and Department staff will provide updates as more information is available.

The guidance and additional information on Harney Basin implementation activities, including an initial timeline, are available on the [Department's website](#). The Department is also participating in a project recently designated by Governor Kotek and convened by Oregon Solutions to scope and launch a long-term collaborative process to coordinate voluntary actions and share information in the basin.

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Attachments:

1. Rulemaking Calendar
2. Litigation Update



Rulemaking Update June 2026

Current Rulemaking

Rulemaking Name	Description	Lead Staff	GWAC Input Expected	Target Adoption Date	Anticipated Timelines
2025-2026 Water Rights Related Rulemaking #2 Divisions 52, 53, 54, 305, 320, 330	Standardization related to issuance of orders and notices pertaining to select hydroelectric power generation processes; reorganization, repeal, clarification, and alignment with statute and rule, rules pertaining to proof of appropriation/ claims of beneficial use and miscellaneous provisions.	Racquel Rancier, Katie Ratcliffe, Laura Hartt	No	Sept. 2026	Public Comment Period Begins May 1, 2026

Upcoming Rulemaking

Rulemaking Name	Description	Lead Staff	GWAC Input Expected	Target Adoption Date	Anticipated Timelines
Water distribution, Civil Penalty, and Enforcement Rulemaking Divisions 250, 260, 300, 340	Updates existing rules, aligns with statutory and other case law changes. Implements HB 4061(2021), SB 326 (2023), HB 2929 (2023). Establishes civil penalty classification and schedule.	Kim Fritz-Ogren, Jake Johnstone, Kelly Meinz	Yes	Fall or Winter 2027	10 open house events around the state underway prior to a potential rulemaking
Repeal Package: Divisions 22, 25, 93	Repeals Division 22 Klamath Drought Rules (Rules Expired), 25 Groundwater in Klamath Basin Need to repeal (Court Decision), and 95 Columbia Basin Water Development Loan Program (Statute Repealed in 2013).	Margo Mashkovskaya	No	Winter 2026 or Spring 2027	No RACs necessary Public Notice Fall/Winter 2026
Grant Programs Rulemaking: Divisions 93,	Program updates relating to HB 3364 (2025) for the Feasibility Study Grants and Water	Unassigned	Unknown	2027	Early planning begins summer 2026

600, 601	Projects Grants and Loans.				
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*Planned rulemakings and timelines are subject to change as legislative and other priority topics may require adjustments.

