FINAL
(Approved 7/19/2011)

Policy Advisory Group Meeting 4
Integrated Water Resources Strategy
October 6, 2010 – Meeting Notes / Report
Oregon Water Resources Department
Salem, Oregon

Members
Dennis Doherty
Glenn Barrett
Janet Neuman
Jay Chamberlin
Joe Whitworth
John DeVoe
Lorna Stickel
Michael Campbell
Mike Seppa
Peggy Lynch
Rick Wells
Teresa Huntsinger
Tod Heisler
Todd Heidgerken
Tracey Liskey

Members Absent
Bill Gaffi
Eric Quaempts
Patrick Griffiths

Staff
Phil Ward, Director, WRD
Dick Pedersen, Director, DEQ
Katy Coba, Director, ODA
Tom Paul, Deputy Director, WRD
Brenda Bateman, WRD
Neil Mullane, DEQ
Jane Hickman, DEQ
Judy Johndohl, DEQ
Bruce McIntosh, ODFW
Rick Kepler, ODFW
Ken Stahr, WRD
Alyssa Mucken, WRD
David Morman, ODF
Karen Kelley, OHA/DHS
Brenda Hoppe, DHS
Melissa Leoni, OWEB
Cynthia Solie, Facilitator

Audience
Anita Winkler, Oregon Water Resources Congress
April Snell, Oregon Water Resources Congress
Beth Patrino, Senate Env. & Nat. Resources Comm.
Bill Wilbur, Water for Life
Brett Brownscombe, The Freshwater Trust
Chris Fick, League of Oregon Cities
Christine Valentine, Governor's Office
Gil Riddell, Assoc. of Oregon Counties
Jan Lee, Oregon Assoc. of Conservation Districts
Jim Welsh, Oregon Cattlemen's Assoc.
Kathryn Warner, U.S. Army Corps of Engineers
Kimberley Priestley, WaterWatch of Oregon
Mark Landauer, Special Districts Assoc. of Oregon
Stacy Vynne, Climate Leadership Initiative
Taber Burton, Benton County SWCD

Agenda Item I, Welcome and Agenda Review
Director Dick Pedersen, Oregon Department of Environmental Quality, welcomed everyone and commended members of the Policy Advisory Group for their commitment, engagement, and thoughtfulness. Director Pedersen shared that the strategy is both important and timely. Everyone has done a lot of work so far, including hosting important listening sessions with the citizens of Oregon. However, there is a fair amount of work left to be done.

Director Pedersen informed everyone that Christine Svetkovich has moved on to a different position within DEQ. Neil Mullane, DEQ's Water Quality Division Administrator, was present and will serve as a resource to this group. Judy Johndohl and Jane Hickman from DEQ's Water Quality Division attended the meeting as well.

Cynthia Solie, facilitator, outlined the meeting objectives as (1) finding agreement on the initial set of critical issues and (2) provide guidance on scoping the issues to the Project Team. The morning session will be dedicated to discussing the initial list of issues that are critical to address in the first round of implementation (2012 – 2017). In the afternoon, PAG members will be asked to provide some guidance on how the Project Team should move forward.

A PAG member requested a budget update from agency staff during Agenda Item VII, Other Business.

Agenda Item II, Review of July 13, 2010 Meeting Notes – Decision Item
A PAG member thanked staff for work done on the previous meeting notes. This particular member was not able to attend the last meeting and felt that the notes were helpful for understanding the discussions that occurred.

Another member mentioned that an earlier ODFW presentation was not captured well in the April 14, 2010 meeting notes and requested the Project Team add it to the meeting notes.
[Editor's note; see pages 6-7 of the April 2010 presentation materials for the talking points/text of that presentation: http://www1.wrd.state.or.us/pdfs/04_14_10_Presentation_Materials.pdf]

The July 13, 2010 meeting notes were reviewed and approved.

Agenda Item III. Review Progress on Components of the IWRS
(a) Vision Statement – Discussion Item
Cynthia directed members' attention to the PAG vision statement, and asked if it still resonated with them. Members will be asked to formally adopt the mission statement further along in the process.

PAG member comments relating to the vision statement:

- The statement seems to capture what the ecosystem is doing in a "static" mode, without mentioning positive or good management.
- Instead of "healthy waters," use the phrase "healthy supply," which implies that we want an ecosystem that responds to positive management. Ecosystems are dynamic and constantly changing. This process should not lose sight of that.

Cynthia explained that the vision is a very general statement about broad outcomes. A vision statement is not as explicit as goals.

(b) Draft Issue Papers – Discussion Item
The Project Team provided members with an update regarding the status of the Issue Papers. Over the course of the summer, much work has been completed to incorporate new sections into the papers, largely aimed at addressing public input received thus far. Currently, the issue papers reside with the state Agency Advisory Group and the Federal Liaison Group members, who are providing technical edits.

The Project Team updated members on a newly formed Federal Agency Liaison Group that consists of liaisons from the Army Corps of Engineers, Forest Service, Natural Resources Conservation Service, Environmental Protection Agency, National Oceanic & Atmospheric Administration, and Bureau of Reclamation. These agencies have already been helpful providing information and input.

