

Water Resources Commission
Work Session
Seaside, Oregon
September 10, 2009

WRC Present

John Jackson
Mary Meloy
Ray Williams
Charlie Barlow
John Roberts
Jeanne LeJeune

Staff Present

Phil Ward
Tom Paul
Cindy Smith
Doug Woodcock
Dwight French
Jonathan LaMarche

Debbie Colbert
Ruben Ochoa
Brenda Bateman
Tracy Louden

Others

Helen Moore
Mark Landauer
Ed Henricks
Jerry Schmidt
Jim Welsh
Shirley Kalkhoven

David Pilz
Anita Winkler
Dick Pedersen
Neil Mullane
Dan Eisenbeis

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.

Acting Chair Jackson welcomed everyone to the meeting. The Commission introduced themselves to the audience. The audience introduced themselves to the Commission.

A. Budget Update

Tracy Louden, Administrative Services Administrator, gave an update on the Department's 2009-11 Legislatively Approved Budget.

The 2009 Legislature approved the Department's budget in the amount of \$46 million dollars, a 32 percent increase over the 2007-09 Legislatively Approved Budget. Most of this increase is for "pass through" funding that will go to communities in the form of grants or loans to address water resource issues. Other increases will fund implementation of legislation passed in 2009. The Legislature reduced the Department's General Fund by \$6.2 million, increased Other Funds by \$3.3 million in new/increased fees and package requests, and added Lottery and General Obligation Bond funding of \$14.0 million.

The Legislature addressed a \$3.8 million shortfall for the 2009-11 Biennium by reducing the general fund budget by \$1.4 million (including reduction of six staff), and shifting more than \$2.3 million in general fund revenues to fee-based revenues.

B. Legislative Update – What Happened

Brenda Bateman, Senior Policy Coordinator, gave a summary of the 2009 Legislative Session.

The 75th Oregon Legislative Assembly adjourned Sine Die on June 29, 2009, having passed a number of water resource-related bills. These bills are:

SB 5551 "Water Resources Department Budget"
SB 788 "Relating to Water"
HB 2231 "Increasing Start Card Fees"
HB 2232 "Establishing Geotechnical Hole Report Fees"
SB 195 "Allowing Wave Energy Pilot Projects to Connect to the Grid"
SB 664 "Expanding Pilot Project – Irrigation District Transfers"
HB 3369 "The 2009 Water Investment Act"
SB 5505 "Authorizing General Obligation Bonds"
SB 5535 "Authorizing Lottery-Backed Bonds"

In addition, the Legislature has announced which interim committees will meet before the next special Legislative Session scheduled for February 2010. The Department will likely participate in interim hearings held by the Senate Environment and Natural Resources Committee and the House Environment and Water Committee.

C. Rulemaking Overview – 2009 Session Requirements

Ruben Ochoa, Water Policy Analyst, gave an overview of the Department's rulemaking requirements that were a result of the 2009 Legislative Session.

Legislation passed by the 2009 Legislature and signed into law by Governor Kulongoski, contain provisions directing the Oregon Water Resources Commission to adopt rules. This legislation includes HB 3369 and SB 788.

The Department intends to bring final proposed rules implementing provisions of SB 788 before the Commission in November 2009 for consideration and potential adoption. Final proposed rules implementing provisions of HB 3369 will be brought before the Commission in 2010.

Jerry Schmidt, Oregon Ground Water Association (OGWA), spoke regarding the OGWA's July 10, 2009, letter to the Commission regarding the hearing process on the Division 190 rules.

Jim Welsh, Oregon Cattlemen's Association, expressed concerns regarding the number of hearing locations for the Division 190 rules.

Helen Moore, Water For Life, expressed concern regarding public process and involvement related to the Division 190 rules.

D. Stream Network Evaluation Progress Report

Jonathan LaMarche, Hydrologist, South Central Region, briefed the Commission on the on-going assessment of the Department's stream gage network.

