Water Resources Commission Meeting Salem, Oregon August 2, 2012

WRC Present	Staff Present	Others	
John Jackson, Chair	Phil Ward	Lorna Stickel	Sen. Dingfelder (by phone)
Charlie Barlow, V. Chair	Tom Paul	Kimberley Priestly	Roy Elicker
Mary Meloy	Brandi Elmer	Gil Riddell	Bruce McIntosh
John Roberts	Brenda Bateman	Ed Henricks	Rick Kepler
Jeanne LeJeune	Doug Woodcock	Peggy Lynch	Katy Coba
Carol Whipple	Dwight French	Dennis Doherty	Dick Pedersen
	Barry Norris	Mark Landauer	Susie Smith
	Tracy Louden	Helen Moore	Jay Rasmussen
	Ivan Gall	J.R. Cook	Glenn Barrett
	Alyssa Mucken	Willie Tiffany	Teresa Huntsinger
	Juno Pandian	Rob Hallyburton	Eric Quaempts
	Bill Ferber	Anthony Barber	Jim Welsh
	Ken Lite	Kay Teisl	Beth Patrino
	Ken Stahr	Racquel Rancier	Tim Smith
		Ken Crick	Jim Myron
		Joel Salter	Ray Jaindl
		David Pilz	Joseph Furia
		Karen Tarnow	

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

Brenda Bateman, Senior Policy Coordinator, Alyssa Mucken, IWRS Policy Coordinator, and Ken Stahr, Science Coordinator presented the June 2012 Integrated Water Resources Strategy (IWRS) to the Commission for adoption.

Ken Stahr gave a brief retrospective of the process and Brenda Bateman introduced the Policy Advisory Group, Agency Advisory Group and the Federal Liaison Group members that were in attendance.

Alyssa Mucken highlighted some of the proposed changes to the June draft. She also noted the letters of support for the IWRS from state and federal partners.

Brenda Bateman introduced the four agency directors that were involved in the development of the IWRS. Phil Ward, Oregon Water Resources Department; Roy Elicker, Oregon Department of Fish and Wildlife; Dick Pedersen, Department of Environmental Quality; and Katy Coba, Department of Agriculture spoke about the involvement of their agencies and staff in support of the IWRS. Chair Jackson commented that there is a lot of work left to do to move the process forward and he thanked the three agencies for their efforts and for their staffs' involvement in the process, and opened public comment.

Senator Dingfelder, connected by phone, offered her comments in support of the IWRS.

Jim Welsh of the Oregon Cattlemen's Association provided a letter on behalf of the Association to the Commission for their consideration.

Eric Quaempts, Director of Natural Resources for the Confederated Tribes of the Umatilla Indian Reservation offered his congratulations on behalf of the CTUIR to the Commission and the Department for completing the IWRS and offered the CTUIR's endorsement and recommendation for adoption.

Curtis Robinhold, Governor Kitzhaber's Chief of Staff, presented the Governor's comments in support of the IWRS and thanked all who were involved.

Tim Smith, a water user from Harney County, provided the Commission with written comments expressing concern with the IWRS.

Peggy Lynch, League of Women Voters of Oregon, presented written comments in support of the IWRS.

Glenn Barrett, spoke in regards to the importance of the implementation of the IWRS.

Commissioner Roberts complimented all of the agencies working together. He said he is impressed with the final product and is looking forward to the implementation phase.

Commissioner LeJeune commented that all of the agencies involved have done an exemplary job in the last three years, she acknowledged the hard work and effort put forth by the Policy Advisory Group, and noted a tremendous amount of citizen involvement.

Commissioner Whipple, spoke about the complexity of the issue and urged forward movement in this effort.

Vice-Chair Barlow offered his observation that this document will not solve all of our problems, but it is a starting point to resolving some of the issues that we face today and into the future. He called it a tool that will make a difference for generations to come.

Commissioner Meloy read the Resolution Adopting the State's first Integrated Water Resources Strategy.