(c) Overview of 2010 IWRS Public Input Results – Discussion Item
The Project Team presented the raw results from all of the public outreach events held since September 2009. The public outreach efforts included 11 open house events, more than 30 stakeholder workshops, and an on-line survey. Stakeholders, agency staff, and the public were asked four basic questions: (1) What is your vision, in terms of the physical resource or the process itself? (2) What water-related challenges, threats, or weaknesses are facing your community? (3) What solutions should the state pursue to address these challenges? (4) What education and outreach opportunities exist?

PAG member comments relating to the Public Input Results Document:

- The Project Team was commended for outreach efforts and for summarizing the results.
- One member felt that the results document confirmed what the PAG has been discussing.
- There were a few members concerned with whether the vision statements listed in the results document were considered "final." Staff explained that the vision summary is just a compilation of the raw brainstorming results and organized accordingly. The document does not imply any sort of endorsement from the agencies.
- While it was a great compilation, it is difficult to cut through and makes for dense reading. The PAG's job is not to compile a bunch of information, but to cut through the clutter. The PAG needs to mold it into something useful.

At about this juncture in the meeting, PAG members requested the development of a "framework" that would visually bring the work of the Strategy into one place. *See a summary of the "Framework Discussion" at the end of Agenda Item IV, page 12.*

Agenda Item IV, Review Results of PAG On-Line Poll
Discussion Item
During September 2010, PAG members were asked to take part in an on-line poll, to evaluate the issues / problems identified in the public input results document noted above. The list of issues to evaluate was extensive because the Project Team did not want to omit any of the public input. Issues already discussed at previous PAG meetings, such as data/information and planning needs were largely excluded from the critical issues list.

Members were asked to note whether they thought an issue was (A) "Critical" to address in this iteration of the IWRS, (B) "Important," but not realistic to address in this round, (C) "Would be nice to have" at a later date, or (D) "Don't Know."

Many PAG members raised concerns regarding the structure of the survey, noting that views differ on wording for some of the critical issues, and that an option, "(E) Not Important," was not provided in the poll. Cynthia noted that all discussions, at this point, are preliminary. Any issues not discussed during the meeting can be discussed at a subsequent meeting.

During the morning session, members reviewed the on-line poll results, grouped some issues together, and elevated others as "critical" to address in the first iteration of the IWRS. During the afternoon session, members offered general comments and suggestions for further scoping on these issues, in terms of factors to consider in better defining and assessing the issues.

The 17 issues that were identified by members during the morning, along with related comments and suggestions made during the afternoon have been combined in these meeting notes for organizational purposes (see below). These issues and accompanying discussion points are listed in no particular order. Some issues are clustered together to reflect what members felt were closely related.

Meeting Report on Agenda Items IV and VI

Initial List of Issues, General Comments, and Scoping Questions – Policy Advisory Group's Comments and Questions:

1. **Stream Gages and Monitoring Wells. Project Oriented Data Collection.**

   General comments made during the morning discussion:

   - State whether water-use measurement fits under this category or not. This issue is about understanding the status of the resource, which is not the same as understanding water use.
   - Ensure that measurement for quantity and quality is interconnected.
   - Ensure standardized methodology that works for multiple goods.
   - Need the staff in place to analyze data.
   - There was some uncertainty among members whether stream gages and monitoring wells should be separated into two issues. It may be important to categorize these together to ensure conjunctive management.
   - Identify what agencies already do, or have responsibility for.

   Questions raised by PAG members during the afternoon discussion:

   a. At what level are you trying to measure?
   b. How do you fund it? What would the budget look like?
   c. What do you do with the information once you get it? Concerned that information will be used against water users.
   d. How do you build collaborative partnerships to get these measurements (the state-local partnerships have not worked for cost-share)? What is the role of the federal government?
   e. Can you link it to climate change and identify trends?
   f. How can you capture newer technologies and use them cheaper, more efficiently, with better results? Real-time measurement and reporting could come into play.
   g. Can we put into one place the measurement network, and have the state provide a minimal scenario that would result in better decision-making? What is the step above a minimal scenario?
   h. How can we track and respond to uncertainty?
   i. What wells are actually considered monitoring wells?
   j. Can we create an MOU among federal and state agencies to avoid redundancy and share data?
   k. What agencies are going to collect and use this data? What ways can data be shared?
   l. Could monitoring efforts benefit both the water quantity and water quality needs?
   m. What would be the standards of accuracy?
   n. What are in the instream components of this? What are the out-of-stream components of this?
   o. Does this issue relate to the PAG's vision?

2. **The State lacks Criteria to evaluate Large-Scale Regional Projects to make Investment Decisions. Decrease in Natural Storage and Filtration Systems. Methodologies are not in place to adequately protect Ecological Flows during the development of Water Projects. Obstacles to Storage Projects.**

   Questions raised by PAG members during the afternoon discussion:

   a. Is it even a priority for the state to invest in large-scale regional projects?
   b. Do we need the state as a partner and facilitator, with local communities at the table?
   c. How can the legislature compare projects? What would the criteria be?

d. Should the state make a decision about funding communities and in what order? Does the state even want to weigh in on this?
e. Do we need a state environmental policy similar to other states, in order to evaluate projects?

