

Oregon Water Resources Department
Water Conservation, Reuse and Storage Grant Program
Evaluation for September 2, 2008 Applications

APPLICANT:	Polk County		
STUDY TYPE:	Above Ground Storage		
APPLICATION NO.:	GA0032 09		
STUDY NAME:	Lincoln/Polk County Regional Water Source Development		
BASIN:	Mid Coast/Willamette	WRD DISTRICT:	1, 16
WRD FUNDS REQUESTED:	\$349,434	TOTAL COST:	\$698,868

APPLICATION DESCRIPTION:

Polk and Lincoln Counties are facing increasing water demand and increasingly scarce water supplies. In 2004, the Polk County Water Providers Regional Water Needs Assessment was completed. It showed that by 2020, the Cities of Monmouth, Independence, Dallas and Falls City will exceed their available supply by 2.35 million gallons per day, and by 2040, it will be 9.32 million gallons per day. In 2008, the Lincoln County Water Needs Assessment was started and is nearly finished. Preliminary results show that Lincoln County has similar needs to Polk County.

Polk and Lincoln Counties are seeking to meet regional water needs through a collaborative effort to evaluate a storage reservoir in Valseltz that could meet water needs through 2050 for municipal water providers and agricultural users in both Lincoln and Polk counties. This storage site would be located near the coastal mountain divide. Impounded water would be diverted in both directions, serving Lincoln County on the west side through the Siletz River and Polk County on the east side through the Luckiamute River. In order to continue to pursue this opportunity, a planning study consisting of streamflow and environmental data collection for the Siletz and Luckiamute River watersheds, hydrologic, streamflow and water rights analyses, a baseline environmental impacts study and storage concept and alternatives analyses are needed.

APPLICATION REVIEW TEAM EVALUATION:

The Application Review Team found that the associated project could be very large, and could provide significantly more water than is needed by both counties. For example, a 100-foot high dam would impound 195,000 acre-feet of water; though only 30,000 acre-feet is needed to meet the consumptive municipal demands of both counties by 2050. The concept for the study and project is simple, a regional solution to Lincoln and Polk County's water supply problem. The associated project would comply with statute which requires that if water is going to be pumped out of a basin it must go to a regional project. Being a regional study, the applicant did not explore other alternatives to meet their water needs, because the other alternatives were not of a regional scale. The application had broad support from entities in both Polk and Lincoln County.

The team recognized that the associated project would inundate major wetlands and meadows, including a large elk habitat area. It could also have a significant impact on fisheries; particularly in the Siletz Basin. In the Luckiamute Basin, the associated project could improve water quality problems. The team felt that it would be appropriate to fund the study, since SB 1069 requires that an above-ground storage feasibility study of this type include certain elements, including "analyses of environmental harm or impacts from the proposed storage project."

However, the team was surprised by some of the budget and cost share elements for the feasibility study. For example, an additional \$27,000 was requested for hydrologic analyses when \$160,834 had previously been expended. Given the limited funding available in the Water Conservation, Reuse and Storage Grant Program, the team recommended funding the feasibility study, but at less than the full amount requested.

The study is a priority for funding under SB 1069 since it includes provisions for using stored water to augment instream flows to conserve, maintain and enhance aquatic life, fish life or other ecological values. The study could begin on December 1, 2008 and be completed by December 18, 2009.

Application Review Team Funding Recommendation: Do Fund: High Priority at \$180,000.

COMMENTS:

Letters of support were received from Terry Thompson, Lincoln County Commissioner and Mark Millikan, Board President, Buell Red Prairie Water District. Commissioner Thompson indicated that the study would complement existing work being done to meet local water needs in Lincoln County. He indicates that there is the potential for a “significant-sized storage facility” that could meet municipal and quasi-municipal needs of Lincoln and Polk Counties as well as increasing summer flows in the Siletz River to improve water quality and enhance fish habitat. Mr. Millikan indicated interest in participating in the study.

Letters in opposition were received from Lisa A. Brown, WaterWatch, and Barry McPherson. Ms. Brown indicated that: 1) The study fails to include required components and that the recommendation to fund is not in compliance with law; 2) Review of the application is premature because the water needs assessment report associated with the \$20,000 WRD grant to Polk County under the Oregon Water Supply Conservation Initiative is not yet available; 3) The associated project poses significant problems for salmon and steelhead, including species protected under the Endangered Species Act and listed as State Sensitive; 4) If the rule providing prioritization for above ground storage projects that include a provision to augment instream flows for fish (OAR 690-600-0030(3)) factored into the funding determination, the analysis needs to be revised since such augmentation would not benefit fish, since streamflows in the affected river reaches are “not depressed;” and, 5) The proposed study should not be funded because it fits so poorly within the Criteria and Evaluation Guidance.

Mr. McPherson had a career in fishery research and management in Oregon. He indicates that the probability of a dam being built at Valsetz is “extremely low” so public funds should not be invested in the project. Any proposed dam on the Siletz would generate strong opposition from around Oregon and the U.S. because of the unique fish runs and value of Siletz River fisheries to sport and commercial fisheries. The Siletz River is one of only three coastal rivers in Oregon that supports indigenous runs of summer steelhead, and one of a minority of coastal rivers in Oregon that support runs of spring Chinook salmon. In addition to these two unique fish runs, the Siletz also supports fall Chinook salmon, Coho salmon, winter steelhead, and sea-run cutthroat trout. A dam in the upper Siletz Basin would create an un-natural streamflow and temperature regime downstream; it would alter water chemistry, propagate fish disease organisms, and may generate toxins to fish, all of which would compromise the health of the native fish. Mr. McPherson states that he is not opposed to all dams, particularly dams less than 10 feet high. He indicates that funding should be prioritized for conservation projects, and not for funding dam projects, especially for out-of-basin diversions.

STAFF RECOMMENDATION:

Do Fund at \$171,000; contingent on contract negotiations to ensure that all provisions of the statute are met.

The staff recommendation reflects a 5 percent across the board funding reduction on all studies.

Commission Action:

On December 5, 2008, the Water Resources Commission took action to:

“Release funding to all feasibility study applicants the Commission authorized at its’ November 20 meeting, at a level representing 95% of staff recommendations, and move forward with grant agreement negotiations and signatures.”

This feasibility study received an award amount of \$162,450.