The stream gaging network in Oregon was last formally evaluated in 1970 by the US Geological Survey (USGS). Although several national gaging network evaluations have been performed since 1970 (all by the USGS), none have specifically focused on Oregon or on the State's specific interests. The objectives of the USGS stream gaging effort are often different than the State's, and the management of water rights (a primary state objective) is not a consideration in the USGS gaging efforts. Since the 1970 USGS evaluation, there have been several new water resource and management related issues in Oregon. The gaging evaluation will ensure that the

State and its partners operate gages in locations critical to the understanding and management of our water resources.

The Department's goals regarding the stream gaging network have been established and are to provide data necessary for: 1) effective management and distribution of water; 2) accurate regional hydrologic analysis; 3) defining hydrologic systems; 4) forecasting efforts; 5) long-term trend analysis; and 6) other needs (legal obligations, etc).

Significant amounts of background data on the current and historic gage network configurations have been compiled. Gages that fulfill multiple purposes have been identified through this process. The assessment of the forecasting goal is complete, while the water management evaluation is under internal peer review. The criteria and evaluation for monitoring of long-term trends is slated for completion next.

E. Integrated Water Resources Strategy Work Group Update

Shirley Kalkhoven, Mayor, City of Nehalem, welcomed the Commission to the coast. She commented that it has been a pleasure to serve as the President of the League of Oregon Cities and that she has attended many meetings around the state. During these meetings, they discussed how the cities are getting along with various state agencies. She noted that the Water Resources Department received good marks.

Dick Pedersen, Director, and Neil Mullane, Administrator, Water Quality Division, both with the Oregon Department of Environmental Quality (DEQ), commented that they are excited to work with the Department on the strategy. Director Pedersen commended the Commission for taking on this task and working on the issue papers. He also said that DEQ is here to help as much as possible.

Brenda Bateman, Senior Policy Coordinator, briefed the Commission on the first phase of the Integrated Water Resources Strategy.

During the past two years, the Water Resources Commission and Department have been laying the groundwork for an integrated water resources strategy. The foundation included funds from the 2007 Legislature, to begin a data-gathering exercise to help the state's ability to forecast water demands, as well as to identify opportunities for water conservation and water storage. These data collection efforts set the stage for additional work the Department needs to conduct to analyze the state's water needs and water supplies now and into the future.

In the 2008 Legislative Session, the Department received resources to investigate the feasibility of capturing and storing winter flows in underground storage aquifers. In 2008 and 2009, the Legislature also provided cost-share funding for communities engaged in long-term water planning.

During 2009, the Department worked with members of the Legislature to secure resources for long-term planning efforts. HB 3369 authorizes two positions to assist in these efforts: a scientific coordinator and public policy coordinator.

Bateman presented a draft preliminary work plan for the development of the Integrated Water Resources Strategy. Commissioners had an opportunity to review and provide comment.

Commissioners Meloy, Roberts, LeJeune and Jackson each briefed the Commission on a series of issue papers. These papers discuss water quantity, water quality, economic issues, social issues, and climate change. These papers are meant to convey the urgency of planning for the future.

The issue papers describe the lost opportunities Oregon may face if we do not act today, and the benefits accrued if we do act right away. These papers are available for public review and comment on the Department's website. Comments on the issue papers can be sent by email to waterstrategy@wrdd.state.or.us. Comments received by October 31, 2009, will be included in the Commissioners' material for the November 19, 2009, meeting. During the November 2009 meeting, Commissioners will discuss the issue paper on ecology.

David Pilz, Fresh Water Trust, applauded the Commissioners for their commitment to the Integrated Water Resource Strategy. He feels it has potential to be a powerful tool for the state. He noted that he would like the Commission to use the Fresh Water Trust as an asset and call on them to help with the process.

Director Ward noted that Helen Moore, Water for Life, brought to his attention a website, "waterfootprint.org", that calculates the amount of water that is needed to produce food and other products.

Ed Henricks, private citizen, commented that he appreciates what the Commission is doing. He said that the more information the better, and encouraged the project team to show the facts.

Brenda Bateman, Senior Policy Coordinator, thanked Ryan VandenBrink for all his work on the development of the issue papers. Ryan is a volunteer intern working on this project at the Department.