3. **Land-Use Water-Use interactions are not always Adequately Considered. Lack of Knowledge about Cumulative Groundwater Effects. Insufficient Authority to make Land-Use Decisions related to Water. Forestland, Water, and Land-Use are not adequately linked in the state's public policies.**

General comments made during the morning discussion:

- Address transfer development rights and the Forest Practices Act when scoping these issues.
- Consider water supply requirements before pursuing developments, similar to what other states have done. Arizona requires developers to demonstrate 100 years worth of supply before building.
- Discuss how regional water suppliers interface (or do not interface) with Metro and other regional authorities.
- We vastly overestimate how much state agencies talk to local government. Stormwater is good example. DEQ has expertise, but also needs to hear from local communities, not just the single facility. A lot more feedback is required, between the counties and the Department of Environmental Quality.
- You underestimate the coordination between Metro & RWPC. There is a positive aspect here; when it comes to land-use and water interactions, there may be a lot we do not understand about how land-use changes can help with water savings, resulting for instance, in dense buildings, decrease in per capita use, and taking better advantage of efficiencies.
- Think beyond the Metro area when considering the land-use coordination issue. Most rural development takes place with exempt-use wells, where no sign off by the local government is required. Without conducting additional groundwater studies, we do not know if there is a problem. Bring in the Water Resources Department, Division of State Lands (DSL), DLCD, and other agencies as well. Homebuilders have requested that DSL provide wetlands location information to help developers know ahead of time where issues may crop up.
- The Water Resources Department does not approve a water-use permit today without a sign-off from local government. It is not a perfect process, often perfunctory. The Department has not always been able to provide detailed groundwater information to counties when they have asked. The rudimentary structure exists, but it could be strengthened and funded.
- DEQ is not very enmeshed in land-use issues, instead just checking a box. This does not meet the spirit of the agreement. Look at how that existing process is working. It is time to update the state agency coordination plans.
- The counties were recently told they do not need to update their comprehensive plans anymore. Revisiting these types of decisions will be necessary if we are going to integrate land and water-use decision-making.
- Land-use Goal 6 (Air, Water, and Land Resources Quality) has no implementing rules. Consider developing some. Securing an adequate supply of water is not required prior to setting urban growth boundaries or land-use decisions.

Questions raised by PAG members during the afternoon discussion:

a. How do you integrate regulatory processes that are in direct opposition to each other?
b. Whose job is it to make these decisions?
c. Is there an existing land-use coordination process in place?

d. What are the processes we need in order to avoid a situation in which no progress can be made?
e. Where do state agencies see local land-use decisions fitting with state-level decisions? For example, who is allowed the final say?

4. **Poor timing of Water Availability compared to Water Use. Loss of Mid-level Snowpack. Municipalities have a Duty to Serve regardless of Water Availability. Lack of Detailed Modeling to understand Climate Change at the Local Level. Irrelevant Systems and Structures.**

General comments made during the morning discussion:

- There is a seasonal disruption of flow and problems with management. It is not related to hydrologic functions.
- It is necessary to acknowledge the value of higher flows.
- Better demand forecasting is needed. Develop better protocols to understand the water needs, not demands. Rather than looking at timing, examine management efficiency.
- Identify the areas where true or perceived shortages occur. Identify the impact, the reason, and the storage alternatives or options. Then, compare the cost-to-benefits of these options.
- Consider natural storage as an option.
- Identify local experts (watershed councils and other local organizations). They have a good idea of the local situation.
- If basin planning does not require identification of storage opportunities, it should.
- Consider expanding the Department's previous exercise of predicting climate change impacts on water rights management in one basin to other basins.
- Word the climate change piece more broadly.

Questions raised by PAG members during the afternoon discussion:

a. How do you capture the water so you can use it more efficiently when you need it?
b. What are the aquifer storage opportunities?
c. How do you operate within the basin? It is going to require a suite of strategies, maybe sequential: conservation, restoration, artificial storage. What are the rules by which you develop each?
d. How can the State benefit from the research that academic institutions and federal agencies are conducting on climate change?
e. What are the State's strategies for creating resiliency, thus making systems less flashy, etc.?
f. How is the State going to start integrating climate change data into its decision-making process, in terms of water quality, water availability, transfers, etc.?

5. **Inefficiencies in Water Use. Unintended Consequences of Water Conservation. Disincentives for Water Conservation; Little Public Appreciation for the Role of Irrigated Agriculture; Mis-use of potable water. Obstacles to Individuals' Efficient Use (and Re-Use) of Water. Drawbacks to Graywater systems.**

General comments made during the morning discussion:

- Focus on cost-effectiveness and look at greatest efficiencies. The work in the Deschutes Basin is a great example. Two examples are: (1) infrastructure and irrigation techniques and local geology and (2) the operations of the water users. Even the small gains in efficiency are worth pursuing. In the Deschutes, there are some huge disincentives to efficiency, such as the fear of losing water rights. Equally, there are huge incentives because leakage loss is high. If

the least-efficient irrigator were made the most efficient, the basin would meet all of its needs. Not looking at this issue carefully will force the state into more expensive options.

