



Staff Report

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

DIRECTOR'S REPORT

I. Recent Actions and Updates

A. Staffing Update

Since the June meeting, the Department has filled six positions. Four of the positions have been filled by employees who are new to the state, one position was filled as an internal promotional opportunity for a current employee, and one position was filled as a transfer in from another agency. Positions filled include the following:

Assistant Watermaster, Hillsboro
Hydroelectric Program Coordinator
Senior GIS Coordinator & Application Developer
Senior Systems Administrator
Watermaster District 6
Well Construction Program Coordinator

As of August 6, 2026, the Department has sixteen vacant positions, one recruitment in-process and one position with an accepted offer with a future start date. The vacant 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 second State-Tribal Water Policy Forum was convened virtually on July 23, 2026. The 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. Commission Chair Neumann also was in attendance. During the forum, Tribal co-chair Kelly Coates (Cow Creek Band of Umpqua Tribe of Indians), Tribal vice co-chair Kristopher Murphy (Coquille Indian Tribe), and state co-chair Director Gall were selected. Agenda items included a roundtable discussion where Tribal and state leaders shared what was on their minds as well as a presentation on drought preparedness, response and resilience. Following the forum, a set of questions was sent to Tribal delegates and staff seeking input on the efficacy of OWRD's

drought management toolbox. Any input received will be shared with the Commission. The next forum is planned for October 1st, 2026 and will most likely include discussion of legislative concepts and Commission work on drought.

Drought Coordination: OWRD and the Oregon Department of Emergency Management (OEM) continue coordinating to improve Tribal engagement around drought. OWRD provides timely notification regarding ORS 536 county and Tribal drought requests and state drought declarations. On June 9th, the state declared an ORS 536 drought on behalf of the Burns Paiute Tribe which included Harney, Malheur and Lake counties.

Burns Paiute Tribe Engagement: Last November, the Tribe drafted a Memorandum of Agreement (MOA) to develop a co-stewardship agreement for the Malheur Lake Basin Administrative Boundaries. On August 12, the Tribe, OWRD, and Governor's Office met to discuss next steps and agreed that the Department and Governor's Office would take the lead in drafting a purpose statement for the Tribal Council to review to help guide further development of the MOA.

Confederated Tribes of Grand Ronde Engagement: On July 27, Tribal and OWRD staff met in Grand Ronde to discuss water management in the Willamette Basin, focusing on pending instream water right applications and differences between federal flow management objectives and the State's minimum perennial streamflows. Other discussion topics included water management and conservation planning, the Integrated Water Resources Strategy, and the Department's approach to estimating water availability to support allocation decisions. OWRD offered to host more in-depth discussions on water availability as well as training for accessing data and information using the Department's water rights database and mapping tools.

Confederated Tribes of Warm Springs Engagement: The Department and the Tribes met on June 25, July 9 and August 5 to continue ongoing discussions about the Deschutes Basin Groundwater Mitigation Program and the associated 2027 legislation. The Tribes were also represented at a public meeting on August 10 on these topics. On June 30, the Department and Tribal representation met for a quarterly check-in on groundwater permit decline conditions. In addition, meetings have been scheduled for mid-August and early September to continue discussions on the transfer injury test addressed in the Settlement Agreement. Lastly, the Department and the Tribes exchanged letters in June and July about Tribal review of drought applications, and it was agreed that this topic will be further discussed as part of the injury test conversations.

Annual Government to Government Summit: The next Summit is tentatively planned for December 9-10 in Grand Ronde.

C. Klamath Update

Drought conditions continue to create challenges for water management in the Klamath basin. OWRD has been regulating to protect the Klamath Tribes reserved water right to lake elevations. Regulation has been on and off (mostly on). The Klamath Reclamation Project has been operating under the Bureau of Reclamations 2026 operations plan, which included significant curtailment of irrigation, along with mitigation payments by the federal government. Water shortages have led to disease and reduction of water for areas in the Lower Klamath and Tule Lake wildlife refuges, although recently parties agreed to provide some additional water to the refuges, helping with habitat conditions.