Bateman also brought forward, some late-breaking news regarding the new Policy Coordinator position in the Department. The position was filled by an internal applicant, Alyssa Mucken.

There being no further business, the meeting was adjourned.

Respectfully,

Cindy Smith
Commission Assistant

**Water Resources Commission
Meeting
Seaside, Oregon
September 11, 2009**

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Dan Eisenbeis Deborah Boone
Paul Benoit Chris Uber
Mark Ellsworth Neal Wallace
Rick George Gil Gramson
Shirley Kalkhoven

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Acting-Chair Jackson welcomed everyone to the meeting. Jackson asked that everyone remember the events that happened on September 11, 2001.

F. Minutes

The minutes of the June 9 and 10, July 30 and September 2, 2009 meetings were offered to the Commission for consideration.

Commissioner Roberts moved to approve the June 9, 2009 minutes as submitted; seconded by Commissioner Barlow. Voting for the motion: Commissioners Barlow, Jackson, Williams, Meloy, LeJeune and Roberts. Voting against the motion: None.

Commissioner Jackson noted two typographical corrections on page 7 of the June 10, 2009 minutes.

Commissioner Williams moved to approve the June 10, 2009 minutes with changes; seconded by Commissioner LeJeune. Voting for the motion: Commissioners Barlow, Jackson, Williams, Meloy, LeJeune and Roberts. Voting against the motion: None.

Commissioner Jackson noted one typographical correction on page 2 of the July 30, 2009 minutes.

Commissioner LeJeune moved to approve the July 30, 2009 minutes with changes; seconded by Commissioner Roberts. Voting for the motion: Commissioners Barlow, Jackson, Williams, Meloy, LeJeune and Roberts. Voting against the motion: None.

Commissioner Roberts moved to approve the September 2, 2009 minutes as submitted; seconded by Commissioner Barlow. Voting for the motion: Commissioners Barlow, Jackson, Williams, Meloy, LeJeune and Roberts. Voting against the motion: None.

G. Commission Comments

Commissioner Williams commented that most of his time has been spent farming, but that he did participate in a number of irrigation district meetings involving discussions on taking water from the Columbia River, leaving water in the Walla Walla River for fish, and to make the farmers somewhat whole.

Commissioner LeJeune commented that most of her time has been spent working with Commissioners Meloy and Roberts on the Integrated Water Resources Strategy (IWRS).

Commissioner Barlow commented that since the last meeting, his time has been spent farming. He noted that he admires the work and effort that has been put into the issue papers.

Commissioner Roberts commented that his time has been spent working on the IWRS economic and climate change issue papers. He noted that as he got into the research on climate change, he discovered how much potential it has to change peoples' lives and the way they do business. He said he looks forward to working with Oregon State University on this topic.

Commissioner Meloy thanked the Commissioners who devoted their time to the issue papers. She said she was proud of what was done and that it is a great base to start from. As comments come in, it will do nothing but make the papers better. They will have a good foundation for continuing on in the process.

Commissioner Meloy also commented that the Deschutes Water Alliance is about to have a Memorandum of Understanding signed by its members (cities, counties, irrigation districts, private water providers, and the Warm Springs Tribes). There is a kick-off meeting scheduled for October 12 in Bend. Representative Walden is scheduled to be the keynote speaker.

Commissioner Jackson commented that he too has been working on issue papers. He noted appreciation for all the staff support in helping get the information together. He has already been getting feedback on the papers, and said that people are excited that a strategy is being put together. He also noted that the Department of Environmental Quality is looking forward to having the Water Resources Commission and the Environmental Quality Commission get together and continue the discussion of the issue papers.

Commissioner Jackson also commented that the Oregon Watershed Enhancement Board will be meeting the week of September 14. The main agenda item will be to award grants. The Board received \$24.4 million in requests, but only \$7.7 million is available.

H. Director's Report

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

I. Commission Dialogue with Local Officials

Commissioner Jackson welcomed the local officials and thanked them for coming to the meeting.