- From an irrigator's perspective, one that has conserved a lot of water, the capital costs are huge, including the monthly electric bill. Although there is less runoff from land, the crop value remains the same. The state and federal programs are difficult to find and use. Sprinklers are both time and labor intensive to manage. Flood irrigation is quicker and easier.
- Irrigated agriculture adds value by providing water for wetlands, groundwater recharge, and return flows, etc. Changing that management will damage the ecosystem. Some irrigators see water conservation as a "taking." There has to be an incentive to look at the bigger picture and make the capital investments.
- Over the next year, the Oregon Environmental Council will be conducting research on this topic and will likely make some recommendations.
- The improvement in efficiency within any one site may have a minor effect. Regulations are not practical because of site specifics. Some conservation may exacerbate water quality problems. Some projects will depend on publicly provided business incentives.
- Beware of unintended consequences. One member put in a conservation project a few years ago and now has difficulty measuring water use where he once was able to use a weir.
- The cooperation among jurisdictions has not improved, and the State is not facilitating the necessary conversations.
- The IWRS provides a broader context, and conservation should be the first issue. Certainly, there will be unintended consequences. The best approach will include a bundle of strategies.
- Conservation should be done through a voluntary approach, not regulatory. Weigh the cost of conservation against the cost of building reservoirs. Local communities will have to come up with their own options and then weigh them all.
- Water rights are an asset with great value. Any conversation about re-allocating water will affect the market value. The market will be the tool that drives where the water goes. This concept needs to be understood better.

Questions raised by PAG members during the afternoon discussion:

a. Staff should identify which barriers are the biggest - is it measurement, cost, fear of lost water rights, or legal barriers?
b. Where are the most inefficient uses? Most efficient uses? The Umatilla basin is a good example.
c. Is the Conserved Water Program too narrow to facilitate broader water savings across the state? What actually happens to the conserved water?
d. Is prior appropriation an impediment to efficient use of water?
e. What adjustments could be made to increase public benefits in upgrading irrigated agriculture? How can you use less water and still make money? How will environmental markets help or hinder these goals? How do we get the incentives right?
f. Are there other models that could answer some of these questions?
g. How is information related to existing incentive programs made accessible to water users? How can conservation districts get more involved in providing technical assistance?

6. Outdated Water Right Records. Unfinished adjudications.

General comments made during the morning discussion:

- Addressing outdated records is problematic, due to fiscal implications.
- It is difficult to go back and find owners.

- Outdated records could be a future barrier to modernizing the Department.
- Forces farmers to irrigate to avoid "use it or lose it."
- Oregon's adjudication process is very expensive, with three separate legal steps.

Questions raised by PAG members during the afternoon discussion:

a. Can the Department estimate how many water rights are currently subject to forfeiture? How many work-hours are needed to bring records up to date?
b. Is updating water right records important?
c. Could you change the system now to make sure changes in the record, moving forward from this point in time could be addressed?
d. Is it possible to employ a contractor for this work? Are there cumbersome protocols? How would it work?
e. Is there a computerized system today that could be built upon and improved over time?
f. During a real estate transaction, could ownership be recorded with WRD?
g. Regarding adjudications, has Oregon considered moving to a water court model, similar to other states? What could help the State decrease the number and length of steps?

7. Obstacles to ASR Projects

General comments made during the morning discussion:

- During 2001, Klamath Falls shut down wells because surface water was not flowing.
- If you want to complete an ASR project, the water must meet drinking water standards, which can be very cost prohibitive.

Questions raised by PAG members during the afternoon discussion:

a. How do we encourage conjunctive management for supply?
b. Is there an opportunity for different categories of stored water?

8. Little Public Appreciation for the "Value" of Water

General comments made during the morning discussion:

- This may not be the correct wording to describe the issue. Instead, maybe it is the true cost of water and its management. Functioning agencies that manage in an effective way is needed. There is a much bigger issue at play.
- Do not like this statement, because it implies there is no value.
- This issue is the only place where our discussions have acknowledged that water belongs to the public.
- This is an important issue, but value is more than just cost. To be on par with cable and cell phones, the cost of water would need to quadruple. Utilities are out of sight, out of mind. There should be an outreach component here. Same with food; it simply appears in grocery stores. How much of the price we pay actually pertains to the water? Very slight.
- Oregon needs a water marketing strategy policy. A couple of members shared opposition to fees for use, or more specifically, groundwater pumping.

Questions raised by PAG members during the afternoon discussion:

a. Arizona charges a fee to pump groundwater. Are there other states, besides Arizona, attaching a price signal to water?