D. Funding Update

Feasibility Study Grants (FSG) – In 2025, the Commission adopted Division 601: Best Practices in Community Engagement for Funded Water Projects (OAR 690-601-0100 to OAR 690-601-0700). These rules promote meaningful involvement of disproportionately impacted communities in the development, implementation, or both, of community engagement plans for water projects eligible to be supported by authorized Oregon Water Resources Department grants and loans.

The Department will open the next Feasibility Study Grants cycle in fall 2026. This cycle will offer applicants the optional opportunity to request funding for community engagement activities as part of their feasibility study. To support applicants, the Department is sharing a draft guidance outlining program requirements and considerations for incorporating community engagement into Feasibility Study Grants. The document was shared with Oregon's Nine Tribes and Rules Advisory Committee members; the document will be revised and released for public comment late September.

Well Abandonment, Repair and Replacement Fund (WARRF) – In June, the Department received an additional \$1 million from the Emergency Board for WARRF, bringing total biennial funding to \$2.18 million and allowing continued support for low- to moderate-income households needing water restored due to dry or wildfire-damaged wells. These funds will be directed to applicants in counties with drought declarations or with properties impacted by wildfire.

Since re-opening the program in December 2025, the Department has received 73 applications from 18 counties, with most coming from central and southwest Oregon – areas that are also reporting the highest number of dry wells. Staff are currently reviewing 14 applications and have awarded more than \$885,000 to 29 homeowners. The average WARRF cost is \$28,500 per well.

E. Oregon Environmental Restoration Fund Update

OWRD was awarded a total of \$775,000 by the Oregon Environmental Restoration Council (OERC) at their June 22, 2026 meeting, contingent upon the OERC's fall 2026 distribution from the Oregon Environmental Restoration Fund (OERF) as part of the Monsanto Settlement fund. With these funds OWRD will hire one limited duration program coordinator and two seasonal field inspectors to adopt rules, develop and deploy education materials and help irrigators understand requirements and the value of backflow prevention equipment, and conduct approximately 1,000 inspections in Groundwater Management areas with aquifer contamination over two irrigation seasons. OWRD will appear before the Emergency Board in September to request a one-time increase to 2025-27 Other Funds expenditure limitation and position authority to implement the project. The remaining funds will be incorporated into the 2027-2029 budgetary process.

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.

F. Harney Basin Division 512 Rule Implementation Update

The Water Resource Commission adopted Division 512 rule updates for the Harney Basin in December 2025 to address broadly declining groundwater levels in the basin. Since adoption, Department staff have been working toward implementation of the rules, including allotting water to water right holders based on historic use, as well as monitoring and reporting groundwater usage.

Staff are developing and distributing outreach materials and updating the Harney Basin Serious Water Management Problem Area website to inform groundwater right holders on the requirements for installing totalizing flow meters on their points of appropriation, including meter and siting specifications, and reporting requirements. These materials and community outreach efforts are being coordinated with members of the Harney Water Collaborative and High Desert Partnership. Staff are also updating the Water Use Reporting section of the Department's website and water use reporting database to collect use data in the Harney Basin. The deadline for installation of totalizing flow meters is March 1, 2028.

Staff are working through the steps necessary to determine initial allotments for groundwater rights within the Harney Basin Critical Groundwater Area. The methodology used to determine allotments is described in a memo on the Department's [Harney Basin webpage](#). This work is also being used to develop lists of rights that may be subject to forfeiture, to clean up water rights records.

The allotment results will be delivered to groundwater rights holders through Initial Notification of Proposed Corrective Control Order letters, anticipated in January 2027. This initiates a contested case process specified in OAR [690 Division 10]. The first group of cases from the Weaver Springs, Dog Mountain, and Northeast Crane subareas are anticipated to be referred to the Office of Administrative Hearings (OAH) for contested case in July 2027. The second groups of contested cases for the Silver Creek, Silvies, and Lower-Blitzen Voltage subareas will be referred to OAH no earlier than July 2028. Staff developed a thorough flowchart and supporting documents that provide an overview of Department actions and timelines for the contested case process; these are posted on our website.