Commissioner Meloy moved to adopt the Resolution Adopting the State of Oregon's first Integrated Water Resources Strategy; seconded by Commissioner Jeanne LeJeune. Voting for the motion: Commissioners Meloy, LeJeune, Whipple, Barlow, Roberts and Jackson. Chair Jackson carried the vote by proxy for Commissioner Williams in favor of the motion. Voting against the motion, none.

Commissioner Meloy moved to adopt Oregon's first Integrated Water Resources Strategy with the modifications noted by staff; seconded by Commissioner Jeanne LeJeune. Voting for the motion: Commissioners Meloy, LeJeune, Whipple, Barlow, Roberts and Jackson. Chair Jackson carried the vote by proxy for Commissioner Williams in favor of the motion. Voting against the motion, none.

B. Integrated Water Resources Strategy

Brenda Bateman, Senior Policy Coordinator and Alyssa Mucken, IWRS Policy Coordinator, presented the draft IWRS Workplan for the Commission's review and discussion. She discussed the need for a tiered approach given the reality of Oregon's economy. She stated in the short-term, agency staff have begun implementing some of the Recommended Actions noted in the IWRS. Some of that work includes inter-agency coordination and updating informational materials.

She discussed the Commission receiving regular updates at each of its quarterly meetings with regards the IWRS and its progress through the many stages of development. She asked the Commissioners what kind of IWRS updates they would like to have at their quarterly meetings.

Commissioner Roberts commented that he is personally appreciative of the updates provided during the development of the IWRS; he also stated that it is imperative to keep the momentum going and stated that the updates provided are a very valuable part of the process. He would like to see an update of what had been discussed in the past and what the status is on a particular item.

Commissioner LeJeune agreed, noting her wish to be involved in policy development and implementation.

Commissioner Whipple commented that she believes that the regular updates should continue and that the Commission and the Department should be open to hearing about any issues that come up during implementation. She believes that everything we do should be related to the Strategy.

Commissioner Meloy agreed, and urged that future staff reports, include a new section to note how it is consistent with the Strategy. If it is not applicable, and sometimes it may not be, then it should be noted as such.

Commissioner Barlow stated that the Strategy should be a learning process and a document that should be continually in motion and working towards its outlined goals.

Commissioner Jackson stated that he had the same opinion and added that he would like to be able to help staff when possible to overcome challenges that may come up along the way. He would like to have the Commission involved as much as necessary for the common goal of keeping the momentum moving forward as progress is made.

C. 2011 Field Regulation and Enforcement Activities

Scott White, District 17 Watermaster, updated the Commission on activities in the South Central Region. Doug Woodcock, Administrator for Field Services, and Juno Pandian, Well Construction and Compliance Section Manager, provided the Commission updates on field regulation and enforcement activities that occurred in 2011.

D. USGS Flow Model Report – Klamath Basin

Ivan Gall, Groundwater Section Manager provided an update to the Commission regarding a recently released Flow Model Report from the U.S. Geological Survey and Oregon Water Resources Department. Marshall Gannett with the U.S. Geological Survey and Ken Lite with the Department were also available for questions and Marshall talked about the collaborative effort put forth in the development of the latest report, and discussed the value of it being a state of the art tool to manage groundwater systems.

E. Revenue Subcommittee Report

• The Revenue Subcommittee, comprised of Commissioners John Roberts, Jeanne LeJeune and Ray Williams presented their final report to the Commission regarding new funding sources for the Department.

The options presented to the Commission for consideration were:

- Annual Water Rights Management Fee \$100 Annual Fee on Water Rights
- Increased Cost Recovery in transactions programs
- Expanded Reimbursement Authority

The Annual Water Rights Management Fee would be used to fund field, technical and administrative functions that involve water rights management of the water right permit and certificate system. This would be directly linked to the programs that it would benefit.