9. Insufficient Water in Some Reaches to Serve Instream Needs

General comments made during the morning discussion:

- One member shared concerns that a large percentage of water rights are not met during the year.[1]
- Move beyond minimum stream flows and think about peak and ecological flows, and channel maintenance flows, in conjunction with storage projects.
- When there is an instream need, it does not work under the Prior Appropriations Doctrine very well to meet these needs. Need a water marketing policy in order to help address these needs. This will be a key issue within 8 to 10 years. Need to address sooner rather than later.
- Add the word 'historic' to instream flows. If water was once there to meet needs, and now it does not, fix it. If it never was there, then do not have that as a goal.
- We need to be talking about the future, instead of yesterday. This is difficult because of prior appropriation and investments already made. The Endangered Species Act and other parameters have changed. Need the ability to address those future needs.
- Difficult to get tools in place. Need to set minimum flow, in a market setting, and then extract water for human uses. That is not to say that the baseline environmental flow will not fluctuate with wet years and dry years. Just have to plan for it. This is a big issue, which both the PAG and IWRS need to address.
- Instream water rights are often not met because they are junior to other water rights. There are stream reaches that are not protected by instream water rights at all.
- Need to identify ecologically important reaches around the state.
- Clear the backlog of protested instream-use permit applications.
- Oregon Parks and Recreation Department should recommend a list of needed scenic waterways to the governor.

Questions raised by PAG members during the afternoon discussion:

a. Would we lease or purchase water to meet those needs?

10. Total Maximum Daily Load requirements (TMDLs) do not Integrate Water Quantity and Water Quality

General comments made during the morning discussion:

- There are different flow standards identified by the Department of Environmental Quality and the Oregon Department of Fish and Wildlife.
- Water and restoration projects do not necessarily improve TMDLs and may even hinder them.
- This issue is an example of conflicting policies that hinder water development projects.
- Huge issue and financial burden, especially at the local level. Needs cross agency coordination.
- There are undeveloped municipal water rights equaling 2200 cfs, which are not factored into TMDL calculations. Conduct two scenarios: one without exercise of the rights and one with the rights being exercised.
- There is plenty the State can do beyond federal standards to protect water quality. Federal standards, a lack of interstate allocation agreements, and no assurance of transboundary

[1]To clarify this comment, 2007 data submitted to the Oregon Progress Board shows 29 percent of key streams meeting the minimum flow right requirements for an entire 12-month period, or 71percent were unmet (Benchmark 80b). The ten-year average (1998 – 2007) shows 46 percent of key streams meeting the flow requirements during a 12-month period. Using the 9-month criteria (Benchmark 80a), 76 percent of key streams met the flow requirement in 2007, with the ten-year average showing 85 percent of key streams meeting the requirement. http://benchmarks.oregon.gov/default.aspx

agreements are issues where we may be wasting time and resources. Identify the parameters we must work within.

- We need to look at natural storage and the impacts on ecological flows for storage projects.
- Again, this goes to structure--the roles of ODFW, DEQ, and WRD. Each of these issues would have to be dealt with by each agency.

Questions raised by PAG members during the afternoon discussion:

a. From the agencies perspective, is there a problem? How could coordination be improved on this topic?

11. Non-Point Sources Add Contaminants

General comments made during the morning discussion:

- The Department of Environmental Quality is undergoing a rule-making process related to non-point source pollutants and toxics. Much of this conversation involves the Department of Environmental Quality, Oregon Department of Forestry, and the Oregon Department of Agriculture.

Questions raised by PAG members during the afternoon discussion:

a. Is there a problem?
b. What are the agencies doing today? Are they interacting?
c. What kinds of solutions do the agencies see?
d. Could DEQ report on how it feels rule-making will help address this issue?
e. What land-use measures will help address this issue?
f. Could environmental markets help with nutrient load? If so, how?

12. Competition for Allocated Water

General comments made during the morning discussion:

- This issue drives much of our conversation today.
- We need standards to evaluate water demand. There are linear projections today that do not necessarily factor in conservation or other claims on the water. The state needs to develop standards for how we evaluate requests for water.

Questions raised by PAG members during the afternoon discussion:

a. Do we care to accommodate other, emerging uses? If so, how will we accommodate them? If so, we need an evaluation of the real demand. An amount allowed under a water right does not necessarily mean that amount is needed to grow a crop. What is needed today, compared to 100 years ago? What are the real municipal, agricultural, and ecosystem demands? What are the things we can do to meet demand? Requires a more precise assessment of demand in a way that gets to the real issues, not simply the amount authorized on paper.

13. Not all Water Right Holders Measure and Report Use

General comments made during the morning discussion:

- The statute requires that the state understand water use. We must measure in order to understand that. The Department has gone a long way toward this in the Commission's Strategic Measurement Plan by identifying the "major" users, the basins that need measurement; however, it has not been funded. Need to say as part of the Strategy how important this is to have.
- Need to figure out a way to make it non-punitive. How to get to better management?