Staff have also provided technical assistance to individuals and contractors working to develop voluntary agreements to reduce groundwater usage. A voluntary agreement provides an opportunity for groups of groundwater users to work cooperatively to reduce groundwater declines with additional flexibility if certain conditions are met. The Department's guidance on voluntary agreements is also available on our website.

Lastly, staff attended and participated in four Oregon Solutions workshops in Burns with groundwater stakeholders, which culminated in the creation of the Harney Water Collaborative. The Department is a voting member of the new collaborative, and committed to: providing information and technical assistance to the Collaborative to support groundwater and surface water conservation and use reduction efforts in the Harney Basin; providing resources and content for information hub website and communications; and providing technical assistance from the District 10 Watermaster office for qualifying flow meters, installation information, and site review for compliance with the water measurement and

reporting requirements in the Division 512 rules.

G. Water Rights Transfers and Modernization Update

During the 2025 legislative session, the Legislature adopted new laws to improve water right transaction and contested case hearing processes. In addition to initiating a significant rulemaking effort during fall 2025 to implement the new laws, the Department also committed itself to pursuing further improvements aimed at increasing the processing efficiency of water right transfer applications and reducing their overall processing times. A private contractor skilled in Lean Six Sigma techniques and tools was engaged to train the Transfer and Conservation Section (TACS) team in these methods and guide them through the process to critically analyze each step of transfer application processing, and considering various criteria in the development of new tracking and reporting tools to better gauge performance over time.

With the contractor's guidance, the TACS team identified several focus areas with the greatest potential for reducing application processing times:

- 1) *Caseworker Consistency* – Increase process standardization across the transfer caseworker team to ensure consistency. Update existing guidance and create new guidance, where needed;
- 2) *Improve Templates* – Explore opportunities to improve functionality of existing order document templates and/or replace them with better ones.
- 3) *Peer Review* – Explore opportunities to reduce and/or eliminate time spent on reviewing draft documents, while still ensuring work is done accurately and consistently across all team members; and
- 4) *Transfer Process Mapping* – Perform a detailed walk-through of the transfer process to identify process loops and back-and-forth touch points where streamlining improvements can be made.

While work on this effort with the contractor remains ongoing, the TACS team has already achieved some meaningful success. Most notably, processing times for all temporary transfer applications, including drought transfers, have significantly improved over the last year. Beginning July 1, 2025, the Department's new Key Performance Measure No. 13 established a target: issue final orders for temporary transfer applications within 120 days. For the 2026 reporting year (7/1/2025 - 6/30/2026), the goal is 75% of final orders being issued within 120 days. Of the 20 temporary transfer applications filed since July 1, 2025, the Department successfully met the target on 19 of those applications, equating to a 95% performance rate.

While much progress has been made on the selected focus areas, there is still more to do. Once the Transfer Process Mapping project is completed, we will be better positioned to continue evaluating other focus areas. It will also help inform necessary data points and tracking/reporting mechanisms/tools to better measure our work completed, measure progress on reducing processing timelines, and show which parts of the process are working well and which aren't so we can work on improving those areas over time.

H. Reservations

A reservation of water for future economic development sets aside a quantity of water in a defined sub-basin for multipurpose storage to meet future needs. To use reserved water, one needs to

apply for a storage water right under the Department's regular permitting process and submit a supplemental form. If successful, the new storage right retains the priority date of the reservation. A secondary permit is required to put the stored water to beneficial use.

There are reservations of water for future economic development in the Hood, Grande Ronde, Powder, Malheur, Owyhee, Malheur Lake, and Mid-Coast Basin Programs. Although most of the reservations were applied for by the Oregon Department of Agriculture, the Mid-Coast and Malheur Lake applications were submitted by the City of Lincoln City and Harney County, respectively. The priority dates for the reservations range from November 6, 1992, to February 25, 2009, and expiration dates range from July 1, 2029, to May 26, 2040. The Commission most recently adopted rules to extend certain reservations by 20 years in 2020. The Mid-Coast reservations do not have a sunset date included in the relevant basin rules.

The Commission requested annual updates on interest in and progress on accessing water from reservations. In recent years, there has been intermittent interest in the feasibility of storage and the use of specific reservations. However, there are currently no storage water right applications pending that propose to make use of reserved water.