The Commissioners then discussed the options and invited stakeholder input. Comments included:

- A desire to see a full list of what would be funded with monies raised in regards to the Water Rights Management Fee
- A suggestion that there should be a fee on water use not on water rights
- A concern was that the legislature could come in and sweep other General Fund Revenues
- A reminder that there should be a direct benefit to those paying the fees, some suggestions were that there should be some type of amnesty program if the fee were implemented. Another suggestion would be to put the current owners name onto the Water Right and update the names to the holders of the Water Rights
- A suggestion that 1) any new fees should sunset after five years and be re-evaluated, and 2) any new fees must show nexus with the services provided
- A reminder that there must be ongoing collaboration between the Department, the Commission, the Legislature, the Governor's Office, industry organizations and interested individuals

Peggy Lynch, League of Women Voters of Oregon commented in support of the Commission adopting some of the new funding options that they had been considering.

Jim Welsh, Oregon Cattlemen's Association commented in support of the Commission meeting with stakeholders and allowing the Cattlemen's Association to be involved in those discussions. He spoke in opposition to any new fees.

Helen Moore, Water for Life, spoke in opposition to new fees.

Commissioner Barlow gave his comments regarding equity, he felt that equity is not there and he feels that it needs to be looked at again. He cannot support these fees as they are.

Commissioner Meloy is in support of the proposal as long as it is a balanced equitable decision. She feels that it needs to move forward.

Commissioner LeJeune clarified that the details need to be discussed and she noted that they are definitely controversial in nature, however, she feels that the Commission should move forward with a decision.

Commissioner Meloy moved that the report be approved as written understanding that there are two sections to the recommendations.

Commissioner LeJeune asked for clarification of the motion that Commissioner Meloy made.

Commissioner Meloy moved that the Report be accepted as printed, Commissioner Roberts seconded the motion.

Commissioner Barlow moved to make an amendment to the motion to take away the recommendations on page 8 and present the report without recommendations.

Commissioner LeJeune clarified that Commissioner Barlow wanted the entire recommendations section removed, leaving the rest of the report intact.

Commissioner Meloy agreed that Commissioner Barlow's amendments were acceptable.

Amendment died for lack of a second.

Commissioner Meloy again moved that the Report be approved as presented. Seconded by Commissioner Roberts. Voting for the motion, Commissioners Meloy, Roberts, LeJeune, Jackson and Whipple, voting against the motion, Commissioner Barlow.

There being no further business, the meeting was adjourned.

Respectfully,

Brandi Elmer Executive Assistant

Editors Note: The Powerpoint Presentations are now available online at: <u>http://apps.wrd.state.or.us/apps/misc/wrd_notice_view/Default.aspx?notice_id=23</u>

Water Resources Commission Meeting Salem, Oregon August 3, 2012

<u>WRC Present</u> Charlie Barlow, V. Chair Carol Whipple Jeanne LeJeune John Roberts Mary Meloy Staff Present Phil Ward Tom Paul Brenda Bateman Dwight French Tracy Louden Barry Norris Doug Woodcock Ivan Gall Bill Fujii Craig Kohanek Others Peggy Lynch Kimberley Priestly Adam Sussman Laura Wollam Tom Penpraze Gil Riddell

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.

Vice Chair Barlow welcomed everyone to the meeting.

F. Approval of Minutes

The minutes of the April 19 and April 20, 2012 meeting were offered to the Commission for consideration.

Commissioner LeJeune moved to approve the April 19 and 20, 2012 minutes as submitted; seconded by Commissioner Roberts. Voting for the motion: Commissioners Roberts, LeJeune, Whipple, Meloy and Barlow. Voting against the motion, none.

G. Commission Comments

Commissioner Roberts reported that he continued to work on the Revenue Subcommittee activities with Commissioner LeJeune. He thanked Tracy Louden for assisting them with the numbers portion of the process. He noted the importance of continued momentum in the funding discussion. He talked about his involvement in the WISE Project. He talked about going out on a local enforcement action with Larry Menteer.

Commissioner LeJeune described her work with Commissioner Roberts on the options the Revenue Subcommittee brought to the Commission. She commented that she appreciated Commissioner Barlow's comments and vote yesterday and she said he raised really important issues that need to be on the table. Equity continues to be an issue. She talked about being a Hearings Officer for the upcoming Coastal Basin Rulemaking in October. Commissioner Meloy talked about the team effort among all of the Departments, the Commission and staff regarding the development of the IWRS. She also talked about her health struggles that she has had over the last year, noting she is healthy and glad to be here.