STATE COURT CASES (TRIAL LEVEL)			
Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
KBA	Klamath Case 00001 Judge Rowan	Adjudication of water rights in the Klamath Basin	On April 14, 2026, the Court granted OAH and UBI's motions to dismiss the Tribes' PJR related to the re-assignment of the ALJ overseeing the remand proceedings. On April 17, 2026, the Court denied UBI's motion for clarification which sought judicial review of the ALJ's ruling on the scope of evidence to be presented on remand. On April 10, 2026, we submitted an amended order on the Walton/KTA claims and are waiting for the court's signature.
KID 3	Marion 21CV39570 Judge Partridge	PJR of April 6, 2021 Order to BOR; challenges OWRD's method of calculating whether stored water is being released	On January 6, 2026, the case was reassigned to Judge Manuel Perez. Judge Perez held the status hearing on April 13, 2026, and scheduled the next status hearing for October 26, 2026. The case is otherwise still stayed.
Sprague River Cattle	Marion County 22CV27077	Takings and declaratory judgment claim.	Markowitz firm has taken lead on discovery efforts. Electronic document collection and privilege review are occurring now. During the November 14, 2025 hearing on plaintiff's motion to compel, the court granted plaintiff's motion to compel production of attorney-client privileged documents older than 25 years. On February 12, 2026, the Oregon Supreme Court issued an alternative writ of mandamus vacating order. Affirmative discovery is continuing.
Rogue River v. OWRD	Marion County 23CV19220	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case consolidated with MID. On October 16, 2024, the court entered an order granting parties' stipulated motion to abate case pending completion of infrastructure project necessary to release water reservoir for downstream senior users. Status updates to be filed every six months.
MID v. OWRD	Marion County 23CV19218	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case consolidated with Rogue River. On October 16, 2024, the court entered an order granting parties' stipulated motion to abate case pending completion of infrastructure project necessary to release water reservoir for downstream senior users. Status updates to be filed every six months.
Lloyd Piercy v. OWRD, et al.	Umatilla County 23CV27740	A junior water-rights holder filed this petition challenging OWRD's enforcement of the Westland Irrigation Districts' call per the Water Management Plan for the Umatilla Basement Project.	Settled; awaiting order and judgement.
New Foothills Properties LLC, et al. v. OWRD, et al (New Foothills I)	Umatilla County 23CV27892	A junior water-rights holder filed this petition challenging OWRD's enforcement of the Westland Irrigation Districts' call per the Water Management Plan for the Umatilla Basement Project.	Settled; awaiting order and judgement.
Lloyd Piercy, et al. v. OWRD, et al (New Foothills II)	Umatilla County 24CV32021	A junior water-rights holder filed this petition challenging OWRD's enforcement of the Westland Irrigation Districts' call per the Water Management Plan for the Umatilla Basement Project. This is the 2024 version of New Foothills I.	Settled; awaiting order and judgement.
NBCC, LLC, et al v. OWRD, et al	Marion County 23CV32928	PJR Case Regarding Water Rights.	Partial motion to dismiss granted during October 2024 hearing. Discovery ongoing. OWRD's document production is complete as of December 19, 2026. Trial is set for November 4, 2026, with cross-motions for summary judgment due by June 12, 2026. Hearing on cross-motions and pretrial conference set for August 19, 2026, at 9:00 a.m.
Winchester Water Control Dist. v. OWRD, et al	Marion County 23CV33445	Petitioner district contends OWRD wrongfully denied amendment to their water right registration statement that claims less water than is actually held in reservoir.	The parties filed cross-motions for summary judgment. The court denied both motions, concluding that there was a dispute of material fact as to whether OWRD's denial of Petitioner's surface water registration amendment was inconsistent with OWRD's prior practice or position with regard to such amendments. The court set a one-day trial for 6.8.26. The pretrial conference will be on 5.18.26, and we will submit our trial memorandum on 5.22.26.
Roaring Springs Ranch, Inc. v. Water Resources Department, et al.	Harney County, 24CV20196	Petition for Judicial Review challenging the decision by the Water Resources Department denying an application for groundwater use for irrigation.	The Court denied OWRD's motion to dismiss during a hearing on March 18, 2025. During a hearing regarding the parties' disputed proposed orders on July 23, 2025, the court approved OWRD's straightforward order. We filed an answer on August 4, 2025. Petitioner filed its motion for summary judgment on March 20, 2026. We cross-moved for summary judgment on May 1, 2026. Petitioner's response is due on May 22, 2026, and our reply is due June 12, 2026. A hearing is scheduled for July 17, 2026 at 8:30 am.
Pinnacle Utils v. OWRD (mandamus)	Marion County, 25CV07127	Mandamus petition seeking to compel OWRD to process Transfer Application T-14165	Court denied Tribes' motion to dismiss; Tribes appealed; Schwabe withdrew as counsel--both trial case and appeal stayed until May 30 for Pinnacle to find new counsel

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Western State Steelhead vs. OWRD	Marion County, 24CV59824	Petition for Judicial Review challenging OWRD's final order approving a water right permit amendment as it relates to certain wells on the property and their permissible use.	The parties have reached a settlement agreement in principle, memorializing now. Next status check hearing set for June 9, 2026, at 8:30 a.m.
Piercy, New Foothills v. OWRD et al (New Foothills III)	Umatilla County, 25CV37634	A junior water-rights holder filed this petition challenging OWRD's enforcement of the Westland Irrigation Districts' call per the Water Mangment Plan for the Umatilla Basement Project. This is the 2025 version of New Foothills I.	Reversed regulation order and permanently withdrew notices of violation; consolidated w/ 2023 and 2024 cases; court dismissed claims as moot but granted attorney's fees; no judgment issued yet
Piercy v. OWRD (Piercy II)	Umatilla County, 25CV40394	Petition for judicial review challenging OWRD's notice of violation, which asserts that the water user is unlawfully using groundwater	Dismissed; awaiting order and judgment
Piercy v. OWRD (Piercy III)	Umatilla County, 25CV65567	Petition for judicial review challenging OWRD's notice of violation, which asserts that the water user unlawfully failed to maintain functional water meters	Dismissed; awaiting order and judgment
Gould v. OWRD (Gould II)	Marion County, 25CV44570	Petition for judicial review challenging OWRD's approval of Pinnacle Utilities' Water Management and Conservation Plan	Stayed pending outcome of related contested cases