I. Wallowa

The rehabilitation of Wallowa Lake Dam is expected to take place from September 2026 to around February of 2027. This aggressive timeline will give Wallowa Lake Irrigation District (WLID) enough time to store water to a level for the irrigation needs of roughly 16,000 acres. With a good water year, it's possible that they could reach a reservoir capacity of 9 feet higher than the authorized levels since fill restrictions began in 1978.

The rehabilitation work addresses a structural stability issue that was first identified in the late 1970s. The work also improves safety by increasing the capacity of the emergency spillway, how the dam passes large flood events. Once the work is complete, the dam will be able to pass the Probable Maximum Flood, the largest flood physically possible in the watershed. Dam Safety staff will be onsite periodically during construction to observe progress.

Increased storage capacity is a win-win for farms and fish. The rehabilitated dam will provide fish passage via a fish ladder and for maintenance flows for the downstream diversions that will be upgraded with fish screening and fish passage capabilities.

If all the timelines are met and the dam is completed in 2027, then beginning in 2028 a flow augmentation release of 4500 AF will be shepherded down the Wallowa River. The timing of the release will generally occur in mid-July and will be approximately 40 CFS. This release may be modified per the biological judgment of the parties listed in the Memorandum of Agreement between Wallowa Lake Irrigation District, Confederated Tribes of the Umatilla Indian Reservation, Nez Perce Tribe, and Oregon Department of Fish and Wildlife.

The District 7 Watermaster and East Region staff will be monitoring the flow releases through an established series of gaging stations on the Wallowa River. The flows will be protected downstream through the Wallowa River system to the Grande Ronde River and on to the Oregon/Washington state line.

J. Budget and Legislative Update

The 2027 Legislative Session is slated to begin mid- January 2027, with a constitutional Sine Die

date at the end of June 2027. During the summer, the Department met with and sought feedback from interested parties about legislative concepts and budget options for the 2027 Legislative Session. The Department will be pursuing two pieces of legislation; summaries of legislative concepts are included in Attachment 3.

In July, the Department submitted the 2027-2029 Agency Request Budget (ARB) to DAS. The Department's ARB, and those of other state agencies, will be considered by the Governor's Office, as they develop the Governor's Recommended Budget (GRB). Governor Kotek established expectations for the process and criteria used by executive branch agencies to develop ARBs:

- Economic development: Investments that support job creation, spur business growth, and expand the state's revenue base.
- Implementation of recent Executive Orders.
- Affordability: Investments that make everyday life more affordable for Oregonians.
- Improving customer service and agency program efficiencies: Investments that modernize service delivery, streamline processes, and eliminate duplicative or low-value activities to improve outcomes within existing budgets.
- Protecting Oregon values: Focus resources on upholding civil rights, access to essential services, and state authority.
- **All general fund POPs should be net neutral and not require new revenue:** some exceptions, specifically as there is overlap with the implementation of recent executive orders or for continuation of existing work.

Typically, the Governor will release the GRB in December 2026, which becomes the starting point for budget discussions with the Legislature. The Legislature will make the final decisions on agency budgets for the 2027-2029 biennium in May or June.

Attachment X provides an overview of the 2027-2029 Agency Request Budget policy option packages. The full Agency Request Budget and policy option package narratives can be found on our website: oregon.gov/owrd/programs/policylawandrules/LegislativeAndBudget/.

K. Forfeiture Update

At the Commission's direction, the Department has added a forfeiture update to the Director's Report. This update provides information on the number and status of forfeiture proceedings currently before the Department. The Department can provide additional or different information concerning forfeiture in future forfeiture updates at the Commission's direction.

As of August 5, 2026, there are five proceedings concerning alleged forfeiture of water rights by nonuse pending before the Department. The following table identifies the proceedings by case number and provides a summary of the status of each proceeding. Cancellation case numbers consist of the letters "PC" for "proposed cancellation" followed by two numbers representing the numerical order among forfeiture proceedings opened that year, and the second two numbers representing the year in which the proceeding was opened. The status column identifies where the proceeding is in the contested case process and the notes column includes additional details including method by which the cancellation was initiated and details of the rights involved.