Local officials from the Northwest Water Supply Task Force presented the ideas they developed to address local water supply problems. They received a Oregon Water Supply and Conservation Initiative (OWSCI) local government grant from the Department for this purpose.

The panelists included: State Representative Deborah Boone, District 32; Paul Benoit, City of Astoria; Chris Uber, Murray Smith and Associates; and Neal Wallace, City of Seaside.

Gil Gramson, Mayor, City of Warrenton, commented that the report funded by the Department was well written and factual. He thanked the Governor's Office, Representative Boone, and Senator Betsy Johnson for their support. He also said that the Task Force is looking forward to working in collaboration with their regional partners.

Neal Wallace, City of Seaside, thanked Bill Fujii from the Department for the time and effort he put into this project.

Representative Boone thanked the Commission for their service and what they do for the State of Oregon.

J. Implementation of HB 3369

Tracy Loudon, Administrative Services Administrator and Doug Woodcock, Groundwater Manager, briefed the Commission on the implementation of HB 3369.

HB 3369 was signed by the Governor on August 4, 2009, and makes changes to the Water Development Loan Fund, establishes a new grant fund for the construction of water development projects, and directs the Department to develop a state-wide integrated water resources strategy.

The primary emphasis of HB 3369 can be broken into Loan and Grant programs and investment in an Integrated Water Resources Strategy.

Water Development Loan Fund

\$10 million in General Obligation Bond authority was provided for a loan to a Columbia River Basin water development project for the 2009-11 Biennium. An additional \$15 million was authorized for General Obligation Bond authority for the 2011-13 Biennium.

Water Investment Grant Fund

HB 3369 establishes a Water Investment Grant Fund to fund implementation of water development projects located in the Columbia River Basin. Applicants may include Indian tribes, persons, for-profit or nonprofit cooperatives, but may not include a municipality or a provider of water for municipal purposes. There are a number of requirements incorporated into this grant program, including one that requires that a water storage project must be designed to provide that no more than 75 percent of the water be withdrawn and that not less than 25 percent of the new water be dedicated for the purpose of providing net environmental public benefit or in-stream benefit. There was no funding provided for this grant program for the 2009-11 Biennium.

Umatilla Basin Projects

HB 3369 authorizes the Department to issue a grant for implementation of water development projects located in the Umatilla Basin, waives the grant application process, and requires that project be designed so that no more than 75 percent of the water be withdrawn and that not less

than 25 percent of the new water be dedicated for the purpose of providing net environmental public benefit or in-stream benefit. Wording in the bill limits the grant to funding a project that was the subject of the Department's Umatilla Aquifer Recovery Assessment. Funding in the amount of \$2.5 million is provided through SB 5535 and HB 5054 from Lottery Bonds.

Integrated Water Resources Strategy

The Department was directed to develop an Integrated Water Resources Strategy that will meet Oregon's in-stream and out-of-stream water needs.

The strategy would describe Oregon's water needs, objectives of the strategy, actions designed to achieve the strategy, climate change challenges, communications and partnership with key stakeholders, functions and roles played by various state agencies, policy options and recommendations. A report is to be submitted to the Legislature by February 1, 2011 detailing benchmarks and progress toward the development of the strategy.

The Department was also directed to develop, in cooperation with the Department of Environmental Quality and the Department of Fish and Wildlife, data to forecast Oregon's in-stream and out-of-stream water needs.

Funding of \$283,000 and two staff were provided to accomplish this portion of the bill.

Rick George, Confederated Tribes of the Umatilla Indian Reservation, commented on work in the Umatilla Basin. Already, efforts have restored streamflows and recovered salmon. Next priorities in the Basin are to fix water supply for irrigators and to settle water rights for the Umatilla Tribe. This Basin knows how to do work collaboratively, cooperatively and to get the conclusion and success that people commit to. He feels it would be good idea to come to the Basin and listen to its leadership.

K. Public Comment

There was no public comment.

L. Other Issues

No other issues were discussed.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Cindy Smith
Commission Assistant