- Set standards for acceptable measuring devices and their maintenance, and communicate that to users and the public.
- If a water user uses less than the allotted amount allowed, that should be rewarded. It is important to get the incentives right around this issue. Less use is a benefit that the public enjoys.

Questions raised by PAG members during the afternoon discussion:

a. How to fund the measurement devices and their installation?
b. How to overcome the concern of users that measurement and reporting will jeopardize their water rights?
c. Is there a way to do it efficiently? Phased in?
d. Is there a way to get data in and processed so that it is usable?

14. Difficulty Managing Conjunctively

Did not discuss in detail during the meeting.

15. Inadequate Integration of Water and Energy Policies

Did not discuss in detail during the meeting.

16. Water Right Permitting Requirements

Did not discuss in detail during the meeting.

17. Aging infrastructure. Cost of Infrastructure Construction, Maintenance, and Updates. Little Appreciation for the role of Municipal Water Providers. Lack of Information regarding New / Emerging Industries.

Did not discuss in detail during the meeting.

"General Comments about Issues and Where to Go from Here"

- For developing a strategy, the "what" is the focus, the "how" comes later. The Policy Advisory Group has been spending a lot of time on "how" this morning. The issues are the problems that we need to deal with. They are the "what." The idea for the morning was to get a clear sense of what the strategy needs to work on and to give some suggestions to staff on how that might work. The staff could come back with a better description of how to deal with these issues. Agreement on all of these things does not need to occur today.
- Addressing the most basic issues would be helpful to this process. For instance, there is limited supply, demands that cannot be met, and demands that are growing - both instream and out-of-stream. [Members then debated and disagreed about whether there is consensus around this sample list.]
- The PAG should be focused on decision-making. How do we integrate decision-making? We have very siloed agencies that tend to gridlock on issues and have their own set of problems. Governance is about how and when agencies interact. When do they talk to each other? [Members then debated whether agencies could or would lay out such a road map. Members asked whether any information exists to answer this question.]
- The numbering of issues does not imply any order of importance.

"Framework Discussion"

PAG members provided the following comments / requests related to a Framework:

- Need to demonstrate how the vision, issues, principles, recommendations will come together in one place.
- Is the IWRS a set of tools/policies to address these big issues?
- When we are talking about framework, it means different things to different people.
- Unclear what is meant by a framework. Hopefully, a framework brings this process and conversation up to a higher level.
- State – Local Dynamics. Where appropriate, the state serves as the facilitator and builds capacity at the local level. The 1998 Watershed Planning Act of Washington outlines a process where the citizens of a watershed are tasked with developing objectives and assessing the status of their watershed, water supply, and to provide water for future out-of-stream needs while balancing competing needs. If this strategy does nothing else but add a decision-making framework between the state and local level, then have we not accomplished more than where we were a year ago?
- The primary goal should be to empower local planning solutions. The role of the State is to set the sideboards, and provide flexibility once those are established. The State is responsible for bringing in coordination, for how the sideboards should be addressed.
- Integrated Decision-Making. One agency manages the fish, another manages the quantity, while another manages the quality (along with landowners), while another agency manages the gravels. That is not integrated.
- A framework is about how problems are solved. Example: Washington's Water Resource Inventory Areas (WRIA's). Our primary top issues are not all the same, but hopefully we will agree that the collection of issues need to be addressed in an integrated way. How can a framework be developed under which these various issues can be dealt with? An option is to give someone else the latitude to do it, following a structure in place that allows the State to speak with one voice. I do not see why we cannot talk about these issues, as the staff has prepared.
- A good use of our time would be to see how any one of these issues could run through a decision-making process. More information on these issues is not needed.
- Instream – Out of Stream. The framework is already contained within the statute. HB 3369 tells what to do – to meet instream and out-of-stream needs. Justice has not been done on the instream side of the equation. Put instream and out-of-stream in two separate columns. The instream and water quality issues need to be further acknowledged on the critical issues list.
- Once the critical issues are identified, the Policy Advisory Group should take a step back, look at the legislation, and make sure we are addressing everything we are supposed to.
- In Portland, many issues were studied and identified over the course of 20 years. A process was designed to address these issues. Every five years, the issues / barriers are updated, making sure the right things are on the radar. A structure was created that allows the issue to be resolved and addressed (institutionally, etc.).
- In summary, having the vision statements, goals, and objectives presented at the beginning of the meeting would have been helpful when discussing the list of critical issues. There are many ways the term "framework" can be used. For example, a framework could be the principles or criteria that are used to guide decision-making in the future. A framework could also be used to run all the issues through the list of broad principles / criteria. A framework is an expansive structure and process that optimizes the outcomes the IWRS seeks to achieve. The strategy itself

is probably more of framework than the Legislature was thinking. The value here is a process that states how to make decisions in the future.

The Project team agreed to draft a framework, providing a one-page visual presentation for review.

Agenda Item V, Lunch provided for PAG members and Staff
Members and staff took a lunch break during the noon hour.