Table 1: Status of Pending Cancellation Proceedings as of 8/5/2026

Reference	Status	Notes
PC 09-22	Protested. Pending Referral to Hearing.	Affidavits from public assert nonuse of irrigation and livestock watering water right in the Santiam River basin.
PC 02-25	No protest received. Pending issuance of final order to cancel.	Affidavits from public assert nonuse of an irrigation water right in the Umpqua River basin.
PC 01-26	Evaluating affidavits for sufficiency.	Affidavits from public assert nonuse of an irrigation water right in the Santiam River basin.
PC 02-26	Evaluating affidavits for sufficiency.	Affidavits from the public assert nonuse of four irrigation, livestock watering, domestic, and supplemental irrigation water rights near Halfway, Oregon.
PC 03-26	Evaluating affidavits for sufficiency.	Affidavits from the public assert nonuse of three irrigation, livestock watering, domestic, and supplemental irrigation water rights in the Malheur River basin.

Attachments:

1. Rulemaking Calendar
2. Litigation Update
3. 2027-2029 Agency Request Budget and 2027 Legislative Concepts



Rulemaking Update September 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, 320, 330	Standardization for issuance of orders and notice for hydroelectric projects with other minor updates. Reorganizes, repeals, cleans up, and aligns with statute the rules in Divisions 320 and 330.	Racquel Rancier, Katie Ratcliffe, Laura Hartt	No	Sept 2026	Presentation to Commission for adoption Sept 2026.
Exempt Use Rulemaking Divisions 300, 340	Align rules with statute changes from HB 3372 (2025) and SB 85 (2023). Anticipated to clarify-groundwater exemption for domestic purposes; groundwater exemption for stockwater; the standard of beneficial use without waste applies to exempt uses; and other administrative clean up.	Kim Fritz-Ogren, Jake Johnstone, Kelly Mainz	Yes	June 2027	Ten open house events around the state complete. Rules Advisory Committee under development to start in Fall 2026.

Upcoming Rulemaking

Rulemaking Name	Description	Lead Staff	GWAC Input Expected	Target Adoption Date	Anticipated Timelines
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	Spring 2027	No RACs necessary. Public notice Fall/Winter 2026.
Water Distribution, Civil Penalty, and Enforcement Rulemaking:	Under consideration-definition of waste of water, bulges in the system, rotation agreements, and re-	Kim Fritz-Ogren, Jake Johnstone, Kelly Mainz	Yes	Fall 2028	Rulemaking scoping engagement in Winter 2026/2027. RACs expected Summer/Fall 2027.

Divisions 250, 260	affirming current policy that water storage right allows holder to fill a reservoir to the permitted amount once each fill season.				
Grant Programs Rulemaking: Divisions 93, 600, 601	Program updates relating to HB 3364 (2025) for the Feasibility Study Grants and Water Projects Grants and Loans.	Unassigned	Unknown	2027	Early planning begins Winter 2026

*Planned rulemakings and timelines are subject to change as legislative and other priority topics may require adjustments.