Commissioner Whipple talked about challenging water issues and the importance of the water to her region of the state.

Commissioner Barlow talked about visiting with the watermaster in the last couple of weeks. He said due to the amount of storage they have in his region, they are not seeing a critical water season, but depending on what kind of winter we have it could be more difficult next season. He is talking to community members and doing some outreach regarding the IWRS. No major issues to report.

H. Director's Report

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

I. Rogue Basin Storage Application R-87742 (Gary Martin) Work Session

Dwight French, Water Rights Division Administrator, and Tim Wallin, Water Rights Program Manager, presented Application R-87742 in the name of Gary Martin, in the middle Rogue Basin, for storage of 15.3 acre-feet of water.

Staff presented three alternatives to the Commission; 1) Direct the Department to continue processing Application R-87742 without additional minimum flows to support aquatic life or minimize pollution. 2) Recommend additional minimum flows to support aquatic life or minimize pollution. 3) Require the Department to conduct further review of the application and report to the Commission at a future meeting.

The Department recommended Alternative 1, Direct the Department to continue processing Application R-87742 without additional minimum flows to support aquatic life or minimize pollution. This approach matched the recommendations of DEQ and ODFW.

John Roberts moved to adopt recommendation number 1, Directing the Department to continue processing Application R-87742 without additional minimum flows to support aquatic life or minimize pollution, seconded by Commissioner Meloy. Voting for the motion, Commissioners Roberts, Meloy, Barlow, LeJeune and Whipple. Voting against the motion, none.

J. 2011-13 Budget/Legislative Update

Brenda Bateman, Senior Policy Coordinator and Tracy Louden, Administrative Services Administrator provided updates on the Department's current financial situation and legislative matters.

Tracy Louden updated the Commission on the Department presentations given to the Program Funding Teams for the 2013-15 budget. He noted that the Department had received compliments on the content of presentation and said the next step in the process of developing the Governor's Budget is to submit program funding and budget proposals for 2013-15.

Budget Packages proposed by the agency include the following (packages related to the Integrated Water	
Resource Strategy note the recommended action in parentheses):	

Package	FTE	\$ Millions	Fund Source
Healthy Environment			
101 - Water-Use Reporting Program (IWRS Rec #2b)	1.00	0.18	General Fund
102 - Instream Protections (3a, 11b)	2.00	0.37	General Fund
103 - Re-Institute the Measurement Cost Share Fund (2b)	-	0.05	General Fund
104 - Placed Based Planning - Template Development (9a)	-	0.25	General Fund
105 - Groundwater Data Collection and Integration (1b, 1c)	3.00	1.42	General Fund
106 - Surface Water Data Collection and Integration (1b, 1c)	5.00	1.12	General Fund
107 - Metolius Modeling	0.25	0.10	General Fund
108 - Water Right Management Fee (13b)	7.00	2.00	OF-Fee
Economy and Jobs			
201 - Implement IWRS (IWRS Rec #13a)	1.00	0.21	General Fund
202 - Conduct Basin Groundwater Investigations (1a)	-	0.25	General Fund
203 - Field Services (Wallowa & Klamath) (2c, 10)	1.84	0.34	General Fund
204 - Water Supply Development Program (10e)	4.00	21.00	OF - Bonds
205 - Water Development Loan Fund-Umatilla Project (10b)	-	10.00	OF - Bonds
206 - Feasibility Study Grants (13c)	0.50	1.20	OF - Bonds
207 - Update Water Right Certificates with contact info (2d)	2.00	0.37	OF-Existing
208 - Extend Water Transaction Fee Schedule (13b)	7.00	1.00	OF-Fee
209 - Limited Duration Asst. Watermaster	1.00	0.17	OF-Existing
Totals:	14.34	\$4.3	General Fund
	4.50	32.2	OF - Bonds
	14.00	3.0	OF-Fee
	3.00	.5	OF-Existing
Grand Total:	35.84	\$40.0	

Brenda Bateman reviewed the six legislative concepts that had been forwarded to Legislative Counsel for drafting by the Governor's Office. They are: 1) LC 657- Authority to Change the Name on a Water Right Certificate; 2) LC 658 - Establish a Water Supply Development Program; 3) LC 659 - Establish a Water Right Management Fee; 4) LC 660 - Split Season Leasing – Remove Program Sunset; 5) LC 661 - Extend Water Right Transactions Fee Schedule; 6) LC 662 - Split a Permit into Multiple Ownerships.