Agenda Item VI, Provide Guidance to the IWRS Project Team
During the afternoon, members were asked to examine the most important issues identified earlier and to pose critical questions that would further scope each issue. Members also took some time in the afternoon to discuss what they envision as a "framework" for the strategy. *See the framework discussion points under Agenda Item IV above, beginning on page 12.*

Draft Guiding Principles
Cynthia distributed a handout outlining a draft list of "guiding principles" and explained that these were captured from previous PAG discussions. Throughout the morning and afternoon discussions, members offered additional principles and commented on the handout. See Attachment 2 for a revised handout, which combines the original principles with the additions below, and incorporates key principles identified in January 2009, as listed in the 2009-2012 Preliminary Workplan.

Guiding Principles suggested throughout the meeting:

- Fulfill statutory requirements.
- Integrate decisions. Any sort of plan or strategy should say something about how we are going to make decisions in an integrated way.
- Each implementation and authority should be integrated.
- Maintain transparency.
- How can we "stage" implementation?
- Empowering local communities and planning solutions.
- Resolve conflicts.
- Streamline processes while still meeting requirements.
- Review existing regulations for conflict.
- Decision-making is part of this framework.
- Consider both in and out-of-stream needs.
- Consider implementation actions with the least cost and greatest benefit.
- Facilitate local contribution.
- Find regulatory efficiencies through integration.
- Build collaborative partnerships at all levels.
- Provide flexibility.
- Seek public input.

No vote has been taken on these. Members can continue to develop and hone this list in subsequent meetings. The purpose of the list is to keep these principles in mind during the development of recommended actions.

Members offered the following additional comments:

- With regard to State and Local roles:

    - The phrase about the State providing direction needs to be beefed up. This is a big part of the strategy.
    - A guiding principle that "delegates implementation to the local level" could result in a vulcanized approach without good sideboards.
    - If we have any lasting legacy, it will set out the critical issues, irrespective of the resources, and then we will go out there and make it work. The sideboards need to be built into this, in some way.
    - If sideboards are not open enough, it becomes more State-driven. Be careful not to be too regulatory in this. We do not want to be too controlled from the state. Broaden the sideboards.
- With regard to streamlining:
    - Streamlining is a great idea, as long as all regulations are met.
    - Review existing regulations to see where we have regulations that are in conflict with each agency. When multiple things are added to the books, agencies become hamstrung.
    - Unsure of what is meant by "streamline the regulatory process."
    - Regarding the streamlining principle, can agency integration result in better efficiencies, too? For instance, get everyone using the same forms.
- It is difficult to understand the practical effect of some of these guiding principles.
- Is conflict resolution embodied somewhere within the guiding principles? Being able to avoid stalemate and move forward toward strategy implementation is important.
- Suggest some exercise of authority, or new authorities as a principle. Exercise authorities through integrated decision-making.

Legislative Report, February 2011
A few members were concerned with approaching deadlines, particularly, the legislative progress report due February 1. One member suggested meeting the afternoon before the next meeting to allow more time to fit everything in. Another member requested a draft outline of what is expected to be provided to the legislature, for example, a table of contents. Staff noted that this is a progress report, not a final report.

For the report, it was suggested to tell the legislature how much Oregonians care; how many people have participated, what important economic driver water is; how important it is to continue this work over the next several years. A scorched earth approach will hinder economic recovery, when water is a key factor. Keep the legislature report punchy and relevant to today.

Agenda Item VII, Other Business
Water Resources Director Phil Ward provided an update on the current budget situation for the Department. Because of the agency's dependence on general funds, the Water Resources Department is down significantly in terms of staff (17 staff: 13 general fund positions and 4 fee-supported positions during 2009-11). The good news for the Strategy is that the IWRS funding is not supported by general funds, but instead by lottery bonds. This funding is stable through the end of the biennium (June 30, 2011). The next budget cycle is a different issue. All state agencies were asked to identify 25 percent general fund reductions as a starting point for the next budget cycle. Without funding, the state will have to re-evaluate the process and scope of the IWRS work.

Neil Mullane, Department of Environmental Quality, stated that the General Fund makes up 60 percent of the agency's budget. Most of these funds support the Water Quality Program of approximately 35-45 positions.

Ray Jaindl, Oregon Department of Agriculture, stated that the Plants, Pesticides, and Natural Resources Division would be the hardest hit from any budget reductions.

Bruce McIntosh, Oregon Department of Fish and Wildlife, stated that the General Fund represents 4 percent of the agency's budget. Budget reductions would affect the Coastal Hatcheries and Conservation Programs significantly. Added up, hits to natural resource agencies are severe.

One member asked about the cap placed on general obligation bonds by the Treasurer's office. Director Ward responded that this cap applies to a different category of general obligation bonds; those that OWRD and its local customers have access to are designed for loans that can be paid back. The cap does not apply to these.

Agenda Item VIII, Public Comment
There were no public comments made during the meeting.

Agenda Item IX, Meeting Recap and Feedback

- Today's discussion produced some valuable nuggets that we can use in the final IWRS.
- Staff will create a one-page framework for review and discussion at the next meeting.
- One member thanked for staff for their work. Could not have designed a better process.
- Survey showed the breadth of inter-agency interactions.
- It would be helpful to have documents, such as the guiding principles, in advance of the meeting.
- Members expressed support for a day-and-half meeting, if necessary.