OWRD ACTIVE LITIGATION CHART

STATE COURT CASES (TRIAL LEVEL)			
Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
<i>KBA</i>	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 ameded order on the Walton/KTA claims and the court signed it on May 12, 2026.
<i>KID 3</i>	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.
<i>Sprague River Cattle</i>	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 on that
<i>Rogue River v. OWRD</i>	Marion County 23CV19220	A junior water-rights holder filed this petition challenging Oregon Water Resources Department’s enforcement of the Klamath	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.
<i>MID v. OWRD</i>	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.
<i>NBCC, LLC, et al v. OWRD, et al</i>	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.
<i>Winchester Water Control Dist. v. OWRD, et al</i>	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.	Court ruled for OWRD at the end of a one-day trial on June 8, 2026. Judge Edmonds concluded that OWRD lacked statutory authority to allow the amendment, that any similar amendments that OWRD allowed in the past were allowed in error, that OWRD corrected that error over 20 years ago, and that this lawsuit couldn’t be used as a vehicle to force OWRD to repeat that earlier error. Judge Edmonds signed the judgment on July 1, 2026. Petitioner has until July 31, 2026, to file a notice of appeal.
<i>Roaring Springs Ranch, Inc. v. Water Resources Department, et al.</i>	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. w received two discovery requests and have completed document collection and production for both. The parties filed cross-motions for summary judgment in spring 2026, and the Court held a hearing on those motions on July 17, 2026 at 8:30 am. The Court took the matter under advisement and told the parties it would try to issue a decision by September 4.
<i>Pinnacle Utils v. OWRD (mandamus)</i>	Marion County, 25CV07127	Mandamus petition seeking to compel OWRD to process Transfer Application T-14165	Court denied Tribes' motion to dismiss; Tribes appealed; Pinnacle still lacks counsel; plan to ask for status conference when schedule opens up
<i>Western State Steelhead vs. OWRD</i>	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 filed a motion to stay the case pending resolution of the COBU on June 12, 2026. The court scheduled a status hearing for November 4, 2026, at 8:30 a.m.
<i>Gould v. OWRD (Gould II)</i>	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

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STATE COURT CASES (APPELLATE LEVEL)			
Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
<i>Gould vs. OWRD</i>	Gould v. 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.
<i>Waterwatch of Oregon v. OWRD (Bridge Creek Ranch)</i>	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 12/15/2025; record settled 6/16/2026; awaiting petitioner's opening brief
<i>Waterwatch of Oregon v. OWRD (Bridge Creek Ranch)</i>	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 12/15/2025; record settled 6/16/2026; awaiting petitioner's opening brief
<i>Pinnacle Utilities v. Conferederated Tribes of Warm Springs</i>	A189328	Interlocutory appeal of a denial of a motion to dismiss for failure to join an indispensable party (the Tribes)	Notice of Appeal filed 12/03/2025; briefing is stayed while Pinnacle seeks alternative counsel
<i>Waterwatch of Oregon v. OWRD (Grave Creek)</i>	A189908	Judicial review of final agency order PC 04-23 denying a request to cancel water right for nonuse in Certificate 3943	Notice of Appeal filed 2/17/2026; in pre-briefing phase settling the record on review
FEDERAL COURT CASES (TRIAL LEVEL)			
Case	Court	Description	Rulings & Dates/Litigation Deadlines/Next Steps
<i>US v. OWRD (fka BOR v. OWRD)</i>	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] Status update filed June 12, 2026.
<i>Yurok v BOR & NMFS</i> Intervenors: 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. The Court heard oral argument on the Yurok and BOR cross-motions for summary judgment on Aug. 14, 2026, and took the matter under advisement.
<i>Grant Knoll v. OWRD/WRC</i>	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. We are waiting to file a status update until the Ninth Circuit rules on the petition for rehearing en banc.
<i>Grant Knoll v. OWRD/WRC</i>	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. We are waiting to file a status update until the Ninth Circuit rules on the petition for rehearing en banc.
<i>Glenda Stilwell v. OWRD/WRC</i>	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. We are waiting to file a status update until the Ninth Circuit rules on the petition for rehearing en banc.

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<i>Ryan Hartman, et al v. OWRD/WRC</i>	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. We are waiting to file a status update until the Ninth Circuit rules on the petition for rehearing en banc.
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2027-2029 Agency Request Budget and Legislation

For additional information please contact:

Bryn.Hudson@water.oregon.gov; 503-302-7584 / Lisa.J.Snyder@water.oregon.gov; 503-983-5801

General Fund = GF, Lottery Revenue Bond = LRB, Other Funds = OF, IWRS = [Integrated Water Resources Strategy](#), FTE= Full-Time Equivalent

OWRD Legislation

LC 156 - General spending authority

To provide clarity on OWRD's authority to expend funds, this concept adds the authority for OWRD to enter into grant agreements, contracts, and make direct payments of funds for the purposes appropriated by the Legislature.

LC 157 - Deschutes Groundwater Mitigation Program

This concept extends the program sunset date from 2029 to 2039 to allow more time for existing permits to develop their mitigation requirements and to provide more time for program improvement. This concept also proposes to add requirements for formal consultation with the Confederated Tribes of Warm Springs on any rulemaking activities related to the program and clarifies injury and program review and reporting requirements to include assessments of impacts on the Confederated Tribes of the Warm Springs' Reserved Right in the settlement agreement.