K. Request for Funding Tier 2 Feasibility Studies – Water Conservation, Reuse & Storage Grant Program

Tracy Louden, Administrative Services Administrator, presented a request for Tier 2 Feasibility Studies under the Water Conservation, Reuse and Storage Grant Program. Bill Fujii, Water Supply and Conservation Coordinator, presented the details of the Grants for the Commission to vote on.

The Department received six applications for the Tier Two process totaling \$234,330. The Application Review Team reviewed the revised proposals and developed recommendations. The Applications and the ART recommendations were put on public notice on June 12, 2012.

Table 2 Tier Two Applications and Application Review Team priorities		
	Amount	
Project, Type and Review Team Priority	Requested	
Eugene/Springfield Metropolitan Wastewater Mgt. Commission – Reuse:		
Application Review Team – First priority of six	\$49,500	
Lane Council of Governments - Conservation and Reuse:		
Application Review Team – Second priority of six	\$49,830	
Clean Water Services – Reuse:		
Application Review Team – Tied for Fourth priority of six	\$25,000	
Polk County – Storage:		
Application Review Team – Tied for Fourth priority of six	\$50,000	
City of Corvallis – Reuse:		
Application Review Team – Fifth priority of six	\$40,000	
Water and Stream Health Committee – Storage:		
Application Review Team – Sixth priority of six	\$20,000	

All of the proposals qualified for further review. The Department asked applicants with storage proposals to fill out a table which specifically committed the applicant to meeting statutory requirements.

Staff believed that the WASH project did not contain enough focus to recommend for funding. Even with the omission of this project, funds for this phase of the program were still over subscribed by \$7,330. Staff recommended distribution of this shortfall proportionally over the five proposals.

Table 3 Staff Recommendations for Tier Two Proposed Awards			
Project, Type and Review Team Priority	Adjusted Proposed Award		
Eugene/Springfield Metropolitan Wastewater Management			
Commission – Reuse	\$47,807		
Lane Council of Governments – Conservation and Reuse	\$48,126		
Clean Water Services – Reuse	\$24,145		
Polk County – Storage	\$48,290		
City of Corvallis – Reuse	\$38,632		

Commissioner Roberts moved to adopt the staff funding recommendations in Table 3 – Tier Two Proposed Awards, seconded by Commissioner Whipple. Voting for the motion Commissioners Roberts, LeJeune, Whipple and Barlow. Voting against the motion none.

L. SB 1069 Debrief – 2008 & 2009 Water Conservation, Re-use & Storage Grant Program

Tracy Louden, Administrative Services Administrator, gave an update on the feasibility studies in 2009-11 conducted with the help of funding from SB 1069 (2008).

The Water Conservation, Reuse and Storage Grant Program (WCRS) awarded 21 grants statewide during 2008 and 2009 in the amount of \$1,370,875. This report evaluated progress made by grant recipients based on the feasibility studies that were developed.

The grant awards covered a broad geographic area and ranged from \$9,927 to \$259,000 each. Grant funds supported six surface water storage studies, three groundwater storage studies, four water re-use studies and eight water conservation studies.

Results have ranged from direct implementation of projects to phased programs that will be carried out over the next few years. Some projects are self funded and others have been awarded implementation grants or loans.