STATE COURT CASES (APPELLATE LEVEL)

Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
Gould vs. OWRD	A185116	PJR of order granting temporary change in place of use and points of diversion. Pinnacle Utilities has moved to intervene.	Argued January 8, 2026, waiting for a decision.
Waterwatch of Oregon v. OWRD (Bridge Creek Ranch)	A189353	Judicial review of final agency order T-14158 approving a point of diversion to allow Bridge Creek Ranch to withdraw and use water from Bridge Creek	Notice of Appeal filed 12/15/2026; in pre-briefing phase; currently awaiting an agency ruling on a motion to correct the record
Waterwatch of Oregon v. OWRD (Bridge Creek Ranch)	A189355	Judicial review of final agency order T-14170 approving a point of diversion to allow Bridge Creek Ranch to withdraw and use water from Bridge Creek	Notice of Appeal filed 12/15/2026; in pre-briefing phase; currently awaiting an agency ruling on a motion to correct the record
Pinnacle Utilities v. Conferederated Tribes of Warm Springs	A189328	Interlocutory appeal of a denial of a motion to dismiss for failure to join an indispensable party (the Tribes)	Notice of Appeal filed 12/03/2026; briefing is stayed while Pinnacle seeks alternative counsel

FEDERAL COURT CASES (TRIAL LEVEL)

Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
US v. OWRD (fka BOR v. OWRD)	USDC OR 21-cv-1442 Judge Clarke	BOR asserts same claims as in Yurok case and also a PJR under the Oregon APA against the April 6 No Release Order	N/A [Stayed] Next status update is due June 12, 2026, or within 30 days of the Yurok Tribe decision.
Yurok v BOR & NMFS Intervenor: KWUA and Klamath Tribes	ND CA3:19-cv-04405 Judge Orrick	Tribes and others challenge the final BiOp (2019), BOR's environmental assessment and finding of no significant impact from BOR operations; primarily that set amount of irrigation water is unlawful and harmful to listed species	Limited judgment entered on US's First Claim for Relief. This case is in the Ninth Circuit, and we are waiting on a decision on KID's motion to certify and on the merits of the appeal. On May 5, 2026, the Yurok Tribe filed a motion to amend their complaint to challenge the 2026 operations plan.
Grant Knoll v. OWRD/WRC	USDC Oregon 1:23-cv-00928-CL Judge Mark D. Clarke	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case is stayed. Status update filed on 6/30/25. Next status update is due within 14 days of a ruling in the Yurok Tribe case.

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Grant Knoll v. OWRD/WRC	USDC Oregon 1:23-cv-00929-CL Judge Mark D. Clarke	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case is stayed. Status update filed on 6/30/25. Next status update is due within 14 days of a ruling in the Yurok Tribe case.
Glenda Stilwell v. OWRD/WRC	USDC Oregon 1:23-cv-00930-CL Judge Mark D. Clarke	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case is stayed. Status update filed on 6/30/25. Next status update is due within 14 days of a ruling in the Yurok Tribe case.
Ryan Hartman, et al v. OWRD/WRC	USDC Oregon 1:23-cv-00927-CL Judge Mark D. Clarke	A junior water-rights holder filed this petition challenging Oregon Water Resources Department's enforcement of the Klamath Tribes' call on claim No. KA 622.	Case is stayed. Status update filed on 6/30/25. Next status update is due within 14 days of a ruling in the Yurok Tribe case.