Agenda Item X, Adjourn
The meeting adjourned at 4:40 p.m.

Attachment 1: Working Acronym List

Acronym/Term	Description
AR	Artificial Recharge
ASR	Aquifer Storage and Recovery
BiOp	Biological Opinion
BMPs	Best Management Practices
BUREAU	U.S. Bureau of Reclamation
CORPS	U.S. Army Corps of Engineers
CTUIR	Confederated Tribes of the Umatilla Indian Reservation
DEQ	Oregon Department of Environmental Quality
DEQ	Department of Environmental Quality
DHS – DWP	Oregon Department of Human Services – Drinking Water Program
DLCD	Oregon Department of Land Conservation and Development
DOE	Oregon Department of Energy
DOGAMI	Oregon Department of Geology and Mineral Industries
DRC	Deschutes River Conservancy
DSL	Oregon Department of State Lands
DWA	Deschutes Water Alliance
EPA	U.S. Environmental Protection Agency
EQC	Environmental Quality Commission
ESA	Endangered Species Act
GWMA	Groundwater Management Area
IFA	Infrastructure Finance Authority
MGD	Million Gallons per Day
NOAA	National Oceanic Atmospheric Administration, U.S. Dept. of Commerce
NPDES	National Pollutant Discharge Elimination System
OAR	Oregon Administrative Rule
OBDD	Oregon Business Development Department
ODA	Oregon Department of Agriculture
ODF	Oregon Department of Forestry
ODFW	Oregon Department of Fish and Wildlife
ODOT	Oregon Department of Transportation
OHA	Oregon Health Authority
OPRD	Oregon Parks and Recreation Department
ORS	Oregon Revised Statute
OWEB	Oregon Watershed Enhancement Board
PUD	Public Utility District
TMDL	Total Maximum Daily Load
USGS	United States Geological Survey
WRC	Water Resources Commission
WRD, OWRD	Oregon Water Resources Department

Attachment 2: Revised Guiding Principles…Not Yet Final

- **Interconnectivity/Integration**: recognize that many actions (e.g. land use actions) in some way impact water quality and/or quantity; recognize the relationship between water quantity and water quality; integrated participation of agencies and parties.
- **Balance:** balance instream and out-of-stream needs; co-existence is key.
- **Informed Decision-Making:** science-based; facilitate informed decisions; bring existing information and tools together (maps and data), make them publicly available; one of the roles of the State is to provide data, observation and analysis (to support local and regional efforts); include a way to measure and evaluate water projects and studies; make sure communities have the best technical information available to improve their participation and decision-making; Use uniform protocols for collecting and requesting data; employ an iterative process; include in the next iteration "lessons learned" from the previous round; base conclusions on best available science and local input.
- **Collaboration:** support formation of partnerships; improve coordination and collaboration at all levels – local, regional, state, federal; one of the roles of the State is facilitator, convener; bring all stakeholders to table.
- **Flexibility:** establish a policy framework that is adaptable; allow for learning and adaptation for changes in markets, climate, technologies, etc; Allow for a long-term and evolving process over time; Recognize that needs and solutions may differ by basin.
- **Partnerships:** form partnerships with federal agencies, federal delegations, non-profits, regional districts, and local governments to leverage dollars and other resources; encourage regional partnerships that create local solutions.
- **Incentives:** where appropriate, utilize incentive-based approaches. These could be funding, technical assistance, partnership / shared resources, regulatory flexibility, or other incentives.
- **Statewide Facilitation**: State provides direction for local planning & implementation; where appropriate, the State sets the framework and tools, defines the direction, delegates implementation to local level.
- **Local Capacity:** empower local planning solutions; deal with basins individually, while supporting the statewide strategy and resources.
- **Practicality:** build on systems that work, including the successful tools, data, and programs that exist today; take into account economies of scale; do not lose common sense approach; develop a product that is useful and implementable; avoid recommendations that are overly complicated, legalistic, or administrative.
- **Streamlining:** help agencies cut across silos; streamline processes without circumventing the intent or cutting corners.
- **Prioritization:** establish priorities.
- **Transparent Process:** employ an open, transparent, and publicly accessible process.
- **Consider Costs-To-Benefits**: this term weighs the cost of an approach with its benefits. Often these exercises involve placing a "monetary value" on each benefit and drawback in order to make quantitative comparisons. With environmental and social implications, evaluators also use more qualitative techniques. The goal is to determine whether one approach is better than another, or whether an approach is worth pursuing at all.
- **Equity:** pertains to fairness and perceived fairness; environmental justice concerns; advocate for all Oregonians; some have used this term to mean that one single approach / solution should have benefits for multiple parties. Others believe that a broader portfolio of solutions contains more opportunities for equity, with one solution benefiting one party and another solution benefiting another.
- **Conflict Resolution:** work to resolve conflicts; keep progressing toward implementation.