- **The City of Ashland** As a result of the study, the alternatives to supply water and improve instream resources were reduced to two options: 1) the Water &Wastewater Master Plan and 2) additional conservation staff resources. These packages were presented to the City Council and passed during spring 2012. Implementation will take place through 2018 with a \$30.5 million capital project.
- **Central Oregon Irrigation District** This piping/lining water conservation project is being <u>implemented</u> with a grant from the Bureau of Reclamation. Both COI and the Deschutes River Conservancy have been awarded SB 1069 grants to develop more feasibility studies in Tier one of the 2012 grant cycle.
- **City of Hillsboro / City of Beaverton** The City of Beaverton now has a customer rebate program for water conservation because of this grant.
- Klamath Basin Rangeland Trust In addition to the development of new partnerships, significant work to improve irrigation diversions and restoration of habitat has been done on the Seven Mile Creek drainage and a permanent instream transfer has been submitted as a result of this grant. Nine of eleven fish passage barriers have been eliminated. Work on the remaining two barriers is pending.
- **City of Port Orford** Although the study included expanding above-ground storage, conservation was the recommended action. The City Council moved forward with a bond levy proposal to improve efficiency; the levy failed.

Some technical reports made progress, but have other data and study needs to complete the project. These grantees have returned with applications for further funding from the SB 1069 program;

- East Valley Water District Tier One Award
- Polk County Tier Two Award
- City of Corvallis Tier Two Award
- Powder Basin Water & Stream Health Committee Tier Two Award not Recommended

Others that look promising are trying to secure follow-on funds from other sources.

- **City of Cottage Grove -** The 80-acre Middlefield Golf Course is now being irrigated with reuse water. The SB 1069 results were used to apply for a WaterSmart Grant with the Bureau of Reclamation and as a basis for a Memorandum of Understanding with Oregon Department of Transportation for future irrigation of the interchange areas.
- **City of Rockaway Beach** The project was submitted to the Oregon Watershed Enhancement Board (OWEB) for implementation funding. The project is currently working on project revisions to resubmit a funding application.
- **City of Dallas** As a result of this study, the consultant believes it possible to recover a greater quantity of water from the aquifer system with better quality of water that would contribute to meeting future needs of the City's water supply system.
- **City of Port Orford -** Although the study included expanding above-ground storage, conservation was the recommended action. The City Council moved forward with a bond levy proposal to improve efficiency; the levy failed.

Some technical reports demonstrated promising projects, but the downturn in the economy has shelved the projects for another time.

- **City of Damascus** Water reuse benefiting urban and agricultural users would directly be supplied to the individual users with a "purple pipe system."
- **City of Bend** The SB 1069 study was part of a broad investigation. Much of the conservation component is linked to reconstruction of the water intake and transmission lines. Above-ground inline storage was also part of the study. It was determined that using water for ASR was technically and financially feasible, but additional studies and funding are necessary.

Some technical reports determined that the projects were not feasible to pursue.

- **City of Veneta** The City was looking for a way to conserve water during the cleaning of their filters through a "backwash" process that used up 25,000 gallons per day. Aided by information from this study, the City opted to cycle the backwash water into the wastewater stream rather than implement a high cost secondary filtration system.
- **City of Tigard** Given the costs of each scenario relative to the potential benefits that recycled water would have on the downtown area and to improving Fanno Creek flows, the City found that development of this project is not warranted.
- Mosier Creek Watershed Council The conclusion of the study was that aquifer storage is not currently a feasible strategy. Aided by data from this study, the City has decided to abandon the commingling well.

Tom Penpraze, City of Corvallis Public Works Director spoke to the Commission regarding a 2008 grant received by the City to begin a study regarding wastewater treatment and reuse in the City of Corvallis. He discussed the public process that the city went through to get the public's input and shared with the Commission some recommendations about next steps. He explained how reused water would be utilized to irrigate on Trysting Tree Golf Course. He also discussed the treated water and wetland treatment system at Orleans Natural Area.

Laura Wollam, Central Oregon Irrigation District's Water Use/Grant Specialist described a 2008 grant for an I-Lateral Water Conservation feasibility study.

M. Public Comment

Kimberley Priestley, Waterwatch of Oregon, commented favorably on the recently completed Klamath Groundwater Modeling and the work of the Department and the USGS. She urged the state to use the model when evaluating the affects of groundwater pumping on surface water flows, especially with regard to scenic waterway flows.

N. Other Issues

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Brandi Elmer Executive Support