OWRD Agency Request Policy Option Packages

Package 101 - Conservation Reserve Program GF Carryforward - \$40k GF - This package reappropriates \$40,000 of unspent 2025-27 GF to be expended in 2027-29 biennium to continue facilitating enrollment in the Harney Valley Conservation Reserve Enhancement Program (HV CREP). HV CREP is a voluntary program operated through the USDA Farm Service Agency (FSA) in partnership with OWRD. The program seeks to improve groundwater conditions in the Harney Basin by incentivizing landowners to voluntarily cancel groundwater rights within the Greater Harney Valley Groundwater Area of Concern. The program is intended to provide payments to landowners who volunteer to permanently cancel groundwater rights. Reducing groundwater use in the basin is a high priority for OWRD and HV CREP has a major role in achieving that goal and slowing groundwater declines in the basin. [IWRS Actions 3A, 10D, 11E, 13B, and 13C](#)

Package 102 - Feasibility Study Grant GF Carryforward - \$472k GF - This package reappropriates \$472,505 in unspent 2025-27 GF allocated for Feasibility Study Grants for expenditure into the 2027-29 biennium to continue offering grants to determine the feasibility of water conservation, reuse, and storage projects to address water supply needs. These funds were not spent in the 2025-27 biennium because there was insufficient time to solicit and award grants and for grantees to fully expend the resources. The Department anticipates interest in these funds for grant applicants in the 2027-2029 biennium. [IWRS Action 13C](#)

Package 103 - DOJ Legal Expenses GF Carryforward - \$1m GF - This package reappropriates \$1m in unspent 2025-27 GF allocated for Department of Justice (DOJ) expenditures for expenditure into the 2027-29 biennium. There is a longer-term need to adjust the OWRD's budget given the sustained increased costs that have continued to exceed the base budget over multiple biennia, with no signs of costs decreasing. Reappropriating unspent funds for future expenditures will allow the Department to continue making progress on key initiatives that require DOJ resources, including water right protest backlog reduction, the Harney Basin groundwater management and regulation, permit condition enforcement, and the Klamath Basin adjudication. The final amount requested may change depending on expenditures made through the rest of the biennium.

OWRD Agency Request Policy Option Packages

Package 104 - Water Projects Recapitalization - \$21m LRB – This package requests \$20 million LRB, plus debt service and cost of issuance, to the Water Projects Grants and Loans program to be awarded as grants to address instream and out-of-stream water supply needs and produce economic, environmental, and community benefits. Water Projects Grants and Loans funding program provides direct investment in water supply solutions and often serves as match for federal programs. [IWRS Action 13C](#)

Package 105 - Agency Structure Alignment – This package reconciles changes made to the agency structure in 2025-27 to better position the agency to help Oregonians better meet current and future instream and out of stream needs. In addition to codifying structure changes, this package also repurposes five vacant positions to create 4 new positions to support IT and data, fiscal responsibility, and workplace safety and modifies position funding splits to better align position related work with appropriate revenue sources. This is a budget neutral package.

Package 106 - Scenic Waterways Position Restoration – This package restores 0.61 FTE (across eight positions) reduced in Package 070 to maintain Scenic Waterway services beyond the 2025-27 biennium by reducing an existing vacant position to cover the shortfall created by the lost revenue. OWRD has eight positions that support and are partially funded by the State Scenic Waterways program administered by the Oregon Parks and Recreation Department (OPRD). OPRD does not have Scenic Waterway funds available to support the Scenic Waterway Work at OWRD beyond the 2025-27 biennium. This is a budget neutral package. [IWRS Actions 10F, 11B and 13B](#)

REDUCTIONS

Package 070 – Scenic Waterways Revenue Shortfall – \$208,093 OF; (0.61 FTE / 8 positions) – This package eliminates 0.61 FTE (across 8 positions) Scenic Waterway funded positions necessary to adjust Current Service Level to available revenues, if package 106, or another funding solution, is not approved.